

Statement of
THE AMERICAN TRUCKING ASSOCIATIONS, INC.

Before the
VETERANS AFFAIRS' SUBCOMMITTEE

ON
ECONOMIC OPPORTUNITY

On

H.R. 717

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INTRODUCTION

Good afternoon Chairman Boozman, Ranking Chairwoman Herseth and members of the Subcommittee. My name is Ray Kuntz, Vice Chairman of the American Trucking Associations, Inc. and CEO of Watkins Shepherd Trucking, Inc. I appreciate the opportunity to appear before the Subcommittee on behalf of ATA to voice our support for H.R. 717 and to present the Association's views on the bill, particularly as it relates to training our country's veterans to drive commercial vehicles. ATA would also like to commend Representative Michaud for sponsoring the legislation and Representative Miller for his co-sponsorship.

The American Trucking Associations, the national trade association for the trucking industry, is a federation of affiliated state trucking associations, conferences and organizations that includes nearly 38,000 motor carrier members representing every type and class of motor carrier in the country. ATA serves the interests of more than nine million people and 420,000 companies involved in trucking before Congress, the courts and regulatory departments and agencies.

OVERVIEW OF THE COMMERCIAL VEHICLE INDUSTRY

The truck transportation industry is a \$671 billion industry comprised of 3.24 million commercial vehicle drivers among the 8.6 million-person workforce in the U.S.¹ Our nation's economy and business rely heavily on trucks for the transport of goods because no other form of delivery can bring goods door to door, regardless of whether such goods have traveled in part by plane, ship or train. Trucks carry nearly all freight at some point in their journey from producer to consumer.

Within the truck transportation sector, there are different types of truck carriers classified for different purposes. The less-than-truckload (LTL) carrier provides transportation of partial-load shipments or full trailer-load shipments that go to multiple destinations. LTL carriers are comprised of two distinct segments, national LTL and regional LTL. The national LTL participants operate a "hub-and-spoke" network with an average length of haul of 1,200 to 1,400 miles. The regional LTL segment is characterized by numerous carriers, typically nonunion, that operate a modified hub-and-spoke network, with an average length of haul of 200 to 600 miles for most freight. Typically, these truck drivers deliver or pick up merchandise within a dedicated route and are usually home the same day.

The truckload industry by the Department of Transportation (DOT) definition is characterized by shipments of 10,000 pounds or more. Truckload carriers transport trailer-load shipments bound for a single destination and routes tend to be irregular with few terminals (used mainly for maintenance). There are several sub-categories including dry-van, flatbed, temperature-controlled, tanker, regional and expedited. Operations vary depending on length of haul, which falls into three service categories: long-haul (over 1,000 miles), medium-haul (600-1,000 miles) and short-haul (less than 600 miles).

¹ DOL, Bureau of Labor and Statistics, 2004.

These drivers haul a great deal of freight tonnage across America, including, but not limited to, automobiles, livestock, consumer products, gas, oil and other combustibles, including hazardous materials. Unlike the LTL drivers, this type of driver can spend a great amount of time on the road and may not always return home every day after each run. Many long-haul tractor-trailer drivers drive in teams for long runs—one driver sleeps in a “sleeper berth” for a portion of the route while the other drives.

TRUCKLOAD DRIVER SHORTAGE ISSUE

Mr. Chairman, it is this segment of the truck transportation industry—the heavy truckload sector—that is facing a critical shortage of qualified drivers. According to a newly released study by Global Insight Inc., an outside consulting firm retained by ATA to conduct an extensive analysis of the driver shortage issue, over the next ten years, demographics will likely worsen for the trucking industry, primarily affecting the truckload carriers. Their report estimates that between 2004 through 2014, the size of the white male population between the ages of 35 to 54, a demographic group that provides over half of all long haul truck drivers currently, will decline by 3 million². Further, Global Insight’s projection of trend growth in the potential *supply* of and *demand* for long-haul heavy-duty truck drivers indicates a widening imbalance during the next ten years. Currently, there is already a shortage of long-haul heavy-duty truck drivers of approximately 20,000 needed to haul freight tonnage across the country.³ According to Global Insight’s analysts, the current driver shortfall of 20,000 “in the absence of substantial market adjustments, would rise to [a shortfall of] 111,000 in 2014(i.e., projected demand less supply).”⁴

In addition to my affiliation with the ATA, I also work with the Truckload Carriers Association (TCA) which is part of the ATA federation and, like ATA, has member carrier companies that are significantly impacted by the shortage of long-haul, truckload truck drivers. Together, ATA and TCA have been working to address the driver shortage on several fronts. TCA is also involved in working with truck driver training schools to provide quality training models and programs.

CHALLENGES TO RECRUITING QUALIFIED TRUCK DRIVERS

Through my involvement with TCA, its affiliated truck driver training schools and, through my own personal involvement with Watkins Shepard’s truck driving school, I can tell you that often times, truck driving schools have to reject more applicants than they can actually enroll, despite the severe driver shortage. The reason for this is that truck driving industry is heavily regulated. The Department of Transportation, through the Federal Motor Carriers Safety Administration, places many restrictions on the type of individual that carriers can and cannot hire to drive a truck. Further, insurance companies that underwrite carriers, can place even more restrictions on a company regarding who they can hire as a truck driver.

²Global Insights Inc., *The U.S. Truck Driver Shortage: Analysis and Forecast, May, 2005*.

³ Ibid.

⁴ Global Insights, Inc., *The U.S. Truck Driver Shortage: Analysis and Forecasts, May, 2005*

Under the FMCSA regulations, a “qualified driver” applying for an interstate truck driving job, generally speaking, is a driver who is: at least 21 years old; can successfully pass physical qualifications and examinations; can understand the English language; passes a controlled substances test; and, if carrying hazardous materials, completes a fingerprint/background test as prescribed by the Transportation Security Administration to be declared not to be a national security risk. Stringent government regulation is, by no means, the *only* factor responsible for the driver shortage problem—there are several reasons why it exists. Both ATA and TCA are studying this critical industry issue and are exploring new ways to address it.

Another critical issue is the lack of available funding for students who would like a career in professional truck driving and are otherwise qualified, but cannot afford the cost of tuition to attend a professional truck driving training school. The national average tuition to attend a professional truck driving training school for an average of two to four months is \$4,000⁵ I emphasize that these are just averages. Driver training is essential and must be taught by a reputable truck driving school in order for the driver to obtain the knowledge and skills to successfully pass both the written and road-testing requirements of the commercial drivers licensing test. A company will not hire a driver, nor will any civilian individuals legally be able to drive a commercial motor vehicle without a valid, state-issued CDL.

For the prospective truck driver student who has the means to finance his/her education at a proprietary (privately-owned) truck driving school, there is no problem. However, for the student who would like to attend truck driving school but does not have the means, financing his/her education can be a daunting, often disappointing task. These students, in many cases, must apply for high interest, personal loans—some of whom are turned away due to poor credit history. Others weed through the web of federal bureaucracy to find an alternative funding source, consisting of either full or partial federal grant funds.

Alternatively, some carriers including my own subsidize or even pay the total amount of a student’s truck driver training. In turn, the student agrees to work for the carrier for a specified period of time. Others agree to work for the carrier and repay all or a portion of the tuition back.

Publicly-funded truck driver training programs are often times operated out of the community college or vocational school system. They do not operate on a “for-profit” basis and in most cases, can offer a somewhat lower rate of tuition for truck driver training programs.

For military personnel transitioning out of the armed forces and for retired veterans who are seeking a career in truck driving, the primary, and in many cases, the only source of funding for truck driving schools currently available to them is through the Veteran Administration’s Montgomery GI Bill. A transitioning or retired veteran’s eligibility for benefits depends on a number of criteria—length of service, type of discharge,

⁵ National Association of Publicly-Funded Truck Driver Schools Survey, 2004

completion of high school, etc. The majority of a veteran's educational assistance is currently provided through Chapter 30, Active Duty of the Montgomery G I Bill (MGIB).

CURRENT GI BILL SYSTEM OF EDUCATIONAL ASSISTANCE NOT AN EFFICIENT FUNDING MECHANISM FOR TRUCK DRIVER TRAINING SCHOOL TUITION

Under the current system a veteran who is eligible for full time, active duty MGIB benefits may receive a maximum monthly educational benefit of \$1004. Most truck driving schools, through their financial aid offices, submit a veteran student truck driver's DD-214 to the VA for processing. From that point, it can take upward of 45 days before the veteran student receives his or her first \$1004 MGIB benefit check to apply toward the school's tuition cost. Schools that work with veterans report that there is a tremendous lag time between payment and services rendered. By the time a veteran receives his or her first \$1004 check the student may have completed one-half of his or her \$4,000 worth of training, depending upon the school selected.

Public, private or carrier-based truck driving training schools do not typically operate on a traditional semester-based system. More-or-less, they operate on a rolling schedule, with new enrollments/classes beginning every few weeks. For a school that has been qualified by the VA to receive MGIB educational benefits, the current VA funding mechanism through which the school receives payment from the MGIB recipient is far from efficient.

Upon the veteran student's completion of the two to three month truck driver training program, the school may have collected approximately two to three thousand dollars in MGIB benefit monies of the \$4,000 tuition fee still owed. Because the truck driver training school has no control over the distribution of MGIB funds, when or whether the school will receive full tuition payment can create concern for all involved parties.

H.R. 717 PROVIDES THE SOLUTION

H.R. 717, if enacted, would go a long way toward fixing this particular funding problem and could potentially add a significant number of qualified veterans to the demand-driven, high-wage earning labor pool of commercial vehicle truck drivers.

As currently written, this legislation would add commercial truck driving schools to the list of educational/training institutions eligible for the accelerated payment program under Chapter 30 of the Montgomery GI bill.

To apply for the accelerated payment program, the student must ask his/her school to apply for the program when the school submits the student's enrollment information to the VA for processing. In addition, the request must also include a student's certification that he or she plans to seek employment from among the categories of industries qualified for accelerated payments. If granted by the VA, sixty percent of the student veteran driver's tuition would be paid in advance to the student veteran to apply toward his or her tuition expenses. The other 40% could come from a variety of sources, including low-

interest loans, and possible carrier subsidies. Under H.R. 717, additional funding avenues would be potentially be opened to veterans. According to the bill's provisions, the veteran's GI benefits would be excluded from eligibility determination for other educational grants or loans.

If this bill is enacted qualified veterans who wish to pursue a professional career in commercial vehicle driving could do so at little or no cost to them. All of the VA-approved truck driving schools that we queried for purposes of this testimony reported that they would likely double their enrollment of veterans if the accelerated payment program, as prescribed by H.R. 717, was applicable to truck driver training.

A CAREER IN LONG HAUL TRUCK DRIVING

In as little as two to three months, upon completion of truck driver training and by successfully passing commercial drivers' license test, a veteran can be gainfully employed as a long haul driver with a high quality trucking company, making an entry-level salary of approximately \$40,000 a year. This figure does not include potential "sign-on" or other bonuses that some trucking companies use to attract and recruit new drivers. For those individuals who are willing to work, are careful, safe and responsible, the trucking industry offers them a wonderful opportunity. Where else can an individual with a high school degree enter a profession with only 8 weeks of training, which is unlikely to experience "downsizing" and, offers them an entry-level salary of between \$40-45,000 a year?

There are, as is the case with every job, downsides to long-haul truckload truck driving which are usually explained at the outset by the school instructor to every truck driver trainee. For those who chose to leave the truck driving profession, the most oft-cited reason was the lifestyle. Long haul truck driving requires that the driver spend varying degrees of time away from home and a lot of time on the road. Many ATA companies are trying to address the lifestyle issue by seeking ways to allow the driver more "home time."

VETERANS ARE OUTSTANDING CANDIDATES FOR EMPLOYMENT IN THE TRUCKING INDUSTRY

Why does the commercial motor vehicle profession need and try to actively recruit veterans? The answer is quite simple. According to most truck driving school recruiters, former military personnel make the best students and have a higher training graduation rate than their civilian counterparts. From the trucking companies' perspective, veterans have the reputation of being outstanding employees. Their military training and background lends itself to (among other traits) leadership, respect for procedures, integrity and teamwork---ideal characteristics sought by all employers but vital to the success of a professional commercial truck driver. Additionally, most veterans, particularly those who have been recently separated from the armed services, are able to pass the drug and alcohol screening tests; the physical examination process; and, may have a good civilian driving record. For veterans whose military occupational specialty,

or MOS, involved heavy truck driving, professional commercial truck driving may be a natural career path. Although a military license does not automatically convert into a CDL in most U.S. states, the skills gained driving a truck in the military are certainly of great value when applying them to a truck driver training school program. ATA has communicated with the Department of Labor and the Department of Defense in an effort to make the licensing transition less complicated.

CONCLUSION

In closing Mr. Chairman, I would like to reiterate ATA's support of H.R. 717. Providing veterans with accelerated payments for tuition assistance will allow them to enter a two to four month training course. This will assist them in obtaining a well-compensated, demand-driven job. ATA urges the Subcommittee to move H.R. 717 forward and consider other legislative efforts to make additional avenues of funding available to veterans for truck driver training.

ATA looks forward to working with the Subcommittee on these issues in the future. This concludes my remarks Mr. Chairman. Thank you.