

# UC Office of the President

## Policy Briefs

### Title

The Benefits and Challenges of Incorporating Uber and Lyft in Subsidized Ride Programs that Serve Vulnerable Populations

### Permalink

<https://escholarship.org/uc/item/4gk412w6>

### Authors

Halpern, Jeremy  
Deakin, Elizabeth  
Parker, Madeleine

### Publication Date

2020-10-01

### DOI

10.7922/G2X065BH

# The Benefits and Challenges of Incorporating Uber and Lyft in Subsidized Ride Programs that Serve Vulnerable Populations

Jeremy Halpern, Elizabeth Deakin, and Madeleine Parker  
University of California, Berkeley

October 2020

## Issue

Cities, transit agencies, and social service providers across the U.S. have implemented programs that provide taxi subsidies for people who have difficulty driving a car or using the regular transit system. These programs usually serve older residents and people with disabilities, though a few also serve low income users. Taxi subsidy programs provide curb-to-curb or door-to-door transportation at a fraction of the cost of paratransit.<sup>1</sup> However, as Transportation Network Companies (TNCs), such as Uber and Lyft, have entered markets around the country, taxi availability has declined, resulting in lower levels of service. In response, many public agencies are considering the addition of TNCs to subsidized ride programs; however, the inclusion of TNCs in these programs is not straightforward. For example, agencies must evaluate the extent to which their clients need wheelchair accessible vehicles or other personal assistance. In addition, TNC platforms require users to request rides through a smartphone and use debit or credit cards for payment, which is problematic for unbanked customers and those who do not own or have access to a smartphone.

To gain a better understanding of the benefits and challenges of incorporating TNCs in subsidized ride programs, researchers at UC Berkeley inventoried and reviewed over 40 subsidized taxi programs in operation across the country, including several that incorporate TNC services. The researchers examined five cases in greater detail

and conducted nearly 100 interviews with ride program sponsors (e.g., social service agencies, local governments, or transit agencies), providers, users, and caregivers. The findings and best practices derived from this work are presented in this brief.

## Key Research Findings

**Many clients of subsidized ride programs would like to use a TNC, but a substantial portion are not able to do so.** TNC services rely on smart phone apps, but nearly a quarter of older Americans lack a smart phone, and among subsidized ride program clients, the share without a smart phone can be as high as 40-50 percent. Also, TNC services require credit or debit card payment, but large numbers of subsidized rides clients lack bank or credit accounts needed to handle these transactions. Even when they have a smart phone and charge card options, some program clients do not use apps and are reluctant to pay for a ride electronically.

**Training classes and concierge services can overcome TNC-related technology barriers.** When the issue is lack of information or experience, training sessions can help. Agencies have successfully mounted sessions at community centers to help interested clients learn how to use apps and feel comfortable and secure in using e-payment methods. For others, concierge services, in which an organization facilitates the connection between the user and the ride provider, can overcome the requirement for a client to use an app and/or credit card, though the cost is higher per ride.

**Retention of taxis as well as the addition of TNCs is advisable.** While some subsidized ride users would like to move to TNCs, others would prefer to use taxis. They not only are familiar with taxis and how to use them but in many cases have made arrangements for a regular driver and for a regular schedule of trips, neither of which TNCs usually can provide. When taxis and TNCs are both available, a dual option program is likely to serve a diverse clientele well.

**Additional improvements in rides services for people with disabilities or frailties are needed.** While TNCs have increased the number of wheelchair accessible vehicles they offer, on-the-ground service availability needs to be monitored for TNCs and taxis alike. Periodic driver training can improve service quality. As another alternative, some concierge services can track client trips to make sure the rider is picked up and delivered as expected.

**Need-based programs can provide additional, targeted help.** Federal and state lifeline programs can help low income households acquire smart phones. Pre-paid debit cards and low cost money management cards can make paying for a TNC trip a possibility for those with limited credit. Local agencies can publicize these options and assist clients in signing up for them. Agencies also can provide extra assistance based on user income level, disability level, or high travel needs (e.g., for frequent trips for medical care or trips to work, school, or day care).

**Some of the difficulties with subsidized rides programs are the result of program design, not TNC or taxi limitations.** Among the program design elements that users and caregivers found most problematic are requirements that subsidies can be used only within the sponsoring agency’s jurisdictional boundaries, restrictions on eligible trip purposes, and limitations on cost per ride. Most users understood the need for dollar limits on subsidies but found other restrictions sometimes prevented them from using the program for important trips to a doctor or clinic, or to visit a family member. Complex cost-sharing formulas also were widely viewed as undesirable. Simplifying program designs and providing greater flexibility, possibly through county-wide or regional programs and agreements, were seen as important steps forward.

### More Information

This policy brief is drawn from the report “Examining the Potential for Uber and Lyft to be Included in Subsidized Mobility Programs Targeted to Seniors, Low Income Adults, and People with Disabilities” prepared by Jeremy Halpern, Elizabeth Deakin, and Madeleine Parker of the University of California, Berkeley. The report and this policy brief can be found at: <https://www.ucits.org/research-project/2019-14>. For more information about findings presented in this brief, please contact Elizabeth Deakin at [edeakin@berkeley.edu](mailto:edeakin@berkeley.edu).

---

<sup>1</sup> The cost for a public agency to provide paratransit is in the range of \$30 to \$60 dollars per ride.

---

*Research presented in this policy brief was made possible through funding received by the University of California Institute of Transportation Studies (UC ITS) from the State of California through the Public Transportation Account and the Road Repair and Accountability Act of 2017 (Senate Bill 1). The UC ITS is a network of faculty, research and administrative staff, and students dedicated to advancing the state of the art in transportation engineering, planning, and policy for the people of California. Established by the Legislature in 1947, the UC ITS has branches at UC Berkeley, UC Davis, UC Irvine, and UCLA.*

Project ID UC-ITS-2019-14 | DOI: 10.7922/G2X065BH