ON-DEMAND WORKERS, SUB-MINIMUM WAGES

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January 19, 2021
On-Demand Workers, Sub-Minimum Wages
Evidence from Transportation Network Provider Trips in the City of Chicago

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Transportation Network Providers - Trips

All trips, starting November 2018, reported by Transportation Network Providers
(sometimes called rideshare companies) to the City of Chicago as part of routine reporting
required by ordinance.

More

Featured Content Using this Data

- TNP Reporting Manual
- Transportation Network Providers - Drivers
- Transportation Network Providers - Vehicles

The Transportation Network Provider reporting requirements.

The corresponding dataset of drivers.

The corresponding dataset of vehicles.

About this Dataset

Updated
October 30, 2020

Data Last Updated
October 30, 2020

Metadata Last Updated
May 27, 2020

Date Created
October 2, 2018

Views
34.5K

Downloads
4,252

Data Provided by
City of Chicago

Data Owner
Jonathan Levy

Metadata

Changes and Other Historical Information Useful to Understanding This Dataset

Data Owner
Chicago Department of Business Affairs & Consumer Protection

Time Period
November 2018 to present

Frequency
Data are updated quarterly

Topics
- Transportation
- Transportation trips
- Transportation network providers
- rideshare
- city of Chicago
ECONOMIC RESEARCH ON UBER & LYFT

1. **Pro**: the “gig” economy provides flexibility for workers

2. **Con**: app-based companies pay low wages ($9-$16 per hour)

3. **Increasingly**: the industry poses social and equity concerns
ON-DEMAND UBER AND LYFT DRIVERS

- Currently self-employed “independent contractors”
- Lose basic labor protections, including to minimum wage laws, overtime laws, sick leave laws, workers compensation coverage, and unemployment benefits
- Can (and do) earn less than the minimum wage
UBER AND LYFT DRIVERS IN CHICAGO

2019: 110,288 Uber and Lyft drivers registered in Chicago, but only 72,222 recorded at least one trip over the month (66%).

2020: 66,548 Uber and Lyft drivers registered in Chicago, but only 29,415 recorded at least one trip over the month (44%).

COVID-19 impact: 59% drop in active drivers year-over-year

Average trips per month (active drivers): 123 trips in both 2019 and 2020
SAMPLE OF TRIPS: CHICAGO IN SEPTEMBER

<table>
<thead>
<tr>
<th>Sample in the Middle of September</th>
<th>Sample Trips</th>
<th>Averages Per Trip</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>56,028</td>
<td>1,166.4</td>
</tr>
<tr>
<td>2020</td>
<td>21,946</td>
<td>952.5</td>
</tr>
<tr>
<td>Year-Over-Year Change</td>
<td>-60.8%</td>
<td>-18.3%</td>
</tr>
</tbody>
</table>

Sample: 12 midnight, 4 a.m., 8 a.m., 12 noon, 4 p.m., and 8 p.m. each on the 2nd Thursday, 3rd Sunday, and 3rd Tuesday of September.
TIP YOUR UBER AND LYFT DRIVERS!

2019: The average tip was 81 cents per ride, and only 21% of rides resulted in a tip for the driver

2020: The average tip was 49 cents per ride, and only 14% of rides resulted in a tip for the driver

COVID-19 impact: 39% drop in the tip per ride year-over-year
### Trips, Fares, Gross Income, and Hours Worked Estimates for the Average TNP Driver in Chicago

<table>
<thead>
<tr>
<th></th>
<th>2019 (Actual Data)</th>
<th>2020 (Actual Data)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Trips Per Month</td>
<td>123</td>
<td>123</td>
</tr>
<tr>
<td>Average Trip Seconds</td>
<td>1,166</td>
<td>953</td>
</tr>
<tr>
<td>Driver Income Per Trip: 80% of Fare + 100% of Tips</td>
<td>$11.20</td>
<td>$11.18</td>
</tr>
<tr>
<td>Driver Income Per Year: Income Per Month x 12</td>
<td>$16,540</td>
<td>$16,541</td>
</tr>
<tr>
<td>Total Annual Hours Worked (55% of Time with Passengers)</td>
<td>870.2</td>
<td>712.0</td>
</tr>
<tr>
<td>Gross Income Per Hour: Earnings Per Year ÷ Total Hours</td>
<td>$19.01</td>
<td>$23.23</td>
</tr>
</tbody>
</table>

*Gross income: Income before vehicle expenses and taxes*
# Uber and Lyft Vehicle Costs Per Mile

<table>
<thead>
<tr>
<th>Total TNP Driver Expenses in Chicago: Estimates Per Mile and Per Hour Worked</th>
<th>2019 (Actual Data)</th>
<th>2020 (Actual Data)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Driver Expenses Per Mile</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel (AAA-Adjusted)</td>
<td>$0.119</td>
<td>$0.100</td>
</tr>
<tr>
<td>Maintenance and Repair (AAA)</td>
<td>$0.089</td>
<td>$0.091</td>
</tr>
<tr>
<td>Depreciation (AAA)</td>
<td>$0.301</td>
<td>$0.339</td>
</tr>
<tr>
<td><strong>Total Cost Per Mile</strong></td>
<td>$0.509</td>
<td>$0.530</td>
</tr>
</tbody>
</table>
### Uber and Lyft W-2 Equivalent Wage Per Driver

<table>
<thead>
<tr>
<th>Average TNP Wage Per Hour (After Expenses and Taxes) in Chicago</th>
<th>2019 (Actual Data)</th>
<th>2020 (Actual Data)</th>
<th>2020 (With Typical Traffic)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Earnings Per Hour</td>
<td>$19.01</td>
<td>$23.23</td>
<td>$20.78</td>
</tr>
<tr>
<td>Total Expenses: Total Cost Per Hour</td>
<td>-$5.83</td>
<td>-$7.04</td>
<td>-$6.07</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>-$0.88</td>
<td>-$1.10</td>
<td>-$1.10</td>
</tr>
<tr>
<td><strong>Hourly Wage After Expenses and Taxes</strong></td>
<td><strong>$12.30</strong></td>
<td><strong>$15.09</strong></td>
<td><strong>$13.62</strong></td>
</tr>
<tr>
<td>Minimum Wage in the City of Chicago</td>
<td>$13.00</td>
<td>$14.00</td>
<td>$14.00</td>
</tr>
</tbody>
</table>

*Note: While W-2 employees pay FICA payroll taxes out of their paychecks, their contributions are matched by employers. Uber and Lyft drivers do not currently receive an employer match. If they were classified as employees, they *would* receive an additional $0.88 to $1.10 per hour, according to the data.*
IMPLICATIONS FOR ELECTED OFFICIALS

- **State**: Classify drivers as employees to ensure drivers are paid the minimum wage and Uber and Lyft pay for unemployment insurance.

- **Local**: Implement a minimum driver pay standard to ensure workers earn at least $15 per hour.

- **NYC Driver Pay Standard**: 8% increase in driver pay, 18% decrease in passenger wait times, and lower Uber and Lyft commission rates.
FINAL THOUGHT

Uber and Lyft drivers currently struggle to earn the minimum wage in the City of Chicago. The status quo for “gig” workers only embeds a new low-wage contingent labor force into the state’s economy. But there are options that elected officials could consider to promote fairness and boost worker earnings.
THANK YOU!

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