

UBER: DESTROYING UPSTATE JOBS

New York State Economic Impact Report

Prepared by the Committee for Tax Safety

November 2, 2015

EXECUTIVE SUMMARY

A new analysis of government economic data shows that as many as 11,150 full-time, non-driver jobs within the taxi industry will be eliminated if Uber is allowed to expand into Upstate New York and Long Island. The jobs Uber claims it will create to replace these positions will be part-time driver jobs that lack benefits.

Last month, Uber released an economic impact report claiming it would create 13,000 jobs in Upstate New York and Long Island if it is granted a statewide license. However, a closer look at the report's analysis shows that Uber selectively omitted key data from its economic models. Specifically, Uber's report failed to account for the broader impacts its presence would have on the taxi and limousine industry in Upstate New York and Long Island.

The purpose of this report is to correct the methodological flaws in Uber's initial study and to show the real impact of allowing Uber to expand statewide. The findings indicate that — contrary to Uber's claims — permitting the company to operate Upstate would in fact eliminate up to 11,150 full-time jobs.

In addition, the 13,000 jobs Uber claims it will create will likely be part-time jobs. In fact, Uber's CEO Travis Kalanick has even said, "more than 50% of the drivers on our system are doing nine hours or less per week."¹

The economic costs of creating these part-time jobs along with threatening up to 11,150 high-quality full-time jobs in the process will likely result in a net loss of full-time employment in New York State.

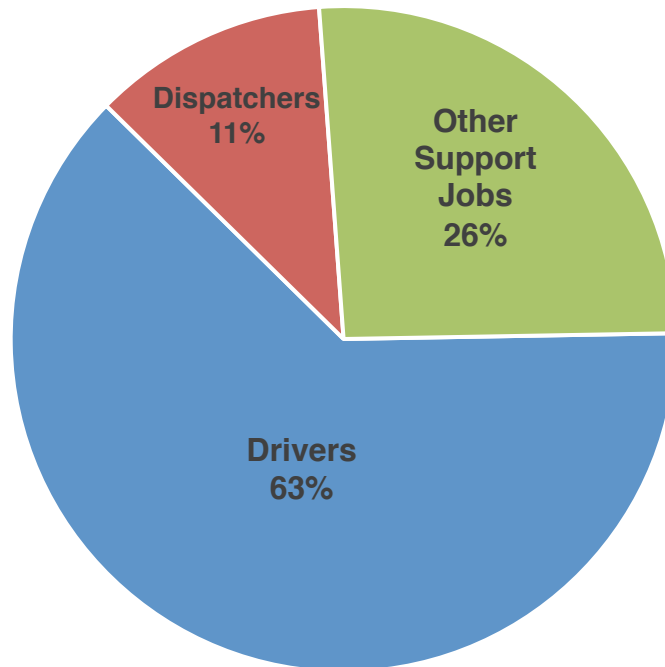
¹ <http://fortune.com/2015/10/21/travis-kalanick-part-time-drivers/>

A NET LOSS OF FULL-TIME JOBS IN UPSTATE & LONG ISLAND

Uber's business model is simple: "disrupt" the taxi industry by converting taxi drivers into Uber drivers. Accordingly, if Uber gains substantial market share throughout New York State, taxi companies will be depleted of their drivers and eventually be forced to lay off other employees or close their businesses entirely.

Unfortunately, when taxi companies go out of business, it is not just the drivers who lose their jobs. In fact, drivers account for less than two-thirds of taxi industry employees overall.² Drivers may be the most visible workers within the industry, but they represent only the tip of the iceberg of a much deeper industry that employs thousands of hard-working New Yorkers. These employees work as dispatchers, mechanics or in other support roles for taxi companies, and Uber's rise could permanently destroy their jobs.

Figure 1: Taxi Industry Employment (source: Bureau of Labor Statistics)



² [Bureau of Labor Statistics, May 2014 National Industry-Specific Occupational Employment and Wage Estimates, NAICS 485310](#)

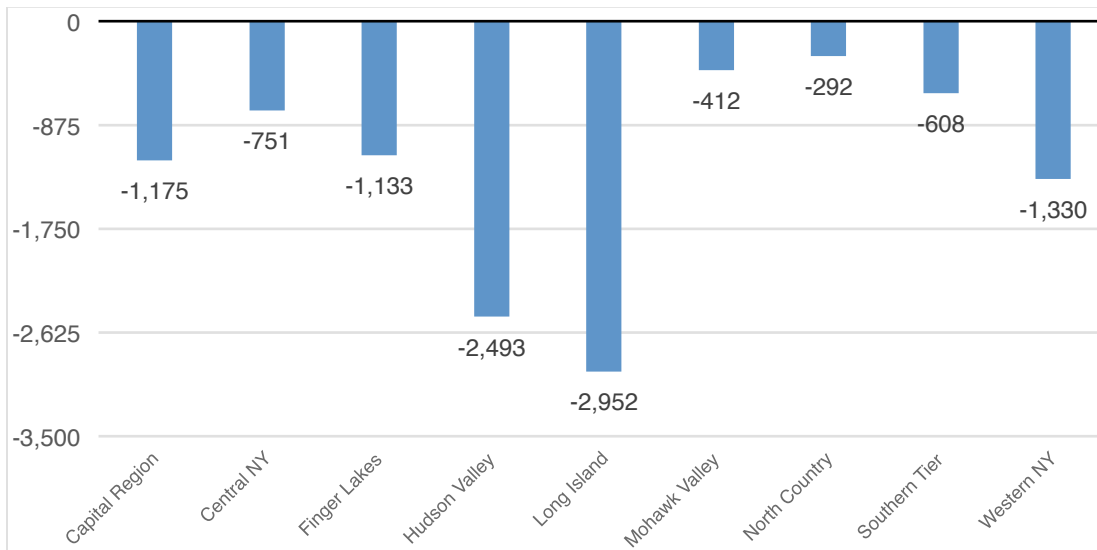
According to the New York State Department of Labor, in 2012 (the most recent year for which data is available) there were an estimated 18,700 taxi drivers across the state, not including New York City. Additionally, according to the National Bureau of Labor Statistics, drivers account for 63% of total taxi and limousine industry workers overall.

Taken together, these statistics yield an estimate of 11,150 non-driver jobs throughout the state’s taxi businesses that will cease to exist as Uber’s expansion dismantles the industry. Dispatchers, office clerks, mechanics, customer service representatives, and managers working for taxi companies across the state will lose their jobs – and unlike drivers, they won’t have equivalent jobs readily available for them at Uber or other ridesharing companies.

Furthermore, many of these 11,150 jobs pay higher annual wages compared to driver salaries.³ Dispatchers, for example, earn an average of 39% more than drivers, largely due to more extensive training requirements. The current mean salary for a dispatcher in New York State is \$44,630, while the current mean salary for a taxi or limousine driver is \$32,190, according to the NYS Department of Labor.

All told, Uber’s effect on the upstate economy will result in a significant net loss of employment, depriving New York of good, high-paying jobs. These job losses will be felt throughout the entire state, as the following chart shows.

Figure 2: Estimate of Potential Full-Time Taxi Industry Job Losses Across New York State



³ [New York State Occupation Projections 2012-2022](#)

UBER FOCUSES ON PART-TIME JOBS, IGNORES FULL-TIME JOBS

Uber says it will create thousands of jobs in upstate New York, but the reality of Uber's business model – and even its CEO's public statements – suggest that these will be part-time positions.

Tellingly, Uber's economic impact report is silent on whether the jobs it promises to create are full-time or part-time. In fact, many of Uber's drivers work for only a few hours every week, according to Uber's CEO who recently said "more than 50% of the drivers on our system are doing nine hours or less per week."⁴

Uber also refuses to acknowledge any of its drivers as actual employees, denying them both job security and much-needed benefits such as health-care. Uber should not tout its purported jobs numbers without making clear exactly what types of jobs its business model yields.

CONCLUSION

Uber's deceptive claims about its economic impact do not pass muster. Instead of creating New York jobs as it claims, its expanded presence in the state would destroy up to 11,150 good jobs — leaving a net-loss of full-time employment — without providing any adequate replacement opportunities.

Before New York State lawmakers consider granting Uber a statewide license, they must examine the real data — not just Uber's distorted claims — for the sake of their constituents and the future of New York's economy.

METHODOLOGY

To estimate the potential job losses created by Uber's cannibalization of taxi and limo drivers, data from the U.S. Bureau of Labor Statistics detailing occupational distribution of taxi industry occupations were utilized. Using the proportion of industry employment for taxi drivers as the base (drivers comprise 63% of taxi and limousine industry employees), this proportion was applied to the New York State Department of Labor's 2012 occupational estimates used for employment projections. The data presented represents the maximum potential jobs at risk. The pace and duration of the potential job losses was not projected because those variables are wholly dependent on Uber's growth rate in the state.

⁴ <http://fortune.com/2015/10/21/travis-kalanick-part-time-drivers/>