

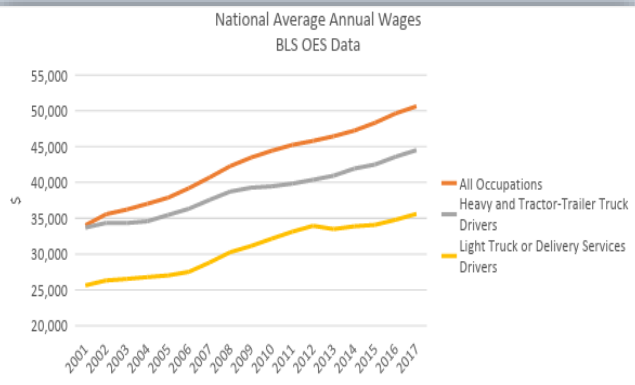
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The U.S. Truck Driver Shortage

For more than a decade, there have been claims that the trucking industry is facing a problematic driver shortage that will only escalate if trends continue. According to the American Trucking Associations¹ (ATA) findings in October 2017, the trucking industry was short 36,500 drivers in 2016, with the shortage expected to increase to 50,000 by the end of 2017. Furthermore, the ATA estimates the shortage to reach 174,000 by 2026. The economic impact of a shortage of this magnitude would be felt by everyone down the supply chain, leading to higher inventory carrying costs, and perhaps store shortages. While it is difficult to verify the ATA's calculation of driver shortage, four main data sets help contextualize the driver shortage: manufacturing activity, an increasing wage gap compared to other occupations, industry demographics, and regulations.

Firstly, the economy is in its second longest expansion, with the recent tax policy expected to boost GDP and industrial activity in the near-term. According to the ISM Manufacturing Index, consumption continues to expand, demand remains robust, while the nation's employment resources are growing tighter and supply chains are still struggling to keep up. This suggests continued strong demand for drivers from a smaller pool of applicants.

The Bureau of Labor Statistics (BLS) wage data for truck drivers show a widening gap between the average annual wage of heavy and tractor-trailer truck drivers compared to that of all occupations. The average wage for these two categories was similar in 2001, but by 2017, the national average wage grew by 17 percent more than that of the heavy and tractor-trailer truck drivers. It is hard to ascertain the direction of the wage-shortage relationship: is a smaller than reported demand for drivers leading to lower wages or are lower than average wages causing a shortage? Given industry reports of a significant shortage over the last 15 years and continuous strong demand, this would suggest the latter.



THE WATCHLIST

Economic Variables	Current	One Year Trend
UNITED STATES		
Real GDP [Annual Rate]	Q1 2018	2.3%
Unemployment Rate	Mar-18	4.1%
Consumer Price Index [Annual]	Mar-18	2.4%
Gasoline Price [Regular]	Mar-18	\$2.73
PORT AUTHORITY REGION		
Regional Employment [NY MSA]	Mar-18	9,770
Consumer Price Index [Annual]	Mar-18	1.7%
Port District Exports [\$Bill]	Feb-18	\$11.40
Port District Imports [\$Bill]	Feb-18	\$24.31
Case-Shiller Home Price Index	Feb-18	5.4%
Commercial Real Estate Asking Rent		
Midtown	Q1 2018	\$83.17
Downtown	Q1 2018	\$62.28

Yet another factor influencing the driver shortage is the industry demographics. The BLS estimates that the average age of a commercial truck driver in the U.S. is 55 years, which is almost 10 years older than the average age of similar industries like construction and manufacturing. Furthermore, the industry is made up of only 6 percent female commercial truck drivers, according to the ATA. As many retirements are taking place, there are not as many new entrants in the field. For New York State, the occupational projections assume that 54.5 percent of future job openings through 2024 will be because of replacements (people leaving the industry due to retirement, job changes, etc.). The lack of new entrants could be tied to the pay gap. The economy is in its second longest expansion, with steady growth still being projected, offering potential drivers alternative job options that may be local and offer higher wages².

On the regulatory side, commercial motor vehicle drivers must be at least 21 years old. This constraint eliminates an age group from industry access, and many are likely to find another career path before they reach the qualified age, in the three year gap after high school. The high cost of getting a Commercial Driver's License could also prevent access to lower income potential drivers. Additionally, the Federal Motor Carrier Safety Administration's electronic logging device (ELD) went fully into effect this April, requiring most commercial vehicles to track driver hours using a federally mandated device. The new rule was put in place to make sure Federal driving limits are not exceeded. There must be a maximum of 11 hours per day within a 14 hour workday, *[Continued on next page]*

¹ Truck Driver Shortage Analysis 2017. Published October 2017. American Trucking Associations.

² <https://www.freightwaves.com/news/no-driver-shortage>

MONTHLY ECONOMIC INDICATORS

THE PORT AUTHORITY OF NY & NJ

Planning and Regional Development Department

April 2018

AVIATION	Feb '18	YTD	Feb '18/'17	YTD '18/'17
Revenue Passengers (000's)	9,290.7	18,766.9	6.3%	1.4%
John F. Kennedy International Airport (JFK)	3,941.7	8,198.2	3.5%	-1.2%
LaGuardia Airport (LGA)	2,002.7	3,922.4	6.1%	-0.2%
Newark Liberty International Airport (EWR)	3,307.1	6,564.1	9.3%	5.3%
Stewart International Airport (SWF)	39.3	82.2	94.3%	95.1%
Revenue Freight (Short Tons)	175,433	350,578	11.7%	8.9%
Domestic	62,575	127,588	12.2%	11.4%
International	112,858	222,990	11.5%	7.5%
Flights	114,712	225,546	7.4%	1.7%
Domestic Air Carrier	74,847	144,498	11.6%	2.6%
International Air Carrier	22,506	46,169	8.4%	4.5%
General Aviation	17,359	34,879	-8.7%	-5.9%
Paid Parked Cars	440,157	968,583	-5.2%	-6.9%
Revenue AirTrain Passengers	1,366,155	2,787,691	0.2%	-4.4%

FERRY OPERATIONS	Feb '18	YTD	Feb '18/'17	YTD '18/'17
Passengers (000's)				
New Jersey Ferries	630.2	1,285.7	10.6%	7.9%

PATH	Feb '18	YTD	Feb '18/'17	YTD '18/'17
Passengers (000's)	6,134.0	12,608.0	3.2%	2.8%
Average Weekday	279.7	546.3	5.0%	2.5%
Average Saturday	101.7	202.4	-7.7%	-2.3%
Average Sunday	74.5	145.1	-7.2%	-8.7%

PORT COMMERCE	Feb '18	YTD	Feb '18/'17	YTD '18/'17
Port Trade				
Container Imports (TEUs)	274,638	583,641	4.5%	11.5%
Container Exports (TEUs)	116,702	229,595	10.5%	6.0%
Containers lifted on/off Express Rail	47,500	97,803	15.2%	17.5%

TUNNELS, BRIDGES & TERMINALS	Feb '18	YTD	Feb '18/'17	YTD '18/'17
Eastbound Vehicle Volumes (000's)	8,580	17,595	1.6%	0.3%
George Washington Bridge	3,684	7,555	1.3%	-0.4%
Lincoln Tunnel	1,386	2,854	-0.1%	-0.5%
Holland Tunnel	1,083	2,216	0.2%	-1.6%
Bayonne Bridge	197	418	61.3%	61.1%
Goethals Bridge	1,145	2,310	0.9%	-1.2%
Outerbridge Crossing	1,085	2,242	-0.1%	-0.2%

Eastbound Volumes by Vehicle Type (000's)	Feb '18	YTD	Feb '18/'17	YTD '18/'17
Autos	7,816	16,014	1.5%	0.0%
Trucks	546	1,132	2.8%	2.9%
Buses	218	450	3.1%	1.9%

U.S. TRANSPORT. SERVICES INDEX	Feb '18	Jan '18	Change
(Prelim., Seasonally Adj., 2000=100)			
TSI - Combined Index	127.3	127.3	0.0%
TSI - Freight	127.5	127.6	-0.1%
TSI - Passenger	126.7	126.7	0.0%

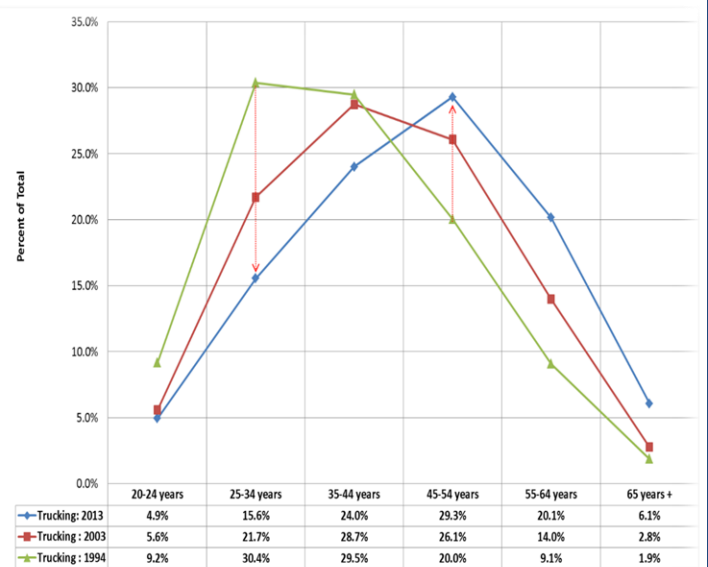
TRANSPORTATION FOCUS

(from page 1)

and drivers must be off duty for 10 consecutive hours. The hours of service have not changed, but compliance was often easily omitted with paper logging. The new ELD enforcement affects productivity; with traffic, dock delays, and struggling to find parking, one day trips can easily become two day trips. This will likely further increase the demand for drivers, worsening the claims of a labor shortage. The impact of the ELD rule in the PA region could be substantial since it will affect distances to further markets like Toledo, Dayton, Cincinnati, Detroit, Charlotte, Columbus and Raleigh - turning what was once a one-day haul into a two-day haul depending on congestion, road closures and accidents, and other unpredictable factors. In addition, limited rest areas in New Jersey could make PA ports and bridges unreachable if a driver's time has expired too soon.

The data therefore indicate a strong demand for drivers given current economic conditions and industry reports, lower than average wage growth over the last 15 years, regulations that limit certain demographic groups from entry, and regulations that stand to lower productivity and further increase the demand for drivers, all of which help explain the industry reported shortage.

<http://www.truckinginfo.com/channel/drivers/news/story/2018/03/eld-mandate-10-things-you-need-to-know-before-the-final-deadline-this-sunday.aspx>



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