

COVID-19 Impact on the NYC For-Hire Industry

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Introduction

The New York City For-Hire industry has been heavily impacted by the COVID-19 pandemic and the resulting public health measures. On March 1, 2020, New York City confirmed its first COVID-19 case. A citywide state of emergency was issued on March 7, and by March 20, Mayor de Blasio and Governor Cuomo issued executive orders closing non-essential businesses. Taxis and for-hire drivers were deemed essential and allowed to continue operating.

During the week of March 15, demand for transportation in the city began to decline, with trips¹ dropping by 84% of their pre-COVID levels by the beginning of April. By then, only 26% of all drivers were still on the road and, for those that were still working, weekly earnings had dropped by 49%. Such declines were not unique to the for-hire sector: for instance, MTA's April ridership counts were down by 90% from the prior month.² Since April, drivers and trips have slowly started to rise. As of the end of June 2020, trips were still down by 71% and driver earnings, for those who worked, were down 5%, compared to June 2019. Compared to their lowest points from the end of April 2020, trips by June increased around 78% and earnings over 81%.

As a response to COVID-19, the Taxi and Limousine Commission (TLC) has undertaken several initiatives to assist the taxi and for-hire vehicle industries. These include:

- Creating the GetFood NYC program to pay TLC-licensed drivers to deliver food to vulnerable New Yorkers;
- Allowing temporary vehicle partitions to enhance driver and passenger safety;

¹ The trip numbers in this paragraph were calculated using the average daily trip numbers from Yellow Taxi, Street-Hail Livery, and High Volume For-Hire Services.

² NBC New York (2020, May 27). *MTA Sees Slow Uptick in Ridership From April Lows*.

<https://www.nbcnewyork.com/news/local/mta-sees-slow-uptick-in-ridership-from-april-lows/2433797/>

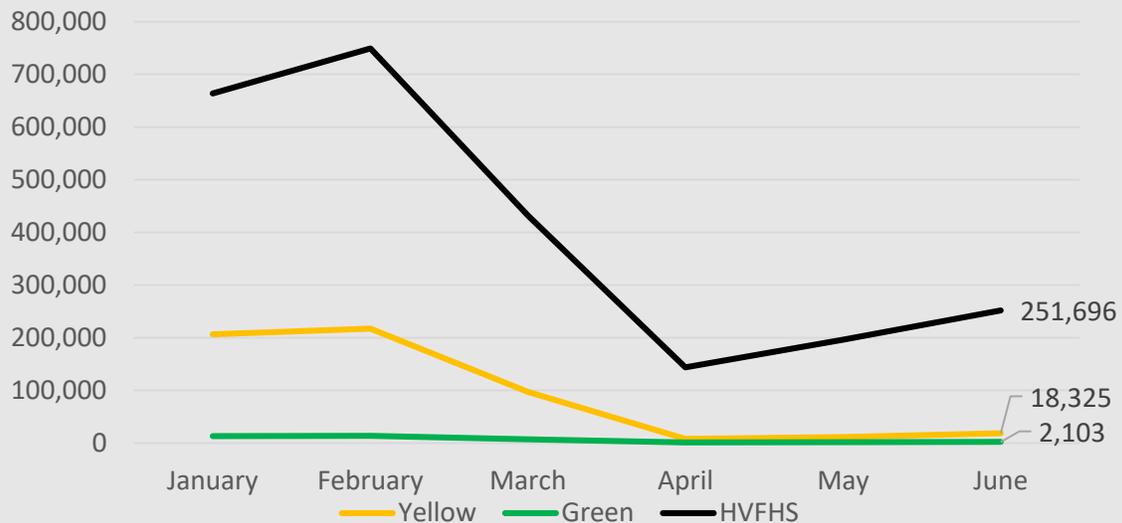
- Allowing For-Hire Vehicle owners to put their licenses in storage to reduce financial costs while the vehicle is not on the road;
- Opening a virtual Driver Resource Center so drivers can receive financial counseling, legal services, and other resources from home;
- Convening the Surface Transportation Council Taxi/FHV Subcommittee to provide recommendations on safely reopening the city, and;
- Making drivers and other TLC licensees aware of available state and federal financial benefits.

This report will examine the impacts of COVID-19 on the for-hire industry’s trip volumes, travel patterns, license renewals, and driver earnings between March 15 and June 30, 2020.

Trips

Trip Volume

Graph 1: Average Daily Trips Per Month by Sector



The entire industry witnessed trip declines across the board. Graph 1 displays the sharp decline in trips for Yellow Taxis, Street-Hail Liveries (SHLs), and High Volume For-Hire Services (HVFHSs). In February, HVFHSs performed, on average, nearly 750,000 trips per day, Yellow Taxis performed 217,000 trips per day, and SHLs performed 14,000 trips per day. Trips began to decline in all three sectors in the middle of March and reached their lowest point in April (144,000, 8,000, and 1,000 trips per day, respectively). Since April, trip volumes have stabilized and are

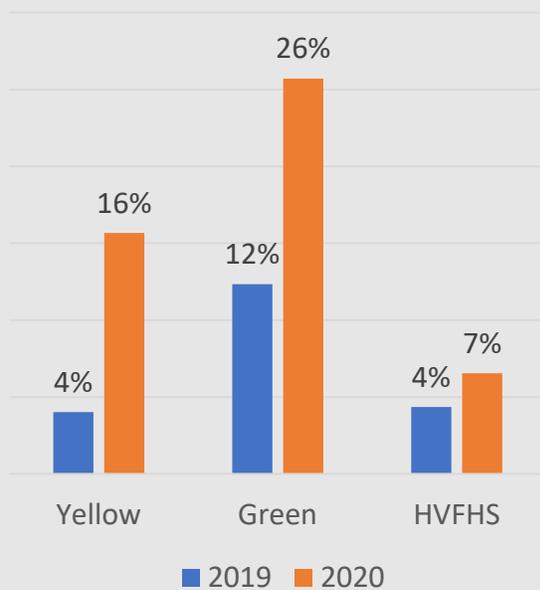
slowly increasing. When reviewing trip volume, it is important to note the usual seasonal impacts on volume; trips in the winter season are typically 12-14% higher than in the summer season.

Trip Geography

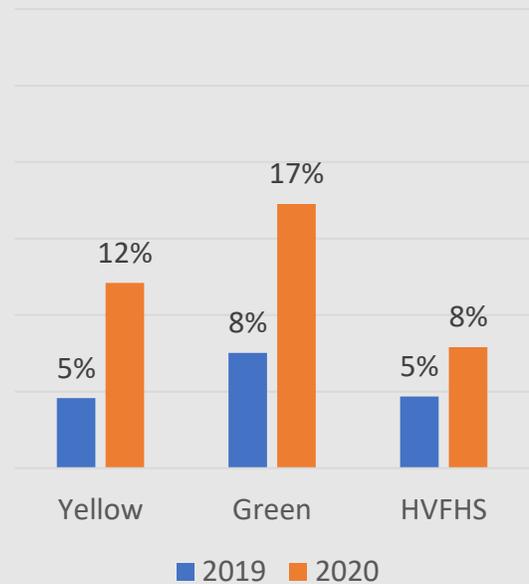
In addition to impacting the for-hire industry's trip volumes, COVID-19 also impacted typical locations of for-hire activity across the city. Trips to and from areas with hospitals make up a larger share of the aggregate number of trips between March and June of 2020 than 2019, with pick-ups having increased by 3% and drop-offs by 4%.

Graph 2: Trips Taken Near Hospitals

Pick-ups as % of all Pick-ups



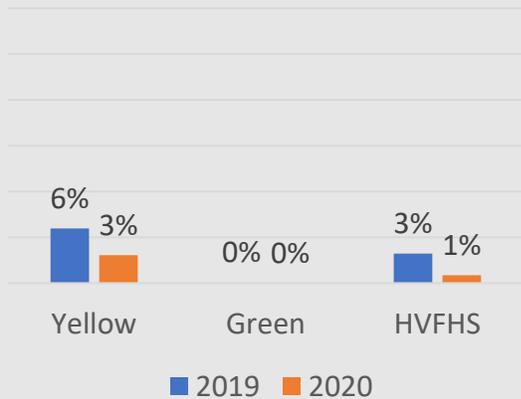
Drop-Offs as % of all Drop-Offs



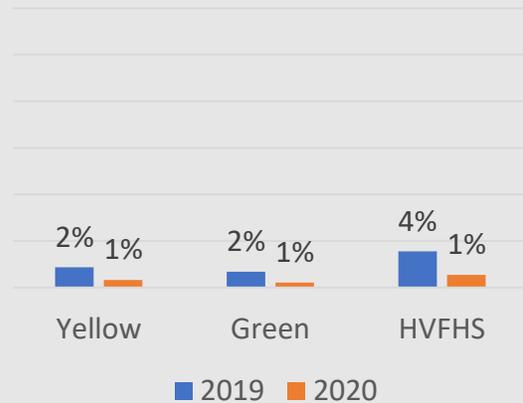
By contrast, there has been a small but significant drop in trip activity in areas with airports. Graph 3 below demonstrates that the aggregate number of pick-ups decreased from 4% in 2019 to 1% in 2020, and that the aggregate number of drop-offs also declined by 3% between the two years.

Graph 3: Trips Taken Near Airports

Pickups as % of all Pickups



Drop-Offs as % of all Drop-Offs

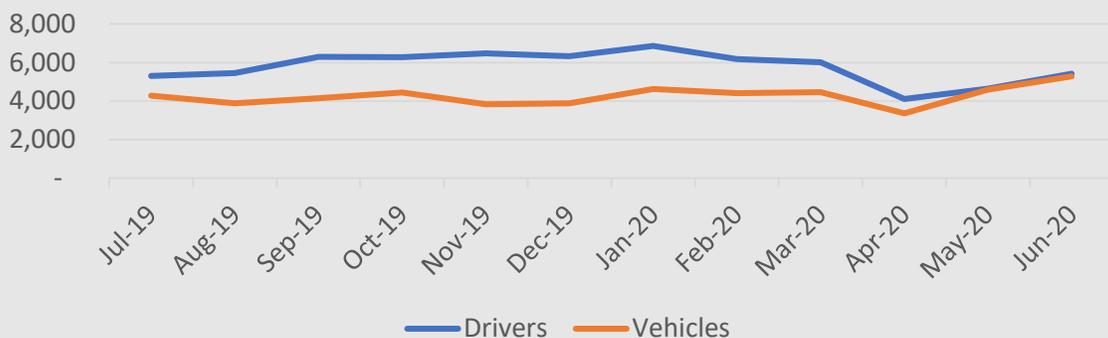


Drivers & Vehicles

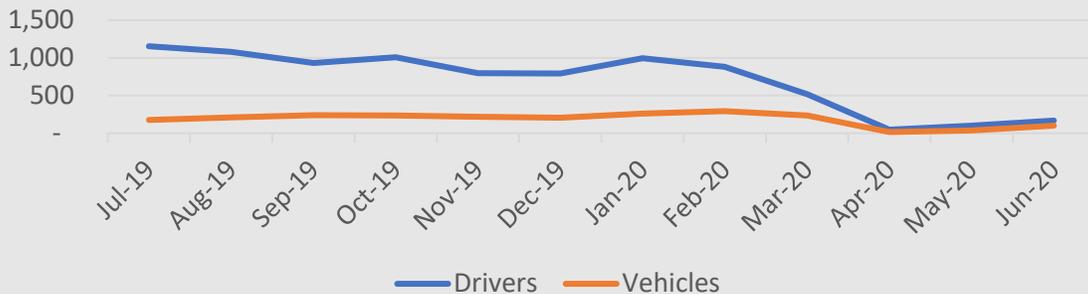
Licensee Application Volume

In New York City, for-hire drivers and vehicles are licensed separately by the TLC. TLC-issued driver and vehicle licenses expire every three and two years, respectively. Therefore, the numbers of license applications and renewals are indicators of whether drivers and vehicle owners are remaining in the industry. Graph 4 indicates that after a significant dip in April, vehicle owners have continued to renew their vehicle licenses at historical rates, but more drivers than usual are not renewing their driver licenses. Graph 5 shows that the number of new driver license applicants declined significantly since March 2020, while the volume of new vehicle license applications remains at a low level since the FHV vehicle license cap.

Graph 4: License Renewal Applications



Graph 5: New License Applications



Drivers on The Road

As the number of trips decreased, so too did the number of drivers who transport passengers. Table 1 below displays the count of drivers who did at least one Yellow Taxi, SHL, or HVFHS trip each month in 2020, out of approximately 187,000 TLC-licensed drivers. Drivers have slowly been returning to work and as of June 30, 2020, the number of drivers working has increased 6% since its lowest point in April. Nevertheless, the number of drivers doing passenger work is still only 26% of what it was in January.³

Table 1: Drivers Doing Trips Each Month

	January	February	March	April	May	June
2019	122,756	120,428	122,158	122,076	122,077	121,367
2020	114,889	112,696	108,880	28,893	33,769	30,675
YoY Change (%)	-6%	-6%	-11%	-76%	-72%	-75%

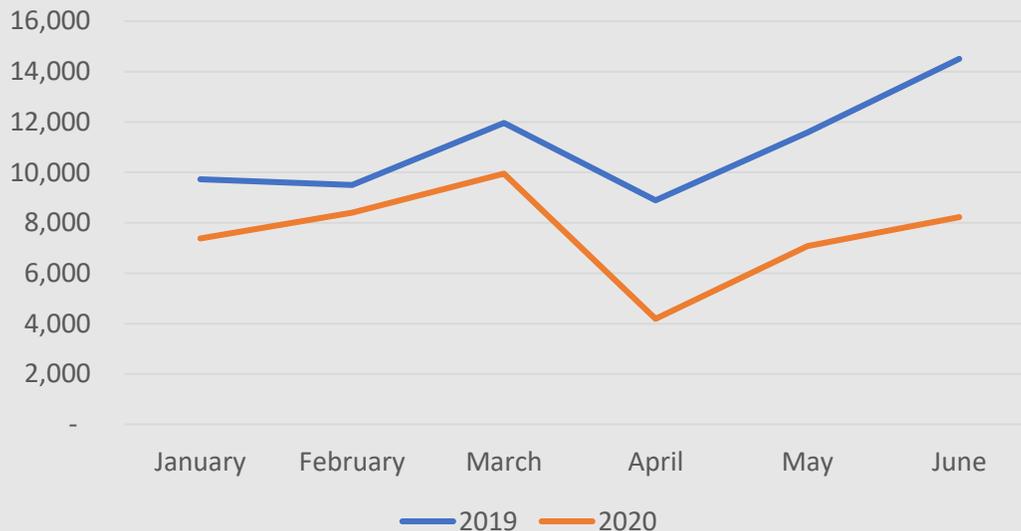
TLC currently licenses over 111,000 vehicles. Table 2 displays the number of vehicles that did at least one trip in each month. As with Table 1 above, the number of vehicles doing trips reached its lowest point in April with a slow growth in May that continued into June.

Table 2: Working Vehicles Each Month

	January	February	March	April	May	June
Yellow	11,435	11,418	11,313	2,193	2,609	2,965
SHL	2,703	2,675	2,560	669	819	850
HVFHS	79,289	78,090	75,506	22,527	27,881	30,131

Inspections

Graph 6: Vehicle Inspections Per Month

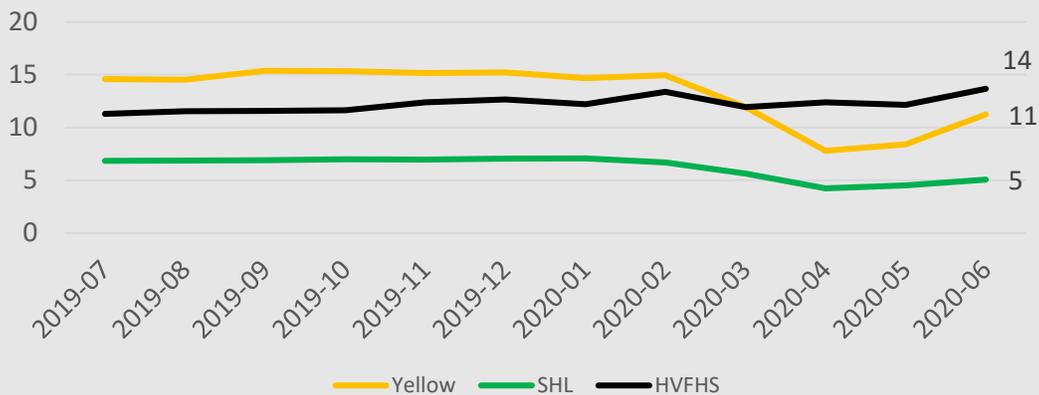


Vehicle inspections are required on a regular basis and are another indication of industry activity. As shown by Graph 6 above, there were 24% fewer vehicle inspections in January 2020 compared to January 2019 and 12% fewer inspections in February. Starting in March 2020, inspection counts took a sharp downward turn. After the beginning of the pandemic, some vehicle owners requested and were granted inspection extensions by several weeks. In April 2020, there were 53% fewer inspections compared to the year prior. Since then, inspection numbers have increased, but in May and June, TLC inspected around 40% fewer vehicles compared with the same months in 2019.

Driver Utilization

Graph 7 (below) illustrates that, despite declining trips overall, many drivers that remained on the road were able to perform the same number or slightly fewer trips than they were prior to COVID-19, depending on the sector. The biggest initial dip in trips was seen in the Yellow Taxi industry, which relies on street hails. Yellow Taxi trip counts per driver have been increasing since May.

Graph 7: Trips Per Driver Per Day

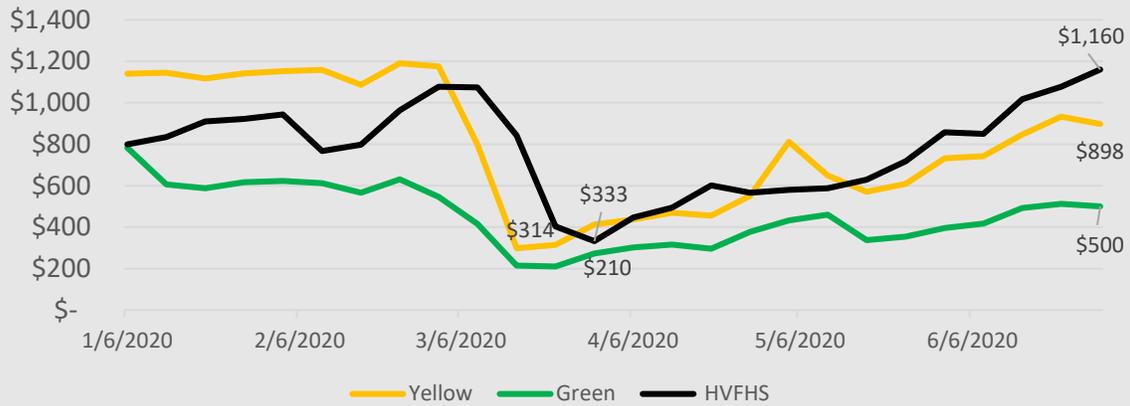


Driver Earnings

Gross weekly earnings for drivers are tied to trips, which are closely tied to general economic activity across the city. As expected, driver income decreased as the number of trips decreased in mid-March. For those drivers who continued to operate during the pandemic, income has been steadily increasing in tandem with the re-opening of the city economy.

As shown in Graph 8, Yellow Taxi, SHL, and HVFHS drivers all experienced a severe drop in earnings by late March, which continued into early April. Beginning in May and continuing into June, gross weekly driver earnings, for drivers who transported passengers, have slowly increased. Nevertheless, driver earnings have not returned to pre-pandemic levels: weekly earnings in May, for instance, are 35% lower than in January. However, June 2020 earnings for HVFHS drivers are identical to June 2019 earnings (\$1,026). There remains a sizeable but shrinking earnings gap for Yellow Taxis (\$1,292 in June 2019 versus \$813 in 2020) and SHLs (\$603 in June 2019 versus \$455 in 2020).

Graph 8: Gross Weekly Driver Earnings⁴



Driver Benefits

TLC licensees became eligible for state and federal benefits during the pandemic. Most drivers, their spouses and non-dependent children were eligible for a onetime Economic Impact Payment of up to \$1,200. The federal CARES Act, passed in March 2020, gives TLC licensees access to enhanced government benefits to supplement the loss in trip income. Specifically, the CARES Act allows independent contractors to qualify for unemployment benefits.⁵ The CARES Act provides for an additional 13 weeks of state benefits, so that drivers without work are eligible for up to 39 weekly payments of up to \$504.

For those TLC licensees eligible for state unemployment benefits, the federal Pandemic Unemployment Assistance fund allows for additional weekly payments of \$600 through the week of July 26, 2020. New York State processes applications for unemployment benefits [here](#). It is not currently known whether, and to what extent, the federal government will extend these vital benefits.

The federal and state governments also created government assistance programs that may benefit licensees. The state-administered Paycheck Protection Program provided low-interest loans through June 30. Since June 15, the United States Small Business Administration has also offered low-interest Economic Injury Disaster Loans to small businesses and independent contractors. Applicants for

⁴ This graph does not adjust for driver costs, which include vehicle leases, loan payments, insurance, and more. After costs, a driver's take home pay is often much lower than what is displayed here.

⁵ Prior to COVID-19, New York State has typically denied unemployment benefits to drivers due to their independent contractor status.

these loans are eligible to receive one-time grants of up to \$1,000 per employee or independent contractor. Information about this program is available [here](#).

TLC has provided information to drivers about these and other available benefits, including rental assistance, telemedicine and mental services through NYC Well, and there is a comprehensive list of resources for licensees on the TLC website. The TLC [Driver Resource Center](#)⁶ also began remote operations in May 2020 provides financial counseling and legal services to drivers and medallion owners facing hardship.

GetFood NYC Program

In response to increasing food insecurity caused by the COVID-19 pandemic, the City created GetFood NYC in the third week of March. GetFood NYC uses TLC-licensed drivers to deliver meals to New Yorkers in need. In addition to addressing New Yorkers' food needs, the program provides work and supplemental income for many TLC drivers. As of June 30, almost 10,000 drivers have worked a total of 36,918 shifts and have delivered over 40 million meals across all five boroughs.

Between March 15 and June 30, TLC-licensed drivers have earned over 24 million dollars through the GetFood program. Graph 9 displays weekly income, per driver, during the program. Driver earnings increased throughout the program's expansion and recently plateaued, reflecting demand.

Graph 9: Weekly Earnings Per Driver with GetFood NYC

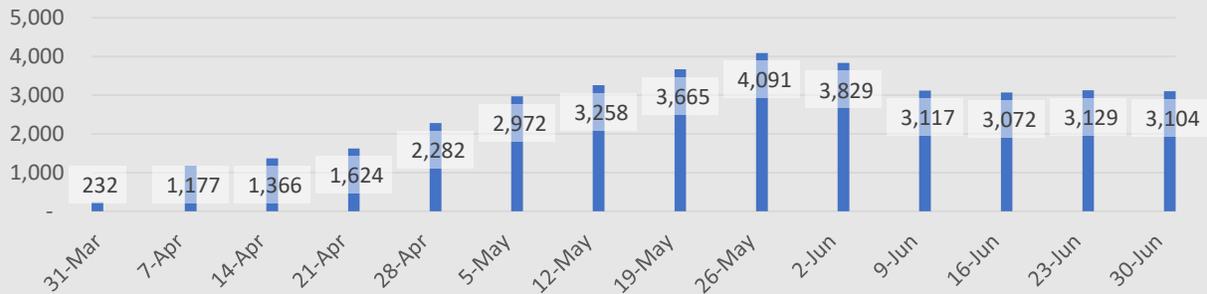


Graph 10 below illustrates the number of unique drivers who participate in the program per week. There is a steady increase of drivers up until mid-May, after

⁶ The Driver Resource Center serves as the primary space for TLC-licensed drivers to seek free financial counselling, legal services, or other resources that they may need

which it begins to drop slightly and maintains levels that were seen in late April. This slight dip is due to decreased demand from food recipients.

Graph 10: Unique Drivers in Get Food Program per Week



Summary

COVID-19 has had an unprecedented impact on New York City’s economy, including for-hire drivers and businesses licensed by the TLC, which are dependent on business, tourism and everyday commuting to provide trips. For-hire activity, as measured by trips, began a steep decline during the week of March 15, reaching its lowest numbers in the week of April 5.

Since the beginning of April, the industry has been slowly but steadily recovering. Many drivers found alternate sources of work connected with the pandemic, including food delivery through the city’s GetFood program. Additionally, TLC has provided drivers and their families with information about government benefits, emergency loans, telemedicine, and mental health assistance. The Driver Resource Center began operating virtually, offering legal and financial advice to hundreds of TLC licenses. No one knows with certainty what New York City will look like in a post-pandemic world. No matter the challenge, the TLC is committed to provide assistance and guidance to our licensees, so they may operate successfully and independently in the for-hire industry.

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