



Little doubt exists across this industry that we are in for a dilly of a driver shortage. We've experienced labor challenges in the past, and have survived, but this go-around will be different. The anticipated depth of the pending labor crisis could be several times what we faced five or six years ago. Industry experts are predicting a shortage of 150,000, 300,000, 500,000 or more drivers by next year. It's likely that more

will further clutter the picture with significant churning and turnover.

Donald Broughton, senior transportation analyst with Avondale Partners, predicts that in the next two years, "the most critical factor for truckers will be the ability to find drivers and owner-operators. That will be the single biggest differentiating factor between trucking company A and trucking company B."

Undesirable career?

Some will find it shocking – or at least puzzling – that at a time when the unemployment rate is running

The MOTHER of all

than a few carriers around today will not see 2015 – not because of regulatory intervention, or poor financial performance, but because they were unable to maintain requisite staffing levels.

Growth in demand appears poised to occur at precisely the time we will face our greatest staffing challenges. The mechanicals of ramping up the recruiting process will take more time than we have. Transportation analyst Noel Perry has suggested carriers will have to conduct 1.5 million conversations to generate 500,000 applications. Of those, he predicts two-thirds won't make it past the drug screens and criminal background checks required in some applications. And stricter documentation required of immigrants will remove much of that potential driver pool.

On top of that, a predicted 3-to-1 hiring to retention ratio

THE PENDING LABOR CRISIS WILL BE EXPONENTIALLY MORE SEVERE THAN PREVIOUS DRIVER SHORTAGES EXPERIENCED BY TRUCKING. KNOWING WHAT'S AT PLAY – REGULATION, DRIVER PAY, AND MORE – WILL HELP REVEAL POTENTIAL SOLUTIONS.

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around 9 percent, job openings promising starting wages of better than \$35,000 are going unfilled. But consider where truck driving ranks on the career preference ladder.

In its 2011 Jobs Rated career opportunity listing, career resource website CareerCast listed trucking at 171 out of 200 of the most prevalent occupations in the country.

The research, conducted by the University of Wisconsin for CareerCast, shows a decided bias for white-collar careers. Company president Tony Lee says that is indicative of the current generation

lars. If that's true, we've lost a lot of ground on the wage front, while the technical demands of the job have increased substantially.

"Truck driving is not the most desirable job out there," says Max Fuller, co-chairman of U.S. Xpress. "We as an industry have a real image issue that needs to be cleaned up. At the same time, we have a pay issue. When you look at inflation, these guys aren't making close to what they were in '86" when U.S. Xpress started operations.

"Unfortunately, freight rates haven't been high enough to push

under by the sheer weight of compliance while the bandit carriers weave and dodge their way around the rules to stay afloat.

Over the coming months, we'll look at these issues and more in an in-depth series looking at the labor crisis facing trucking. We'll examine factors limiting trucking's ability to maintain an adequate pool of drivers to meet demand, both on the recruiting and retention front. As well, we'll look at the external factors, such as job markets against which trucking must compete for workers, economic and regulatory

factors that could help or hinder trucking's competitiveness, and, beginning with this issue, the regulatory environment that will play

a large role in determining the extent of the capacity crisis.

driver shortages

of young job-seekers.

"Today's younger entrants to the job market are career oriented and they are looking for opportunities that fit them, rather than the other way around," Lee says. "They want good-paying careers with opportunity for advancement."

The CareerCast survey lists the average income for a truck driver at \$38,000, which is a little low but realistic. Compare that to a construction worker (\$27,000), a heavy equipment operator (\$39,000), and forklift operator (\$30,000), and other occupations with similar skill and training requirements, and we're well-placed, salary-wise, among a field of careers that might appeal to a mechanically inclined 30- or 40-something displaced worker looking for a second or perhaps third career change.

But what is the driving job really worth in today's market? One leading industry analyst told us that if driving wages had kept pace with inflation, a 1980s driving wage would be the equivalent of \$80,000 in today's dol-

the driver pay up," Fuller says, "and I don't think they will until that shipper doesn't move that load of freight. If that starts this summer, probably next year the industry can start to fix that problem. I'm seeing two to three years of real capacity constraint in this industry at a minimum."

While we struggle to bring new recruits into the fold, many more will be leaving the business, either of their own accord through retirement or attrition, or because they are forced off the island by the rigors of CSA, the Federal Motor Carrier Safety Administration's new enforcement regime. By extension, CSA will likely limit the willingness of others to enter the industry once the challenges of maintaining stellar driving and employment records are fully understood.

Some pundits have gone so far as to suggest that the FMCSA's attempt to purge the industry of unsafe drivers and carriers with its CSA initiative will backfire, sending some of the industry's best carriers to the bottom first. They could be forced

Regulation and the capacity connection

Over the past 15 years and more, Congress and the Department of Transportation have gradually raised performance requirements for truck drivers. It's a process that will accelerate this year with an array of new and pending regulations.

The effort, from drug and alcohol testing and the commercial drivers' license in the mid-1990s to hours of service reforms and the new CSA enforcement scheme that will roll out nationally this year, apparently has had its intended effect.

Truck safety has improved significantly by a variety of measures. Fatalities dropped by more than 35 percent between 2004 and 2009, from 5,235 to 3,380 in 2009, for instance. The rate of fatal truck crashes per 100 million miles has dropped overall in the past decade, from about 2.75 in 1998 to about 1.8 in 2008.



THE COMING DRIVER SHORTAGE

It would not be accurate to single out driver standards as the source of the improvement, but these regulations surely have contributed.

"It's very difficult to pin down the reasons for a lot of truck crashes," said Ralph Craft of the Federal Motor Carrier Safety Administration

recently drew that connection in a "Trucker's Wish List for 2011."

Economic conditions this year will support transportation growth of 3 percent or better – a significant improvement over the recent past, the Stifel Nicolaus team said. But this growth will be "against a capaci-

try capacity. Safer drivers have fewer accidents, which improves productivity.

"There's no research on that, but I believe it," said Noel Perry, managing director and senior consultant with FTR Associates. "Running things properly is always in the end the most productive way."

Ron Knipling, senior research scientist at the Virginia Tech Transportation Institute, agrees but points to some complexity in the situation.

If the problem is 50 percent greater this time, it's probable that in the peak months there will be freight left on the ground.

Analysis Division in a presentation on safety statistics last year. "(But) we believe that the safety programs we have in place help to reduce truck crashes."

It also is widely believed that these sorts of regulations have the effect of shrinking the size of the national driver pool, or at least restraining its ability to meet demand, by culling or keeping out drivers who cannot meet the standards.

The industry analyst team at Stifel Nicolaus, led by John G. Larkin,

ty landscape that is already stretched thin and that will likely be further challenged by a litany of federally mandated safety-oriented rules and regulations ... that will almost certainly reduce the size of the truck driver workforce and that will almost certainly limit the productivity of the remaining, compliant drivers," the analysts said.

Safety & productivity

Others in the industry observe that while safety regulations reduce the number of qualified drivers, they do not necessarily reduce overall indus-

Research indicates that drivers can be classified by their propensity to risk, based on enduring personal factors related to physical ability, personality, age, marital status and the like, Knipling says in his book, "Safety for the Long Haul."

In one VTTI study, almost 19 percent of the drivers had no at-fault events such as hard braking or lane departure in 100 hours of driving, while more than 55 percent had up to three such events. This majority of almost 75 percent could be seen as lower-risk drivers, compared to the rest who compiled increasingly high-

More driver regulations, proposals coming this year

Regulations and proposed rules affecting truck drivers came thick and fast in 2010, with CSA, pre-employment screening, electronic onboard recorders and hours of service topping the list. There's more coming in 2011.

First up are three important items awaiting clearance at the White House Office of Management and Budget. OMB is the last stop in the process of creating and vetting federal proposals and rules. From there, they go back to where they were written – in this case the DOT – for a final edit before publication in the Federal Register.

Two of the items at OMB are final rules:

- **Tighten CDL testing and learner's permit standards.** The details will

come clear once the final rule is out, but in the proposal stage the agency indicated that it wants to make sure that states issue licenses only to U.S. citizens or lawful permanent residents.

The agency also wants states to require would-be truck drivers to obtain a Commercial Learner's Permit and hold it for at least 30 days before applying for a CDL. Applicants for the CLP would have to meet virtually the same requirements as CDL holders, and would be subject to the same disqualifications. Also, the state would have to check the driver's record before issuing the permit. This rule should be published in the next month or so.

- **Texting ban for hazmat drivers.** This is the Pipeline and Hazardous Materials Administration's version of the texting ban issued last year by the Federal Motor Carrier Safety Administration. Like that rule, it also will ban hazmat carriers from requiring or allowing drivers to text while they are behind the wheel. This rule should be out in the next several months.

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er numbers of events – the worst having 43 at-fault events.

Knipling's observation is that cutting back on hours of service makes it more likely that carriers would use higher-risk drivers. "We'd be better off letting the best drivers – the 19 percent who had no incidents, for example – drive more," he said.

This, by the way, is a supporting reason for permitting more longer-combination vehicles, he added: "Fewer, better drivers."

There is the possibility that clearer statistical connection between safety regulations and driver availability will emerge later this year, thanks to research under way at the American Transportation Research Institute, an arm of American Trucking Associations. ATRI is studying the impact that FMCSA's new CSA enforcement scheme will have, but that work will not be available for several months, said Dan Murray, vice president of research.

Significant shortage

Meanwhile, FTR research indicates that several regulations – the new hours of service proposal, CSA and new commercial driver license requirements – will contribute to the capacity shortage that is expected as the economic recovery picks up speed.

The shortage has the potential to be significant, Perry said. In 2004, when the industry last experienced economic recovery and regulatory drag at the same time, there was a shortage of about 200,000 trucks out of 2.5 million in use. "It's probable that almost all the loads moved, but clearly it was much harder to get capacity."

This time, the shortage is likely to reach a peak of 500,000 trucks, although that should be brought down to 300,000 by concerted industry action. He attributes this 50 percent increase in the shortage to the severity of this downturn and the rollout of the CSA enforcement scheme, which carriers and enforcement personnel alike have described

as a "game changer" for the industry.

The shortage will start showing up when the traditional seasonal uptick in freight occurs at the end of the first period, Perry said. Part of the problem is that managers will not start hiring now because there might be a shortage in March.

"Last time we actually didn't run out of trucks, we just had a tight market. The freight moved, all of it. If the problem is 50 percent greater this time, it's probable that in the peak months there will be some freight left on the ground. When that happens, the market responds violently, because the penalty for missed shipments is way greater than the penalty for paying a little extra – you get stock-outs and plant shutdowns, for example."

Perry concludes that freight prices will be much higher this time around than they were in 2004. He also believes that shippers are going to make some significant changes in their supply chain practices.

Whatever it takes

One change will be seen as good news by carriers: shippers will unload trucks more quickly, Perry said. They will shift to drop and hook operations, and extended hours on loading docks – "whatever it takes to get the trucks in and out faster."

"Think of it this way," he said. "If there's a shortage of trucks, and your loading dock is known to be one where drivers are held up, who's going to take a load to come to your dock? If I know I can get in and out real fast, I'll take the load."

He also expects shippers to start loading to weigh out, which will require taking more chances with damage by stacking freight in the trailer. They also will plan ahead for seasonal changes in freight flow, and will look to partner with carriers to attack the 14 percent factor – that's the time that trucks currently spend waiting to get assigned to a load. "Shippers will have the opportunity to say, where do you have people

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waiting right now? I'll take them."

On the carrier side, he expects to see incentives for drivers to take less time off, and higher speeds on the highway. "Most over-the-road fleets restrict top speed for fuel economy," he said. "They run at 62 instead of 65. This spring they'll stop that,

off. Anything that increases asset velocity pays when there's a shortage."

Planning pays

At the other end of the efficiency spectrum sits the electronic onboard recorder. Touted as a major tool in the HOS compliance battle, many drivers still perceive them as restrictive and

The difference in how drivers respond to that eventuality lies in how carriers structure their home-time policy.

"Home time is likely to become more of a planning issue than it was in the past. Driver managers are going to have to do a better job at planning the trips home to

ensure that drivers aren't stranded 100 miles from home when the clock ticks past 14 hours," he suggests. "They will have to start planning on

Tuesday to get the driver home by Friday."

It has to be built into the policy, he says. "You don't want the drivers disappointed, and they have to know that company has rules to follow too."

These steps by shippers and carriers should bring the 500,000 number, Perry predicts – "which would be a disaster" – down to the 300,000: "Something we can work through with a lot of pain." ■

Because of the influence of CSA, drivers are going to become reluctant to cheat on logs, so EOBRs will come to be seen as less of a disadvantage.

they'll run faster."

Perry does not see a conflict here with the effort by ATA to get mandated speed limiters set at 68 mph installed in trucks. "We're not talking about running at 75 mph, more like 65 rather than 62."

This would amount to about a 4 percent increase in velocity, he said. "When times are good and there's abundant freight, speeding up pays

inflexible. The perception remains that EOBRs can and will result in drivers stranded a hundred miles from home on their weekend off.

CostDown Consulting CEO Joe White believes that because of the influence of CSA, drivers are going to become reluctant to cheat on logs, so EOBRs will come to be seen as less of a disadvantage. However, he notes that drivers will be caught away from home from time to time.

More driver regulations, proposals coming this year *Continued from page 50*

Also pending at OMB is a proposal to expand the requirement for electronic onboard recorders and clarify the Federal Motor Carrier Safety Administration's requirements for documents that support a driver's hours of service records.

This proposal will extend the minimal recorder requirement that is scheduled to go into effect in 2012 to more carriers. That rule says that carriers that violate hours of service rules 10 percent of the time, based on single compliance review, must use electronic onboard recorders to track driver hours. The new proposal will call for an expansion of that mandate.

The proposal also will ease the supporting documents requirements for carriers that use recorders. And it will shorten the list of documents that all carriers must keep.

There are a half-dozen driver-related rulemaking items in line at FMCSA, awaiting the move to OMB.

A final rule on entry-level driver training is scheduled for action next November. This will require classroom and behind-the-wheel training for applicants for a CDL. It is the agency's response to a 2005 court order that said the lack of a requirement for road training is a fatal flaw in the current rules.

Another final rule, scheduled for publication next

September, will create a registry of certified medical examiners. This is part of an ongoing, comprehensive effort by FMCSA to improve its regulation of driver health issues. It is in the process of drafting a proposal to update rules on conditions ranging from cardiovascular disease to sleep disorders, based on recommendations from medical experts.

The agency's CSA initiative will be rolled out throughout the year, as states get up to speed on enforcement and carriers start working their way through the system. But a major piece of the initiative still is in the rulemaking stage. Proposed changes in the process of determining a carrier's safety fitness are scheduled to be published for comment next August.

Scheduled for September is a proposal to create a national database containing the results of drug and alcohol tests of drivers, a safety management tool that that trucking companies have been seeking for years.

Also pending is a proposal connected to the ongoing effort to combat distracted driving. The agency this year will seek comments on further restrictions on use of electronic devices in the cab, besides the texting ban and the current proposal to restrict cell phone use by drivers.

— Oliver B. Patton, Washington Editor

