

ON-DEMAND WORKERS, SUB-MINIMUM WAGES

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Frank Manzo IV, MPP
Illinois Economic Policy Institute
fmanzo@illinoisepi.org
www.illinoisepi.org

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ILLINOIS ECONOMIC POLICY INSTITUTE

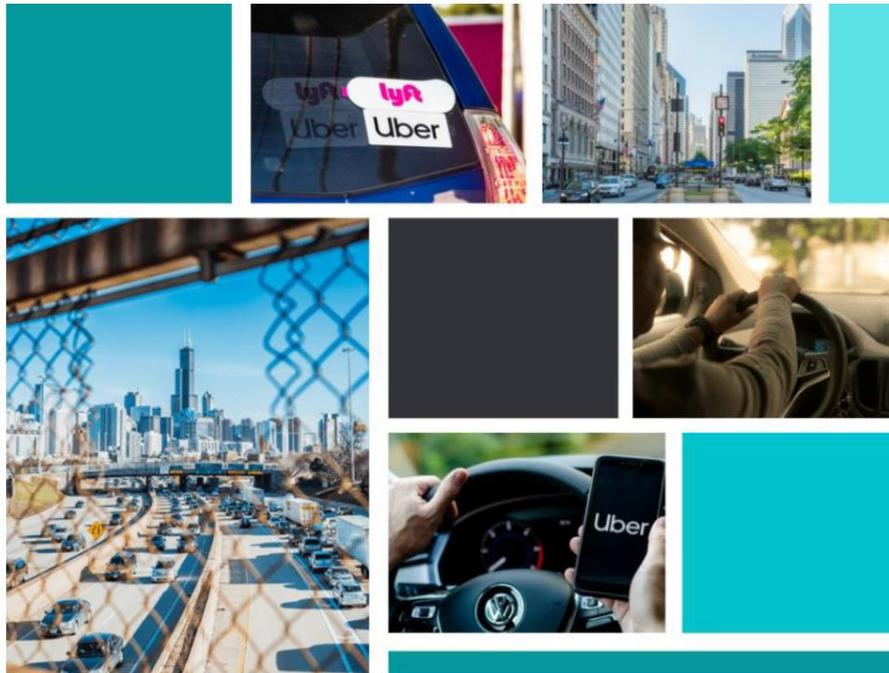
On-Demand Workers, Sub-Minimum Wages

Evidence from Transportation Network Provider Trips in the City of Chicago

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Frank Manzo IV, M.P.P.
Policy Director
Illinois Economic Policy Institute

Robert Bruno, Ph.D.
Professor and Director
University of Illinois at Urbana-Champaign
Project for Middle Class Renewal



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Transportation Network Providers - Trips

View Data Visualize Export API

Transportation

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.

Updated October 30, 2020
Data Provided by City of Chicago

More

Featured Content Using this Data

TNP Reporting Manual External Content The Transportation Network Provider reporting requirements.	Transportation Network Providers - Drivers External Content The corresponding dataset of drivers.	Transportation Network Providers - Vehicles External Content The corresponding dataset of vehicles.
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Mute Dataset

About this Dataset

Updated October 30, 2020	Metadata
Data Last Updated October 30, 2020	Changes and Other Historical Information Useful to Understanding This Dataset http://dev.cityofchicago.org/open%20data/data%20portal/2020/04/28/tnp-trips-2019-additional.html ----- http://dev.cityofchicago.org/open%20data/data%20portal/2020/04/07/tnp-trips-2019-11.html
Metadata Last Updated May 27, 2020	Data Owner Chicago Department of Business Affairs & Consumer Protection
Date Created October 2, 2018	Time Period November 2018 to present
Views 34.5K	Frequency Data are updated quarterly
Downloads 4,252	Topics
Data Provided by City of Chicago	Category Transportation
Dataset Owner Jonathan Levy	transportation, tnp, transportation network provider, rideshare, tr

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

Sample in the Middle of September	Sample Trips	Averages Per Trip	
		Time (Seconds)	Miles
2019	56,028	1,166.4	6.75
2020	21,946	952.5	6.39
Year-Over-Year Change	-60.8%	-18.3%	-5.2%

✓ 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

GROSS INCOME FOR UBER AND LYFT DRIVERS

Trips, Fares, Gross Income, and Hours Worked Estimates for the Average TNP Driver in Chicago	2019 (Actual Data)	2020 (Actual Data)
Average Trips Per Month	123	123
Average Trip Seconds	1,166	953
Driver Income Per Trip: 80% of Fare + 100% of Tips	\$11.20	\$11.18
Driver Income Per Year: Income Per Month x 12	\$16,540	\$16,541
Total Annual Hours Worked (55% of Time with Passengers)	870.2	712.0
Gross Income Per Hour: Earnings Per Year ÷ Total Hours	\$19.01	\$23.23



Gross income: Income *before* vehicle expenses and taxes

Uber and Lyft Vehicle Costs Per Mile

Total TNP Driver Expenses in Chicago: Estimates Per Mile and Per Hour Worked	2019 (Actual Data)	2020 (Actual Data)
<u><i>Total Driver Expenses Per Mile</i></u>		
Fuel (AAA-Adjusted)	\$0.119	\$0.100
Maintenance and Repair (AAA)	\$0.089	\$0.091
Depreciation (AAA)	\$0.301	\$0.339
Total Cost Per Mile	\$0.509	\$0.530

Uber and Lyft W-2 Equivalent Wage Per Driver

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

*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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www.illinoisepi.org

fmanzo@illinoisepi.org

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