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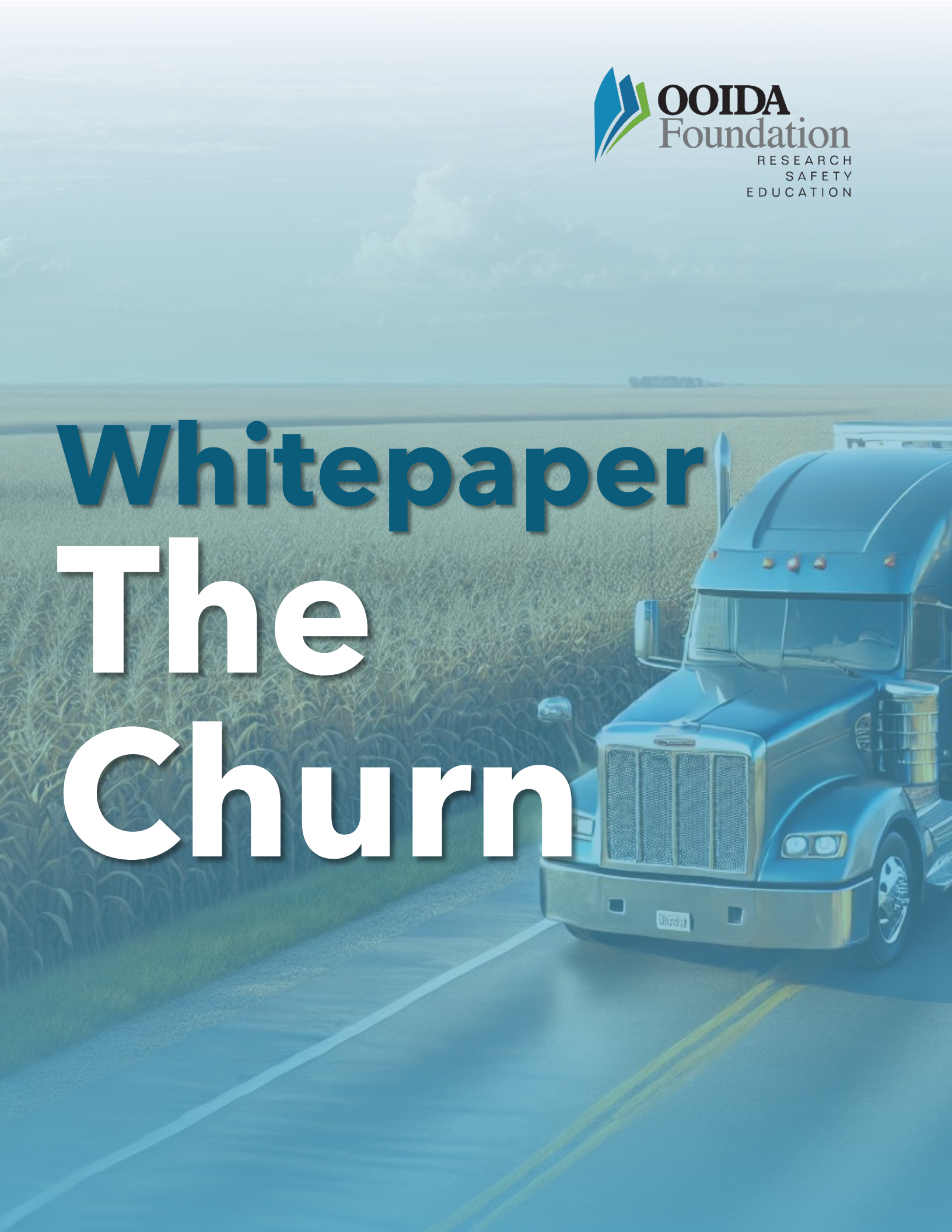
The Churn



The Churn: A Brief Look at the Roots of High Driver Turnover in U.S. Trucking

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I: Paradox

In the U.S. trucking industry – particularly in over-the-road (OTR) long-haul trucking – one observes a seemingly paradoxical situation. For years, trucking companies have warned of a "driver shortage," yet the industry experiences extraordinarily high annual turnover rates among drivers, often exceeding 90% at major truckload carriers.[1][2] In a typical free market scenario, a labor shortage would trigger market corrections: rising wages, improved working conditions, and other incentives to retain workers. As any basically competent economist might point out, persistent shortages should not exist if prices (in this case, wages) are allowed to adjust freely. Why, then, has the trucking sector seemingly failed to self-correct in the face of chronic driver attrition? The answer lies in a web of systemic and structural factors that have entrenched a high-churn labor model as the status quo.

We'll examine the economic and structural reasons behind persistently high turnover in trucking – focusing on the sector that is most exemplary of this phenomenon, long-haul OTR drivers and Owner-Operators – to show how misaligned incentives, market distortions, regulatory loopholes, and historical structural shifts have suppressed genuine market forces and why standard market mechanisms have faltered in this industry. By exploring the mechanics of churn and how it has become embedded in trucking's business model, we can understand why higher pay and better conditions have lagged despite claims of a driver shortage. Importantly, we will outline how current conditions dampen true market signals, all while avoiding specific policy prescriptions. The goal is to illuminate the systemic issues so that stakeholders can recognize why the market has not remedied the turnover crisis – and provoke thought about what fundamental changes might be needed to allow genuine market forces do their work.

II: Deregulation

Any structural analysis of the trucking labor market must begin with its historical transformation. Prior to the 1980s, trucking was a highly regulated industry with high barriers to entry, fixed rates, and a strong union presence (the Teamsters). Driving jobs, especially for inter-state freight, were relatively stable and well-paid careers. Deregulation in 1980 (the Motor Carrier Act) fundamentally altered this landscape. It opened the floodgates to competition, dramatically increasing the number of carriers and intensifying price competition for freight services.[3] In economic terms, trucking – particularly the long-distance truckload segment – seemingly became closer to a perfectly competitive market: low barriers to entry, many firms, and a commodity-like service where price is king.

One consequence of this hyper-competitive environment was a squeeze on profit margins and costs. Labor, being one of the highest costs for trucking companies, naturally came under pressure. The bargaining power of drivers eroded as union influence waned and thousands of non-union carriers entered the field. Wages for truck drivers stagnated or even fell in real terms over subsequent decades,

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[1] Costello, B., & Karickhoff, A. (2019). *Truck Driver Shortage Analysis 2019.* American Trucking Associations. Retrieved from https://www.trucking.org/sites/default/files/2020-01/ATAs%20Driver%20Shortage%20Report%202019%20with%20cover.pdf

[2] Burks, S.V., & Monaco, K.A. (2019). *Is the U.S. labor market for truck drivers broken? An empirical analysis using nationally representative data.* **Monthly Labor Review.** U.S. Bureau of Labor Statistics. Retrieved from https://www.bls.gov/opub/mlr/2019/article/is-the-us-labor-market-for-truck-drivers-broken.htm

[3] *Influence of the Motor Carrier Act of 1980 on Truckers' Employment.* (Testimony before Congress). U.S. GAO. Retrieved from https://www.gao.gov/products/122840

and working conditions deteriorated as companies sought to maximize output with minimal cost. The labor market for truck drivers bifurcated into segments. A Bureau of Labor Statistics analysis noted that the long-haul truckload (TL) segment – which comprises roughly one-sixth to one-quarter of all tractor-trailer drivers – operates as a "secondary" labor market, distinct from other trucking niches. Jobs in this long-haul TL segment are characterized by high turnover and relatively low tenure, unlike, say, less-than-truckload (LTL) or private fleet jobs where turnover is much lower (often under 15%).

In this competitive TL segment, carriers have little pricing power. Freight rates are largely dictated by market supply and demand, and because all carriers have similar costs and offer a similar service, no carrier can easily charge more without losing business. This means a carrier finds it difficult to simply raise driver pay and pass that cost onto shippers – another carrier will always be willing to undercut the rate. Thus, instead of raising wages across the board to attract more drivers, carriers have often opted for a different approach: relentlessly recruit new drivers to replace those who quit. As economists Burks and Monaco observed, individual firms in the TL segment "accept high turnover as a cost-minimizing response" to competitive pressure. In other words, constant churn became a rational business strategy in the post-deregulation trucking industry. It was easier to fill seats with a revolving door of new hires than to significantly elevate pay and conditions for existing drivers in a way that might jeopardize the carrier's low-cost edge.[4][5]

From a free-market perspective, this outcome is initially perplexing – after all, if one company after deregulation tried to slash driver pay and push crews to the limit, one might expect drivers to flock to better-paying competitors, forcing the low-paying firm to adjust or perish. The reality, however, is that deregulation created an environment where virtually all long-haul carriers faced the same cost pressures, and many adopted similar labor practices. The entire industry segment settled into an equilibrium of lower wages and high turnover, especially among the large "mega-carriers." The absence of significant differentiation (either in service or employment conditions) left drivers with few truly superior options among similar long-haul jobs – switching employers might yield a marginal pay bump or a sign-on bonus, but often not enough of a change to make the job sustainable as a long-term career. This set the stage for the persistent churn we see today, and it explains why normal market signals did not translate into across-the-board wage increases. The historical shift of 1980 created a structural context in which the market for OTR truckers behaves differently from other industries, warranting a closer look at the incentives that now dominate.

III: The Value of Time

One of the most critical structural issues entrenching turnover is the misalignment of incentives in how drivers are compensated. The standard pay model for long-haul truckers is per mile (or per load), not per hour. This means a driver's income is directly tied to miles driven, while a large portion of their working time – waiting at loading docks, dealing with traffic, performing inspections, etc. – is unpaid. Meanwhile, federal hours-of-service regulations cap the driving hours a trucker can work in a day or week for safety

[4] *Pay and Working Conditions in the Long-Distance Truck and Bus Industries: Assessing for Effects on Driver Safety and Retention.* (Transportation Research Board Special Report 355). Washington, DC: The National Academies Press. Retrieved from https://nap.nationalacademies.org/catalog/27892/

[5] Petty, G. (2021, October). *Why Drivers Stay. FleetOwner* (NPTC "Gary Petty" column). National Private Truck Council. Retrieved from https://www.nptc.org/gary-column/why-drivers-stay/

reasons. Thus, as some drivers quip, they are "paid by the mile but regulated by the hour." This misalignment creates a fundamentally flawed incentive structure. From the driver's perspective, every hour not driving is lost income, pushing them to maximize driving hours (sometimes at the expense of rest or regulatory compliance). From the shipper's perspective, the driver's time is artificially cheap – they are not paying for that time in most cases, and if they are it's very minimal. Large carriers that do incur detention time, rarely—if ever—pass that money on to the driver. If a driver is stuck waiting at a warehouse for 5 hours, they are the ones who are going to absorb the cost of inefficiencies in the freight system.

Consider the effect on a driver's effective wage: a long-haul driver might be on duty for 60-70 hours in a week (the legal maximum is typically 70 hours in 8 days for interstate trucking), but only perhaps 40-50 of those hours are spent driving and getting paid mileage. The remaining hours – fueling, paperwork, waiting for dispatch or loading – yield no pay. It's not uncommon for drivers to report that their real hourly earnings, once all working hours are counted, fall well below comparable trades. As one congressional leader noted, "many truck drivers have not seen their wages increase" even as their days have grown longer, and efforts by states to mandate paid break time or sick leave have been met with industry pushback and preemption. Indeed, a longstanding federal loophole – the Motor Carrier Exemption in the Fair Labor Standards Act – excludes interstate truck drivers from overtime pay protections. Enacted in 1938 (to avoid overlap with safety rules), this exemption today perversely means that a company can demand 60-70 hours of work from a driver a week without paying a single hour of overtime wages.[6] As OOIDA (Owner-Operator Independent Drivers Association) has pointed out, this not only denies drivers fair compensation for extensive hours but also encourages carriers to keep drivers working as long as legally possible since there's no financial penalty for long hours. It even contributes to supply chain inefficiency: shippers and receivers have little incentive to load or unload in a timely manner when the cost of a driver's waiting time is effectively zero to them.[7]

The economic logic here is straightforward: when a resource (driver labor/time) is underpriced, it tends to be overused and wasted. Drivers' hours are stretched to the limit, and their patience is often tested by delays – a fertile ground for dissatisfaction. A driver who spends countless unpaid hours sitting at a warehouse dock will understandably feel that their time and expertise are undervalued. Over time, this wears down morale and accelerates exits from the industry. New drivers who enter with expectations of decent earnings quickly become disillusioned when they realize how much of their day is uncompensated. But rather than force systemic change, this dynamic simply leads to high quit rates – and those quits are "solved" by hiring the next batch of unsuspecting recruits. According to polling conducted by Tenstreet of recently hired drivers, on average over 30 percent leave their carrier within their first three months on the job, and less than 40 percent remain for a full year.[8]

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[6] U.S. Department of Labor, Wage and Hour Division, *Fact Sheet #19: The Motor Carrier Exemption under the Fair Labor Standards Act (FLSA)*, revised November 2009, Retrieved from https://www.dol.gov/agencies/whd/fact-sheets/19-flsa-motor-carrier.

[7] U.S. Department of Transportation, Supply Chain Assessment of the Transportation Industrial Base: Freight and Logistics, pg. 85. Retrieved from https://www.transportation.gov/sites/dot.gov/files/2022-03/EO%2014017%20-%20DOT%20Sectoral%20Supply%20Chain%20Assessment%20-%20Freight%20and%20Logistics_FINAL_508.pdf

[8] Tenstreet**.** (2023). *Q1 2023 Recruiting and Retention eBook*. Retrieved from https://www.tenstreet.com/wp-content/uploads/2023/05/Tenstreet-Q1-Recruiting-and-Retention-eBook.pdf

From the carrier's perspective, the per-mile pay model and overtime exemption allow them to minimize direct labor costs for any given load. A trucking company can quote a low freight rate because it knows it can ask its drivers to absorb inefficiencies (by working extra hours without extra pay). If carriers had to pay hourly with overtime, many would either need to charge shippers more or improve scheduling to avoid costly overtime – in other words, the costs of delays and long hours would internalize to the business. But under current rules, those costs are externalized to drivers. In a sense, the industry has been operating with a hidden subsidy: the free or cheap labor provided by drivers' excess hours. Misaligned compensation schemes have therefore entrenched the status quo. Low earnings per hour and high hours create a job that many cannot endure for the long run, explaining why so many drivers "vote with their feet" and leave. Yet the system persists because it is economically rational for each stakeholder except the driver: shippers get low transport rates, carriers keep labor costs down, and even consignees can be lax knowing the truck will wait. The one paying the brunt of the price is the driver – through burnout, health costs, and foregone income – which leads us to the churn model that has become the industry's labor strategy.

IV: Churn Economics

One of the most striking indicators of a structural problem is the annual turnover rate at large truckload carriers. In recent decades, large TL carriers routinely report turnover around 90% to 100% (and sometimes even higher) on an annualized basis. This does not mean that every driver quits outright to a different occupation; rather, it reflects an almost constant game of musical chairs where drivers are shuffled between carriers or leaving OTR trucking temporarily, and carriers are continuously recruiting replacements. By contrast, other segments like LTL trucking or private fleets (e.g. supermarket or parcel delivery fleets) have turnover rates in the teens or single-digits – much closer to what one would expect in a healthy labor market. The fact that high churn is concentrated in a specific segment tells us it is something about that segment's structure and incentives that makes churn the norm.

Why would companies tolerate such extreme turnover? Normally, high employee turnover is costly: it incurs expenses for constantly hiring and training new workers, and can degrade service quality. In trucking, however, the mega-carriers (large national trucking companies) have found ways to make the churn model *work for them* financially, at least in the short term. First, many large carriers have their own training schools or alliances with CDL training programs. They often recruit entry-level drivers in droves, put them through a few weeks of training, and then require them to drive for the company for a specified period (often one year) at "entry-level pay" to "pay off the training cost." If the driver quits early, they may be contractually obligated to reimburse said training cost, effectively saddling them with a debt. This indentured training model means the carrier isn't truly out-of-pocket for training – the driver either works it off at low pay or owes money. Either way, the carrier secures a pipeline of cheap labor for that first year. Many of those new drivers *do* quit as soon as they've fulfilled the contract (or even before, if they accept the debt), because the reality of the job is so harsh. But the carrier's strategy is simply to have a constant influx of new trainees to take their place. It's a volume-based approach: even if a given new hire lasts only 6-12 months, as long as the seats are kept filled, freight moves and revenue flows.

Secondly, some industry analysts note that large carriers are able to shift certain costs of turnover onto others, including taxpayers. For example, there are federal and state workforce development programs that subsidize vocational training – trucking included – for individuals, such as the Workforce Innovation and Opportunity Act grants, or veteran training programs. Additionally, in recent years the federal

government has awarded grants specifically to expand CDL training and licensing capacity, explicitly aiming to "get more safe truck drivers on the road." In 2022, for instance, the U.S. Department of Transportation announced $57 million in such grants to states, community colleges, and other entities to train new drivers.[9] While on the surface this addresses a labor shortage by increasing supply, it does so by propping up the churn model – it ensures a steady stream of new entrants whose training is partially paid by public funds. As one commentator cynically observed, the major trucking carriers' approach to turnover is *"stealth corporate welfare disguised as a job training program."*[10] In effect, taxpayers help foot the bill to replace the drivers that the industry incessantly burns through. This external infusion of labor supply delays the economic reckoning that would force carriers to improve job conditions. If companies had to incur the full cost of each replacement (training, recruiting, safety risks of inexperienced drivers), they would have a stronger incentive to retain their workers. But since the cost of turnover is subsidized and externalized, turnover remains sky-high.

Furthermore, the perennial narrative of a "driver shortage" has been used by industry groups to lobby for policies that expand the driver pool, rather than addressing why drivers leave. For instance, the American Trucking Associations (ATA) has for years pushed the idea of a vast driver shortfall and supported measures like lowering the minimum age for interstate truck drivers from 21 to 18 (through programs like the DRIVE-Safe Act). If successful, this brings in younger drivers fresh out of high school – again enlarging the labor pool and potentially keeping wages down – despite safety concerns with teen drivers. Similarly, the industry has looked to recruitment of non-traditional labor sources, including more women drivers or tapping into immigrant labor, all while touting the "shortage." This clearly demonstrates that whatever other claims are made, the response to shortages has primarily been to artificially increase the labor supply, rather than improve labor conditions. By continually enlarging the funnel of new drivers, the market wage is kept closer to its current low equilibrium instead of rising. Standard economic theory says that if an occupation cannot attract enough workers, the wage rate should increase until supply meets demand. In trucking, each time pressure builds for that to happen, the industry manages to find a release valve – either via restrictive policies or aggressive recruiting – that boosts the supply of drivers (at least temporarily), thereby deferring the need to substantially raise pay or improve conditions for the long-term.

The result is a kind of equilibrium of churn: an unstable equilibrium from a worker's perspective, but a stable one for the industry's operational model. High turnover has become institutionalized. Many large carriers plan for it, advertise constantly, and treat driver seats almost like seats on an airplane flight – if one person leaves, you board the next person. There is evidence that some carriers actually prefer a higher turnover cycle because it helps control costs. A stark illustration of this came from an industry debate where a representative of OOIDA pointed out that trucking companies "perpetuate this turnover cycle because it keeps wages low and costs down". New drivers start at the bottom of the pay scale; they often don't stay long enough to demand raises or tenure-based benefits. By the time they would become higher-paid, many have quit, to be replaced by another first-year driver. It's a continuous conveyor belt of

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[9] (2022, April 4). *Fact Sheet: The Biden Administration's Unprecedented Actions to Expand and Improve Trucking Jobs.* The White House (Briefing Room). Retrieved from https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2022/04/04/fact-sheet-the-biden-administrations-unprecedented-actions-to-expand-and-improve-trucking-jobs/

[10] Magill, G. (2023). Driver Shortage? Not So Fast. The Daily Economy. Retrieved from https://thedailyeconomy.org/article/driver-shortage-not-so-fast/

rookies. For the carriers, this means a large portion of their workforce is always at the lower end of the pay range. Any experienced driver who is unhappy can leave – but they likely go to a competitor that is similar, or leave long-haul for a different trucking job. Either way, the original carrier just onboards another newcomer and maintains its wage structure.

To illustrate this, let's examine the years 2020-2024. Each year, approximately 400,000 new CDLs are issued across the United States. Notably, in 2022, this number surged to over 800,000 new CDL issuances.[11] Given that Class A CDLs typically last for at least five years before renewal, this implies that at any given moment, the U.S. has between 2 and 2.5 million individuals holding a recently issued CDL. This is a highly conservative figure that excludes renewed licenses – in reality the total CDL-holding population is even greater. In contrast, according to the U.S. Bureau of Labor Statistics, the American economy supports roughly 800,000 to 900,000 heavy-duty, long-haul trucking jobs at any given time.[12] The implication is stark: for every available trucking position, there are approximately three recent CDL holders theoretically qualified to fill it.

This "churn and burn" model has serious side effects, of course. Safety is one: new drivers are statistically more likely to be involved in crashes, and a fleet with 90% of drivers under one year of experience is inherently less safe than one with seasoned professionals. In congressional testimony, experts noted that new drivers are the most dangerous on the road due to inexperience.[13] High turnover thus directly impacts public safety and carrier liability – ironically adding another indirect cost of this model (in accidents and insurance) that is difficult to quantify. Another side effect is that medium-size and specialized fleets find themselves at a disadvantage. They typically hire experienced drivers and might offer somewhat better conditions, but they do not benefit from government training subsidies and must compete for talent that is constantly being churned out of the mega-carriers' training mills. In essence, the mega-carriers produce a surplus of trained drivers (with taxpayer help) and spit them out; smaller fleets then hire some of those with experience. If the mega-carrier model changed – say, they dramatically improved retention – it could actually starve smaller fleets of their talent pipeline. This perversely means even carriers that treat drivers better are indirectly reliant on the churn at the bottom end of the industry. It's a bizarre ecosystem where churn at one level feeds the next. All of this underscores that the turnover problem is systemic, not just a matter of one or two bad actors.

Another broad effect of the churn is found in the development of trucking technologies. Rapid driver turnover limits the depth and quality of training, creating a reliance on technological solutions designed to compensate for the high risk that inadequate training and lower skill levels among inexperienced drivers brings to the table. Rather than being able to focus on broadly enhancing operational efficiency or proactively improving driver safety, these technologies primarily aim to mitigate the risks associated with

[11] (2022, April 4). *Fact Sheet: The Biden Administration's Unprecedented Actions to Expand and Improve Trucking Jobs.* The White House (Briefing Room). Retrieved from https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2022/04/04/fact-sheet-the-biden-administrations-unprecedented-actions-to-expand-and-improve-trucking-jobs/

[12] U.S. Bureau of Labor Statistics. (n.d.). *Industries at a Glance: Truck Transportation: NAICS 484*. Retrieved April 10, 2025, from https://www.bls.gov/iag/tgs/iag484.htm

[13] Dunn, N., Soccolich, S., & Hickman, J. (2020). *Commercial Motor Vehicle Driver Risk Based on Age and Driving Experience* (Report No. 20-UI-0792). National Surface Transportation Safety Center for Excellence, Virginia Tech Transportation Institute. Retrieved from https://vtechworks.lib.vt.edu/bitstreams/a5800006-4b00-4854-bd5c-1f3e76f5d5c1/download

quickly trained, inexperienced operators. Examples include entire fleets transitioning, often at significant expense, to automated transmission systems, as well as the incorporation of lane keeping, collision avoidance, and automatic braking systems—technologies that reduce dependence on driver skill and judgment by taking control of their vehicle out of their hands.

Another particularly illustrative example of this trend is the widespread adoption of driver-facing cameras. These devices primarily monitor and manage drivers who are perceived as untrustworthy or inadequately trained, capturing and correcting unsafe driving behaviors, distractions, or procedural errors. The prominence of such monitoring technology underscores a broader trend: the trucking industry increasingly invests in solutions aimed at controlling inexperienced drivers rather than directly addressing underlying issues, such as improving training quality or enhancing driver retention.

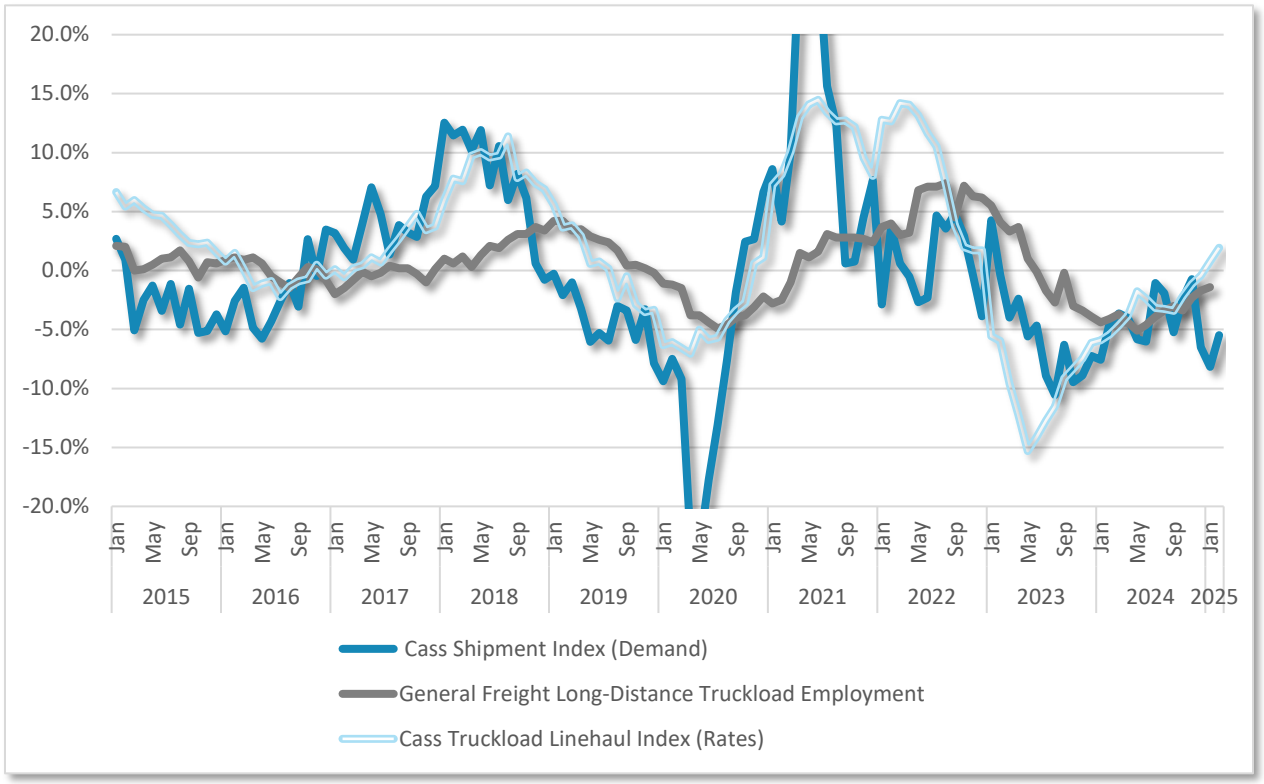
V: Independence vs. Illusion

A significant portion of the trucking workforce operates as Owner-Operators or independent contractors. These are drivers who own (or lease) their own trucks and contract their services to shippers or carrier companies. One might assume that if the conditions at big carriers are so poor, more drivers would pursue the Owner-Operator route to essentially "be their own boss" and earn better pay by cutting out the middleman. Indeed, many do try – and during times of high freight demand and spot market rate spikes, there is often a surge in new independent truckers entering the market. This is the pure market response one would expect: when freight rates (and potential earnings) rose sharply in 2020-2021, tens of thousands of drivers either left company jobs to operate on their own, or new entrepreneurs came into trucking to seize the opportunity. The number of federally registered trucking carriers (many of them single-truck owner-ops) hit record highs during the freight boom, and the industry for a moment did experience genuine tightening of driver supply.

However, this apparent market correction contains the seeds of its own reversal. As soon as a profitable niche appears (high spot-market rates), it gets flooded with capacity. By late 2022 and 2023, the trucking market had swung into oversupply – too many trucks chasing too little freight – which drove spot freight rates back down and squeezed those new small operators hard. Many of the independent truckers who entered during the boom found themselves struggling or failing when the market normalized. Hundreds of small carriers went out of business or parked their trucks in that down cycle. In other words, the Owner-Operator segment experiences a similar churn, but driven by market cycles: a boom brings a wave of entrants, a bust then forces a shakeout. Over a longer horizon, only a fraction of independent truckers manage to survive and sustainably profit. The churn in this case is at the business level – with trucking seen as an easy-entry business, many try their hand at it, but most do not last. This cycle is not new; it has repeated in prior freight boom-bust periods. It demonstrates another structural issue: the ease of entry into trucking (both as a driver and as a small carrier) means supply can overshoot demand quickly. With so many willing entrants during good times, the market never stays tight enough for long enough to permanently elevate wages or standards. Genuine market forces do appear – but only temporarily, before being nullified by the next cycle of overcorrection, in which carriers raise wages in order to incentivize more drivers to sign on with them and then face a contraction in the freight market, leaving a surplus of drivers and forcing wages downward again.

The following chart – which utilizes the Cass Shipment Index to represent demand, the Cass Truckload Line Haul Index to represent rates, and the BLS General Freight Long-Distance Truckload Employment figures – demonstrates this dynamic very well. Notice how demand moves first, then rates, and finally employment. If there were a true, long-term driver shortage, supply would never catchup to demand as it clearly does.

Graph 1: Year-over-Year Percentage Change comparing Demand, Rates, and Employment



For Owner-Operators, another structural challenge is power imbalance and information asymmetry. As independent businesses, these drivers negotiate with freight brokers or large carriers for loads. Yet, in many cases, they have limited visibility into the pricing. For example, brokers might negotiate a price with a shipper and then offer the Owner-Operator a much lower rate, keeping a substantial commission – and the Owner-Operator has no way of knowing the difference if broker transparency is absent. Large shippers often award contracts to big carriers or to large brokers, not to single-truck operators, so independents rely on the spot market or subcontracting, which is volatile. In short, despite being independent, an Owner-Operator is often at the mercy of market whims and larger intermediaries, with little ability to improve their situation individually. If they succeed, it can be rewarding, but if they hit a downturn or run into high expenses (fuel spikes, maintenance), they can quickly go underwater.

A particularly troubling manifestation of misaligned incentives in the owner-op world is the prevalence of lease-purchase programs offered by carriers. Under these schemes, a company offers a driver the chance to lease a truck (typically one of the carrier's trucks) and become an independent contractor, hauling exclusively for that carrier. It's often sold as a path to eventually owning the truck and earning more as an Owner-Operator. In reality, many such programs are notoriously predatory. The carrier controls the dispatch (loads), sets the lease payment and often deducts insurance, fuel, maintenance from the driver's

settlements. If freight is slow or expenses high, the driver might take home little or even negative pay, all while the carrier incurs almost no risk (the driver is covering the costs). If the driver cannot make the payments, they default and the carrier repossesses the truck – free to lease it to the next eager driver. A federal task force study in 2023 characterized these lease-purchase agreements as "fraudulent and oppressive," finding that they fail for over 90% of the drivers who enter them, many ending up in debt with nothing to show for it. These schemes effectively exploit drivers' hopes of upward mobility. The carrier gains a pseudo-Owner-Operator who is in practice bound to them (since the driver typically can only haul for the carrier while under the lease, and the carrier might not guarantee any minimum income). The driver takes on all the operating risk and often pays exorbitant weekly truck payments, while the carrier enjoys the fruits of their labor with minimal liability. This is churn by design: the carrier may cycle multiple drivers through the same truck over a few years, each one failing and forfeiting their equity, while the carrier keeps the truck and any profit from freight moved. Little wonder the Task Force recommended banning lease-purchase programs outright as "irredeemable tools of fraud and driver oppression" that diminish the number of drivers who stay in the industry.[14]

From the Owner-Operator perspective, all these factors – market volatility, lack of leverage, and in some cases outright exploitation – contribute to turnover and exit from the industry. Many drivers who leave company jobs to become independent find the grass isn't much greener; some thrive, but many others eventually hang up their keys, disillusioned. In a properly functioning market, one might expect the independent route to serve as a corrective: if company driver jobs are underpaying, entrepreneurs should be able to earn more and draw off labor until companies must improve pay to compete. To an extent this happens (the lure of being an owner-op is precisely that logic), but the distorted playing field – full of hidden pitfalls and dominated by powerful intermediaries – often thwarts the promise of independence. The result is that even the exodus of drivers into self-employment doesn't substantially force big carriers to change; many of those drivers end up returning to company jobs or leaving trucking, and new entrants continuously replace them. It's yet another circuit that returns us to the same point: plenty of people are willing to try trucking, but the system chews them up and relies on the next in line.

VI: Muting Market Forces

Taken together, these elements describe a labor market that is not truly free or balanced in the way textbook economics would predict. Genuine market signals – like rising wages in response to labor scarcity – have been minimized in trucking by a combination of misaligned incentives and structural distortions. Let's summarize the key factors muting the corrective forces of the market:

- **Extreme Competition and Fragmentation:** The post-deregulation trucking industry has so many carriers competing for freight that profit margins are razor-thin. This intense competition means carriers feel they *cannot* significantly increase driver pay without pricing themselves out of the market. In effect, the market punishes any single firm that unilaterally tries to offer much better wages or working conditions. There is a collective action problem: all carriers would benefit if everyone raised wages (it might solve the retention issue), but any individual carrier fears being the high-cost outlier. The result is a race to the bottom, where none raise pay enough to break

[14] U.S. Department of Transportation. (2023). *Truck Leasing Task Force – Final Report to Congress.* (Delivered January 2025). U.S. DOT Federal Motor Carrier Safety Administration. Retrieved from https://www.fmcsa.dot.gov/sites/fmcsa.dot.gov/files/2025-01/TLTF%20Cover%20and%20Enclosure%20FINAL%201-16-25.pdf

the equilibrium. Drivers, lacking a unified front, simply circulate between employers, chasing marginally better offers.

- **Labor Supply Augmentation (Distorted Supply Curve):** Whenever the pressure for higher wages builds, new sources of labor are pumped into the market, keeping the supply of drivers artificially high. Whether through government-funded CDL training programs, industry recruitment blitzes, or policy changes like bringing younger drivers into interstate trucking, the effect is the same: the labor supply curve is continually shifted rightward. The trucking lobby has even used the narrative of driver shortage to win regulatory changes that increase the pool of available drivers (for instance, by accepting non-US CDLs, visa programs, decreasing the required age for CDLs, or offering subsidies for new drivers). Rather than increasing wages long-term, which would make trucking a more attractive career, external interventions are used to *create* more inexperienced and poorly trained workers at the existing price. As a result, the usual self-correcting mechanism of the free market is short-circuited, and the churn continues.

- **Regulatory Loopholes and Cost Externalization:** Certain regulatory frameworks have allowed the industry to offload costs onto drivers or avoid normal market penalties. The overtime exemption is a prime example – it enables carriers to use drivers for excessive hours without financial repercussion. This is a direct suppression of what would otherwise be a market cost (overtime wage premiums). If that exemption were not in place, either drivers would be earning significantly more for the 60th or 70th hour on duty, or carriers would hire more drivers to avoid overtime, effectively tightening the labor market and improving work-life balance. Similarly, rules about driver classification have been exploited (misclassifying employees as independent contractors in some cases) to bypass benefit obligations and shift expenses to drivers – or alternatively – imposing onerous rules, obligations, and even surveillance systems on independent contractors in such a way as to basically control them as they would a direct employee. All of these practices represent distortions in the normal employer-employee relationship, allowing companies to operate with lower labor costs than a truly free and fair market would dictate. Moreover, when states have tried to impose reforms – like mandating that drivers be paid for rest breaks – the industry has moved aggressively to preempt such rules federally, indicating an entrenched resistance to anything that would force internalization of labor costs.

- **Erosion of Collective Bargaining:** A competitive labor market assumes workers can negotiate wages commensurate with job difficulty and the balance of supply and demand. In trucking, however, collective bargaining power is minimal today. The collapse of the Teamsters' influence in long-haul trucking means drivers negotiate as lone individuals against large companies or simply take the "posted price" in load boards. The result is a labor market tilted heavily in favor of employers and brokers. Drivers have very limited say in setting rates – they essentially accept what the market gives. If they refuse a load or a job due to low pay, there's usually another driver desperate or inexperienced enough to take it. This undercuts the individual's ability to hold out for better terms, which in a normal shortage would be how workers bid up their wages. In trucking's OTR sector, the lack of collective action means grievances are expressed by quitting rather than bargaining. But a quit doesn't send a price signal to the whole market; it's a quiet exit that is masked by another entry. Thus, while drivers "vote with their feet" by leaving jobs, those votes don't coalesce into a mandate for higher pay – they are lost in the churn.

- **Informational Asymmetry and Driver Expectations:** Another subtler distortion comes from imperfect information and human factors. Many new entrants to trucking do not fully grasp the nature of the job or have been sold on its benefits without understanding its costs. Recruiters might dangle the prospect of earning $60,000+ a year, seeing the country, and having job security – all technically true, but not highlighting that the $60k might come at the price of 70-hour weeks, long periods away from family, living out of a truck cab, and significant personal sacrifices. By the time drivers experience the reality, they often feel misled. This phenomenon means that at the prevailing wage, the industry can attract a sufficient number of new drivers (because they have optimistic expectations), but it cannot *retain* a large portion of them once expectations meet reality. In a well-functioning market, if a job is much harder or less pleasant than workers were initially led to believe, you'd expect the employer to have to compensate for that (with higher pay) to recruit people. Trucking instead has relied on a kind of information lag – essentially banking on a constant supply of newcomers who learn the truth only after some months on the job. This is not a sustainable equilibrium in the long run, but it has persisted for years because the supply of new entrants (often young people, or those in economic hardship looking for a fresh start) has been able to keep up with the exodus of disillusioned drivers. The cost of this churn – in human terms – is borne by the individuals who tried and quit, while the industry at large keeps chugging along with new hires.

The cumulative impact of these factors is that true market forces have been suppressed or delayed. The trucking labor market, especially for long-haul OTR drivers, does not behave in the straightforward manner economic theory would predict. Instead of higher wages eliminating the shortage, we have a persistent cycle of turnover. As one recent comprehensive study by the National Academies found, there isn't so much a sustained driver shortage as a high level of churn – drivers frequently switch employers or leave certain segments for greener pastures without leaving the occupation entirely. The churn creates localized shortages (unseated trucks at Company A, etc.), which are then misconstrued as an absolute shortage. It's a crucial distinction: the industry manages to attract plenty of new drivers each year – over 400,000 new commercial driver licenses are issued annually – but fails to retain them. This is a labor retention crisis more than a supply crisis.

VII: Consequences and the Path Forward

The story of America's truck driver turnover crisis is one of unintended consequences and muted price signals. What superficially looks like a simple imbalance of supply and demand ("not enough drivers") is in fact a complex, self-perpetuating system of incentives that has normalized high turnover. Carriers facing fierce competition have found ways to minimize labor costs through pay-per-mile and long hours, but in doing so made the job unattractive enough to repel many would-be long-term drivers. Rather than adjusting the job to retain people, they adjusted the pipeline to replace them – leveraging training programs, lax labor regulations, and aggressive recruiting to ensure a steady influx of new drivers. Misaligned incentives – from unpaid waiting time to predatory leases – further entrenched a model where churn is cheaper than retention for many players. The outcome is a market where the usual corrective mechanisms (like substantially higher wages or improved working conditions) have been largely absent, even as turnover remains exorbitantly high.

The persistence of this churn equilibrium indicates structural market failure in a sense: the trucking labor market "works" in that freight gets delivered and companies fill their seats, but it does not work in

delivering satisfactory outcomes for the workforce or ultimately for safety and efficiency. The genuine free-market solution to a labor shortage would be to let wages rise and conditions improve until the shortage abates – indeed, "price signals" should correct the imbalance. In trucking, those signals have been distorted by the factors we've discussed. As a result, the market has been prevented from reaching a healthier equilibrium. Real wages—wages adjusted for inflation— for long-haul truckers have only risen in spurts (usually during acute freight demand spikes) and then stagnated or retreated when the pressure eases. The systemic issues – long unpaid hours, weeks away from home, poor treatment at loading docks, safety and health risks, and so on – have not fundamentally changed in decades.

Addressing these challenges requires recognizing that the status quo is not a naturally efficient or safe outcome, but one shaped by policy choices and industry practices that can be rethought. Policymakers should note that simply trying to pump more drivers into the system (through training subsidies or lower hiring standards) treats the symptom (empty trucks) but not the cause (why drivers quit). Industry leaders, too, must confront the reality that a churn-and-burn model, while expedient, carries hidden costs – in safety, in service quality, and in the public perception of the industry. As one trucking executive admitted in a moment of candor, the industry's retention woes stem from "inadequate pay, lack of respect for drivers, and subpar working conditions". These are problems of incentive alignment and structural design.

In a truly free market, if an occupation had to routinely replace its entire workforce on a yearly basis, that occupation would either have to drastically improve or flounder completely. Trucking has avoided disaster by patching the leaks with new bodies, but it has never fully fixed the holes. The task ahead is to remove the barriers that have prevented natural market adjustments. That might mean revisiting regulations that currently suppress wages (like the overtime exemption), re-examining contracting practices that exploit labor (like lease-purchase scams), and encouraging business models that reward experience and efficiency rather than treat drivers as interchangeable units. Until the root incentives are realigned – so that companies profit from retention of experienced drivers rather than turnover – the churn will continue. There may be many good intentioned trucking companies, however good intentions do not equal results: good rhetoric about valuing drivers means little if the structural incentives still encourage high turnover. Conversely, if we realign those incentives with genuine market principles (where drivers' time is properly valued and retention is rewarded), we may finally see the market correct itself. Higher driver pay and better conditions are not *incompatible* with a thriving trucking industry; they are, in fact, the hallmark of segments of trucking that function well (such as private fleets with low turnover.

The persistently high turnover among U.S. truck drivers is not a mystery at all – it is the logical outcome of the system in place. The invisible hand of the market has been shackled by the visible hand of policy, and the hidden hand of practice that keep the labor supply just flexible enough to prevent a true shortage-induced reckoning. Recognizing this reality is the first step. Only by understanding the systemic and structural reasons for churn can industry and policymakers begin to allow genuine market forces to work toward a more sustainable equilibrium – one where driving a truck is a viable, even desirable long-term occupation, not a grueling trial with razor thin margins that one endures only until a better opportunity comes along. Removing distortions and realigning incentives would let the price of trucking labor rise to a level that both fills seats and respects the cost of those filled seats. That, ultimately, is how a healthy market is supposed to function. For now, however, the trucking industry remains stuck in a high-turnover trap.

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