August 2024

The "You" In Utilization Rates

I mentioned in my last column that I was hoping to have an update soon on TLC's efforts to stop the access restrictions—better known as "lockouts." Here it is: On July 31, Mayor Adams and the TLC negotiated a deal between Uber and Lyft to phase out restrictions. In a nutshell, Uber promised to immediately ease restrictions, with the goal of ending them entirely by Labor Day, provided that Lyft maintains a utilization rate (UR) of at least 50%. The UR, if you recall, is the amount of time a driver spends transporting passengers.

Those of you logging into Uber should already be seeing better access and that should continue to improve. Lyft may continue their platform restrictions in the short term, as theirs were implemented a few months after Uber's. But in the long term there's another part of the deal that should also help across both platforms: an onboarding pause.

Both companies have formally agreed to pause the onboarding of all new drivers (folks who have never driven for either platform). Onboarding too many drivers is a big part of why we got here in the first place. When too many drivers are on the apps without enough trips, the UR predictably drops as more drivers collectively get less trips. But thanks to our one-of-a-kind minimum pay rule, the apps still have to pay you for time spent waiting for a trip. To get around it, they've been booting you off the app.

Over time, the onboarding pause should improve the UR as well. The apps say they've paused onboarding since the beginning of the year, but they should have been doing this since at least when these rules were adopted early last year. Onboarding droves of new drivers, only to turn around and lock everyone out, is reckless and harmful.

Is this deal a perfect solution that ends lockouts forever? No, and I'm not pretending otherwise. It was the fastest way we could provide drivers some *immediate* relief. Should it become necessary, we will introduce new rules. Rulemaking can take months, the apps often challenge our pay rules in court, and new regulations can have unforeseen effects, so introducing changes to our minimum pay rule without careful consideration would be irresponsible and possibly dangerous, especially to the UR component.

Why is preserving the UR so important? It's why we're the only city in the country that guarantees pay for the time drivers spend without a passenger. **Without the UR, driver pay could drop as much as 42 percent.** In NYC, the apps are incentivized to keep their UR high, because if it dips too far Uber and Lyft must pay drivers more for each trip the following year. No other city has this kind of protection for minimum pay; most only pay drivers for time spent on trips.

Restricting access on the back end to juice up their URs (then blaming it on TLC regulations) shouldn't be something the apps ever have to do. We'll be keeping a close eye on how they're managing their driver pools as we consider introducing future rules.

See you out there,

David Do
Commissioner, NYC Taxi and Limousine Commission