

UC Berkeley

Recent Work

Title

Chicago Transportation Network Drivers' Earnings and Projections Under Proposed City Ordinance

Permalink

<https://escholarship.org/uc/item/1qz9s2b3>

Authors

Jacobs, Ken

Farmand, Aida

Publication Date

2025-01-21

UC Berkeley Center for Labor Research and Education
January 2025

Chicago Transportation Network Drivers' Earnings and Projections Under Proposed City Ordinance

By Ken Jacobs and Aida Farmand

A proposed ordinance in the Chicago City Council would set minimum standards for transportation network driver compensation.¹ In this brief we analyze drivers' earnings in Chicago under current law, and what drivers would earn under the proposed policy.

To examine driver earnings, we calculate net earnings (income minus expenses) during a driver's full shift. This includes all of the time the driver is working—whether they have a passenger in the vehicle, are en route to pick up a passenger, are engaged to wait for a request, or are driving back to an area where they are more likely to receive a new request after dropping off a passenger. We find that the typical passenger driver in Chicago had net earnings of \$10.85 an hour in January 2022, not including tips.

In order to provide a measure that is comparable to wage-earners, we next calculate employee-equivalent earnings. This takes net shift-time earnings and accounts for the value of mandatory benefits a worker receives when they are a W-2 employee. Using employee-equivalent earnings allows for an apples-to-apples comparison between earnings from workers treated as independent contractors and those paid as W-2 employees. We find that the typical passenger driver in Chicago had employee-equivalent earnings of \$9.05 an hour in January 2022.

¹ City Council of the City of Chicago, Committee on Workforce Development, Amendment of Municipal Code Titles 2, 3, 8 and 9 by modifying and adding various sections regarding regulation of taxicab, public chauffeur and transportation network operations. The policy applies to passenger driving only, not delivery.

The proposed Chicago ordinance would set minimum pay for drivers at 65 cents a minute and \$1.85 per mile during the time a passenger is in the vehicle, and a minimum payment of \$7 per ride. The minimum per minute and per mile structure is similar to laws already in place in New York City and the states of Washington and Minnesota. We find that the proposed minimum driver compensation standard would bring average driver employee-equivalent earnings to between \$18.76 and \$21.95 an hour. Individual drivers may earn less or more than these amounts on any given day depending on traffic, waiting times, and the vehicle driven, among other factors. This is a marked increase over current earnings, but still below a living wage for a single individual or two working parents with one child in Cook County. It will be important for the City to adjust rates going forward based on the average share of a worker's full shift that a passenger is in the vehicle as well as on the cost of living in order to maintain the desired standard for driver earnings.

Background

In November 2024, 58,498 drivers carried out more than 7.5 million passenger trips for transportation network providers (TNPs) in Chicago, mainly Uber and Lyft.² This was up from 17,195 drivers and 1.5 million trips in April 2020 at the start of the pandemic. TNP activity has not fully recovered in the city to the pre-pandemic average of 72,000 drivers carrying more than 9 million trips a month.³

The growth of TNPs has led cities and states to consider or implement regulatory policies setting driver pay and benefit standards. New York City, Massachusetts, Minnesota, Washington State, and California have pay standards in policy. Many other jurisdictions are considering similar policies. All of these policies set minimum per minute and per mile standards, with great variation between those standards. The policies in New York City, Minnesota, and Seattle were developed through public processes and based on comprehensive data on driver income and expenses. Analysis carried out for these jurisdictions took into account the full amount of time that drivers are working and the full expenses associated with owning and operating a vehicle for TNC work, and were designed to result in minimum earnings at least equivalent to the local minimum wage. In this paper we follow the methods used by James Parrott and Michael Reich in each of those studies.⁴

2 Transportation network providers is the term used by the City of Chicago for transportation network companies providing passenger services, i.e., rideshare companies.

3 Authors' analysis of City of Chicago Data Portal, "Transportation Network Providers - Drivers." Count of drivers carrying out at least one trip during the reporting period and sum of trips per reporting period. Pre-pandemic average is for March 2019–February 2020.

4 Parrott and Reich, "An Earnings Standard for New York City's App-Based Drivers: Economic Analysis and Policy Assessment"; Parrott and Reich, "A Minimum Compensation Standard for Seattle TNC Drivers"; Parrott and Reich, "Transportation Network Company Driver Earnings Analysis and Pay Standard Options."

To carry out this analysis of the Chicago proposal, we use data from Gridwise, a free third-party app drivers use to track their trips, hours, and earnings across platforms. For rideshare services, it includes data from Uber and Lyft. For each work shift and individual trip, the app tracks time, miles driven, and earnings, including base pay, tips, bonuses, and incentives. We previously used Gridwise data from 1,088 drivers and 52,370 shifts from January 10 to January 24, 2022, to analyze earnings of transportation and delivery drivers in five metro areas: Boston, Chicago, Los Angeles, San Francisco, and Seattle.⁵ In this report we use the subset of that data from transportation drivers in Chicago covering 38 drivers and 393 trips carried out in that city. We verify our results using existing research on TNPs in Chicago and nationally.

Driver time and miles

We start with some definitions. Driver shift time and miles can be broken down into three periods: P1 is when drivers await a request for a ride and/or are returning from an outlying area after dropping off a passenger. P2 is the time spent driving to pick up a passenger. P3 is the time a driver has a passenger in the vehicle. **Trip time and miles** are the time and miles associated with P3. **Shift time and miles** include the entire time the driver is working—from the moment the app is turned on to the moment the driver has finished the final trip and logged off (P1-P3). **Time utilization rate** is the P3 share of the shift time, that is, the share of working time the driver has a passenger in the vehicle. **Miles utilization rate** is the P3 share of miles driven during the shift.

We can see from Table 1 that in our sample close to one third (29%) of drivers' time was spent waiting for a ride request or returning after dropping off a passenger (P1); the same holds for the miles that they drive during a shift: 33% of miles were driven in P1. The time utilization rate (P3) was 50% and the miles utilization rate (P3) was 56%.

Table 1. Average percentage of driver shift time and miles by period

Period	Time	Miles
P1	29%	33%
P2	21%	11%
P3	50%	56%
Total	100%	100%

⁵ For a description of the data and methodology, see Jacobs et al., "Gig Passenger and Delivery Driver Pay in Five Metro Areas."

These findings are in line with what we have seen in other studies of rideshare driving in Chicago. Crowe LLP⁶ shows an average time utilization rate of 52% in its sample from 2017-2000. Fehr & Peers⁷ found an average miles utilization rate of 55% in Chicago in September 2018.

Driver earnings

To calculate gross hourly earnings we include all of the time that a driver is working during a shift: P1, P2, and P3.⁸ For earnings we include all earnings (base pay, bonuses, and incentives) exclusive of tips. We find average gross driver earnings of \$24.59 during this period. Tips add another \$1.85 an hour in gross income.

To calculate net earnings we include all miles driven during the shift across each of the time periods. To estimate expenses we use the Internal Revenue Service rate for early 2022 of 58.5 cents a mile. The IRS rate draws from an annual study of the costs of owning and operating an automobile, including both fixed and variable costs. The IRS rate provides the standard mileage rate for the tax deduction for business vehicle use. Subtracting hourly expenses from hourly income, we find average net earnings of \$11.27 an hour without tips.

Transportation network drivers are paid as independent contractors. In order to do an apples-to-apples comparison of their earnings to what they would be as W-2 workers, we calculate wages on an employee-equivalent basis. Gig drivers do not receive equivalent benefits to employees. Like all workers treated as independent contractors, they must pay both the employee and the employer share of Medicare and Social Security taxes. They do not receive state-mandated paid leave, or the unemployment or workers' compensation insurance W-2 workers get. For W-2 workers in Chicago, the value of these benefits is calculated to be 19.83% of wages.⁹

6 Crowe LLP, "Public Passenger Vehicle (PPV) Study: Chauffeur Conditions and Effects on License Holders."

7 Fehr & Peers, "Estimated TNC Share of VMT in Six US Metropolitan Regions (Revision 1)."

8 The TNPs typically define "engaged time" P23 as work time, thereby excluding the time drivers are waiting for their next request or returning from outlying areas. Millard-Ball et al., "Where Ridehail Drivers Go between Trips" used data on 5.3 million San Francisco trips to analyze what drivers were doing during P1 time. They found that drivers spent 63% of P1 time driving or returning to driver hubs, 23% cruising, and 14% parked and waiting for their next request. This provides strong evidence that drivers are, in fact, working during P1 time.

9 The employer side of payroll taxes is 7.65% of gross earnings; unemployment insurance is 2.62%, paid sick leave and paid leave are each one hour for every 35 hours worked, which together equals 5.71% of payroll; mid-range workers' comp for taxi drivers is 3.85%. See Jacobs et al., "Gig Passenger and Delivery Driver Pay in Five Metro Areas" for details. Chicago paid leave requirements can be found at City of Chicago, "Paid Leave and Paid Sick Leave."

Dividing \$11.27 an hour by 1.1983, we find that on average drivers had employee-equivalent earnings of \$9.40 an hour. There is considerable variation among driver earnings. The typical, or median, driver earned slightly less than the average, \$9.05 an hour.

Table 2. Chicago transportation network driver average and median earnings, January 2022 (excludes tips)

	Average	Median
Gross Earnings	\$24.59	\$23.99
Net Earnings	\$11.27	\$10.85
Employee-Equivalent Earnings	\$9.40	\$9.05

Including tips increases the average employee-equivalent wage to \$10.99.

Comparison to other studies

Chicago studies

In 2023, Crowe LLP produced a study of public passenger vehicle driver earnings for the City of Chicago Department of Business Affairs and Consumer Projection.¹⁰ Similar to our study using Gridwise data for Chicago,¹¹ Crowe LLP found that, from the last quarter of 2017 through the third quarter of 2020, drivers spent an average of 52% of their shift time with a passenger in the vehicle.¹² The report looked at what they defined as “full-time” employees—drivers working at least 30 hours per week, only including time with passengers (i.e., P3). Since drivers spend half of their shift time with a passenger in the vehicle, to meet this requirement drivers would need to work around 60 hours in a week. This was true of only a small fraction of drivers—0.25%-6.05%, depending on the study week.

The study estimated that most drivers earned between \$18.90 and \$27.90 net pay per hour. Again, however, this only includes time and expenses during P3. It does not include the time spent or costs incurred from driving back from an outlying area or otherwise being engaged to wait for a trip (P1), or the time and cost of driving to a passenger who

¹⁰ Crowe LLP, “Public Passenger Vehicle (PPV) Study: Chauffeur Conditions and Effects on License Holders.”

¹¹ Jacobs et al., “Gig Passenger and Delivery Driver Pay in Five Metro Areas.”

¹² Crowe LLP reports P3 share of time for quarterly periods. The share in each quarter ranged from 32% to 64%. The average across 12 quarters is 51.75%.

has requested a ride (P2). Adjusting for time spent in P1 and P2 (though without taking into account the additional expenses) would bring net earnings to between \$9.45 and \$13.45, with a midpoint (\$11.45) that is very close to our net earnings estimate before taking into account the difference in mandated benefits (\$11.27). In their 2024 report Parrott and Reich find that adjusting the Chicago data used in the Crowe study for total shift time and expenses incurred during P1 and P2 time would bring average earnings down to less than \$5.50 an hour.¹³

A second study, from Manzo, Petrucci and Bruno,¹⁴ used data from the City of Chicago's Data Portal for January–June 2021.¹⁵ As with our estimates, the study estimates driver earnings per hour taking into account both the full time that a driver is working during a shift and all the expenses incurred driving during the shift.

The data used in the Manzo, Petrucci and Bruno study included trip times and miles for 22.5 million trips; however, the portal does not provide data on shift time or miles. To estimate the time utilization rate and the miles utilization rate—which is necessary for estimating full-shift per hour earnings and per mile expenses—the authors use the P3 share of miles estimate from Fehr & Peers¹⁶ for both miles and time. To estimate driver's earnings, they use passenger fare data from the Chicago Data Portal and assume the drivers earned an average of 75% of the fares in 2021, as reported by Uber and Lyft at the time.¹⁷ They find estimated average employee-equivalent earnings of \$12.72 per hour including tips, below the city's minimum wage at the time of \$15 an hour. However, their estimated employee-equivalent earnings only takes into account the employer's share of Social Security and Medicare taxes. Subtracting tips and adjusting for the full set of benefits we use in our analysis (see footnote 9 above) brings their estimated average earnings to \$9.61 an hour, very close to our estimated average earnings of \$9.40 an hour without tips.

13 Parrott and Reich, "Transportation Network Company Driver Earnings Analysis and Pay Standard Options."

14 Manzo, Petrucci, and Bruno, "Improving Labor Standards for Uber and Lyft Drivers in Chicago: Classifying Drivers as Employees Would Deliver Superior Outcomes."

15 TNPs are required to provide data on drivers, trips, sessions, vehicles, and compensation to the City of Chicago, parts of which are made publicly available on the Data Portal.

16 Fehr & Peers, "Estimated TNC Share of VMT in Six US Metropolitan Regions (Revision 1)."

17 See page 4 of Manzo, Petrucci, and Bruno, "Improving Labor Standards for Uber and Lyft Drivers in Chicago: Classifying Drivers as Employees Would Deliver Superior Outcomes."

Other studies using Gridwise data

Using Gridwise data, Jacobs et al.¹⁸ looked at driver earnings in five metro areas, including Chicago. They found net median employee-equivalent pay of \$5.97 an hour in Los Angeles and the San Francisco Bay Area following implementation of Proposition 22, a gig-company-designed initiative in California that set minimum driver compensation standards. That compared to \$9.18 an hour across the three other cities (Boston, Chicago, and Seattle).

Big Lake Data¹⁹ and Michael Reich²⁰ both analyzed driver earnings in Massachusetts using Gridwise data. Big Lake Data estimated net earnings of \$12.82 an hour including tips, while Reich estimated \$11.22 without tips. Reich further estimated that the new pay policy in place in Massachusetts (resulting from a legal settlement) would result in average net driver earnings between \$12.92 and \$15.10 an hour.

Proposed minimum driver compensation ordinance

Among other provisions, the proposed Chicago City Council ordinance would establish minimum driver compensation standards that would set per minute and per mile pay rates, along with a minimum per minute trip amount.

Per minute rate: The per minute rate would apply to the time a passenger is in the vehicle (P3). The initial rate would be \$0.65 cents a minute. This amount would be adjusted annually to changes in the Consumer Price Index.

Per mile rate: The per mile rate would likewise apply to the miles driven with a passenger in the vehicle. The initial rate would be \$1.85 a mile. As with the per minute rate, the per mile rate would be adjusted annually by the Consumer Price Index.

Minimum per trip amount: Drivers would receive minimum compensation per trip of \$7 an hour.

The proposed Chicago policy is similar in structure to the policies in place in New York City, Minnesota, and Washington State for Seattle. While the rates apply to P3 time and miles, the rates were set taking into account time spent in P1 and P2 and fully accounting for expenses related to miles driven in P1 and P2. The rates in New York City and Seattle were also designed to cover the value of some or all mandatory employee benefits the

18 Jacobs et al., "Gig Passenger and Delivery Driver Pay in Five Metro Areas."

19 Drivers Demand Justice and Big Lake Data, "The Real Economics of Ridehail Work: What It's like to Work for Uber and Lyft in Massachusetts."

20 Reich, "Gig Driver Pay Standards in Massachusetts, Minnesota and California."

drivers would receive if treated as W-2 workers. In New York City, for example, the value of the employer side of payroll taxes and paid time off is included in the per minute rate.²¹ In Seattle, the pay rate was designed to cover the costs of a broad set of employee benefits.²²

Earnings under proposed ordinance

To calculate average hourly driver shift earnings under a proposed per minute and per mile rate, we need to know the utilization rate for time and miles (i.e., P3's share of total shift time and total shift miles driven). Multiplying hourly trip earnings by the time utilization rate gives us hourly earnings for the full shift time. For example, if a driver earned \$30 an hour during P3, and P3 made up half of the driver's time in the shift, then the driver would have earned \$15 per shift hour ($\30×0.5).

As discussed above, we estimate that the time utilization rate in Chicago in 2022 was 50% and the miles utilization rate was 56%. We have evidence from other cities, however, that utilization rates for drivers have fallen since 2022. In Toronto, the time utilization rate fell from 61.4% in 2023 to 54.4% in 2024. The mileage utilization rate in Toronto fell from 72.4% to 66.0% during the same time period.²³ In New York City, time utilization for drivers fell from 58% in 2022 to 53% in 2024.²⁴

It is highly likely utilization rates have also declined in Chicago since 2022. In Chicago as in New York, the number of drivers grew rapidly in 2022 and 2023 as both supply and demand bounced back from the pandemic.²⁵ In both cities the number of rides grew at a similar pace to the number of drivers active in a given month. However, in New York, where data on average daily hours and average monthly hours worked is publicly available, we can see that the average time worked per driver also increased during this period. Supply grew both in the number of drivers (intensive margin) and in drivers' work time (extensive margin), resulting in a greater increase in work hours than in trips, and thus more time without a passenger in the vehicle.

21 Workers' compensation is provided to New York City For-Hire Vehicle drivers through a Black Car Fund fee added to the fare.

22 Parrott and Reich, "A Minimum Compensation Standard for Seattle TNC Drivers." The Seattle Policy was later superseded by a state of Washington policy that maintained the Seattle pay rate. Drivers also now receive workers' compensation, paid sick leave, and unemployment benefits. See: Drivers Union, "Washington's Fair Pay Standard."

23 Young, Farber, and Rahman, "On the Road."

24 New York Taxi & Limousine Commission, Utilization Rate, October 2024.

25 Authors' analysis of City of Chicago Data Portal, "Transportation Network Providers - Drivers"; James Parrott analysis of public data from the New York Taxi and Limousine Commission via private communication December 27, 2024.

As mentioned above, the publicly available data for transportation network providers on the Chicago Data Portal does not include data on shift time or miles. For this analysis, we provide two estimates. The high estimate assumes that the utilization rate is unchanged since 2022. The high estimate uses the utilization rates calculated from the Gridwise data, 50% for time and 56% for miles. The low estimate assumes that the utilization rate for time and miles fell in Chicago at the average rate they fell in New York and Toronto, a 10% decline in time utilization and a 9.4% decline in mileage utilization, giving us rates of 45% for time utilization, and 51% for miles utilization.

Table 3 shows our calculation for driver earnings under Chicago's proposed minimum standard. The minimum per minute rate is in Line 1 (\$0.65). Line 2 shows our low (45%) and high (50%) time utilization rates. To calculate average driver hourly shift time earnings from the per minute rate, we multiply the proposed per minute rate by the high and low time utilization rates (Line 3). We multiply the results by 60 to get average hourly per minute earnings for shift time of \$17.55 in our low scenario and \$19.50 in our high scenario (Line 4).

To calculate per mile earnings per shift hour, we multiply the proposed \$1.85 per mile rate (Line 5) by the average driver miles per hour in the Gridwise data for Chicago of 20.22 (Line 6) and the mileage utilization rate of 51% and 56% under each of the two scenarios (Line 7). This results in average per mile earnings per shift hour of \$19.08 in the low scenario and \$20.95 in the high scenario (Line 8).

Adding the per minute pay per shift hour (Line 4) to the per mile pay per shift hour (Line 8) gives us the estimated average gross earnings per shift hour of \$36.63 in the low scenario and \$40.45 in the low scenario (Line 9).

For expenses, we use the 2025 IRS mileage rate of 70 cents per mile multiplied by the average miles driven per hour. This estimate is likely to be low. The actual costs will depend on the age, make, and model of the vehicle, relative gas prices, and whether the driver owns or rents the vehicle. The 2021 City of Chicago Public Passenger Vehicle Chauffeur survey, reported by Crowe LLP, found that 13% of TNC drivers lease or rent a vehicle.²⁶ A recent study for the New York Taxi and Limousine Commission found that the cost of renting a vehicle is 25-30% greater than the cost of owning a vehicle.²⁷ Additionally, the price of fuel in Illinois is 6% higher than the national average used by the IRS to set the mileage rate.²⁸

26 Crowe LLP, "Public Passenger Vehicle (PPV) Study: Chauffeur Conditions and Effects on License Holders," p. 24.

27 Parrott, "Revised Expense Model for the NYC Taxi and Limousine Commission's High-Volume For-Hire Vehicle Minimum Pay Standard."

28 American Automobile Association, "Fuel Prices."

Multiplying the 2025 IRS mileage rate (Line 10) by the average miles driven per hour (Line 6), gives us estimated average hourly expenses of \$14.15 (Line 11). Subtracting average hourly expenses (Line 11) from average hourly shift earnings under each of the scenarios (Line 9) gives us average net hourly shift earnings of \$22.48 in the low scenario and \$26.30 in the high scenario.

Finally, to calculate employee-equivalent earnings, we adjust the net earnings to account for the fact that drivers treated as independent contractors do not receive the mandatory benefits provided to W-2 workers. As explained earlier, for W-2 workers in Chicago, the value of these benefits is calculated to be 19.83% of net earnings (see note 7). We find that on average, drivers would earn the equivalent of \$18.76 to \$21.95 an hour under the Chicago ordinance proposal before tips (Line 13). By point of comparison, MIT calculates the living wage for a single individual in Chicago at \$23.60 an hour, and the living wage for two working parents with one child at \$22.89 an hour in 2024.²⁹

Table 3 Projected minimum hourly earnings under alternative policy scenarios

	Low	High
1. Proposed per minute rate	\$ 0.65	\$ 0.65
2. Time utilization (P3 share of time)	0.45	0.50
3. Average shift time per minute rate ([Line 1] × [Line 2])	0.2925	0.325
4. Average gross per minute pay per shift hour ([Line 3] × 60)	\$ 17.55	\$ 19.50
5. Proposed per mile rate	\$ 1.85	\$ 1.85
6. Average miles driven per hour	20.22	20.22
7. Miles utilization (P3 share of miles)	0.51	0.56
8. Average gross per mile pay per shift hour ([Line 5] × [Line 6] × [Line 7])	\$ 19.08	\$ 20.95
9. Gross hourly earnings per shift hour ([Line 4] + [Line 8])	\$ 36.63	\$ 40.45
10. 2025 IRS mileage rate	\$ 0.70	\$ 0.70
11. Hourly expenses ([Line 6] × [Line 10])	\$ 14.15	\$ 14.15
12. Net earnings after expenses ([Line 9] - [Line 11])	\$ 22.48	\$ 26.30
13. Employee-equivalent earnings ([Line 12] ÷ 1.1983*)	\$ 18.76	\$ 21.95

* For W-2 workers in Chicago, the value of the employee-equivalent benefits is calculated to be 19.83% of wages. See footnote 9 for details.

²⁹ Glasmeier, "Living Wage Calculator."

It is important to note that these estimates are averages: when driver supply is greater than demand, waiting time is likely to be higher and earnings will be lower than projected. When demand exceeds supply, earnings will be higher. Likewise, miles driven per hour will vary by time period, traffic, etc.

Additional Considerations

Actual driver earnings will be affected by changes in time and mile utilization rates, mileage costs, and miles per hour driven. As discussed above, if utilization goes down, driver earnings would fall; if it increases they would rise. Similarly, expenses are affected by changes in the price of gas and other driving-related expenses, as well as by changes in traffic patterns and the number of miles driven per hour. This highlights the importance of post-implementation data collection and analysis. The City of Chicago should collect the necessary data from the transportation network companies so it can regularly assess and analyze changes in time and miles utilization.³⁰

Consideration should be given to adjusting the per minute and per mile rates annually based on the actual average P3 share of time and miles. Transportation network driver labor supply is highly elastic, that is, an increase in pay can be expected to increase both the number of drivers and the hours each driver is working.³¹ If driver earnings are increased through a pay standard, driver supply is likely to also increase if no other actions are taken, thus reducing utilization and earnings. Parrott and Reich concluded in their study for the New York Taxi and Limousine Commission that to be effective the policy should include a tool to prevent a reduction in driver trips per hour.³²

By adjusting the per minute per mile rate to account for utilization, the transportation network companies have an incentive to avoid large imbalances between driver supply and demand, which decrease utilization. One method for the companies to avoid having too many drivers chasing too few rides would be to restrict the number of new drivers that they onboard.³³ If the companies onboard too many new drivers, drivers spend more time waiting to be dispatched, and utilization falls, bringing down hourly earnings.

30 It is worth noting that the proposed TNP Ordinance would set new standards for the provision of driving data to the drivers themselves. This would greatly support enforcement—often the weakest point in labor standards policy—by enabling drivers to determine whether or not they are being paid the amount required under the law.

31 Parrott and Reich, “An Earnings Standard for New York City’s App-Based Drivers: Economic Analysis and Policy Assessment.”

32 Parrott and Reich.

33 New York City Taxi and Limousine Commission, “Notice of Public Hearing and Opportunity to Comment on Proposed Rule: Amendment of Driver Pay Rules for High Volume For Hire Vehicle Service.”

New York City has a process in their policy to adjust rates based on changes in utilization. The Taxi and Limousine Commission is currently proposing to adjust the per minute and per mile rates based on updated utilization rates.³⁴ Further, in order for real hourly earnings to maintain value over time, the per minute rate should be adjusted to the Consumer Price Index to match the rate of growth of the minimum wage. The per mile rate should also be adjusted annually to account for changes in the cost of owning and operating a vehicle. Without a process for adjustments, net earnings are likely to decline over time if driver supply increases as a result of the higher pay standard.

Conclusions

Under current policy, transportation network drivers in Chicago earn well under the city's minimum wage of \$16.20 an hour, even including tips. The proposed ordinance would bring driver earnings close to, but still below, the living wage for a single individual or two working parents with one child in Chicago. Under any policy it will be important for the City of Chicago to review the data going forward and adjust the per hour, per minute rates accordingly.

The City should also consider measures for regulating driver supply. This could be done through a regular analysis of utilization rates and subsequent adjustments to the per minute per mile rates to incentivize the TNPs to avoid onboarding new drivers to the point that utilization rates drop, or through a mandatory driver cap. The New York experience shows that the companies will not otherwise keep driver supply in line with trip demand.

34 New York City Taxi and Limousine Commission.

References

- American Automobile Association. "Fuel Prices." Accessed January 5, 2025. <https://gasprices.aaa.com/>.
- City Council of the City of Chicago, Committee on Workforce Development. Amendment of Municipal Code Titles 2, 3, 8 and 9 by modifying and adding various sections regarding regulation of taxicab, public chauffeur and transportation network operations, Pub. L. No. Ordinance O2023-0001748 (2023). <https://chicago.councilmatic.org/legislation/o2023-0001748/>.
- City of Chicago. "Paid Leave and Paid Sick Leave." Business Affairs and Consumer Protection. Accessed January 5, 2025. https://www.chicago.gov/content/city/en/depts/bacp/supp_info/paidsickleaveinfo.html.
- City of Chicago Data Portal. "Transportation Network Providers - Drivers | City of Chicago | Data Portal." Accessed January 21, 2025. <https://data.cityofchicago.org/w/i6wf-834c/3q3f-6823?cur=F0RbmMoD-1y>.
- Crowe LLP. "Public Passenger Vehicle (PPV) Study: Chauffeur Conditions and Effects on License Holders." Report prepared for the City of Chicago (City) Department of Business Affairs and Consumer Protection (BACP), April 26, 2023. <https://www.chicago.gov/content/dam/city/depts/bacp/publicvehicleinfo/ppvstudy/publicpassengervehiclestudyreports.pdf>.
- Drivers Demand Justice and Big Lake Data. "The Real Economics of Ridehail Work: What It's like to Work for Uber and Lyft in Massachusetts," October 2023. https://web.archive.org/web/20240814104600/https://driversdemandjustice.org/wp-content/uploads/2023/10/Gig-Worker-Report-Design_780.pdf.
- Drivers Union. "Washington's Fair Pay Standard." Accessed January 21, 2025. https://www.driversunionwa.org/washington_s_fair_pay_standard.
- Fehr & Peers. "Estimated TNC Share of VMT in Six US Metropolitan Regions (Revision 1)." Memorandum to Brian McGuigan, Lyft and Chris Pangilinan, Uber, August 6, 2019. https://issuu.com/fehrandpeers/docs/tnc_vmt_findings_memo_08.06.2019.
- Glasmeier, Amy K. "Living Wage Calculator." Massachusetts Institute of Technology, 2024. <https://livingwage.mit.edu/counties/17031>.
- Jacobs, Ken, Michael Reich, Tynan Challenor, and Aida Farmand. "Gig Passenger and Delivery Driver Pay in Five Metro Areas." Center on Wage and Employment Dynamics and Center for Labor Research and Education, University of California, Berkeley, May 2024. <https://laborcenter.berkeley.edu/gig-passenger-and-delivery-driver-pay-in-five-metro-areas/>.
- Manzo, Frank IV, Larissa Petrucci, and Robert Bruno. "Improving Labor Standards for Uber and Lyft Drivers in Chicago: Classifying Drivers as Employees Would Deliver Superior Outcomes." Illinois Economic Policy Institute and University of Illinois at Urbana-Champaign Labor and Employment Relations Project for Middle Class Renewal, March 14, 2022. <https://lep.illinois.edu/wp-content/uploads/2022/03/ILEPI-PMCR-Improving-Labor-Standards-for-Uber-and-Lyft-Drivers-FINAL.pdf>.

- Millard-Ball, Adam, Liwei Liu, Whitney Hansen, Drew Cooper, and Joe Castiglione. "Where Ridehail Drivers Go between Trips." *Transportation* 50, no. 5 (October 1, 2023): 1959–81. <https://doi.org/10.1007/s11116-022-10298-5>.
- New York City Taxi and Limousine Commission. "Notice of Public Hearing and Opportunity to Comment on Proposed Rule: Amendment of Driver Pay Rules for High Volume For Hire Vehicle Service." Accessed January 5, 2025. https://www.nyc.gov/assets/tlc/downloads/pdf/proposed_amendment_of_driver_pay_rules_for_hvfhs.pdf.
- Parrott, James A. "Revised Expense Model for the NYC Taxi and Limousine Commission's High-Volume For-Hire Vehicle Minimum Pay Standard." Report for the New York City Taxi and Limousine Commission. The New School, Center for New York City Affairs, December 2024. https://www.nyc.gov/assets/tlc/downloads/pdf/driver_expense_report.pdf.
- Parrott, James A., and Michael Reich. "A Minimum Compensation Standard for Seattle TNC Drivers." Report for the City of Seattle. The New School, Center for New York City Affairs and Center for Wage and Employment Dynamics, University of California, Berkeley, July 6, 2020. https://www.seattle.gov/documents/Departments/LaborStandards/Parrott-Reich-Seattle-Report_July-2020%280%29.pdf.
- . "An Earnings Standard for New York City's App-Based Drivers: Economic Analysis and Policy Assessment." Report for the New York City Taxi and Limousine Commission. The New School, Center for New York City Affairs and Center for Wage and Employment Dynamics, University of California, Berkeley, June 2018. <http://www.centrernyc.org/an-earnings-standard>.
- . "Transportation Network Company Driver Earnings Analysis and Pay Standard Options." Report for the Minnesota Department of Labor and Industry. The New School, Center for New York City Affairs and Center for Wage and Employment Dynamics, University of California, Berkeley, March 8, 2024. https://www.dli.mn.gov/sites/default/files/pdf/TNC_driver_earnings_analysis_pay_standard_options_report_030824.pdf.
- Reich, Michael. "Gig Driver Pay Standards in Massachusetts, Minnesota and California." Center on Wage and Employment Dynamics, University of California, Berkeley, June 12, 2024. <https://irle.berkeley.edu/wp-content/uploads/2024/06/Gig-driver-pay-standards-in-Massachusetts-Minnesota-and-California.pdf>.
- Young, Mischa, Steven Farber, and Mashrur Rahman. "On the Road: Analysis of Driver Earnings in Toronto's Vehicle-for-Hire Industry." Report for the City of Toronto, Municipal Licensing and Standards Division, 2024. <https://hdl.handle.net/1807/141540>.

University of California, Berkeley
2521 Channing Way
Berkeley, CA 94720-5555
(510) 642-0323
laborcenter.berkeley.edu



UC Berkeley Labor Center

The Center for Labor Research and Education (Labor Center) is a public service project of the UC Berkeley Institute for Research on Labor and Employment that links academic resources with working people. Since 1964, the Labor Center has produced research, trainings, and curricula that deepen understanding of employment conditions and develop diverse new generations of leaders.

Acknowledgments

We thank James Parrott and Michael Reich for their helpful comments, and Jenifer MacGillvary for her assistance in preparing the brief. All mistakes are our own.

About the authors

Ken Jacobs is a senior policy advisor at the UC Berkeley Labor Center. Aida Farmand was an economic policy researcher at the UC Berkeley Labor Center.

Suggested citation

Jacobs, Ken and Aida Farmand. "Chicago Transportation Network Drivers' Earnings and Projections under Proposed City Ordinance." UC Berkeley Labor Center. January 2025.
<https://laborcenter.berkeley.edu/chicago-transportation-network-drivers-earnings-and-projections-under-proposed-city-ordinance/>.

The analyses, interpretations, conclusions, and views expressed in this brief are those of the authors and do not necessarily represent the UC Berkeley Labor Center, the Regents of the University of California, or collaborating organizations or funders.