



**Testimony of Ruth Whittaker  
Director of Civic Innovation Policy  
Chamber of Progress**

Re: Int 1133-2024 and Int 1135-2024  
Committee on Consumer and Worker Protection  
New York City Council

Good afternoon Councilmember Menin and members of the committee:

My name is Ruth Whittaker and I am the Director of Civic Innovation Policy at Chamber of Progress, a tech industry coalition promoting technology's progressive future and ensuring that all Americans benefit from technological leaps. Our partners include many app-based delivery companies, but our partners do not have a vote or veto over our positions.

I'm here today to raise concerns about proposals to implement minimum pay standards for all categories of delivery workers without properly considering the downstream consequences. After implementing minimum pay standards for food delivery workers last year, prices increased for consumers and earning opportunities decreased for drivers. Expanding these standards to cover more drivers without a full understanding of their impact risks undermining the goal of these proposals.

**Minimum pay standards typically raise prices for consumers.**

After the city implemented its minimum pay standards for food delivery drivers last year, consumer fees increased by an average of 46% per order.<sup>1</sup> Expanding the existing rules to include grocery delivery would likely have similar effects. Increasing the price of groceries would be particularly harmful for the estimated 14.6% of New Yorkers who are food insecure<sup>2</sup> or those living in food swamps without access to fresh, healthy food. For these communities, food and grocery delivery services can mean access to a wider variety of healthier food options.

**Minimum pay standards also typically result in reduced earnings for delivery workers.**

Higher prices typically result in fewer orders and lower tips, which declined by 60% for food delivery drivers since December.<sup>3</sup> The minimum pay standards for food delivery

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<sup>1</sup> <https://www.restaurantbusinessonline.com/technology/pay-hike-nyc-delivery-workers-hasnt-hurt-demand-city-says>

<sup>2</sup> <https://council.nyc.gov/data/emergency-food-in-nyc/>

<sup>3</sup> <https://www.geekwire.com/2024/new-data-reveals-impact-of-minimum-wage-law-on-food-delivery-drivers-and-orders-in-nyc/>

workers also resulted in food platforms instituting schedules to align driver supply with high demand periods.<sup>4</sup> The combination of fewer orders and limited schedules can limit earning opportunities for drivers. One NYC driver reported a 60% decrease in earnings since the pay standards went into effect.<sup>5</sup>

Applying these same standards to grocery delivery and other categories of drivers could further limit opportunities for New Yorkers looking to earn extra income. Nationwide, 69% of workers said app-based work helped them to make money in an emergency situation, and 63% said the income from app-based work allowed them to cover rising costs.<sup>6</sup>

### **Minimum pay standards also threaten the flexibility that delivery workers value.**

App-based gig workers consistently report that the ability to control their own schedules is one of the most valuable benefits of app-based work. For the 36% of app-based workers who also work full-time jobs and the 20% balancing unpaid caregiving work (who are disproportionately women), schedules undermine the benefits of gig work and reduce earning opportunities.<sup>7</sup>

Indeed, the city's analysis of the minimum pay standard for food delivery workers found that the number of couriers dropped by 9% since the standards went into effect.<sup>8</sup> Expanding the existing minimum pay standards risks not only making it more difficult for New Yorkers to earn extra income, but to compromise on the other benefits of gig work that drivers value.

We urge you not to move forward with these proposals. Instead, we encourage you to examine the downstream impacts of the existing standards and work to address the negative consequences for food delivery drivers and consumers.

Thank you.

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<sup>4</sup><https://www.wsi.com/business/hospitality/delivery-drivers-got-higher-wages-now-theyre-getting-fewer-orders-d2e416c0>

<sup>5</sup><https://www.wsi.com/business/hospitality/delivery-drivers-got-higher-wages-now-theyre-getting-fewer-orders-d2e416c0>

<sup>6</sup> <https://www.flexassociation.org/wp-content/uploads/2024/03/Flex-Economic-Impact-Report-2024.pdf>

<sup>7</sup> <https://www.flexassociation.org/wp-content/uploads/2024/03/Flex-Economic-Impact-Report-2024.pdf>

<sup>8</sup> <https://www.restaurantbusinessonline.com/technology/pay-hike-nyc-delivery-workers-hasnt-hurt-demand-city-says>