

# Transportation Network Company Driver Earnings Analysis and Pay Standard Options

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# TNC study purpose

“commission and oversee a study to obtain and analyze data and information related to the working conditions of transportation network company (TNC) drivers in Minnesota and how potential changes may impact access and cost for riders”

- Executive Order 23-07

# Data sources

- Transportation network companies (TNC) provided the state with data
  - Trip time segments, distance, county, driver earnings
  - All rides originating in MN in 2022 (approx. 18 million)
- Metropolitan Airports Commission (MAC) data
  - Aggregate trips by month, January 2022 to October 2023
  - Driver vehicle and contact information
- Driver Survey
  - Drivers were surveyed using MAC contact information
  - 1,827 drivers completed the survey, 24% response rate

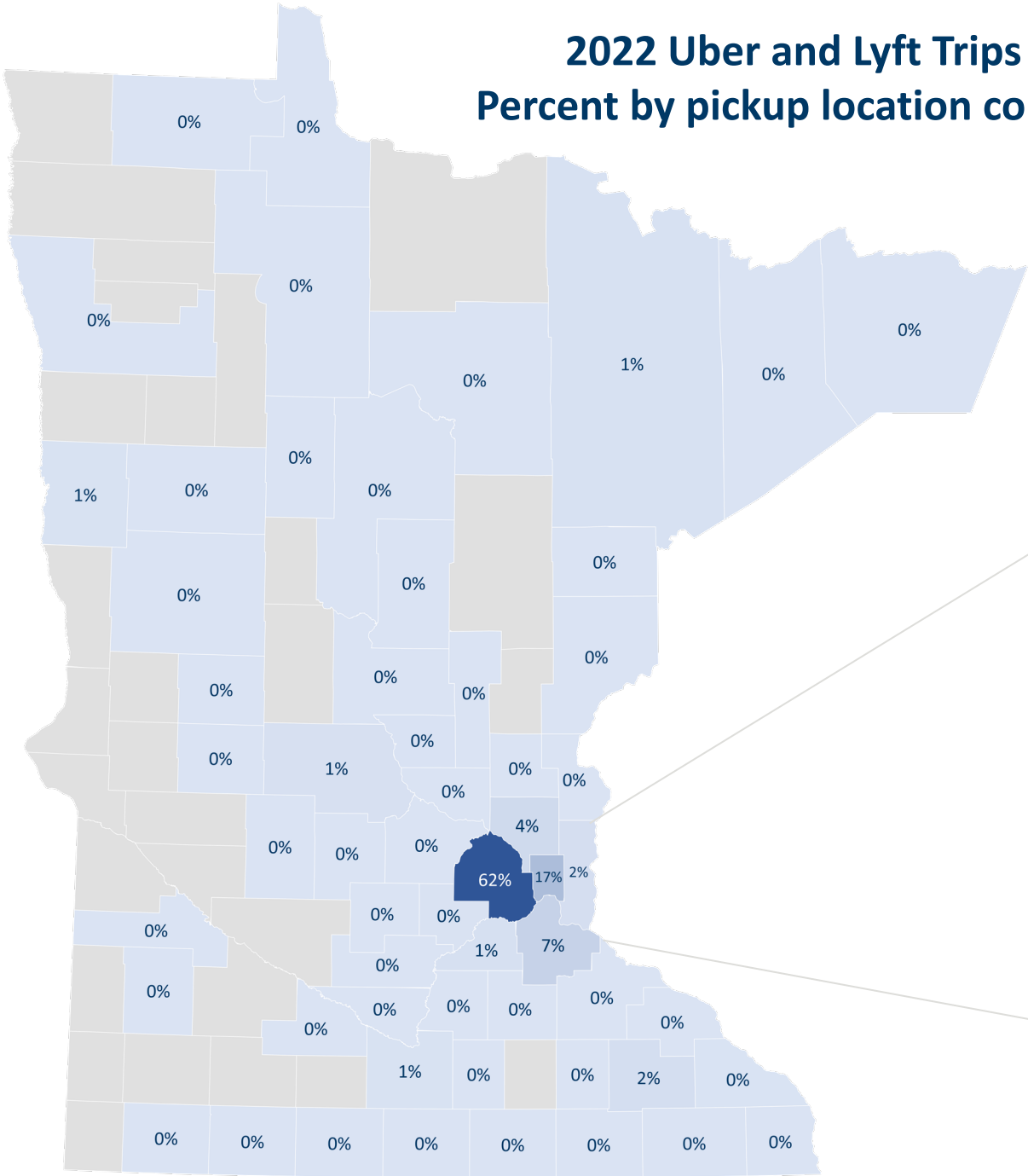
# Background information

- TNC time-period segments
  - Period 1 (P1) time is when a driver is logged into the TNC app but has not yet accepted a ride offer, sometimes referred to as “driver waiting time.”
  - Period 2 (P2) is when a driver has accepted a ride and is on their way to pick up a passenger, also referred to as “dispatch time.”
  - Period 3 (P3) is when a driver is transporting a passenger from the pick-up location to the drop-off location, also called “trip time” or “passenger time.”
- Working hours =  $P1 + P2 + P3$
- Engaged time =  $P2 + P3$

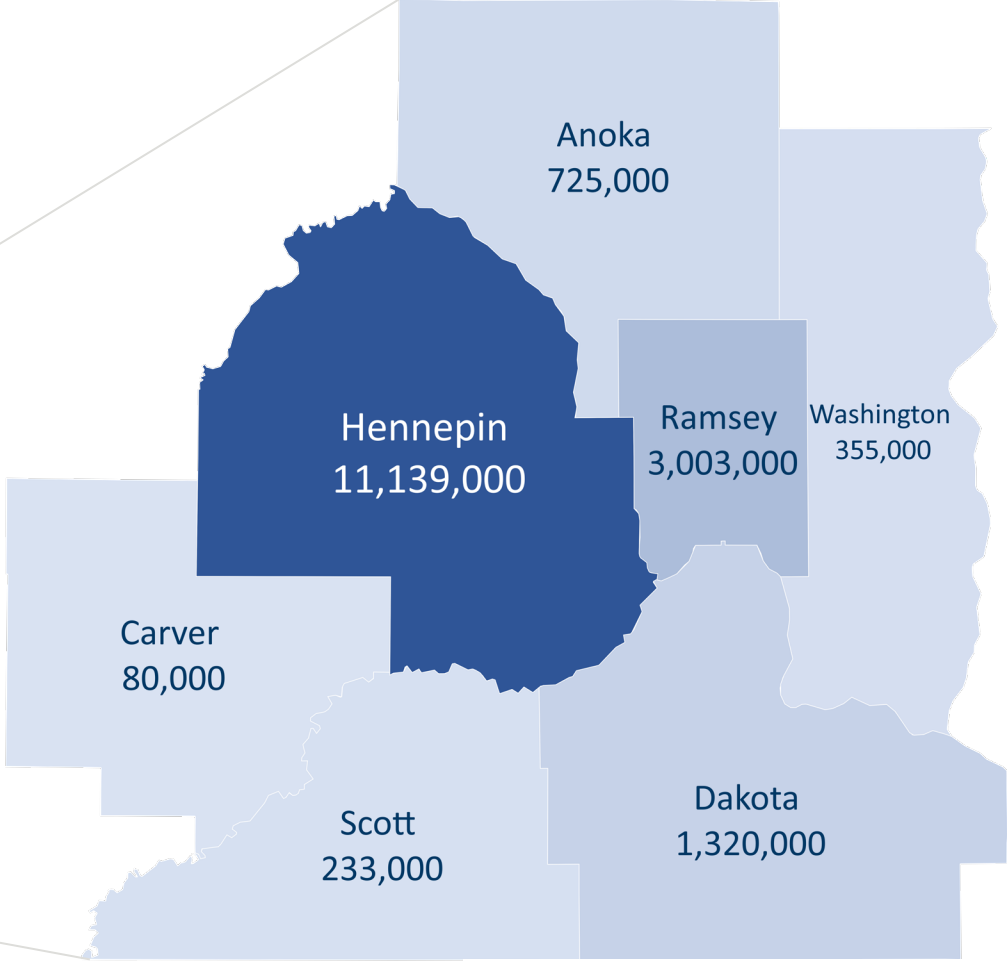


# Driver Earnings Analysis

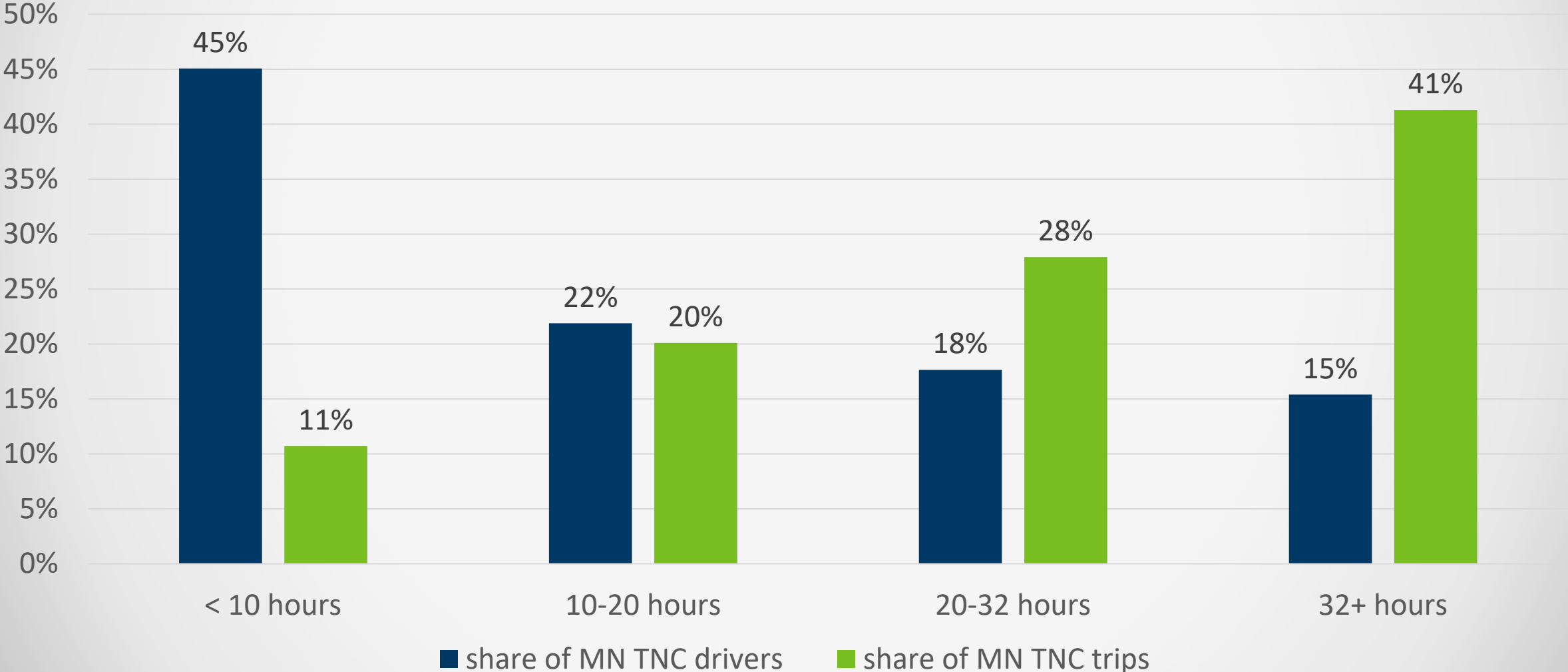
# 2022 Uber and Lyft Trips Percent by pickup location county



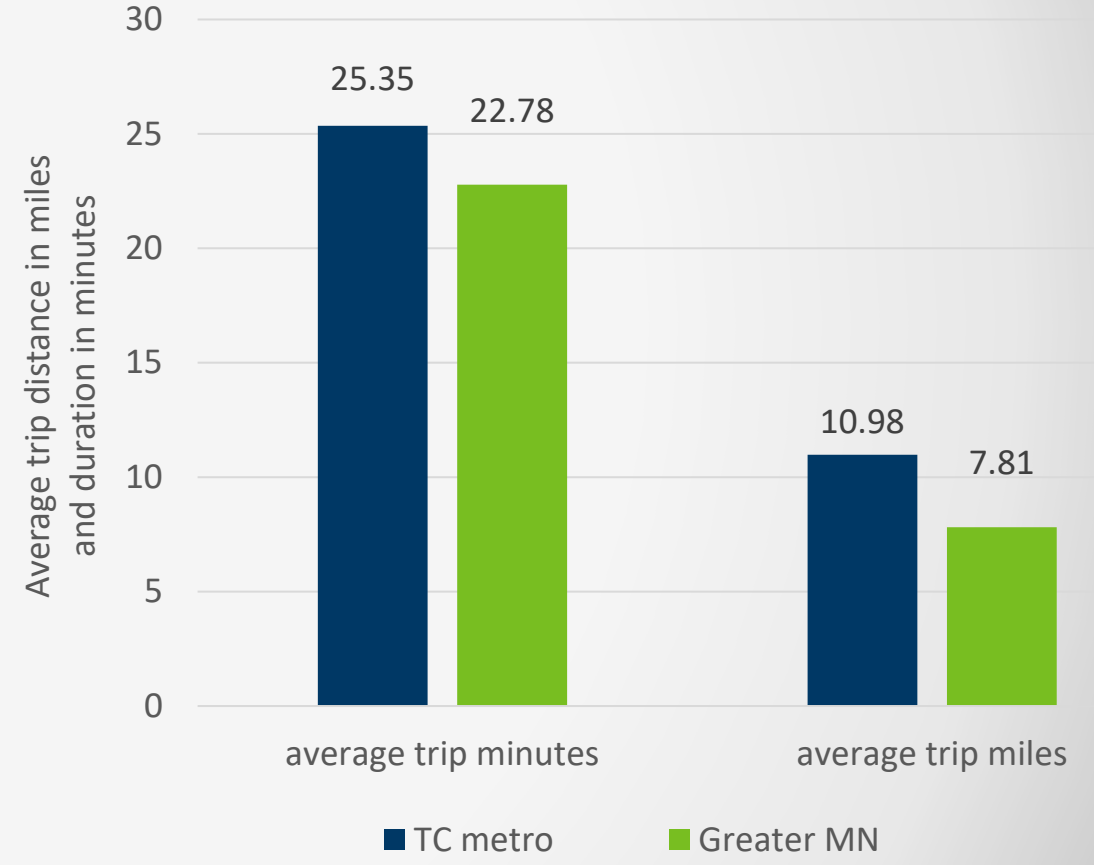
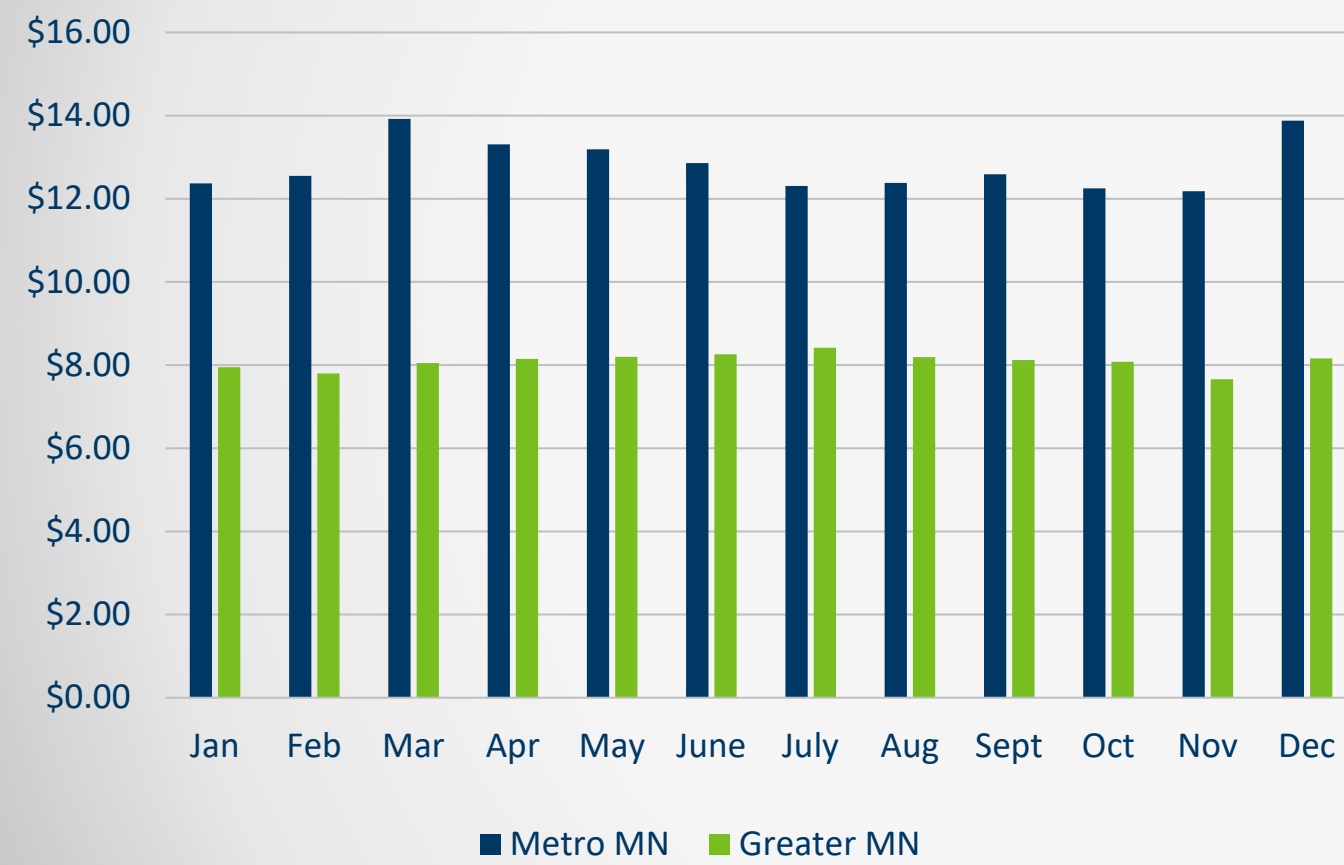
## Twin Cities metro area count by county



# Comparison of committed and casual drivers

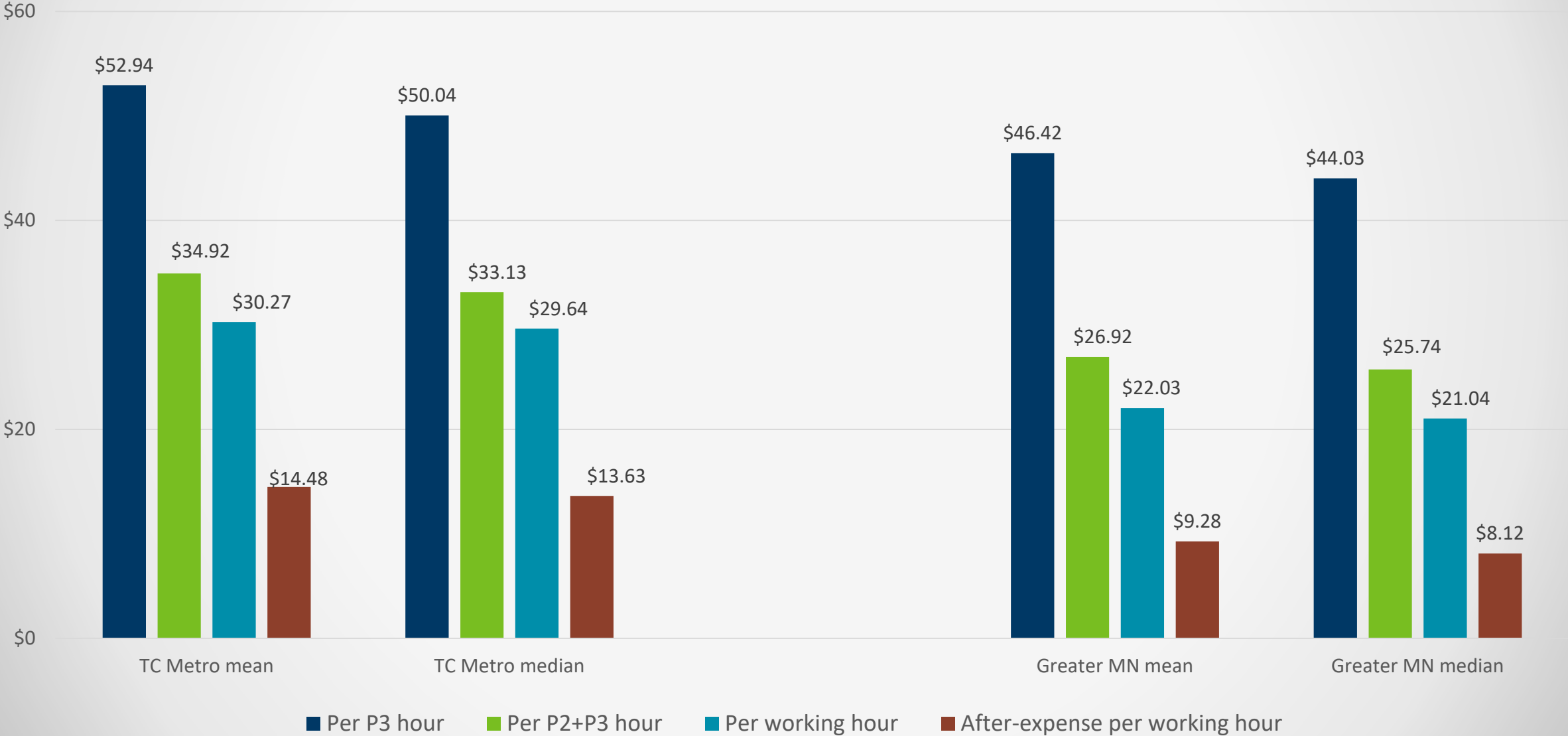


# TC Metro earnings are higher, but so are minutes and miles

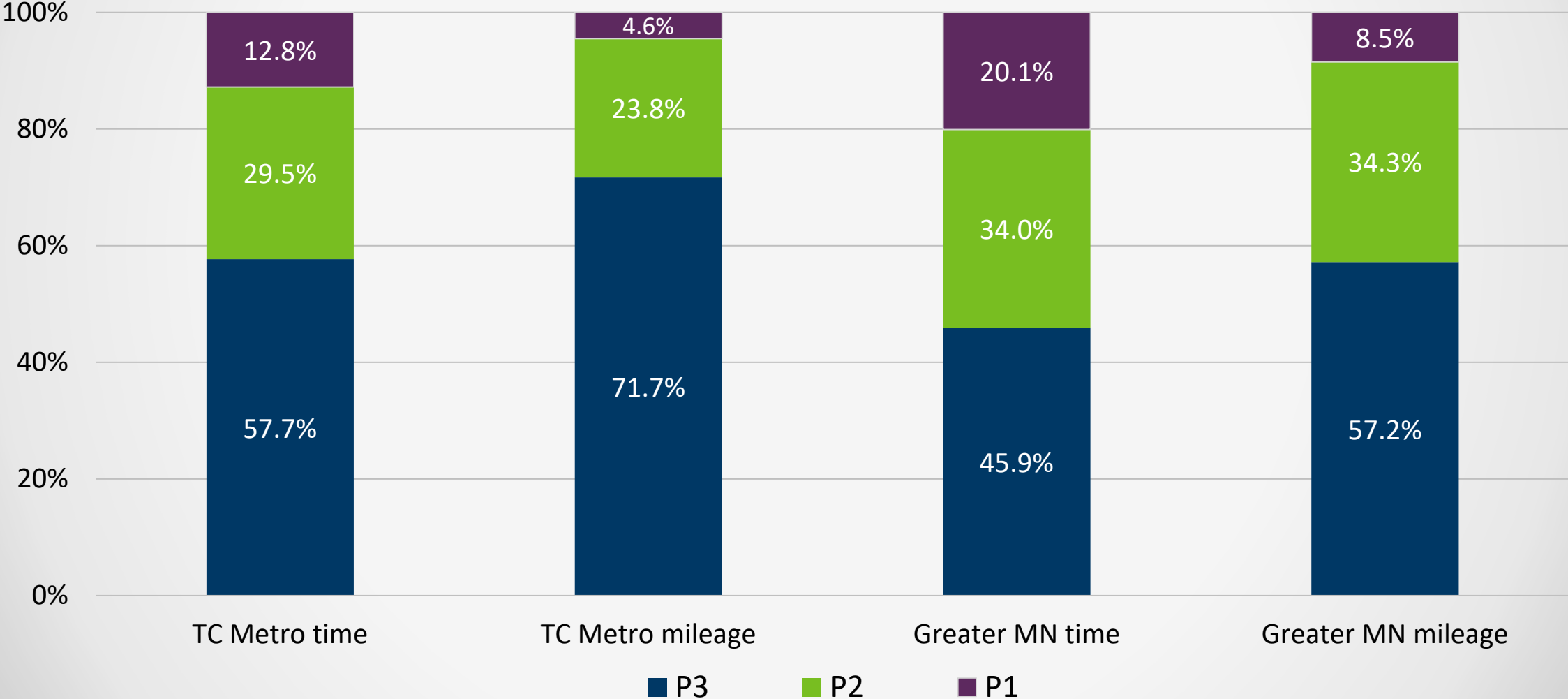




# Earnings per P3, P2+P3, working and after-expense hour



# P3 shares of time and miles were lower in Greater MN than TC Metro





## Pay Standard Options

# Pay standard calculations

- Per minute rate is calculated based on hourly wages
  - TC Metro – Minneapolis 2024 minimum wage for large employers (\$15.57)
  - Greater MN – Statewide 2024 minimum wage for large employers (\$10.85)
- Per mile rate is calculated based on expenses
  - Report provides options for expenses that can be included
- Scaling for P3
  - Both per minute and per mile rates are scaled to P3 time as a percent of P1-P3
  - Compensation is paid for P3 only but intended to cover time and expenses for all time periods (P1-P3)

# Per minute rates

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## TC Metro

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Minneapolis minimum wage per hour \$15.57

Payroll tax \$1.28

**Subtotal \$16.85**

Scaled by P3 share of minutes \$29.21

**P3 per minute rate \$0.487**

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## Greater MN

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Minnesota minimum wage per hour \$10.85

Payroll tax \$0.89

**Subtotal \$11.74**

Scaled by P3 share of minutes \$25.60

**P3 per minute rate \$0.427**

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# MN-specific vehicle expenses in the base per mile rate

Expense category	Specific expenditure	Annual	Per mile
Per mile costs based on 35,000 miles per year			
<b>Licensing, vehicle registration fees and tax</b>		<b>\$243</b>	<b>\$0.0069</b>
<b>Operating costs</b>	Vehicle acquisition	\$10,044	\$0.2870
	Gas	\$3,815	\$0.1090
	Vehicle maintenance	\$3,434	\$0.0981
	Insurance	\$2,664	\$0.0761
	Cellphone	\$1,440	\$0.0411
	Vehicle cleaning	\$700	\$0.0200
	<b>Subtotal</b>		<b>\$22,097</b>
<b>Total Vehicle and Licensing Expenses</b>		<b>\$22,339</b>	<b>\$0.6383</b>

# Twin Cities metro per mile rates and expense options

Vehicle and operating expenses	P3 share of miles	Vehicle and operating expenses scaled for P3 share of miles	Base per mile rate
\$0.6383	0.717	\$0.890	<b>\$0.890</b>

	Benefit component	Benefit cost	Base rate plus benefit cost
ESST	Earned sick and safe time	\$0.030	\$0.920
PL	Paid leave—including ESST	\$0.101	\$0.991
HI	Health insurance	\$0.137	\$1.027
RS	Retirement savings	\$0.073	\$0.963
UI	Unemployment insurance	\$0.007	\$0.897
<b>Comprehensive per mile rate (incl. PL + HI + RS + UI)</b>		<b>\$0.317</b>	<b>\$1.207</b>

# Greater Minnesota per mile rates and expense options

Vehicle and operating expenses	P3 share of miles	Vehicle and operating expenses scaled for P3 share of miles	Base per mile rate
\$0.6383	0.572	\$1.116	<b>\$1.116</b>

	Benefit component	Benefit cost	Base rate plus benefit cost
ESST	Earned sick and safe time	\$0.026	\$1.142
PL	Paid leave—including ESST	\$0.088	\$1.204
HI	Health insurance	\$0.120	\$1.235
RS	Retirement savings	\$0.064	\$1.179
UI	Unemployment insurance	\$0.006	\$1.122
<b>Comprehensive per mile rate (incl. PL + HI + RS + UI)</b>		<b>\$0.277</b>	<b>\$1.393</b>



# Per trip earnings for pay standard options

	TC Metro			Greater Minnesota		
	2022 trip averages	Pay standard rates	Pay components	2022 trip averages	Pay standard rates	Pay components
P3 minutes	14.64	<b>\$0.487</b>	\$7.126	10.45	<b>\$0.427</b>	\$4.459
P3 miles	7.87	<b>\$0.890</b>	\$7.006	4.47	<b>\$1.116</b>	\$4.988
Earnings per trip under base pay standard			\$14.13			\$9.45
2022 average trip earnings			\$12.87			\$8.07
<b>Increase over 2022 trip earnings</b>			<b>9.8%</b>			<b>17.1%</b>
<b>Pay standard with comprehensive benefits</b>		<b>\$0.487</b>	\$7.126		<b>\$0.427</b>	\$4.459
		<b>\$1.207</b>	\$9.501		<b>\$1.393</b>	\$6.226
Earnings per trip under comprehensive pay standard			\$16.63			\$10.68
<b>Increase over 2022 trip earnings</b>			<b>29.2%</b>			<b>32.4%</b>

# Rate range options

	Twin Cities metro		Greater Minnesota	
	Base	Comprehensive	Base	Comprehensive
<b>P3 per minute</b>	\$0.487	\$0.487	\$0.427	\$0.427
<b>P3 per mile</b>	\$0.890	\$1.207	\$1.117	\$1.393

Thank you!