

WHO'S BEHIND THE WHEEL?

**IMMIGRANTS FILLING THE LABOR SHORTAGE IN THE U.S.
TRUCKING INDUSTRY**

By Zahra Sohail Khan

In many ways, the trucking industry is the backbone of the U.S. economy; 70 percent of all the freight tonnage within the U.S. is transported via trucks.

Introduction

While immigration reform is an issue that has been in the forefront of U.S. politics in recent years, the contribution of low-skilled immigrants has gone largely unrecognized in the current debate. Immigrant truck-drivers are one such group of low-skilled immigrant workers whose positive economic contributions have been overlooked. In many ways, the trucking industry is the backbone of the U.S. economy; the American Trucking Associations estimates that 70 percent of all the freight tonnage within the U.S. is transported via trucks, amounting to approximately \$671 billion worth of goods on an annual basis (American Trucking Associations, 2013).

Many businesses require products to be delivered quickly and on time, and it is truck transportation that provides them with “just-in-time” delivery services. Major companies like Dell, Compaq, Ford, and General Motors rely on just-in-time manufacturing. In the financial sector, just-in-time delivery service is used to transport currency. For example, JP Morgan is the nation’s second largest bank, and it relies on trucks to transport currency to its 16,100 ATMs within 2 to 3 days. As early as 2006 the American Trucking Associations had reported that without trucks, just-in-time manufacturing would shut down within a matter of hours. Furthermore as the U.S. economy grows, there will be an increase in the demand for goods and more trucks will be needed to maintain the supply. In this regard, the truck driver workforce will become increasingly important for sustaining the U.S. economy.

This research brief explains why the role of immigrants within the truck driver workforce cannot be ignored. By highlighting their future potential to fill gaps within an industry that has a high attrition rate and an aging native-born workforce, we show that without immigrant workers this industry would be in decline.

Truck Drivers: A Demographic Overview

According to the Census Bureau’s American Community Survey (2012), immigrant truck drivers constitute 15.7 percent of the total truck driver workforce in the trucking industry (See Table 1). This figure is higher than the total percentage of immigrants in the U.S., which is estimated at 13 percent. The proportion of immigrant truck drivers is particularly high in certain states such as California (46.7%), New Jersey (40.4%), Florida (32.2%), and New York (25.7%).

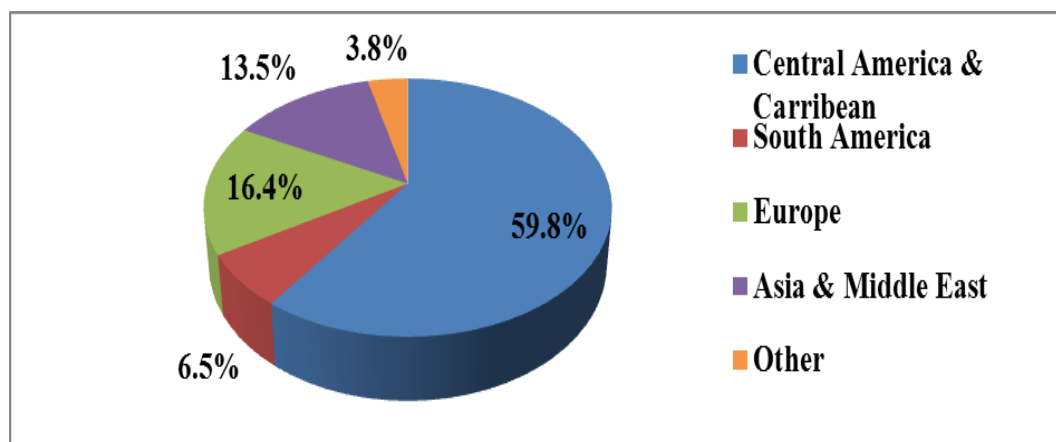
Table 1: Share of Native and Foreign-born truck drivers, 2010-2012

Truck Drivers	Total Share in Trucking Industry
Native-Born	84.3%
Foreign-Born	15.7%
Total	100%

Source: American Community Survey, 2010-2012. IPUMS-USA, University of Minnesota, www.ipums.org.

There is a sizeable proportion of foreign-born truck drivers of Hispanic origin. Figure 1 indicates that 59.8 percent of immigrant truck drivers are from the Central America and Caribbean region and 6.5 percent of immigrant truck drivers are from the South America. Together, these two regions make up two-thirds of immigrant truck drivers in the US.

Figure 1: Percentage of Foreign-Born Truck Drivers by Region of Birth



Source: American Community Survey, 2010-2012. IPUMS-USA, University of Minnesota, www.ipums

The Shortage of Truck Drivers

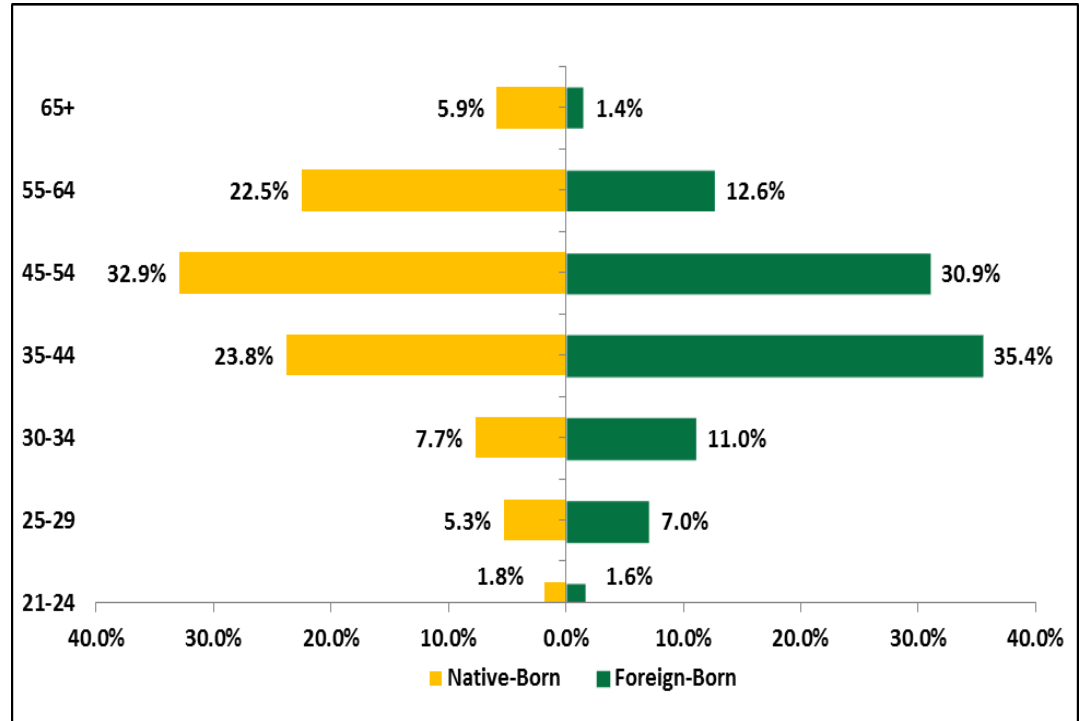
The truck industry has long suffered from a shortage of truck drivers. The American Trucking Associations (2014) estimates that the industry requires around 25,000 additional truck drivers to alleviate this shortage. The shortage is partly due to a reluctance of younger workers to join the industry leading to a high proportion of older truck drivers relative to younger truck drivers—Figure 2 indicates that there are low numbers of truck drivers in the age groups 21-24 and 25-29 as compared to older age groups. The aging truck driver workforce poses a problem since the “baby boomers” will retire and there will be a need to find workers to replace them. This will further exacerbate the current shortage.

The percentage of native-born truck drivers above the age of 65 is three times greater than that of foreign-born truck drivers (See Figure 2). Foreign-born truck drivers are predominantly between the ages of 25-44, whereas, the largest share of native-born truck drivers is found within the age groups that range from 35-65. 55 percent of foreign-born truck drivers are age 44 or younger as compared to only 38.6 percent of native-born truck drivers. This analysis reveals that young foreign-born truck drivers are in fact already replacing truck drivers who are currently 55+. This is an important finding since currently, 28 percent of the truck drivers are older than 54 and over the next 10 years as the older truck drivers retire, there will be a need to replace them (See Figure 2). The question becomes: will there be enough immigrant truck drivers to fill the demand?

The American Trucking Associations (2014) estimates that the industry requires around 25,000 additional truck drivers to alleviate the shortage of drivers.

Additionally, the median age of truck drivers is 46, which is higher than the median age for workers in the US (42.4) (Bureau of Labor Statistics 2013). So truck driving will be among the occupations to first feel a labor shortage.

Figure 2: Age Pyramid for Foreign-Born and Native-Born truck drivers



Source: American Community Survey, 2010-2012. IPUMS-USA, University of Minnesota, www.ipums.org.

The foreign-born population tends to have a higher fertility rate than the native-born population. As a result, there is likely to be a higher-proportion of younger workers who are immigrants and native-born children of immigrants in the future workforce. Therefore, immigrants can provide an important source for filling gaps in the U.S. labor force and, in particular, in the trucking industry.

Foreign-born labor supply can provide an important source for filling gaps in the U.S. labor force in general and the trucking industry in particular.

QUICK FACTS: TRUCK TRANSPORTATION INDUSTRY

The heavy and tractor-trailer truck driver occupation has been listed among the fastest-growing occupations, with an estimated 11 percent growth rate from 2012 to 2022. (U.S. Bureau Labor Statistics, 2012)

American Trucking Association's "U.S. Freight Forecast to 2024" projects an increase in freight volumes for all modes by 20 percent, which would result in an increase in demand for truck transportation.

In a survey conducted by the American Transportation Research Institute (2013), 4,000 industry stakeholders ranked driver shortage as the 3rd most important issue faced by the trucking industry, with concerns over federal rules governing hours of service and Compliance, Safety and Accountability (CSA) programs being the top two.

Overcoming the Shortage

Researchers discussing possible solutions to the shortage of drivers in the trucking industry have focused on two aspects of the problem: *driver retention* and *driver recruitment*.

The trucking industry has confronted a chronic turnover rate for over two decades; a turnover rate of 90 percent was reported in the fourth quarter of 2013 for large fleets (Overdrive 2014).

Driver Retention

A high turnover rate is closely linked to the issue of poor working conditions within the truck industry. Research shows that issues such as low pay, long work hours, and time away from home reduce truck drivers' satisfaction and contribute to the high turnover rate (Johnson, Bristow, McClure & Schneider 2011). Researchers propose improving employment benefits and work conditions to increase the retention of truck drivers. For instance, Rodriguez, Targa & Belzer (2006) cite pay incentives as a way of retaining drivers. However, Min & Lambert (2002) find no correlation between wages and the truck driver turnover rate within different firms.

Popkin, Morrow, Di Domenico, & Howarth (2008) highlight the need for retaining older drivers as a solution for meeting the demand of the workforce. However, this strategy is not without problems—there is a need to assess their physical abilities and to identify high-risk drivers to ensure that any safety concerns are adequately addressed (Wood 2002; Ball 2006).

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If trucking firms increase efforts for recruiting immigrants, the shortage of drivers can be addressed.

Additionally, since research indicates that the majority of existing drivers are not satisfied with their jobs, they are likely to retire as soon as they are eligible to receive Social Security benefits, which is currently at age 62 (Johnson, Bristow, McClure & Schneider 2011).

Min & Emam (2003) developed a profile of truck drivers who are unlikely to switch jobs, and they listed union membership as having a positive effect on driver retention. While union membership has resulted in more stable wages in the past and lower attrition rates, union membership numbers have been on the decline in the United States (Western & Risenfeld 2011).

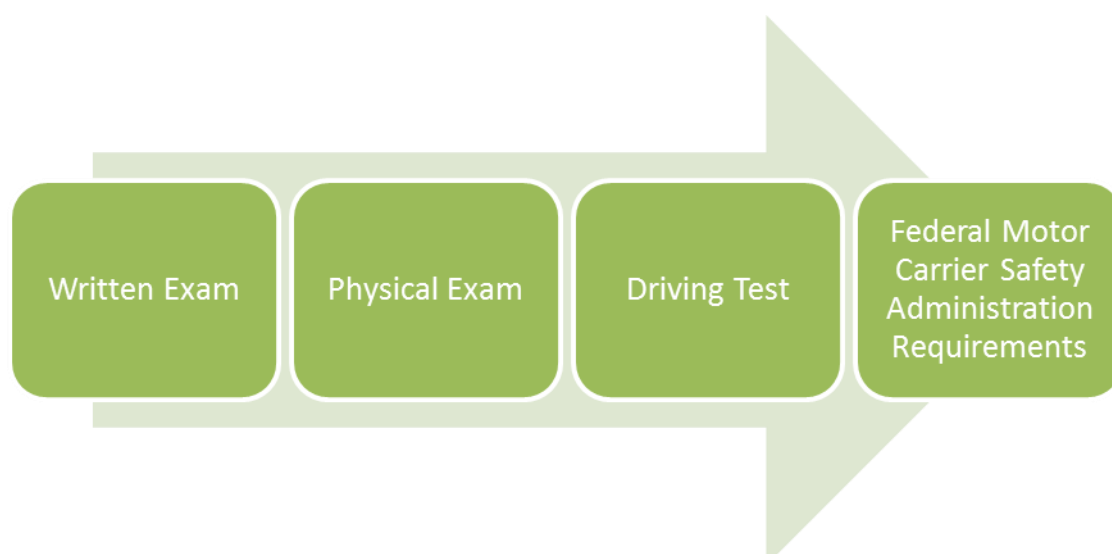
Driver Recruitment

Lemay & Taylor (1988) discuss the methods used for recruiting truck drivers by different firms; one such method discussed is media advertisements that target employed truck drivers, which only results in switching drivers from firm to firm, exacerbating the high turnover rate. Lemay & Taylor (1988) refer to this as “raiding each other’s drivers.” Additionally, they suggest that the recruitment strategies target the predominantly white population. They conclude that there is a need to expand the labor pool for truck drivers to include non-traditional workers such as minorities and immigrants.

Given the increasing number of immigrants in the U.S. workforce, it is surprising that there is a lack of discussion related to their recruitment within the truck industry. Very few researchers even discuss the need to recruit minorities as a potential solution. If trucking firms increase efforts for recruiting immigrants, the shortage of drivers can be addressed.

Becoming a Truck Driver: The Challenges

The process of becoming a certified truck driver varies from state to state. However, the general process is outlined in Figure 3. Certain states may allow those between the ages 18 to 20 to get a Commercial Driver’s License (CDL). However, the majority of states require individuals to be at least 21 years of age.

Figure 3: Pathway to a Commercial Driver's License

One of the requirements of the Federal Motor Carrier Administration is English language proficiency:

“...a person is qualified to drive a motor vehicle if he can read and speak the English language sufficiently to converse with the general public, to understand highway traffic signs and signals in the English language, to respond to official inquiries, and to make entries on reports and records ...” §391.11(b)(2), U.S. Code of Federal Regulations.

This requirement may be hard to fulfill for some foreign-born truck drivers especially if English is not their first language. In fact, the American Community Survey indicates that 4.4 percent of immigrant truck drivers do not speak English and 23.1 percent do not speak English well. Quite plausibly other potential immigrant truck drivers with insufficient language skills never make it past the written exam, the first hurdle in the pathway to a Commercial Driver's License shown in Figure 3. Trucking companies who want to attract and retain more drivers could be successful by offering workplace-based English classes.

An additional requirement, aside from those stated above, is work authorization for immigrant truck drivers. Providing work authorization through the H-2B visa to the immigrant population, can be a means of easing the worker shortage. The H-2B visa allows employers in the U.S. to hire foreign nationals to fill shortages in the workforce. However, the annual cap for H-2B visas stands at 66,000 (U.S. Department of Homeland Security 2014). The demand for workers, including truck drivers, surpasses this quota. There is a need to increase the cap to encourage the inflow of foreign-born workers to the US.

Immigration reform would allow trucking companies to tap this pool of available workers; adding the issues related to creating a legal pathway for the nation's 11 million undocumented immigrants would be an important step towards overcoming the truck driver shortage.

Low-skilled immigration helps the U.S. economy-by providing labor in sectors where it is critically needed.

Trucking firms also have the option of taking advantage of the “Employment-Based Permanent Residence” program to draw additional workers. A lack of knowledge about the legal processes can act as an impediment for the recruitment of foreign-born truck drivers. Trucking firms need more information about the legal processes for employing immigrant workers, which will enable them to address their long-term labor needs.

Conclusion

Given the relative importance of the trucking industry to the U.S. economy, it is essential to take account of the future challenges it faces. This research brief explores the shortage of drivers within the U.S. truck industry. A potential solution outlined for the shortage and aging of truck drivers has been the incorporation of immigrants within the industry. In this regard, the immigrant truck driver pool performs a vital role within the truck driver industry. Certain important steps will need to be taken to ensure the successful recruitment of immigrant truck drivers. In this regard, measures that need to be undertaken include providing access to English language training and removing legal barriers for the entry of foreign nationals into the trucking industry. Trucking firms should recognize the increasingly critical role immigrant truck drivers can play in overcoming some of the industry’s most pressing challenges and take action to facilitate their increased acceptance into the industry.

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