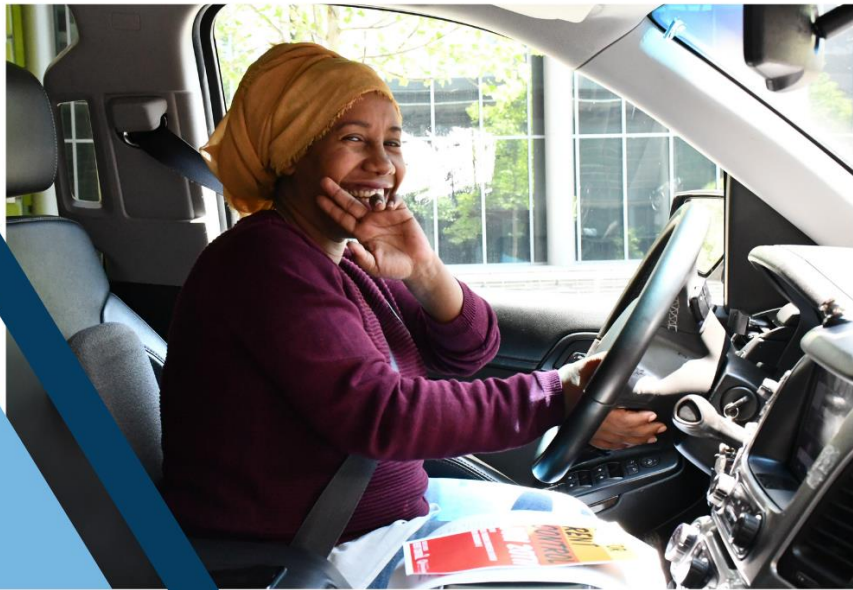




Seattle
Office of Labor Standards

Seattle's Transportation Network Company Minimum Payment Ordinance: Impacts and Analysis



May 2024

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1 Introduction

In September 2020, the Seattle City Council passed a package of bills related to Transportation Network Companies (TNCs), including [Seattle Municipal Code \(SMC\) 14.33](#), the “Transportation Network Company Minimum Payment Ordinance.” In Seattle, two TNCs were covered under this legislation—Uber and Lyft. The ordinance established minimum pay rates for TNC drivers and tip and deduction protections, as well as transparency requirements. It was the second such law in the nation, after New York City. The ordinance charged the Office of Labor Standards (OLS) with implementation and enforcement and was in effect from January 1, 2021, through December 31, 2022. Beginning in January 2023, SMC 14.33 and its implementing administrative rules were pre-empted by Washington State House Bill 2076,¹ which established similar protections state-wide and pre-empted local regulation of TNC labor standards.

The Seattle ordinance was passed following a [study of Seattle’s TNC drivers](#), which showed that drivers earned an average of \$9.73 per hour after expenses, over 40% less than the City of Seattle’s minimum wage of \$16.39 in effect at the time for large employers.² The ordinance established minimum pay rates for TNC trips including per-minute and per-mile minimums. Minimum rates per-mile were designed to cover drivers’ expenses such as fuel and maintenance costs as well as amounts for employer-side payroll taxes, health insurance, and vehicle cleaning. The per-minute rates were established based on Seattle’s minimum wage rates for large employers. The law required TNCs to pay the per-mile and per-minute rates only when a passenger was in the car but were scaled up to account for non-passenger working time and miles based on average utilization rates (the amount of time that drivers have passengers in their vehicle). For example, if an average driver spends 30 minutes every hour with a passenger and 30 minutes without a passenger, but working, the law required TNCs to pay the driver only for the passenger time and miles, but at a high enough rate to compensate the driver for the full hour of working time. Table 1 shows the per-mile and per-minute rates that were in effect for the duration of the ordinance from January 2021 to December 2022.

Table 1: TNC Minimum Pay Rates, January 2021 to December 2022

	2021	2022
Minimum pay per mile*	\$1.33	\$1.38
Minimum pay per minute*	\$0.57**	\$0.59

*Based on passenger time and mileage

** During the first three months of 2021, the per minute amount was phased in according to a schedule established by OLS.

¹ The labor standards portions of HB 2076 were later codified as [RCW 49.46.300](#).

² Reich, M., & Parrott, J. A. (2020). A Minimum Compensation Standard for Seattle TNC Drivers.

In addition, to these core requirements, the ordinance authorized OLS to issue rules requiring TNCs to produce affirmative data on a monthly basis.³ SMC 14.33 provides the OLS Director authority to “promulgate . . . rules deemed necessary, appropriate, or convenient to administer, evaluate and enforce the provisions of this Chapter 14.33.”⁴

Based on that authority, OLS issued data rules designed around three purposes: (1) enforcement of the requirements of SMC 14.33; (2) adjustment of rates of compensation for utilization purposes; and (3) analysis of the impacts of SMC 14.33 on drivers (including hours worked, average gross hourly pay, number of active drivers, and utilization) and passengers (including the total number of trips, wait times, and trip duration). OLS issued administrative rules, including data production provisions, in August 2021, and the TNCs produced data beginning in October 2021.

OLS concluded its enforcement efforts based on the data production in late 2022.

The ordinance provided for a review and subsequent update to utilization rates after approximately three years. As designed, this mechanism would ensure that if the share of working time with passengers changed, either increasing or decreasing, per-trip pay rates would be adjusted to ensure that drivers continued to receive average hourly pay equivalent to Seattle's large employer minimum wage rate plus expenses. Due to the unexpected state-law pre-emption, OLS never adjusted the minimum required pay rates for utilization.

A Note on Data

Data reporting requirements were developed to remove reporting of any personally identifiable information (PII). With the exception of available platform time data (sometimes referred to as P1 data)⁵, the rules required that all data be associated with an anonymized unique driver ID created by each TNC. Therefore, this unique driver ID was not an attribute that could be linked across different TNC platforms. OLS did not have actual driver identities or other PII⁶. Where necessary, certain assumptions had to be made in the analysis and are noted in this report when applicable.

³ [SMC 14.33.113](#)

⁴ [SMC 14.33.116](#)

⁵ The rules required available platform time data to be associated with a TNC driver's King County TNC license number. As explained more fully in Sec. 2.1, this allowed OLS to identify when a specific driver was in a P1 or Available Platform Time (APT) period for both Lyft and Uber and remove duplicate periods from working time calculations.

⁶ This approach was animated by the expansive provisions of the Washington Public Records Act, which likely would have prohibited the City from withholding such identifying information in the event of a public records request. Producing such identifying data could create privacy concerns of re-identifying specific drivers. Other jurisdictions considering similar policies may be able to require production of a common identifier without the risk of re-identification should their public records laws have an exception for production of such information.

This report includes OLS's preliminary findings based on the 14 months of available data. Specifically, this report analyzes the impact of the TNC driver compensation ordinance on drivers (including hours worked, average gross hourly pay, number of active drivers, and utilization) and passengers (including the total number of trips, wait times, and trip duration).

This report focuses on presenting the analysis of relevant metrics, rather than drawing conclusions or determinations of causation. Relatedly, because data collection began only after the policy went into effect, there is limited "pre-policy" comparator data. The City did commission a [pre-policy study](#), authored by Drs. James Parrott and Michael Reich of The New School and the University of California at Berkeley, respectively. Where possible, this report references that study as a comparator.

A Note on COVID-19 and External Factors

Several factors affecting the analysis should be noted. First, SMC 14.33 and the data production rules went into effect in January and October of 2021, respectively, amidst several COVID-19 surges and resultant lockdowns and City- and State-wide civil emergency declarations. Second, TNCs nationwide conducted various business practice changes, including increasing their commission rates and decoupling passenger fares from driver compensation rates.⁷ These events make determining causal connections in the data challenging. Third, both TNCs completed their Initial Public Offerings in 2019 and analysts predicted that fares would increase as the "investor-fuelled subsidy of America's ride-hailing habit" came to an end.⁸ Finally, even after the lifting of COVID restrictions, Seattle lagged behind most other major metropolitan areas in office occupancy and return to work.⁹

⁷ Len Sherman, Uber's New Math: Increase Prices And Squeeze Driver Pay, Forbes (Jan 16, 2023), <https://www.forbes.com/sites/lensherman/2023/01/16/ubers-new-math-increase-prices-and-squeeze-driver-pay/?sh=4bb3dff6c8a2> (stating that "Uber has been raising US ridehail prices four times faster than the rate of inflation" that it has "decoupled consumer prices and driver pay" and that "much of that was driven by take rate increases"); UCLA Labor Center, Analysis of High Volume For-Hire Vehicle Data for New York City (February 2023), <https://www.labor.ucla.edu/wp-content/uploads/2023/02/Taxi-Commission-policy-brief-2.9.23.pdf> (finding that ridehail companies' commission rate increased from 9% to in February 2022 to 20.7% in April 2022).

⁸ Henry Grabar, The Decade of Cheap Rides Is Over, Slate (May 18, 2022), <https://slate.com/business/2022/05/uber-subsidy-lyft-cheap-rides.html>.

⁹ Paul Roberts, Lagging Behind National Trend, Seattle Workers not in Hurry to Return to the Office, Seattle Times (April 20, 2022), <https://www.seattletimes.com/business/lagging-behind-national-trend-seattle-workers-not-in-hurry-to-return-to-the-office/>.

1.1 Overall Trends Post-Policy

- Following the compensation ordinance, the monthly average gross driver pay ranged from \$22.82 to \$46.11 per hour with an average over the study period of \$34.34 per hour. Gross driver pay before the compensation ordinance was approximately \$21.53 per hour. Average hourly gross pay exceeds the policy target of \$30.30¹⁰ from October 2021 through May 2022 and again in July 2022.
- 11.3% of drivers worked 32 hours or more per week post-policy.
- The number of licensed drivers has decreased significantly, from 33,058 in 2019¹¹ down to 12,285 in 2021, with some recovery in 2022 to bring the number of drivers to 18,892.
- Active drivers¹² increased over the post-policy period, from 10,282 in 2021 to 14,948 in 2022.
- Trips decreased dramatically between the pre-policy period and the post-policy period. Just under 3 million trips occurred in the last quarter of 2021, compared to 6.6 million trips in the last quarter of 2019 (a 55% decrease). Trips increased by 17% in 2022, with 3.5 million trips in the last quarter of 2022.
- Passenger wait times remained low following implementation of the driver compensation ordinance. Average wait times remained below five minutes for all months except for December 2021.

¹⁰ In their report, Parrott and Reich identified a target average hourly rate of \$28.19 based on per mile expenses of \$0.725, but City Council increased the per mile rate in SMC 14.33 to \$0.83, which yields an average hourly rate target of \$30.30. [SMC 14.33.050.A.2.a](#).

¹¹ King County (2023). 2022 King County For-Hire Transportation Annual Report. Accessed Aug 6, 2023 via <https://kingcounty.gov/~media/depts/records-licensing/RALS/documents/2022ForHireTransportationAnnualReport.ashx>.

¹² Active status determined by those drivers who performed at least one trip in a given period.

2 Impacts on Drivers

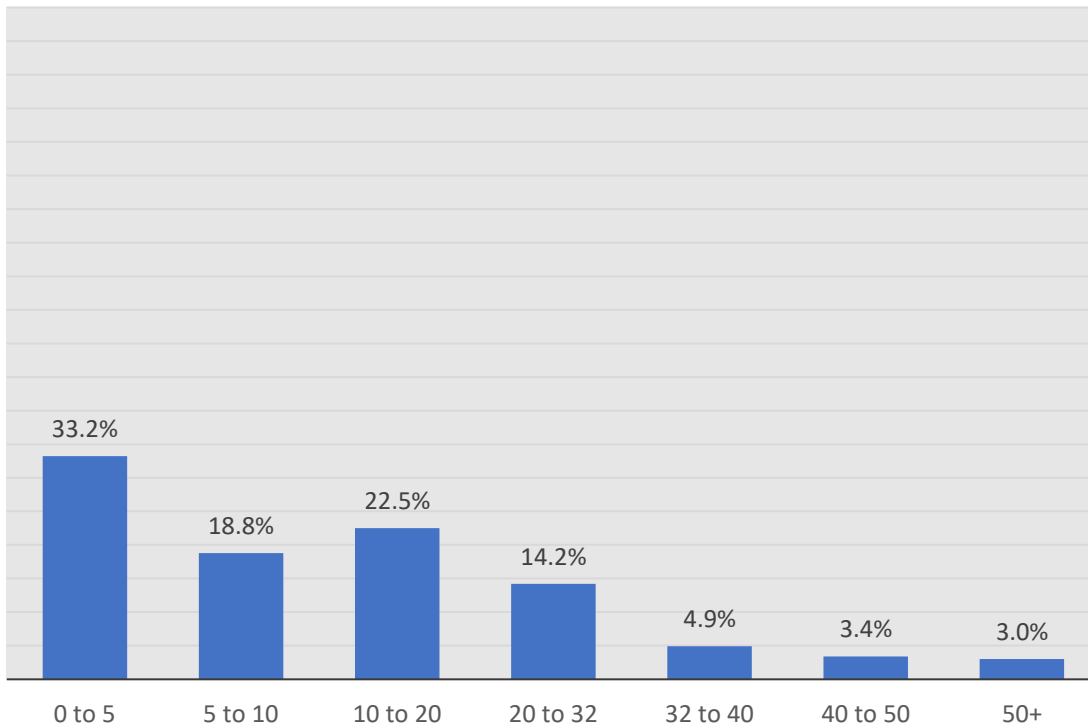
2.1 Weekly Driver Hours

The total hours worked for each driver is the combination of Available Platform Time (APT), Dispatch Platform Time (DPT), and Passenger Platform Time (PPT). Data for each of these phases of work were submitted separately. To limit the PII reported, there is no common data field to link between the APT and DPT or PPT tables. Additionally, the driver identifier for the DPT and PPT tables is a unique ID specific to each TNC so drivers who are performing trips for both Uber and Lyft cannot be identified across tables submitted by each TNC. Looking at drivers across platforms is only possible using the APT data where the unique driver identifier is the driver's King County driver license number—a number that is common for a driver across records kept by Uber and Lyft.

Using this common driver ID, APT data were analyzed to estimate driver hours worked. First overlapping APT (when drivers are logged in to receive trip requests from both Uber and Lyft) was analyzed so that APT is not double-counted. Any overlapping time was removed from the data. To understand total working hours by driver, APT events were strung together if the time between them fell under a certain threshold. Gaps between APT events can either be due to a driver accepting and then performing a trip or a driver logging off and no longer accepting trips. Dispatch and passenger time were analyzed to determine a threshold that would cover most trips.¹³ Gaps between APT events below this threshold were assumed to be due to a driver performing a trip; gaps above this threshold were assumed to be time where a driver logged out and therefore removed from this working time analysis. This methodology was developed as the preferred choice for the analysis to fully understand a driver's working time as the APT data was unable to be linked to the DPT and PPT data.

¹³ The time between APT events was assumed to be a trip and its associated dispatch time if it fell below the combined 95th percentile of both DPT and PPT. The 95th percentile for DPT was 9 minutes, and the 95th percentile for PPT was 27 minutes, for a combined time of 35 minutes.

Figure 1: Distribution of Drivers by Weekly Hours Worked



Post-Policy Findings

- 11.3% of all drivers worked 32 hours or more per week on average.
- Although the majority of drivers (**61%**) performed **20 trips or fewer** on average each week during the study period, **56% of all trips** were completed by **drivers completing 32 or more trips per week**.

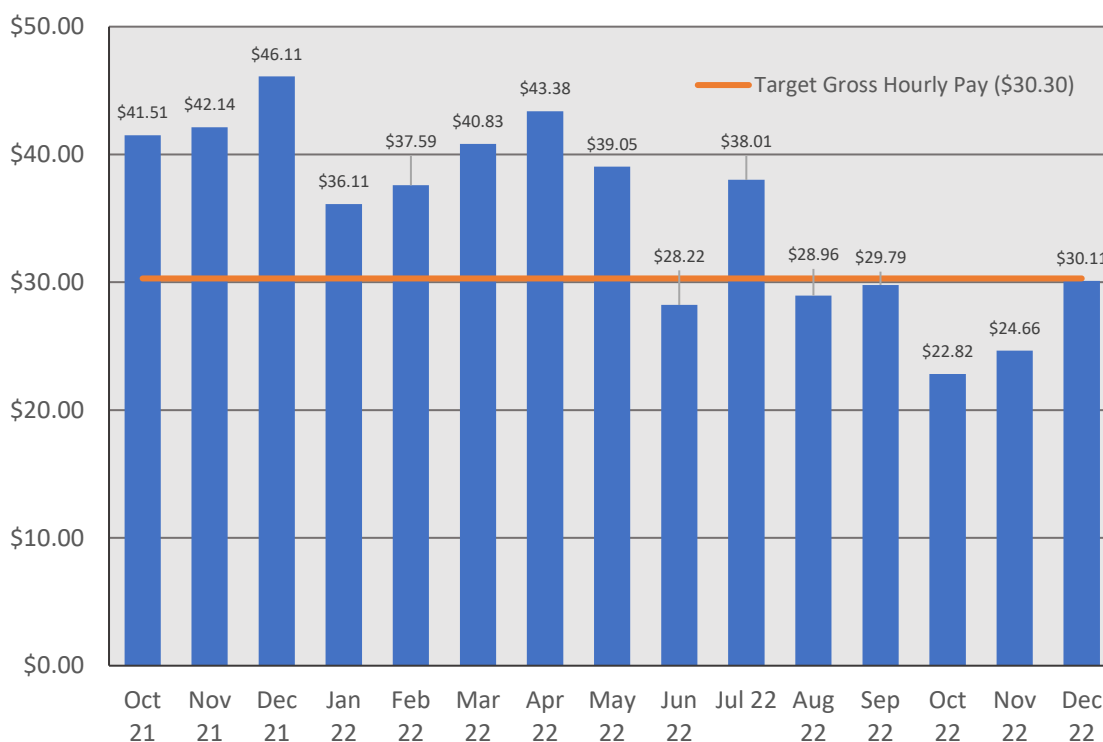
Pre-Policy Parrott-Reich Findings (2020)

- Approximately 32% of drivers worked 32 hours or more per week.
- 55% of all trips were completed by drivers working 32 or more hours per week.

2.2 Driver Pay

Average hourly driver pay was calculated using weekly hours calculated for each driver and total pay (excluding tolls, tips, and taxes) across all drivers. Monthly average gross pay for all drivers from October 2021 to December 2022 is shown in Figure 3.

Figure 3: Average Hourly Gross Pay by Month, October 2021 to December 2022



Post-Policy Findings

- Average hourly pay ranged from **\$22.82** to **\$46.11** per hour during the post-policy period, with an average over the study period of **\$34.34** per hour.
- Average gross hourly pay for the last quarter of 2022 was approximately **\$26.00**.
- Average gross hourly pay for the last quarter of 2021 was approximately **\$42.00**.

Pre-Policy Parrott-Reich Findings (2020)

- Gross driver hourly pay was approximately **\$21.53**. After expenses, driver nets **\$9.73 per hour**.
- Parrott and Reich identified a target average hourly rate of \$28.19 based on per mile expenses of \$0.725, but City Council increased the per mile rate in SMC 14.33 to \$0.83, which yields an **average hourly rate target of \$30.30**.¹⁴

2.3 Driver Utilization

Utilization was a key component of the driver pay rates since the pay ordinance applied only to time and mileage when a passenger was in the vehicle. How well drivers’ time is utilized — that is, what portion of their time logged in was spent with a passenger in the vehicle — directly impacts driver pay. If driver pay per trip increased but was accompanied by drivers having fewer trips in any given hour, overall pay for time logged in could actually decrease.

¹⁴ Parrott and Reich at 1, 55; [SMC 14.33.050.A.2.a](#).

The ordinance allowed the OLS Director to adjust utilization only beginning in November 2023 (about three years after the ordinance went into effect). Due to the State law preempting local regulation as of January 2023, utilization rates were never adjusted. For this report, utilization was analyzed to understand how the driver pay ordinance impacted how busy drivers were (i.e., how many miles logged were passenger miles and how many hours logged were passenger hours).

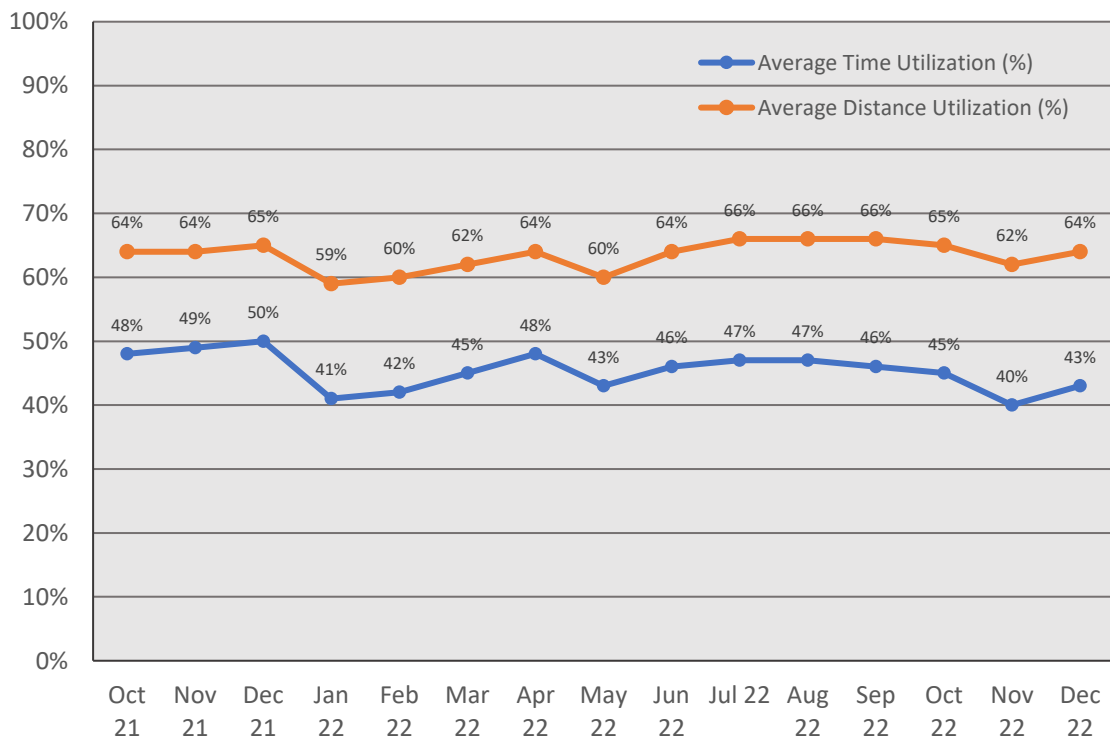
Calculating Utilization Rates

Separate time- and distance-based utilization rates were calculated using data on APT, DPT, and PPT (sometimes referred to as P1, P2, and P3, respectively). Data on APT contained the King County Driver License number for each driver, which was the only common identifier between TNC datasets and was used as a unique driver identifier to determine when drivers were logged into both TNC platforms. To address “multi-apping”, when drivers were logged into both Uber and Lyft apps at one time, duplicate APT time was removed. Average speed was calculated across APT events to calculate distance travelled during de-duplicated APT.

For time-based utilization rates, the rate is the sum of all time in PPT divided by the sum of time in all periods (including de-duplicated APT).

For distance-based utilization rates, the rate is the sum of all miles travelled in PPT divided by all miles travelled (including calculated mileage in de-duplicated APT).

Figure 4: Average Utilization Rates, October 2021 to December 2022



Post-Policy Findings

- Time-based utilization ranges from **40% to 50%**.
- Distance-based utilization ranges from **59% to 66%**.

Pre-Policy Parrott-Reich Findings (2020)

- Time-based utilization was **49.2%**.
- Distance-based utilization was **62.2%**.¹⁵

2.4 Licensed and Active Drivers

Table 2: Drivers Licensed by King County, 2019-2022

Year	Number of Licensed Drivers	Number of Active Drivers
2019	33,058	Unavailable
2020	15,571	Unavailable
2021	12,285	10,282
2022	18,892	14,948

Source: King County

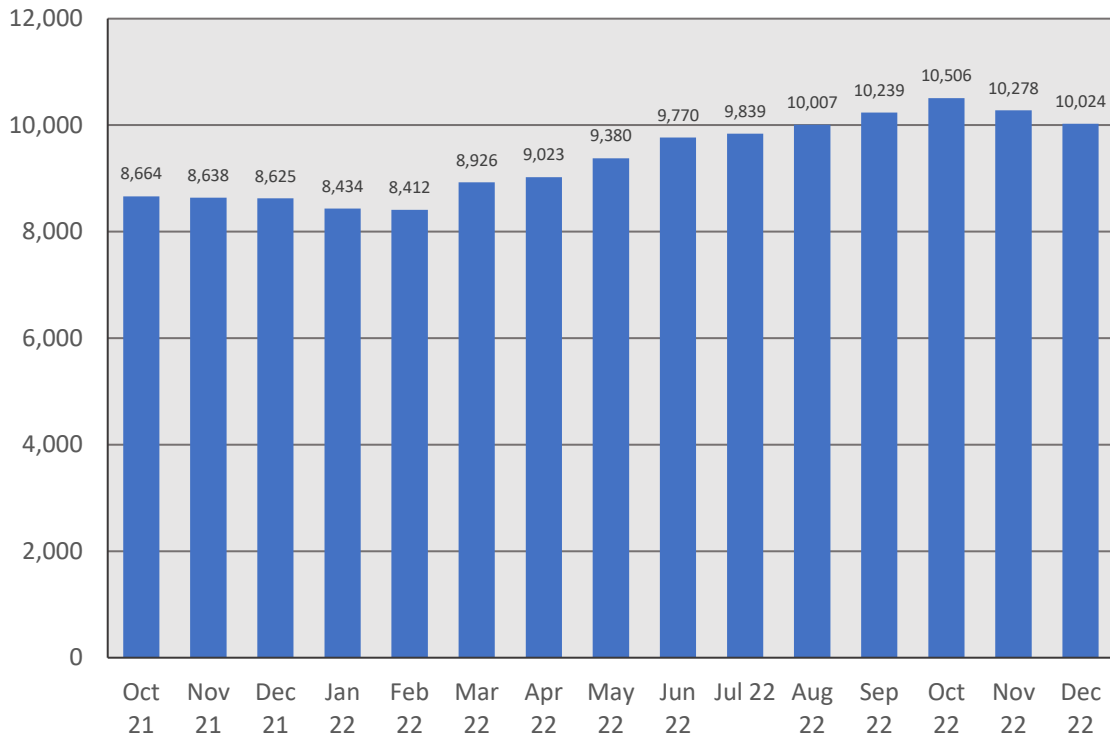
Findings

- The number of licensed drivers decreased significantly prior to the implementation of the TNC driver compensation ordinance, from **33,058** in 2019 to **15,571** in 2020,¹⁶ likely due to COVID-19 impacts on the industry.
- Licensed drivers continued to decrease in 2021, with some recovery in 2022 to bring the number of drivers to **18,892**.

¹⁵ The Parrott and Reich report also noted that distance-based utilization was much higher because “average speeds during P3 are higher (20.6 mph) than during platform (cruising) time (P1, 13.1 mph) or dispatch (pickup) time (P2, 9.4 mph).” Analyzing 2021-22 data, the same pattern exists.

¹⁶ King County (2023). 2022 King County For-Hire Transportation Annual Report. Accessed Aug 6, 2023 via <https://kingcounty.gov/~media/depts/records-licensing/RALS/documents/2022ForHireTransportationAnnualReport.ashx>.

Figure 5: Active Drivers by Month, October 2021 to December 2022



Post-Policy Findings

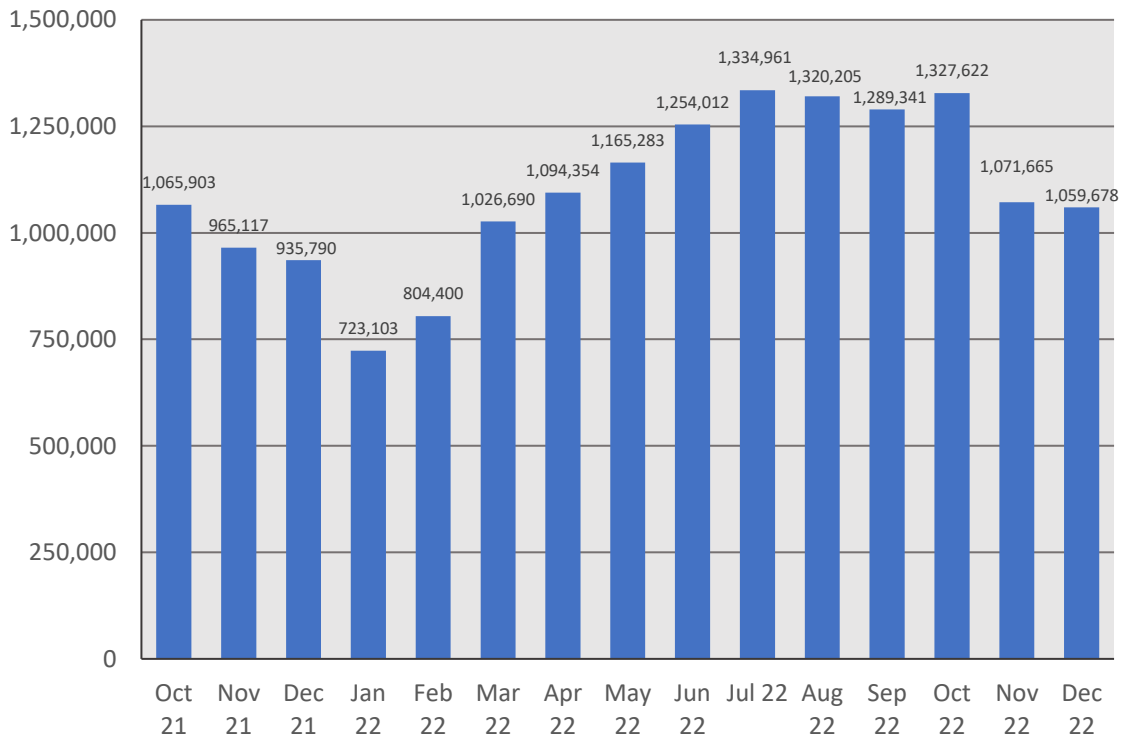
- Active drivers per month steadily increased throughout the post-policy period.
- The number of active drivers typically trends downward around the new year.
- Active drivers **increased by 21%** in the year from October 2021 to October 2022.

-

3 Impacts on Passengers

3.1 Total Trips

Figure 6: Monthly TNC Trips, October 2021 to December 2022



Post-Policy Findings

- There were on average **1,095,875** total trips per month in the post-policy period.
- Monthly trips consistently rose or remained constant month over month from January 2022 to October 2022. The trip count declined in November and December 2022.
- There were just under **3 million** total trips in the last quarter of 2021 (**45%** of 2019), 3.9 million trips in the third quarter of 2022 (**57%** of 2019), and **3.4 million** trips in last quarter of 2022 (**52%** of 2019).

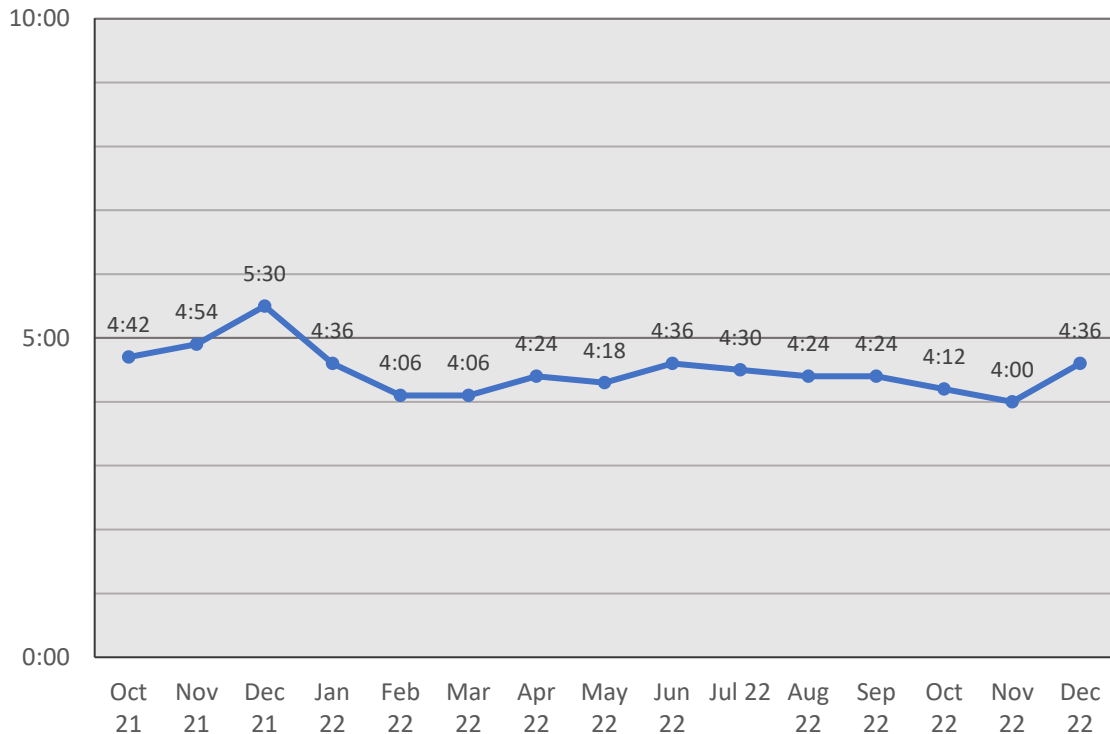
Pre-Policy Parrott-Reich Findings (2020)

- There were **708,000** average weekly trips during last quarter of 2019.
- There were **6.9 million** trips in the third quarter of 2019 and **6.6 million** trips in last quarter of 2019.

3.2 Wait Times

Passenger wait times remained low, even after the implementation of the TNC driver compensation ordinance. The overall decline in trips due to COVID-19 has also not significantly impacted average wait times. Figure 7 shows average passenger wait times by month.

Figure 7: Average Passenger Wait Times, October 2021 to December 2022



Post-Policy Findings

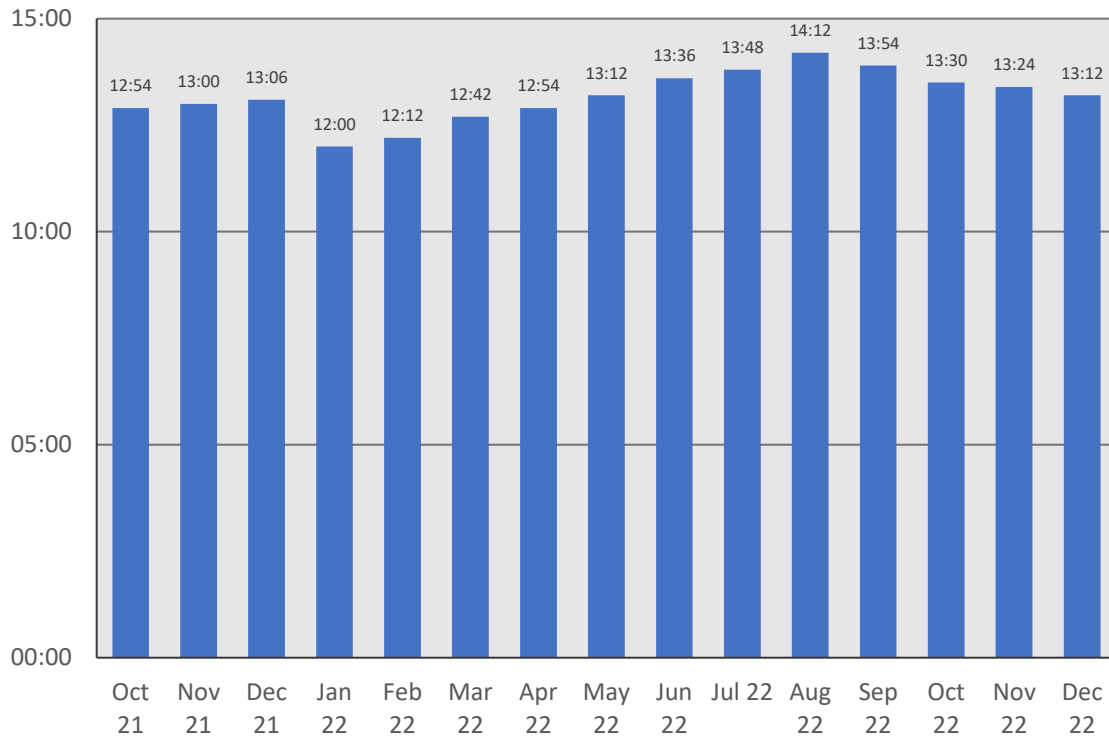
- The average passenger wait time was between **4.0 minutes** and **5.5 minutes**.
- Wait times tend to trend upward around the holiday season due to less driver availability.
- The average wait time is approximately 4.4 minutes overall when excluding the month of December each year.

Note that this metric was not analyzed by Parrott and Reich pre-policy as wait time data was unavailable.

3.3 Trip Times

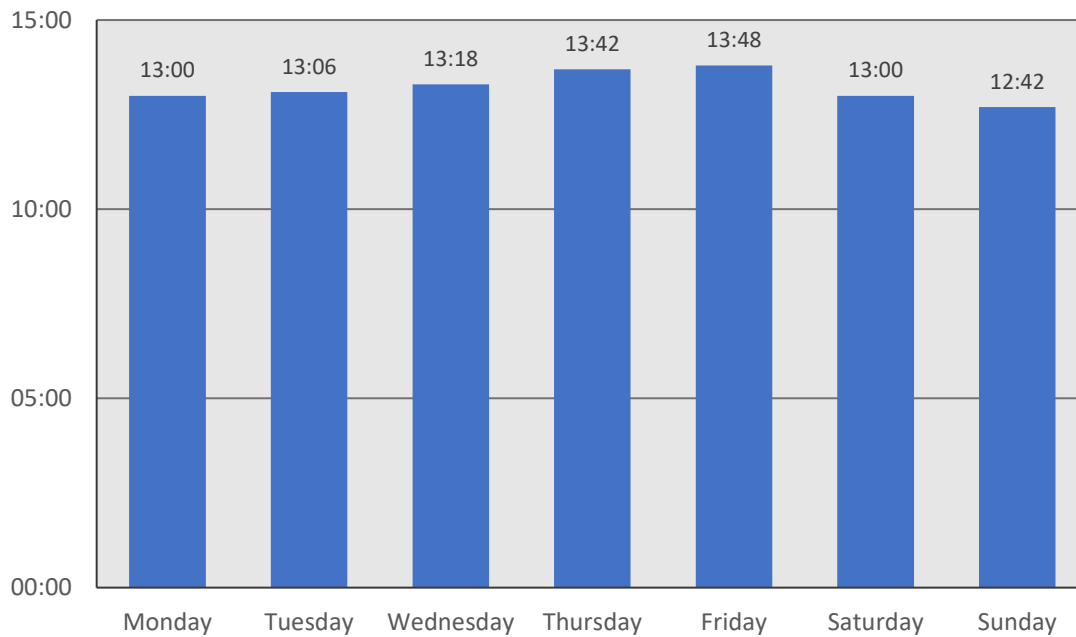
Average trip times remained steady throughout the period, ranging from 12 minutes to just over 14 minutes. Figure 8 shows average trip times by month.

Figure 8: Average Passenger Trip Times by Month, October 2021 to December 2022 (Minutes)



During the week, trip times tended to rise as the week progressed from Monday through Friday, with shorter trip times on the weekend days. Figure 9 shows the average trip duration by day of the week.

Figure 9: Average Passenger Trip Times by Day of Week, October 2021 to December 2022 (Minutes)



Post-Policy Findings

- The average monthly trip duration ranged from **12 minutes** to **14.2 minutes**.
- Trip durations tend to rise as the week progresses, with lower durations during the weekend (below **13 minutes**).

Pre-Policy Parrott-Reich Findings (2020)

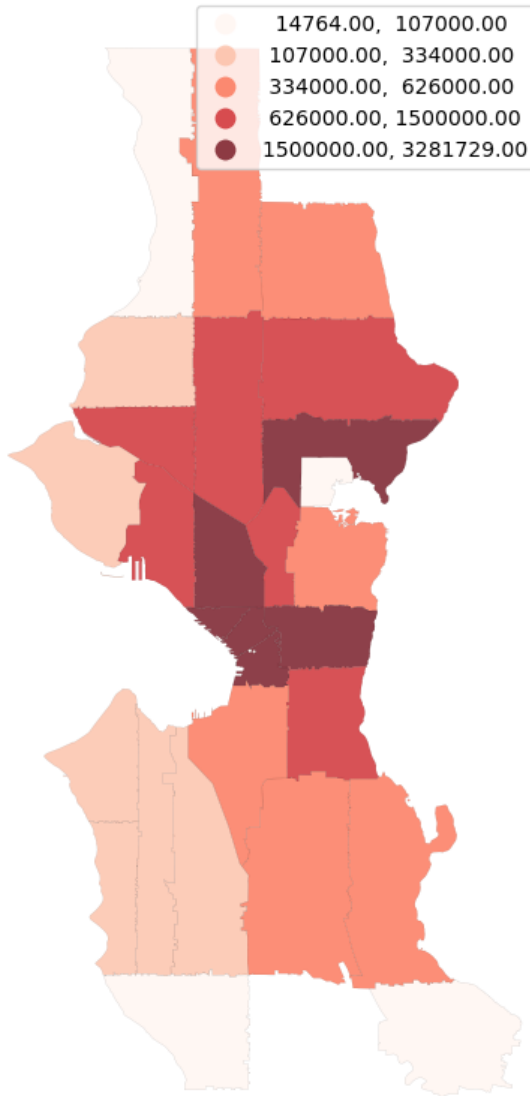
- The typical trip time was just over **12 minutes**.

3.4 Trip Locations

Trip start and end locations were analyzed to determine changes pre- and post-policy (which also correspond to pre- and post-COVID periods). Trip start location data were only reported for trips which began in the City of Seattle and excluded other locations within the region including the Seattle-Tacoma Airport. Figures 10 and 11 compare the start and end locations (respectively) of trips pre- and post-policy.

Figure 10: Total Trips by Start Location (ZIP Code)

Pre-Policy



Post-Policy

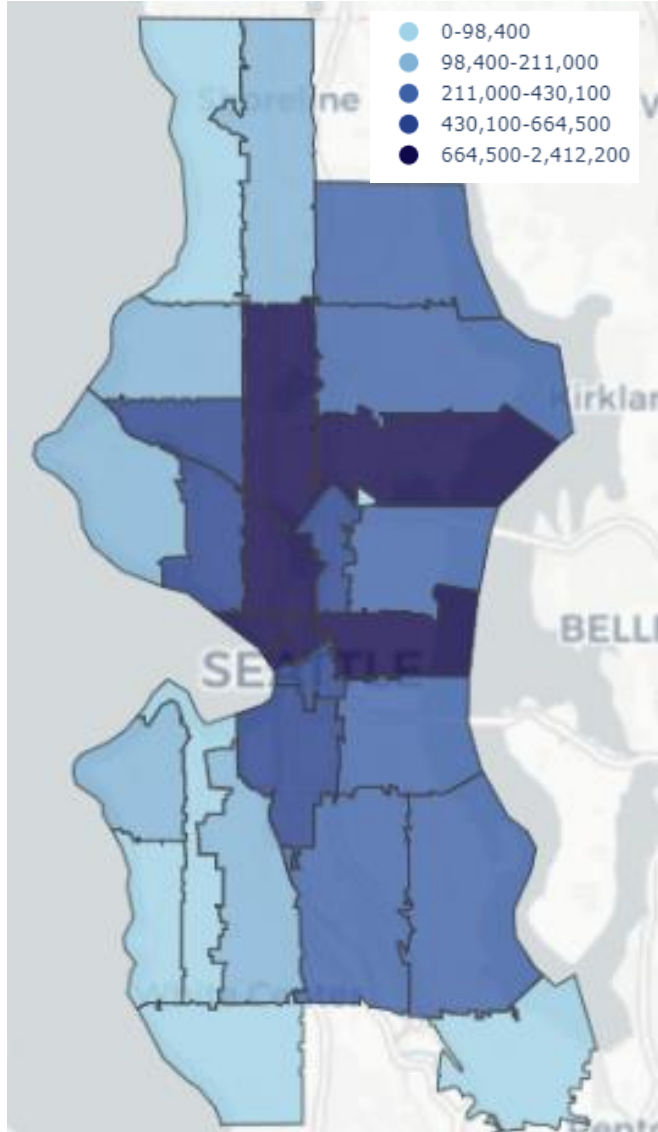
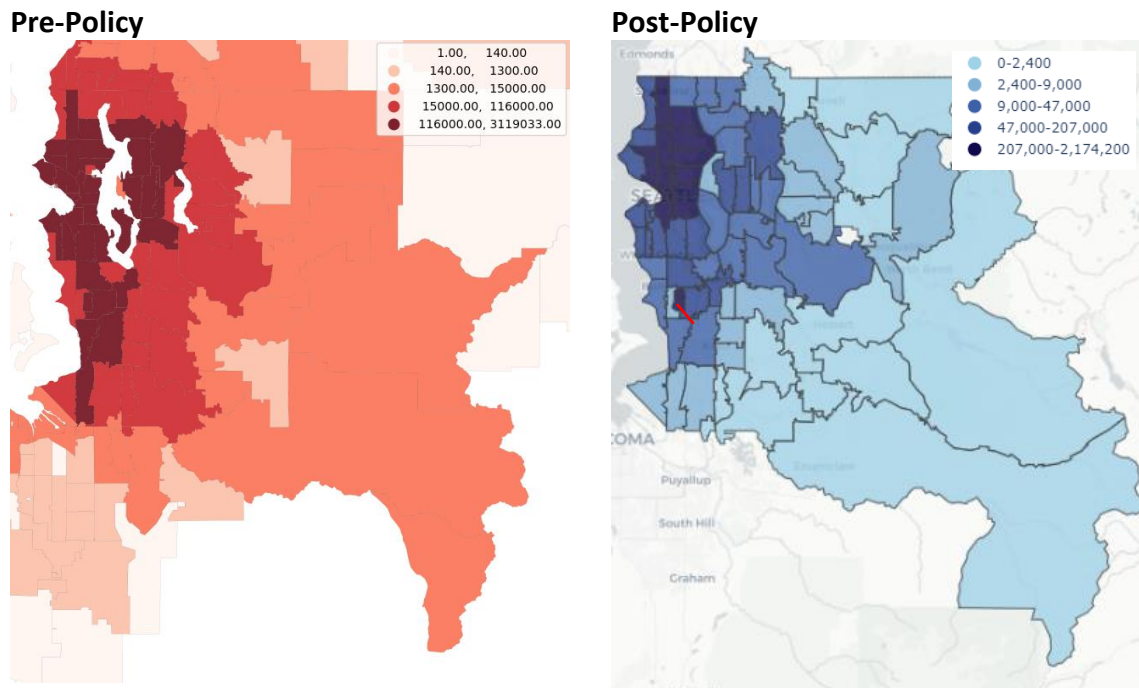


Figure 11: Total Trips by End Location (ZIP Code)



Post-Policy Findings

- Trip start locations remain concentrated in the central business district (CBD); however, a portion of rides has shifted slightly outwards into other nearby neighborhoods and business areas (e.g., Northgate and University District).
- Trip end locations are dispersed less through the greater Seattle region than pre-policy data.

Pre-Policy Parrott-Reich Findings (2020)

- Most trip start locations took place within the CBD or involved commute trips between high-income residential areas and downtown and South Lake Union office buildings.
- Most trip end locations are concentrated within the CBD and surrounding areas, though trip ends are more dispersed throughout the region.

4 Conclusion

The TNC Driver Pay Ordinance was passed to ensure TNC drivers could earn the equivalent of the large employer minimum wage rate in Seattle while covering their business-related expenses. From the data received during the post-policy period, average gross hourly pay exceeded the target gross pay of \$30.30 in all months from October 2021 to May 2022. From June 2022, average gross pay dipped slightly below the target gross pay rate in all months except for July 2022. The driver pay policy was passed and went into effect while the city was

impacted by COVID-19, making it difficult to understand whether the other trends during the post-policy period (lower trip numbers, active drivers, and weekly hours) were a result of the policy versus broader impacts from the pandemic. Data from the later part of the reporting period show that business is recovering from COVID-19, with more trips and active drivers.

The ordinance included a utilization rate mechanism designed to ensure that driver pay per trip reflected the volume of trips each driver could expect to receive (i.e., how busy they are), but it was preempted by HB 2076 before utilization adjustments were permitted. While HB 2076 expanded pay protections for drivers across Washington State, it does not include a utilization element, which may leave driver pay susceptible to erosion as trip patterns change over time and utilization rates shift. In addition, the state statute contains no affirmative data reporting requirement, which makes it difficult to evaluate driver utilization (i.e., how much time they have a passenger in the vehicle) and therefore how much they earn per hour. Further, average hourly pay under the Seattle ordinance began to trend downwards in Q4 2022 (as utilization also trended down), increasing the need for data to better understand whether this trend continued in 2023 under the state statute and the need for a utilization or similar policy intervention to address eroding pay, should the data bear that out.¹⁷

¹⁷ Anecdotal evidence indicates that this trend has continued. A December 27, 2023 email petition from the Drivers Union listed several demands, including this appeal: "STOP flooding the streets with too many new drivers: Since the pandemic, UBER and LYFT have onboarded thousands of new first-time drivers, ignoring slower rider demand. Driver oversaturation makes it nearly impossible for existing drivers to earn a fair wage."