Testimony On The Pay and Costs of Driving Taxis and For-Hire Vehicles (FHVs) in New York City

April 6, 2017

My name is Ibraheem Ibraheem and I have been a licensed For-Hire-Vehicle driver for about 2 and 1/2 years. The For-Hire-Vehicle industry has been the source of opportunity for many new immigrant families who call New York City home.

Over the past several years the For-Hire-Vehicle industry has seen an explosive growth in the number of drivers with the entry of the e-hail or app-based service providers. The promise of good pay and flexibility has attracted many. Unfortunately, the fierce competition for market share between the app-based service providers has turned into a rapid race to the bottom. The industry has quickly become over saturated. The steady decline of fares year after year is putting many families in serious economic jeopardy. As I have detailed in appendix, my income per hour, per mile and per year has declined by 11%, 10% and 8% respectively between the years 2015 and 2016. And I am the best case scenario: I am single and I own my hybrid car. And as more miles are driven I can only expect maintenance costs to increase and adversely affecting my income even more.

I am here today to urge the Taxi and Limousine Commission to take the brave steps necessary to ensure that drivers and their families are not at the mercy of service providers who don’t seem to have a sense of morality in their pursuit of market domination. And the primary tool for these service providers in maintaining or growing their market share is the reduction of fares.

Ensuring that drivers are fairly compensated has several advantages. The most important of which is the safety of New Yorkers. An under paid driver is more likely to be aggressive, is less likely to yield to a crossing pedestrian, and less likely to drive cautiously in a school zone.

Another advantage in making sure drivers are fairly compensated is that the families that depend on this industry will not be an unnecessary burden on tax payers; dependent on government subsidies to make ends meet.

It is now the time for the Taxi and Limousine Commission to install the necessary rules for regulating fares and tips, market cap and base commission rates (including how the base commission is calculated).

Thank you for your time.

Ibraheem A Ibraheem
TLC License #: 5564425
(347) 285-4431
Appendix

This appendix provides details the change in income between 2015 and 2016.

The following table shows the change in income per on-trip-hour:

<table>
<thead>
<tr>
<th></th>
<th>Income</th>
<th>Hours Driven With Customer</th>
<th>Rate</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/2015 to 12/2015</td>
<td>$7580</td>
<td>134 Hours</td>
<td>$56/hour</td>
<td>-</td>
</tr>
<tr>
<td>09/2016 to 12/2016</td>
<td>$6193</td>
<td>125 Hours</td>
<td>$49/hour</td>
<td>-11%</td>
</tr>
</tbody>
</table>

Table 1: Earnings per on-trip-hour

The following table shows the change in revenue (after base commission) per on-trip-mile:

<table>
<thead>
<tr>
<th></th>
<th>Income</th>
<th>Miles Driven With Customer</th>
<th>Rate</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$25,301</td>
<td>8148 Miles</td>
<td>$3.10/mile</td>
<td>-</td>
</tr>
<tr>
<td>2016</td>
<td>$16171</td>
<td>5790 Miles</td>
<td>$2.79/mile</td>
<td>-10%</td>
</tr>
</tbody>
</table>

The following table is an excerpt from my tax filings showing the change in net take-home-income after factoring fuel cost and vehicle depreciation. Note that in 2015 I only worked mainly with just one service provider. In 2016 I worked with three service providers:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>$12,653</td>
<td>$11,592</td>
<td>-8%</td>
</tr>
<tr>
<td>Adjustments To Income</td>
<td>$4,461</td>
<td>$3,903</td>
<td>-12%</td>
</tr>
<tr>
<td>Adjusted Gross Income</td>
<td>$8,192</td>
<td>$7,689</td>
<td>-6%</td>
</tr>
</tbody>
</table>
Chair Joshi and Commissioners.
Comments for the Industry Economics Hearing.
April 6, 2017
Submitted by Richard Thaler

According to this Public Hearing Notice after citing the growth in the FHVs, "The Commission is soliciting testimony about the effects of this growth, if any, on income and expenses in the taxi and FHV sectors. Areas of interest include factors affecting TLC licensed drivers' income and expenses."

Fundamental to the factors affecting licensed drivers' income as a result of the growth in FHVs' is compliance with FHV Rule 59B-8, (d) Livery Base Station—Criteria for Reviewing New Application. In reviewing an application for a License to operate a Livery Base Station, the Commission will examine and consider the following factors:
(1) Any negative impact on Other Transportation Systems, including:
   (i) The adequacy of existing mass transit and mass transportation facilities to meet the transportation needs of the public
   (ii) Any negative impact that the proposed operation might have on those existing services
   (iii) The extent and quality of service provided by existing, legally operating For-Hire Vehicles and Taxicabs
(2) Any negative impact on quality of life in the vicinity of the Base Station, including:
   (i) Traffic congestion
   (ii) Sidewalk congestion
   (iii) Noise.

It's now clear that virtually all the service provided by the uncontrolled growth in TNC "app" FHVs was taken from legacy medallion taxis, SHLs and FHV bases in violation of 59B-8 which together with the growth in illegal activity has resulted in the loss of "Full Time" driver work and driver income, destruction of medallion asset value and medallion lender capital ratio compliance violations, and increasingly additional idle taxis and SHLs.

Although the Federal MCU case was dismissed last week, in a Reuters report, the judge opened the door for compensation and "did say it was premature to call the alleged deprivation of cabs' "right to hail exclusivity" an unconstitutional "taking" without just compensation, saying the plaintiffs could seek some redress through a state administrative proceeding."

Suggested redress remedies for TLC consideration based on Commission Rule violations.
1. Financial harm to taxi lenders, medallion owners, SHL owners and legacy livery bases due to failure of compliance with 59B-08 and the growth of illegal street hails, justifies taxi lenders, medallion owners, SHL owners and legacy livery bases to receive financial compensation. Accordingly as a result of the TNC app operators' financial gain providing service for an estimated 300,000 trips per day are the direct cause of the financial harm, see note 1 below, to taxi lenders, medallion owners, SHL owners and legacy livery bases, a surcharge analogous to taxi surcharges providing a fund for compensation over a three to four year period for
designated recipients, should be applied to each TNC app trip of about 300,000 daily trips to compensate taxi lenders, medallion owners, SHL owners and legacy livery bases and affiliated drivers for financial losses. A fund administrator such as Kenneth Feinberg who managed the 911 fund could manage the compensation fund. This redress could be included in an amendment to the State TNC legislation.

Collection and Distribution of Compensation Funds.

Each surcharge equal to an estimated $3 would add $1 to the TNC app Fare, require the TNC to pay $1 and the TNC app driver to pay $1 would finance the compensation over an estimated three year period. In about three years, taxi medallion lenders would be compensated for outstanding delinquent loans above the current market and borrowers would be compensated for the difference between the current outstanding loan value above the market value and initial loan value. Taxi and SHL owners would be compensated for the difference between their initial medallion and license cost and current market value, respectively and FHV bases would be compensated for the loss in daily trips for each year over a four year period beginning with a "base line" year of 2013 according to trip records of about $2 per trip lost per day to be shared with affiliated drivers. An additional remedy as a result of the surcharge may result from a reduction in TNC trips migrating back to trips for medallion taxis, SHLs and legacy FHVs.

2. Supreme Court’s decision last Wednesday could relieve medallion taxi drivers of a financial burden regarding the high cost of credit card payments. NYS merchants will finally be allowed to add credit card charges to customer bills without using the common "discount for cash". The TLC should allow drivers to add the credit card charges to the metered fare, independent of a fare increase, which would not be charged for fare payments in cash. When a passenger presents their card, either the T-PEP system would determine the driver category and associated processing fee or a universal percentage could be applied to all card payments.

Note 1.
NYC TNC operations created and are continuing to create a negative cascading effect starting with the loss of medallion taxi fleet drivers due to empty promises of bonuses which led to idle fleet cars in garages which led to negative cash flow on medallions which led to late payments and delinquencies on the loans of those medallions which led to medallion lenders being under capitalized due to lost revenue from delinquent medallion loans. Also drivers cannot return to the medallion taxi fleets because they are beholden to the onerous and usurious lease agreements they were tricked into by the TNCs. Additionally allowing TNCs' uncontrolled growth has led to growth in illegal street hails and diminished business for individual medallion owner operators, which led to delinquencies on their medallions as well as a breach in the City’s contractual agreement with medallion owners giving them exclusivity on street hails and airport pickups. Long time owners who bought into this promise and did so as a retirement plan, now have nothing.
New York City Taxi and Limousine Commission
Hearing on Industry Economics
Testimony Presented by James A. Parrott, Ph.D.
April 6, 2017

I am James Parrott, a Ph.D. economist focusing on New York City and state economic trends and economic and fiscal policy issues. I have studied the New York City economy and its job market closely for more than 25 years while working for the City of New York, the State Comptroller’s New York City office, and the independent Fiscal Policy Institute. During that time I have published scores of reports on wage, income and employment trends as well as more than two dozen industry analyses. I teach economics and public policy at the City University of New York.

In my experience, the best and most extensive source of data on earnings for specific occupations in New York City like taxi drivers comes from the Census Bureau’s American Community Survey (ACS). The State Labor Department compiles a very reliable data series on industry average wages (the Quarterly Census on Employment and Wages), but since that series only includes wage data for workers classified as employees it tells us little about most taxi drivers since many are self-employed or work as independent contractors.

The latest year for which ACS data are available is 2015. In the ACS monthly survey, annual earnings are reported for the previous 12 months. I looked at the ACS data for persons either employed or self-employed in the tax driver occupational category. This would include independent contractors. To get an idea of the recent trend I looked at the change from 2012 to 2015. During this period, the number of for-hire vehicle licenses issued by the TLC increased by 62 percent.

My analysis of ACS data shows the following:

- The number of taxi drivers in New York City, as identified by the ACS, increased by 35 percent from about 48,000 in 2012 to 64,750 in 2015.

- The sharp increase in the number of drivers appears to be connected to a drop in annual hours worked (-6.2 percent), and a steep falloff in income. Median annual earnings for taxi drivers fell by 16.5 percent over this 3-year period when adjusted for consumer price inflation.

- Annual earnings appear to have fallen by a similar magnitude across the board among tax drivers: earnings fell by 14.6 percent at the 25th percentile and by 15.7 percent at the 75th percentile.
Median annual taxi driver earnings were $25,232 in 2015, down by almost $5,000 from $30,220 in 2012 (values shown in 2015 constant dollars.) Twenty-five percent of full-time taxi drivers reported 2015 earnings of less than $16,020.  

In my research, I have found that while wage gains for many New York City workers were weak in 2013, wages started to rise in 2014 and 2015. According to the ACS, median household incomes in New York City rose 5.1 percent in inflation-adjusted terms in 2015, the best single year performance in memory.

However, over the 2012 to 2015 period, median annual earnings for all New York City workers fell by 3.9 percent. Still, this was a much smaller drop than the 16.5 percent decline experienced by taxi drivers over this period. Taxi driver earnings fell by more than four times as much as for the citywide workforce.

A similar picture emerges when one looks at a comparable demographic group to that of taxi drivers. Ninety-five percent of taxi drivers are men, and most do not have a 4-year college degree. For this broader cohort of New York City employed and self-employed males with less than a 4-year college degree, annual earnings also fell by 3.9 percent from 2012 to 2015. Again, this was less than one-fourth as great as the annual earnings decline experienced by taxi drivers.

Also, this sizable cohort of nearly 1.2 million workers had median annual earnings of $30,038 in 2015, $4,800 greater than the median annual earnings for taxi drivers of $25,232. Thus, annual earnings for taxi drivers were 16 percent less than for their broader demographic cohort in 2015.

Since the average weekly hours worked by taxi drivers in 2015 was 45.7 hours compared to 40 hours for all males with less than a four-year college degree, the average hourly wage for taxi drivers was 29 percent less than for the broader cohort.

Despite a falling unemployment rate and an improving wage and income picture for most New York City workers, taxi drivers have seen a significant erosion in their annual earnings from 2012 to 2015. The conclusion is inescapable that the tremendous growth in the number of for-hire vehicles in recent years (62 percent increase 2012-15) is the main force depressing the annual earnings of taxi drivers. This trend might have continued in 2016 since there was a further 21 percent increase in the number of for-hire vehicles over 2015.

Thank you for the opportunity to testify today.

# # #

---

1 The ACS data do not include information on business expenses.
Inder Parmar TLC Testimony

My name is Inder Parmar, I’ve been driving for Uber since 2013. When I started driving for Uber I was paid $3 per mile. Now we are paid $1.75 per mile. My expenses haven’t gone down but I have lost fifty percent of my income.

I used to work 60 hours per week and was able to put good food on the table for my family. Now I work 70 or 80 hours a week and can barely cover my expenses.

I have two kids in college – a daughter who is getting her MBA and a son who is getting his bachelor degree. I am so proud of my children and I’d like to be able to help them pursue their education, but I can barely cover the cost of my own bills and sometimes fall behind because I make so little money now. I have no money left over to offer them.

Uber considers me a part time driver even though I work 70 to 80 hours a week. Tell me, how many hours do I have to work to be considered full time?

I’m not alone in struggling to get by on Uber’s poverty pay. Other drivers are also falling into poverty. What we are facing now is inhumane. No one should have to work so many hours for below minimum wage and be unable to support our families.

We are asking the TLC to help us. The minimum base fare should be $3 per mile so that drivers can earn a living wage. Please support drivers by increasing the base rate for Uber and other app-based black car companies.
Testimony of Sarah Leberstein, Labor Policy Advisor
New York City Department of Consumer Affairs
before the
New York City Taxi and Limousine Commission
Hearing on Industry Economics

Good morning, Commissioners. I am Sarah Leberstein, Labor Policy Advisor at the Department of Consumer Affairs (“DCA”), Office of Labor Policy and Standards (“OLPS”). On behalf of DCA Commissioner Lorelei Salas, it is my distinct pleasure to speak at today’s hearing on the economics of operating taxis and for-hire vehicles (“FHVs”) in New York City, pursuant to the TLC’s authority under the New York City Charter, including section 2304 (c).

Introduction

DCA’s long-standing work to assist low-income communities puts us in direct contact with workers who, like the taxi and FHV drivers we will be discussing today, face immense challenges in their struggles to make ends meet and support their families. Our testimony reflects what our staff sees daily in this work, and is particularly informed by the experiences and expertise of two of our Divisions that have a special focus on low-wage workers: the Office of Financial Empowerment (“OFE”), and OLPS.

At the center of the fight to reduce income inequality and expand economic opportunity, OFE works to support New Yorkers and communities with low incomes in building wealth and improving financial capabilities. OFE is the first local government initiative in the country with the mission to educate, empower and protect New Yorkers and neighborhoods with low incomes so they can build assets and make the most of their financial resources. OFE uses the tools of research, programs and services, financial products, partnerships, policy, and convening to advance its mission.

The Administration and the Council established OLPS as the dedicated voice of workers in City government, building on the City’s historic role of serving as a laboratory for new, progressive policies. OLPS’s staff of attorneys, investigators, outreach and education specialists, as well as research and policy analysts, take very seriously our mandate: to educate workers, employers, and the public about workplace protections; conduct original research and use it to advance new policy initiatives that can raise the floor for workers; and, of course, to enforce key workplace laws and rules. Through all of this work, we
encounter workers who, because they are employed in nontraditional work structures, are at risk of being shut out of the local labor standards laws we enforce, as well as state and federal workplace protections. These nontraditional, or contingent workers include: workers with on-call or involuntary part-time schedules; workers employed by subcontractors working at the behest of larger industry players that call the shots; and freelancers and workers misclassified as independent contractors – some working for platform-based companies – who are commonly saddled with employer-side tax responsibilities and business costs, and may be shut out of other employment protections and benefits.

Falling into this last category are drivers in the taxi and for-hire service industry. Drivers are typically responsible for covering the costs of doing business, and their earnings fluctuate significantly; the problem of unpredictable income has been exacerbated by the rapid growth in the number of drivers on the City’s streets and other market fluctuations that have left workers even less certain of how much they are going to earn in a given week. This uncertainty makes it difficult for workers to plan their lives and their budgets, and may prevent workers from making an investment in their children’s or their own education, or in a home. It also means that they do not know how much money they will take home at the end of the week, making it challenging to budget, pay back loans, and plan for the future.

Large and Growing Taxi and FHV Workforce

Safeguarding the economic health and workplace rights of FHV drivers is critical not only because of the workers’ unique vulnerabilities, but also because the workforce makes up a significant and rapidly growing slice of the City’s low wage workers. By the Taxi and Limousine Commission’s count, there are now approximately 156,000 licensed drivers.\(^1\) To put this number in perspective, some studies have estimated that the overall number of low wage employees in New York City numbers about 929,000.\(^2\) And the number of drivers is growing, with a 40% increase in drivers licensed to operate taxis and FHVs since January 2014.\(^3\) The workforce’s large and growing size, combined with widespread reports of concern over income and job standards, make it of special concern to our agency.

Labor Standards in the Taxi and FHV Industry

Taxi and FHV drivers suffer from low and unpredictable income, rising out-of-pocket costs, potential labor standards violations, and a lack of benefits. Available data and anecdotal reports from drivers show
that driver earnings are low. The median salary for taxi/limo drivers in New York City is about $31,260, according to Occupational Employment Statistics data, significantly lower than the median salary of $48,060 for all workers in New York City. And taxi drivers work relatively long work weeks, around 52.27 hours per week, putting their hourly pay at only about $11.50 per hour – not much above the current minimum wage. The $11.50 figure does not factor in overtime, to which drivers would be entitled if they were treated as “employees” under state and federal wage and hour laws.

Some preliminary surveys and anecdotal evidence suggest that low income and income fluctuations may be an especially acute problem among App-Based For-Hire drivers. Only 23% of Uber drivers reported that they see working for Uber as a stable source of income, according to a 2016 report by the organizations coworker.org and Partnership for Working Families. And a 2017 survey of over a thousand app-based drivers, conducted by the Rideshare Guy, found that average hourly pay before expenses was $15.58 for Uber drivers and $17.50 for Lyft drivers. The study did not report on drivers’ net income, and the report noted that that average hourly pay varies widely by location and time of ride. Insufficient data on drivers’ expenses has complicated efforts to accurately calculate average net income. A slew of articles, however, quote Uber and other app-based drivers complaining of take home pay that falls far below a living wage.

Drivers’ net income is so low in large part because drivers are treated as independent contractors exempt from workplace laws, including wage laws that require employers to cover certain business expenses of their “employees”. Drivers across the U.S. have challenged the app-based companies’ employment practices, alleging that by misclassifying drivers as independent contractors, the app-based companies have avoided their obligations under minimum wage and overtime, workers compensation, and unemployment insurance laws, as well as the National Labor Relations Act. Several state labor departments have found that app-based drivers are employees covered by state laws, and several large class action lawsuits have settled. Last fall, the New York Department of Labor found in favor of two Uber driver Unemployment Insurance claimants on the basis that Uber’s level of supervision, direction and control over the claimants was sufficient enough to establish an employer-employee relationship. And last year, the New York Taxi Workers Alliance filed a class action lawsuit on behalf of a group of drivers, alleging that Uber misclassified the drivers as independent contractors and violated state and federal wage and hour laws.

In addition to concerns over pay and legal protections, drivers also face significant health and safety issues. Taxi drivers and chauffeurs are killed on the job at a rate five times higher than the average for all
other workers. They face one of the highest homicide rates of any occupation (over 20 times greater than for other occupation); suffer higher rates of serious injuries involving lost work days than other workers; and are involved in fatal transportation incidents at high rates. A lack of health care makes it difficult for drivers to get the care they need to maintain their health and for injuries. A 2015 study found that 52% of taxi drivers were uninsured, and 49% did not have a primary care provider. New York has thankfully extended workers compensation insurance to drivers through the black car fund, but many drivers may still lack access to ongoing health care and drivers are not protected by critical health and safety laws, like the Occupational Safety and Health Act.

Finally, we note that drivers may be at heightened risk for on-the-job violence and discrimination because the workforce is disproportionately immigrant workers. According to the TLC’s 2016 factbook, 91% of drivers are foreign-born. Research has shown that foreign-born workers are at higher rate of certain workplace violations and abuse and harassment on the job.

Drivers as part of a larger trend towards contingent work

The increase in the number of taxi and FHV drivers is part of a larger trend in the growth of contingent work. Contingent work is not at all a new phenomenon, but there is some evidence that it is on the rise and emerging in new forms and in industries traditionally characterized by conventional work arrangements. According to a report issued last year, the percentage of workers engaged in alternative work arrangements – defined by the report’s authors as including temporary help agency workers, on-call workers, contract workers, and independent contractors or freelancers – rose from 10.1 percent in February 2005 to 15.8 percent in late 2015. The platform-based or “on-demand” economy, in which companies dispatch workers via an on-line platform or app, still constitutes only a small slice of the overall U.S. workforce (about 0.4%) but has recently been in the spotlight over the companies’ labor practices and disputes with regulators.

DCA is concerned about the growth of the contingent workforce because contingent work can negatively affect workers’ income level, income security, and access to protections and benefits. Recent data, for example, indicate that half of online workers for Amazon’s Mechanical Turk are earning less than $5 per hour. A 2014 report by the National Employment Law Project found that median hourly wages for workers in janitorial, fast food, home care and food services, all sectors characterized by extensive subcontracting and franchise structures, were $10 or less. Moreover, once workers’ jobs were outsourced, their wages suffered as compared with their non-contracted out peers, ranging from a 7% dip
in janitorial wages, to a 30% in port trucking and 40% in agriculture; food service workers’ wages fell by $6 per hour. Income is not only low, but can be undependable. App-based drivers, in particular, have reported that app-based companies slash customer fares with little or no warning to drivers, driving down driver pay. Contingent workers often work multiple jobs and suffer chronic income volatility. One survey of on-demand workers found that the average on-demand worker relies on three different income streams.

Race and gender discrimination is also an acute concern for contingent workers, especially in newer platform-based companies. A recent study showed that black workers received more negative reviews than white workers on on-line labor marketplaces TaskRabbit and Fiverr, and that people who used TaskRabbit to hire female workers were less likely to leave any feedback at all, hurting the workers’ chances of receiving new assignments.

Finally, there is evidence that contingent workers may experience higher on-the-job injury rates. Workers in construction, agriculture, warehouse, fast food and home care, which are all characterized by high rates of subcontracting and independent contractor misclassification, suffer increased job injury rates as compared with workers in other sectors.

Driver debt

DCA’s Office of Financial Empowerment has found that New Yorkers, who lack savings and good credit because of unpredictable income, are unable to access traditional financial services and are forced into predatory loans that have high fees and interest rates, which trap the borrower in cycles of debt. This vicious cycle is worsened when it is directly tied to one’s very livelihood such as it often is with drivers, who are typically responsible for covering the costs of doing business without any of the benefits accruing from owning a business, sometimes including exploitive lease agreements and loans for cars. A survey of 300 Uber drivers in spring of 2016 found that 57 percent of drivers “have bought, leased, or made substantial investments in vehicles to drive for Uber.” And a Bloomberg News article on Uber’s Xchange Leasing program found that lease agreements under Uber’s Xchange Leasing program can wind up costing drivers far more the Blue Book value of the car, and the terms may be difficult for prospective drivers to evaluate. Bloomberg found the lease terms ran 28 pages long, potentially making it difficult for workers with limited financial background to fully understand; that drivers pay a $250 deposit upfront, and weekly payments that are automatically deducted from their pay, over the three years of the lease; and
that to buy the car drivers have to pay the residual value of the car, which could run many thousands of
dollars and ultimately cost the drivers significantly more than the blue book value of the car.²⁹

These findings are consistent with what the experiences of OFE’s Financial Empowerment Centers. The
Centers, which provide free one-on-one financial counseling services to New Yorkers with low and
moderate income, have encountered a number of clients identifying as drivers for hire who came to the
centers seeking financial help. Of note, since October 2014 the Financial Empowerment Centers have
seen nearly 70 clients who named Uber in their discussions with financial counselors, and several more
who drive for Lyft. Many of these clients were struggling with low or variable income, and several
mentioned that high weekly car rental payment arrangements with Uber contribute to their financial
difficulties. Others, however, mention that the ability to supplement their income through driving has
helped alleviate some financial stress.

Due to abuses in the used car industry and the rise of auto loan debt, DCA is using its authority as the
licensing agency of used car dealerships, as well as education and advocacy, to alert the public about
deceptive financing and sales practices. Last month DCA announced charges against Major World, one of
the largest local used car dealerships with multiple locations, for using deceptive financing and sales
practices that resulted in predatory lending targeting immigrants and New Yorkers with low incomes.
Combating predatory lending, one of the most dangerous threats to the financial health of New Yorkers
and our economy, is a strategic priority of the Agency.

Recommendations

Transparency and strong monitoring of labor standards and predatory loan practices will help ensure that
drivers can accurately assess their work opportunities and earn enough to support themselves and their
families, and consumers have access to affordable and reliable services.

DCA makes the following recommendations for future research on and policy development in the taxi
and FHV industry:

1. **Fair and reliable pay:** Like all workers, drivers deserve a living wage. Research into drivers’
daily and hourly earnings, expenses, and calculation of net pay will go a long way towards
helping New York City understand the current state of the industry and what reforms may be
needed to repair it and to cement wage rights for drivers.
2. **Greater transparency about pricing and fees:** More detailed and accurate information about how companies, and app-based companies in particular, calculate fares, special rates and incentives, taxes, fees, and other deductions will help drivers better understand how much they are being paid and whether they are being paid properly. This information will also help consumers to assess their transportation options and ensure that they have been charged the proper amount.

3. **Monitoring predatory lending practices in FHV companies:** Research into “employer” loans that may disadvantage drivers will go a long way to protecting low-income communities from a new form of predatory lending. An area of special concern to DCA is loan arrangements that allow companies to deduct payments directly from workers’ pay, and should be included in any research into industry loan practices. OFE will explore further opportunities to educate consumers about safe and affordable products that already exist on the market and to improve access to those products. Given that many New Yorkers who are the victims of these predatory practices oftentimes lack savings and/or have poor or no credit, OFE is also exploring programs/services to help New Yorkers establish and improve their credit and build savings.

4. **Assisting drivers displaced by market shifts:** Reports on job volatility among contingent workers, and the rapid rise in the number of drivers on the road, suggests that some drivers may be at risk of work displacement. Studying the effects of recent industry shifts on driver employment, and providing support to drivers who have lost hours or jobs, is a critical step towards supporting workers in this vital industry.

5. **Driver benefits:** The pervasive lack of health insurance among drivers, especially in light of the high injury rate in the industry, is alarming. Research on the potential of a portable benefits plan and/or increased access to health care for low-wage workers more broadly, will be critically important to safeguarding the health and well-being of New York City’s workers and the City’s economy as a whole.

**Conclusion**

Low earnings, income volatility, and a lack of labor protections and benefits threaten to undermine standards in New York City’s growing taxi and FHV industry. The Department of Consumer Affairs is committed to working with our sister agencies to develop more accurate data on the workforce and labor conditions and stronger monitoring of labor standards and predatory loan practices, to ensure that the City’s 156,000 licensed drivers get a fair wage and the protections and benefits they need to care for themselves and their families.
1 New York City Taxi and Limousine Commission, Notice of Public Hearing on Industry Economics, available at
2 https://labor.ny.gov/stats/lswage2.asp.
3 NYC TLC, Notice.
5 See also, Summary of Settlements/lawsuit driver arbitration clauses-the-ocionario-v-uber-class-action.
9 http://nelp.org/content/uploads/Policy-Brief-On-Demand-Covered-Workers-Compensation.pdf
10 Id.

12 Black Car Fund website, at http://www.nybcf.org/
14 Id.
17 Katz & Krueger, note 18.
19 Id.
26 Who’s the Boss.
Commissioner Meera Joshi  
Taxi and Limousine Commission  
33 Beaver Street, New York, NY 10004  

April 6, 2017  

RE: worker economics in the for-hire vehicle sector  

Honorable Commissioner Meera Joshi,  

Thank you for seeking the opinions of and listening to for-hire vehicle workers and our struggle for fair economics of the for-hire vehicle industry. In this letter we'll discuss who the Independent Drivers Guild (IDG) is, why pay protections are so vital right now, some specific issues we have noticed in the industry that we believe the Taxi and Limousine Commission (TLC) can solve, and policies we feel the TLC could adopt to protect their licensees.  

The Independent Drivers Guild is a nonprofit affiliate of the International Association of Machinists and Aerospace Workers (IAMAW) that represents 50,000 working drivers throughout the industry. The IAMAW has been the only union to successfully organize black car workers in New York City, and has been doing so for twenty years. The IDG started in May of 2016. We focus on organizing workers of the app-based for-hire vehicle industry to win a more fair for-hire vehicle industry. In the past eleven months, we’ve heard from tens of thousands of TLC licensees on the issues the TLC is seeking input on. In fact, it’s our job to listen to those issues.  

Right now, there are very troubling trends and behaviors in the for-hire vehicle industry. Many of our members are struggling to survive:  

- 57% of IDG survey respondents identified their household income as less than $50,000/year. 22% of respondents reported household earnings of less than $30,000 per year.  
  - To put the $50,000 figure into perspective: if the member is leasing their car and has the most affordable deal available, $20,800, or 40% of their household income is dedicated to solely their lease.  
- 78% of IDG survey respondents drive full time (at least 30 hours per week). 31.4% of respondents also identified as driving over 50 hours a week. We believe the numbers are far more severe than this. Anecdotally, it’s commonplace for us to speak with a member who has been driving for over 16 hours in a day.  
- 56% of IDG survey respondents indicated they care for a dependent under the age of 18.
• 27% of IDG survey respondents indicated they do not have health insurance, but want it.
• Since 2011, the rates paid to drivers have declined, while commissions have climbed.

<table>
<thead>
<tr>
<th></th>
<th>2011 Uber</th>
<th>2017 UberBLACK</th>
<th>2017 UberX</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Fare</strong></td>
<td>$8.00</td>
<td>$7.00</td>
<td>$2.55</td>
</tr>
<tr>
<td><strong>Per Mile</strong></td>
<td>$4.90</td>
<td>$3.75</td>
<td>$1.75</td>
</tr>
<tr>
<td><strong>Per Minute</strong></td>
<td>$1.25</td>
<td>$0.65</td>
<td>$0.35</td>
</tr>
</tbody>
</table>

There are several other troubling trends throughout the industry:

• If a customer or company wants to reduce the amount paid to a driver, even after the labor of a trip is completed, drivers are rarely alerted when funding is removed from their account and have no opportunity to appeal. If drivers notice funding has been removed from their account, their only recourse is to complain. Since 91% of our members are immigrants, many fear retaliation and will not complain.
• Every app-based company except Uber has no due process for termination from accessing the app. For most for-hire vehicle workers, this is their sole source of income.
• We have seen several examples of Uber, Lyft, and Juno all using their “upfront pricing” algorithms to overcharge customers and underpay drivers. We frequently see examples of passengers being charged double what a driver is paid gross.

Beyond the numbers, a culture of exploiting and manipulating drivers is pervasive throughout the ride-hail industry. There are clearly many company policies that are fundamentally unfair: if an IDG member gets a long haul ride, there may be a cap on how high that fare can be and lost money and time on the return trip without a passenger; companies use high commissions to incentivize working dangerously long shifts (sometimes 12 hours of work at a time without a break); companies may not always pay out funding they say they’ll pay out. The list goes on.

If an individual worker complains about a specific case of unfair payment, there’s a chance the company will address their case. However, they refuse to change the broader policies that caused the problem in the first place.

For every one person who complains, there’s at least ten people who either don’t notice or for another reason don’t complain. Companies are making millions from our silence. The fact that 91% of our members are immigrants likely contributes to a fear of retaliation, or a poor comprehension of the English language so it
takes extraordinary effort to fix problems.

We have to stress: justice will not be found with a case-by-case mentality; the exploitation is systemic.

Before we get into our recommendations, it’s important for us to highlight how what a passenger pays translates into what a driver earns for each trip:

- The passenger is charged based on an estimate (which we believe is very conservative in the company’s favor) of the distance that they estimate the vehicle will travel and how long it will take, and if there will be any tolls or other expenses.
- The New York Black Car sales tax (8.875%), the New York Black Car Operators’ Injury Compensation Fund surcharge (2.5%), and the company’s commission (10-30% depending on company, incentives, and driver seniority) are then calculated based on what the rider paid.
- The driver’s net pay is based on the actual per-minute and per-mile rate minus the total commission and surcharges that was paid by their passenger.
- If there is a difference in what the passenger pays and what a driver is paid gross it’s kept by the company.

To be clear, that’s before expenses or income tax. Many drivers estimate that half of what they are paid (net) from the company goes to business-related expenses like income tax, gas, vehicle maintenance, etc.

These are our five recommendations for more fair economics in the industry:

1. **Accept the Independent Drivers Guild’s proposed tipping rule.** Uber drivers alone generated about 1.5 billion dollars in New York City. In the taxi industry, 97 percent of solo taxi passengers who paid by credit card tipped their driver, primarily tipping at 20% (the TLC required minimum option on the screen). That means a 20 percent gratuity would equate to a $300 million dollar raise for Uber and Via drivers.

2. **Require mandatory minimum mile and minute pay.** Fundamentally, bonuses and service incentives are the equivalent of the company breaking our legs and handing us crutches. The only companies that can afford incentives take a high portion from the profits of our labor, and hand us a smaller percentage of it back in the form of incentives. Regarding other expenses, many drivers estimate about half of what a worker makes after taxes and commissions goes to operations expenses. The amount of sales taxes taken out of a worker’s fare is sometimes erratic—likely because the customers are being charged based on an estimation algorithm that the company is in full control of. We call on the Commission to implement fair pay regulation. We envision a regulated mile and minute pay that sales taxes, surcharges,
and commissions cannot be removed from across the FHV industry, and mandatory transparency to worker and customer what each is paying and being paid.

3. We ask the Taxi and Limousine Commission to **limit the number of licenses**, and only increase the number of licenses at the same rate as the increase of the total number of trips. In theory, limiting licenses rather than the number of cars would push companies to invest in retention, and invest in drivers that will remain in the for-hire vehicle industry as a career.

4. **Regulate luxury vehicles as a separate class and limit fleet size.** Leasing companies are currently incentivized to push workers to purchase costly luxury cars, and for-hire vehicle workers may be enticed by the higher fares to make that investment. While the number of luxury cars on the road has quickly increased over the past several years, the number of trips has stayed somewhat flat. As a result, there simply isn’t enough work for many of our members to be able to pay their bills. Luxury cars and/or luxury drivers need to be regulated on their own as they have the most financial burden. Limiting the number of TLC plates for luxury vehicles may be an option.

5. Working drivers need an **appeal process for downward adjustments (a.k.a. wage theft).** Working drivers need to have a say if a company wants to take money away from a driver on any case-by-case basis after the trip has been completed, and a third party should decide if the Company is allowed to take the money away. The Taxi and Limousine Commission should also be able and required to audit a company’s records every time they receive a complaint to search for similar patterns or issues with another driver’s pay.

We need the TLC to help us to protect this precarious workforce, along with protecting the public, rather than watching idly with your hands tied behind your back.

Besides those actions the Taxi and Limousine Commission can take, we are actively working to get all app-based ride-hailing companies to negotiate an agreement with the IDG to provide their workers deactivation protection, access to discounted group benefits, in general a voice in the workplace, among other things. We believe the for-hire vehicle industry can only become fair if workers come together and speak in unity.

Looking forward to a bright future,

Ryan Price
Independent Drivers Guild
SIGN-ON LETTER TO MANDATE A TIPPING OPTION IN NEW YORK CITY

Dear Taxi and Limousine Commissioner,

We are writing to demonstrate our support for a petition filed by District 15 of the Machinists Union and their affiliate, the Independent Drivers Guild.

Workers in the For-Hire-Vehicle industry have long been denied access to the kinds of benefits and labor protections many workers take for granted, such as paid sick leave or the minimum wage. As a result, New York City’s professional drivers have traditionally depended on gratuities for a substantial portion of their income. In fact, the Taxi and Limousine Commission acknowledged the necessity of tipping in the FHV industry by requiring a tipping option in taxi display screens in previous rules. Those rules required options for at least a 20 percent tip or a gratuity of the passenger’s choosing.

Unfortunately, such a practice has not continued within some App-Based Companies that fail to offer passengers an in-app tipping option and instead take a percentage of all payments. We urge this Commission to ensure that new technology doesn’t disrupt how workers make ends meet in the FHV industry. App-Based Companies like Uber, Lyft, and Juno have changed the way riders are connected to a professional driver but that doesn’t mean it should alter the livelihood of workers in a negative way.

New York City FHV workers move over 200,000 New Yorkers per day. Thus, industry-wide, workers are missing out on tens of millions of dollars per year necessary for vehicle upkeep and supporting their families in one of the most expensive cities in America. More than ninety percent of New York City drivers are immigrants, many of whom are supporting their families and working hard to build a new life in the United States.

Further, suggestions that customers in NYC should tip in cash presents an unnecessary safety issue for workers within the industry. While technology emerges, it should also enhance workers’ safety not just the profits of multi-billion dollar corporations.

While further protections are needed, such as ensuring these workers are paid a livable wage, a tipping option could be a simple way to protect both workers, and the public. Right now, many For-Hire Vehicle workers drive dangerously long shifts in an effort to make ends meet.

Requiring For-Hire Vehicle apps to offer a tipping option is a critical step to support the drivers who keep our city moving, and are responsible for the safe transportation of hundreds of thousands of passengers each day. If
working drivers are tipped at an average of two dollars per trip, the average for Taxis, the average driver may earn over $12,000 a year in tips.

To encourage public safety, a more fair economy, maintenance of customer costs while increasing working drivers’ standard of living, all App-Based companies must implement a tipping option.

Therefore, we the undersigned call on the Taxi and Limousine Commission to implement a rule to require a tipping option for app-based For-Hire Vehicle companies in New York City.

Independent Drivers Guild
International Association of Machinists and Aerospace Workers, AFL-CIO
District 15, International Association of Machinists and Aerospace Workers, AFL-CIO
New York State AFL-CIO
New York City Central Labor Council, AFL-CIO
Transport Workers Union, Local 100
International Union of Journeymen and Allied Trades
Retail, Wholesale and Department Store Union
Utility Workers Union of America, Local 1-2
National Domestic Workers Alliance
Black Car Assistance Corporation
Pakistan News
SubContinent Peace Foundation
The Rideshare Guy
La cooperativa del taxista de NY
Transportation Alternatives
Sapna NYC

Bronx Borough President Ruben Diaz Jr.
Comptroller Scott M. Stringer
Public Advocate Leticia James

Council Member Ydanis Rodriguez, Chairperson of the Committee on Transportation
Council Member Karen Koslowitz
Council Member Rory Lancman
Council Member Mark Treyger
Council Member Daneek Miller
Council Member Corey Johnson
Council Member Debi Rose
Council Member Darlene Mealy
Council Member Rafael Espinal
Council Member Robert Cornegy
Council Member Julissa Ferreras-Copeland
Council Member Alan Maisel