

# UNFARE

## Taxi Drivers and the Cost of Moving the City

A report by the  
Community Development Project  
of the Urban Justice Center



Prepared for the  
New York Taxi Workers Alliance  
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**This report is dedicated to New York City's yellow cab taxi drivers.**

## Organizational description

Started in September of 2001, the Community Development Project (CDP) of the Urban Justice Center (UJC) provides legal, technical and research and policy assistance to grassroots community groups working for positive social change in low-income communities. With the goal of supporting the efforts of grassroots community groups to improve conditions in low-income communities in New York City, we strive to help such groups in the following areas: grassroots community organizing; affordable housing and tenant organizing; sustainable economic development; technical assistance to not-for-profits; worker rights; environmental justice; and immigrant rights and organizing.

New York Taxi Workers Alliance (NYTWA) directly responds to the needs of New York City's yellow cab drivers and provides a means for them to advocate for their rights and achieve basic worker protection and benefits. NYTWA's mission is to address and alleviate the immediate challenges and problems that drivers face – such as lack of legal representation and health care – while also providing a voice for the industry's work force. Through policy changes, such as changing the structure of the leasing relationship between owners and drivers to be more equitable, NYTWA aims to create long-term systemic changes to transform the industry.

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# EXECUTIVE SUMMARY

## A Call for Decent Working Conditions: Drivers Speak Out!

ON APRIL 28, 2003, THE NEW YORK TAXI WORKERS ALLIANCE (NYTWA) held a public hearing. Yellow taxicab drivers presented testimony about their working conditions. They called for a fare increase and a decrease in the lease cap: the maximum amount drivers can be charged to lease taxi medallions (mandatory licenses). Local elected officials, advocates and community organizations from across the City were present and heard the extensive testimony. Each witness highlighted the numerous problems drivers confront on a daily basis, such as: working as long as fifteen hours each day, facing low take-home pay, working under unsafe conditions, and having little time to spend with their families. Yet, each of the drivers continually asserted, followed by applause and cheers from their colleagues, that New York City was the greatest city in the world, and the yellow taxicab was both a symbol of the City and one of the foundations that holds it together. What they needed and were calling for that afternoon was dignity and respect for their labor.

New York City taxi drivers are often referred to as the ambassadors of the City; the driver is often the first person a visitor will encounter when arriving here. Yet behind the fiberglass wall sits a largely immigrant work force that faces miserable daily working conditions. New York City is considered the fourth most expensive large city in the world<sup>1</sup> and yet has the lowest taxi fare in the country. Even with the rise in living costs and gas prices, taxi fares have remained the same since 1996. High lease costs and gas prices coupled with low gross earnings are driving taxi workers deep into economic hardship. Moreover, workers in this industry were especially hard hit by the events of September 11<sup>th</sup>, 2001, and many drivers who were just barely making ends meet before the attacks were pushed into deep economic crisis.<sup>2</sup>

This report is based on the results of 581 surveys conducted with yellow taxicab drivers in New York City during the winter of 2002-2003. This is the first time such a large pool of drivers has ever been surveyed. It offers a rare glimpse into the daily working lives of drivers. The results support the testimony presented at the April 28, 2003 NYTWA Public Hearing.

During the hearing, William Lindauer, a veteran driver, testified, referring to the current fares as “providing welfare for the wealthy” while keeping drivers in poverty. Mr. Lindauer noted that the only one who could not afford to ride in taxicabs in New York City is the taxi driver. This report documents the financial crisis that drivers are experiencing and describes the system that has failed to provide safe and fair working conditions for taxi workers.

<sup>1</sup>Singleton, Don, “Oslo’s Priciest; N.Y. is No. 4,” *Daily News*, August 23, 2003.

<sup>2</sup>See, Urban Justice Center, *Ripple Effect: The Crisis in NYC’s Low Income Communities After September 11th* September 2002; Fiscal Policy Institute, “The Employment Impact of the September 11 World Trade Center Attacks: Updated Estimates based on Benchmarked Employment Data,” March 8, 2002.

The results of the survey are striking, describing a predominantly immigrant work force that is working long hours and struggling to provide for their families. Drivers are predominantly the sole earners of income in their household and typically support numerous family members. In addition, most drivers are experienced, having worked in the industry for over 4 years, yet they enjoy few of the economic or fringe benefits such work experience might typically garner, like health benefits or raises. Most importantly, the typical driver bears all of the risks of the industry, and any economic downturn, or even bad weather, can mean changes in take-home pay. Most drivers have fixed costs: e.g., the payments they must make on their cars, the use of the taxi medallion, and insurance, as well as other costs that vary with the market, like the price of gasoline. As these costs remain fixed, drivers must make these payments regardless of how much they make from fares and tips in a given day. At the same time, they have no control over their incomes as they have no control over ridership or the fares they can charge.

The last time there was a fare increase was 1996, when drivers were granted a fare increase of 20%. Owners of medallions who lease the right to use the medallions to individual drivers, in turn, were allowed to raise their lease rates to a maximum of 14%. This lease cap increase, taking into consideration inflation, has negated any benefits drivers would have realized from the fare increase.<sup>3</sup> *In other words, simultaneous lease cap increases and fare increases pass the benefits of the fare increase on to the owners of the medallions, not the drivers.* And, once again, these rates are fixed and are not dependent on the state of the economy or ridership. According to the survey, on average drivers' operating costs amount to \$137 daily, or \$3,288 per month. Furthermore, 44% of drivers' daily operating costs are used to make the lease payment for the taxi medallion alone.

Thus, the structure of the industry places drivers at a disadvantage, as they typically have high upfront job-related costs that they must pay on a daily basis. The results of the survey reveal that drivers reported that their average gross earnings for their last shift worked amounted to less than \$160. With average costs of \$137, net daily earnings were as low as \$22 per day on average. *Thus, the average take-home pay of the drivers surveyed was \$22.14.* Moreover, there has not been an increase in their earnings since 1996, despite a 15% rise in the cost of living since that time and astounding increases in gasoline prices; in this year alone, the price for a gallon of gasoline has gone from \$1.36 in January to the current rate of \$1.97 (Automobile Club of New York, "Daily Fuel Gauge Report," September 4, 2003).

With high operating costs, and fluctuating take-home-pay, drivers are reporting an inability to meet their daily living expenses. The results of the survey illustrate that drivers are experiencing severe economic hardship. Sixty-two percent of all drivers were facing some form of arrears in their rent or mortgage payments, phone bills or utilities, and many drivers must send money abroad to meet the needs of family members. In order to cover their living expenses, drivers reported having to incur debt through credit cards or personal loans or by refinancing their mortgages. Forty-four percent reported putting costs on their credit card, with an average of \$10,225 accumulated in debt. Thirty-nine percent indicated that they had taken out personal loans averaging a total of \$13,950.

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<sup>3</sup>"Factors of Production."

In addition to the daily stress of earning enough to meet the costs that are associated with driving their cabs and still have some kind of take-home pay, drivers must also confront various forms of harassment during their workday. Thirty-four percent of drivers surveyed reported having experienced verbal harassment. Nearly a quarter of drivers indicated that their cabs had been damaged and 19% said that they had received threats to damage their cab.

Survey results also indicated that many drivers have faced a significant reduction in income since September 11<sup>th</sup>, and have increasingly been forced to go into debt to make up for their losses. Drivers reported a drop of almost 50% in take-home earnings the months following September 11<sup>th</sup>, 2001, when compared to their earnings from just one year earlier. Other key findings of the report are that many drivers were unable to access disaster-related benefits for displaced workers after September 11<sup>th</sup> due to narrow eligibility guidelines and lack of information with respect to those benefits that might have been available to them. Only 7% of drivers surveyed had applied for any form of disaster assistance. Of those that did apply, 34% were denied assistance and 5% (2 drivers) received disaster aid and 5% (2 drivers) received loans from SBA or FEMA.

Accordingly, based on these findings, we make the following recommendations.

- 1) Raise the metered rate of fare and lower the leasing caps charged to drivers for use of the medallion.**
- 2) Establish procedures and time frames for periodic fare adjustments to ensure a livable wage for drivers.**
- 3) Create mechanisms for drivers to report, and for agencies to track, harassment of drivers.**
- 4) Create temporary emergency contingency plans in the event of federally declared disasters and emergencies that negatively affect drivers.**
- 5) In the event of future disasters, ensure that disaster assistance disbursement be made available to those most heavily impacted and be accessible.**

## SECTION ONE: Overview

**THE TAXI INDUSTRY HAS BEEN REFERRED TO AS THE "POOR MAN'S gate way to mainstream America".<sup>4</sup> The reality facing New York City's taxi drivers, a largely low-income and immigrant population, however, is one in which driving a taxi does not promise a clear path to economic prosperity. Taxi drivers begin each day in debt, paying up front for the lease of the medallion, fuel and other operating costs. The majority of the drivers own nothing, but pay for everything. In fact, unlike other "businesses," drivers are not able to control the pricing of their service. Taxi fares, regulated by the New York City Taxi and Limousine Commission (TLC), have remained the same for the past six and a half years, as there has not been a fare increase since 1996. Taking inflation into consideration, the current taxi fare is at a 35-year low.<sup>5</sup>**

New York City is currently the fourth most expensive large city in the *world*.<sup>6</sup> Living costs in the City continue to rise,<sup>7</sup> including fuel costs that have risen to close to \$2.<sup>8</sup> The recent hike in gas prices is the sharpest two-week increase in fifty years and the average gas price, reports the Lundberg Survey, is a penny short of an all-time high.<sup>9</sup> Yet, even with high living costs and high operating costs, NYC charges the lowest taxi fare compared to eleven major US cities.<sup>10</sup> Drivers' gross incomes, which are based on the City's regulated, metered and flat rate fares, fluctuate with variations in ridership. High lease costs and gas prices coupled with low gross earnings leave drivers in financial hardship. Moreover, the events of September 11<sup>th</sup>, 2001, pushed drivers already on the fringes of economic security into deep economic crisis.<sup>11</sup>

The current structure of the taxi industry places the financial burden and risks of the industry on drivers. They have little control over the conditions and terms of their work and it is nearly impossible for drivers to achieve financial stability. As this report highlights, most drivers fall far short of the ability to support their families and earn a decent living. Every day, the largely immigrant work force faces hazardous conditions, grueling hours and low wages, and is extremely vulnerable to abuse and exploitation by the industry itself. As one driver noted in the public hearing, "we are living in a personal and financial hell."

This report is based on the results of 581 surveys conducted with yellow taxicab drivers<sup>12</sup> in New York City during the winter of 2002-2003. This is the first time such a large pool of drivers has been surveyed. It offers a rare glimpse into the working conditions of those that transport a half million New Yorkers everyday.

<sup>4</sup>Dao, James, "A Living, Barely, Behind the Wheel; Low Pay and Long Hours Cut Through Taxi World Stratum" *The New York Times*, December 6, 1992.

<sup>5</sup>Schaller Consulting, *The New York City Taxicab Fact Book*, September 2003, p.17 (cited hereinafter as *Taxicab Fact Book*).

<sup>6</sup>Singleton, Don, "Oslo's Priciest; N.Y. is No. 4," *Daily News*, August 23, 2003.

<sup>7</sup>Consumer Price Index (CPI) for NY-NJ-CT-PA region, All Urban Consumers, January 1, 1996–December 31, 2002.

<sup>8</sup>Automobile Club of New York, "Daily Fuel Gauge Report," September 4, 2003.

<sup>9</sup>Koppel, Andrea, "What is Driving the Price of Gas Up," *CNN Live Sunday*, August 24, 2003.

<sup>10</sup>New York Taxi Workers Alliance, "Typical Taxicab Fares for Major Metropolitan Areas, 2003 and Cost of Living for Major Metropolitan Areas, End of 2002," Petition to Initiate Rulemaking: Economic Justice for Taxi Drivers, April 28, 2003.

<sup>11</sup>See, Urban Justice Center, *Ripple Effect: The Crisis in NYC's Low Income Communities After September 11th*, September 2002; Fiscal Policy Institute, "The Employment Impact of the September 11 World Trade Center Attacks: Updated Estimates based on Benchmarked Employment Data," March 8, 2002.

<sup>12</sup>This number consists exclusively of drivers of taxicabs with medallions authorized to pick up passengers from the street. Research does not include livery or vehicle-for-hire drivers.

**The following briefly outlines the structure of the report:**

- **Section One** provides an overview of the report, describes the methodology of the data collection, and gives a description of the demographics of the population surveyed.
- **Section Two** contains an overview of the taxi industry in New York City and drivers' current economic situation.
- **Section Three** explores the failure of the industry to provide a sustainable income and the impact this has had on the financial lives of drivers.
- **Section Four** is concerned with the Safety Conditions of drivers.
- **Section Five** explores the impact of September 11<sup>th</sup> on taxi drivers.
- **Section Six** looks at drivers' access to disaster aid assistance.

The report concludes with a summary of recommendations that will help in creating a more equitable system for drivers.

## Overview of Report

### *Methodology*

The surveys that form the basis for this report were conducted from November, 2002, through January, 2003, as part of four disaster assistance clinics run by the New York Taxi Workers Alliance (NYTWA) at La Guardia and JFK International airports. Interviews of drivers were carried out by organizers of NYTWA, as well as trained advocates and volunteers from 13 different community-based organizations. The majority of the surveys were collected as a result of these sessions, and a smaller portion was conducted during drop-in appointments at NYTWA's office.

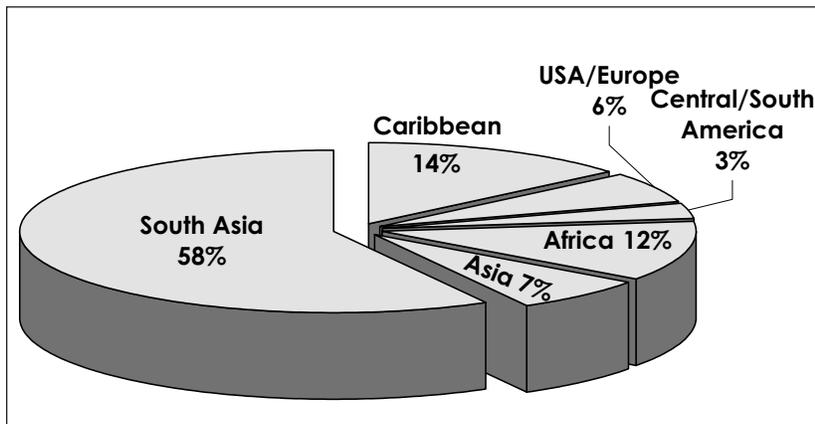
The surveys address the following issues affecting taxi drivers:

- 1) Daily Operating Costs;
- 2) Average Gross Income Earnings;
- 3) Safety Conditions;
- 4) Savings and Loans of Drivers;
- 4) Impact of September 11<sup>th</sup>; and
- 5) Access to September 11<sup>th</sup> Disaster Assistance.

The Community Development Project of the Urban Justice Center compiled and analyzed the collected data and subsequently authored this report.

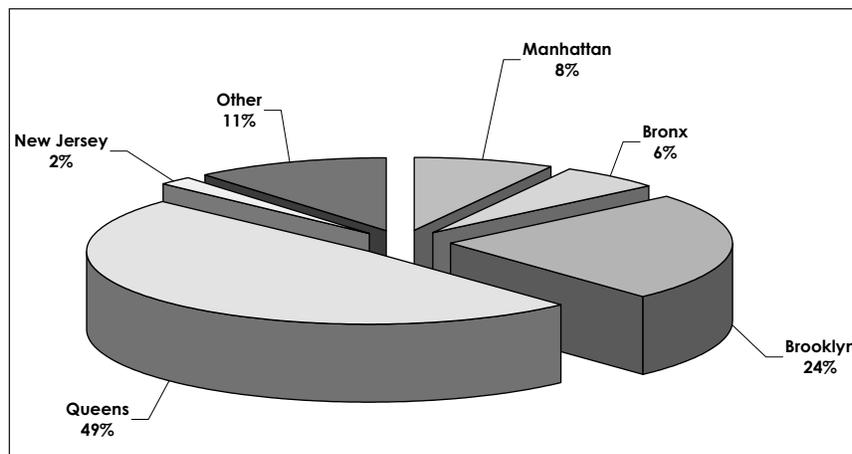
## Demographics of Survey Participants

### REGION OF ORIGIN



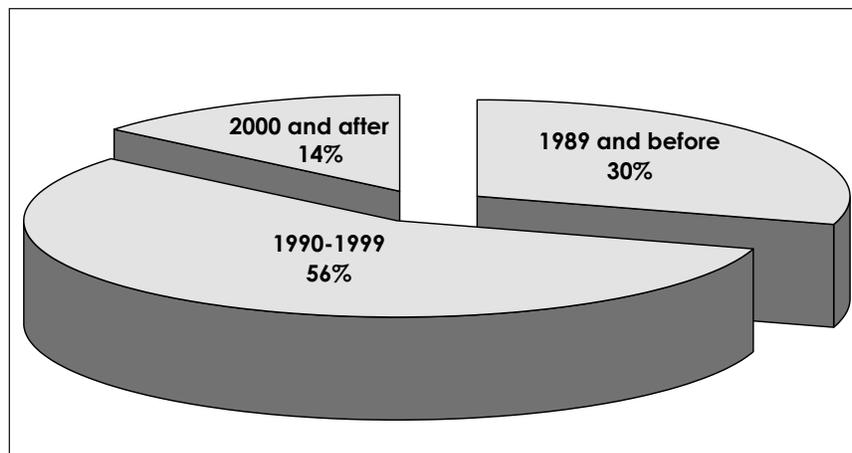
With 58% of drivers responding,<sup>13</sup> survey participants were representative of 49 different countries. Ninety-four percent (94%) of the participants came from countries other than the United States or Western Europe. Fifty-eight percent (58%) of drivers were from South Asia, 14% were from the Caribbean and 12% were from Africa.

### RESIDENCE OF DRIVERS



The majority of drivers lived in the outer boroughs with almost half of the drivers living in Queens, 24% were living in Brooklyn and only 8% resided in Manhattan.

### YEAR STARTED DRIVING

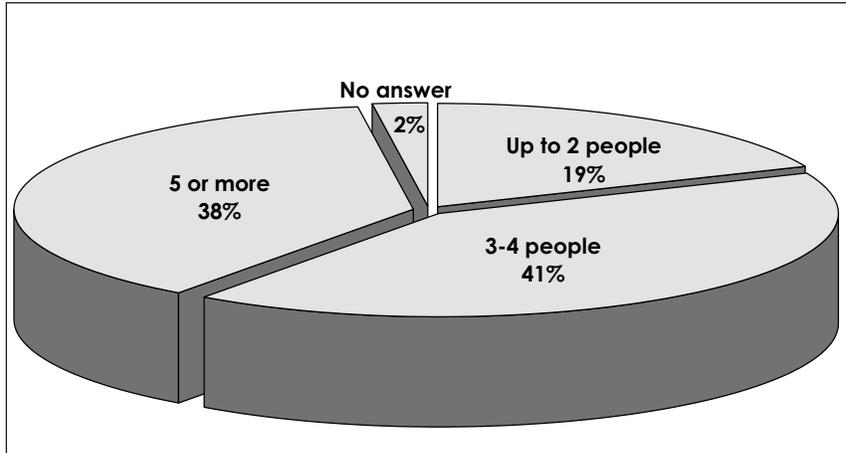


Among survey participants, with 52% of drivers responding,<sup>14</sup> the majority of drivers have worked for at least four years, with 30% of drivers having 15 years of driving experience. Only 14% of drivers were new to the industry.

<sup>13</sup>The "country of origin" question was added after the first clinic. 337 drivers responded to the question.

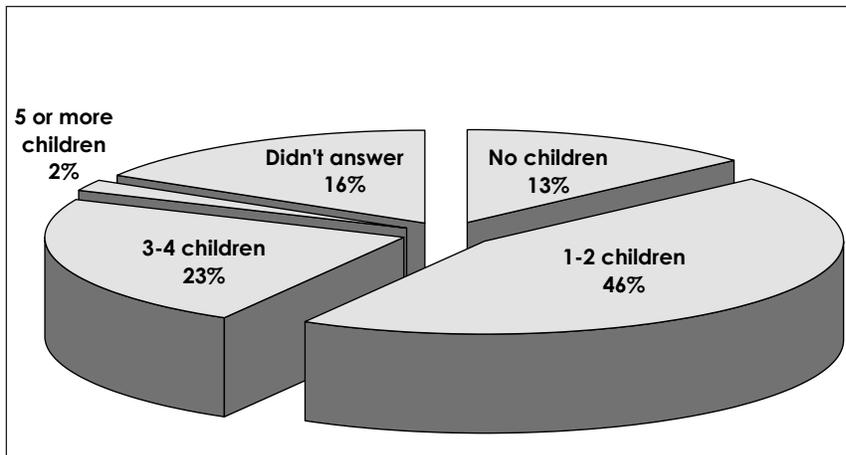
<sup>14</sup>The "year started" question was added after the first clinic. 304 drivers responded to the question.

### NUMBER OF PEOPLE INCOME SUPPORTS (BY SOLE INCOME EARNERS)



Sixty-five percent (65%) of drivers reported that they were the sole income earners in their families. Of the sole income earners, 79% were supporting three or more people (including themselves) and 19% supported up to two people.

### NUMBER OF CHILDREN INCOME SUPPORTS



Of the sole income earners supporting a family, 70% supported at least one child. One quarter of drivers supported three or more children, and almost half supported one to two children.

The demographics of this cross section of drivers are telling, as they highlight the reality of those that make up the work force of drivers in the taxi industry. They are a largely immigrant population, coming from economically poorer countries of origin, living in the outer boroughs. Drivers are predominantly the sole earners of income in their households and support numerous family members with that income as a way to better their lives and that of their families. In addition, most have been working in the industry for over 4 years, yet, without a place for redress or access to benefits. In general, they do not come into the industry with financial backing and security; rather they are vulnerable to the risks and volatility of the industry, where there is little representation of drivers, their needs, interests and realities.

As the report will show, most of the drivers are unable to meet the economic needs of themselves and their families. The driver continues to bear all the risks of the industry – and such risks can manifest themselves in the form of low meter bookings, bad weather or massive traf-

fic jams. Even after considerable years of work experience, drivers have little control over the terms of their employment. The work force is relatively stable and experienced, as 86% of drivers surveyed have been working in the industry for at least four years. Their working conditions, meanwhile, remain unstable. Despite a particular driver's "veteran" status, he or she still does not have access to a safety net in the event of poor earnings, there are no regular pay increases, and drivers enjoy no fringe benefits. Despite years of experience, veteran drivers still face changing work conditions that lead to fluctuating daily take-home pay. Even in other low-wage industries, more experienced workers usually earn increases in pay, often with regular raises. Drivers though, have not seen a pay increase, which would come from adjustments to the lease rates and taxi fare, since 1996.

Without any kind of economic safety net for drivers, pay equity and safer driving conditions, the taxi industry in New York City will continue to promote sweatshop conditions and exploit its hardworking work force.

## SECTION TWO: Drivers' Economic Life

**THE TAXI INDUSTRY IS INTEGRAL TO THE LANDSCAPE OF NEW YORK CITY**, carrying up to half a million passengers a day.<sup>15</sup> The yellow cab is an internationally recognized icon. Behind this popular image, however, is an industry with sub-standard working conditions and below average wages. The taxi industry has more in common with New York's history of sweatshops than the New York of Hollywood movies and tourism advertising campaigns. Current conditions make it impossible for a driver to earn a living wage.

There are more than 40,000-licensed drivers of yellow medallion taxis in New York City.<sup>16</sup> The medallion functions as a permit from the City that allows the medallion holder to use a car for commercial purposes. Physically, it is the metal plate on top of taxicabs. The New York City Taxi and Limousine Commission ("TLC"), the City agency responsible for regulating the industry, maintains tight control over the number of medallions distributed. The medallion-control system was first established in 1937 through the Haas Act, which placed a moratorium on the number of taxi medallions allowed in response to an overabundance of taxis at the time.<sup>17</sup> Currently, the number of medallions is set at 12,187.<sup>18</sup> These medallions are then shared amongst the 40,000 licensed drivers (not all of whom are actively driving) over different shifts such as night shifts and day shifts, or else on a part-time basis. The medallion began to gain value after World War II as the need for service grew but the number of cabs remained capped.<sup>19</sup>

Currently, the purchase price of a medallion on the open market is \$250,000. Although medallion owners are free to sell their medallions, the TLC approves the qualifications of all potential new medallion purchasers.<sup>20</sup>

<sup>15</sup>Schaller, Bruce and Gorman Gilbert, "Factors of Production in a Regulated Industry: New York Taxi Drivers and the Price for Better Service," *Transportation Quarterly*, Vol. 49, No. 4, Fall 1995 (cited hereinafter as "Factors of Production").

<sup>16</sup>Taxi and Limousine Commission, "Industry and Agency Overview," <http://www.ci.nyc.ny.us/html/tlc/pdf/tlc-newsletter.pdf>.

<sup>17</sup>Schaller, Bruce and Gorman Gilbert, "Villain or Bogeyman? New York's Taxi Medallion System," *Transportation Quarterly*, Vol. 50, No. 1, Winter 1996 (cited hereinafter as "Taxi Medallion System").

<sup>18</sup>Taxi and Limousine Commission "What is the New York City Taxi and Limousine Commission" <http://www.ci.nyc.ny.us/html/tlc/html/about.html>.

<sup>19</sup>*Taxicab Fact Book*, p. 38.

<sup>20</sup>*Taxicab Fact Book*, p. 38.

## Lease Costs – An Imbalance in leasing structure

Currently, only 29% of those driving cabs own their medallion and taxicab.<sup>30</sup> Thus, the majority of taxi drivers are lease drivers, making daily or weekly payments toward the use of the medallion and taxicab and for fuel costs (see Sidebar: Brief Description of Driver Arrangements). While there is no regulated minimum lease payment, the maximum amount that garages and brokers can charge drivers for the leasing of the medallion and cab is established by the TLC. This is known as the lease cap.

Lease caps were codified for TLC regulatory oversight to curb the exorbitant fees owners were charging drivers for the leasing of the cab and medallion. According to researcher Bruce Schaller, before

<sup>21</sup>Holt, Daniel W.E. and Jennifer Paradise, "Subcontracting in the New York City Taxicab Industry" National Employment Law Project, <http://www.nelp.org/docUploads/hold%Epdf>.

<sup>22</sup>"Taxi Medallion System."

<sup>23</sup>Malanga, Steven, "How to Fix Gotham's Taxi Mess," *City Journal*, Vol. 2, No. 2., Spring 2002.

<sup>24</sup>"Taxi Medallion System."

<sup>25</sup>"Taxi Medallion System."

<sup>26</sup>"Taxi Medallion System."

<sup>27</sup>Factors of Production."

<sup>28</sup>Factors of Production."

<sup>29</sup>National Center for Policy Analysis, "Retiring N.Y.C. Taxi Medallions," *Daily Policy Digest*, July 25, 2002, <http://ncpa.org/iss/sta/2002/pd072602g.html>

<sup>30</sup>Taxicab Fact Book, p. 2.

### BRIEF HISTORY OF CURRENT LEASING SYSTEM

In 1979, the TLC passed a regulation to institute the present-day leasing system. The regulation allows drivers to choose between a leasing or a commission arrangement, the system which existed prior to the leasing system. Under the commission system, drivers were hired by medallion owners as employees. Drivers and owners shared each day's fare revenue and drivers received fringe benefits, such as access to unemployment benefits if laid off and, in many instances, health insurance. With the shift in the industry to a leasing system, drivers are now classified as independent contractors and typically do not have access to the range of benefits only available to employees (they are covered under workers compensation, the only "employee benefit" which drivers still have under the leasing system).

The change to a leasing system also infringed on workers' right to organize and collective bargaining. For example, as independent contractors, drivers have no legal recourse when owners attempt to block organizing activities or engage in unfair labor practices, such as termination of leasing arrangements.<sup>21</sup>

In addition, the economic risk associated with operating a taxicab shifted from medallion owners to the drivers themselves. Medallion owners' profits were no longer dependent on the accumulation of fares because the owners imposed fixed leasing costs, ensuring a steady profit stream regardless of actual income from fare collection. By 1986, medallion owners were earning 72% more under the leasing system than they were in 1979<sup>22</sup>. While medallion owners were guaranteed profits under the leasing system, drivers, however, had no guaranteed source of income. The medallion system created an oligopoly, as owners of medallions, without ever lifting a finger, "were certain to coin money out of the public's need for the service they controlled."<sup>23</sup>

The following outlines the difficulties drivers, as independent contractors, face in the current leasing system used by the taxi industry:

#### *Drivers' loss of access to benefits and drop in wages:*

By the mid-1980s, most of the drivers who earned salaries from driving taxicabs had become lease drivers. This meant they lost access to benefits, such as paid time off, unemployment and health insurance, and their workdays were extended by 15%.<sup>24</sup> Their income on an hourly basis would decline by 23%.<sup>25</sup> If one also accounts for the rise in living costs during this period, drivers' real incomes fell even further.<sup>26</sup>

#### *Overburdening medallion lease payments*

Because of high operating costs required of drivers and the surge of the corporate medallion under the leasing system, the number of drivers able to buy medallions and become owners rather than lessees dropped 60% since the mid-1980s. Even though the goal of most drivers was to purchase a medallion, only 5% of new drivers were able to attain this goal.<sup>27</sup> In order to own a medallion, drivers must make a substantial deposit, usually 20% of the medallion costs, or \$50,000, therefore they must have substantial savings, credit or other forms of financial backing. Even for those drivers that can meet this initial threshold, such drivers take an average of 15 years of payments before they own their own medallion.<sup>28</sup>

Lease drivers, meanwhile, make high payments just for the weekly or daily rental of the medallion. After paying close to \$30,000 per year in medallion lease payments, they establish no equity for these payments in return. In contrast to the high debt incurred by owner-drivers and exorbitant payments required of lease drivers, owners benefit significantly from the leasing system. Of the \$1.3 billion in taxi revenues each year, medallion owners receive \$750 million, amounting to 55% of annual revenues.<sup>29</sup>

the lease caps, the gains in drivers' incomes from the 1987 and 1990 fare increases were steadily eroded as lease fees rose.<sup>31</sup> Currently, a garage can charge a maximum for the use of the medallion and taxicab of \$103 for a day shift, \$112 for a night shift, and \$617 for those with long-term leases that make weekly payments. In addition, brokers have higher lease caps for "medallion only" agreements with drivers who own or are trying to buy their taxicab separately. Such medallion only lease caps are set at \$741 per week.<sup>32</sup> In 1996, drivers were granted a fare increase of 20%. Owners in turn were allowed to raise their lease rates to a maximum of 14%. This lease cap increase, taking into consideration inflation, nullified any benefits drivers would have realized from the fare increase.<sup>33</sup> *In other words, simultaneous lease cap*

<sup>31</sup>Schaller, Bruce and Gorman Gilbert, "Fixing New York City Taxi Service," *Transportation Quarterly*, Vol. 50, No. 2, Spring 1996.

<sup>32</sup>Taxi and Limousine Commission, *Taxicab Owners Rules*, March 1, 2000, p. 53-4.

<sup>33</sup>"Factors of Production."

<sup>34</sup>*Taxicab Fact Book*, p. 2.

<sup>35</sup>*Taxicab Fact Book*, p. 2.

<sup>36</sup>*Taxicab Fact Book*, p. 2.

<sup>37</sup>Figure based on the cost of a Ford Victoria Crown taxicab (\$24,500) financed over two years.

#### BRIEF DESCRIPTION OF DRIVER ARRANGEMENTS:

<p><b>Twenty-nine percent (29%) of taxicabs are owner-operated: the lowest number of owner-operators ever in the history of New York City's taxi industry.</b><sup>34</sup></p>	<p><b>Owner-operators</b> are drivers who own the medallion and taxicab.</p> <p>Owner-operators' main costs consist of paying off the medallion and the car. In addition, they are also responsible for the cost of car inspections, repairs, insurance and maintenance. Many owner-operators lease their taxis for a second shift to another driver. They also pay for worker compensation insurance for themselves and the driver to whom they lease the medallion and cab.</p>
<p><b>Twenty-seven (27%) of taxicabs are leased by garages: the traditional industry arrangement that is quickly eroding.</b><sup>35</sup></p>	<p><b>Garage lessees</b> are drivers who lease the cab and medallion on either a daily or weekly basis. They pay, on average, \$550 for the use of the medallion and the taxicab per week.</p> <p>There is no employment contract, just a lease agreement between the garage and driver. If the car breaks down mid-shift, the garage is legally required to provide a replacement car. However, the garage does not have to give credit to the driver for time off or compensation for lost income.</p>
<p><b>Forty-four percent (44%) of taxicabs are leased through brokers: the fastest growing segment of the work force.</b><sup>36</sup></p>	<p><b>Brokerage Lessees</b>, also called Driver Owned Vehicle (DOV) drivers, lease the medallion and make payments toward the purchase of the taxicab. DOV drivers have agreements with taxi brokers who buy the car from an automobile company and lease a medallion from a private owner. The broker will then, in turn, lease the medallion and taxicab to the driver. The lease agreement lays out the costs and conditions for transferring the title of the car to the driver.</p> <p>The TLC mandates that driver-owned taxicabs must be retired after 5 years of usage. It takes DOV drivers, on average, two years (104 weeks) of car payments before they become owners of their taxicab. Therefore, DOV drivers are paying, on average, \$230<sup>37</sup> per week for 104 weeks in car payments and car insurance. They are additionally paying, on average, \$650 per week for use of the medallion. Once the DOV driver completes payments for the car, the driver's overall costs drop, for the remaining three years, as the driver is no longer paying for the car.</p> <p>DOV drivers are responsible for the costs related to owning a taxicab: car payments, insurance, inspections, repairs, and maintenance. The broker is not required by law to keep stand-by vehicles in case the car breaks down. So the DOV driver has to keep up payments (until the end of the lease agreement term) even if the car has mechanical failures or has been stolen.</p>

*increases and fare increases pass the benefits of the fare increase on to the owners, not the drivers.*

Take-home pay is then limited to the remaining fares collected after gas, medallion, car and other costs are covered. It is not uncommon for drivers to spend 6 to 7 hours of a 12-hour shift paying off the significant deficit incurred daily from the lease cost. The considerable amount of time drivers spend “cruising” to pick up a passenger or waiting in traffic additionally impacts their take-home pay as well as stress level. Because revenue potential is marginal and sensitive to weather and economic conditions, drivers are vulnerable and under constant pressure to cover operating costs and reach the point that they can begin amassing any kind of profit.

## SURVEY RESULTS

### *Expenses Incurred on the Job*

The structure of the industry places drivers at a disadvantage, as they typically have high upfront job-related costs that they must pay on a daily basis. Such costs include gas, the lease on the medallion, car payment (if they own their cars), maintenance fees, repairs and other costs such as license renewals. Even with 12-hour shifts, the extent of those incurred daily costs and the current fares make net profits difficult to secure.

The operating costs for the drivers surveyed came to an average of \$137 per day. Further broken down by categories, drivers surveyed recorded the following costs in their last full shift:

Operating Cost for:	Average Amount Paid:
Gas	\$21.42
Medallion Payments	\$91.51
Car Insurance	\$19.55
Car Payment	\$35.98
Maintenance	\$13.44
Repairs	\$15.08
Other Costs	\$15.18

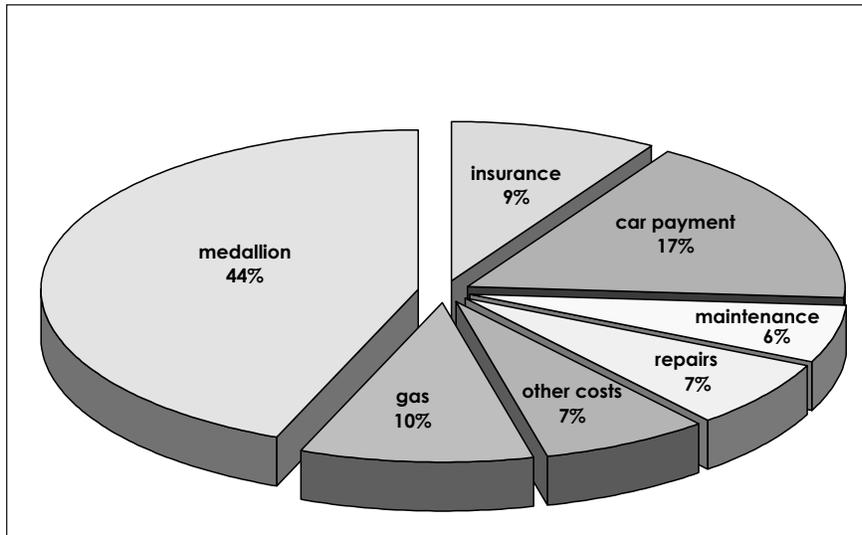
The below chart shows the average costs (from the above information), as weekly and monthly costs. Weekly costs are based on a six day work week, and monthly, on 24 days worked.

Average Cost	Daily	Weekly	Monthly
Gas	\$21.42	\$128.52	\$514.08
Medallion Payments	\$91.51	\$549.06	\$2,196.24
Car Insurance	\$19.55	\$117.30	\$469.20
Car Payment	\$35.98	\$215.88	\$863.52
Maintenance	\$13.44	\$80.64	\$322.56
Repairs	\$15.08	\$90.48	\$361.92
Other Costs	\$15.18	\$91.08	\$364.32

**With average daily costs for all drivers amounting to \$137, drivers are then paying an average of \$822 a week and \$3288 a month just in operating costs.**

The following chart gives a breakdown of drivers' daily operating costs.

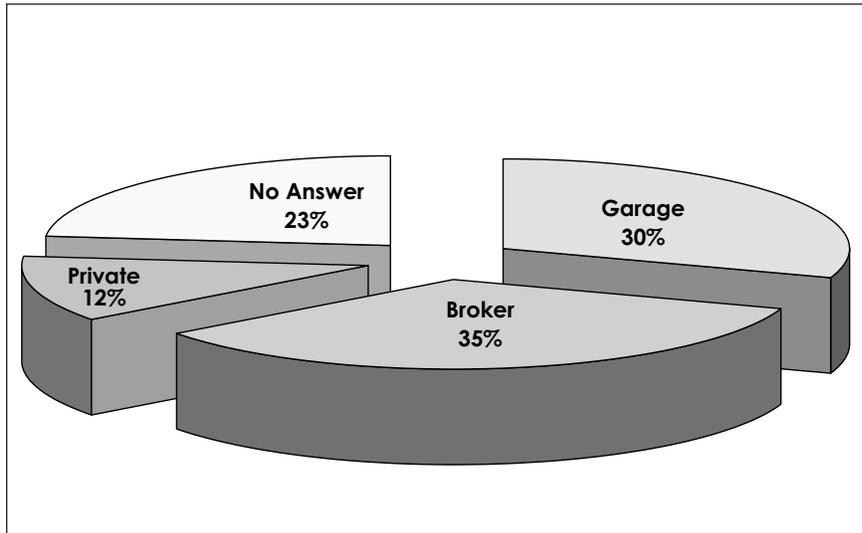
**OPERATING EXPENSES**



Forty-four (44%) of drivers' daily costs go solely towards paying the medallion-leasing fee to medallion owners. Ten percent (10%) of their costs go to gas and 26% go to car payments and insurance.

Based on the survey, 30% reported to be owner drivers, and 61% lease drivers (with 9% not responding). Lease drivers have contracts either from garages, brokers or privately through other owner-drivers (see "Brief Description of Driver Arrangements").

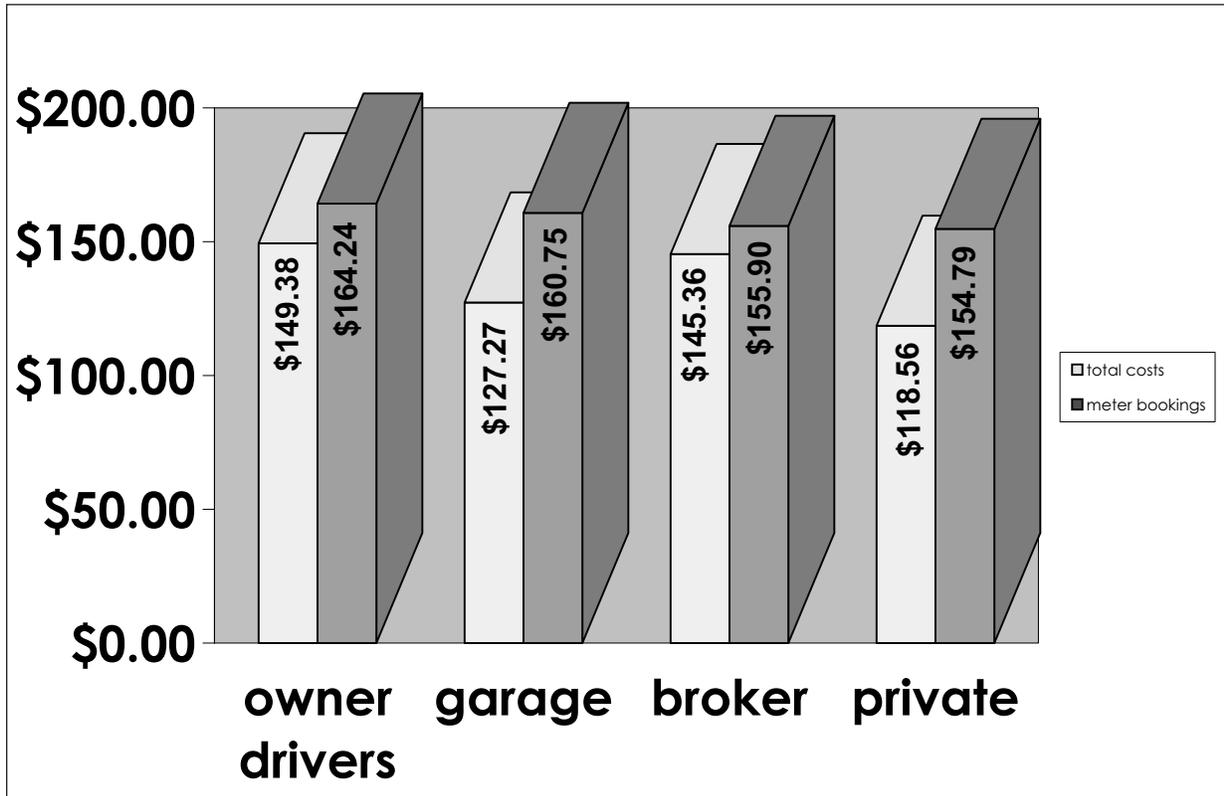
**TYPE OF LEASE ARRANGEMENT**



Sixty-one percent (61%) of drivers reported that they leased the cab and medallion they use for work. Of those that are lease drivers, 30% reported leasing from garages and 35% of drivers were leasing from brokers. Twelve percent (12%) were leasing privately from other owner drivers.

The below chart gives a glimpse into the variation in daily costs that drivers incur based on leasing arrangements. Also included are average gross earnings for one shift.

**TOTAL COSTS vs. METER BOOKINGS**



Owner drivers incur higher costs particularly if they are still paying for their medallion (which takes a minimum of 15 years to pay off). Those leasing from brokers also incur higher costs as they are paying for the medallion and are attempting to buy their cabs. Although short-term leasing and private leasing from other owner-drivers may lead to lower short-term costs, there is also no future for ownership of the cab or medallion for the driver under this arrangement.

### **Low Earnings**

Earnings come from fares and tips. The survey results reveal that drivers reported that their average gross earnings for their last shift worked amounted to less than \$160. With average costs of \$137, net daily earnings were as low as \$22 per day on average.<sup>38</sup>

<b>Average Total Operating Costs</b>	<b>\$137.42</b>
<b>Average Gross Earnings</b>	<b>\$159.59</b>
<b>AVERAGE NET EARNINGS</b>	<b>\$22.14</b>

<sup>38</sup>It is important to note that surveys were conducted predominantly during the earlier part of the week (days which tend to be slower than later in the week) nonetheless, even for earlier in the week, these results highlight the incredibly low earnings of drivers after initial costs are covered.

## Conclusion

Despite long hours, the expenses incurred on a daily basis make it difficult to turn a profit. Having paid out the costs for the leases on their taxi medallions, gas and additional costs, drivers do not begin to make a profit until first covering those costs. The number of fares and the amount of money a driver may bring in on any given day may change due to such variables as the weather, holidays, and tourism rates. The above survey results illustrate the burden of operating costs, particularly that of the medallion costs, without the security of earning a sufficient net income. Based on the survey results, we make the following recommendation:

**Raise the metered rate of fare and lower the leasing cap charged to drivers for use of the medallion.**

Drivers' incomes are dependent on both the fares they collect and the costs they expend on a daily basis, the bulk of which goes towards leasing costs. Therefore, raising both the fare and the lease cap simultaneously will not benefit drivers; rather it serves to maintain the imbalance of profit in the industry. In addition, only lowering the lease cap or raising the fare is not sufficient, as drivers are already working for 1996 wages, yet living in 2003 costs. Leasing caps are currently too high to allow for drivers to run a financially viable small business, as seen in the dropping rates of drivers who are able to stop leasing in order to become medallion owners. Therefore, it is necessary to simultaneously raise the rate of fare and lower the lease cap.

## SECTION THREE: Industry Failure to Provide Sustainable Wages for Drivers

**THE TAXI INDUSTRY HAS FAILED TO OFFSET THE BURDENS IMPLICIT IN THE leasing system with fares that would allow drivers to function as viable, independent contractors. Moreover, there has not been an increase in their earnings since 1996, despite a 15% rise in the cost of living since that time and astounding increases in gasoline prices; in this year alone, the price for a gallon of gasoline has gone from \$1.36 in January to the current rate of \$1.97.<sup>39</sup> Despite long working hours, drivers earn incomes that are less than half of the median hourly wage in New York City<sup>40</sup> and far less than what they would need to maintain economic self-sufficiency in the City's economy.<sup>41</sup>**

<sup>39</sup>Automobile Club of New York, "Daily Fuel Gauge Report," September 4, 2003.

<sup>40</sup>Brennan Center for Justice at NYU School of Law, "Current and Proposed Hourly Wages for Taxi Workers, and Other Wage Benchmarks, in 2002 dollars," Petition to Initiate Rulemaking: Economic Justice for Taxi Drivers, April 28, 2003. The median hourly wage for New York City taken from Census 2000 Summary File 3 (SF 3) and adjusted using the CPI – All Urban Consumers Series for NY-NJ-CT-PA.

<sup>41</sup>Brennan Center for Justice at NYU School of Law, "Current and Proposed Hourly Wages for Taxi Workers, and Other Wage Benchmarks, in 2002 dollars," Petition to Initiate Rulemaking: Economic Justice for Taxi Drivers, April 28, 2003.

**Increase in the Cost of Living, Gasoline, and Average Taxicab Fare in New York**

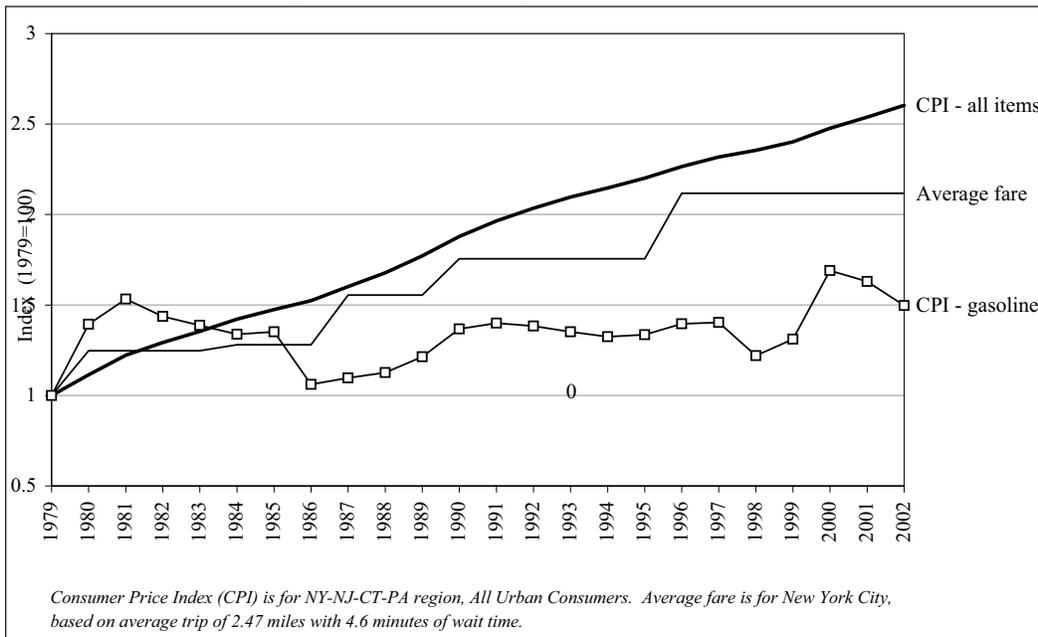
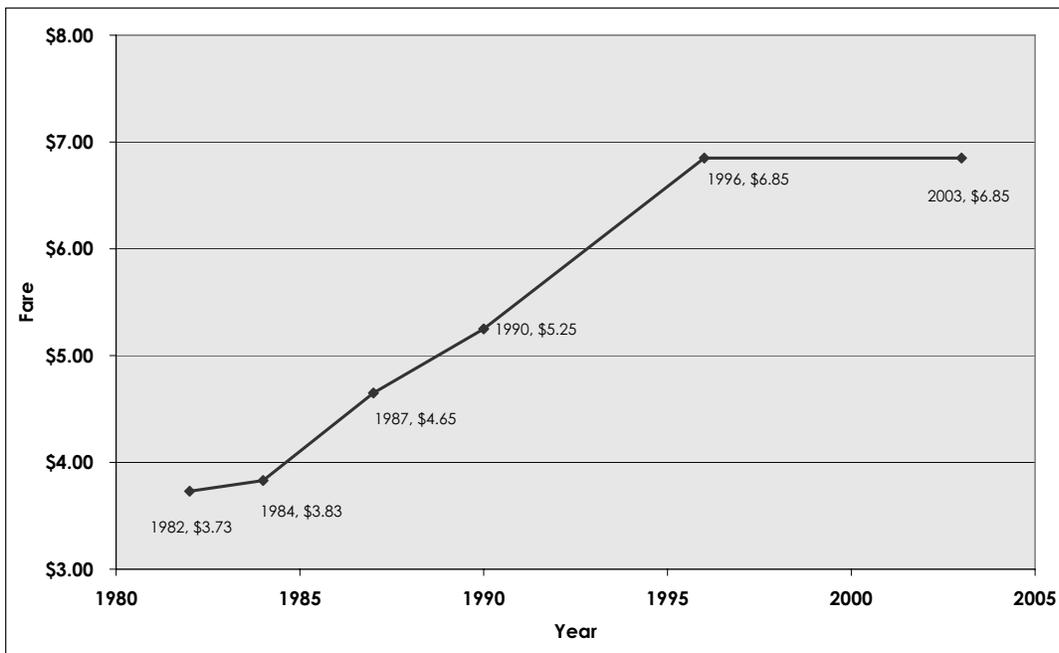


Chart prepared by the Brennan Center for Justice at NYU Law School.

In comparison to eleven other U.S. cities, New York offers the lowest taxi fares, although it also has the second highest cost of living.<sup>42</sup> Only two out of these eleven other major cities have not had a fare increase since 1996.<sup>43</sup>

**FARE INCREASE 1982-2003**



(Source: Haberman, Maggie and Dan Mangan, "The Rate Debate: Today's Taxi Hearing Pits 12% vs. 23% Fare Hike," *The New York Post*, December 27, 2001.)

<sup>42</sup>New York Taxi Workers Alliance, "Typical Taxicab Fares for Major Metropolitan Areas, 2003 and Cost of Living for Major Metropolitan Areas, End of 2002," Petition to Initiate Rulemaking: Economic Justice for Taxi Drivers, April 28, 2003.

<sup>43</sup>Taxicab Fares Increases in Large U.S. Cities," *TLC Magazine*. March 2003. Pg. 4.

The past fare increases have not benefited drivers. Simultaneous increases in lease costs and inflation offset any positive effect on drivers' income. For example, as the 1996 fare increase of 20% was coupled with a simultaneous 14% medallion lease increase, drivers' incomes were effectively lowered.<sup>44</sup> Drivers have yet to benefit from a fare increase, even though one is necessary in order to raise their fallen gross incomes.

<sup>44</sup>Rein, Lisa, "TLC Set to Hit the Brakes on Cab Deal," *Daily News*, April 19, 1996.

## Survey Results

### *Drivers' Debt*

As outlined in Section One, the demographics of the drivers surveyed are instructive, as they provide insight into the problems faced across the industry. Drivers are mostly immigrants who come from countries in the Developing World. Drivers are predominantly the sole earners of income in their households and support numerous family members. In addition, most have been working as drivers for over four years, representing a significant level of stability for the industry. The work experience has not been rewarded with a concomitant increase in earnings or benefits, however. In general, drivers do not enter the industry with financial backing and security; rather, they are vulnerable to the risks and volatility of the industry, where there is little representation of drivers' needs or interests. The following survey results highlight how the extremity of their working conditions has led to severe economic insecurity.

### *Inability to Meet Living Costs*

The results of the survey illustrate that drivers are clearly experiencing economic hardship. They report an inability to meet their daily living expenses. Drivers were asked if they were in arrears, and the amounts of such arrears, in the following expense categories:

- Phone
- Utilities
- Money for Back Home
- Rent or Mortgage: Missed Payments
- Rent or Mortgage: Late Payments

Thirty-eight percent reported missing payments on rent or home mortgages, with each driver in debt owing, on average, \$2,430. Additionally, 20% reported being late on either rent or home mortgage with an average amount owed of \$2,550.

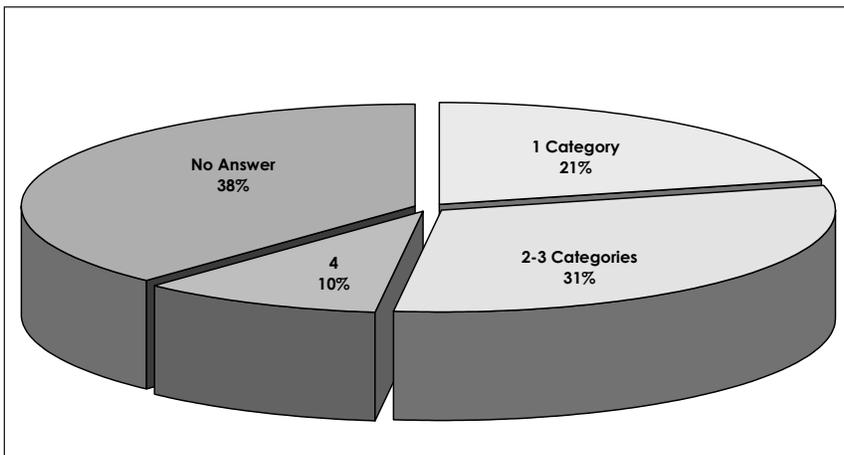
### **Percentage of drivers who reported arrears in the following basic living expenses, with average amounts owed:**

Owed in:	Percentage of drivers that reported non-payments:	Average amount of payment owed of drivers:
Rent or Mortgage (missed)	38.0%	\$2,430
Phone	31.0%	\$240
Utilities	23.6%	\$330

Late payment in:	Percentage of drivers that reported late payments:	Average amount of payment owed of drivers:
Rent or Mortgage	20%	\$2,550

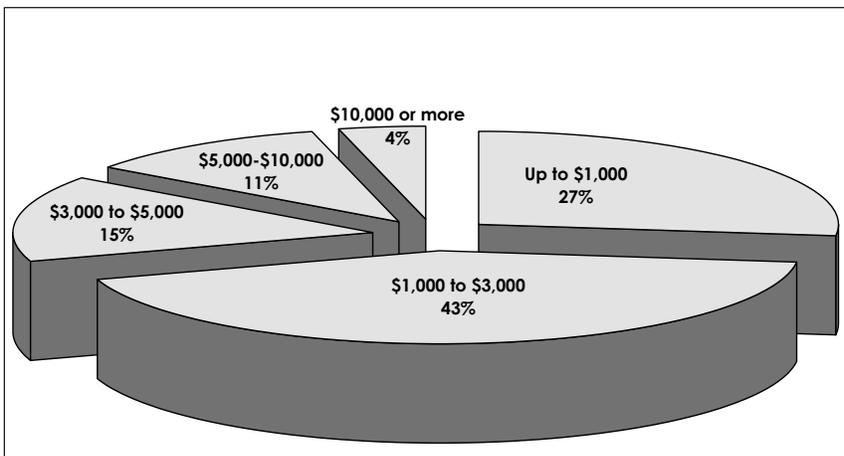
Sixty-two percent of all drivers were facing some form of arrears in rent/mortgage, phone, money owed for dependent family members abroad, or utilities. Moreover, drivers reported being late or unable to pay multiple bills related to living expenses.

**DEBT OWED - CATEGORIES**



Of those categories in which drivers reported being in arrears (rent or mortgage, phone, utilities, and money to support family back home), 31% of drivers indicated that they currently owed in at least two categories, and an additional 10% owed in all four categories.

**DEBT: AMOUNT OWED THAT IS PAST DUE**



Of those that reported being late or unable to pay living expenses, 30% stated that they owed a total of over \$3,000. Forty-three percent (43%) said that they owed between \$1,000 and \$3,000.

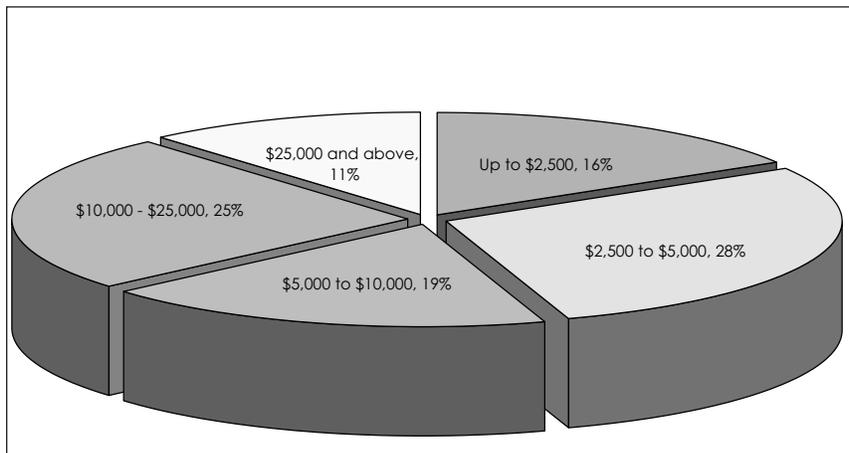
**Debt**

In order to cover rent or overdue payments or bills, drivers reported having to go into some form of debt through credit cards or personal loans or by refinancing their mortgages. Forty-four percent reported putting costs on their credit card, with an average of \$10,225 accumulated in debt. Thirty-nine percent indicated that they had taken out personal loans averaging a total of \$13,950.

Source borrowed from:	Percentage of drivers that reported debt:	Average amount of debt:
Credit Card	44%	\$10,225
Personal Loan	39%	\$13,950
Refinanced Mortgage	3%	\$12,260

In addition to accumulating debt to manage the economic crisis facing drivers, 11% of individuals surveyed reported having to dip into their savings in order to make ends meet. On average, they had depleted their savings by \$5,200.

#### DEBT: AMOUNT BORROWED



Of those who reported having entered into debt, 55% said their debt was over \$5,000; 25% reported debt between \$10,000 and \$25,000, and 11% indicated that their debt was over \$25,000.

## Conclusion

The levels of debt and arrears that drivers are reporting indicate that the majority of drivers are unable to earn a sustainable living wage that would support themselves and their families. As taxi fares have not been increased in over six years, while living costs and gas prices continue to rise in dramatic ways, drivers are beyond the fringes of economic stability. They have been pushed deep into economic hardship. As a result, and to avoid this in the future, we make the following recommendation:

**Establish procedures and time frames for periodic fare adjustments to ensure a livable wage for drivers for years to come.**

In order to ensure that drivers do not, once again, face net earnings that do not correspond to increases in the cost of living, it is imperative that the taxi industry not only raise fares and reduce lease caps but that the TLC put in place mechanisms to review the fares and lease caps on a regular, scheduled basis. This will ensure that the taxi fare and lease costs correspond to living costs.

## SECTION FOUR: Safety Issues

**IN ADDITION TO THE UNFAIR ECONOMICS OF MEDALLION** leasing, drivers are increasingly vulnerable to crime and unsafe conditions. In May 2000, the United States Department of Labor identified taxi driving as one of the most dangerous jobs in the country, where drivers are 60 times more likely to be killed on the job than other workers. And, they face the highest rate of non-fatal assault, exceeded only by police and private security guards.<sup>45</sup> Although these statistics are three years old, recent anecdotal evidence would indicate that the job is only getting more dangerous, not less. According to the NYTWA, taxi drivers are finding themselves in greater danger after the events of September 11<sup>th</sup>, 2001, as many drivers – many of whom are of South Asian or of Arab descent, or are simply immigrants – report that they have been threatened and physically assaulted in incidents they attribute to anti-immigrant bias.<sup>46</sup>

<sup>45</sup>Occupational Safety and Health Administration, "Risk Factors and Protective measures for Taxi and Livery Drivers," U.S. Department of Labor, May 2000.

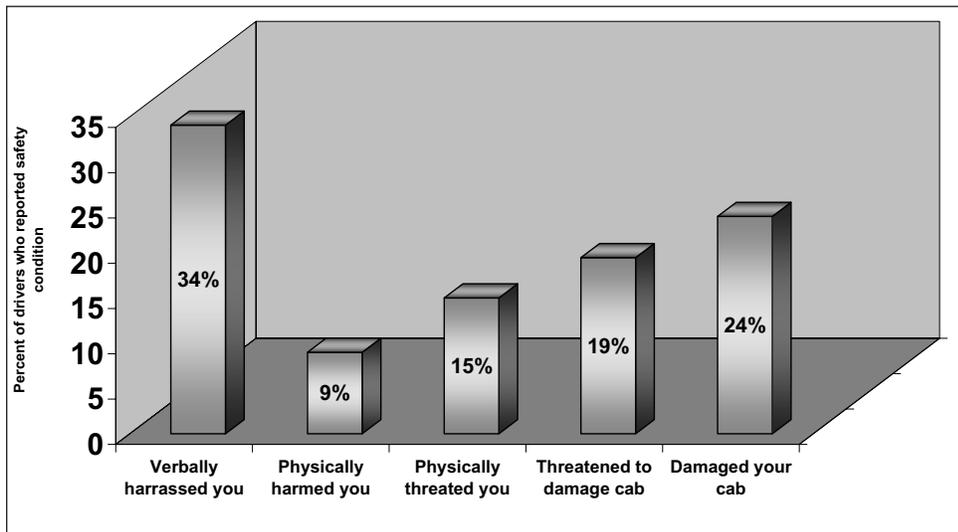
<sup>46</sup>Kennedy, Randy, "Drivers Say They Risk Violence by Working, and May Even Lose Money," *The New York Times*, September 24, 2001.

### SURVEY RESULTS

#### *Safety*

Drivers were asked if they had experienced any of the following forms of verbal and physical abuse in any period of their taxi driving experience

**SAFETY CONDITIONS (PERCENT OF DRIVERS REPORTED)**



**Thirty-four (34%) percent of drivers surveyed reported having experienced verbal harassment. Nearly a quarter of drivers indicated that their cabs had been damaged and 19% said that they had received threats to damage their cab. Nine percent (9%) reported having experienced physical harm and 15% reported experiencing threats of physical harm.**

## Conclusion

In order to ensure drivers' safety, and that a system is put into place that will best address their concerns around safety, we make the following recommendation:

**Create mechanisms for drivers to report, and for agencies to track, harassment of drivers.**

TLC must put into place mechanisms so that drivers may regularly report any incidents of violence or harassment they face during working hours. In addition to public hearings that consider fare increases, there should be hearings focused solely on safety conditions of drivers. Data should be collected and released on a regular basis with regard to driver safety.

# SECTION FIVE: Economic Crisis in the Wake of September 11th

**THE EVENTS OF SEPTEMBER 11<sup>TH</sup>, 2001, THE RELATED TRAFFIC** restrictions, the resulting recession and a wave of anti-immigrant bias that has followed the attacks, have made it practically impossible for drivers to obtain even their pre-September 11<sup>th</sup> earnings. The World Trade Center disaster and its aftermath made the economics of leasing even more unfavorable to the drivers, bringing about serious economic hardship throughout the industry.

The traditional sources of taxi consumers were particularly affected by the events of September 11<sup>th</sup>. As a result of the drop in ridership, coupled by closures or severely restricted access to roads in Manhattan, drivers were unable to work or earn a decent wage in the weeks after the disaster and their income dropped by 50%.<sup>47</sup> Considering that 80% of all taxi trips either begin or end in the Manhattan business district between 60th Street and Battery Park City,<sup>48</sup> the road closures, security concerns, and delays affecting Lower Manhattan severely reduced drivers' daily income. In addition, the tunnel and bridge delays made it difficult for drivers, most of who live in the outer boroughs, to even make it into Manhattan to seek riders.

A marked drop in tourism after September 11<sup>th</sup> also affected drivers' income. NYC saw the largest decline on record of travel to New York City after the disaster, and the first decline since 1991.<sup>49</sup> It is expected that industries like tourism, advertising, transportation, and financial services will experience the aftershocks from the World Trade Center disaster well into the future due to a continued reduction in business.<sup>50</sup>

The TLC and other governmental actors failed to take any action to support drivers during the immediate crisis following the disaster. There were no contingency plans put in place to alleviate the burden that drivers faced as a result of the extreme drop in ridership due to the severe drop in tourism and the street closures below Canal Street

<sup>47</sup>El-Ghobashy, Tamer, "Terrorist Attacks Slash Drivers' Income," *Daily News*, October 11, 2001.

<sup>48</sup>Taxicab Fact Book, p. 8.

<sup>49</sup>New York City and Company "Post 9/11 Talking Points – Facts and Figures," Updated 2/14/03.

<sup>50</sup>Marshal, Randi, "9/11 One Year Later; Terrorism's Shock Wave," *Newsday*, September 9, 2002.

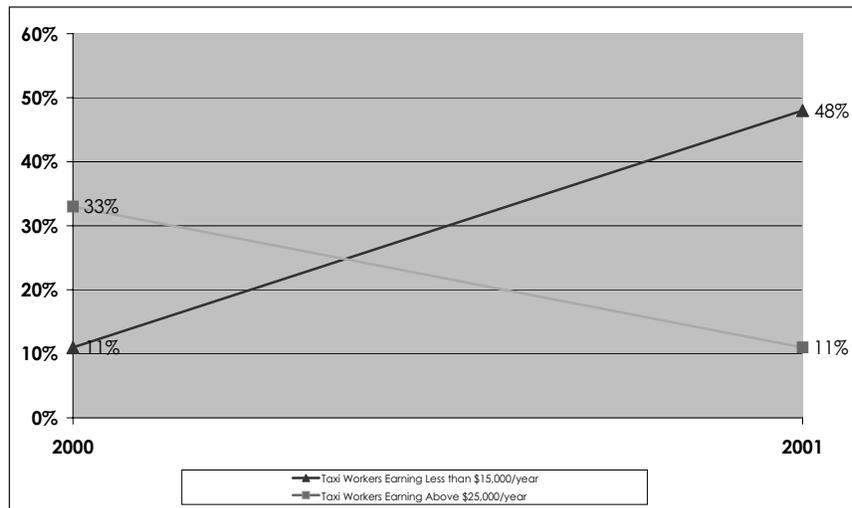
that effectively cut off the drivers' access to the law firms, brokerage houses and other corporate entities found near Ground Zero. These factors were especially devastating to drivers, as they were required to maintain their leasing payments at the same levels as before the attacks. This situation pushed many drivers and their families into economic crisis.

## Survey Results

### *Impact of September 11<sup>th</sup>*

Drivers were asked their yearly income before and after September 11<sup>th</sup>. The question asked drivers for their income in 2000 and 2001 before taxes (with ranges of less than \$15,000, \$15,000 to \$20,000, \$20,000 to \$25,000, \$25,000 to \$30,000 and above \$35,000). The results from this question indicate a significant decrease in driver incomes in the aftermath of the attacks on the World Trade Center. There was an increase in the number of drivers that were earning in the lowest category of \$15,000 or less, and a decrease in number of drivers that were earning above \$25,000.

#### ECONOMIC IMPACT OF SEPTEMBER 11<sup>TH</sup> 2000 vs. 2001 INCOME LEVELS



Of those that reported working 11-12 months per year, there was a 37% increase from 2000 to 2001 of drivers reporting annual incomes of \$15,000 a year or less. Moreover, drivers reporting an income over \$25,000 a year, dropped 22% in this year from 33% to only 11%.

In addition, drivers were also asked amounts earned between the months of September through December in the year 2000 and the year 2001.

Drivers on average reported earning \$7,995 between the months of September through December in 2000 and, earning, on average, \$4,215 in the year 2001 between the months of September through December. There was almost a 50% drop in their earnings in the months following September 2001 compared to earnings one year earlier.

## Conclusion

In industries like the taxi industry, where drivers are already working on the fringe of economic security, a disaster like the September 11<sup>th</sup> attacks will have a devastating impact on their working lives. As a result, it is important that in the future, measures be taken that will better address the needs of drivers during such times. Thus, we make the following recommendations:

**Create temporary emergency contingency plans in the event of federally declared disasters and emergencies that negatively affect drivers.**

The devastating effects of the September 11<sup>th</sup> disaster could have been mitigated if the industry had established programs to help drivers in the aftermath of the attacks. As noted below (see Section Six), taxi drivers were excluded from a broad range of disaster-related benefits available after September 11<sup>th</sup>. It is critical that the industry learn from this experience and establish contingency plans that will ensure that drivers are not, once again, pushed into a long-term economic crisis in the event of another national disaster affecting the City in general and the taxi industry in particular.

## SECTION SIX: Access to Disaster Assistance

**TAXI DRIVERS FACED NUMEROUS BARRIERS TO ACCESSING FEDERAL disaster assistance, regardless of the direct impact of the attacks on the industry.<sup>51</sup> As shown in the Urban Justice Center report *Ripple Effect: The Crisis in NYC's Low-income Communities after September 11<sup>th</sup>*, the problem with the disaster assistance that was available after the attacks was not that too many people would end up seeking such assistance (as was the fear of government actors and many charities), but, rather, despite need and eligibility, too many eligible individuals did not receive, or even seek, such aid.<sup>52</sup>**

Initially, from the days immediately following the attacks through January 2002, private charities were the main sources of aid for rent, mortgage, food, clothing and cash assistance to victims' families and displaced workers. For the most part, such programs were administered by groups like the American Red Cross, the Salvation Army and Safe Horizon. Each of these programs imposed strict eligibility guidelines for relief. Generally, only those living or working in the area south of Canal Street in Manhattan were considered eligible. Although drivers reported that the majority of their income came from Lower Manhattan, documentation of this fact was very difficult to obtain. Thus, in many instances, these programs were not available to drivers.

Generally speaking, after January 2002, the Federal Emergency Management Agency (FEMA) became the main source of disaster aid, particularly through its Mortgage and Rental Assistance (MRA) program. This program would provide 18 months of rent or mortgage assistance to eligible applicants. In addition, a private charitable entity, the Unmet Needs Roundtable, was also functioning. FEMA defined strict and narrow guidelines for relief largely based on geographic boundaries, rather than the actual economic impact of the attacks.<sup>53</sup> Although FEMA and the U.S. Small Business Administration (SBA) made low-interest loans available to some medallion owners and taxi drivers, it was not until a nearly a year after the disaster that FEMA broadened its guidelines under the MRA program so that it covered workers in some of the industries hardest hit by the disaster, including the taxi industry. The Unmet Needs Roundtable continues to provide aid but a critical limitation of the program is that only advocates, not

<sup>51</sup>Urban Justice Center, *Ripple Effect: The Crisis in NYC's Low-Income Communities after September 11th*, September, 2002, p. 28 (cited hereinafter as Ripple Effect Report).

<sup>52</sup>*Ripple Effect Report*.

<sup>53</sup>United Way Report, *Beyond Ground Zero: Challenges and Implications for Human Services in New York City Post September 11*, March, 2002, p. 4.

claimants themselves, may present a particular case to the Roundtable.

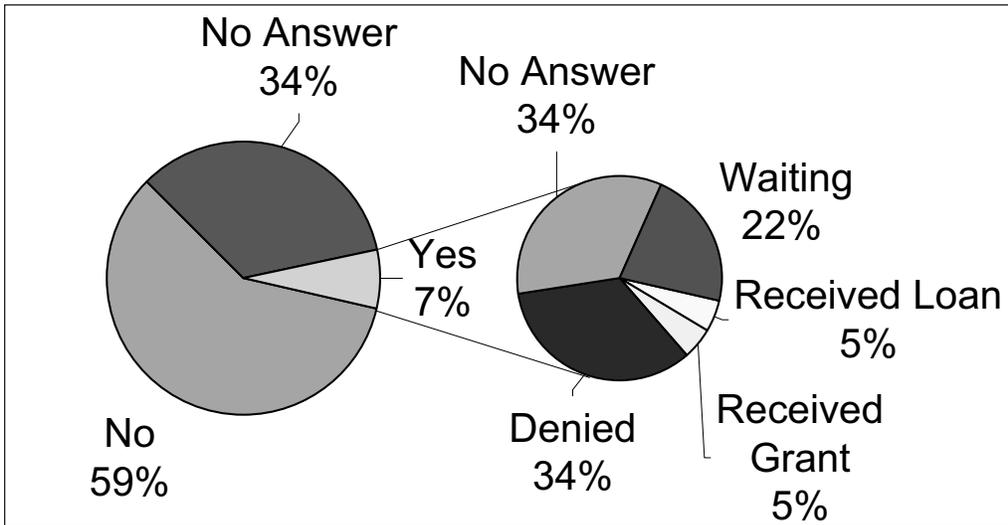
<sup>54</sup>Ripple Effect Report.

The taxi industry was a clear example of an industry, dominated by low-wage workers, that experienced a devastating economic setback after the attacks, yet the workers in that industry were effectively shut out of disaster assistance programs, certainly until FEMA expanded its guidelines in August of 2002. Even when guidelines for eligibility changed for programs like FEMA's Mortgage and Rental Assistance to include some taxi workers, many drivers were unaware of their potential eligibility or faced additional barriers to accessing assistance, such as onerous documentation requirements.<sup>54</sup>

### Survey Results

More than a year after the disaster and months following the change of FEMA guidelines, only 7% of drivers surveyed had applied for disaster assistance and/or FEMA or SBA loans, even though there was an apparent need as indicated by the clear drop in incomes after the disaster. Of those who did apply, one third had been denied assistance and 22% were still waiting for the result of their applications. Only 5% (2 drivers) received disaster aid and 5% (2 drivers) received loans from SBA or FEMA.

#### ACCESS TO 911 DISASTER ASSISTANCE



### Conclusion

Drivers are still reeling from the attacks. With the aid of disaster relief programs, the stress of income loss as a result of the disaster could have been greatly alleviated for drivers. To ensure that drivers receive aid at the critical time that such aid is needed, we make the following recommendation:

**In the event of future disasters, ensure that disaster assistance is available to those most heavily impacted by such events and is accessible without onerous documentation requirements.**

Eligibility guidelines should take into account the extent to which events might impact on entire industries, as opposed to specific individuals. Similarly, documentation requirements must be reasonable to take into account the reality of the industries in which many low-wage workers can be found; taxi drivers were continuously left out of disaster aid programs after September 11<sup>th</sup> due to the nature of the industry and the absence of the type of documentation often expected of claimants. Disaster relief agencies need to take into account the levels of documentation that contingent workers are able to provide and allow for alternative forms of documentation. Standards for independent contractors (particularly, for low-income workers) should differ from those for employees.

## SECTION SEVEN: Conclusions and Recommendations

**THIS REPORT HAS OUTLINED HOW THE STRUCTURE OF THE TAXI industry in New York City, based on an imbalanced system of high leasing rates for medallions and fares that correlate to 1996 costs of living levels, does not foster economic stability, not to mention opportunity for prosperity, for the large majority of taxi drivers. Moreover, drivers have experienced a serious economic and long-term crisis as a result of the disastrous events of September 11<sup>th</sup>, 2001. The industry, unfortunately, failed to respond to this disaster while one of the most important sectors of the industry, its drivers, spiraled into further economic crisis and debt in the aftermath of the attacks. As seen in the results of the survey, the decrease in income and the overwhelming burden of debt that drivers have had to accrue has been debilitating. This crisis will ultimately work to the detriment of the taxi industry overall, as drivers are forced to work longer hours, in unsafe conditions, and even leave the industry because they are unable to earn a living.**

Based on the findings of the survey and the analysis of the industry, the following summarizes the recommendations we have made in this report:

**1) Raise the metered rate of fare and lower the leasing caps charged to drivers for use of the medallion.**

Drivers' incomes are dependent on both the fares and the costs they expend on a daily basis, the bulk of which consists of leasing costs. Therefore, raising both the fare and the lease cap simultaneously does not benefit drivers; rather it serves to maintain the imbalance of profit in the industry. In addition, only lowering the lease cap or raising the fare is not sufficient, as drivers' are already working for 1996 wages, yet paying 2003 costs. Leasing caps are currently too high to allow for drivers to run a financially viable small business. Therefore, it is necessary to simultaneously raise the rate of fare and lower the lease cap.

**2) Establish procedures and time frames for periodic fare adjustments to ensure a livable wage for drivers.**

In order to ensure that drivers do not, once again, face net earnings that do not correspond to an increase in the cost of living, it is imperative that the taxi industry put in place mechanisms to review the fares and lease caps on a regular basis.

**3) Create mechanisms for drivers to report, and for agencies to track, harassment of drivers.**

TLC must put into place mechanisms so that drivers may regularly report any incidents of violence or harassment they face during working hours. In addition to public hearings that consider fare increases, there should be hearings focused solely on safety conditions of drivers. Data should be collected, released and responded to on a regular basis.

**4) Create temporary emergency contingency plans in the event of federally declared disasters and emergencies that negatively affect drivers.**

The devastating effects of the September 11<sup>th</sup> disaster could have been mitigated if the industry had established programs to help drivers in the aftermath of the attacks. It is critical that the industry learn from this experience and establish contingency plans that will ensure that drivers are not, once again, pushed into a long-term economic crisis in the event of another national disaster affecting the City in general and the taxi industry in particular.

**5) In the event of future disasters, ensure that disaster assistance disbursement be made available to those most heavily impacted and be accessible.**

Policies that define qualifying victims of disasters should consider the impact on whole industries as well as individuals. In addition, taxi drivers were continuously left out of disaster aid programs due to industry-related hardships in collecting required documentation. Disaster relief agencies need to take into account the levels of documentation that contingent workers are able to provide and allow for alternative forms of documentation. Standards for independent contractors (particularly, for low-income workers) should differ from those for employees.

# APPENDIX

<b>New York Taxi Workers Alliance</b>	<b>D/B</b> <input type="checkbox"/> Entered
122 W. 27 <sup>th</sup> St. – 10 <sup>th</sup> Fl. NY, NY 10001 Ph.: 212-627-5248 F: 212-741-4563 nytwa1@aol.com	

## EMERGENCY FUNDS APPLICATIONS FOR TAXI DRIVERS:

Name: _____ Address: _____	
City: _____	State: _____ Zip Code: _____
Home #: _____ Pager/Cellular: _____	
E-mail: _____ CB: _____ Shift: <input type="checkbox"/> Day <input type="checkbox"/> Night <input type="checkbox"/> Both Year started: _____	
Country of Origin: _____ Hack Number: _____	

- 1) What was the **date** of your last full shift? \_\_\_\_\_/02 a.) Shift:  Day  Night  Both
- b) How much were your costs toward the day of your last full shift:
  - Gas \$ \_\_\_\_\_ that day
  - Medallion lease/payments \$ \_\_\_\_\_  Day  Week  Month
  - Car Insurance \$ \_\_\_\_\_  Day  Week  Month
  - Car Payment \$ \_\_\_\_\_  Day  Week  Month
  - Maintenance \$ \_\_\_\_\_  Day  Week  Month
  - Repairs \$ \_\_\_\_\_  Day  Week  Month
  - Other (i.e. tickets) \$ \_\_\_\_\_  Day  Week  Month
- c) How much were your meter bookings? \$ \_\_\_\_\_

2) **About SAFETY**

Has Anyone:	Month and number of times
a. Verbally harassed you?	
b. Physically harmed you?	
c. Physically threatened you?	
d. Damaged your cab?	
e. Threatened to damage your cab?	

- 3) May we follow-up with you for more details on the incidents?  Yes  No

**That Is All The Questions I Have. Now, You Will Meet With An Advocate Who Will Give You Information About Disaster Assistance Programs And Help You Apply For FEMA'S Rent And Assistance Program If You Qualify.**=====

- 4) What best describes your working arrangement:

Owner-Driver or Owner-Operator

Lease Driver:  Garage  Broker  Private Owner/Owner-Driver/Partner owns car

i) Name of owner: \_\_\_\_\_

- 5) How many people does your income support (including yourself)? \_\_\_\_\_
- 6) How many of them are children under 18 years of age? \_\_\_\_\_
- 7) Are you the only income earner in the family?  Yes  No

8) What bills do you owe (not pay, but owe)?

Item	Month and Amount	GRAND TOTAL
1. Phone		\$
2. Utilities		\$
3. \$ for Back Home		\$
4. Rent or Mortgage: Missed Payments		\$ Needs Lawyer: Yes <input type="checkbox"/> No
5. Rent or Mortgage: Late Payments		\$
6. Personal Loan		\$
7. Credit Card Use:		\$
8. Use of Savings:		\$
9. Refinanced mortgage		\$
<b>GRAND TOTAL \$</b>		<b>TOTAL FEMA REQUEST \$</b>

9) Whose name is on the lease: self roommate no lease family member other \_\_\_\_\_

10) How much is your current rent? \$ \_\_\_\_\_

**INCOME QUESTIONS**

11) What was your income (pre-tax) for the year 2000?:

Less than \$15,000 \$15,000 - \$20,000 \$20,000 - \$25,000 \$25,000 - \$30,000 Over \$30,000

12) How many months did you work that year? \_\_\_\_\_ B. Amount earned September thru Dec.: \$ \_\_\_\_\_

13) What was your income (pre-tax) for the year 2001?:

Less than \$15,000 \$15,000 - \$20,000 \$20,000 - \$25,000 \$25,000 - \$30,000 Over \$30,000

14) How many months did you work that year? \_\_\_\_\_ B. Amount earned September thru Dec.: \$ \_\_\_\_\_

**EMERGENCY FUNDS HISTORY QUESTIONS**

15) Did you **apply or try to apply** for Disaster Assistance? Yes No

16) If YES, what happened with your application:

Still waiting for result Received Loan Received Grant

Denied assistance: Over the phone/in person when tried to apply. After they received the application.

**FEMA:** To qualify, you must be a US citizen or a green card holder or have a child or spouse who is a citizen. You must have suffered a 25% loss in income since 9/11/01 and be behind in your rent or have borrowed money

(credit card or loan) or used savings to pay your rent. Would you like to apply? Yes No

**Private Funds:** There may be private funds available for general cash assistance open to anyone who shows economic hardship since 9/11/01, would you like to apply: Yes No

Thank you for your time. The questions you answered before are part of a private fund application. We will review your information and let you know of the status of your application.

NEEDS	FEMA Documents: Registration Number:								
	<b>1. Certification of Household Income (FEMA Form): ONLY 1 TYPE NECESSARY</b>								
	<ul style="list-style-type: none"> <li>Letter from garage or broker or private owner – <i>NYTWA Affidavit</i></li> </ul>								
	<table border="1"> <tr> <td>Trips sheets:</td> <td>• 2 before</td> <td>• 2 after</td> <td>• 2 current</td> </tr> <tr> <td>Tax forms:</td> <td>• 2000</td> <td>• 2001</td> <td>• 2002</td> </tr> </table>	Trips sheets:	• 2 before	• 2 after	• 2 current	Tax forms:	• 2000	• 2001	• 2002
Trips sheets:	• 2 before	• 2 after	• 2 current						
Tax forms:	• 2000	• 2001	• 2002						
	<ul style="list-style-type: none"> <li><b>Owner-drivers:</b> Affidavit attesting to loss of income &amp; copy of rate card– <i>NYTWA Affidavit</i></li> </ul>								
	<b>2. Notice of Delinquency (FEMA Form): MARK AS MANY AS APPLY</b>								
	<ul style="list-style-type: none"> <li>Late notice OR Notice of Eviction OR Termination OR Foreclosure.</li> <li><b>Recertification:</b> FEMA \$ spent and search for lower rent attempted– <i>NYTWA Affidavit</i></li> <li><b>Recertification:</b> Landlord support letter for recertification– <i>NYTWA Affidavit</i></li> <li><b>Recertification:</b> FEMA \$ spent on loan repayment – <i>NYTWA Affidavit</i></li> <li><b>Used Credit Card:</b> statements showing when money used for rent was withdrawn.</li> <li><b>Used Loan:</b> Letter from lender – <i>NYTWA Affidavit</i></li> <li><b>Used Savings:</b> Bank Statements.</li> <li><b>Name not on lease/mtge. papers:</b> Roommate Affidavit &amp; Lease Copy– <i>NYTWA Affidavit</i></li> <li><b>Moved after 9/11/01 to place with lower rent:</b> Current lease copy and Former lease copy</li> <li><b>Home-Owners:</b> Refinance Papers.</li> </ul>								
	<b>3. Declaration of Applicant (FEMA Form)</b>								
	<b>4. Applicant's Statement/Authorization (FEMA Form)</b>								
	<b>5. Proof of Identity:</b>								
	<table border="1"> <tr> <td>• Copy of DMV License</td> <td>• Copy of Birth Certificate for child applicant</td> </tr> </table>	• Copy of DMV License	• Copy of Birth Certificate for child applicant						
• Copy of DMV License	• Copy of Birth Certificate for child applicant								
	<b>6. Proof of pre-disaster residency:</b>								
	<ul style="list-style-type: none"> <li>Copy of Letter or Phone or Utilities bill <b>BEFORE 9/11/01</b></li> <li><b>If changed residence after 9/11/01:</b> Copy of old and new lease</li> </ul>								
	<b>7. NYTWA Support Letter: come to office (Mon. – Fri. 2pm – 6pm) at 122 W. 27<sup>th</sup> St. 10<sup>th</sup> Fl.</b>								

Status	FEMA	Bridge Fund	UMCOR
In-take Date			
Application Forwarded			
Result			