

# OOIDA Foundation Statement on Flaws in Driver Shortage Narrative

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Numerous media outlets in recent months have sought to cover various issues impacting the trucking industry, including the notion of a chronic and persistent driver shortage. Much of the discussion surrounding this issue stems from several statements released by the American Trucking Associations (ATA) suggesting that the industry is short about 80,000 drivers and could surpass 160,000 drivers by 2030. However, a careful review of the facts paints a completely different picture; one that is marked by retention issues and, at times, an unattractive working environment due in large part to long hours and inadequate compensation.

ATA's stance on the driver shortage issue centers upon their own analysis. As far as the OOIDA Foundation (OOFI) can determine, this is the only report which attempts to substantiate the belief of a shortage. Thus it is imperative to examine these reports in order to verify ATA's claims. This is easier said than done as ATA provides no substantial methodology for how they arrive at their figures. Instead, we are left with a few vague paragraphs, making it utterly impossible for OOFI, or any outside researcher, to validate or invalidate ATA's conclusions. In response, OOFI has collected information from various articles and reports emanating outside of OOFI speaking on the notion of a driver shortage. It is important to note that the data presented below is hardly exhaustive. We conclude through this evidence that there is no shortage of drivers, but rather there is a high turnover rate in particular segments of the industry.

## **Basic Economics: Is There Really A Truck Driver Shortage?**

In May 2021, Greg Rosalsky, a writer and reporter at NPR's *Planet Money*, published an article emphasizing how basic economics can shed light on the supposed driver shortage. The following was taken directly from Mr. Rosalsky's article:<sup>1</sup>

"The lobbying organization for the nation's big trucking employers, the American Trucking Associations (ATA), has been making this argument since the 1980s, yet store shelves somehow remained stocked. In a capitalist system, where you can pay people to do basically anything, how is it even possible to have a worker shortage for multiple decades?"

In a [2019 study](#) published by the U.S. Bureau of Labor Statistics (BLS), economists Stephen V. Burks and Kristen Monaco investigated claims by industry leaders that the trucking labor market was somehow "broken" enough to create a decades-long shortage. Standard economics says if you don't have enough workers, you raise wages and within a reasonable amount of time, presto, no more shortage. Is trucking somehow different? A thorough investigation led them to conclude that the trucking labor market is not different. It is not broken. Yes, they say, the trucking labor

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<sup>1</sup> <https://www.npr.org/sections/money/2021/05/25/999784202/is-there-really-a-truck-driver-shortage>

market is "tight" — meaning that companies are competing to fill open jobs — but it functions in the same way as any other labor market.”

ATA, as well as other large truck lobbying organizations, have been claiming a driver shortage for decades. In 2000, the Truckload Carriers Association petitioned the Federal Motor Carrier Safety Administration (FMCSA) to lower the federal Commercial Driver’s License (CDL) age requirement to 18, citing a driver shortage as the primary reason for their effort. In the nearly 20 years since the petition, there has never been a significant disruption in the delivery of goods by truck due to a lack of drivers and hundreds of thousands of new CDLs have been issued each year. Over this time, driver compensation has remained relatively stagnant, failing to increase at a rate that reflects inflation.<sup>2</sup>

The authors of the BLS report concluded that the view of a long-standing shortage of drivers is puzzling considering empirical labor economics. They found that “the market for truck drivers works about as well as that for other blue-collar occupations, and that, broadly speaking, we should expect that if wages rise when the labor market for truck drivers is too tight, the potential for any long-term shortages will be ameliorated.”<sup>3</sup> In fact, according to the report, driver employment is actually stable.

The true issue is not a driver shortage but driver retention, which is why the Secretary of the Department of Transportation (DOT) Pete Buttigieg hosted a roundtable in July on truck driver recruitment and retention.<sup>4</sup>

“According to the ATA's [own statistics](#), the average annual turnover rate for long-haul truckers at big trucking companies has been greater than 90% for decades. That means, for example, if a company has ten truckers, nine will be gone within a year; or, equivalently, three of their driver positions have to each be refilled three times in a single year because so many new drivers leave within a few months.”<sup>5</sup>

The BLS report found that truck driver employment was associated with driver compensation, and that the current supply of drivers is more than adequate to respond to the overall growth in demand. The chart below helps to demonstrate this correlation by depicting a more significant increase or decrease in the number of truck drivers in comparison to the percentage of wage increases starting in April 2020. Again, the authors of the BLS report concluded that though the market tends to be tight, it imposes no constraints on entry into (or exit from) the occupation. “There is thus no reason to think that, given sufficient time, driver supply should fail to respond to price signals in the standard way.”

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<sup>2</sup> <https://trucksafety.org/letter-opposing-wheel-act-drive-safe-act/>

<sup>3</sup> [https://www.bls.gov/opub/mlr/2019/article/is-the-us-labor-market-for-truck-drivers-broken.htm?mod=article\\_inline](https://www.bls.gov/opub/mlr/2019/article/is-the-us-labor-market-for-truck-drivers-broken.htm?mod=article_inline)

<sup>4</sup> <https://www.transportation.gov/briefing-room/secretary-pete-buttigieg-and-secretary-marty-walsh-host-roundtable-trucking-industry>

<sup>5</sup> <https://www.npr.org/sections/money/2021/05/25/999784202/is-there-really-a-truck-driver-shortage>

## Average hourly wage increases vs. employment gains in US trucking

— Wage increases — Increase in number of truckers



Quartz | qz.com | Data: US Bureau of Labor Statistics

OOFI suggests that if large trucking companies would spend more resources addressing the most serious issues from the perspective of the driver, then perhaps they might be able to improve driver retention. Every year the American Transportation Research Institute (ATRI) releases the top critical issues in trucking. In their report, ATRI highlights the stark contrast between those issues which drivers contend with and those issues which motor carriers contend.

**Table 1: Comparison of Commercial Driver Issues and Motor Carrier Issues**

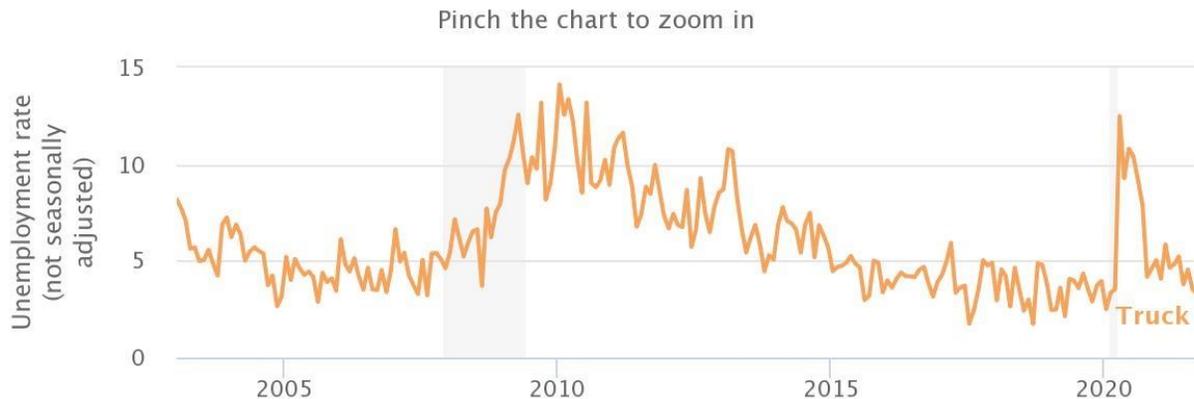
| Rank | Commercial Drivers                                   | Motor Carriers                                       |
|------|--|--|
| 1    | Driver Compensation (tie)   Truck Parking (tie)      | Driver Shortage                                      |
| 2    | Detention / Delay at Customer Facilities             | Driver Retention                                     |
| 3    | Fuel Prices  | Lawsuit Abuse Reform                                 |
| 4    | Driver Training Standards                            | CSA  |
| 5    | Hours-of-Service Rules                               | Driver Compensation                                  |
| 6    | ELD Mandate  | Insurance Cost/Availability                          |
| 7    | Driver Distraction                                   | Diesel Technician Shortage                           |
| 8    | Transportation Infrastructure / Congestion / Funding | Transportation Infrastructure / Congestion / Funding |
| 9    | Speed Limiters                                       | Driver Distraction                                   |
| 10   | CSA  | Detention / Delay at Customer Facilities             |

## Employment: There Is No Truck Driver Shortage

In November 2021, Quartz, a news outlet focused upon global economics, noted that “the assertion that the US is suffering from the latest round of a 16-year truck driver shortage is misleading at best.”<sup>6</sup> Quartz also stated that the real shortage is a lack of good trucking jobs that can attract and retain workers in a tight market. According to figures released by FMCSA and the American Association of Motor Vehicle Administrators (AAMVA), states issue more than 450,000 new commercial driver’s licenses every year.<sup>7</sup>

DOT published a press release in July 2021 explaining that the states were issuing an average of 50,000 CDLs per month during the first half of 2021. This figure was 14 percent higher than the monthly average in 2019 and 60 percent higher than the 2020 monthly average. Moreover, FMCSA granted operating authority to 92,000 motor carriers in the first six months of 2021, an increase of 88 percent over the same time period in 2020 and 60 percent more than the same time period in 2019. This is further supported in the Bureau of Transportation Statistics’ (BTS) release concerning the unemployment rate for the truck transportation industry<sup>8</sup> as shown in the chart below.<sup>9</sup> All of these figures in combination with ATA’s turnover statistics clearly indicate a driver surplus, not a shortage.

### Unemployment Rate by Transportation Mode (Not Seasonally Adjusted)



## From the Industry’s Perspective: We Probably Have More Drivers than We Did Before the Pandemic

In June 2019, FMCSA released an information collection request (ICR) concerning the estimated burden truck drivers and motor carriers incur to comply with the Agency’s reporting and recordkeeping requirements to maintain driver qualification (DQ) files. The Agency ultimately decided to increase its

<sup>6</sup> <https://qz.com/2086977/there-is-no-truck-driver-shortage-in-the-us/>

<sup>7</sup> 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

<sup>8</sup> **Truck transportation** (NAICS 484) includes industries providing over-the-road transportation of cargo using motor vehicles, such as trucks and tractor trailers. It does not include support activities for road transportation, freight transportation arrangement services, the Postal Service (covered in NAICS 491), or courier services.

<sup>9</sup> <https://data.bts.gov/stories/s/Unemployment-Rates-U-S-Transportation-Sector-or-Oc/28xr-p3t9>

estimated burden primarily because “the number of CMV drivers and the frequency of their hiring have increased since the Agency’s 2016 estimate of this burden.”<sup>10</sup> FMCSA further stated that, “The increase in burden hours is primarily the result of a larger driver population and a higher driver turnover rate, both of which affect the volume of documents produced and filed in DQ files.”

OOFI agrees with FMCSA’s assessment, as well as many other stakeholders in the trucking industry, such as FTR’s Vice President of Trucking Avery Vise, Convoy’s Director of Economic Research Aaron Terrazas, and J.B Hunt’s Senior Vice President of Corporate Safety, Security, and Driver Personnel Greer Woodruff. Each of these stakeholders provided comments in a recent article in *Commercial Carrier Journal*.<sup>11</sup> We have presented excerpts below:

“FTR Vice President of Trucking Avery Vise noted that in terms of sheer driver population, “we probably have more than we did before the pandemic” based on the recovery of headcount in payroll employment along with a surge in new for-hire carriers dating back to July 2020.

Aaron Terrazas, Director of Economic Research at digital freight network Convoy, said he also doesn’t subscribe to the idea that there is a chronic undersupply of drivers, because almost all relevant labor and payroll data suggests “trucking industry employment across the board is close to, or right at, or slightly above, pre-pandemic levels.”

Similarly, J.B. Hunt Senior Vice President Corporate Safety, Security and Driver Personnel Greer Woodruff said the driver issue always comes down relative to supply and demand, and that it’s always seeking equilibrium. “As long as there’s demand that’s outpacing supply then there’s an associated cost to the supply chain,” he said. “I happen to believe we have plenty of drivers. We don’t use them very well.”

When asked how the trucking industry could improve its efficiency, Woodruff explained that carriers could add capacity without adding drivers or trucks by simply expediting loading and unloading times, allowing drop-and-hook, adding flexible appointment times and appointment times that allow for efficient transit and rest time; working with shippers to accommodate onsite parking; and providing consistency in loads and lanes.<sup>12</sup>

### **Inefficiency: Problems in the Supply Chain Are due to Excessive Detention Not a Shortage of Drivers**

The inefficiency which the supply chain faces today is not due to a lack of drivers, but because of increased detention time. Detention time, or in particular the period that a driver is not paid while he or she waits to be loaded or unloaded, is an issue of primary concern for the trucking industry. In a recent survey conducted by OOFI, over 900 respondents expressed their professional opinions and experiences with detention, many of whom felt that detention time not only impacted their financial livelihood but that it also negatively impacted safety on the roadways. As one member stated, “this is one of the biggest issues

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<sup>10</sup> <https://www.govinfo.gov/content/pkg/FR-2019-06-10/pdf/2019-12169.pdf>

<sup>11</sup> <https://www.ccjdigital.com/business/article/15114726/driver-shortage-more-about-excess-freight-than-drivers>

<sup>12</sup> Ibid

affecting hours of service (HOS) and safety. Drivers encountering unexpected long detention, feel forced to drive faster, harder, and longer to make up for perceived lost time.”

Depending on a motor carrier’s type of operation, a driver may drive up to either 60 hours in seven days or 70 hours in eight days. Every moment a shipper or receiver holds up a driver at dock, waiting to load or unload, can wreak havoc on his or her HOS, and their entire scheduling of future loads. According to the survey results, a majority of both those who operate under the 60 hour/7 day rule and those who operate under the 70 hour/8 day rule spend between 12 and 20 hours *each week* waiting to load and unload their truck. In other words, those complying with the 60-hour rule spend approximately 20% to 33% of their possible compensated drive time in detention, while those complying with the 70-hour rule spend 17% to 29% of their drive time in detention.

Anyone wanting to increase the efficiency of the overall supply chain must first begin with detention time, not a mythical driver shortage. FreightWaves recently interviewed multiple company executives from trucking companies servicing major ports in California who dispute the idea of a driver shortage, saying that they were actually shedding drivers because of the lack of consistent work due to port congestion bottlenecks, equipment, and efficiency issues.<sup>13</sup> One of the executives, Miguel Silva, President of Intermodal Logistics at the Port of Oakland, said, “I have customers calling me daily, telling me to name my price, that money is no object, but to please, just pull their containers. I wish it was that simple.” Another executive told FreightWaves that his drivers sometimes wait four to six hours to maybe pull one container per truck each day. Prior to the congestion crisis, his drivers averaged three to four “turns” each day.

### **Wrong Solutions: Under-21 Polices Are Not the Answer**

ATA and other large carriers have pushed to lower the federal CDL driving age requirement from 21 to 18 in an attempt to solve the supposed driver shortage problem. However, this is the wrong solution for a problem which does not exist. J.B. Hunt’s Greer Woodruff stated that, based on past risk profiles, lowering the driving age is a legitimate safety concern, saying, “I don’t necessarily see that solving the problem.”<sup>14</sup>

Instead, Woodruff suggested a different solution by noting that the overall industry is averaging between 6.4 and 6.5 hours of actual driving time out of a possible 11-hours. “If you could move that needle to just 8.45, that’s a 30% increase in capacity without adding any drivers or trucks, and that’s meaningful. That’s over 1,000 drivers and trucks that would be available to the supply chain if we could find out how to harness that.”<sup>15</sup>

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<sup>13</sup>[https://www.freightwaves.com/news/truckers-tired-of-taking-blame-for-congestion-crisis-at-california-ports?utm\\_source=sfmc&utm\\_medium=email&utm\\_campaign=FW\\_Daily\\_11\\_3\\_21&utm\\_term=Truckers+tired+of+taking+blame+for+congestion+crisis+at+California+ports&utm\\_id=72965&sfmc\\_id=190812](https://www.freightwaves.com/news/truckers-tired-of-taking-blame-for-congestion-crisis-at-california-ports?utm_source=sfmc&utm_medium=email&utm_campaign=FW_Daily_11_3_21&utm_term=Truckers+tired+of+taking+blame+for+congestion+crisis+at+California+ports&utm_id=72965&sfmc_id=190812)

<sup>14</sup> <https://www.ccjdigital.com/business/article/15114726/driver-shortage-more-about-excess-freight-than-drivers>

<sup>15</sup> Ibid