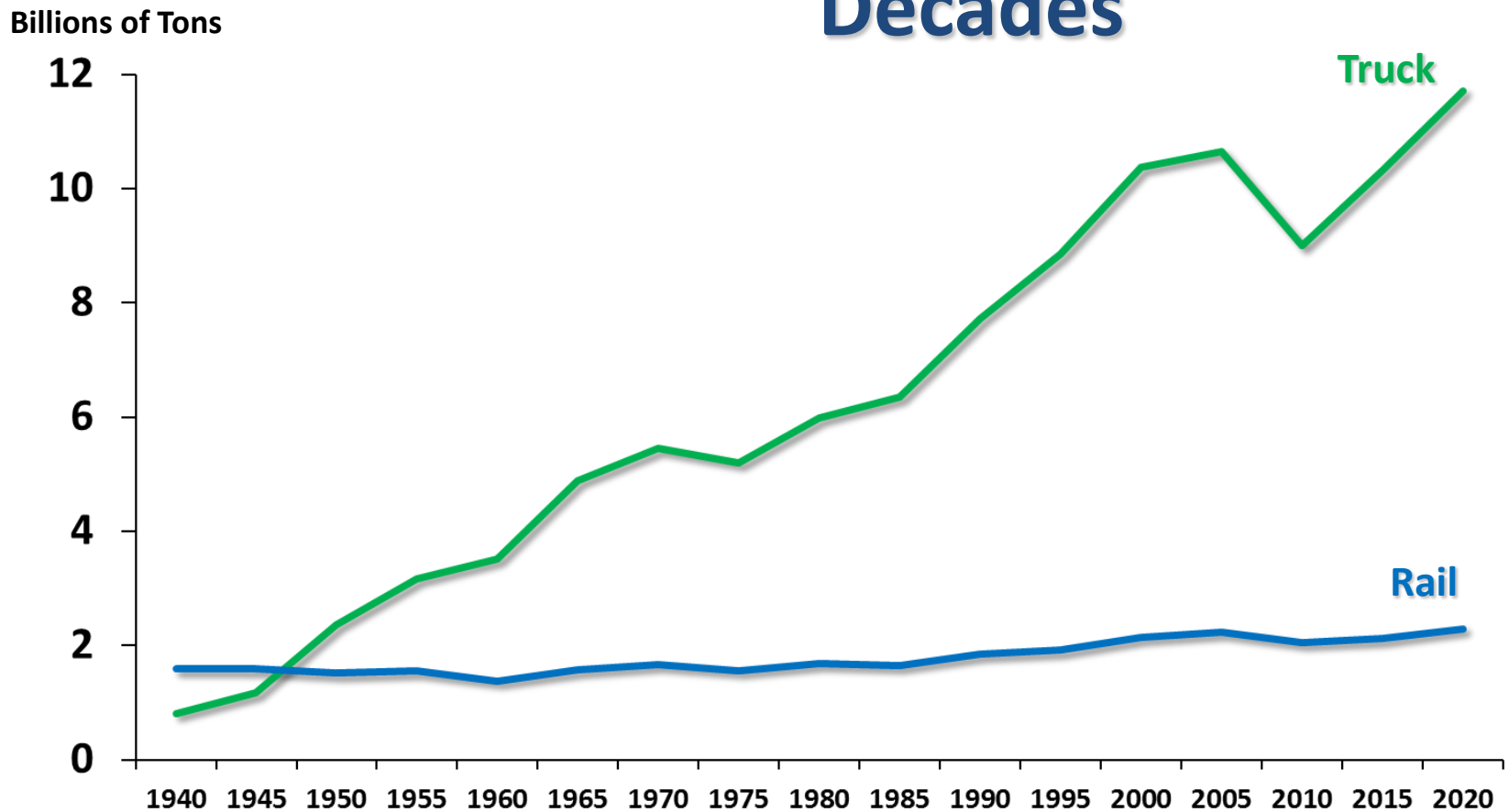


# U.S. Clay Producers Traffic Association

Hilton Head Island, SC

March 17, 2015

# Trucking's Importance to the Economy Has Surged Over the Decades



Source: *U.S. Freight Transportation Forecast to 2025, Eno Foundation, ATA*

# General Trucking Themes

1. Truck freight volumes were solid in the last three quarters of 2014.
2. Truckload & LTL industries are adding a little capacity in recent months, but remain well below all-time highs. Fleets will continue replacing tractors in 2015 – this year should be the peak in truck sales with a slight decline in 2016.
3. Revenue per mile is picking up due to improved demand and limited capacity.
4. Driver shortage is as bad as ever.
5. Fleets continue to see rising costs x fuel, but the decrease in diesel prices is helping the bottom line near term.
6. Many small fleets were thrown 2 life lines in 2014: Drop in fuel and surge in spot market rates.

# ATA's Advocacy Division

- **Legislative Affairs** – 6 Lobbyists, 6 Others = 12 Total; plus 2 firms
- **Policy & Regulatory Affairs** – 9 Policy Experts, 6 Others = 15 Total
- **Legal Affairs** – 4 Lawyers, 1 Other = 5 Total
- **Conferences & Councils** = 15 Total
- **Total Advocacy = 47**

# ATA Advocacy – What Have We Done

## Wins

- **Congressional Suspension of HOS Restart Rule**
- **Tax Credits Extended** (bonus depreciation, propane)
- **Heavy Vehicle Use Tax**
  - Removed 10 year \$1.3B tax Senate HTF bill
- **CSA Fix on Adjudicated Citations**

# ATA Advocacy – What We’re Planning To Do

## Legislative Affairs

- **Stabilize Highway Trust Fund – *funding mechanism is critical***
  
- **Pursue Policy Needs in Long Term Highway Bill**
  - Permanent Fix to HOS Restart
  - CSA Fixes
  - New Freight Program
  - Anti-Tolling Language
  - Driver Shortage Help
  - Others

# ATA Advocacy – What We’re Planning To Do

## Legislative Affairs

- **Support Tax Reform**
  - Simplify
  - Balance lower rates and accelerated capital recovery
  - Annual tax extenders/credits permanent
  
- **Support Energy Bill**
  - Keystone XL
  - Rectify LNG/Diesel tax inequity

# ATA Advocacy – What We’re Planning To Do

## Regulatory Affairs

- Shape EPA & NHTSA’s Phase II GHG/Fuel Economy Rule
- Keep ELD Rule on Track
- Favorably Shape CSA Safety Fitness Rule
- One Stop Shop D&A Test Results Clearinghouse
- Others (Driver Training, Insurance Limits, etc)



# Summary

- Supply-Demand balance in trucking's favor
- HOS and tax extenders wins give ATA advocacy momentum into 2015
- Legislative priorities are clear...and challenging
- Regulatory pipeline is full (but will slow in 2016)
- Stay Involved; Industry & ATA needs your involvement

# 2014 Top Industry Issues

1. Hours-of-Service
2. Driver Shortage
3. CSA
4. Driver Retention
5. ELD Mandate
6. Truck Parking
7. Transportation Infrastructure/  
Congestion/Funding
8. Driver Health & Wellness
9. Economy
10. Driver Distraction

CRITICAL ISSUES IN THE  
TRUCKING INDUSTRY – 2014



Presented to the  
American Trucking Associations

Prepared by  
The American Transportation Research Institute  
October 2014



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# Top Issues Drivers vs. Carriers

## Commercial Drivers

1. Hours-of-Service
2. Truck Parking
3. ELD Mandate
4. CSA
5. Driver Retention
6. Driver Health/Wellness
7. Fuel Supply/Fuel Prices
8. Driver Distraction
9. Driver Shortage
10. Transportation Infrastructure /Congestion/Funding

## Motor Carrier Execs

1. Driver Shortage
2. Hours-of-Service
3. CSA
4. Driver Retention
5. ELD Mandate
6. Transportation Infrastructure /Congestion/Funding
7. Economy
8. Driver Health/Wellness
9. Tort Reform
10. Driver Distraction

Bloomberg Businessweek  
**News From Bloomberg**

**Labor Shortage Threatens to Bust the Shale Boom**

By Isaac Armendorf, Dan Murtaugh and Jack Kaskey April 17, 2014  
How high is demand for welders to work in the shale boom on the U.S. Gulf Coast? So high that "you can take every citizen in the region of Lake Charles between the age of 18 and 65 and you're not going to have enough welders," said Peter Ham, an officer of a welding company.

**Truck driver shortage is raising concerns**

By Allie Krug  
Published: Sunday, May 4, 2014, 6:03 pm

Trucker shortage growing  
It's getting harder to find truck drivers for this important job.

**TRUCK DRIVERS BY THE NUMBERS**

**WANTED: MORE TRUCK DRIVERS**  
The number of heavy truck or tractor-trailer drivers increased 1.9 percent in 2013, after rising 3.2 percent in 2012 and 2.9 percent in 2011. The number of drivers is still 6.4 percent below its 2007 peak.



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News

On Demand

On Air

Opinion

International

**Truck driver shortage more serious than fir**

By: **Michael Sergel, Upper North Island News** | Thursday M  
The shortage of truck drivers appears to be even more serious than previously thought in the upper North Island.

**FleetOwner**

**Seeking solutions to the driver shortage**

Sean Kilcarr  
Fri, 2014-05-09 05:38

As the truck driver shortage becomes a bigger and bigger problem by the day – with one projection estimating the industry will be short a million drivers just 10 years hence – many feel that current driver recruiting, hiring, and retention processes need to be completely overhauled if not disposed of entirely.

"We've been dealing with this driver shortage problem since the 1980s and the industry really hasn't stepped forward with what I would call a "holistic" solution," explained Duff Swain, president of consulting firm **Triv Group**, during a webinar this week designed to lay out new solutions for the driver shortage.

"The industry has only selectively looked at the issue, often focusing on the idea 'do four' to address it."

**Transport Topics**

**Worries Over Driver Shortage Outweigh Improving Market**

By Michele Fuetsch, Staff Reporter  
This story appears in the March 31 print edition of Transport Topics.  
GRAPEVINE, Texas — The truck driver shortage dominated the discussion here at the Truckload Carriers Association's annual meeting, tempering an otherwise mostly positive outlook for the industry and the overall economy.  
The industry is facing a shortage of drivers, says Kretzinger, president of American Central Transport, said in his farewell speech. "A lot of all say customer is No. 1. Well, today, driver is No. 1, driver No. 2, driver No. 3."  
Executives met to develop potential solutions to the highway-funding crisis that could help the industry to grow and to meet shippers' demands.  
Edward Durn, the new TCA chairman and president of Bestway Express Inc. of Dallas, said he is starting to pay higher wages and are talking to shippers about how they can help.  
Really getting the shippers onboard with this problem — and some shippers are not doing it. "We can run enough hours to make a living but not so many hours that we can't avoid long detention times for drivers and do simple things like clean up the difficulty in finding drivers, the industry is looking at how to solve it."  
When what's wrong with the job? "Burr... Truck Line in Hope, Ark. said he's afraid that they cannot learn!

**Driver Shortage to Persist**

By Go By Truck News+

HELP WANTED  
HS s'l exp t have  
77  
COME  
id Exper.  
43  
E Installers  
to in-  
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no

There may be no end in sight for the driver shortage. A survey show that even as 79 percent of fleets look to leaving the industry for jobs that offer more money or

3 NEWS Wed, 21 May Shows

HOME VIDEO NZ NEWS WORLD ENTERTAINMENT SPORT BUSINESS WEATH

**Truck driver shortage impacts businesses**

Tuesday 29 Apr 2014 3:21p.m. 2 Comments

Like 0 Tweet 4 +1 0 EMAIL PRINT

**Related**

- Truckies hail time-saving invention
- Trucking

There is a shortage of truckies and it is having an impact on upper North Island businesses.

Auckland Chamber of Commerce surveyed 150 transport firms, with 85 percent saying there are not enough drivers to meet demand.

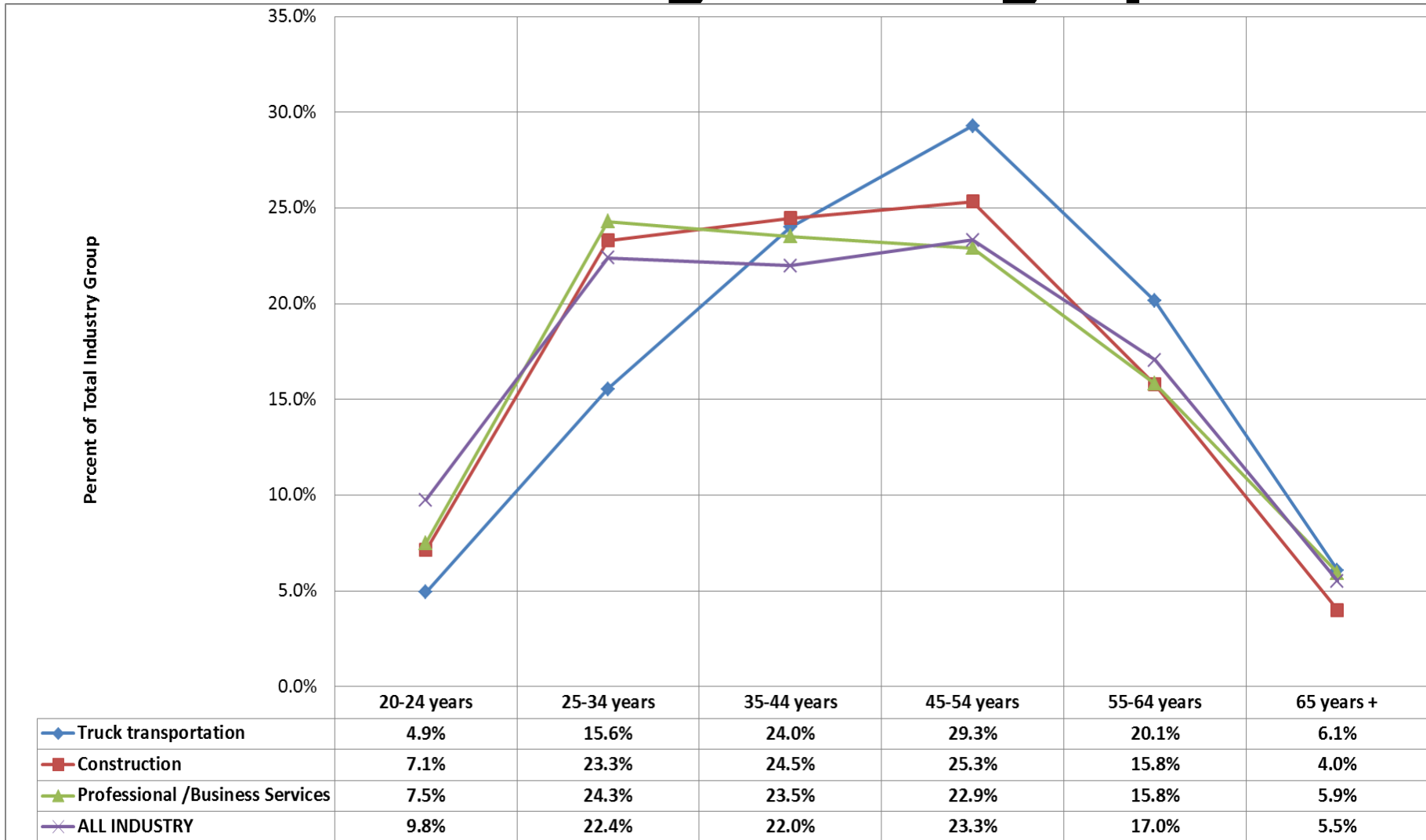
Chamber chief executive Michael Barnett believes action is needed swiftly.

"We've looked and we've said we can respond to it through education, we can respond to it through training and also through immigration," says Mr Barnett. "But we'd rather do it now than wait until the problem exacerbates and then having a real impact and a negative impact on business."

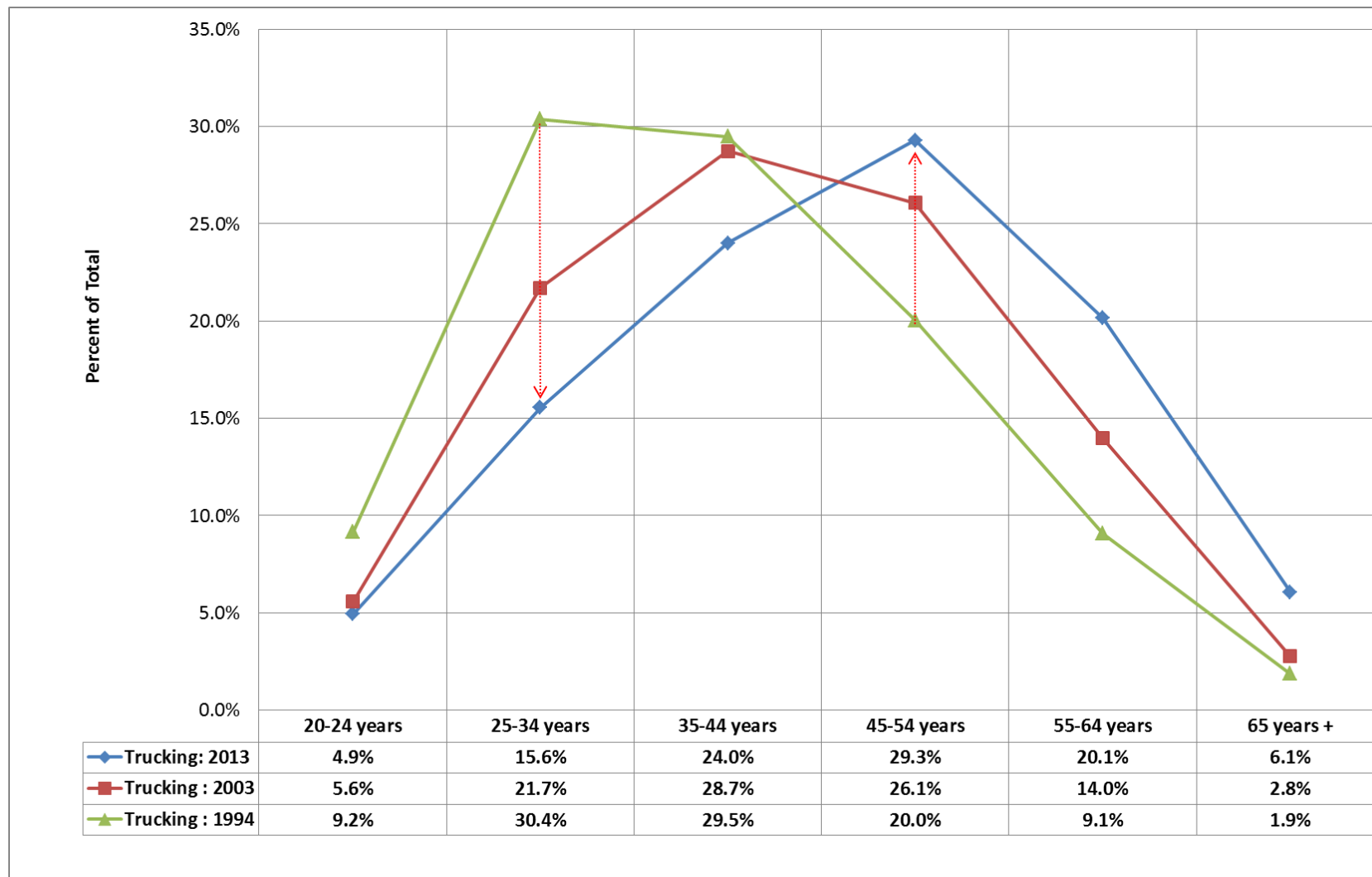
The most acute shortage is in highly-skilled truck drivers, including those who transport containers and liquids.

RadioLIVE

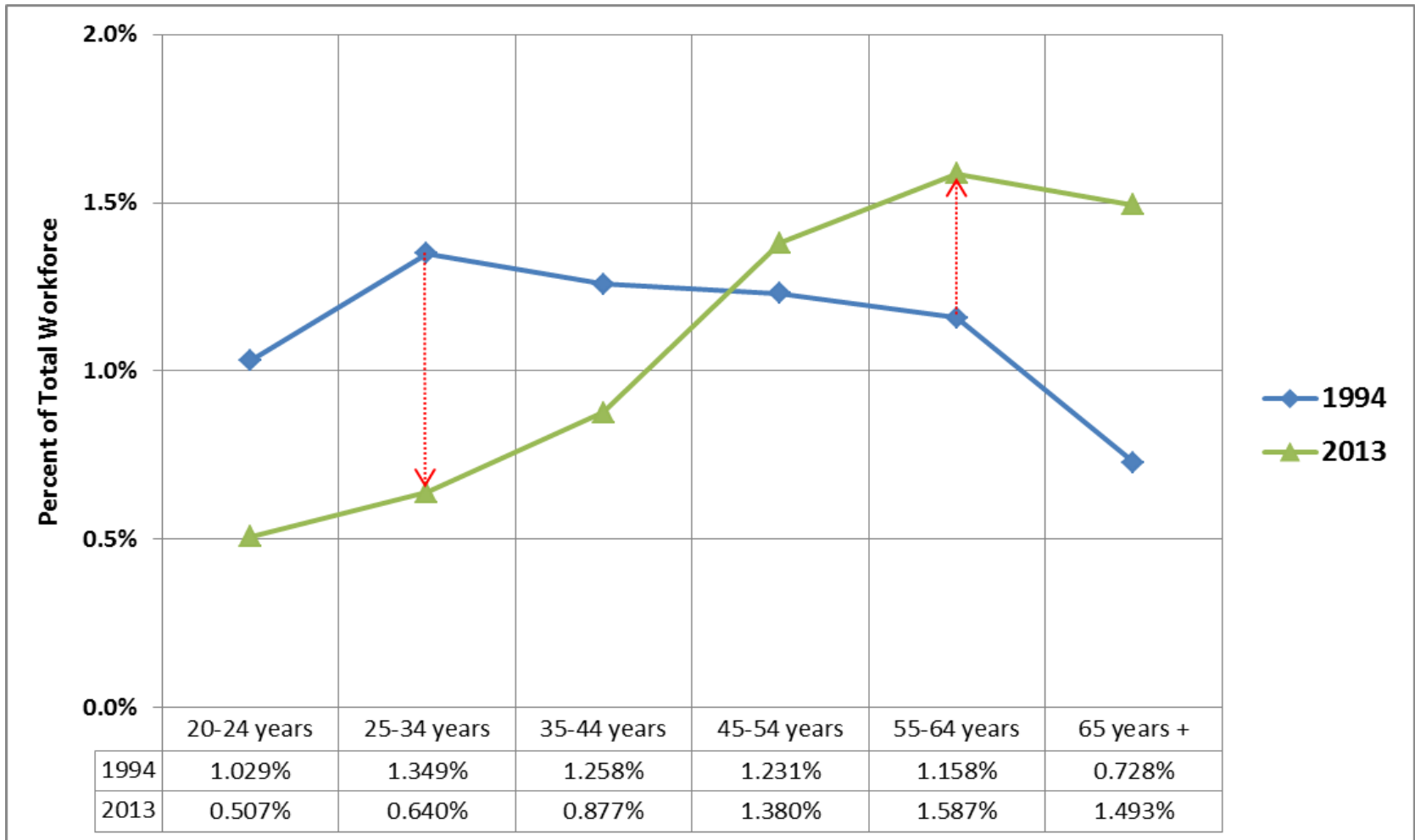
# Truck Driver Age Demographics



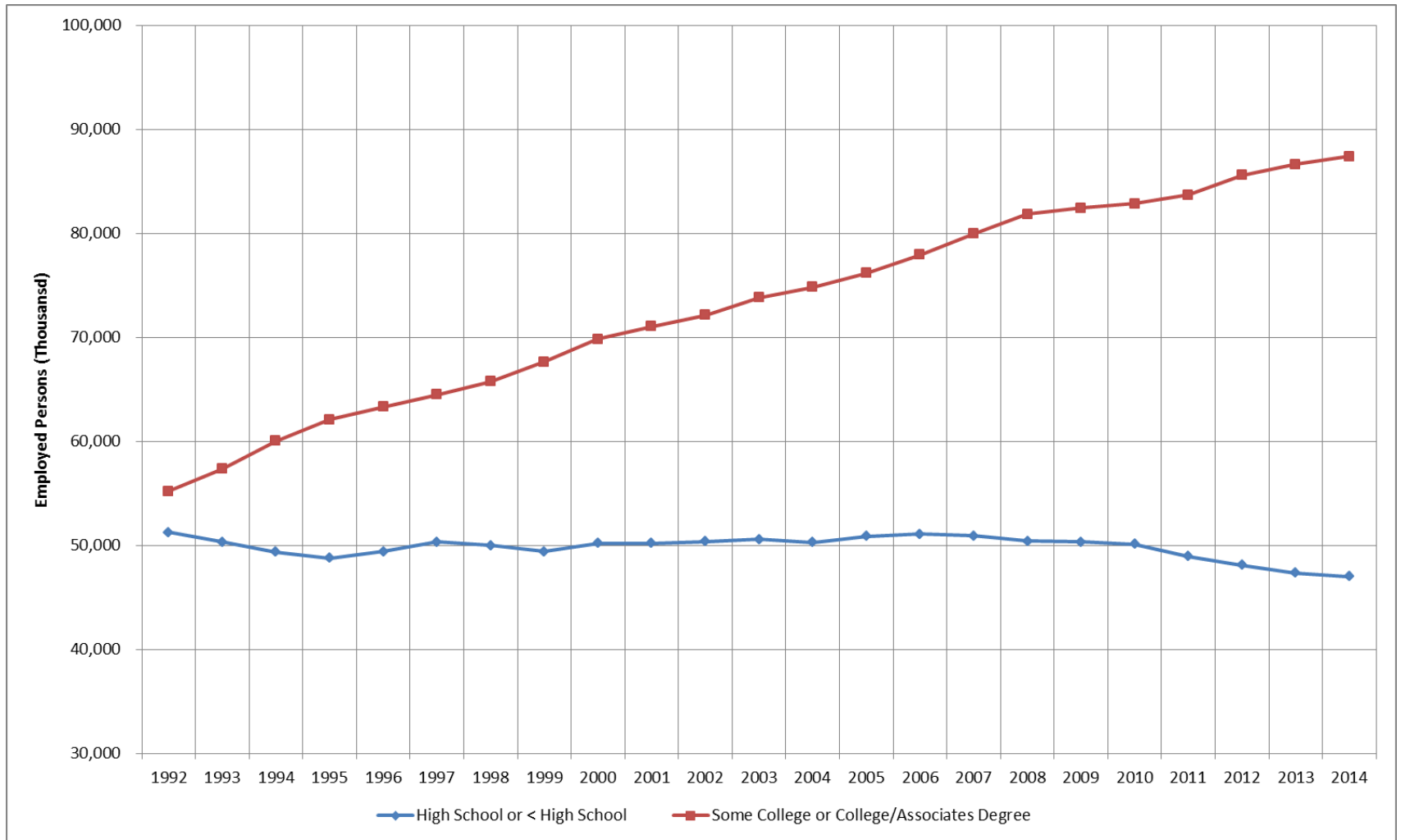
# Truck Driver Age Demographics



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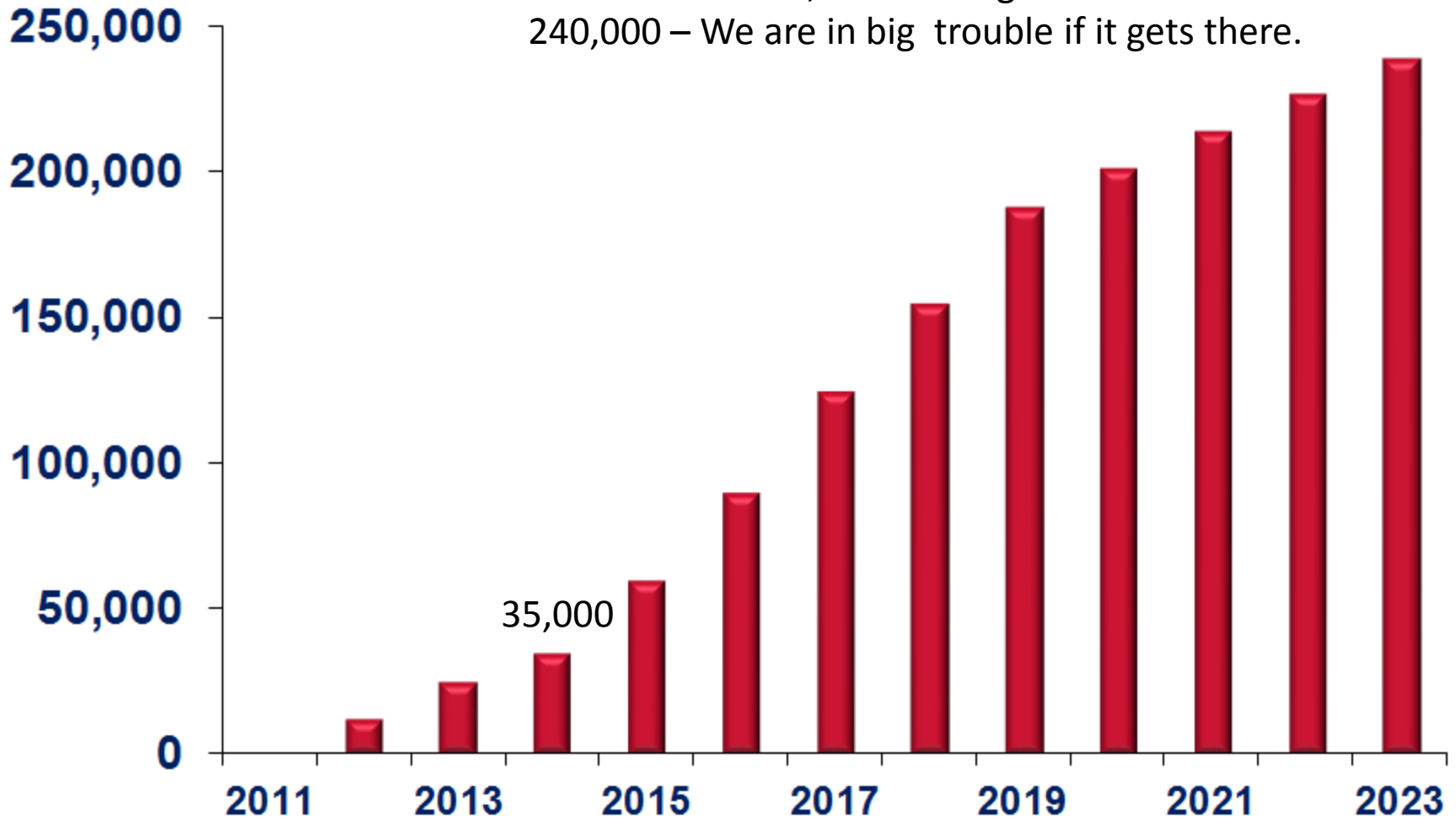


# Truck Driver Age Demographics

Program Type	Public Schools Offering Program
Business	96.5%
Computer Technology	94.4%
Mechanics and Repair	81.9%
Precision Production	78.9%
Construction	73.5%
Childcare and Education	68.3%
Healthcare	64.9%
Agriculture	62.4%
Other Technology	58.3%
Marketing	57.9%
Food Service and Hospitality	57.4%
Communications and Technology	53.6%
Other Occupational Programs	48.2%
Personal and Other Services	48.0%
<b>Trade and Industry/Transportation</b>	<b>28.8%</b>
Protective Services	25.8%

# DRIVER SHORTAGE

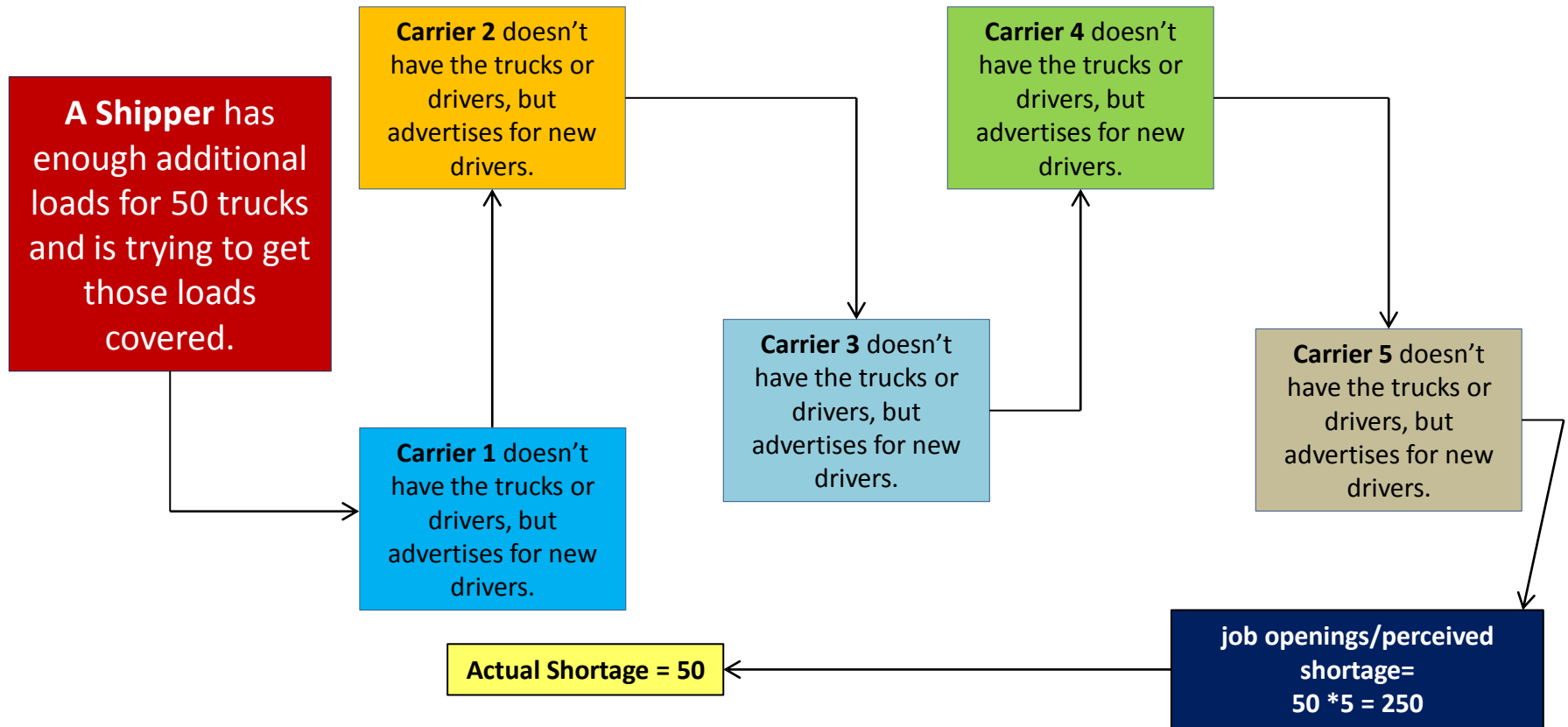
At current trends, the shortage could balloon to 240,000 – We are in big trouble if it gets there.



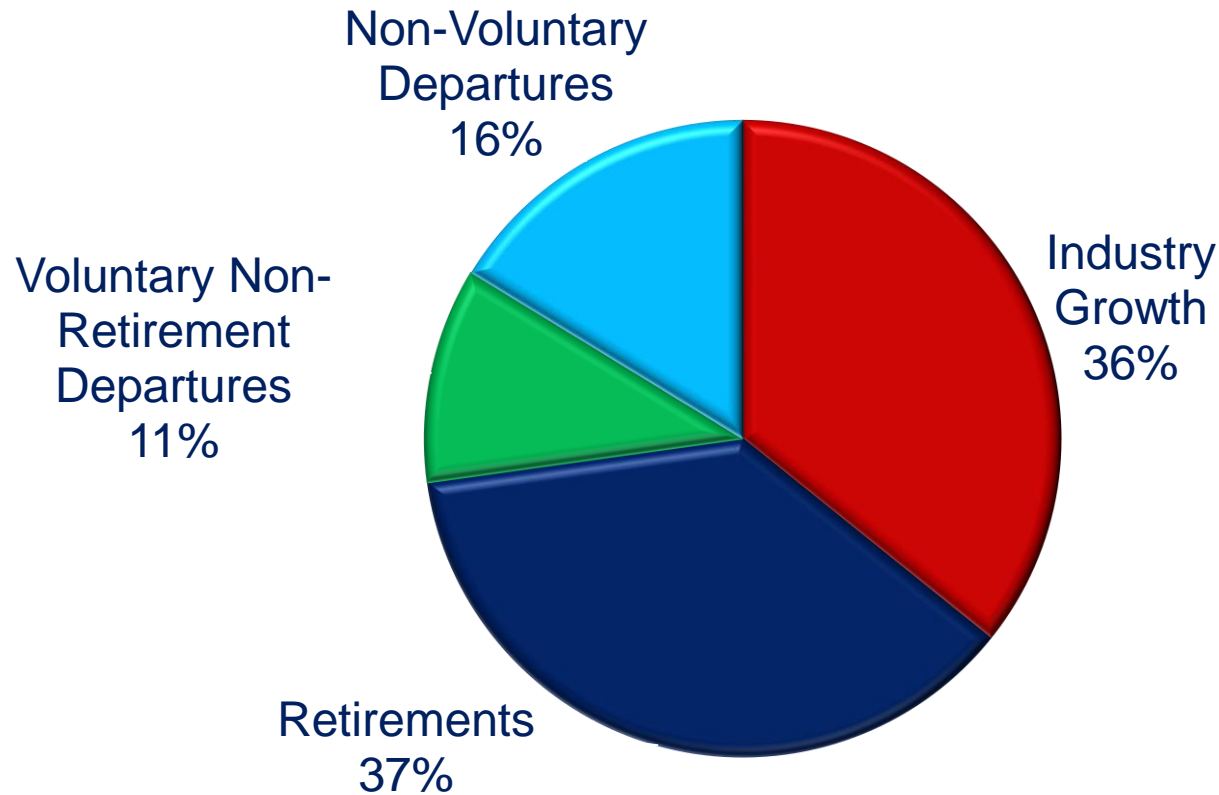
# Shortage vs Job Openings:

## *They Are Not the Same*

An example of a shipper's journey to get loads covered and the resulting perceived driver shortage.



# Average Number of New Drivers Needed Per Year Over the Next 10 Years: 96,178



# Driver Shortage: Causes

## 1. Demographics

- Age
- Women

## 2. Lifestyle - For many, job of last resort

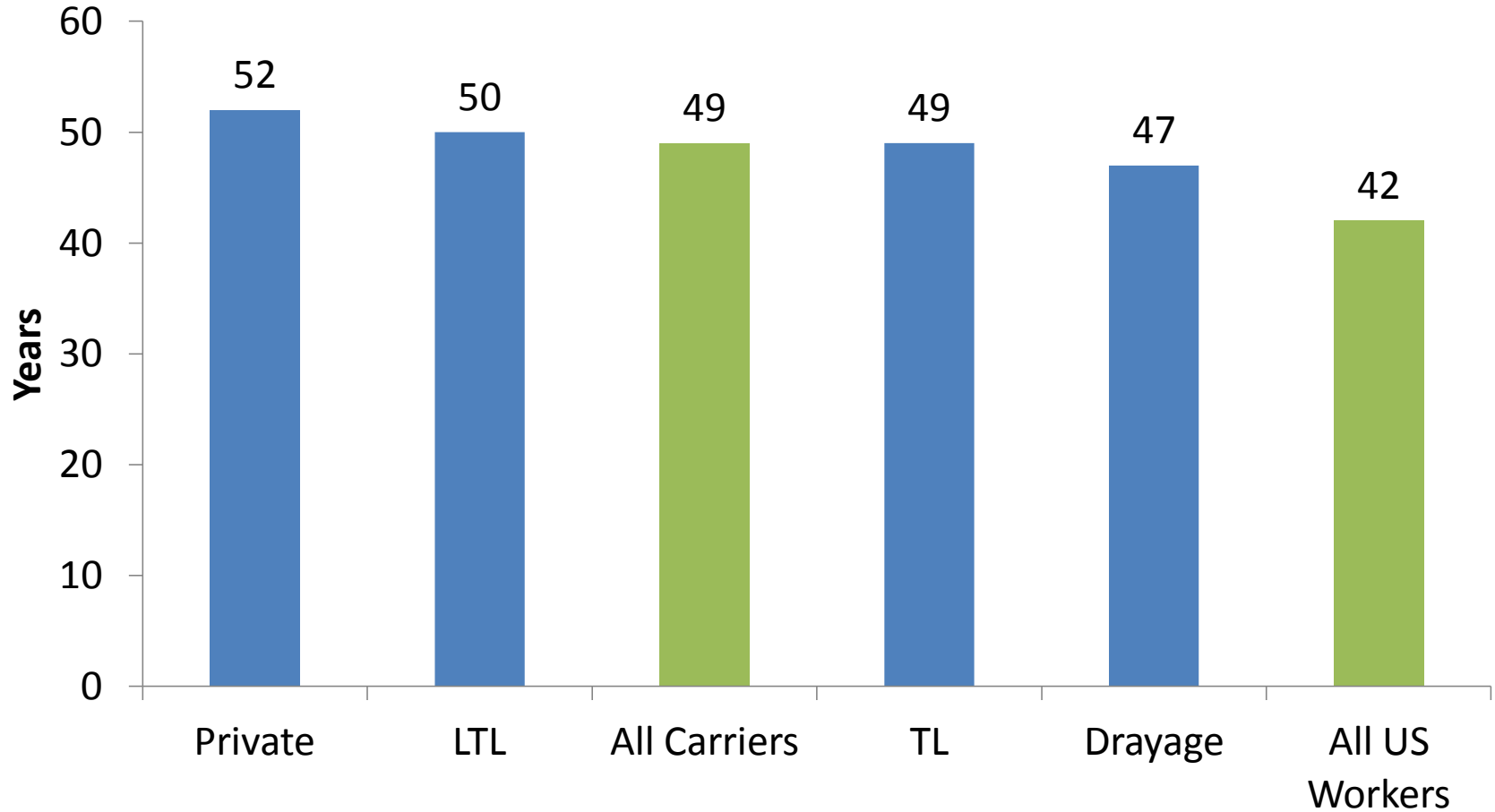
## 3. More alternatives today

## 4. Regulations

## 5. Overall – many, many reasons

THE DRIVER IS KING (OR QUEEN) & THIS IS A  
SUPPLY CHAIN ISSUE

# Median Employee Driver Age



# Driver Shortage: Effects

1. Difficult to add capacity
2. Operational hardships
3. Increases costs
4. Freight delays

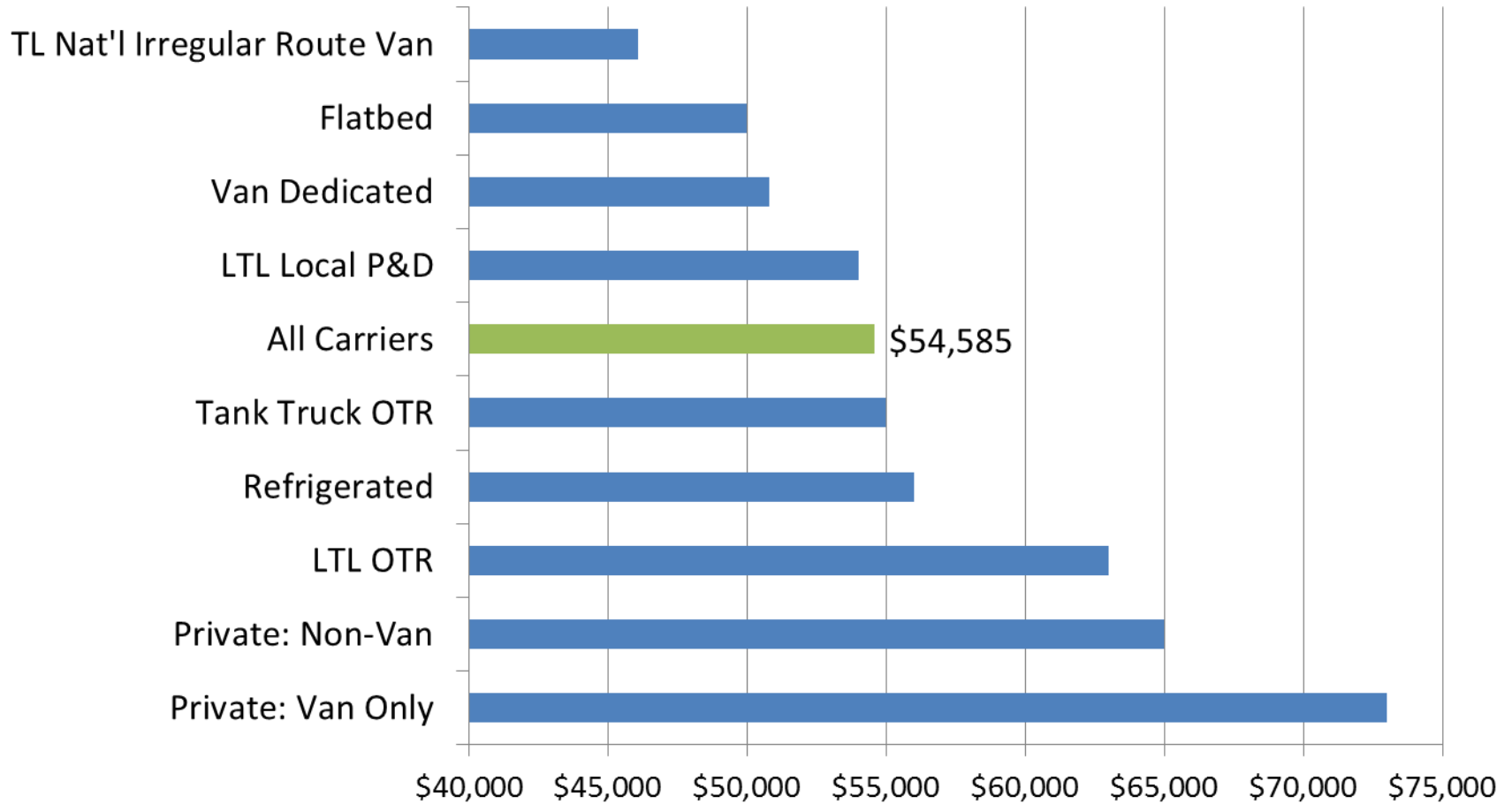
# Driver Shortage: Solutions/Market Reactions

1. Pay is increasing
  1. Base pay
  2. Many fleets are changing pay models where possible
  3. Sign-on bonuses
  4. Benefits
2. Everyone needs to treat drivers better
  1. Don't hold up drivers at docks
  2. Shippers: delivery windows are better than appointments
  3. Shippers need to work with their customers
3. Lower interstate driving age? Maybe, but years away
  1. Intrastate
  2. Insurance Carriers



# Annual Employee Driver Compensation

2013 Median Pay Including Incentives and Bonuses



\*Solo Drivers Only

# Percentage of Carriers Offering Sign-on Bonuses

