

Survey: Driver Pay Needs to be North of \$60K

So how much (compensation) is it going to take to attract, recruit, hire, and retain drivers? Who knows for sure, but the survey referenced in the article below says it will be in excess of \$60,000 per year. With overall average driver pay well under \$55,000, a jump to \$60,000 represents a 9% increase! Each carrier is projecting significant wage increases for drivers this year. Just how much the wage increase will be is dependent on several considerations: a) Long-haul vs Regional vs Short-Haul vs Local, b) Time away from family, c) Van vs Flatbed vs Tanker vs Specialized, d) Industry and commodity hauled, e) CSA & Safety Compliance strategy, f) Current wage levels vs competitors, etc. Several industry reports indicate that the flatbed sector expects driver wages to increase as much as \$.04 - \$.07 dependent upon the factors above.

One thing to keep in mind - it is anticipated that carriers will pursue rate increases initially to offset skyrocketing operating costs (*exclusive of driver wage increases*). Depending upon market conditions, rate increases are projected to range from a minimum of 4% to as much as 9% BEFORE RECOVERING DRIVER WAGE INCREASES. Later, when driver wage increase requirements become clearer, carriers will re-visit shippers with another rate increase to recover the additional driver wage increases.

When discussing rates for 2012, Shippers may want to specifically ask their carriers to detail how they intend to handle operating cost increases vs driver wage increases.



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A survey of fleets shows that even though the number of unseated trucks is down slightly, more carriers are thinking that driver pay needs to be more than \$60,000.

The recent 4th quarter 2011 Business Expectations Survey by Transport Capital Partners shows slight favorable moves since August. Almost 30% of the carriers indicate they have no unseated trucks, up slightly from last quarter. But this means 70% of the carriers are experiencing unseated trucks.

The number reporting unseated trucks in the 6-10% category rose from 10% to 18%, while the number reporting more than 10% unseated fell from 8% to less than 1%.

"Carriers are aggressively recruiting and are opening more training slots, while the lack of extension of unemployment benefits is potentially encouraging people to seek jobs and training," says Richard Mikes, TCP partner and study leader.

A larger number of small carriers (under \$25 million in revenue) than large carriers reported zero unseated trucks (33% vs. 28%).

"An anomaly still exists with the 8.5% unemployment rate which has particularly impacted the construction industry, a historical driver source, but drivers are still scarce," said Lana Batts, TCP partner.

There has been a significant shift since May in the wage expectation of what the annual wage must be to attract and retain drivers, says TCP. According to the survey, 65% of the carriers now believe that wages must be more than \$60,000, up from 49% in May.

In general, TCP found, smaller carriers see lower wage levels required than that of larger carriers 28% of the larger carriers think wages must be at least over \$70,000 compared with only 8% of the smaller carriers.

"Should the larger carriers prevail in increasing wages, the rate of driver turnover and unseated trucks for smaller carriers will surely increase," says the survey report.

"Shippers and brokers are reporting that trucks have been harder to secure, and while rates have risen,

carriers still tell us that ROI is not adequate nor keeping pace with costs," Batts notes.

Mikes and Batts note that the stronger than expected end to 2011 brings ongoing challenges in 2012 to keep up and secure adequate rates to cover costs, with balance being the keyword for 2012: balancing trucks with loads, balancing rates with costs, balancing the scarce supply of drivers to man the trucks, and balancing the replacement of an aging fleet with adequate returns on newer more expensive trucks.