

Truck Driver Shortage: A Myth or Reality?

While large motor carriers, such as those represented by the American Trucking Association and the Trucking Alliance, have stated that the trucking industry is being plagued with chronic driver shortage, real-world facts produced by DAT, the *Journal of Commerce* (JOC), IHS Markit, and ATA's own Truck Tonnage Index have demonstrated that there are more trucks on the road than there is freight to haul.

- Senior vice president of strategic development at Old Dominion Freight Line admitted that trucking today, especially the truckload segment of the industry, suffers from overcapacity.¹
- The CEO of Werner Enterprises stated that within the summer of 2017 the carrier received over 100,000 applications.²
- Swift Transportation, the nation's largest truckload carrier, sliced more than 1,600 trucks from its total fleet of more than 19,000 tractors in the 2016. Based on current levels of demand however, there are still plenty of trucks to go around.³
- In a Stifel Capital Markets meeting, the president of ACT Research stated "in short, in the current market, we've just got too many trucks and not enough freight." ACT's fleet utilization model demonstrated that there is about 7% overcapacity. "From our model's perspective, that's about 105,000 more tractors than are currently needed in the marketplace."⁴

Is the trucking industry afflicted with a shortage of drivers or is it plagued with overcapacity and driver retention issues? When examining turnover for the whole year, it is not unusual for large carriers to experience a turnover rate well over 100%. This statistic alone would indicate that there is in fact no shortage of drivers, as these companies must hire 100%+ on an annual basis in order to operate.

In a testimony before the Senate Committee on Commerce, Science, and Transportation, the president of ATA stated that the driver shortage could hit 150,000 in a decade. However, according to figures released by the Federal Motor Carrier Safety Administration, there are 455,000 new entry-level CDL holders⁵ and 98,000⁶ reinstatements every year, which far exceeds the number of new drivers required by ATA.

Table 1: Comparison of Drivers Needed/Projected over 10 Years

Organization	ATA	FMCSA
Year	2017-2027	2017-2027
Drivers Needed/Projected	150,000	5,530,000†

†New entry CDL holders plus reinstatements

¹ Bill Mongelluzzo, "ODFL warns truck capacity could buckle as soon as early 2017," *Journal of Commerce* (Aug 2016).

² Deborah Lockridge, "Driver Shortage Could Hit All Time High This Year," *Trucking Info* (Oct 2017),

<http://www.truckinginfo.com/channel/drivers/news/story/2017/10/driver-shortage-could-hit-all-time-high-this-year.aspx>

³ William B. Cassidy and Reynolds Hutchins, "Truck, rail pricing power may shift in early 2017," *Journal of Commerce* (Nov 2016).

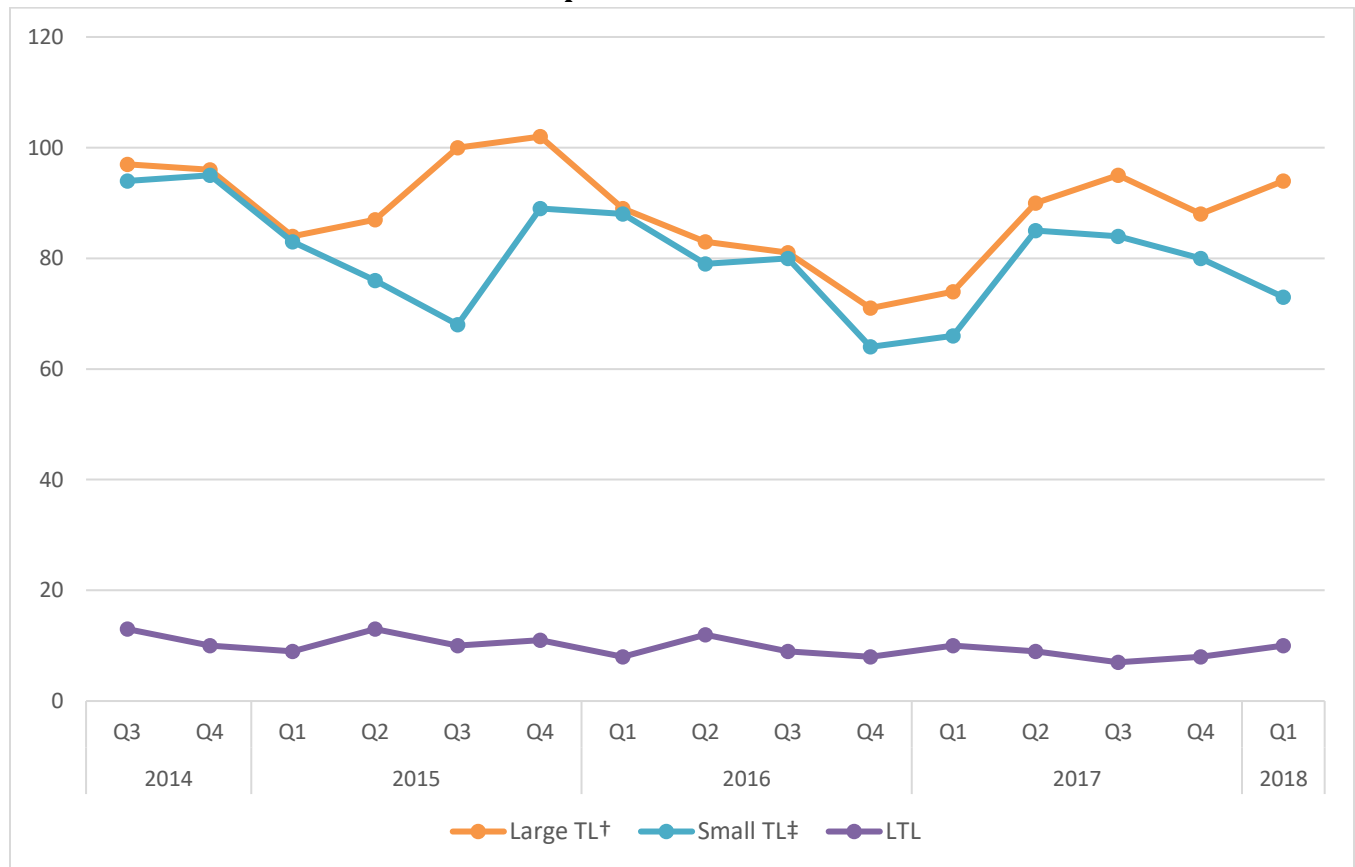
⁴ Aaron Marsh, "Class 8 market dip in '17, with upbeat outlook farther out," *Fleet Owner* (Dec 5, 2016), <http://fleetowner.com/truck-stats/class-8-market-dip-17-upbeat-outlook-farther-out>

⁵ FMCSA, *Regulatory Evaluation of Minimum Training Requirements for Entry-Level Commercial Motor Vehicle Operators Final Rule*, Federal Motor Carrier Safety Administration (Nov 2016), pg. 39

⁶ FMCSA, *Regulatory Evaluation of Entry-Level Driver Training Notice of Proposed Rulemaking*, Federal Motor Carrier Safety Administration (Feb 2016), pg.

According to FMCSA data, the trucking industry has added more than 600,000 jobs since 2012, representing an overall growth in employment of 32%. The statistics also show that the number of ‘very small’ trucking fleets (1-6 trucks) grew 89.9% from March 2012 to March 2018, from 94,648 to 179,769. The number of ‘small’ fleets (7-19 trucks) grew 46.6%; the number of ‘medium’ fleets (20-100 trucks) grew 34.6%; the number of ‘large’ fleets (101-500 trucks) grew 20.2%; and finally the number of ‘very large’ fleets (501 trucks and up) grew 20.5%, from 316 fleets to 381 fleets. This demonstrates that much of the growth in trucking employment is happening at the very small and small fleet level. The trucking industry can experience healthy employment growth at the same time that large carriers complain of a ‘driver shortage’.⁷

Graph 1: Turnover Rates



† Defined as more than \$30 million in annual revenue

‡ Defined as less than \$30 million in annual revenue

Source: American Trucking Association

⁷ John Paul Hampstead, “Surprising data on trucking industry in Klaskow, Tucker webinar,” FreightWaves (April 22, 2018), <https://www.freightwaves.com/news/2018/4/22/surprising-data-on-trucking-industry-in-klaskow-tucker-webinar>

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