Taxi & Limousine Commission

High-Volume Minimum Driver Pay Proposed Rules

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Presentation Agenda

1. Background on Driver Pay Rules
2. Forthcoming Inflation Increase and Proposed Per-Mile Expense Increase
3. Proposed Changes to Utilization Rates
4. Proposed Measures to Govern Lockouts

1. Background on Driver Pay Rules

- Implemented in 2019 following a TLC-commissioned independent study, City Council legislation, and TLC rulemaking
- Study found that 85% of high-volume drivers were earning less than the equivalent of the minimum wage
- Requires minimum per-trip payments for trips dispatched by high-volume companies (currently Lyft and Uber) based on trip time, trip distance, and the time drivers spend on trips vs. not on trips so drivers are compensated for all of their time and expenses
- TLC has since increased the pay rates five times to account for inflation and increased vehicle expenses

2. Pay Rate Increases: Inflation

- Separate from today's rule proposal but related to it, under existing TLC rules, every March 1 the per-minute and per-mile minimum pay rates change pursuant to regional inflation figures (CPI-W for NY-NJ-PA metro area)
- March 1, 2025: increase of 3.92% in minimum driver pay rates

2. Pay Rate Increases: Expense Report

- Problem: underlying expense figures have not been systematically reevaluated since 2018, and inflationary increases may not perfectly align with specific expenses for TLC-licensed drivers
- Proposed solution: TLC commissioned an independent driver expense study to get a more recent detailed accounting of driver expenses
  - Based on survey and analysis of TLC and other public data on vehicle-related expenses; need for granular data led to survey + validation approach
  - Around 4,000 substantially complete survey responses
- New per-mile non-WAV rate: $0.871*
  - Increase of 10.4% compared to the current rate

** Due to a calculation error, the report and proposed rules say the new rate would be $0.879.*

3. Utilization Rates

- Industry gets credit for 58% while only having to hit 53%; flexibility intended to avoid lockouts
- Problem: the 58% applied/53% minimum does not align with actual utilization rates; misalignment results in lower minimum pay requirements without avoiding lockouts
- Proposed solution: set new utilization rates based on both time and distance to account for recent UR trends and new data; monitor, publish, and adjust in future as needed
  - **53.3%** time-based UR from May 2023-April 2024 (pre-lockout data)
  - **68.5%** distance-based UR for same period

3. Impact on Minimum Driver Pay

- Sample trip of 7.5 miles and 30 minutes
- Current minimum pay for sample trip: **$27.69**
- Proposed minimum pay for sample trip: **$29.31**
  - Increase of **5.85%**
  - Includes CPI increase, expense increase, and change in utilization rates

4. Governing Lockouts

- Problem: Rule proposal is intended to eliminate or greatly reduce lockouts, but TLC needs to be proactive in case the companies decide to continue lockout practices
- Proposed solution:
  - **Notice requirement** to address unpredictability: any restriction on driver access to the app must be disclosed to the driver at least 72 hours in advance
  - **Prohibit mid-shift lockouts** to prevent daily unpredictability and data manipulation: once a driver is on, they cannot be restricted for next 16 hours (with disciplinary etc. exceptions)

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Questions?