

## NEWS RELEASE

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FOR IMMEDIATE RELEASE

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**UNDER PROP 22 APP-BASED DRIVERS IN CALIFORNIA TO EARN  
MORE THAN \$25 PER HOUR, SAYS NEW REPORT**

*New Analysis Finds Troubling Underestimation of Earnings In Recent UC Berkeley Study*

**August 24, 2020**— RIVERSIDE, CA— A new analysis finds that under Proposition 22, an initiative on the November ballot, app-based drivers in California will earn more than \$25 per hour – well over the state’s minimum wage and far more than what was recently estimated by researchers at UC Berkeley.

The analysis, released today by the [UC Riverside School of Business Center for Economic Forecasting and Development](#), finds that calculations posted by the UC Berkeley Labor Center seriously underestimate the impact Prop 22 will have on app-based driver earnings.

Based on findings from studies out of Cornell and Stanford Universities, which utilize driver data provided by app-based companies themselves, the new report finds that if Prop 22 passes, driver earnings will range from \$25.61 per hour to \$27.58 per hour after expenses, depending on the number of weekly hours driven. That represents a vast difference from the \$5.64 per hour estimated by UC Berkeley researchers.

According to the analysis, a severe shortcoming in the Berkeley research is that they base their calculations on the state’s 2020 minimum wage of \$13 per hour (\$14 in 2021). As Prop 22 guarantees that drivers will earn 20% more than the minimum wage, the Berkeley researchers simply add the 20% to California’s current minimum wage rate to estimate driver earnings before expenses.

However, driver data shows that app-based drivers earn more than 20% over California’s current minimum wage. The Cornell study calculates app-based driver earnings before expenses to be \$36.31 per hour in Seattle, an urban center with a cost of living similar to California’s major metro areas. The new analysis takes into account this more realistic estimate of current earnings, deducts driver expenses and the cost of waiting for rides (called ‘wait

time'), and adds the compensation and protections that Prop 22 guarantees to calculate the final estimate of driver earnings if the initiative passes in November.

"To date, there has been almost no real analysis of the effect that Prop 22 will have on driver earnings," said [Christopher Thornberg](#), Director of the Center for Economic Forecasting and one of the report's authors. "In looking carefully at driver data analyses, we've found that under this policy, drivers could see earnings that average close to \$28 per hour, far outstripping even California's living wage standard."

Thornberg also notes that the analysis uses the most conservative assumption about 'wait times'. In other words, the study allows that all the time a driver spends with an app activated but not engaged in a ride or delivery, is time spent 'waiting' for an assignment. This is likely very unrealistic because, among other factors, survey data has shown that most app-based drivers work for more than one driving platform and are even logged into more than one at a time. With a less conservative assumption, driver wages would likely be higher, according to Thornberg.

The full analysis, *Proposition 22: Analyzing the Impact On App-Based Drivers' Earnings*, is available [here](#).

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**The UC Riverside School of Business Center for Economic Forecasting and Development is the first major university forecasting center in Inland Southern California. The Center is dedicated to economic forecasting and policy research focused on the region, state, and nation. Learn more at <https://ucreeconomicforecast.org>.**