Amazon Is Boosting Pay for Contracted Delivery Drivers—Starting as Soon as Next Month

Some delivery drivers are getting a pay bump soon.

On Tuesday, Amazon announced plans to increase compensation for contracted drivers with a $440 million investment in its third-party delivery program this year, with the goal of raising the average hourly rate for delivery drivers to $20.50 by mid-October.

In 2018, Amazon launched the Amazon Delivery Service Partner (DSP) program, which gives entrepreneurs access to Amazon's tools and resources to run delivery businesses. Since its launch five years ago, the company has invested over $8.9 billion in the program, created 279,000 driving jobs, and generated $45 billion in revenue.

"This is going directly to DSPs, so that they can offer competitive pay to their employees, and build and retain great teams," Beryl Tomay, vice president of last-mile delivery and technology at Amazon, told CNBC.

While DSP driver wage varies by state, according to Indeed, the current average pay for a DSP driver in the U.S. is $19.28 an hour.

Amazon delivery trucks leave the Amazon warehouse to make delivers as Amazon drivers and dispatchers continue to strike at the company's Palmdale, California, warehouse and delivery center on July 25, 2023. Robyn Beck/AFP | Getty Images.

Along with the wage increases, the company announced that it is expanding its Next Mile education program, offering eligible DSPs access to 2,000 academic programs with tuition coverage of up to $5,250 per year, and launching the "Together, We Give" program, enabling DSPs in the U.S. and Canada to access grants of up to $5,000 for charitable donations to local nonprofits.

The announcement comes in the wake of the first-ever delivery driver strike that began in Southern California in June after 84 Amazon DSP drivers unionized under the International

Brotherhood of Teamsters. The strike started in Palmdale, Calif., and has since expanded the picket lines across the state to the Bay Area and Hollister.

It is unclear if the strike, still ongoing, will end with Amazon's new initiatives.

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