Return to: Previous Page

Truck Driver Salaries Rising on Surging Freight Demand

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By Erica E. Phillips

Wages and benefits for truck drivers are rising in the U.S. as tight freight-hauling capacity falls short of surging demand.

The American Trucking Associations, a trade group that represents fleet owners, said annual truck-driver salaries rose between 15% and 18% from 2013 to 2017, with growth varying based on the type of fleet and the nature of the routes.

Some private-fleet drivers earned as much as $86,000 annually in 2017, up from $73,000 in the group's 2013 survey, on top of benefits packages that included new paid leave offers and more-generous retirement plans. The survey showed the median salary for a truckload driver working a national, irregular route -- essentially an entry-level driving position -- was $53,000, up $7,000 or 15% from 2013.

The gains don't show signs of slowing down as a strong rebound in trucking demand that began last year continues into 2018, said Bob Costello, chief economist for ATA.

"If you looked at it for the first quarter of this year, I'd bet it's up even more," Mr. Costello said. "Not only are fleets paying drivers more on pay-rate basis, but drivers are working more because there's more freight -- so they're actually getting a double benefit."

Trucking companies from big operators like Green Bay, Wis.-based Schneider National Inc. to regional carriers like Birmingham, Ala.-based Montgomery Transport have added anywhere from one to several cents per mile to their driver compensation this year. Chattanooga, Tenn.-based U.S. Xpress Enterprises Inc. last month said it would offer bonuses that could bring drivers an extra $50,000, based on incentives.

The pay increases and tight capacity are hitting retailers and distributors with higher shipping costs.

General Mills Inc. said this month its freight costs had soared to near 20-year highs in February, cutting into margins for its cereals and other foods. Tyson Foods Inc., Hormel Foods Corp. and B&G Foods Inc., have also said recently that higher freight costs were driving down their earnings, and consumers would see that reflected in food prices.

The ratio of freight loads to the number of trucks on the spot market rose more than 120% in February from a year ago as shippers scrambled to get goods to customers, according to online freight marketplace DAT Solutions LLC. Capacity on the spot market was down 8.5% in February from the same month a year ago, DAT reported.

New safety regulations that require truckers to electronically track hours behind the wheel are contributing to the tight market. The rules mean fleets need more drivers just to meet existing demand -- let alone any growth, said Noel Perry, chief economist for Truckstop.com, another online load marketplace. "The easiest way to get drivers is to pay them more. And they are," said Mr. Perry.

Greg Eddy, president of Venture Logistics in Indianapolis, said he's working to reduce driver turnover after more truck drivers starting jumping between companies in search of higher pay. His firm, which employs about 80% of its drivers full-time, still faces about 75% turnover and drivers are commanding higher guaranteed weekly pay.

Mr. Eddy said his firm offers benefits that he described as "pretty juicy," including life insurance, a retirement plan with employer matching, a driver concierge service and other incentives.

"Everything that we can do to make that driver's life and life on the road easier, we try to do it," he said.

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 Return to: Previous Page