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Will COVID-19 Worsen California's Truck Driver Shortage?

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Issue

The trucking industry serves as the backbone of the nation's economy. In 2018, approximately 3.5 million truck drivers were delivering over 70% of all freight tonnage in the United States, generating close to \$800 billion in gross revenue annually.¹ While 3.5 million truck drivers represents a significant number of jobs, it is not enough to satisfy demand. The trucking industry suffers from a chronic shortage of drivers. Nearly 70,000 additional heavy-duty tractor-trailer drivers in the United States were needed at the end of 2018, according to the American Trucking Associations. And COVID-19 has brought new challenges that may amplify or dampen the driver shortage and in turn impact supply chains. For example, what if a small percentage of long-haul truck drivers became ill? Would it cripple the industry? Would it significantly delay the delivery of essential medical supplies and equipment? New research from UC Irvine explored the challenges imposed by COVID-19 on truck drivers by conducting a literature review, looking at past crises, and interviewing academic and industry experts.

Key Research Findings

Trucking activity grew in the weeks following the March 13, 2020 declaration of a national emergency. Many Americans started panic buying, so grocery stores had to quickly restock their shelves with essential goods. This initially created more work for truckers, although

not necessarily more jobs because the federal emergency declaration permitted truck drivers transporting essential supplies, equipment, and people to work longer hours than normally allowed.² However, this temporary work surge did not last long enough to significantly relieve the strain on the job market for truck drivers.

Business closures following the shutdown in many states quickly depressed the demand for trucking services and erased the chronic shortage of drivers. Within four weeks of the mid-March declaration of emergency, over 22 million Americans had lost their jobs, affecting almost every sector of the economy.³ As a result of the economic shutdown, the second quarter Gross Domestic Product (GDP) dropped by 32.9% on an annualized basis,⁴ and was accompanied by a sharp rise in commercial bankruptcies.⁵ A number of long-haul truckers lost their jobs along with drivers who had already left long-haul trucking for local distribution or gig economy jobs, which erased the chronic shortage of truck drivers. Given current levels of unemployment, a modest drop in the availability of drivers due to illness should not cause a shortage of truck drivers.

As businesses reopen, the long-term structural problems of the trucking industry still need to be addressed. A number of reasons explain the pre-COVID-19 structural shortage of truck drivers in the United States, including high driver turnover. Overall, many truck drivers believe they are not compensated fairly for risky jobs that are heavily regulated and often require extended time away from

their families and friends. Although many truckers have a regular 40-hour work week, almost half work longer hours, compared to only a quarter of workers in all occupations.⁶ And although their salary exceeds that of other blue-collar jobs on average, those who work full time, year-round earn approximately \$43,250, which is below the median salary for all workers (~\$47,000). Also, many companies pay drivers based on miles driven rather than by hours worked, so any delays due to congestion, road work, or bad weather goes unpaid — hours that can't be made up since federal trucking industry regulations restrict the total number of hours they can spend behind the wheel. Truckers are also discouraged by what they perceive as unfair fines, bad treatment from their employers, and the emergence of autonomous trucks.⁷

Policy Considerations

The COVID-19 crisis is not an ordinary economic crisis; specific health measures are needed for trucking. It is important for California to continue treating trucking as an essential industry. The state needs to make sure rest areas remain open, clean, and safe along major truck routes, which has been an issue in other states, like Pennsylvania.⁸ California should also work with truck stops

owners to make sure truckers have access to clean and safe bathrooms where they can take showers, and areas where they can have warm meals. In addition, the state should work with trucking companies and especially independent truck operators to ensure truckers have access to personal protective equipment (masks and gloves). Finally, the state should consider establishing a virus testing program for the trucking industry, and work with the industry to provide truckers and their family access to affordable health insurance that covers the costs of treatment for COVID-19 since truckers are less likely than other workers to have health insurance (15% are uninsured compared to 10% of other workers).⁹ In addition, truckers are overwhelmingly male (90%) and are older on average than other workers with a median age of 46,¹⁰ which makes them more susceptible to experiencing health complications from COVID-19.

More Information

A companion video to this policy brief is available at <https://www.its.uci.edu/node/470>. For more information about the findings presented in this brief, please contact Amelia Regan at aregan@uci.edu or Jean-Daniel Saphores at saphores@uci.edu.

¹ American Trucking Associations <https://www.trucking.org/economics-and-industry-data>

² <https://www.fmcsa.dot.gov/sites/fmcsa.dot.gov/files/2020-03/FMCSA%20Emergency%20Declaration%203.13.20.pdf>

³ Long, H. (2020). US now has 22 million unemployed, wiping out a decade of job gains. Washington Post, April 16 – Economy Section. <https://www.washingtonpost.com/business/2020/04/16/unemployment-claims-coronavirus/>

⁴ <https://www.marketwatch.com/story/economy-suffers-titanic-329-plunge-in-2nd-quarter-gdp-shows-and-points-to-drawn-out-recovery-2020-07-30>

⁵ <https://www.forbes.com/sites/hanktucker/2020/05/03/coronavirus-bankruptcy-tracker-these-major-companies-are-failing-amid-the-shutdown/#6a1a80df3425>

⁶ Cheeseman-Day, J., and Hait, A.W. (2019) America Keeps on Truckin' – Number of Truckers at All-Time High. June 6. US Census Bureau. <https://www.census.gov/library/stories/2019/06/america-keeps-on-trucking.html>

⁷ MacMillan, C. (2020). The Truck Driver Shortage in 2020- The Dirty Truth No One Talks About. February 22. <https://www.smart-trucking.com/truck-driver-shortage/>

⁸ Premack, R. (2020). Truck drivers have a big problem: Rest stops are shuttering across the US, leaving them to scramble for places to sleep, eat, and use the restroom. Business Insider, March 19. <https://www.businessinsider.com/coronavirus-rest-stops-closing-truckers-few-options-2020-3?op=1>.

⁹ Cheeseman-Day, J., and Hait, A.W. (2019) America Keeps on Truckin' – Number of Truckers at All-Time High

¹⁰ Ibid

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