



Driven Into Poverty

2008 Comprehensive Study of the Chicago Taxicab Industry

Report I: Income

EXECUTIVE SUMMARY

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Do taxi drivers earn a fair wage?



In 2006 leaders from the Council of Islamic Organizations of Greater Chicago (CIOGC) urged the American Friends Service Committee (AFSC) to publically respond to the violent murder of taxicab driver Haroon Paryani.

Together the AFSC and CIOGC designed the Taxi Worker Organizing Project to address a broad array of problems plaguing Chicago cabdrivers. These problems included crimes in the form of physical violence as well as poor working conditions, racial profiling, and anti-cabdriver media bias.

Under the auspices of AFSC's national Human Migration and Mobility/Project Voice program a partnership was built between the two organizations to develop a long-term strategy to organize Chicago cabdrivers for the purpose of attaining better working conditions and respect for the rights of immigrant workers. The partnership produced the Taxi Worker Organizing Project.

In 2007, CIOGC stepped back from its role as an active partner while AFSC continued to be at the forefront of the project. In January 2008, the United Taxidivers Community Council (UTCC) was formed after core leadership from the Taxi Worker Organizing Project met to discuss a long-term strategy to organize cabdrivers. A top priority of AFSC-UTCC was to collect reliable data on the working conditions experienced by city cabdrivers.

In the summer of 2008, AFSC-UTCC approached Assistant Professor Dr. Robert Bruno and Research Assistant Jennifer Schneidman of the University of Illinois' School of Labor and Employment Relations and proposed an academic study of Chicago taxi-cab drivers. While a few studies have reported on cab drivers in other major urban areas, this is the first comprehensive study of Chicago taxicab drivers.

The study consists of four reports. This first report addresses issues surrounding the income of Chicago taxicab drivers. We intend producing reports on taxicab leasing, violence, and interactions with law enforcement.

The following findings of the survey conducted by University of Illinois' Labor Education Program address issues of workers' income and expenses, an especially poignant issue in today's economy and job market.

This baseline study sampled 711 of the approximately 10,500 licensed taxicab drivers in Chicago. The findings were consistent among all demographic groups: race, gender, religion, country of origin, age, tenure, and residential zip code. The following table summarizes the expenses and income of Chicago taxicab drivers as a whole.

Chicago Taxicab Drivers Income Summary Table	
Expense Item	Average Monthly Cost
Fuel	\$1,459.99
General Upkeep	\$88.61
Airport Taxes	\$171.24
Insurance Deductible Fees	\$53.71

Monthly Business Model Specific Expenses ¹	\$1,864.29
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Total Annual Expenses	\$42,402.96
Gross Annual Income	\$54,723.92
Net Annual Income	\$12,320.95

Hours per Shift	13.05
Shifts per Month	25
Hourly Income	\$4.38

Taxicab drivers spend \$42,402.96 annually.

By adding the average annual cost of fuel, general upkeep, airport taxes, car insurance and expenses related to leasing or owning the vehicle, we calculate that drivers spend \$42,402.96 annually.

¹ Chicago taxicab drivers are divided into 4 business models, i.e., those that lease their cab weekly, those that lease daily, those who own their vehicles, and those who lease the medallion. Each model incurs different monthly expenses.

² Federal and State minimum wage rates can be found at the US Department of Labor website: <http://www.dol.gov/dol/topic/wages/minimumwage.htm>

Taxicab drivers earn \$12,320.95 in net annual income.

When asked for their “total gross income... from driving that taxicab, including both tips and fares,” taxicab drivers responses averaged \$54,723.92 annually. This results in drivers averaging \$12,320.95 in net annual income

The average shift is more than 13 hours.

Chicago taxicab drivers as a group averaged 13.05 hours per shift including 5.06 percent of all drivers working 8 hours or less per shift and 74.54 percent working 12 hours or more per shift. On average, drivers as a group invested 324.04 working hours per month. That works out to more than one and half fulltime jobs.

Taxicab drivers work 25 shifts per month.

Drivers work 25 out of 30 days on average, i.e., drivers work approximately 6 days a week.

Taxicab drivers earn \$4.38 per hour.

Chicago taxicab drivers earn \$4.38, well below both the state (\$7.75 per hour) and federal (\$6.55 per hour) minimum wage.² Low hourly income is likely the root cause of drivers working long shifts.

The Next Step

The authors of this report are currently working on a second report, focused on taxicab vehicle leasing. We also intend to release a third and fourth report on violence on drivers and driver interaction with law enforcement.

To learn more about *Driven Into Poverty, a Comprehensive Study of the Chicago Taxicab Industry, Report I: Income* contact Associate Professor Robert Bruno at the Labor Education Program at (312) 996-2491 or (bbruno@illinois.edu).

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