

The Tipping Rule: A \$300 Million Dollar Issue for New York City Drivers

When app-based ride-hail companies came on the scene, they offered enticing pay, incentives and bonuses to woo drivers away from driving for traditional black car companies or taxi cabs. However, once these app-based companies dominated the market they slashed driver pay in a race to the bottom.

To make matters worse, the biggest ride-hail company, Uber, told passengers tips were not expected and has refused to offer an in-app tipping option to make tipping easy. As a result, drivers have lost out on hundreds of millions of dollars in tipping income.

The Rule: The Independent Drivers Guild, which represents and advocates for 50,000 ride-hail drivers in New York City, proposed a rule to the Taxi and Limousine Commission (TLC) to require ride-hail apps to offer an in-app tipping option. The TLC must decide on the rule by April 17, 2017.

TLC Precedent: The TLC already requires taxis to offer a tipping option in their touchscreen payment systems. The TLC has also required ride-hail apps to comply with other rules set for the taxi industry.¹

Ride-Hail Company Precedent and Policies: Uber has a tipping option currently for UberTAXI drivers, but offers no in-app tipping option for their other services. Uber's largest competitor, Lyft, offers a tipping option.

Other ride-hail app policies vary. Gett offers in-app tipping, as does Juno but with major drawbacks: the option button is small, it only becomes visible if a passenger rates their driver five stars, and the option disappears after two hours. Via does not offer a tipping option.

1. Taxicab Passenger Enhancements Project (TPEP) TLC rule §75-25 (a)(2)(ii)

Tipping By the Numbers



New York City Uber drivers generated approximately **1.5 billion dollars** in revenue in 2016¹



The TLC requires taxicab touchscreens to offer a **20 percent tip button** as the minimum suggested tip.²



97 percent of solo taxi passengers who paid by credit card tipped their driver, taking advantage of that option. **Most passengers tipped at 20 percent.**³



A 20 percent gratuity would equate to a \$300 million dollar raise for Uber and Via drivers.

1. Black Car Fund data

2. Taxicab Passenger Enhancements Project (TPEP) TLC rule §75-25 (a)(2)(ii)

3. Quartz analysis of TLC Data from the first half of 2015, <https://qz.com/911997/uber-has-absolutely-no-good-reason-for-keeping-tipping-out-of-its-app/>

Working Drivers By the Numbers

91% of IDG members are **US immigrants** from more than 59 countries.

57% of IDG survey respondents reported **household income of less than \$50,000/year**.

78% of IDG survey respondents **drive full time** (at least 30 hours per week).

56% of IDG survey respondents indicated they **care for a dependent** under the age of 18.

27% of IDG survey respondents indicated they **do not have health insurance**, but want it.

Since 2011, the rates paid to drivers have declined, while commissions have climbed.

	2011 Uber	2017 UberBlack	2017 UberX
Base Fare	\$8.00	\$7.00	\$2.55
Per Mile	\$4.90	\$3.75	\$1.75
Per Minute	\$1.25	\$0.65	\$0.35

Tipping Rule Support

The Independent Drivers Guild's tipping rule has gained support from labor unions including the Central Labor Council and the State AFL-CIO, a growing list of elected officials, ride-hailing driver organizations, immigrant rights organizations, transportation safety advocates, and other community groups. More than 10,000 supporters have signed the Guild's online petition calling for in-app tipping.

Learn more at DrivingGuild.org
or contact us at info@drivingguild.org