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Professional Drivers: Automobile Debt and Pandemic Financial Support

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Issue

While a majority of Californians drive to work, a smaller share drive for work. Taxi drivers and gig economy drivers for app-based ride-hail and delivery firms move passengers, food, and groceries, sometimes as part-time jobs. Chauffeurs, truckers, and shuttle and bus drivers also ply California's roads as integral parts of the state's personal and goods surface transportation system. Across these driving occupations, drivers have varied but often precarious livelihoods, especially those who take on debt to obtain the very vehicle they use for work.

Three primary data sources — credit data from the University of California Consumer Credit Panel (UC-CCP), unemployment claims data, and small business loan and grant data — suggest some important facts about the financial conditions of those who drive for a living, both before and during the COVID-19 pandemic. However, the available data sources examined leave significant gaps.

Broadly speaking, a driver can work for a firm under two legal relationships: as an employee or as an independent contractor (also called "gig work," "freelancing," etc.). For ride-hail drivers, delivery drivers and truckers, battles over this distinction and the legal protections that hinge on it have occurred in the courts, at the ballot box, and in protests and organizing campaigns in California in recent years. Meanwhile, across classifications, some drivers work full-time, while others use driving as supplementary income or as one of many jobs. The findings below capture each type of driver, to different degrees.

Research Findings

- Automobile debt was high among groups likely to contain professional drivers. Almost half of occupationally licensed drivers had at least some vehicle debt (Table 1). While the data do not isolate all professional drivers, the occupational categories in which many drivers fall had high amounts of automobile debt and high shares of automobile debt relative to all debt, compared to other workers. The effects of the pandemic on vehicle debt in these job categories were mixed.

- After the onset of the pandemic, unemployment rose dramatically in the transportation industry and in transportation occupations. Counting both employees and independent contractors, unemployment in the sector peaked at rates higher than the national average.

- However, unemployment claims data from California, among transportation employee claimants only, show less of a spike.

- Contractor drivers lived in areas of California with more Pandemic Unemployment Assistance (PUA) claims, a special program for self-employed workers.

- Contractor drivers received unprecedented but uneven federal small business loans and grants. The Small Business Administration distributed $35 million in loans and advances to around 7,500 California independent contractor driver recipients over 8.5 months. Drivers in many areas did not receive much or any of these funds, though those areas that did tended to have more residents of color.

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Table 1. Automobile Debt Characteristics in California by Occupation

Statistic	Occupationally Licensed Drivers		Self-employed		Others with Known Occupations	
	2019	2021	2019	2021	2019	2021
Average automobile debt (in March 2021 $)	$14,494	$13,207	$6,598	$6,295	$7,368	$6,777
Automobile debt share	22.3%	20.6%	17.2%	18.6%	12.2%	12.2%
Borrowers with any automobile debt	49.5%	44.9%	35.3%	36.4%	36.4%	34.0%
Average automobile debt (in March 2021 $)	$29,110	$29,428	$18,708	$17,296	$20,249	$19,936
Automobile debt share	45.2%	45.8%	48.7%	51.1%	33.5%	35.9%

Conclusions

- Together, the data sources analyzed show both significant precarity in the driving profession and a broad correlation between employment status/ protections and financial security among drivers.
- Federal assistance during the pandemic offered financial relief to some contractor drivers through the PUA program and COVID-19 Economic Injury Disaster Loans and Loan Advances. Yet the data suggest that many drivers did not receive funds through these programs. While some drivers did not need financial support, it is likely that others slipped through the pandemic safety net and experienced increased hardship.
- Assessing the full effect of the pandemic on professional drivers' debt and finances will require more and better data, particularly workforce data from gig economy firms that contract with drivers.

More Information

This policy brief is drawn from the "Professional Drivers: Automobile Debt and Financial Support During the COVID-19 Pandemic" research report by the UCLA Institute of Transportation Studies. The full report can be found at www.its.ucla.edu/project/professional-drivers-automobile-debt-and-financial-support-during-the-covid-19-pandemic/.

Table Data Sources

California Policy Lab (2021). *University of California Consumer Credit Panel (UC-CCP)*. California Policy Lab.

BLS (2021, November). CPI for All Urban Consumers (CPI-U). *Bureau of Labor Statistics*. https://data.bls.gov/PDQWeb/cu.

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