

# Uber, Lyft to pay \$328 mn to drivers after New York state probe

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Uber and Lyft agreed to pay \$328 million to settle a New York probe that accused the companies of wrongfully deducting fees from drivers' pay.

Uber and Lyft will pay \$328 million to settle a New York probe alleging that the companies "cheated" drivers, in an accord that also establishes paid sick leave, state officials announced Thursday.

The agreement follows state investigations that concluded the companies improperly deducted sums from drivers that should have been charged to passengers, according to New York Attorney General Letitia James, whose office brought the case.

"For years, Uber and Lyft systematically cheated their drivers out of hundreds of millions of dollars in pay and benefits while they worked long hours in challenging conditions," said James in a statement.

"These settlements will ensure they finally get what they have rightfully earned and are owed under the law."

Uber praised the agreement as a "landmark" that would advance the company's flexible employment system, while Lyft characterized it as a welcome "win" for drivers that "we are proud to have achieved with the New York Attorney General's Office."

"That's \$328 million back into the pockets of drivers!" said the New York Taxi Workers Alliance on X.

"We've waited eight long years to see justice for our members, a workforce that was cheated out of better living conditions, and timely meals and rest and leisure because the earnings that would have provided for that life were stolen by multi-billion dollar corporations!"

The companies were required to collect state and local tax for 8.9 percent of the sales price of the trip from riders, plus 2.5 percent of the cost for the Black Car Fund program for drivers, according to the settlement documents.

But the companies "deducted" the sums from the driver's pay, in violation of the law, said the documents.

From 2014 to 2017, Uber "misrepresented" deductions for sales taxes and for the Black Car Fund program for drivers. Lyft employed a similar system to "shortchange" drivers, the statement from James said.

The companies, further, "did not provide drivers with notices that accurately explained what drivers would earn," said the settlement document.

Neither Uber nor Lyft admitted James' findings or alleged violations of law.

## **Sick pay**

Under the agreement Uber will pay \$290 million and Lyft will pay \$38 million.

The agreement also ensures a minimum of \$26 per hour for workers outside New York City and establishes a system where drivers will earn one hour of sick pay for every 30 hours worked.

Uber's statement praised the accord without mentioning the investigation into worker pay or the payout to employees.

This resolution "balances accountability and innovation while addressing the true needs of these hard working drivers in New York," said Uber Chief Legal Officer Tony West.

West described the deal as a "landmark, first-of-its-kind agreement to ensure protections like sick pay and minimum earnings in gig work.

"This helps put to rest the classification issue in New York and moves us forward with a model that reflects the way people are increasingly choosing to work," West said.

Andrew Wolf, an assistant professor at Cornell University's School of Industrial & Labor Relations, credited the New York Taxi Workers Alliance with documenting the case.

"James' settlement is remarkable because it not only makes the drivers whole for the wages stolen from them but secures a statewide right to a minimum wage and provides paid sick benefits," he said.

Categorizing the workers as independent contractors rather than employees, however, still means drivers do not have full workers' compensation benefits. Drivers also must shoulder the cost to maintain and insure vehicles, Wolf said.

Uber shares rose 6.3 percent in afternoon trading, while Lyft jumped 7.2 percent.

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