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Data Brief

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Earnings of delivery network company drivers in Seattle prior to App-Based Worker Minimum Payment Ordinance

By Ken Jacobs

This paper uses data from January 2022 to determine the earnings of delivery network company (DNC) drivers in Seattle prior to implementation of the city's App-Based Worker Minimum Payment Ordinance,[1] and to calculate what their earnings would have been had the policy been in place at that time.

The data[2]

To carry out this analysis we use data from Gridwise, a free third-party app drivers use to track their trips, hours, and earnings across platforms. The data cover four delivery services: DoorDash, Grubhub, Instacart, and Uber Eats. For each trip and work shift, the app tracks work time and miles driven, as well as earnings, tips, bonuses, and incentives. The data cover the two-week period from January 10 through January 24, 2022. We restrict our dataset to Seattle drivers who worked at least 10 hours during these two weeks. The sample included 28 drivers and 383 trips.

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1 Seattle Office of Labor Standards, "App-Based Worker Minimum Payment Ordinance," Pub. L. No. Ord. No. 126595, § 2, 2022, SMC 8.37 (2022), https://www.seattle.gov/laborstandards/ordinances/app-based-worker-ordinances/app-based-worker-minimum-payment-ordinance.

2 For a full description of the data and methodology, see Ken Jacobs et al., "Gig Passenger and Delivery Driver Pay in Five Metro Areas" (Center on Wage and Employment Dynamics and Center for Labor Research and Education, University of California, Berkeley, May 2024), https://laborcenter.berkeley.edu/gig-passenger-and-delivery-driver-pay-in-five-metro-areas/.

Driver earnings

We first calculate *gross hourly earnings*. For each shift, we include all earnings (base pay, bonuses, and incentives) and divide this amount by the length of the entire shift, including any waiting time between gigs. Tips, averaging $11.20 per hour, make up a significant share of deliver driver earnings: gross hourly earnings for DNC drivers in Seattle in January 2022 averaged $11.77 without tips and $22.97 with tips.

To calculate *net hourly earnings*, we need to determine driver expenses. For this calculation we include all miles driven during the shift, including miles driven between gigs (for instance, when returning to a downtown area to await the next order). We use the January 2022 Internal Revenue Service standard mileage rate of 58.5 cents per mile. After subtracting hourly expenses from hourly gross income, we find average hourly net earnings of $3.55 without tips and $14.75 with tips. There is considerable variation among driver earnings. The typical, or median, driver earned less than the average: $1.45 without tips and $13.66 with tips.

Finally, we calculate the *employee-equivalent hourly wages* of DNC drivers in Seattle. Gig companies treat their employees as independent contractors. The gig companies therefore do not pay for the employer portion of Social Security, Medicare, or unemployment insurance contributions for their drivers. Nor do independent contractors receive state-mandated benefits such as rest breaks and paid sick time. In Seattle, the value of these taxes and benefits is calculated to be 12% of earnings.[3] To do an apples-to-apples comparison of Seattle DNC driver earnings to what their earnings would be as W-2 employees, we calculate their net wages on an employee-equivalent basis. Dividing $3.55 an hour by 1.12, we find that drivers had average employee-equivalent earnings of $3.17 without tips and $14.37 with tips. The typical, or median, driver had employee-equivalent earnings of $1.29 per hour without tips.

Table 1. Average hourly earnings for Seattle DNC drivers, January 2022

	Without tips	With tips ($11.20)
Gross earnings	$11.77	$22.97
Net earnings	$3.55	$14.75
Employee-equivalent earnings	$3.17	$14.37

In January 2022, Seattle's minimum wage was $17.27. In Washington State tips do not count toward the minimum wage.

3 Our previous research (Jacobs et al. 2024) found the value of these taxes and benefits to be 13.55% of earnings (see page 24). However, here we are using 12%, the value established by the City of Seattle in their App-Based Worker Minimum Payment Ordinance (they call this value the "associated cost factor;" see the ordinance at https://library.municode.com/wa/seattle/codes/municipal_code?nodeId=TIT8LAST_CH8.37ASEWOMIPA). The City's calculation does not include the value of paid rest breaks, while ours did not include all of the elements in the City's calculation. See both documents for details on specific taxes and benefits that are included in each measure.

What driver earnings would have been under the Seattle App-Based Worker Minimum Payment Ordinance

Seattle's gig worker ordinance was passed on May 31, 2022, and went into effect on January 13, 2024. In this section we use the Gridwise data to calculate what the DNC drivers' hourly earnings would have been in January 2022 had the ordinance been in effect at that time.

Seattle's App-Based Worker Payment Ordinance uses per-minute and per-mile rates to calculate driver pay.[4] Using the formulas in the ordinance, the per-minute rate in January 2022 would have been 38 cents and the per-mile rate would have been 64 cents. In Seattle's ordinance, these rates are only applied to so-called "engaged" time, which is P2 and P3 (called P23) as defined below:

- **P1**: the time during which a driver is awaiting a delivery request or is returning from an outlying area after dropping off a delivery.
- **P2**: the time spent driving to pick up a delivery after it has been ordered.
- **P3**: the time between when the driver picks up and drops off the delivery.

To calculate average hourly earnings, we need to prorate the compensated P23 per-minute and per-mile rates across drivers' entire shifts: P1-3. With the Gridwise data, we are able to make these adjustments and determine the average allocation of time and miles across the three shift periods.

Table 2. Average percentage of driver shift time and miles by period, January 2022

Period	Time (%)	Miles (%)
P1	22.81	52.48
P2	18.75	10.10
P3	58.44	37.42
Total	100.00	100.00

4 For full details of how the per-minute and per-mile rates are calculated, see "Section 8.37.050 - Minimum network company payment" of the Seattle Office of Labor Standards, App-Based Worker Minimum Payment Ordinance, https://library.municode.com/wa/seattle/codes/municipal_code?nodeId=TIT8LAST_CH8.37ASEWOMIPA.

The following table provides the steps for calculating what DNC drivers' average hourly earnings for their entire shifts (P1-3) would have been under Seattle's gig worker ordinance, had it been in effect in January 2022.[5]

Table 3. What Seattle DNC drivers' average hourly earnings would have been under the App-Based Worker Minimum Payment Ordinance, January 2022

Calculation steps	Amount
1. Per minute rate	$ 0.38
2. P23 share of time	77.19%
3. Average shift time per minute rate ([Line 1] x [Line 2])	$ 0.29
4. Average gross per minute pay per shift hour ([Line3] x 60)	$17.60
5. Per mile rate	$ 0.64
6. Average miles driven per hour	14.50
7. P23 share of miles	47.52%
8. Average gross per mile pay per shift hour ([Line 5] x [Line 6] x [Line 7])	$4.41
9. Gross hourly earnings per shift hour ([Line 4] + [Line 8])	$22.01
10. January 2022 IRS mileage rate	$ 0.585
11. Hourly expenses ([Line 6] x [Line 10])	$8.48
12. Net earnings after expenses ([Line 9] - [Line 11])	$13.53
13. Employee-equivalent earnings ([Line 12] / 1.12)	$12.08

We estimate that, had the Seattle App-Based Worker Minimum Payment Ordinance been in place in January 2022, it would have increased average drivers' hourly employee-equivalent earnings from $3.17 to $12.08, an increase of $8.17. Even so, it still would have been below the Seattle minimum wage at the time of $17.27.

5 A detailed step-by-step explanation of these calculations is available in our earlier publication on Chicago's gig worker ordinance: Ken Jacobs and Aida Farmand, "Chicago Transportation Network Drivers' Earnings and Projections Under Proposed City Ordinance" (UC Berkeley Labor Center, January 2025), https://laborcenter.berkeley.edu/chicago-transportation-network-drivers-earnings-and-projections-under-proposed-city-ordinance/. Note there were different per-minute and per-mile rates, and the Chicago ordinance paid only for P3, but the calculation methods are the same.

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