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A Model for Regulating the Ride-Sharers.

By putting the burden on the companies, Chicago is keeping its costs low while providing an efficient framework and better mobility.

Around the country, cities are grappling with the question of how best to regulate the rapidly expanding ride-sharing industry. While many mayors and local transportation regulators are pre-empted by their state legislatures, others are free to test different policy solutions and experiment with how best to conduct background checks on drivers, ensure vehicle safety, set insurance requirements and ultimately decide who gets to be on the road.

Chicago's approach may be one that could serve as a model for other cities. In Chicago, regulators and transportation network providers (TNPs) such as Uber and Lyft agreed early on that getting good drivers on the road with minimal friction would be a key priority for the city. When ride-sharing services were first becoming popular in Chicago, the city worked with (and sometimes at odds with) TNPs to devise a licensing and regulatory framework that aims to guarantee basic safety standards for passengers while minimizing permitting expenses for drivers, ultimately giving the city new mobility options while keeping the city's overhead costs low.

To ensure baseline safety standards for ride-sharing drivers, Chicago regulators required that each prospective operator take courses and be tested on the rules of the road, how to transport passengers safely and how to provide access to people with disabilities, among other essential skills. The city tasked ride-share companies with developing the courses and administering the tests. Rather than subject prospective drivers to expensive multi-day, in-person instructional programs, TNPs instead designed their coursework to be accessed via smartphones, which made the classes far less onerous for prospective drivers.

The city also set requirements for background checks that must be undertaken for each driver. The TNPs use third-party vendors to perform these checks by running drivers' names and Social Security numbers through a series of databases and public records, singling out individuals with violations who don't meet the city's minimum standards. Background-check reports are submitted to the city, and the TNPs must keep drivers' personal information — name, contact information, address and driver's license number — up to date with the city.

And whereas city vehicle inspections are typically costly and wait times build up quickly, TNPs worked with the city to develop and partner with certified inspection shops to ensure that cars can be seen in just a few minutes for as little as \$20. A standard form is used by each TNP to guarantee that a car's essential safety components, such as lights, brakes and suspension, are in good working condition. Once a car is inspected, the form is submitted to the city and the driver must keep a copy in the car. To minimize the risk of fraud, the city maintains wide discretion to review documentation, request information and impose penalties on rule-breakers.

Once the city has ensured baseline safety standards, it utilizes the TNPs' internal customer feedback systems, such as app ratings and customer support, to identify unsafe drivers and driving practices. Each TNP must have in place a process to notify the city of any driver who has been deactivated due

to complaints from riders that give rise to public safety concerns. Moreover, the city requires that each car has a 311 sticker so that riders are aware of how they can take complaints directly to the city.

Chicago has done well to put the burden of training, background checks, inspection and disclosure on its ride-sharing companies. By doing so, regulators have kept obstacles to becoming a driver to a minimum while helping to ensure customer safety and keeping the city's regulatory costs low. And by partnering with TNPs, the city has enhanced job opportunities and consumer choice while expanding Chicagoans' mobility options.

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