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NYTWA Responds to Taxi & Limousine Commission Report & Recommendations: This study confirms that Uber & Lyft's business model is pushing even their own drivers into poverty

Now we call on City Council to enact NYTWA's policy solutions to help drivers in EVERY sector - including black car drivers, livery drivers, yellow cab lease drivers, owner-drivers, green car drivers, and app-dispatched drivers - and for the TLC not to enact reckless piecemeal policy that leaves drivers in poverty

Click here to read NYTWA's policy proposals

New York, NY: Today economists commissioned by the Taxi and Limousine Commission released a study that shows that the unregulated Uber, Lyft business model of oversaturation that has left drivers across the industry in despair also impoverishes the companies' own drivers. Six drivers from across the industry have committed suicide due to economic despair, and now the city has its own numbers on the app driver side to confirm what we have always known: the race to the bottom is across the entire workforce. Uber starves the Uber driver to starve the black car, livery, green cab, and yellow taxi driver.

Key Findings of the TLC Report:

The report shows that 60% of App dispatched drivers work 30 hours or more per week, while 25 percent work less than 20 hours and 20 percent work between 20 and 30 hours a week. It shows both the significance of full-time workers as well as high prevalence of part-timers. Meanwhile 80 percent of app-dispatched drivers earn less than $17.22 per hour. Drivers who work group rides earn the lowest.

TLC Proposal Cuts Drivers out of Fare Revenue & Locks Them in at Minimum Wage:

The proposal, tasked to respond to drivers' low earnings, however, fails to mandate that App companies pay drivers a percentage of a regulated fare and instead locks drivers into minimum wage while they continue to work long hours in a risky profession, fronting the capital expenses for some of the richest companies in the world. **The proposal actually codifies Uber's practice since 2017 - one that drivers across the country have filed lawsuits to overturn.**

Uber stopped paying drivers a percentage of the fare charged to passengers, exactly when the company raised passenger fares, cutting drivers out of its growing revenue. The study takes that Uber business practice of detaching passenger fares from driver pay and calculates a way for the policy to equal $15 per hour - but only for drivers whose expenses are no more than $20,000 per year. The researchers themselves anticipate that 80% of the time, the formula to be used to calculate driver pay will leave drivers below $15 per hour and will require the companies to compensate. The Minimum Wage floor will become the ceiling for App drivers. **This proposal makes the gap of economic inequality bigger in an industry where it's already obscene as no drivers get cut out of growing revenue.** Meanwhile, the regulated fare structure that drivers in the rest of the industry also depend on gets destroyed, making it impossible for them to ever get a raise.

Even though the study was commissioned after an April public hearing where drivers in different sectors testified about the despair which has manifested in six suicides since November, the study was limited only to the impact of this business model on app drivers,. The resulting proposal ignores the rest of the workforce, and results in codifying a business practice that has been central to the widespread poverty among App drivers, which the study confirmed.

NYTWA Calls on City Council to Take Action

Statement from NYTWA Executive Director Bhairavi Desai:

> *We call on the City Council and Mayor to put the brakes on the race to the bottom that is devastating drivers from all sectors - yellow cab lease drivers, owner-drivers, black car drivers, livery drivers, green cab drivers, and app-dispatched drivers alike - and destroying family-supporting incomes. The only way forward is to look at the industry holistically and implement one set of policy solutions that will help drivers in every sector.* ***Those solutions include setting one regulated rate of fare across all sectors, capping For-Hire Vehicles, and guaranteeing that FHV drivers reap the benefits of their labor by keeping incomes tied to rates of fare and capping vehicle expenses.***
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> *The authors of this report say the TLC charged them with supporting this policy because the agency believed Council legislation wouldn't be possible but that if legislation were possible, the simplest and most effective way to protect drivers would be to regulate the rate of fare, require drivers receive a percentage of it, cap driver vehicle and commission expenses, and cap the number of vehicles. The Council should not steer off course. The crisis among drivers is real.* ***Cementing the very business model that has caused the crisis is not a way forward.***
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> *If today, after six suicides that took the lives of two livery drivers, a black car driver, a yellow cab lease driver and two yellow cab owner-drivers, the city choses to slap together piecemeal proposals that only include minimum wage for app-based drivers and a bail out fund for owner-drivers,* ***this would not only be a policy failure but an act of recklessness toward a workforce in despair.***
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> *Under the guise of setting a floor for app driver incomes, codifying Uber's business practice with TLC regulation sets a ceiling on Uber driver earnings to hourly Minimum Wage and cuts them out as the companies amass more revenue.*

These companies have sought to legitimize a discourse that calls minimum wage pay a victory in an industry where for generations drivers have been able to achieve economic stability, buying homes, and sending their kids to college. Minimum wage is not a reasonable floor in an industry where workers put so much on the line, where rates of injury and risks on the job are so high. And ***setting minimum wage as the ceiling for app driver earnings while leaving drivers in the rest of the industry in utter despair is unconscionable, especially when we know that there are solutions that would create a wage floor for drivers across all sectors without lowering the ceiling on any drivers.***

The TLC's policy recommendation is fundamentally flawed:

This proposal leaves drivers in crisis

- There have been six recent driver suicides: Danilo Corporan Castillo and Alfredo Perez were **livery drivers** in the Bronx. Douglas Schifter was a **corporate black car driver**. Kenny Chow and Nicanor Ochisor were **yellow taxi owner-drivers**. Abdul Saleh was a **yellow cab lease driver**. **This proposal would do nothing to help drivers in any of these sectors.**

The proposal sets a ceiling on app driver earnings at a time when Uber and Lyft are finally becoming profitable

- There is no realistic room for growth in driver income in this proposal. Instead it ties drivers to $15 as a ceiling in pay, meaning that even if Uber and Lyft turn a profit and charge higher fares to passengers, drivers won't reap any of the benefits.
- The report claims that the $15 rate is a floor, and not a ceiling, and that companies would be free to pay drivers at higher rates. That is, the authors assert that the ceiling may be raised by companies choosing to pay drivers at higher rates than those required by the proposed regulations. This assertion is made without regard to the history of app-based FHV-bases' pricing and business models in New York. **Since their introduction in 2011, there has been a persistent downward pressure on driver earnings and pay rates coming directly from the companies themselves.**

Under this pay structure drivers with higher expenses would still earn far below $15 per hour

- **The TLC doesn't account for drivers with higher expenses.** The report's model assumes $635 monthly vehicle expenses and $400 in insurance costs. The report states that only 5% of drivers have weekly vehicle and insurance costs over $400/month, and puts the average at $239, but it does not show a spread. This is significant because a large proportion of drivers obtain vehicles through Uber-affiliated dealers and leasing agents. An advertisement from Uber showed weekly lease and insurance rates of $350-$399/week, all below $400, but significantly higher than $239. This large class of drivers would still earn $111-$160 less per week than the report's projected earnings, or $5772-$8320 less per year.

This proposal legitimizes Uber & Lyft's business model of detaching driver pay from passenger fares

- In May 2017 Uber de-linked driver pay from consumer prices. Under this model prices have risen back above the cost of taxi fares, yet driver pay remains as low as it has ever been. An analysis of 100 fares during this most recent period, shows an average effective commission rate of 27% on UberX fares. Lyft followed Uber shortly after and now both companies keep driver pay low even when charging higher rates to passengers.
- **The report criticizes income inequality, but does nothing to address it:** The report is critical of the high amount of commission currently taken from drivers' pay, and suggests that commission rates could be lowered to increase driver pay. The proposal, however, doesn't promote a model that requires set commission rates as has been the black car industry standard for decades, allowing driver income to rise with corporate income. Instead, using a minimum payment formula, the "commission equivalent" can only rise when companies voluntarily pay drivers above the sanctioned minimum pay rate.

This flawed pay model is overly complicated and should not replace the straightforward solutions that NYTWA has proposed that would resolve the crisis drivers are facing in all sectors

- The report's position of the pay model as the best available option assumes no legislative action will be otherwise taken to limit the number of vehicles, despite the fact that a cap is actively being pursued by the City Council.
- **NYTWA has already presented a set of policy proposals that would solve this crisis and set a wage floor for drivers in ALL sectors** including app drivers by capping for-hire vehicles, setting the yellow and green cab metered fare as the minimum rate of fare across all sectors, and by capping FHV driver expenses and guaranteeing FHV drivers 80 percent of whichever is higher - the regulated metered fare or the upfront pricing fare charged to the passenger.

Click here to read NYTWA's complete policy platform and proposals for legislation and TLC rulemaking.

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Founded in 1998, the New York Taxi Workers Alliance (NYTWA) is the 21,000-member strong union of NYC taxicab drivers, representing yellow cab drivers, green car, and black car drivers, including drivers for Uber and Lyft. We fight for justice, rights, respect and dignity for the over 50,000 licensed men and women who often labor 12 hour shifts with little pay and few protections in the city's mobile sweatshop. Our members come from every community, garage, and neighborhood. To find out more visit NYTWA.org, follow us on twitter.com/nytwa, and like us on facebook.com/nytwa.

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Union Office Hours:
Mon - Fri 12pm to 8pm

New Driver 24-hour TLC Course
Monday-Wednesday 10am - 6:30pm

Drivers Serve the World. We Serve the Drivers.