



Urban Justice Center

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**Statement by Saba Waheed, Principal Researcher of the
Community Development Project at the Urban Justice Center,
to the Taxi and Limousine Commission of the City of New York**

**Regarding Draft Environmental Impact Statement
and Issuance of 900 New Taxi Medallions
January 7, 2004**

My name is Saba Waheed, I am the Principal Researcher at the Urban Justice Center's Community Development Project. In September of 2003, we issued a report called *Unfare: Taxi Drivers and the Cost of Moving the City*, a copy of which has been supplied with this testimony. As the city moves towards making a final decision regarding the sale of 900 new medallions, it is important to consider the impact this will have on drivers. Based on the report, we found that drivers were in a state of extreme economic hardship. The report was based on a survey of almost 600 drivers and is the largest pool of drivers ever surveyed. The survey offered a rare glimpse into the working conditions of drivers. The report results are striking. Drivers are paying city-regulated 2003 operating and living costs while taking in taxi fares set in 1996. As the industry stands today, increasing the number of medallions will do little to alleviate the financial pressure of drivers; without a fare increase, and decrease in operating costs, the industry will continue to provide substandard working conditions for all drivers.

The structure of the industry places drivers at a disadvantage, as they typically have high upfront job-related costs without the guarantee of a decent take home pay. Based on the report, only 30% of drivers were owner drivers, with the remaining working under the leasing system for the medallion needed to drive a taxi in the City. Drivers reported daily operating costs amounting to an average of \$137, half of which consisted of paying just for the cost of the medallion. Over a period of month, they will have paid out over \$3,000 in operating costs. And yet, most shocking in the results were that, during the time the surveys were taken, average take home earnings were as low as \$22.

Operating costs are fixed, and not dependent on ridership or the economy. Thus, any fluctuation in ridership affects the drivers and their take home pay. There has not been a fare increase since 1996 and taking into consideration inflation, the current fare is at a 35 year all time low. In addition, there has been a 15% rise in the cost of living since the last fare increase and astounding increases in gasoline prices. Drivers are struggling to meet 2003 costs, while earning 1996 wages.

The survey results revealed further economic hardship among industry workers. Drivers were unable to meet daily living expenses. Sixty-two percent were facing some form of arrears in their rent, phone and other expenses. Furthermore, with the inability to meet living costs, drivers also reported high levels of debt. Nearly half of the drivers reported owing over \$10,000 on their credit card. Thirty nine percent reported taking out personal loans on average of \$14,000. The level of debt and arrears illustrate the strain on drivers' personal and financial lives. As the industry stands today, drivers are not able to make a sustainable income to support themselves and their families.

In addition, drivers must confront affront to their safety. One-third had been verbally harassed, one quarter had their cabs damaged and 19% had their cabs threatened.

Furthermore, the September 11th disaster had devastating and long-term effects on drivers, as 50% reported making less in the months following the attacks as compared to their income one year earlier. They also did not receive the necessary disaster assistance, regardless of the dramatic drop in ridership following the attacks which affected the industry as a whole. Only 7% of drivers applied for disaster assistance, and of those that did, only four of all the drivers surveyed received any type of aid.

The cost, not the profits, of moving the city, is being carried by the drivers. The city must account for these working conditions. Yellow taxicabs are a cultural icon, the symbol of the city - and what drivers need, is an equitable system that rewards their labor. Before we even consider increasing the number of taxicabs on the streets of NYC, we must first address the working conditions of drivers. Foremost of which, a fare increase and a reduction in the lease caps need to be put into place to create decent working conditions for drivers.