

**SOURCE:** Milwaukee (WI) Journal Sentinel  
**AUDIENCE:** 763,640 [provided by Nielsen//NetRatings]  
**DATE:** 09-18-2010  
**HEADLINE:** New rules to take many truckers off the road – JSOnline

Source Website

New rules to take many truckers off the road

Federal effort called likely to improve safety, raise costs

By

Rick Romell of the Journal Sentinel Sept. 18, 2010 10:04 p.m.

(0) Comments A new federal effort to increase trucking safety could push as many as 180,000 drivers off the road as carriers shun truckers with poor records.

About 6% of the country's pool of heavy-truck drivers are at risk of becoming unemployable under the new safety-rating system, one data-analysis firm estimates. Other projections – higher and lower – are being advanced, but there is broad agreement that the impact will be significant, squeezing the driver supply, tightening capacity and pushing up freight rates.

"Commercial drivers will be driven out of the industry," said Don Osterberg, senior vice president of safety, security and driver training at Green Bay's Schneider National Inc., one of the nation's biggest trucking companies.

The new federal approach comes at a time when many drivers are nearing retirement and the recession already has prompted carriers to trim jobs.

And some observers expect the government in the near future to reduce the hours truckers are allowed to drive, further tightening industry capacity.

"There seems to be sort of this perfect storm brewing," said Drew Anderson, sales director of **Vigillo** LLC, a Portland, Ore., data-crunching firm that provides fleets with information on how they and their drivers score on the new safety ratings. ". . . It's going to be a tough, tough slog,"

The 6% estimate comes from **Vigillo** based on its analysis of the records of 600,000 truckers – about a fifth of the national total.

Trucking companies face tougher scrutiny, too. Brookfield-based RAIR, a risk management consultant to the transportation industry, says 20% of all carriers and 42% of the largest firms fail to meet the safety standards and may face federal directives to improve.

With trucking firms rated against each other rather than on an absolute scale, the companies essentially will be competing with each other.

Much of that competition will be for the best drivers because company ratings will depend heavily on the records of individual truckers.

"What this does is it should place pressure on the carriers," said Stephanie Wagner, marketing and communications vice president at RAIR.

The upshot: Drivers with the worst records of hours violations, inspection problems and accidents will find it

more difficult if not impossible to keep working.

The safest drivers, on the other hand, will find their services in high demand, potentially pushing up their wages.

"You're going to be paying premiums for people who improve your score," said Gordon Klemp, principal of the National Transportation Institute, which surveys and analyzes driver pay.

Quicker regulatory action

The new safety rating system, which will take effect this year, ranks carriers rather than individual drivers. But compared with the current system, the new scheme places greater weight on driver behavior.

It also will bring much quicker regulatory action against problem firms.

Now, the Federal Motor Carrier Safety Administration typically acts against a company only after an extensive audit of the firm's records, said John Spiros, vice president of safety and claims management for Marshfield-based Roehl Transport Inc. The audits are time consuming and infrequent.

Under the new system, the agency will take action based on the constantly updated results of roadside inspections.

"This is going to put more carriers under the microscope," Spiros said.

Osterberg said roughly the lower third of trucking companies will be subject to federal intervention. That can range from a warning letter up to, ultimately, revocation of authority to operate.

Osterberg, who oversees more than 12,000 drivers, sees problems with some details of the new safety system. One thing he doesn't like is that it penalizes truck drivers for accidents even if they're not at fault. Another shortcoming, he said, is that speeding warnings count against a driver even though officers sometimes issue warnings only as a pretext to conduct an inspection.

But Osterberg applauds the overall model.

"It's a huge deal for the industry, and I think it's a good thing for the industry," he said.

DuWayne Marshall, a one-truck owner-operator from Watertown, sees things much the same way.

"All in all, I think it's going to be a better rating system," he said from Bakersfield, Calif., where he was picking up grapes to haul back to Wisconsin. "It's going to give the federal government a chance to react much faster."

Freight rates to rise

Others will be reacting, too.

Shippers, fearing liability if they contract with a poorly rated trucking firm that subsequently is involved in a fatal crash, will consider the ratings in selecting carriers, said Rosalyn Wilson, an analyst with transportation consultant Delcan Corp.

Insurers, meanwhile, will raise rates for companies with low ratings, she said.

Those factors, along with the challenges of attracting drivers with good records, will force marginal carriers out of business, Wilson said.

But the top firms will be in good position. With industry capacity already tight coming out of the recession and tightening further as problem drivers are weeded out, carriers will enjoy "a significant shift of pricing power," Klemp said.

Shippers surveyed by New York research firm Wolfe Trahan last month said they expect rates for full-truckload service to increase an average of 3.3% over the next year.

St. Louis brokerage and investment firm Stifel Nicolaus also sees rising freight rates, and recently upgraded its outlook on several trucking and logistics companies.

One other possible effect: The new rating system will push more trucking companies to switch from paper log books to electronic devices for recording drivers' hours, said Amanda Kreilkamp Kirk, vice president of driver services at Kreilkamp Trucking Inc., Allenton.

It's common for drivers to falsify paper logs or not fill them out properly. But with companies facing closer scrutiny and graver consequences for such violations, more carriers may opt for electronic recorders, Kreilkamp Kirk said.

Her family-owned firm began going electronic early last year, in part because the new safety rating system loomed.

A few months ago, the company also added an extra, last-minute check of each truck as it leaves the yard, searching for any equipment violations that might get written up by a roadside inspector.

Kreilkamp Kirk sees these and other changes as a positive thing prompted by the new safety-rating system.

"I think it's a good move by the government," she said.

(c) 2010 , Journal Sentinel Inc. All rights reserved.

***Highlights: Vigillo***