



A bold voice for transportation workers

**WRITTEN STATEMENT OF
LARRY I. WILLIS, PRESIDENT
TRANSPORTATION TRADES DEPARTMENT, AFL-CIO**

**BEFORE THE
HOUSE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
HEARING ON
EXAMINING THE FUTURE OF TRANSPORTATION NETWORK COMPANIES:
CHALLENGES AND OPPORTUNITIES**

October 15, 2019

On behalf of the Transportation Trades Department, AFL-CIO (TTD), and our 33 affiliated unions, I want to thank Chair Norton and Ranking Member Davis for inviting me to participate in today's hearing.

First, I ask that the Committee allow me to submit a report published by TTD this morning entitled *The Costs of Doing Business: Why Lawmakers Must Hold the Ride-Hailing Industry Accountable as they Undermine their Workers and Play by their Own Rules*, to the record. My testimony today will be a summary of the findings in that report.

Over the past ten years, ride-hailing companies like Uber, Lyft, and Via have unquestionably created significant demand for their services, and in doing so, have radically transformed models and expectations for mobility and employment in this sector. As the title of this hearing suggests, they have also presented us with enormous challenges and opportunities at a pace that is unmatched by any innovation in surface transportation in recent memory.

The key feature that drives the explosive growth and popularity of companies like Uber, Lyft, and Via—relatively affordable and convenient service—is, however, based on a business model that too often exploits the drivers who provide this service, and intentionally undermines the goals of public transportation.

Transportation Trades Department, AFL-CIO
815 16th Street NW / 4th Floor / Washington DC 20006
Tel: 202.628.9262 / Fax: 202.628.0391 / www.ttd.org
Larry I. Willis, President / Greg Regan, Secretary-Treasurer



Meanwhile, this has been a losing equation for the industry. While Uber and Lyft's public filings reveal that they are bleeding cash to uphold this charade, they are desperately scrambling to find a path to profitability in other markets, like food delivery, on-demand bicycles and scooters, and—most important to today's hearing—partnerships with public transportation providers.

In some regards, these ventures into new markets have been positive steps. For instance, bike-sharing services provide mobility options and boost transit ridership, and workers who are classified correctly as employees in that industry have successfully exercised their right to form and join unions across the country. We also recognize the opportunity that on-demand transportation services like microtransit and first-mile/last-mile connections offer. If structured correctly, we believe they can be an exciting new way to drive growth on existing bus, subway, and rail systems.

To that effect, we welcome the opportunity to work with any partners who are advocating for more and better public transportation services. However, we expect partners in innovation to subscribe to the promise of public transportation established by more than 50 years of federal precedent. That is, it must be equitable and accessible to all, affordable, safe, and reliable.

Most importantly, any new technology or innovation in the transportation sector that is worth investing public dollars in, must not as a key feature of its service, depend on denying the workforce of their fundamental rights to fair wages and benefits that collective bargaining can provide.

Unfortunately, so far, the ride-hailing industry has not lived up to these expectations.

Ride-hailing is a business model that is built on undermining our national transportation goals

We have long known that the ride-hailing industry sees competition with public transportation for ridership as a growth strategy. In their IPO filing, for example, Uber identified public transportation as a \$1 trillion market and they were not shy about their intentions to compete in that space. TTD has obvious concerns about companies that are spending billions to ensure they can play by their own set of rules seeking to undercut public transportation. While a handful of investors may win in this game, they do so purely at the expense of those who rely on it the most.

Even worse, we have seen the recent growth of a more duplicitous business strategy. It is evident that these companies no longer see competition with public transportation as enough to drive profit. Instead, they plan to go directly after federal public transportation funding to pad their losses and help prop up their currently unsustainable business models. In other words, if they cannot turn a profit for their shareholders, they will just ask the American taxpayer to do it for them.

Unfortunately, the first part of their plan is already paying off for them. The effect of Uber and Lyft on transit agencies is so substantial that they may see a nearly 14 percent decline in bus ridership and 10 percent decline in rail ridership over the next 8 years.

We cannot stop Wall Street investors from pouring billions into these corporate entities, but lawmakers in this room can ensure these same entities are not permitted to prey on public transportation and fleece the taxpayer.

The Ride-hailing industry sees fair wages and collective bargaining as an impediment to growth

It is clear why companies like Uber, Lyft, and Via object to giving their drivers the right to organize. If they ever hope to eke out a profit, they believe their only chance to do so is by suppressing their workers' rights and driving wages to rock bottom. We see it time and again with these companies. They lure drivers with the promise of high earnings, but slash them to the bone once they establish a strong foothold in the market. Many drivers make less than the minimum wage of the city they are operating in, and worse still, there have been reports of workers making as little as \$3.75 an hour after expenses.

By way of contrast, federal policy has long ensured that the use of federal funding for public transportation comes attached with strong labor protections. It is because of those policies that the average hourly wage for a bus driver is nearly \$20 and as high as \$40 in some cities. In addition to paying living wages, union jobs in the public transportation sector come with good benefits, including overtime, sick leave, flexible scheduling, health insurance, and pension plans.

To be sure, there have been victories for workers in the ride-hailing industry. The Dynamex California Supreme Court case and the passage of AB 5 in the California Legislature, for example, will require that nearly all platform workers must be classified as employees. While AB 5 is only a first step in giving drivers the right to collectively bargain, Uber, Lyft, and others have seen it as such an existential threat that they plan to invest \$60 million into a ballot measure to overturn the law.

Uber and Lyft's aggressive strategy to prevent their employees from having the rights they deserve is an unsustainable model for riders and a punitive model for workers that both lawmakers and transit agencies must see for what it is.

Ride-hailing undermines the work this nation has done to relieve congestion on our roads

Despite claims by the ride-hailing industry that they intend to complement existing public transportation, it is clear they mean to undercut these services. By shifting riders from high-occupancy vehicles like buses and railcars to small vans or personal vehicles, companies like Uber, Lyft, and Via will do nothing to alleviate one of the greatest problems public transportation intended to solve: reducing congestion.

Consider the following:

- Ride-hailing platforms have already added 5.7 billion miles of driving annually in just nine of the largest cities in America, a number that we expect to grow significantly each year.

- While pooled rides on these platforms may seem like a compelling means of decreasing their overall contribution to additional vehicle miles traveled, studies have shown that low utilization of these services simply does not offset their traffic increasing effects.
- Studies have already shown that riders using ride-hailing services are primarily substituting ride-hailing in place of public transit, biking, and walking rather than replacing trips they would have taken in their personal vehicles.
- A significant portion of Uber and Lyft’s miles are “deadhead” trips – that is, miles traveled without any passengers in the car. In some cities, deadhead miles account for between 20 and 50 percent of all trips.

This should give lawmakers significant pause. While the federal government has invested billions into reducing congestion and improving clean-air outcomes, these companies are constantly undermining these improvements without improving the efficiency of our transportation network.

Ride-hailing’s high cost to consumers places them squarely out of the hands of those who need transit the most

Unlike public transportation, ride-hailing platforms are not, and were never, intended to serve all road users equally. The fact is, the majority of ride-hailing platform users come from wealthy households and the average ride cost puts their services squarely out of the hands of lower-income customers.

Consider, for example, that the average Chicago Transit Authority fare is \$2.69, while Lyft and UberX average \$18.13 and \$17.90 respectively, and Lyft Line and UberPool average \$14.04 and \$9.33, respectively. This means that single-occupancy rides on both platforms average \$15 - \$16 more than transit services, and shared-ride services average \$6 - \$11 more. To make trips using ride-hailing services affordable, transit agencies would have to significantly subsidize these platforms with public money.

Let’s be clear, though. This would be nothing more than a subsidy for a handful of for-profit companies at taxpayers’ expense, with unproven benefits to transit-dependent Americans.

The ride-hailing industry side-steps safety

TTD also has serious concerns about ride-hailing companies’ history of sidestepping safety, which has already put passengers, drivers, and road users at serious risk.

First, while Uber and Lyft finally limited the consecutive hours their drivers can operate on their platforms in one day, these drivers frequently work across multiple platforms. Many rely on more than one on-demand platform as their primary source of income, and work backbreaking hours just to make minimum wage. The results are driver fatigue and health complications, both serious threats to road-user safety. Even with limits to hours of service, companies like Uber and Lyft squeeze their employees to work longer hours if they want to receive the bonuses and incentives that help them earn something close to a living wage.

Shocking reports about sexual assaults, inadequate background checks, and ride-hailing companies covering up wrongdoing should also give policymakers pause when considering whether to reward these companies with federal funding. A recent investigation, for example, found that Uber coaches investigators to put the company's interest ahead of passenger safety. In one instance, a driver was accused of making sexual advances on riders three times before an investigator was assigned to their case.

Finally, while transit operators are subject to drug and alcohol testing and a number of medical qualification standards, no such requirements exist for drivers on ride-hailing platforms. Countless stories have revealed incidents involving drivers reported or arrested for driving under the influence.

Conclusion

Ride-hailing has undoubtedly become popular with American commuters; but a business model based on creating an unfair competitive advantage in the marketplace of mobility cannot be condoned or ignored. To date, this industry has demonstrated no interest in furthering the goals of public transportation, even as it seeks to make inroads into this sector and undermines the jobs and rights of its own drivers. Innovation is not a license to exploit workers and play by your own rules in the transportation space. Public transportation agencies and lawmakers must consider the exploitative and dangerous behavior of the ride-hailing industry and its unsustainable business model when weighing how and when to engage and support this industry.