

MAYOR DURKAN'S FARE SHARE PLAN

Proposing a Fair Wage for Uber and Lyft
Drivers in Seattle



City of Seattle

A NEW ECONOMY OF WORKERS

- Our economy is changing and long-term jobs are giving way to gig work.
- Uber and Lyft classify drivers, like many gig workers, as independent contractors, which means they aren't subject to the City's policies that require all large employers in Seattle to pay their employees a \$16.39 minimum wage.
- After maintenance, insurance and gas, many Uber and Lyft drivers are not earning the minimum wage, and don't receive standard and critical benefits like worker's compensation, sick leave or health insurance.

A Fare Share for Drivers

- ✓ Legislation will mandate a minimum compensation floor, so no driver is paid less than \$16.39 per hour plus reasonable expenses
- ✓ Drivers will be paid for all their time, including while they are required to circle waiting for rides
- ✓ Expenses will be fairly compensated so drivers do not have to dig into their earnings to drive for Uber and Lyft



Drivers during COVID-19

- Drivers have been deeply affected by this drop in demand – in New York trips have dropped by as much as 84% resulting in severe earnings reductions
- Drivers are frontline workers and cannot do their jobs from home. They deserve to be able to afford health insurance.
- Especially during the COVID-19 pandemic, there is an increased need for compensation standard that pays drivers enough that they can take time off when sick

UNDERSTANDING DRIVE TIME

A driver's time can be broken down into three primary phases: P1, P2, and P3

P1: Available platform time

- A driver is logged in to a driver platform waiting for a trip request

P2: Dispatch platform time

- A driver has accepted a trip and is driving to pick up the passenger

P3: Passenger platform time

- Passenger is in vehicle and is being driven to the drop-off location

TOTAL TIME ON APP

T N C Study — Background

Independent Study to determine

- Fair pay standard that includes compensation for expenses
- Pays drivers for all their time

Pay standard is a floor

- Drivers can always make more

Pay standard maintains driver flexibility

- Does not mandate employment status
- No restriction on number of drivers or work hours

TNC Study — Methodology & Findings

Data sources

- Driver survey of over 6,500 drivers (21% response rate)
- Existing City data
- Limited data from TNCs
- Census Bureau data on those whose primary job is as a driver

Driver Characteristics

- Drivers much more likely to be people of color and foreign-born
- 47% are low income
- 37% are on Medicaid, while 27% are uninsured
- Half of drivers are multi-app and half have been driving for 2+ years
- One third of drivers work 32 hours or more and provide 55% of trips
- 72% of full-time drivers and 58% of intermediate drivers rely on driving as sole source of income
- 83% of full-time drivers and 75 % of intermediate drivers purchased vehicles primarily to drive for TNCs

T N C Study — Methodology & Findings

Expenses

- Vehicle acquisition and operation
- Licensing/registration
- Payroll taxes paid by independent contractors
- Average expenses are \$11.80 per hour

Earnings

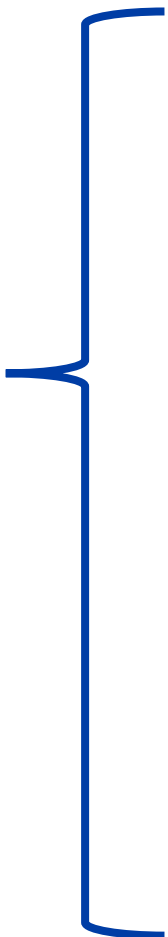
- Measured relative to driver working time, not trip time
- Drivers gross an average of 21.53 per hour before expenses



Outreach Approach

Creating equitable access to engagement opportunities

Over 10,400 responses!



Intercept interviews allowed us to gain deeper insights with individual drivers in-language. **Conducted 179 interviews** in eight languages (Somali, Russian, Tajik, Tigrinya, Mandarin, Amharic, Oromo, and Spanish).

Roundtable discussions provided stakeholder organizations a venue for organizing drivers to share their unique perspectives with policymakers on key issues. **Five roundtables included 48 participants.**

Focus groups enabled us to speak to more drivers at once, with the ability to follow a line of discussion. **Two focus groups engaged 22 randomly-selected participants.**

Telephone town hall provided scale of reach, connecting with over **8,600 drivers** during a 1.5-hour telephone town hall meeting. Participants were able to ask and have their questions answered live and participated in real-time survey questions.

Online survey provided a virtual opportunity for drivers to provide feedback from anywhere, anytime. **1,593 responses were received.** Also made available in similar languages as intercept interviews.



Outreach Key Findings

Insights that emerged in the responses from all methods:

Drivers need Higher, Fairer Pay

Drivers expressed the ability to earn greater, more consistent pay is highly desired. Factors contributing to inadequacy in pay are (1) high driving costs + expenses (i.e. gas, maintenance, licensing/registration), (2) uncompensated travel time to/from rides, and (3) personal financial pressure (i.e. housing costs, health insurance)

Driver Pay is Inconsistent + Unpredictable

Drivers' ability to operate more flexibly is hindered by lack of transparency from TNCs. As a result, drivers are unable to (1) anticipate earnings in advance, (2) understand the breakdown of the fare for any given ride, (3) have a say in fare or commission structures, and (4) understand reasoning behind deactivations.

Drivers Need a Safety Net

Due to the high risk of being deactivated from the platform and risk of injury from being on the road, drivers desire some level of protection if faced with an event that leaves them unable to drive. Benefits such as paid sick leave, unemployment benefits, or worker's compensation would guarantee some access to income during times they cannot work.

Pay Standard Components

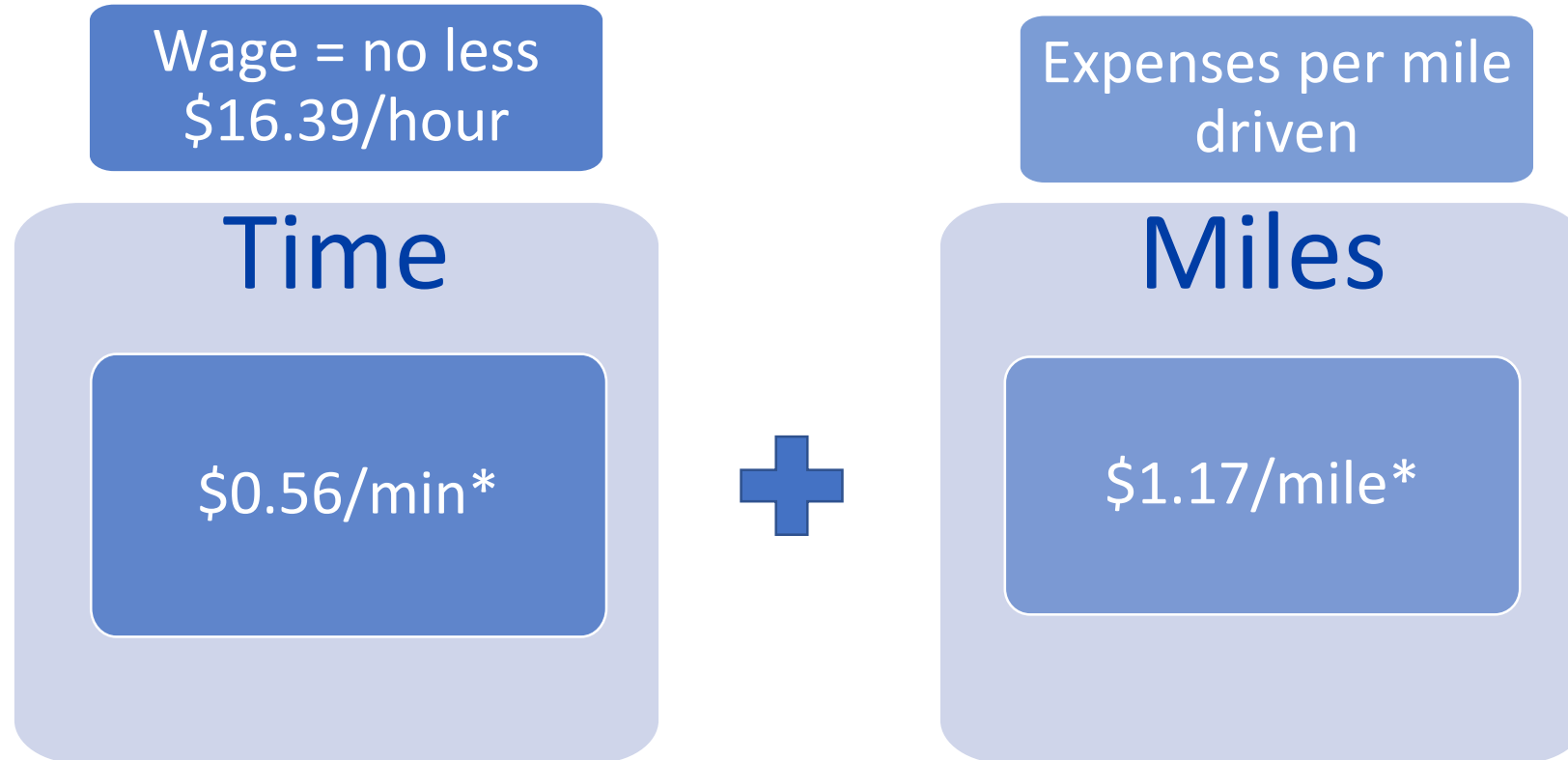
Time

- Seattle's Schedule 1 Minimum Wage

Mileage

- Vehicle acquisition/financing
- Gas
- Vehicle maintenance
- Insurance
- Cellphone + cell plan
- Vehicle cleaning
- Health insurance
- Payroll taxes
- Public utilities tax
- Licensing/vehicle registration fees/related taxes

Proposed Minimum Pay Rate



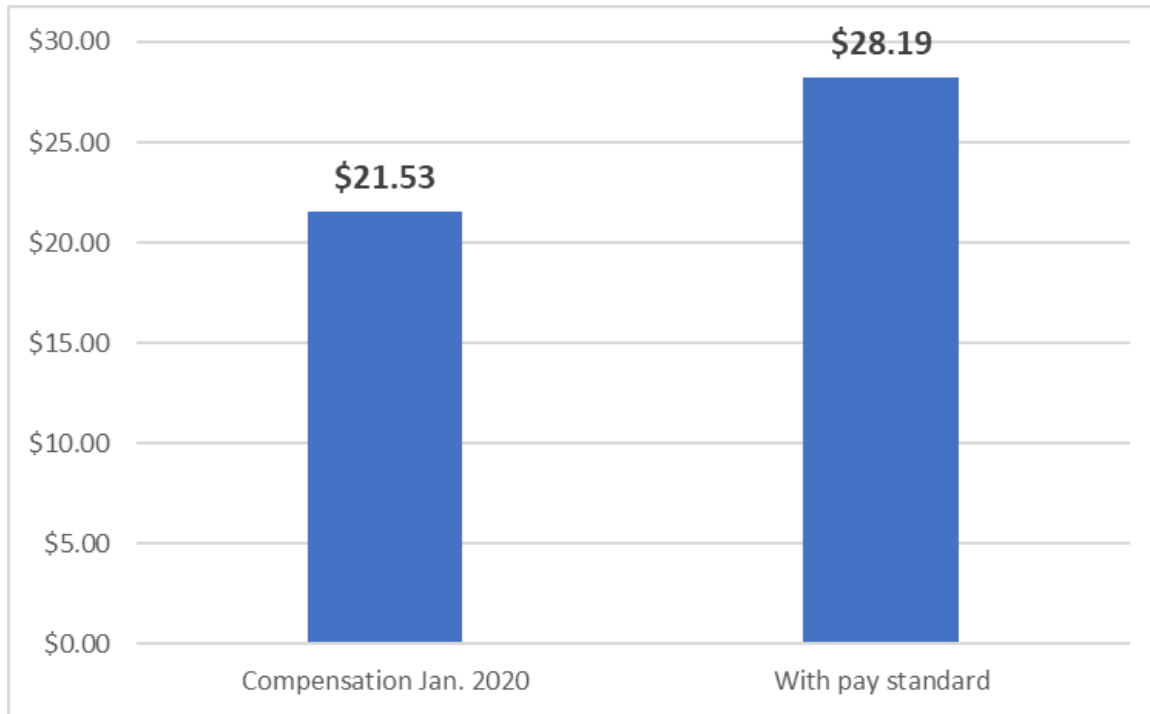
*Scaled-up to account for P1 & P2 time and mileage



Pay Standard Effects — Sample Trips

Trip	Time	Miles	Current Pay	Pay Standard
Capitol Hill-Downtown	12 minutes	1.4 miles	\$5.18	\$8.36
Downtown-SeaTac	25 minutes	14.8 miles	\$25.59	\$31.31
Westlake-Pioneer Square	9 minutes	0.9 miles	\$3.99	\$6.09
Downtown-U. District	16 minutes	4.6 miles	\$9.76	\$14.34

Pay Standard Effects — Driver Earnings



*This chart reflects average gross hourly earnings, \$11.80 of which is expenses per hour

- **Driver Pay: Will increase 30% under proposed pay standard.**
- **84% of drivers will receive pay increases.**

Additional Protections & Provisions



- **Tips**

- ✓ Right to full tip paid by passenger
- ✓ No tip credit permitted

- **Ride and Pay Information**

- ✓ Detailed per-ride receipts for drivers & passengers
- ✓ Pay statements for drivers

- **Recordkeeping:** three years

- **Proposed Effective date:** Jan. 1, 2021

