

# Transport Topics **Online**

Updated:

## TL Driver Turnover Rates Fall to Historic Lows, ATA Reports

**By Rip Watson, Senior Reporter**

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The recession, lower freight levels and job cuts at fleets have combined to push driver turnover at truckload carriers to the lowest level in 14 years during the second quarter, according to American Trucking Associations.

The turnover rate dropped to 52% at large truckload fleets, those with at least \$30 million in revenue, and to 42% at smaller truckload carriers, the lowest since ATA began monitoring driver turnover.

Both rates were well below the levels for last year's second quarter, when they were 85% for larger TL fleets and 76% for smaller ones, ATA said in its new Trucking Activity Report.

Among less-than-truckload carriers, the rate was 6%, slightly higher than the record low of 4.8% in the fourth quarter last year.

Even before the recent drop-off, the churn rate was modest when compared with the hectic days of 2005, when freight was peaking and carriers dangled thousands of dollars in signing bonuses to attract drivers.

"To put this extremely low figure in perspective, this industry experienced a record high 136% turnover rate during the fourth quarter of 2005," the ATA report said.

Lower turnover "is definitely recession-related as well as supply-and-demand related," said Steve Prelipp, a consultant and former executive at Schneider National and Heartland Express,

"The starting point for the whole cycle is the recession," Prelipp told Transport Topics.

With overall driver pay and freight volumes slumping, drivers are not itching to switch jobs to raise their pay.

"Drivers are being realistic," Prelipp said. "They are saying, 'If freight is down for my company, it is down for others as well.'"

The truckload turnover rate made its largest quarter-to-quarter decline in the past two years between the second and third quarters of last year, when it plummeted from 85% at large truckload carriers to 65%, as the banking crisis touched off a broad economic recession.

During the fourth quarter last year, the rate for large truckload fleet drivers hit the previous low of 61% and stayed virtually the same in first quarter at 62%. Among smaller fleets, turnover slid from 55% in the fourth quarter to 46% in the first quarter.

Another factor in the turnover decline, Prelipp said, was that companies have curtailed or stopped recruiting programs.

"Companies are doing less recruiting," he said. "There are not as many options for people to change companies."

Gordon Klemp agreed with Prelipp. Klemp, president of the National Transportation Institute, Kansas City, Mo., publishes driver pay information.

"You definitely don't have to put bait on a hook to get a driver these days," Klemp told TT.

Both ATA and Prelipp warned that, over the long term, the trucking industry still has to cope with a shortage of drivers.

"It is important to note that higher turnover rates and the driver shortage will return when economic activity becomes more robust," ATA said in its report.

The decline in turnover resulting from the recession has been accompanied by reductions in both staffing and pay levels as fleets scour their operations for cost-saving opportunities.

The biggest staffing cuts, totaling 2.3%, were reported by large truckload carriers, which cut employment for the 11th consecutive quarter, including reductions in both linehaul and local drivers, ATA said in its report.

Small truckload carriers cut their workforce by 1.9%, particularly among local drivers. Less-than-truckload employment dropped 1.3% in the quarter.

Klemp's institute research found that one-third of fleets cut pay for experienced drivers by an average of 7%, or 2.6 cents a mile.

Though overall driver pay is dropping, substantial differences in pay levels between regions of the country still affect the driver supply from a regional perspective, Klemp said.

The average pay for trips in the Northeast is as much as 10 cents a mile higher than in regions such as the Southwest, he said.

Pay is higher in the Northeast because of heavy traffic congestion in the region and the reluctance of many drivers to drive on New York's especially crowded highways. In addition, there are fewer outbound loads from that area, he said, which raises the possibility drivers will have to run more empty miles.

Because the pay is higher there than in other regions, there is more balance between driver supply and freight demand in the Northeast, Klemp said.

Pay is lowest and drivers are most plentiful in areas such as the Southwest and California, two areas hit hardest by the recession, Klemp said.

"I don't think it is going to turn around very rapidly," Prelipp said. "Whenever that equation between freight and capacity changes, it is going to reverse at some level of speed."