



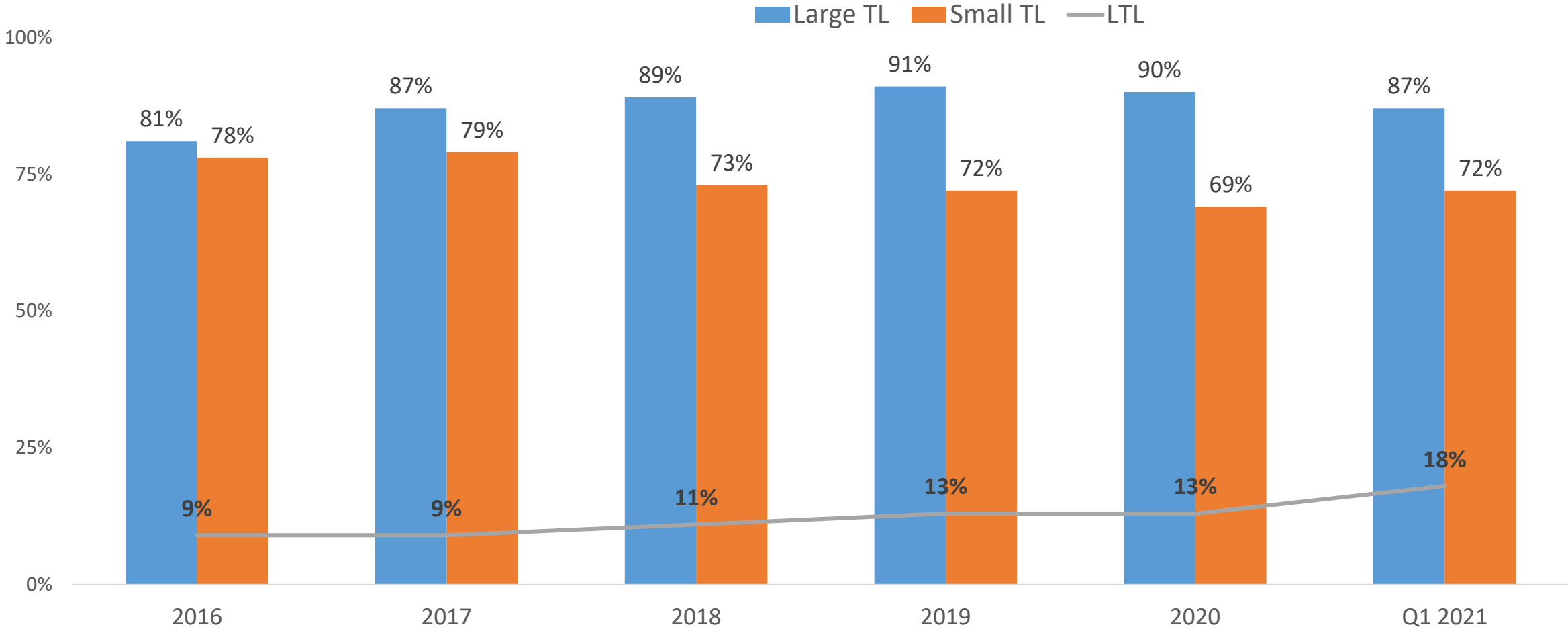
Truck Driver Market Update

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OTR For-Hire Truck Driver Turnover Rates



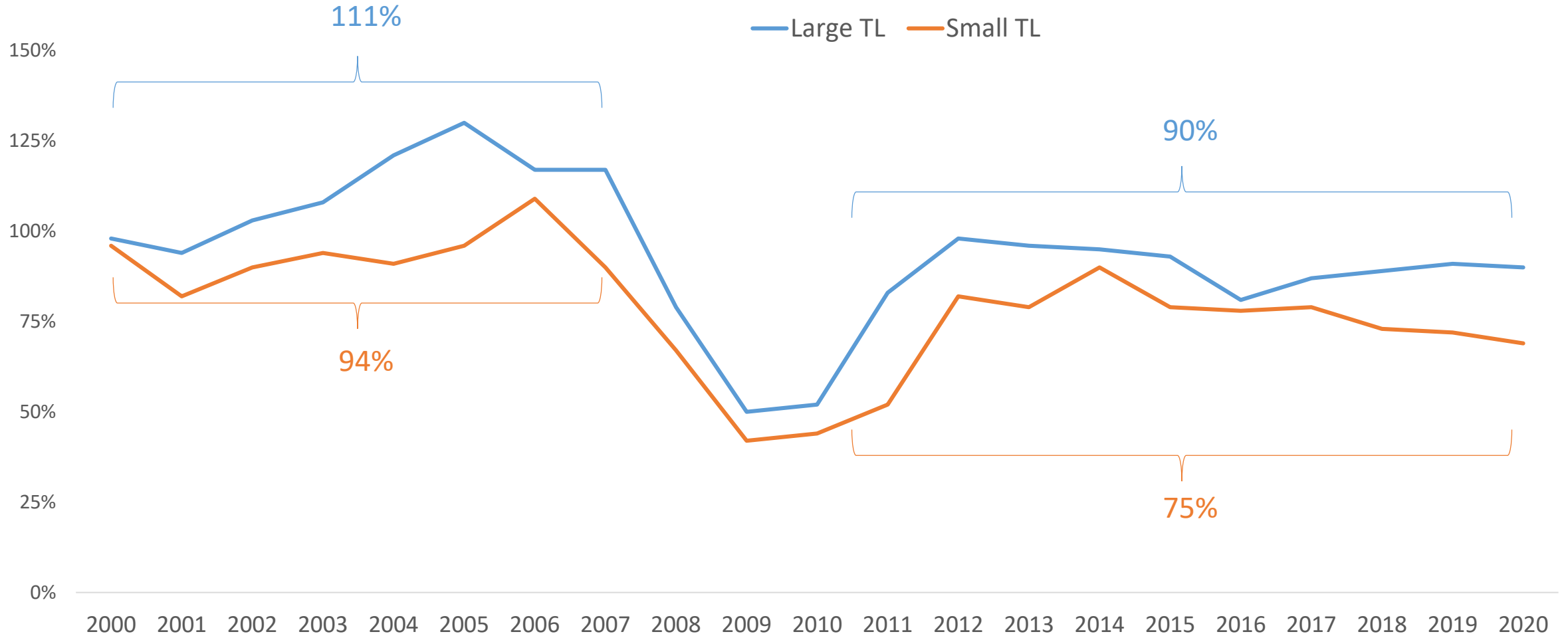
All rates are annualized

Large carriers have at least \$30 million in annual revenue.

Source: ATA



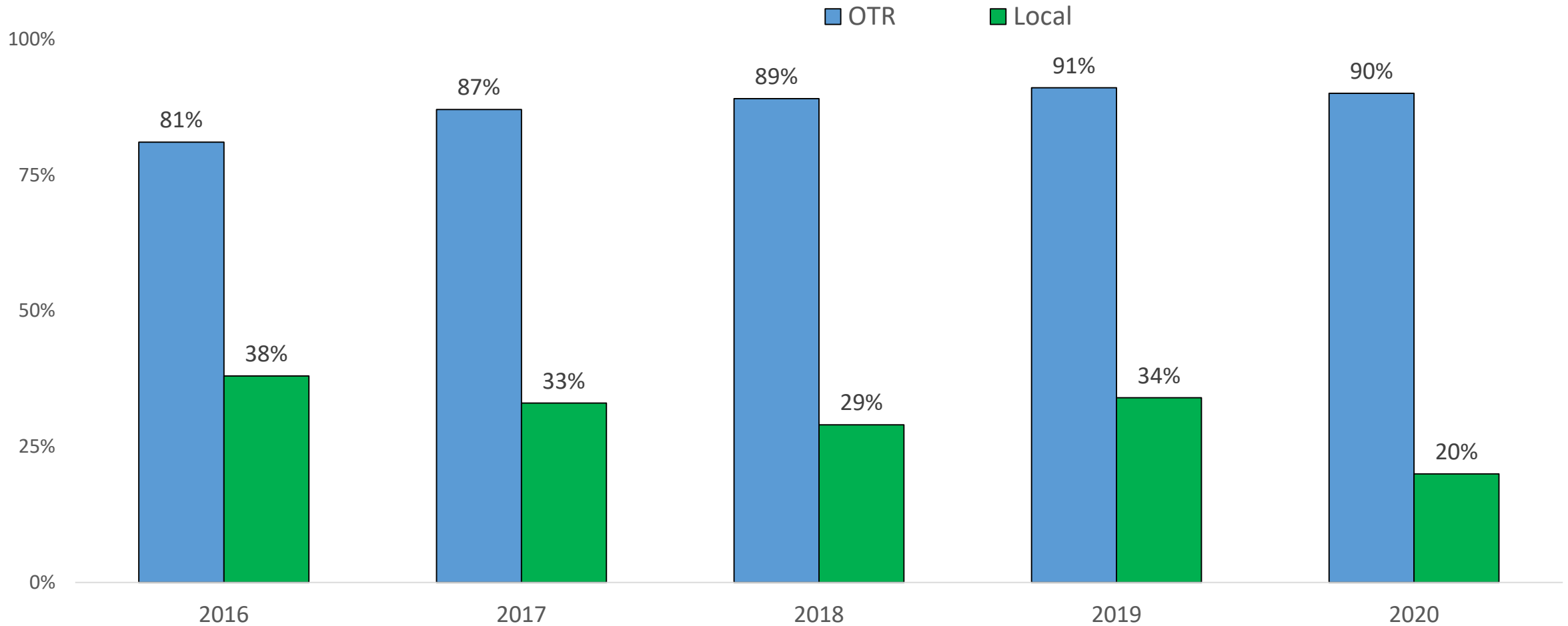
OTR For-Hire TL Truck Driver Turnover Rates



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Large For-Hire TL Truck Driver Turnover Rates



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OTR For-Hire TL Truck Driver Turnover Rates

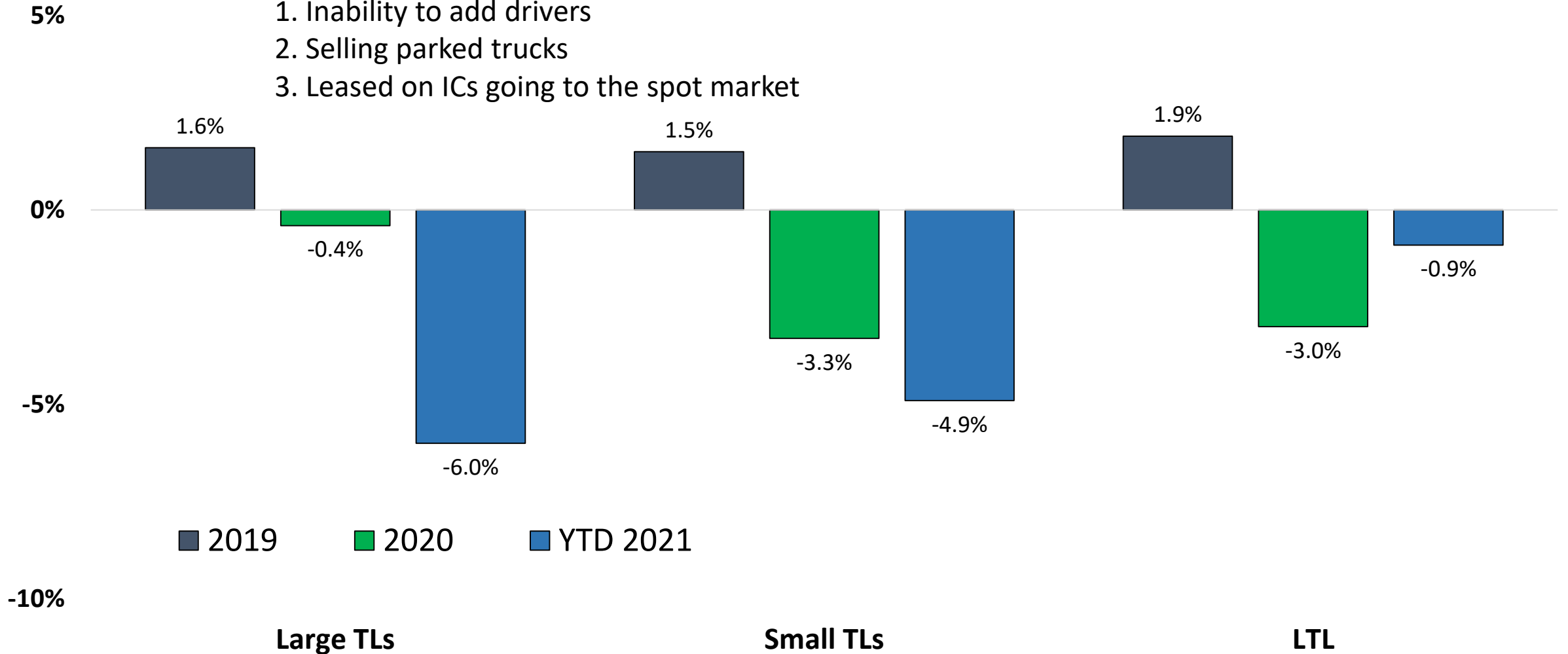
- A. Structural shift downwards since the Great Recession
- B. While any separation is included in the turnover data, the vast majority of turnover is churn in the industry.
 - a) ATA calculates the turnover rates based on employment data
- C. But turnover can be impacted by several factors, including:
 - a) Aggressive recruiting (e.g., sign-on bonuses, grass is greener (or not) on the other side of the fence)
 - b) Freight growth or lack thereof (e.g., too busy to change fleets)
 - c) Shipper/receiver/fleet treatment of drivers
 - d) Time away from home
 - i. Private fleets & LTLs have a much lower turnover rate, but those drivers not only make more money, generally, they are home much more frequently.

For-Hire Carrier Power Unit Fleet Trends

Year-over-Year Percent Change

How can this be?

1. Inability to add drivers
2. Selling parked trucks
3. Leased on ICs going to the spot market



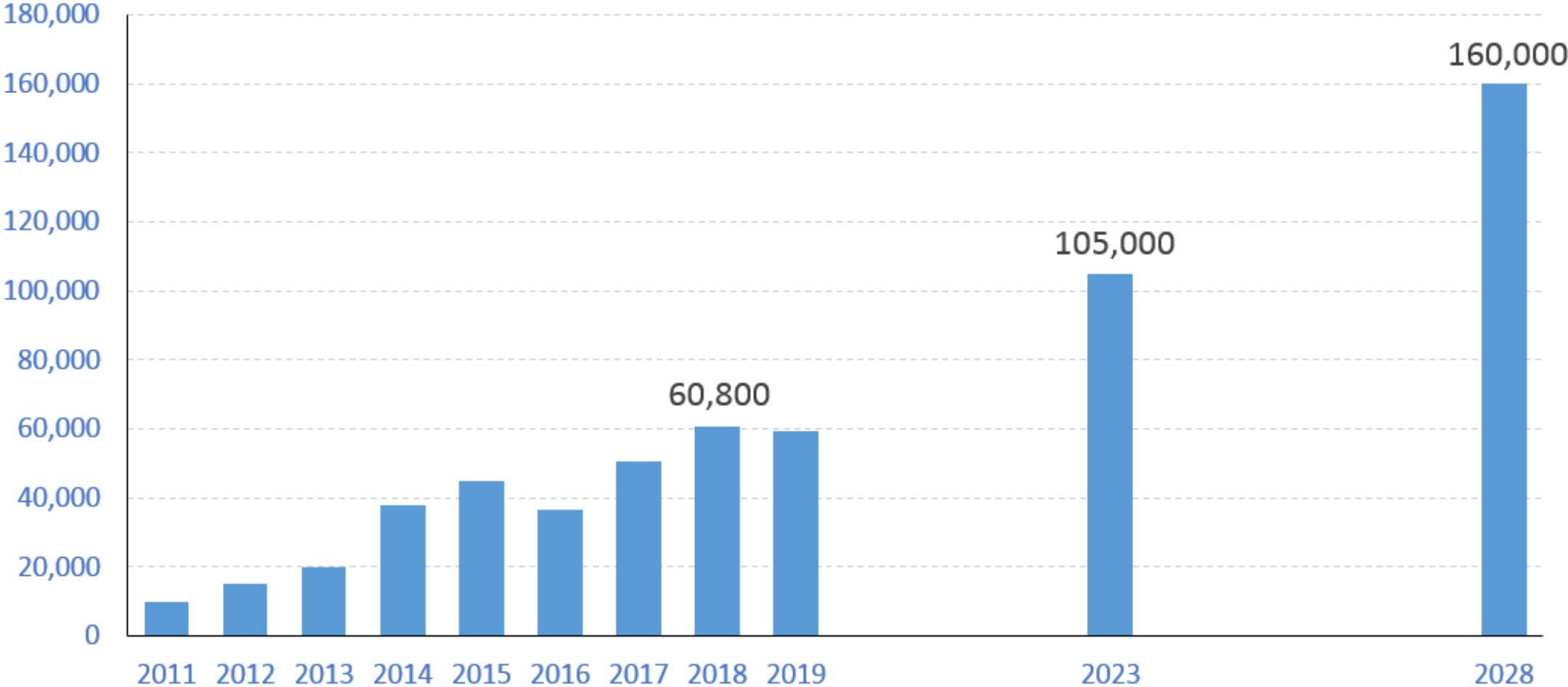
Large fleets have at least \$30 million in annual revenues.

Truck Driver Shortage

Industry supply is tight and the driver shortage bad for many reasons

- A. Structural causes remain (demographics & lifestyle)
 - B. But there are now cyclical trends exacerbating the shortage, including:
 - a) ATA fully supports FMCSA's Drug & Alcohol Clearinghouse.
 - As of June 1
 - 60,299 drivers are in prohibited status with at least 1 violation, with 45,650 of those not starting the return to duty process.
 - This means, for very good reasons, we need to recruit even more new drivers to the industry.
 - b) Pipeline of new drivers is likely less (perhaps much less) – schools and DMVs limitations.
 - c) Some drivers left industry temporarily or permanently due to the pandemic.
- Bottom line: Drivers have left the industry and we have not added enough new drivers. It will take a while to dig out of this supply hole and driver pay will continue to go up as a result.

Driver Shortage

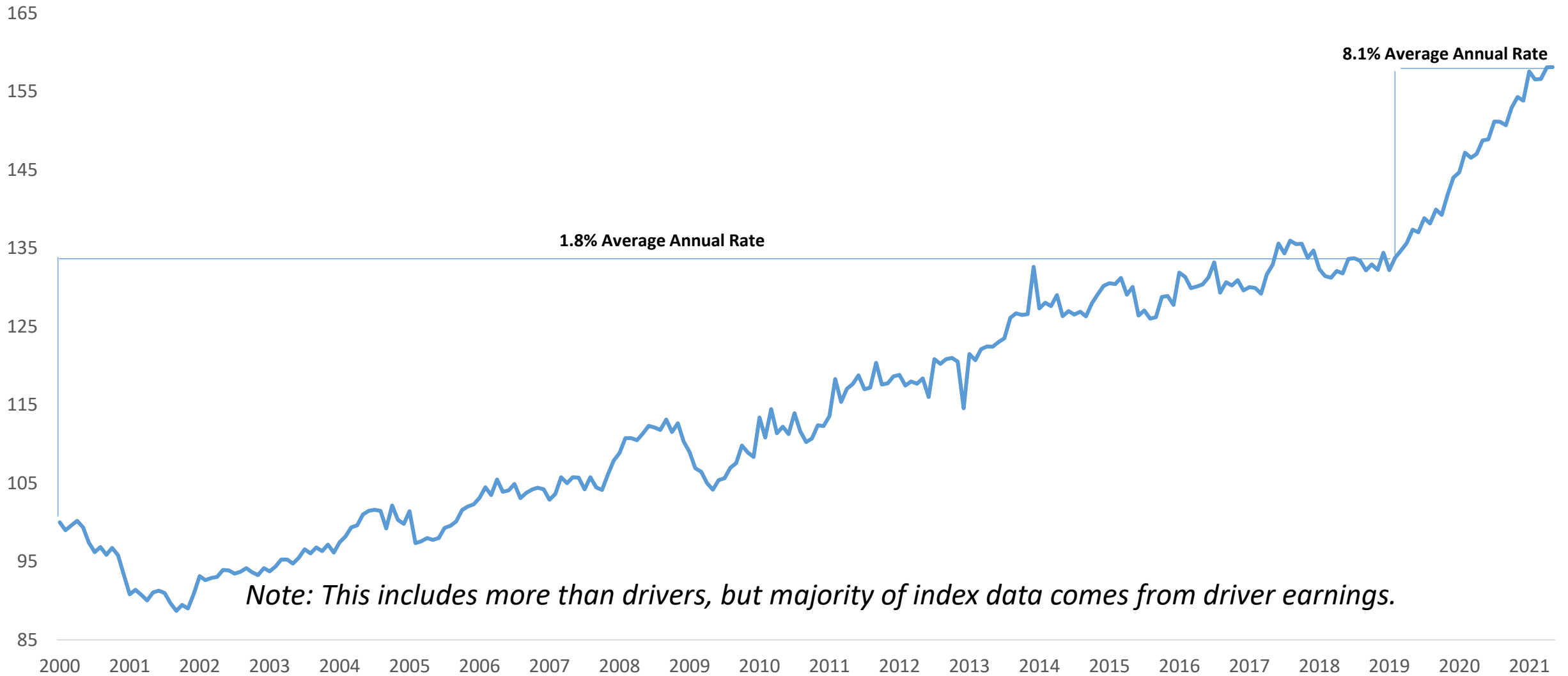


Source: ATA's Truck Driver Shortage Analysis 2018

<https://www.trucking.org/article/ATA-Releases-Updated-Driver-Shortage-Report-and-Forecast>



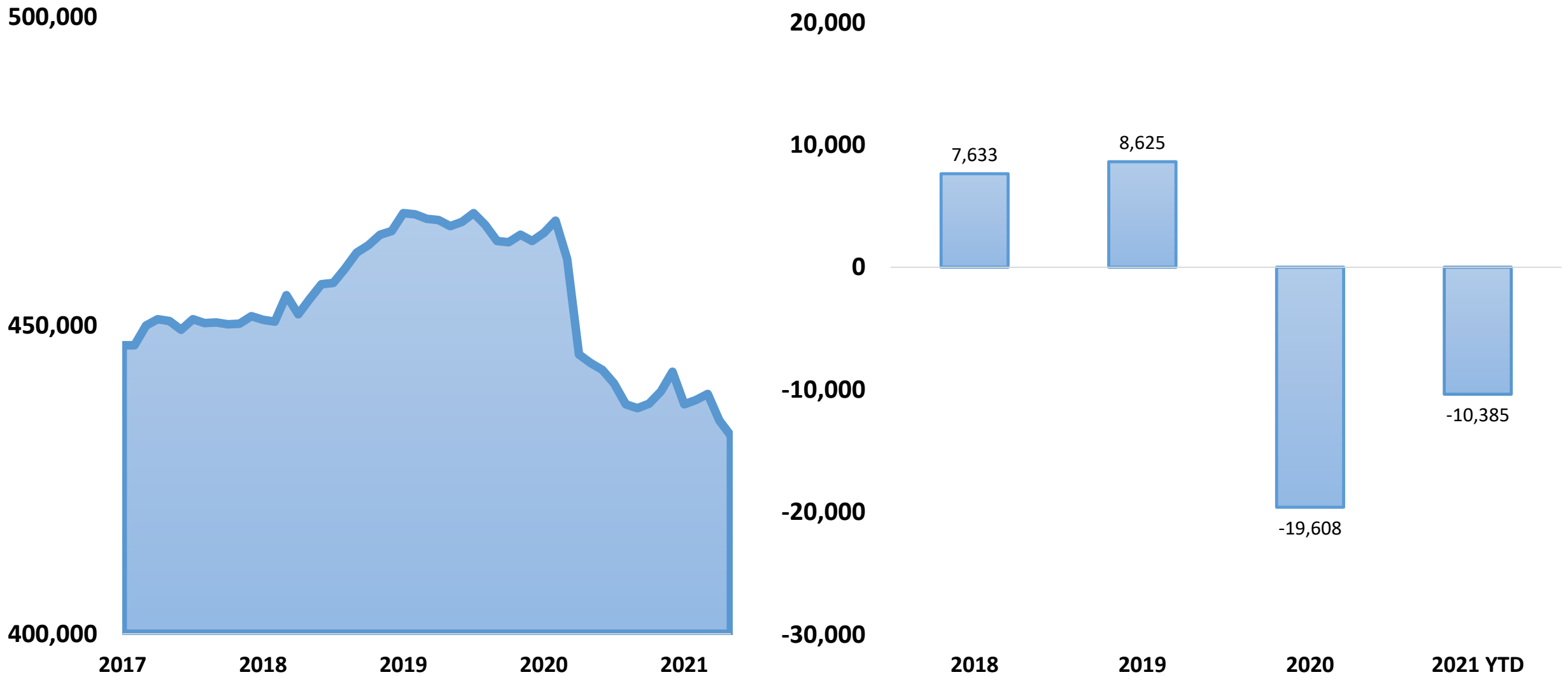
Index of Average Weekly Earnings for Production & Nonsupervisory Occupations in Long-Distance General Freight Truckload (January 2000 = 100)



Note: This includes more than drivers, but majority of index data comes from driver earnings.

For-Hire, General Freight Long-Haul Truckload Employment – Non-Supervisory and Production Occupations Only

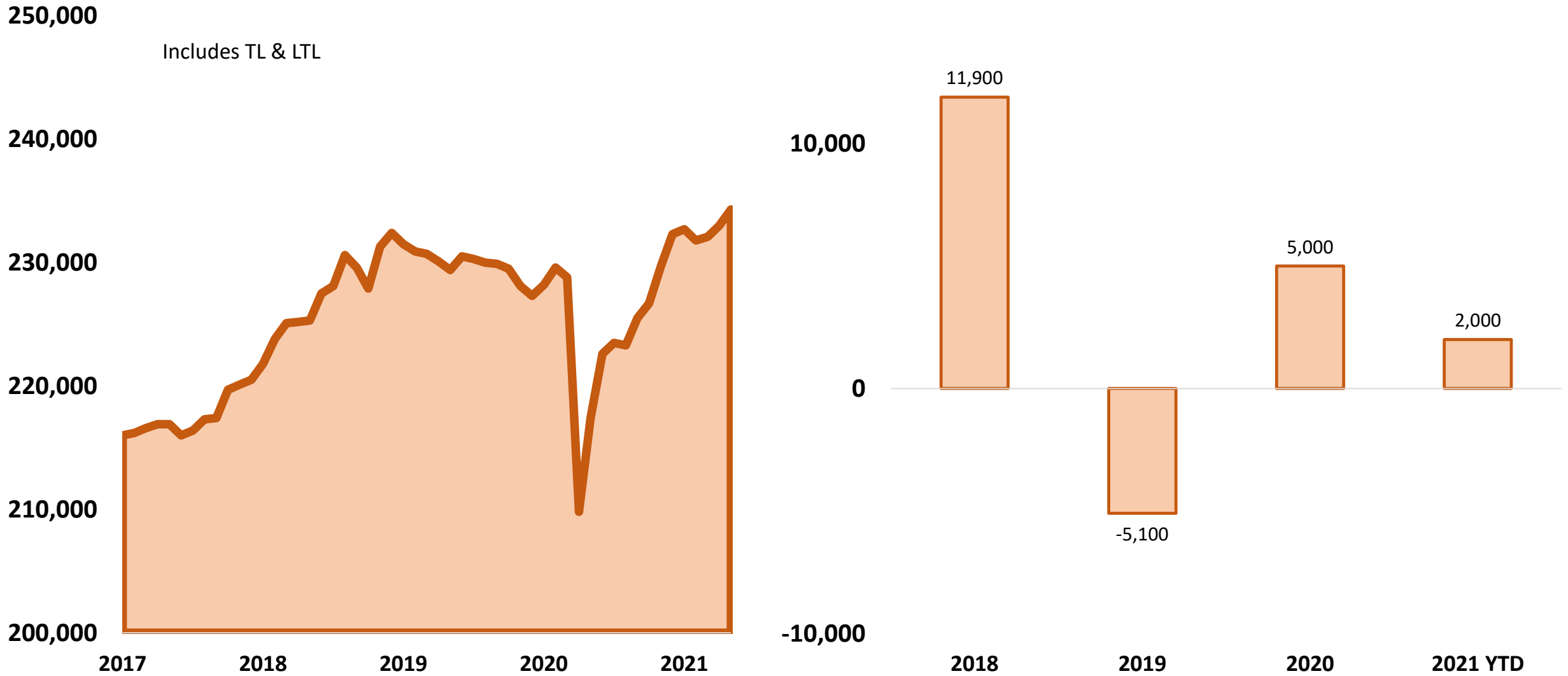
(Includes more than drivers, but drivers are the vast majority of this category)



Source: Department of Labor

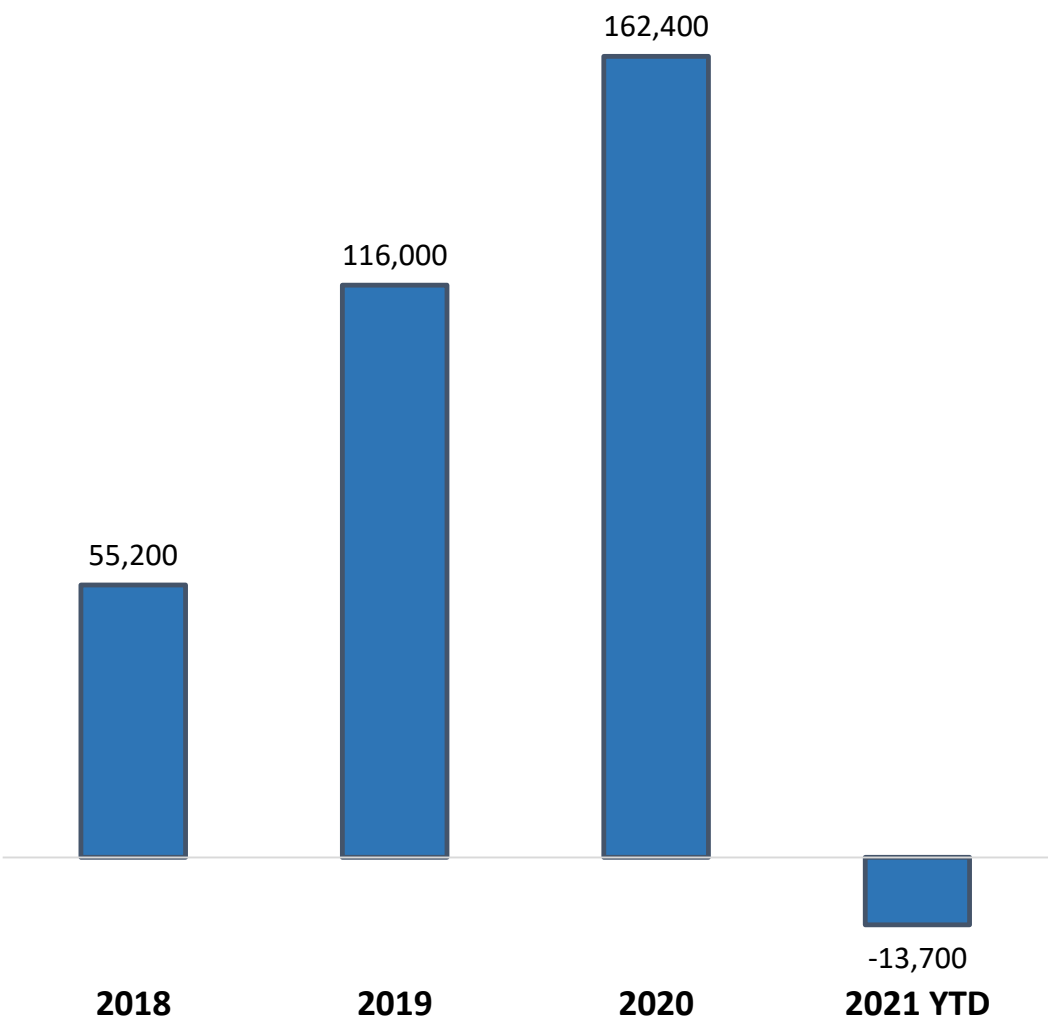
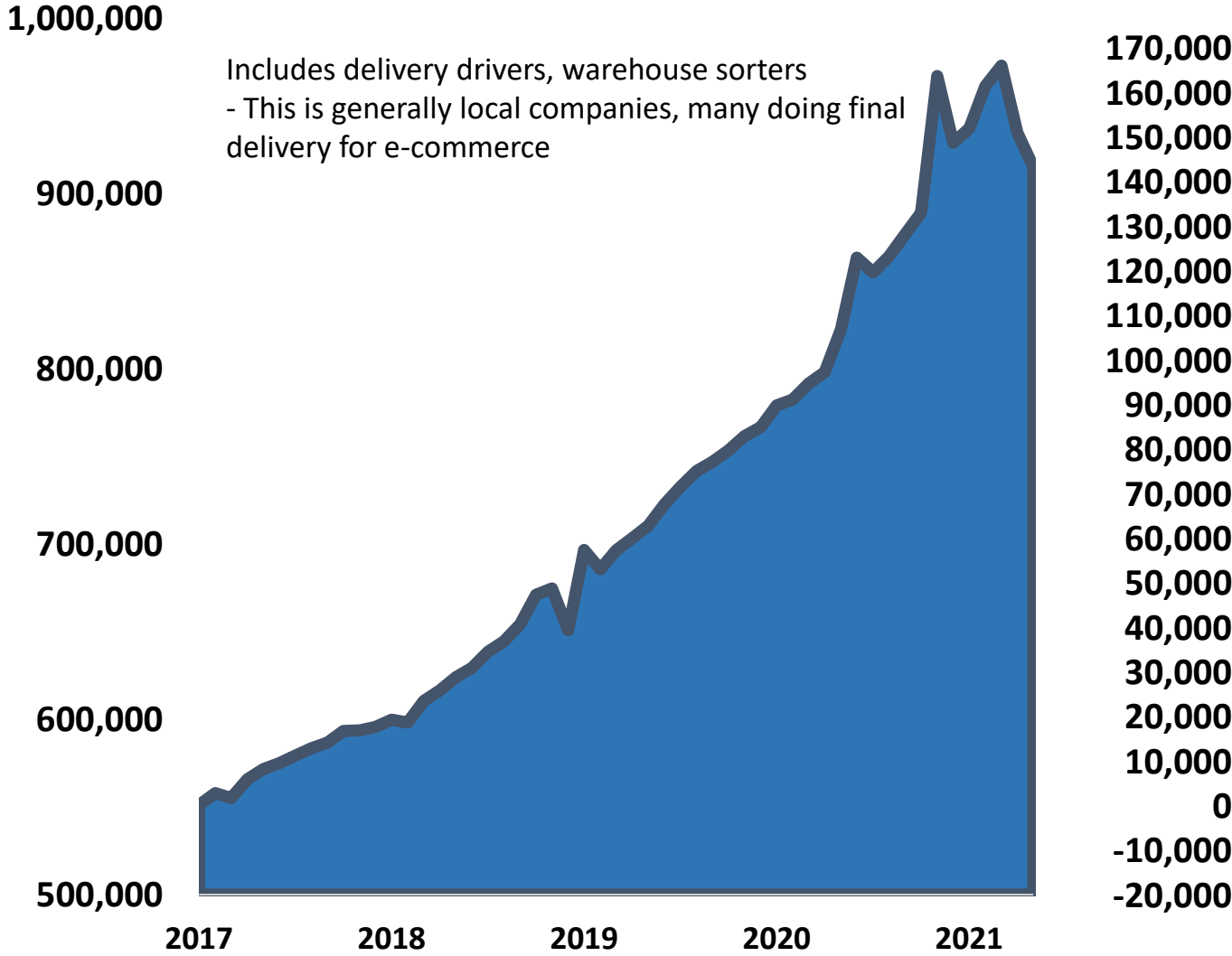
For-Hire, General Freight Local Trucking Employment – Non-Supervisory and Production Occupations Only

(Includes more than drivers, but drivers are the vast majority of this category)



Source: Department of Labor

Couriers and Messengers Industry Employment – Non-Supervisory and Production Occupations Only



Source: Department of Labor

Truck Driver Shortage

- Rising pay and benefits will continue to be the natural market reaction to the driver shortage.

HOWEVER

- The data suggests it is much more complicated and more about quality of life/at-home time than pay.
 - Despite rapidly increasing earnings, over-the-road (i.e., long-haul) employment is falling, yet local trucking employment is rising or holding steady depending on the sector.

Questions?