

## On-demand and on-the-edge: Ride hailing and Delivery workers in San Francisco

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*This study was commissioned by the San Francisco Local Agency Formation Commission, with the goal of obtaining a representative labor survey of on-demand workers in the emerging mobility services sector (e.g. ride-hailing, delivery), to help the City better understand this workforce and determine whether the labor policies of emerging mobility companies align with the City's labor principle, namely that they "ensure fairness in pay and labor policies and practices". The team selected for the study, and the authors of this report, are a unique partnership between academic researchers, community organizers, and an innovative platform cooperative. Funding for the full study was provided by a range of additional partners, including the San Francisco Foundation, ReWork the Bay (formerly the Bay Area Workforce Funders Collaborative), the Ford Foundation, the Annie E. Casey Foundation, and the Chavez Family Foundation. We would like to thank and acknowledge the contributions of: Bryan Goebel, SF LAFCo Executive Officer, for his partnership, guidance, and feedback on this study at every step of the way; Three graduate students at UC Santa Cruz, Sarah Mason, Ankit Sharma and Yi-Chen Liu, for their dedicated assistance in research and data analysis; our team of 18 surveyors led by Jobs with Justice San Francisco Field Manager Andrea Prebys-Williams; and our team of 10 pilot phase surveyors and 2 focus group co-facilitators, led by Jobs with Justice San Francisco survey manager Peter Estes.*

## Executive Summary

The coronavirus crisis has made visible a range of essential workers—grocery store workers, cleaning staff, home health aides and others—who in normal times are often ignored or taken for granted. One category of these essential workers that has gained particular attention in this moment are on-demand meal and grocery delivery workers. Working for well-known companies like DoorDash, GrubHub and Instacart, these workers are delivering essential food and other supplies to people staying at home in the midst of the shelter-in-place orders. The jump in demand for these services in the past 6 weeks highlights how important these on-demand services are in the midst of our collective efforts to maintaining physical distancing to limit the spread of COVID-19.

Yet these on-demand food delivery workers, along with on-demand ride-hailing who fill a similar role in providing transportation services to other essential workers right now, are tremendously vulnerable. In providing these services, both before and during the shelter-in-place orders, they are vulnerable both to contracting and spreading the coronavirus. Their health vulnerability underscores their financial vulnerability, as prior to the virus outbreak, they were already struggling to make ends meet. Being classified by the on-demand platform companies as independent contractors, they are also particularly susceptible to not having health insurance, paid sick leave, or access to unemployment benefits.

In this report and the accompanying powerpoint presentation, we present the results of a unique, in-person representative survey of on-demand ride-hailing and delivery workers in San Francisco, the home of many of the most prominent companies providing platform-based services, including Uber, Lyft, DoorDash and Instacart. This study was begun before the coronavirus outbreak, but also includes a more recent survey aimed at understanding how the outbreak has impacted this critical workforce. The central findings are simple and clear—for a large portion of this workforce, despite this being full-time work, they were financially vulnerable before the outbreak, and the crisis is pushing many of them to the brink.

The detailed findings of our survey are presented in a companion powerpoint. We have chosen to release the findings in this way in order to share our findings quickly and succinctly, and make them accessible to a broad audience in this form. For people interested in the detailed methodology of this study, we will be releasing a detailed technical appendix in the coming days. One key point about this methodology, however, is that it is designed to be a representative sample of on-demand work being done in the city, not of all on-demand workers. This is important. Representative samples of all *people* who do some work for on-demand app companies show many people working for short periods of time, or earning only a small portion of their earnings from this type of work. But we wanted to develop a representative sample based on the actual work being done in the city, which we believe is a better basis for understanding labor practices and developing labor market policy. Our understanding is that this is the first study of its kind done anywhere in the United States at this scale.

The key findings emerging from this study, which are also shared in more detail in the accompanying powerpoint include the following:

#### Highly diverse workforce.

- At least 78% of the workforce are people of color, and 56% are immigrants, coming from dozens of different countries.

#### Financially struggling

- 45% of these workers, including 59% of food delivery workers, could not handle a \$400 emergency expense (compared to 40% of all Americans).
- Over one fifth do not have health insurance, and 27% would maybe or likely go to work if they woke up with a fever.
- 15% of this workforce is reliant on some form of public assistance, including Temporary Assistance for Needy Families (TANF), food stamps, housing vouchers, Supplemental Security Income or the Supplemental Nutrition Program for Women, Infants and Children (WIC). More than one fifth of food delivery workers receive some type of public benefit, including 13% receiving food stamps.

#### Not a gig for most people

- The majority of people work full-time for platform companies, with 71% working more than 30 hours a week, including 50% who work more than 40 hours and 30% who work more than 50 hours a week.
- The majority of people depend on platform work as their primary source of income, with 53% saying it was their only source of income last month, and another 10% saying it was 75% or more of their income.
- 52% of ride-hailing drivers said they have been working more than 2 years for their app-based company.
- 46% of survey respondents support others with their earnings, including 33% supporting children.
- 40% of ride-hailing drivers and 52% of delivery workers said they work 12 or more straight hours in app-based work at least several times a month, including 17% who do so three or four times a week.
- 32% reported sometimes or often sleeping in their cars before or after performing app-work.

#### Earnings from app-based work are low

- Before expenses, ride-hailing drivers earn \$900 per week, on average, and food and grocery delivery workers average \$500 per week.
- Depending on how expenses are calculated, however, this can drop to as low as \$360/week for ride-hailing drivers and \$224/week for delivery workers.
- People in this line of work often discount wear-and-tear on their vehicles, but if we calculate the true costs of operating their vehicle based on the mileage reimbursement figure from the

Internal Revenue Service (57.5 cents per mile) and the survey respondents' estimated weekly mileage, as much as 20% might be earning nothing when all expenses are accounted for.

- Even before the virus, 70% of ride-hailing drivers say they experienced a decline in earnings since they began work on the apps. Of those experiencing a decline, most of them attributed it to company practices, including a decrease in base pay as well as a decrease in incentives and bonuses.

#### COVID-19 has had a starkly negative impact

- In our COVID impact survey conducted April 7-21, we found that though 15% of respondents had seen an increase in jobs being offered, 76% had seen a significant reduction in jobs being offered.
- 37% of respondents had lost 100% of their income, while another 19% had lost more than 75% of their income.
- 28% said they were still accepting jobs despite fears of the virus because they needed the income.
- Survey respondents said the primary app they work for are doing little to help them. Only 19% say they were offered procedures or support for what to do if they exhibit symptoms of the virus, only 27% said their app provides financial assistance if they have been exposed to COVID-19, and only 30% were offered training on how to protect themselves through contact with customers
- 55% of respondents said their app was doing nothing or not enough to respond to the virus.
- These workers were also looking for public officials to take more action, including 65% who thought public officials should provide free sanitizer, gloves and other protective equipment, 65% who thought public officials should provide emergency financial assistance, and 63% who thought public officials should enforce laws so app-based workers who are misclassified as contractors could have access to unemployment, paid leave, and other benefits under city and state laws.

#### Platform companies structure job opportunities

Some of the survey findings point to platforms managing job opportunities in ways that would likely support claims that these workers are employees under the “ABC” test codified in California Assembly Bill 5.

When workers decline certain job offers:

- 49% of delivery workers and 36% of ride-hailing drivers said they were not offered work for a period of time
- 27% said they were deactivated or threatened with deactivation
- 29% received fewer bonuses or incentives

51 % of delivery workers and 36% of ride-hailing drivers thought the amount or types of jobs they were offered was affected by their worker rating.

#### Workers face other challenges

Parking is a challenge for ride-hailing and delivery workers.

- 38% of ride-hailing drivers and 52% of delivery worker said they had received a ticket for parking in red zones.
- 45% of ride-hailing drivers and 62% of delivery workers had received other parking violations in San Francisco

A full 18% of all delivery workers said that a bicycle was their primary mode of delivery, with half of those using an electric bike. Bicycles delivery workers face a different set of challenges:

- People using bikes have expenses that were not reimbursed by their app, including 33% who said they had to purchase protective gear for work, 25% buying a rack for carrying larger orders, and 13% purchasing an insulated box.
- 70% of people delivering by bicycle said they had felt unsafe, including 89% who said cars parked in bike lines and the poor quality of roads (e.g. potholes) are a hazard.
- 32% said they have felt physically threatened on a bike while delivering.

#### A potential to expand bike delivery?

One bright spot in the survey results was signs of a potential to expand bike delivery in the city. If provided with a financial incentive to purchase an ebike:

- 70% of delivery workers said they would either definitely switch or consider switching from driving to using an ebike.
- 25% of ride-hailing drivers said they would consider or definitely switch to ebike delivery.

#### Summary and policy implications

- On-demand ride-hailing and delivery work in San Francisco is performed predominantly by people for whom it is close to full-time work and their primary source of income.
- This is a highly diverse workforce, including at least 78% People of Color and 56% immigrants from dozens of different countries..
- This workforce struggles to make ends meet, and their circumstances have been made significantly worse by the COVID-19 crisis.
- When expenses and both unpaid and paid work time are fully accounted for, a substantial portion of this workforce are estimated to make less than the equivalent of San Francisco's minimum wage (currently \$15.59 hour).
- Many also don't receive other benefits they would be entitled to under San Francisco law if the companies were classifying them as employees.
- Many are also not currently being adequately supported during the COVID-19 crisis, either by the app-based companies they work for, or by public policies.
- These findings underscore the importance of policy makers ensuring that existing city and state employment laws are enforced for this workforce, and finding new ways to address the economic, safety and health, and public health concerns facing this critical workforce.