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2023 Q4 DRIVER MARKET UPDATE

1.28

NTI | *The National
Transportation
Institute*



WE SERVE THE FULL PICTURE:



WHAT WE DO

The National Transportation Institute provides data and support for critical decisions at companies where professional drivers and technicians are vital to success. NTI delivers opportunities for fleets to grow, to attract additional workers, and to expand in their market with an appropriately compensated, engaged, and retained workforce.

OUR DATA SOLUTIONS

NTI TRACKS AND REPORTS...

Nearly 200 attributes of driver compensation



Benefits, retirement, PTO, bonuses, and incentives



Mileage, hourly, and total annual earnings at for-hire fleets



Owner-operator income and comp perks



Private and dedicated fleet comp and activity pay



Neutral reading of wage momentum for contracts



Market-level earnings for location-based hiring



Location-centric earnings and benefits for techs



NTI | The National Transportation Institute

NTI'S TEAM OF EXPERTS



Leah Shaver

President & Chief Executive Officer

As President and CEO of NTI, Leah leads the company's engagement with motor carriers and private fleets to utilize wage and compensation data as critical benchmarking tools to drive recruiting and retention goals. In her 22-year career in trucking, Leah has specialized in developing and implementing programs to attract and retain an engaged, satisfied, and appropriately compensated workforce of professional drivers and technicians. Leah regularly communicates with the industry via live speaking engagements and through webinars and media appearances. As a host on SiriusXM's Road Dog Trucking Radio, Leah is also an active participant in the driver community. She served three terms on the Board of Directors of the Women In Trucking Association and currently serves on the Next Generation in Trucking Association. Prior to joining NTI in 2015, Leah spent 14 years with a Midwest based multi-platform truckload carrier, where she led HR and driver recruiting departments.



Mark Shaver

Chief Operating Officer

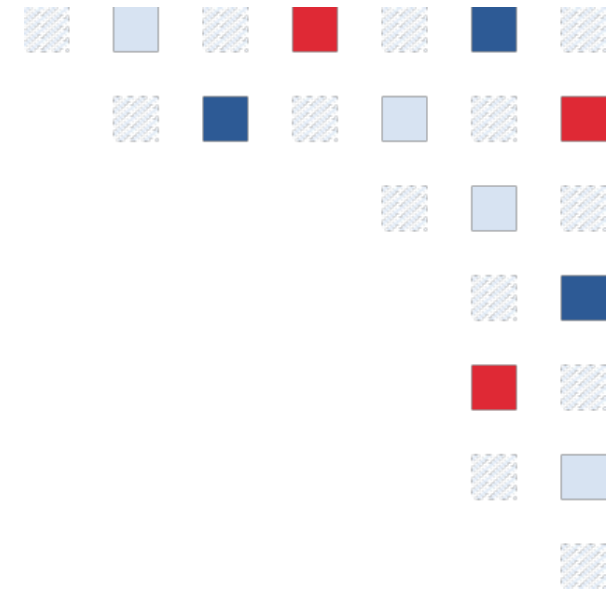
Mark leads oversight of NTI's flagship programs — the National Private Fleet Survey, National Survey of Driver Wages, the National Driver Wage Index, and National City-Centric Driver Pay data. He also leads development, implementation, and strategic architectural framework for all research and economic studies. He functions with both NTI in-house research analysts and private fleet executives to design, develop, and deliver actionable driver pay studies and support critical corporate decision making. Prior to joining NTI, Mark spent 20 years in operations and sales with companies that operated TL and LTL fleets nationwide.



James Jaillet

VP, Marketing

James leads NTI's client communications and outreach, leveraging NTI's data and relationships with motor carriers and private fleets to understand what's happening in the freight markets, the driver market, the economy, and trucking industry trends to communicate best for creating effective recruiting and retention programs. Prior to joining NTI in 2022, James spent 12 years working in trucking and logistics media, where he talked daily with carriers, owner-operators, drivers, shippers, brokers, analysts, industry associations, and other stakeholders about business, regulations, equipment, and lifestyle topics, and carrier-driver relationships.



IN THIS PRESENTATION...

Macro trends, the labor market

Context of employment data and driver job demand

Freight & driver market trends

Constraints affecting driver supply | Trucking employment update | Capacity update

State of driver pay in 2023 Q3

Freight market impact on driver pay | W-2, mileage, and hourly trends | Recruiting incentives

Driver voices, FLSA changes

Congress eyes overtime pay requirement | Open floor for questions



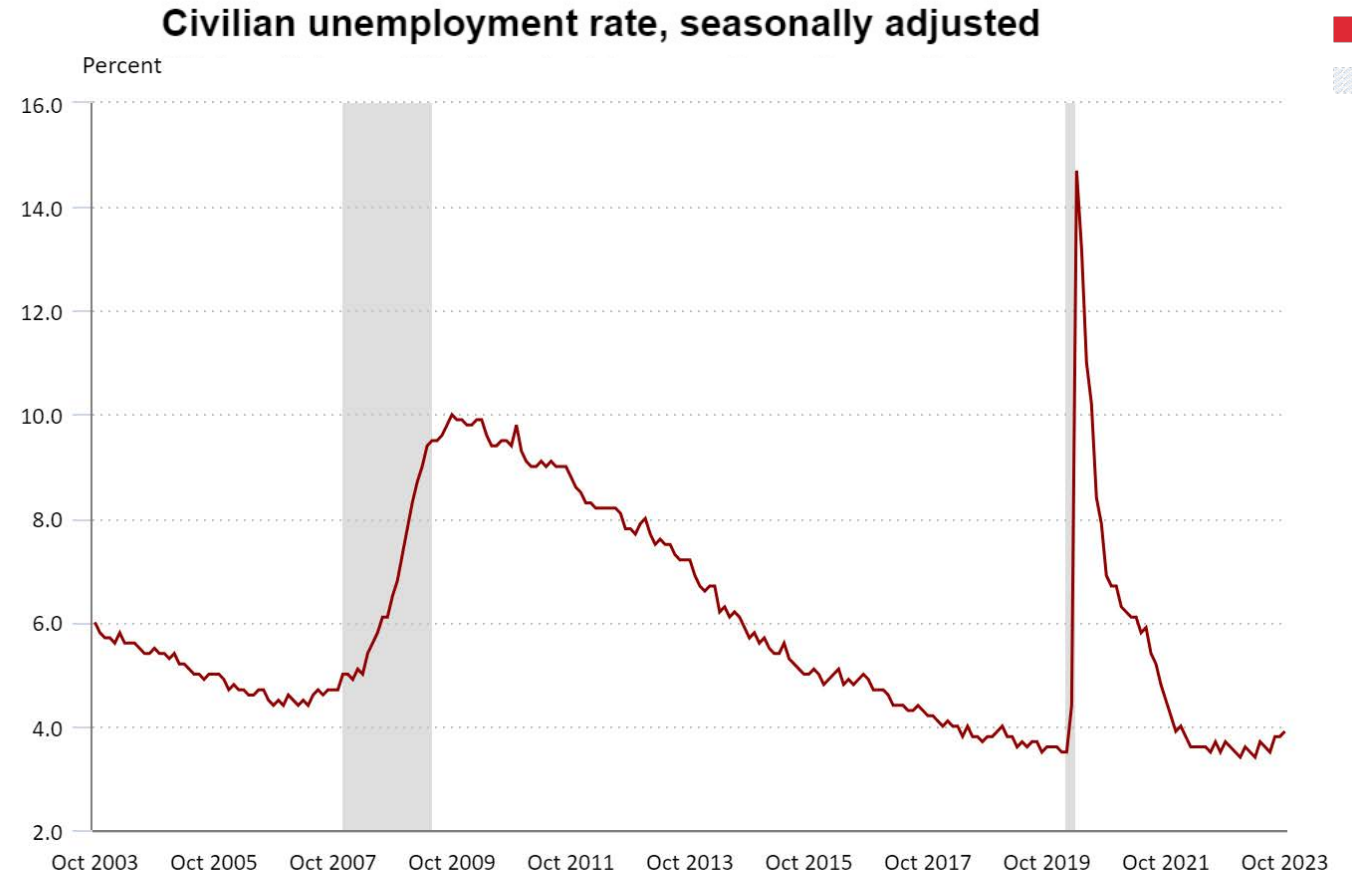


WHILE THE INTENSE HIRING DEMAND FROM 2020, 2021, AND 2022 HAS EASED...

Deep-rooted, entrenched, long-term changes in the labor market and with
driver availability will persist beyond this current cycle.

THE MACRO EMPLOYMENT PICTURE

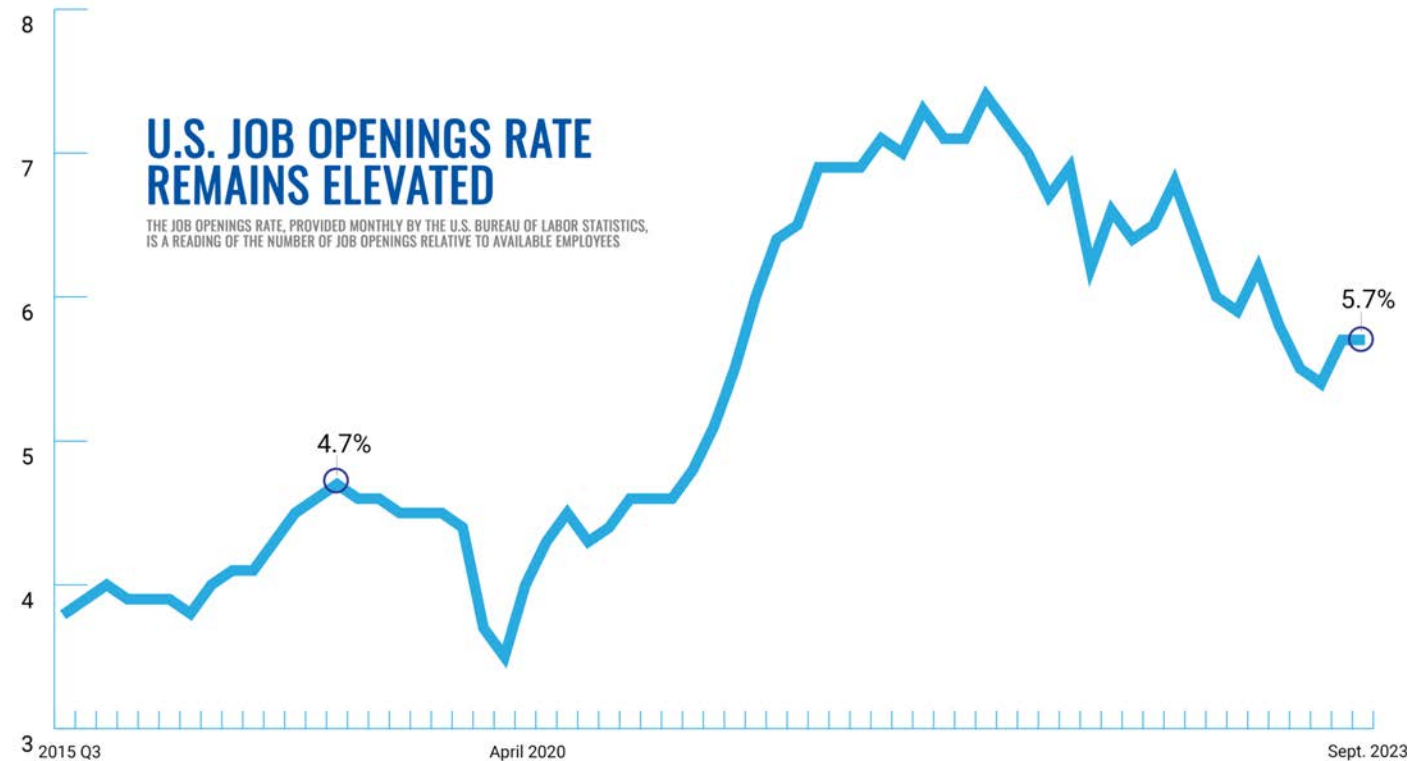
In recent months, the unemployment rate has been ticking up, now at 3.9%. That's still a historically low UE rate and translates to a critically challenging environment for fleets to hire new drivers. Even though unemployment has gone up slightly, the reason is not because hiring has slowed. Rather, it's due to a growth in the labor force participation rate in recent months, which is expected to only be temporary and to soon stall.

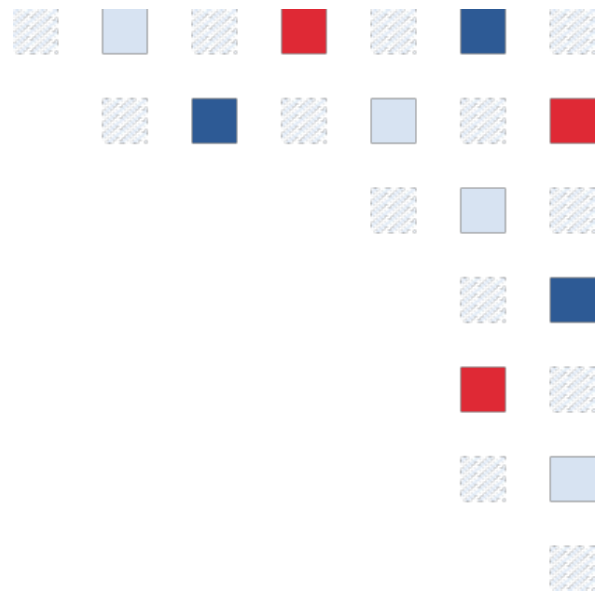


Graphic from the U.S. Bureau of Labor Statistics

JOB OPENINGS VS. UNEMPLOYMENT: STILL LOPSIDED

- The Job Openings Rate, a parallel report to the DOL's monthly employment report, is still well above historical high-marks. The chart here shows that, over the past nine years, the highest job openings rate pre-pandemic was in late 2018, cresting at 4.7%. Despite a correction in the job openings rate over the past year, the rate is still at 5.7%, signaling a record-strong appetite among U.S. companies to hire available workers.
- That's particularly true for industrial workers (aka blue-collar jobs), as shortages persist across industries that compete with trucking for available labor (**and there's still a help wanted sign on doors everywhere!**).
- Among industrial job sectors, truck driving jobs are often considered less desirable, because of scheduling and pay.

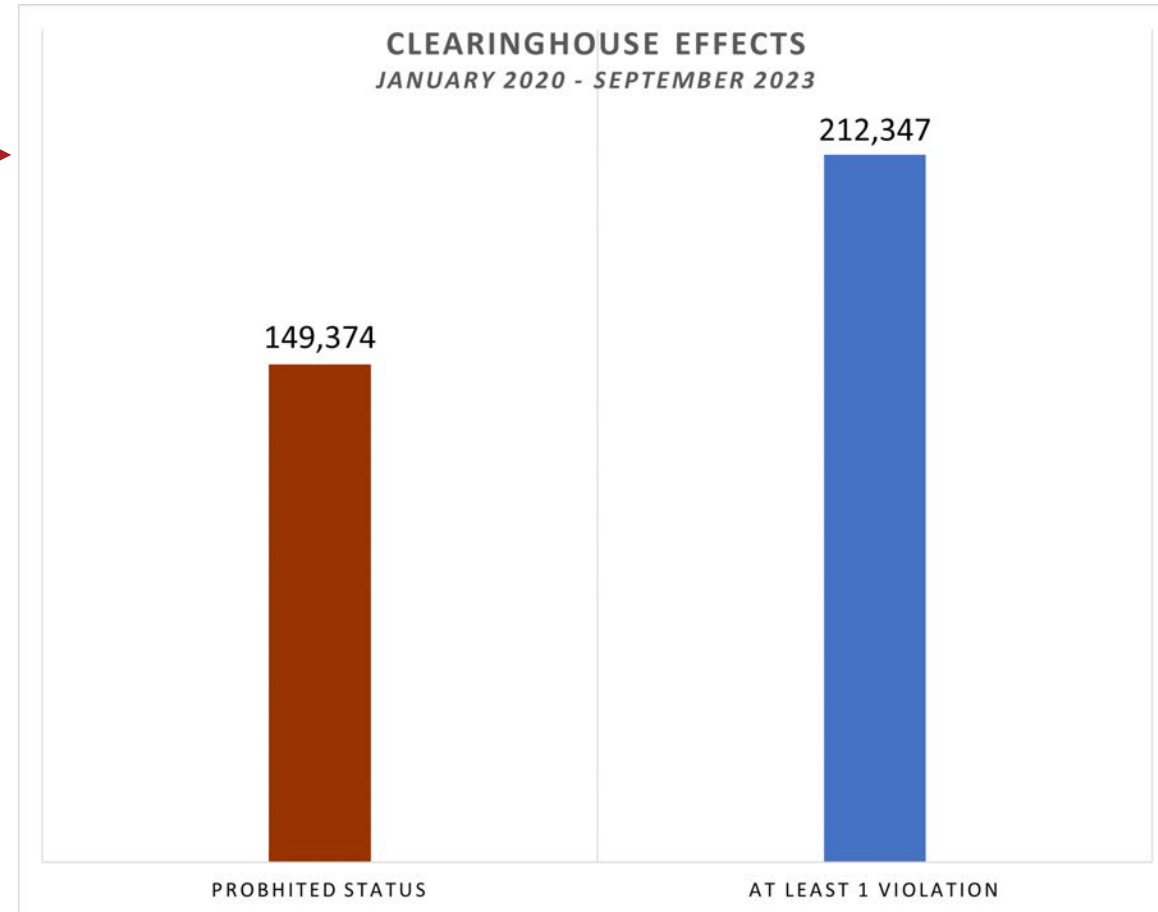




CONSTRAINTS ON DRIVER SUPPLY ALSO PERSIST

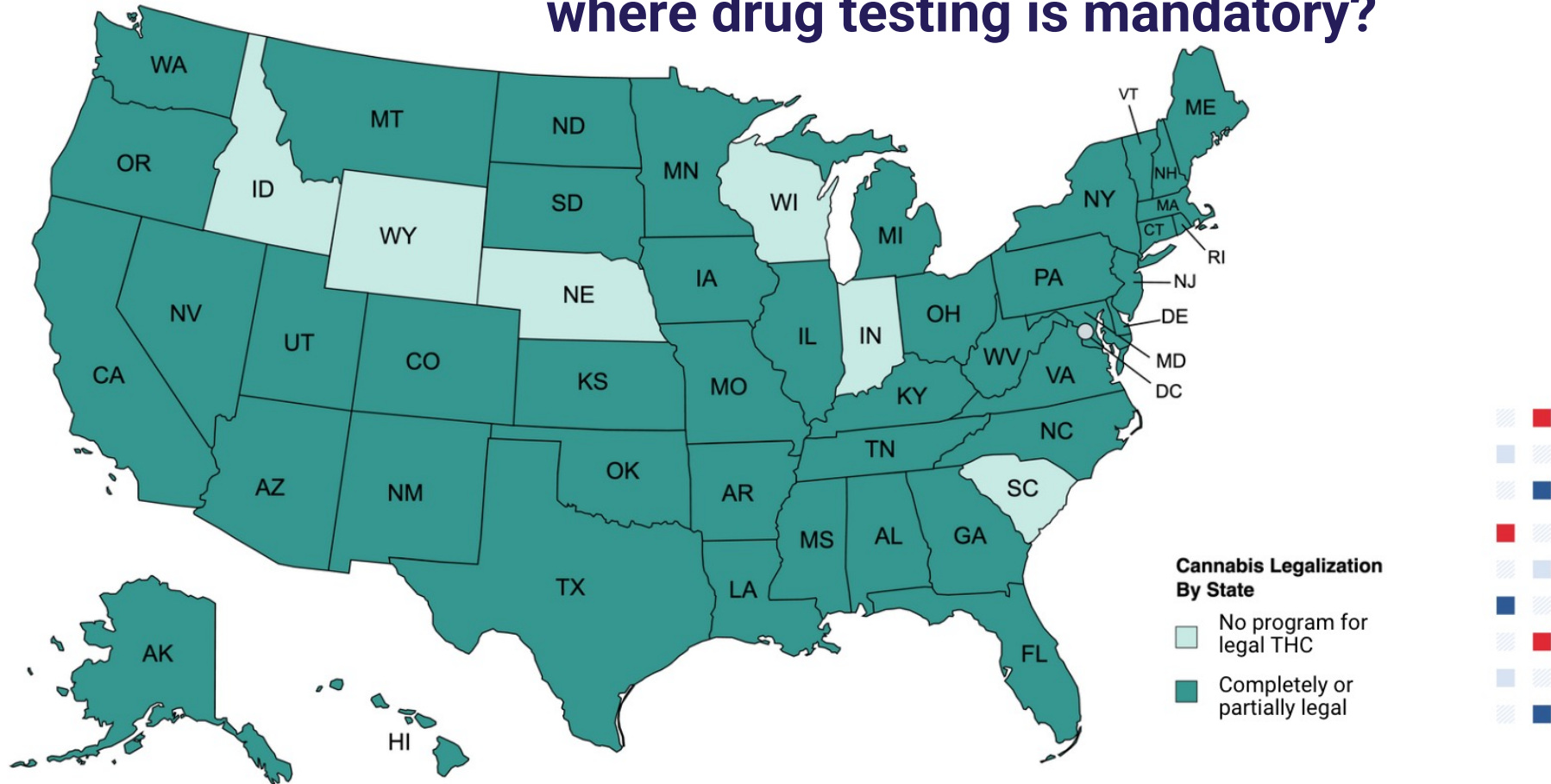
CONSTRAINTS ON DRIVER SUPPLY AND AVAILABILITY

- **The Drug & Alcohol Clearinghouse**, while necessary, has prohibited nearly 150,000 drivers
 - 70% of 150k prohibited have not started return-to-duty protocol. Will they?
 - If they did, would fleets want to hire those drivers?
 - Long term, industry will continue to contend with Clearinghouse prohibitions and impacts
 - For fleets that do hair testing, the impact on the candidate pool is even greater
 - **According to the Department of Labor's Bureau of Labor Statistics, the Truck Transportation sector has added a 94,100 net payroll jobs since January 2020, so you can see how big of an impact the 150k prohibited drivers has on the driver pool!**




CONSTRAINTS ON DRIVER SUPPLY AND AVAILABILITY


Will people even consider a regulated job where drug testing is mandatory?



CONSTRAINTS ON DRIVER SUPPLY AND AVAILABILITY




The jobs open in today's market are some of the least desired jobs – OTR, long-haul, irregular route, etc. Growth in opportunities at local and regional level during 2020-2022 drew these drivers away from OTR



Age and health continue to be major factors. Retirements and health issues contribute heavily to turnover at fleets and within trucking at large.




Increasing regulation and oversight create frustrations and barriers




Unpaid, unproductive time chips away at drivers' earnings and pushes out experienced and new drivers alike. New drivers become quickly disillusioned about their new career, and churn is significant among those in their first 120 days

WHAT WE'RE WATCHING

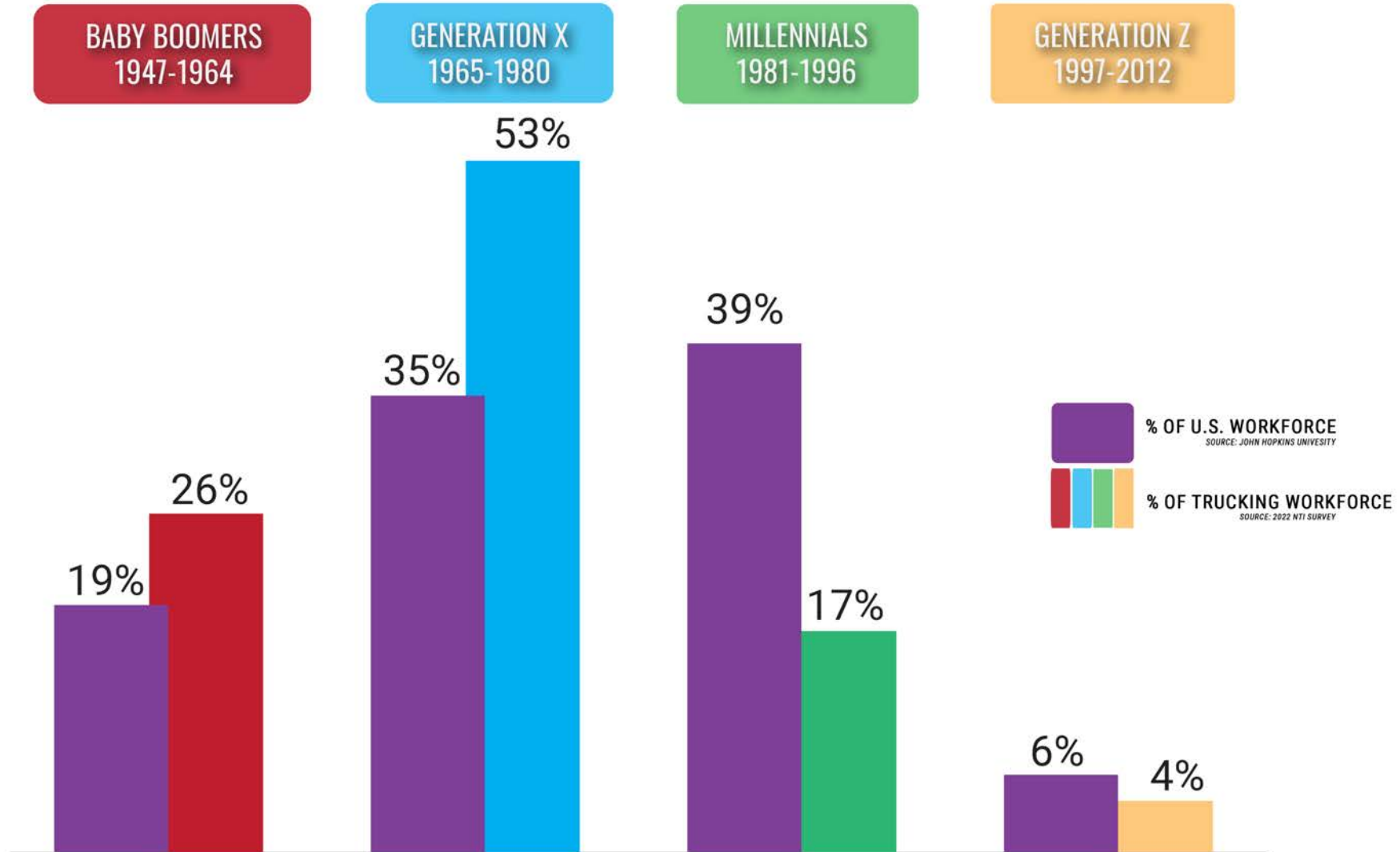


The driver pipeline is being drained again: With companies pausing training programs and hiring partnerships with CDL schools, we're eroding the foundation for tomorrow's needs. Also, inexperienced drivers that obtained a CDL hoping to work for a specific company have now found themselves on a long waiting list.

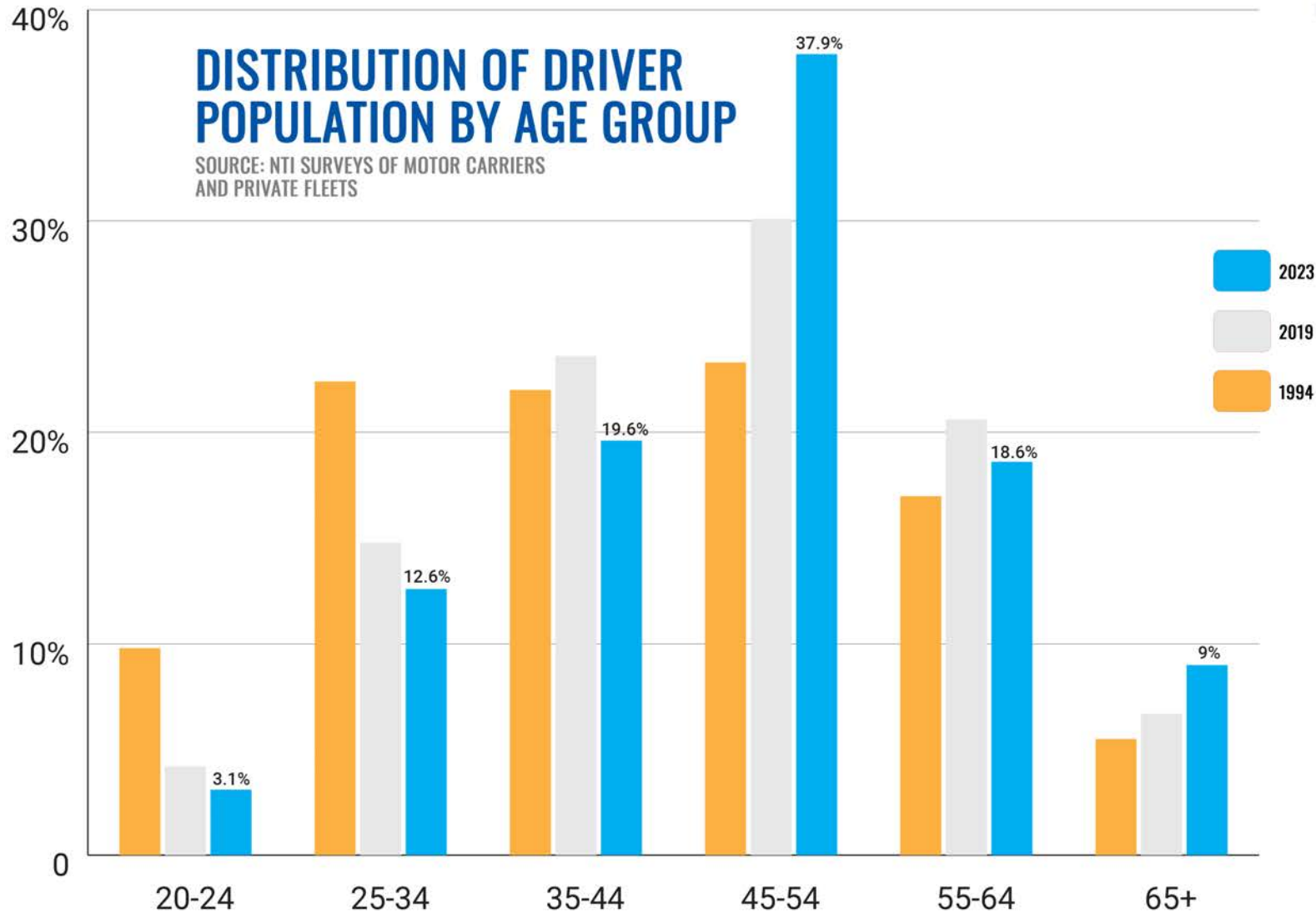


We saw a similar trend in 2019: When the market regressed after the 2018 boom, a similar theme played out in 2019. There was an oversupply of capacity combined with less demand, and companies right-sized and the industry's driver pipeline was depleted. When demand returned starting in late 2020, companies and the industry as a whole had to rebuild and retrack the pipeline of driver hiring – which created tremendous pressure for fleets of all types to grow at the rate they wanted. It also caused wages to soar.

TRUCKING'S OLDER THAN THE GENERAL WORKFORCE, AND INTEREST AMONG YOUNGER GENERATIONS HASN'T TAKEN HOLD



TRUCKING'S OLDER THAN THE GENERAL WORKFORCE, AND INTEREST AMONG YOUNGER GENERATIONS HASN'T TAKEN HOLD



COMMUNICATING ACROSS FOUR GENERATIONS OF DRIVERS

Drivers' styles vary by age and gender

BABY BOOMERS
1947-1964

GENERATION X
1965-1980

MILLENNIALS
1981-1996

GENERATION Z
1997-2012

Communication style & preferences

Feel they've "**earned their stripes.**" Want to talk, have meals, be revered, give advice, have experience **recognized in the paycheck**, save money

Communication style & preferences

Engage on social media, network, revere professionalism and collaboration, **want to mentor!** They value **achievement and opportunity**

Communication style & preferences

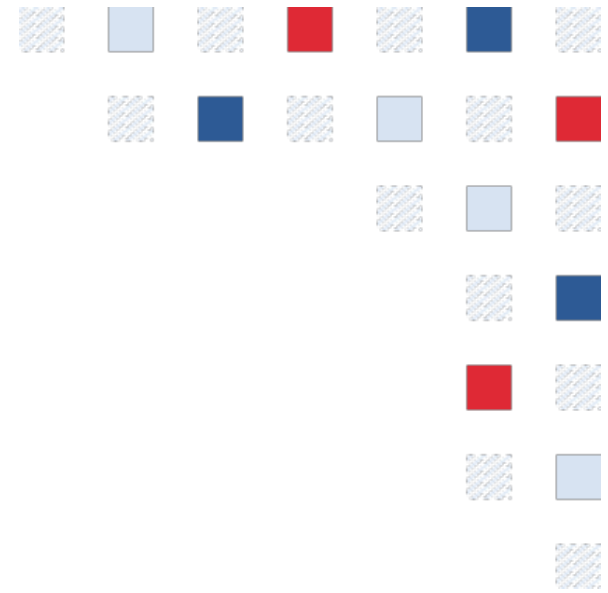
Give loyalty to companies that **provide a career path**, rather than a job alone. They communicate in a variety of ways and value **recognition through advancement**

Communication style & preferences

Do not call! Text or email. Tech savvy, risk averse, independent, gaming. Prefer **flexibility and PTO**. Identify your career path, articulate and share it

IT'S CRITICAL THAT WE AS AN INDUSTRY REACH YOUNGER PEOPLE AND WOMEN TO GROW THEIR INTEREST IN TRUCKING CAREERS





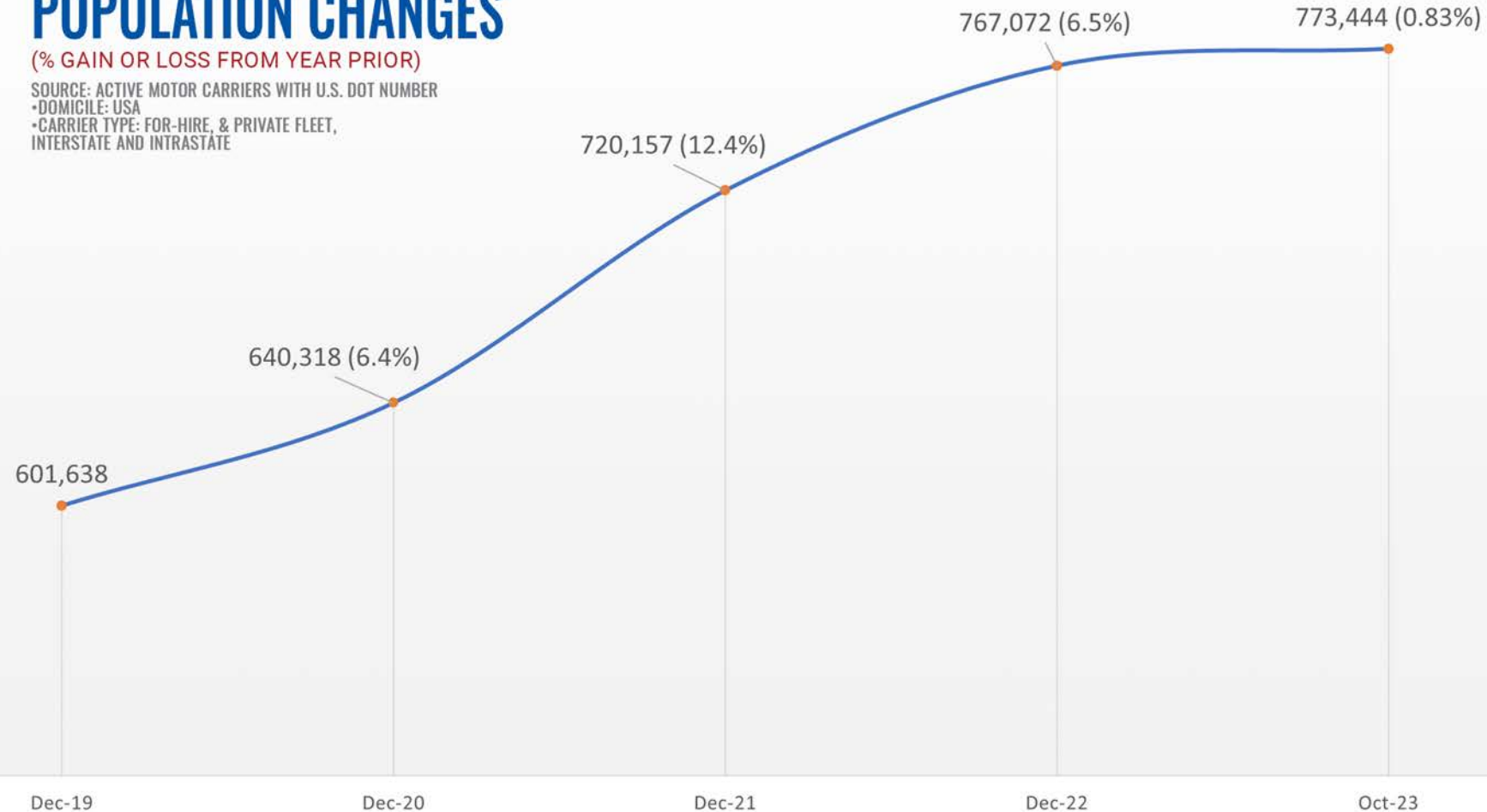
CAPACITY UPDATE: A LOOK AT WHERE CAPACITY HAS EXITED THE MARKET

RAPID GROWTH IN TOTAL CARRIER POPULATION — INCLUDING FOR-HIRE AND PRIVATE FLEETS — HAS STALLED

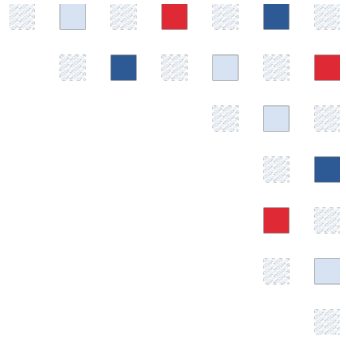
TOTAL MOTOR CARRIER POPULATION CHANGES

(% GAIN OR LOSS FROM YEAR PRIOR)

SOURCE: ACTIVE MOTOR CARRIERS WITH U.S. DOT NUMBER
• DOMICILE: USA
• CARRIER TYPE: FOR-HIRE, & PRIVATE FLEET,
INTERSTATE AND INTRASTATE

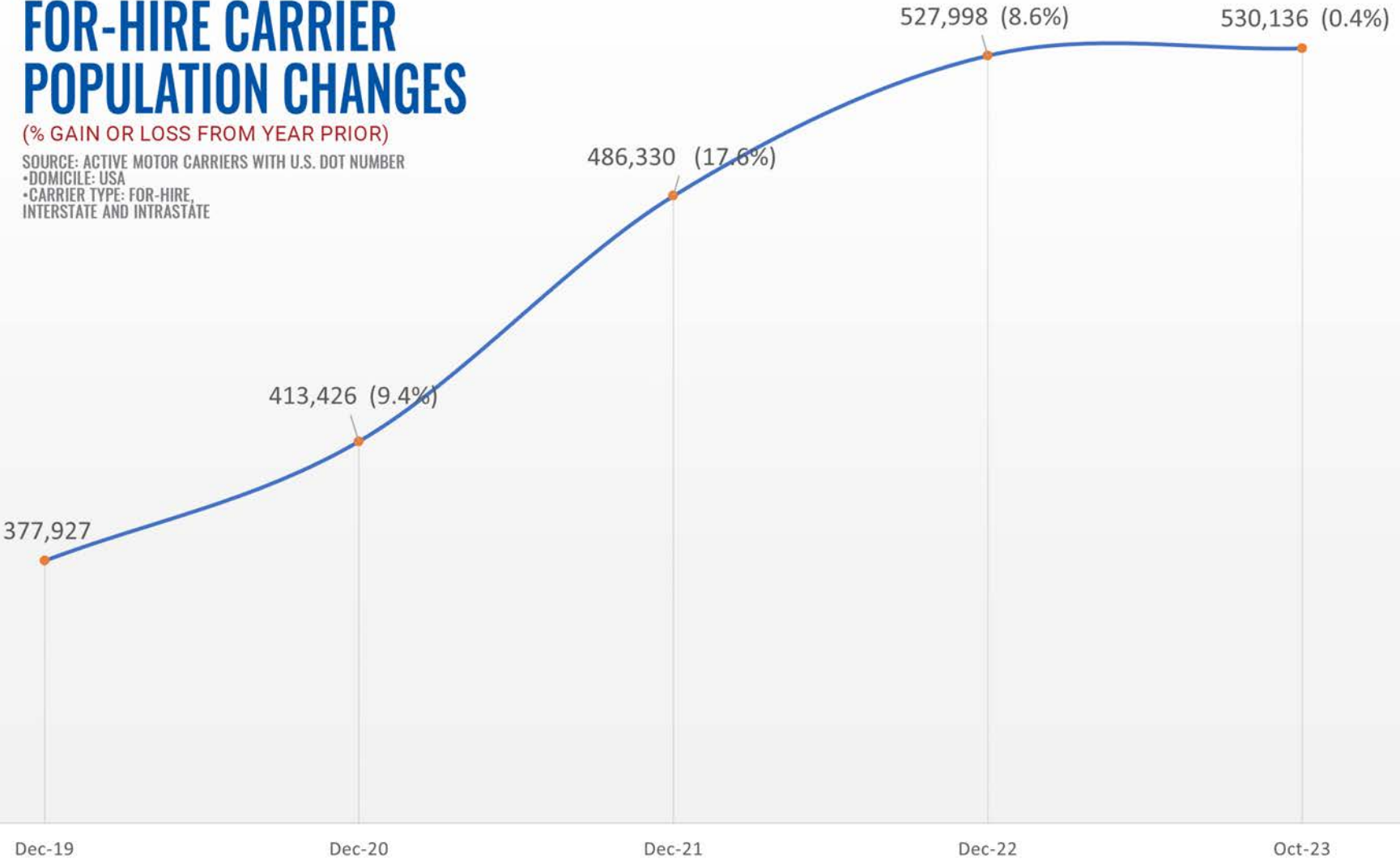


LOOKING AT JUST FOR-HIRE CARRIERS, GROWTH HAS ALSO STALLED



FOR-HIRE CARRIER POPULATION CHANGES

(% GAIN OR LOSS FROM YEAR PRIOR)
SOURCE: ACTIVE MOTOR CARRIERS WITH U.S. DOT NUMBER
• DOMICILE: USA
• CARRIER TYPE: FOR-HIRE,
INTERSTATE AND INTRASTATE

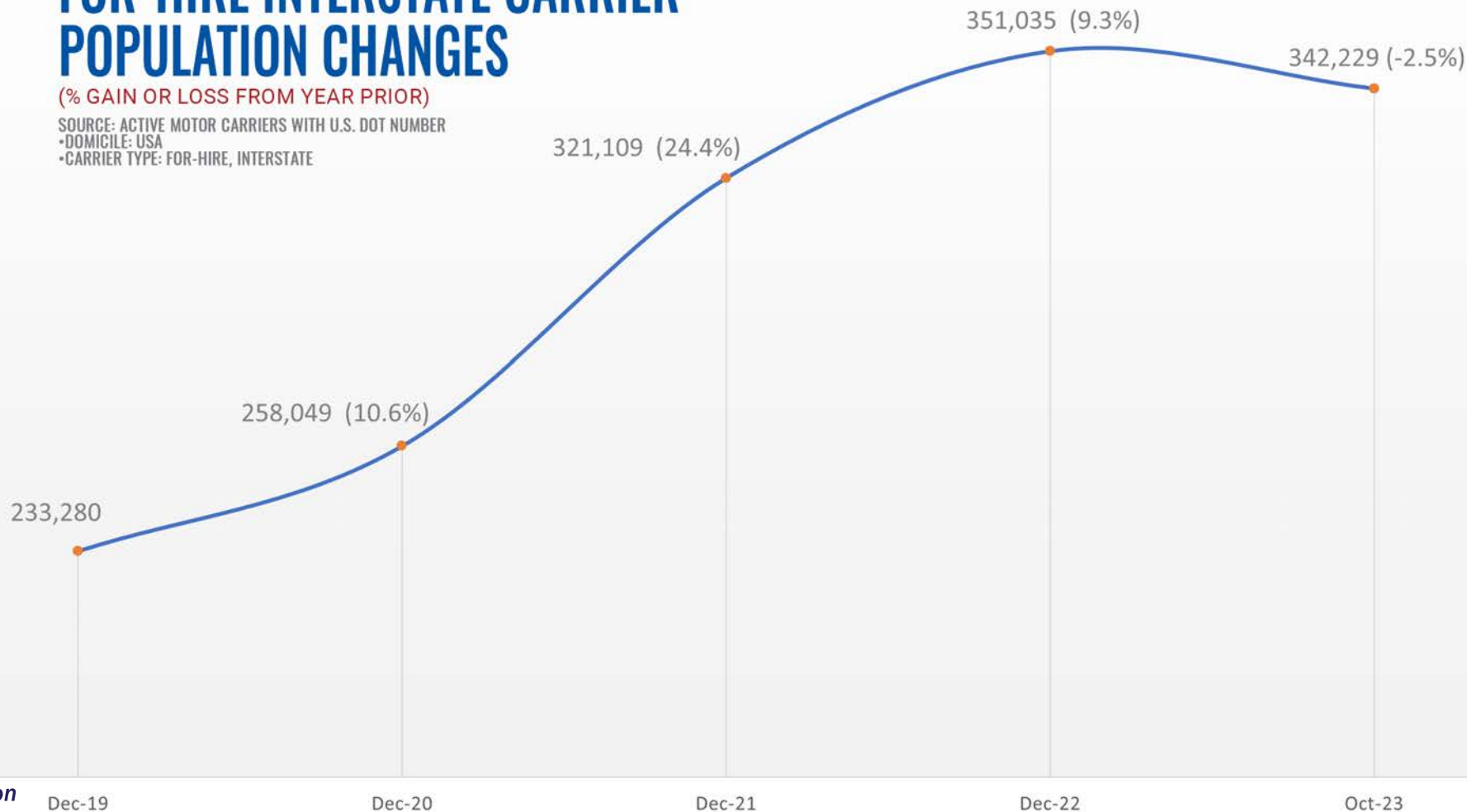


HOWEVER... LOOKING AT JUST FOR-HIRE INTERSTATE CARRIERS, CAPACITY HAS EXITED THE MARKET

FOR-HIRE INTERSTATE CARRIER POPULATION CHANGES

(% GAIN OR LOSS FROM YEAR PRIOR)

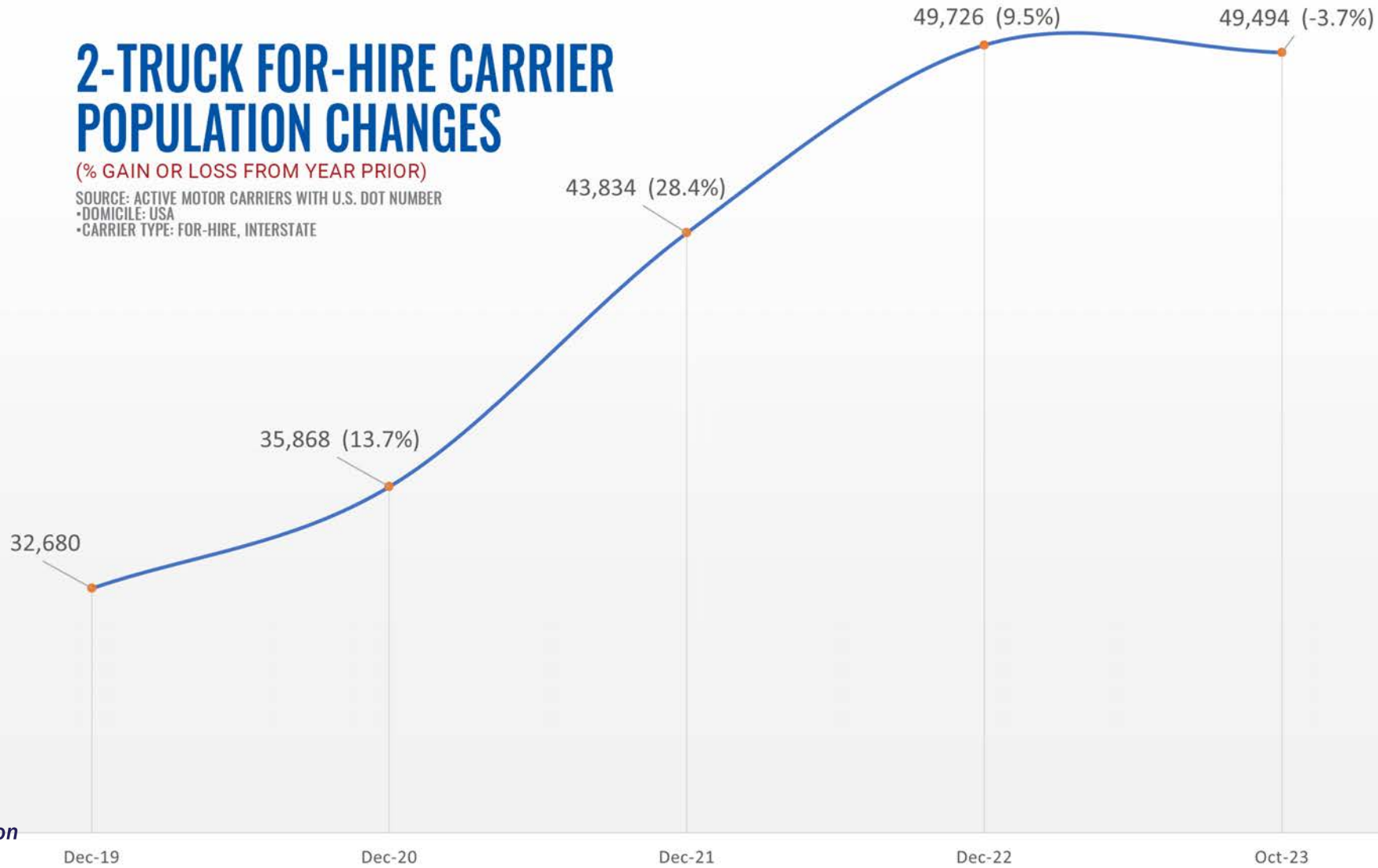
SOURCE: ACTIVE MOTOR CARRIERS WITH U.S. DOT NUMBER
-DOMICILE: USA
-CARRIER TYPE: FOR-HIRE, INTERSTATE



EXITS ARE CONCENTRATED AMONG THE INDUSTRY'S SMALLEST CARRIERS

2-TRUCK FOR-HIRE CARRIER POPULATION CHANGES

(% GAIN OR LOSS FROM YEAR PRIOR)
SOURCE: ACTIVE MOTOR CARRIERS WITH U.S. DOT NUMBER
• DOMICILE: USA
• CARRIER TYPE: FOR-HIRE, INTERSTATE

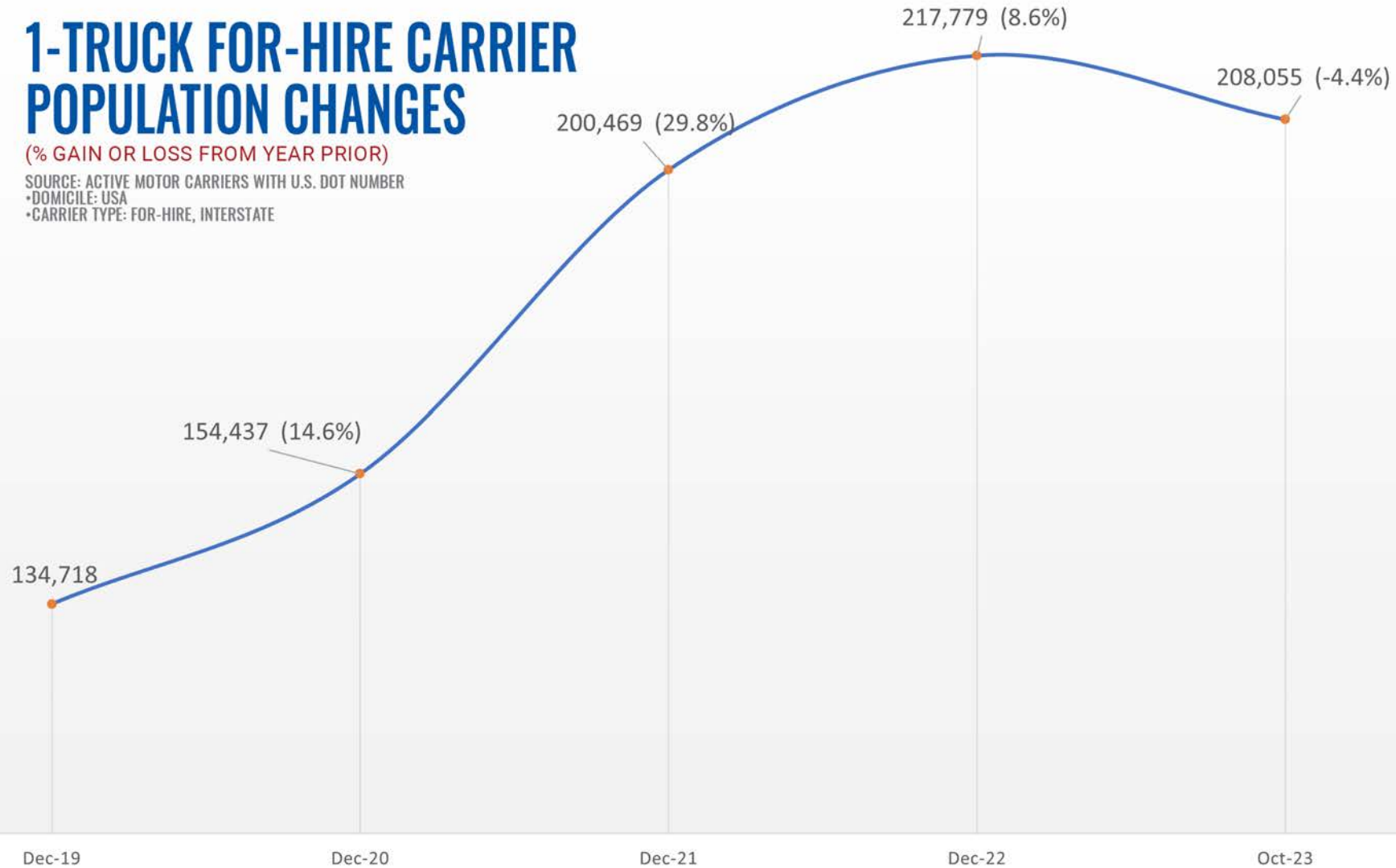


EXITS ARE CONCENTRATED AMONG THE INDUSTRY'S SMALLEST CARRIERS

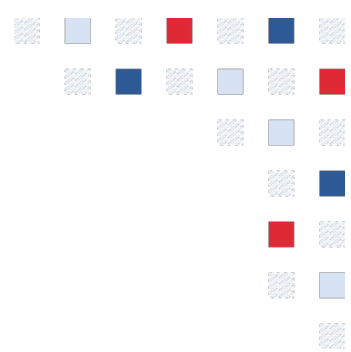
1-TRUCK FOR-HIRE CARRIER POPULATION CHANGES

(% GAIN OR LOSS FROM YEAR PRIOR)

SOURCE: ACTIVE MOTOR CARRIERS WITH U.S. DOT NUMBER
•DOMICILE: USA
•CARRIER TYPE: FOR-HIRE, INTERSTATE

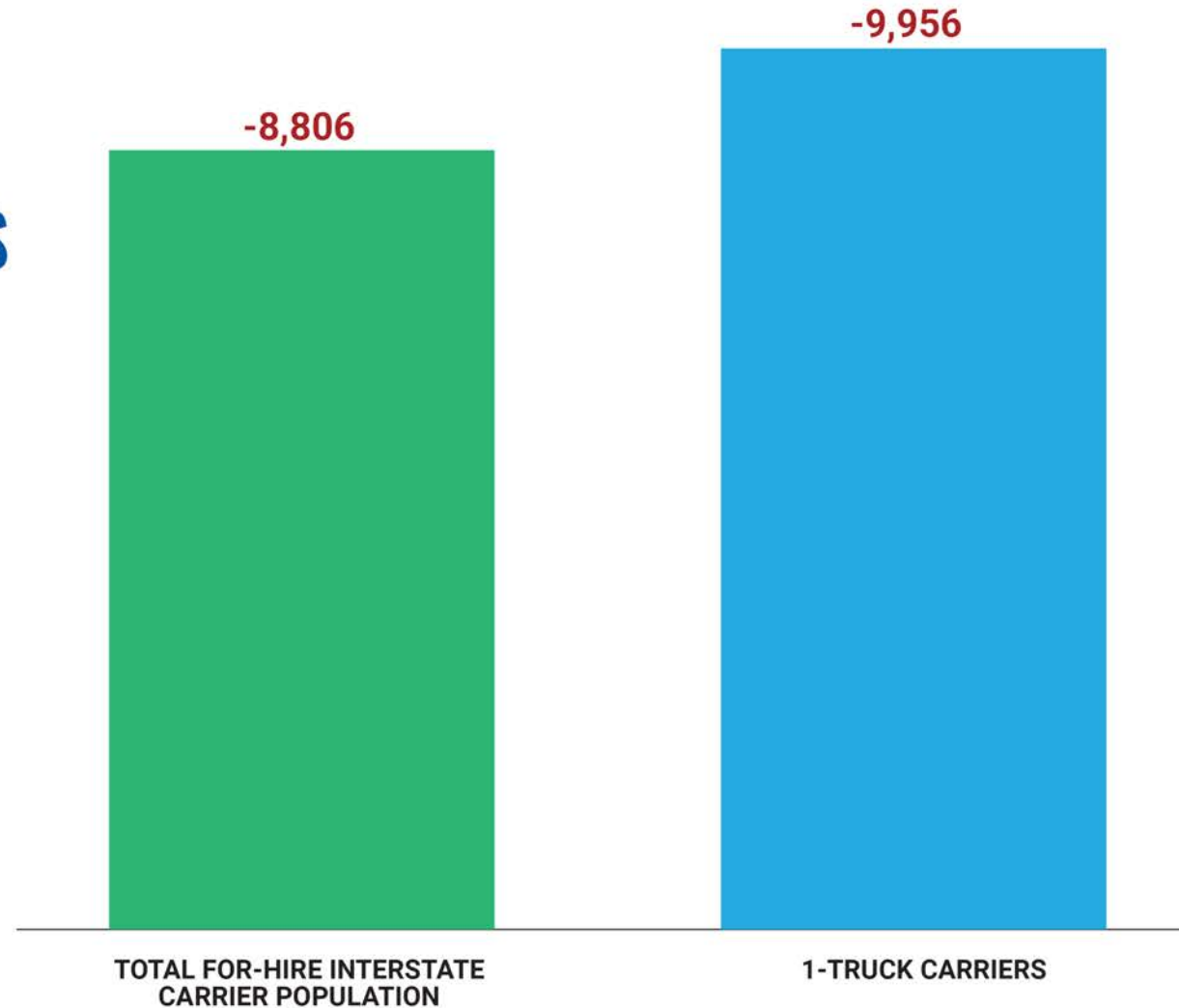


AFTER RAPID GROWTH, 1 AND 2 TRUCK CARRIER POPULATION IS NOW FALLING



1-TRUCK CARRIER EXITS OUTPACE GENERAL CARRIER POPULATION

SOURCE:
FMCSA ACTIVE MOTOR CARRIER REGISTRATIONS
ANALYSIS BY NTI

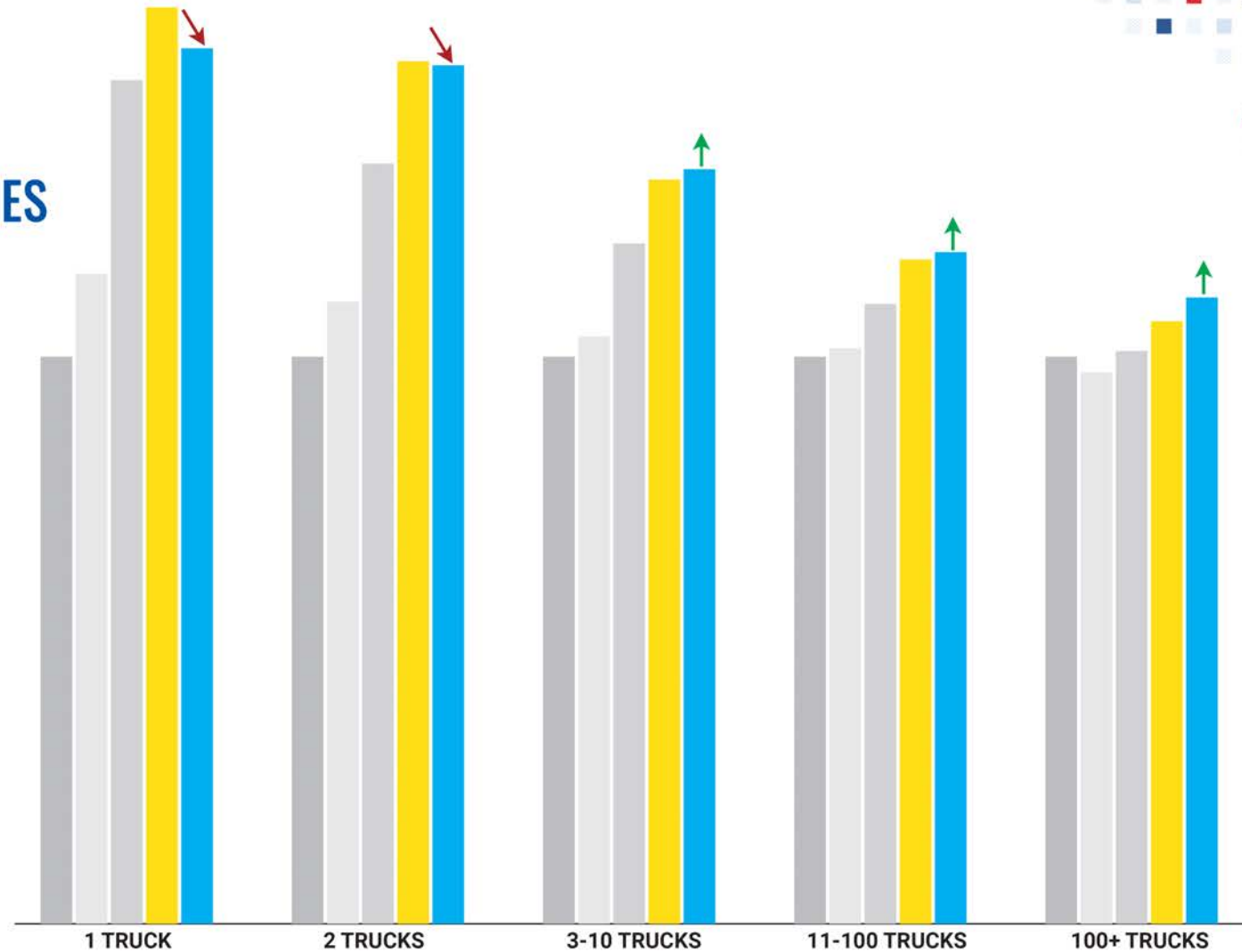


AFTER RAPID GROWTH, 1 AND 2 TRUCK CARRIER POPULATION IS NOW FALLING

DECLINE IN CARRIER NUMBERS ISOLATED AT 1-2 TRUCK COMPANIES

Carriers with 1 and 2 trucks are the only cohorts to see a dip in active U.S. DOT MC registrations in 2023.

SOURCE: FMCSA ACTIVE CARRIER REGISTRATIONS
-DATA COMPILED AND ANALYZED BY NTI
-INDEX-BASED YOY CHANGE BASED USING BASELINE OF DECEMBER 2019



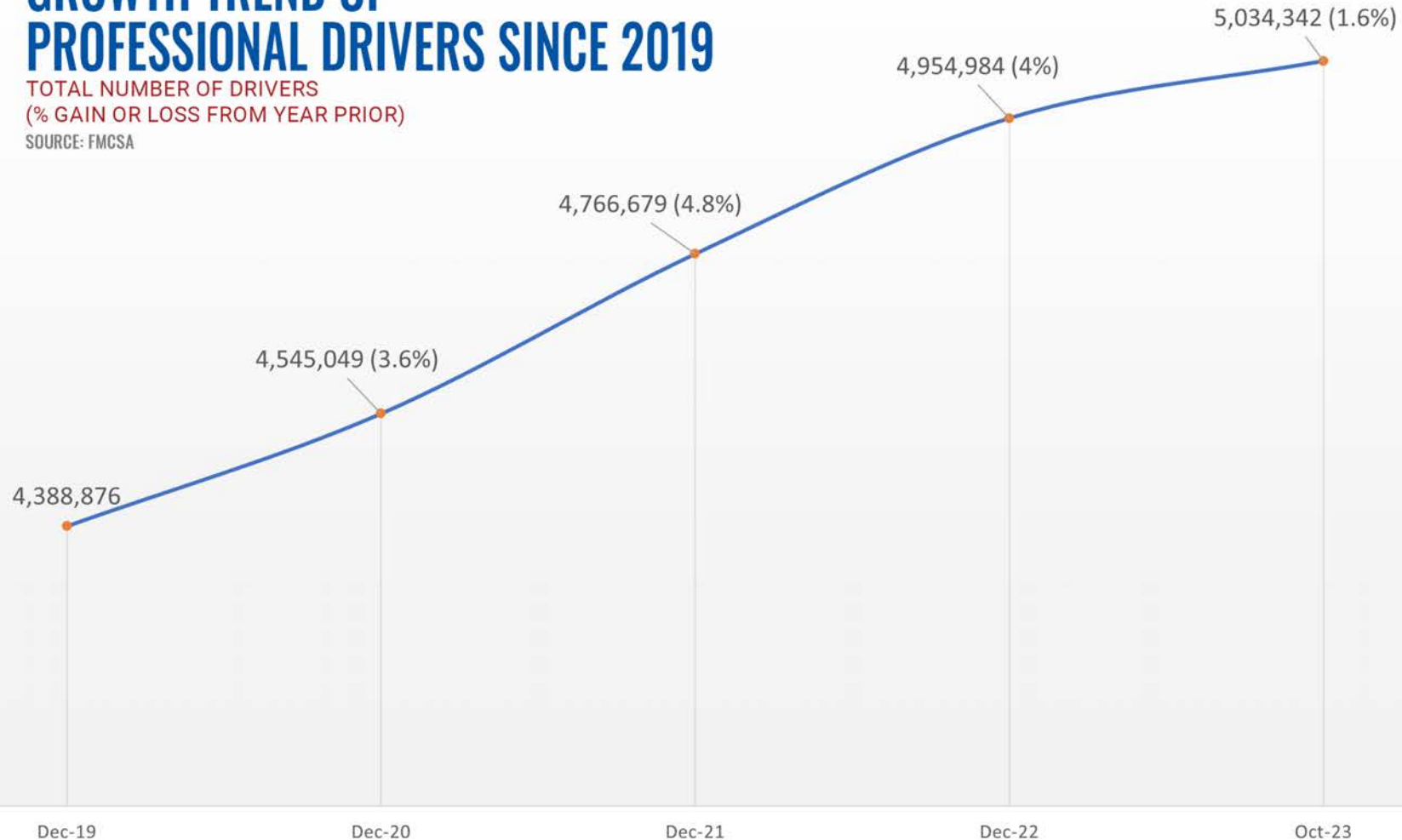
TOTAL DRIVER COUNT CONTINUES TO GROW

DRIVER POPULATION HAS GROWN BY 645K SINCE DEC. 2019
BUT OBVIOUSLY THEY TEND TO BE INEXPERIENCED

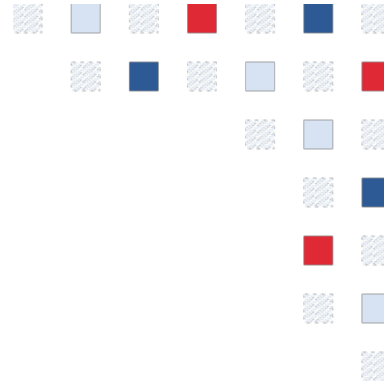
GROWTH TREND OF PROFESSIONAL DRIVERS SINCE 2019

TOTAL NUMBER OF DRIVERS
(% GAIN OR LOSS FROM YEAR PRIOR)

SOURCE: FMCSA



WHAT WE'RE WATCHING



Private fleet attention: Private fleets in recent years have put a large emphasis on growing their driver count. There's also been a growth in number of private fleets registered with U.S. DOT.

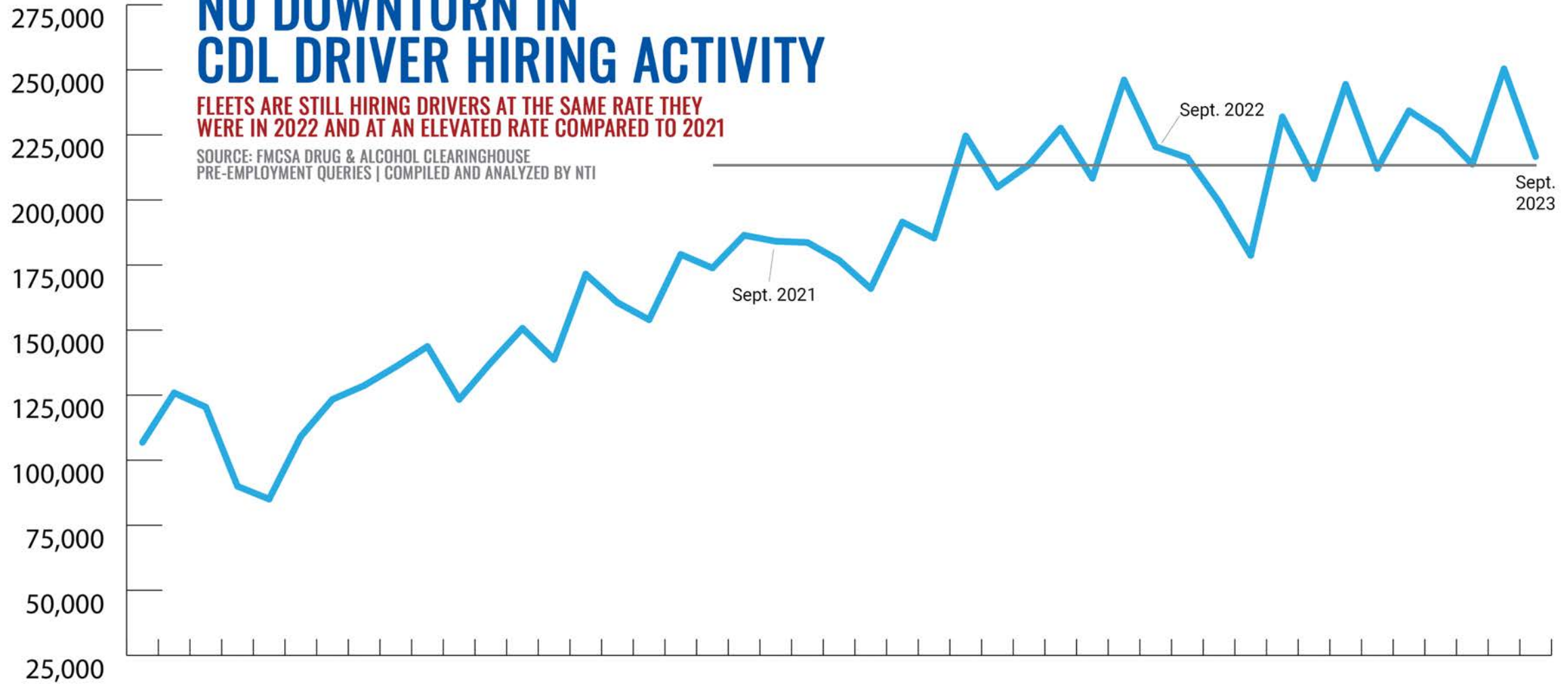
NTI has seen a flurry of activity among private and dedicated fleets who are benchmarking their wages **in great detail** so they can grow their workforce. Also, as we discussed earlier with the drained driver pipeline, private and dedicated fleets will continue to scoop drivers from for-hire carriers. They're also putting an emphasis on internal training programs like dock-to-driver, etc.



NO DOWNTURN IN CDL DRIVER HIRING ACTIVITY

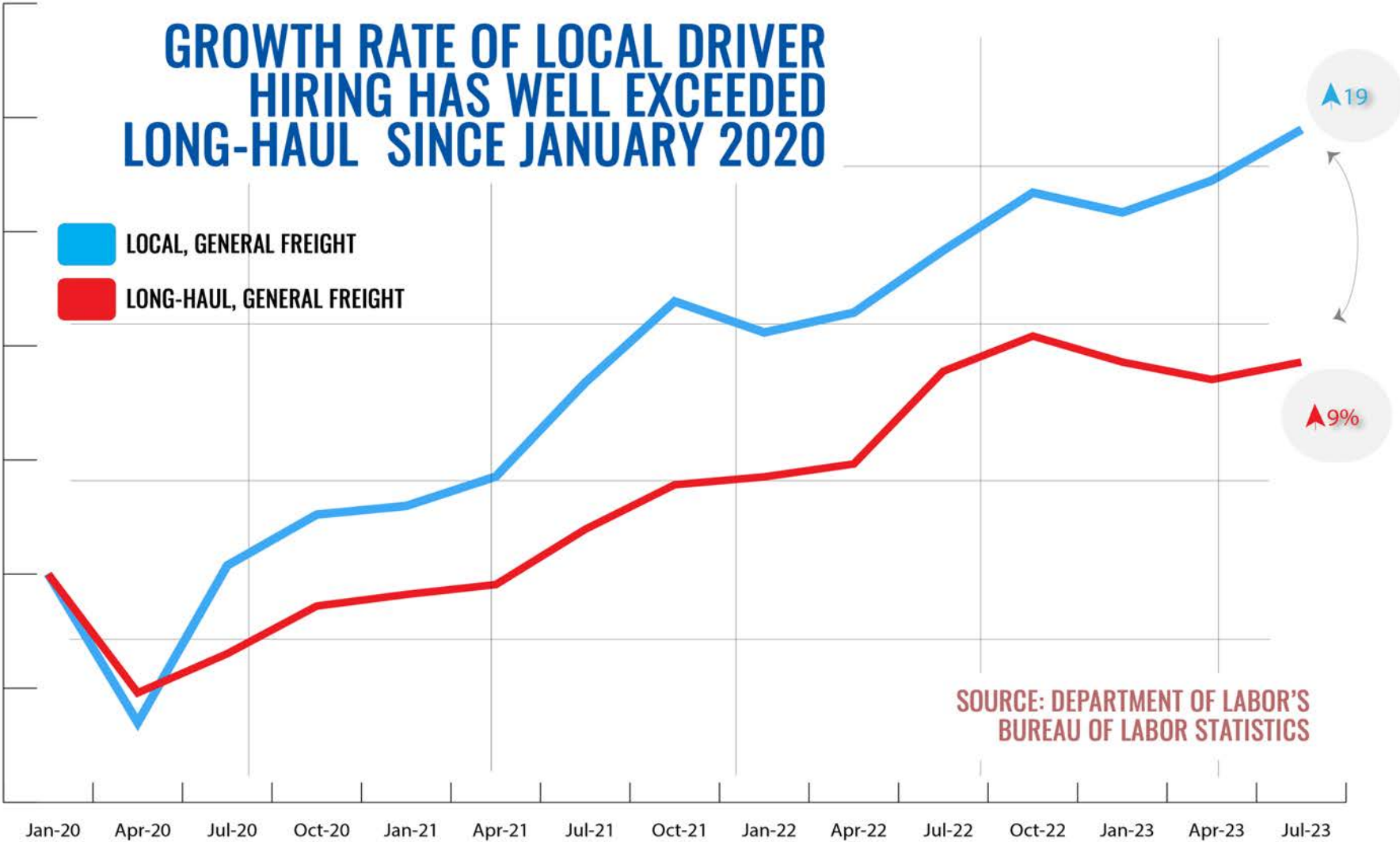
FLEETS ARE STILL HIRING DRIVERS AT THE SAME RATE THEY WERE IN 2022 AND AT AN ELEVATED RATE COMPARED TO 2021

SOURCE: FMCSA DRUG & ALCOHOL CLEARINGHOUSE
PRE-EMPLOYMENT QUERIES | COMPILED AND ANALYZED BY NTI

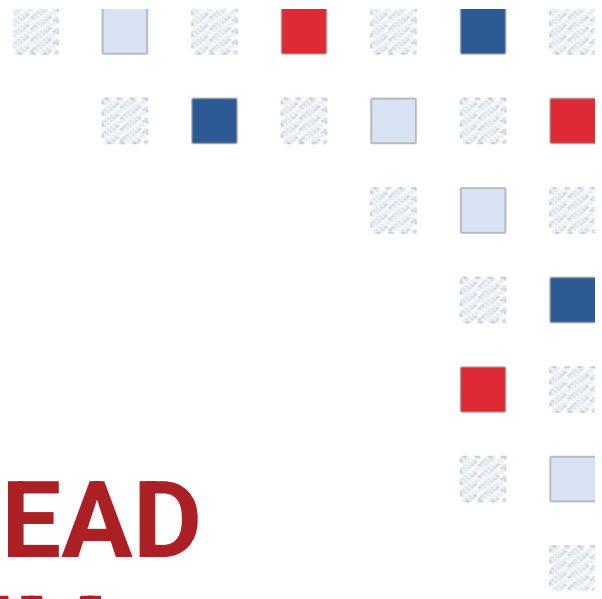


DRIVER HIRING STILL TRENDING LOCAL

GROWTH RATE OF LOCAL DRIVER HIRING HAS WELL EXCEEDED LONG-HAUL SINCE JANUARY 2020

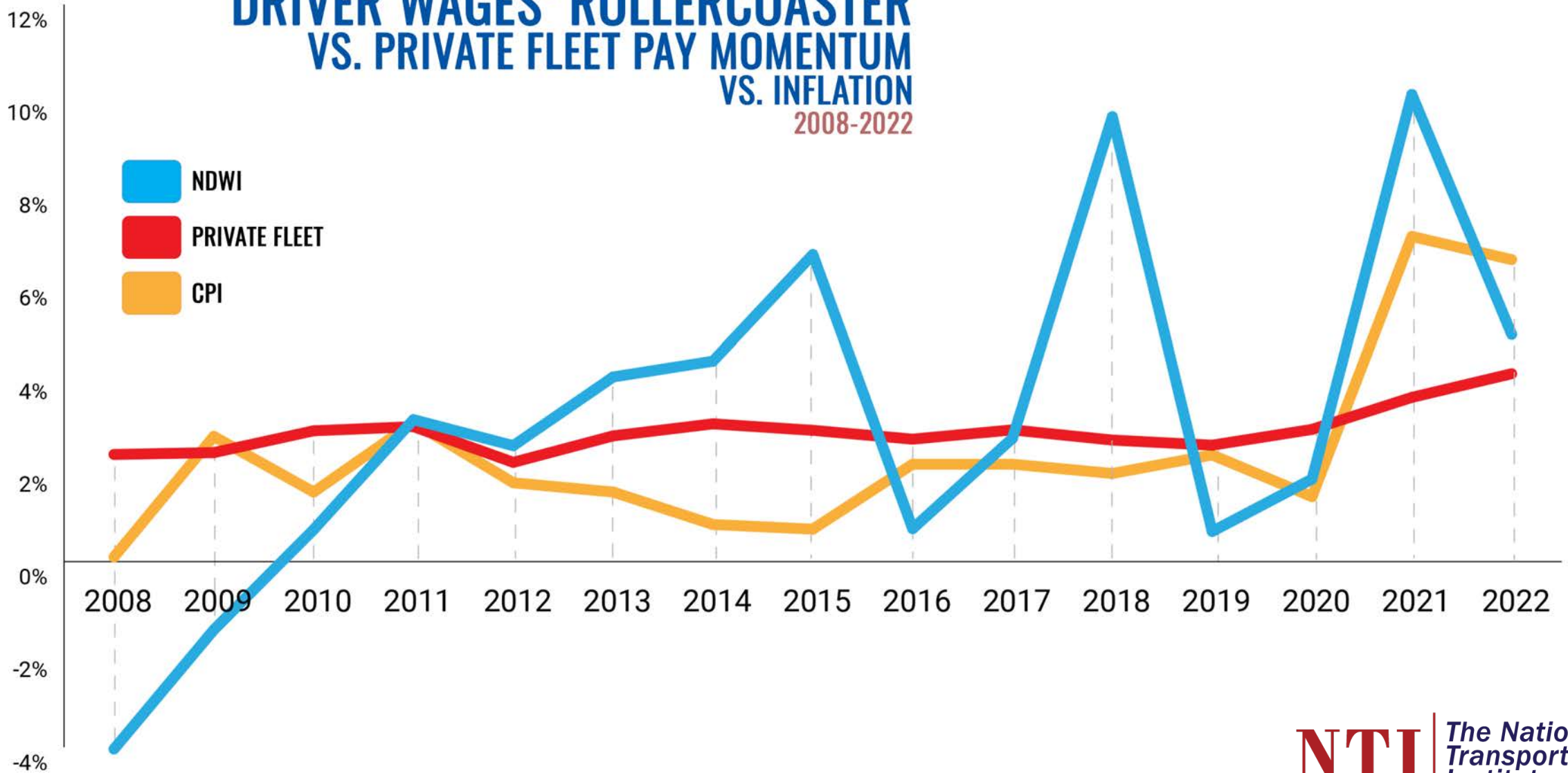


SOURCE: DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS



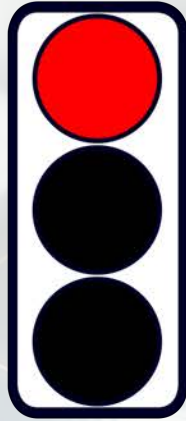
A LOOK BACK AND A LOOK AHEAD AT DRIVER WAGE MOMENTUM

DRIVER WAGES' ROLLERCOASTER VS. PRIVATE FLEET PAY MOMENTUM VS. INFLATION 2008-2022

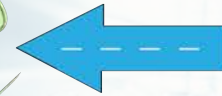
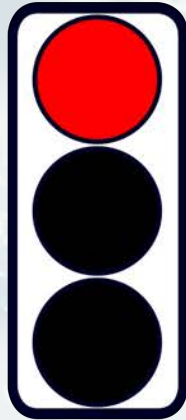


FACTORS THAT INFLUENCE DRIVER PAY MOVEMENT

DRIVER
TURNOVER



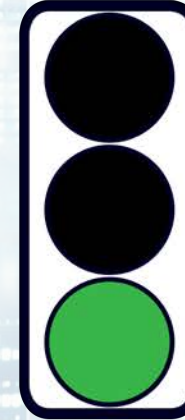
DRIVER
SUPPLY



FREIGHT
RATES



CAPACITY
DEMAND

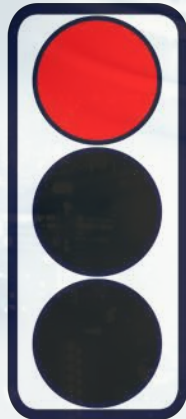


FACTORS THAT INFLUENCE DRIVER PAY MOVEMENT

DRIVER
TURNOVER



DRIVER
SUPPLY



Pay model key:

Green indicates positive conditions for fleets

Red points to poor conditions

Yellow means neutral conditions

- ➔ Driver pay cannot increase when freight rates are **red**
- ➔ Freight rates act as a gatekeeper for driver income; no meaningful upward movement can occur unless freight rates are green
- ➔ When driver supply is **red**, driver income cannot decline

FREIGHT
RATES

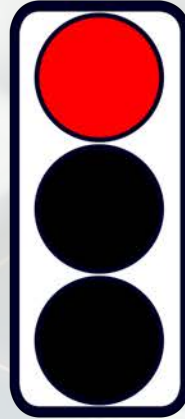


CAPACITY
DEMAND

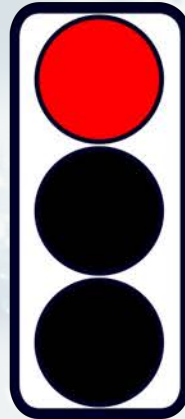


2021 Q4 DRIVER PAY CONDITIONS

DRIVER
TURNOVER



DRIVER
SUPPLY



FREIGHT
RATES



CAPACITY
DEMAND

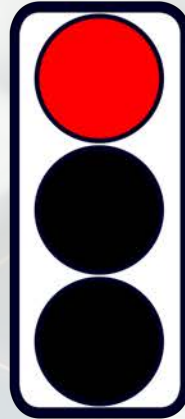


- ➔ Driver turnover was highly elevated
- ➔ Driver supply was constricted
- ➔ Freight rates were at the peak of a boom cycle
- ➔ Demand for capacity was still outpacing supply

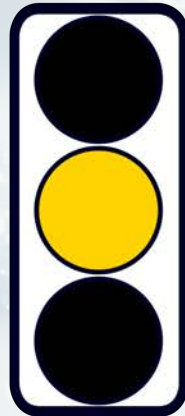
**Wages in 2021 rose with
historically high momentum (~10%)**

2022 Q4 DRIVER PAY CONDITIONS

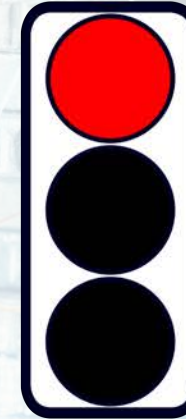
DRIVER
TURNOVER



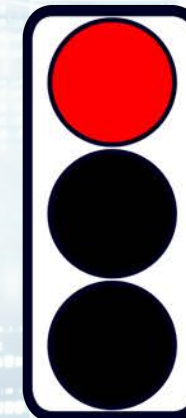
DRIVER
SUPPLY



FREIGHT
RATES



CAPACITY
DEMAND

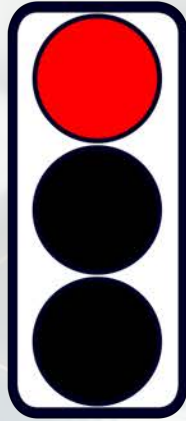


- ➔ Driver turnover remained elevated
- ➔ Driver supply became more in balance
- ➔ Freight rates were in a notable downcycle
- ➔ Capacity loosened as demand slipped

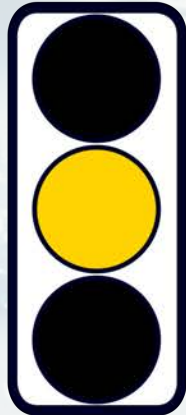
**Wages in 2022 grew slightly,
but were mostly flat in the back half of the year**

WHERE ARE WE NOW? 2023 Q4 DRIVER PAY CONDITIONS

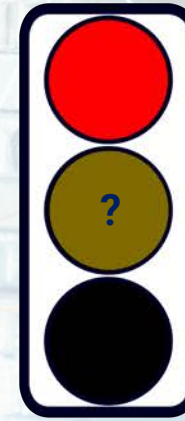
DRIVER
TURNOVER



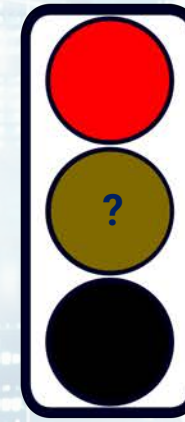
DRIVER
SUPPLY



FREIGHT
RATES



CAPACITY
DEMAND



- ➔ Driver turnover remains elevated
- ➔ Driver supply remains neutral
- ➔ Freight rates appear to be near this cycle's bottom
- ➔ Capacity has exited the market, moving supply and demand into better equilibrium, though excess capacity remains

Wages in 2023 have seen little momentum, with gains concentrated where the hiring funnel narrows

DRIVER SHORTAGE EMPHASIZED AFTER 2-YEAR MARK

APPLICANTS WITHOUT EXPERIENCE OUTNUMBER EXPERIENCED DRIVERS 3 TO 1

ONCE MINIMAL TRAINING IS ACHIEVED, THEY START JOB SEEKING OR ARE HUNTED AT 3 MONTHS, 6 MONTHS, AND 9 MONTHS

1 YEAR OF SAFE DRIVING (NOW CONSIDERED EXPERIENCED)

2 YEARS DRIVING EXPERIENCE (A PREVALENT MINIMUM)

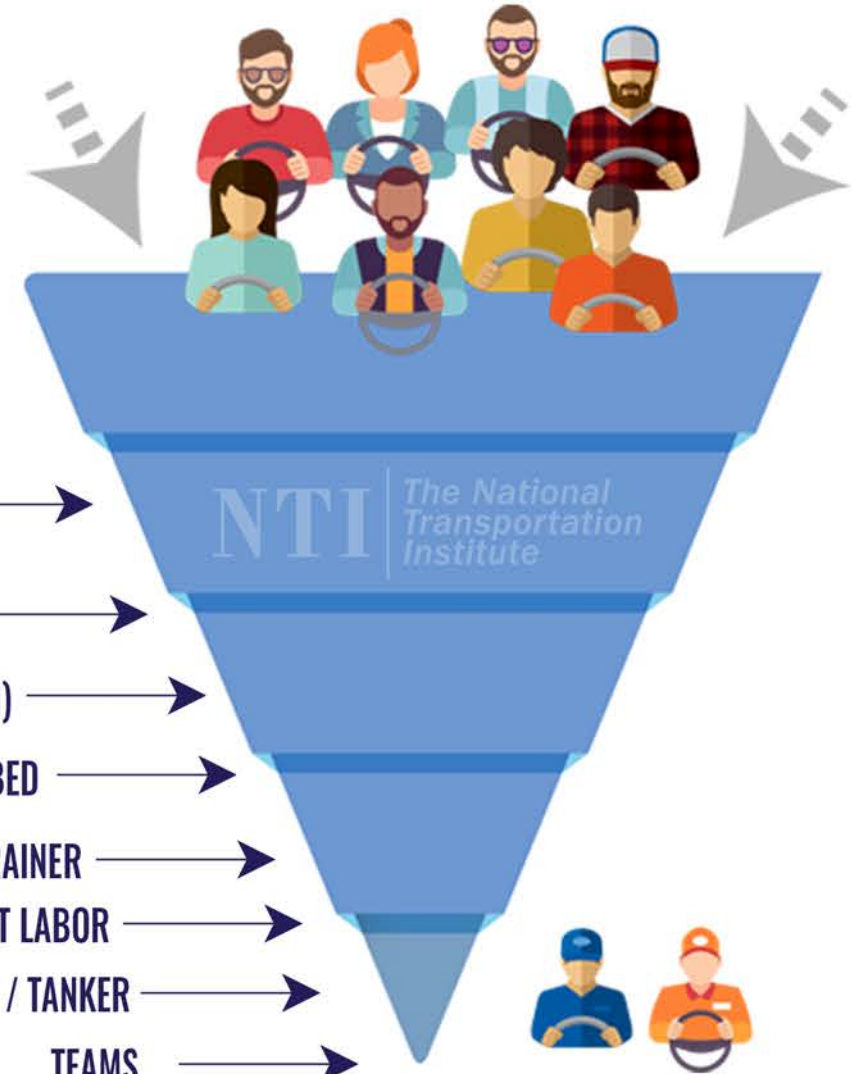
3 YEARS OF EXPERIENCE, SAFE BACKGROUND, AND/OR FLATBED

TRAINER

HIGHEST LABOR

HAZMAT CERTIFIED / TANKER

TEAMS

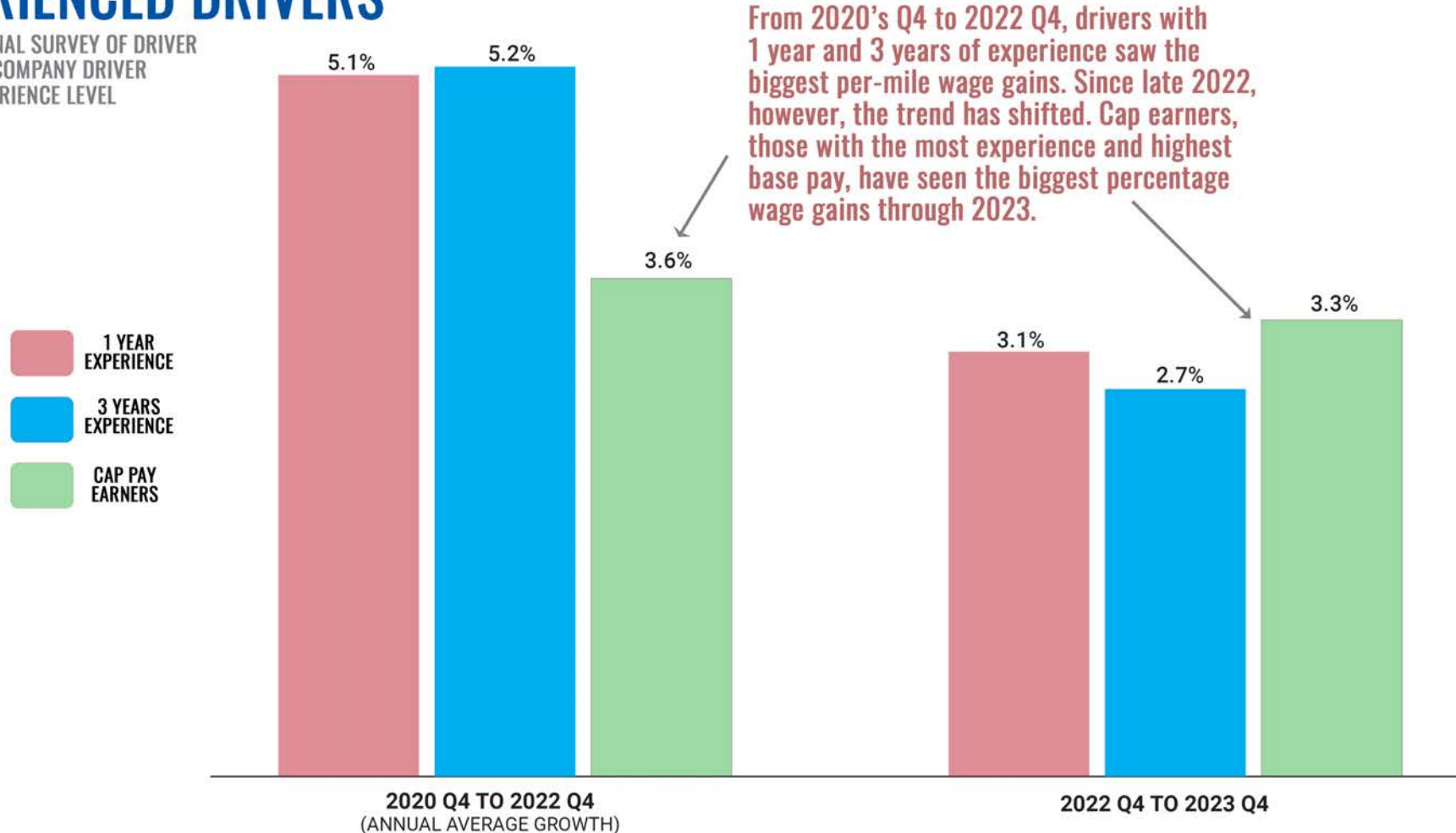


Many, if not most, motor carriers and private fleets will only accept a driver with two years or more of experience, meaning that hiring competition is especially fierce at this narrow point of the driver hiring funnel

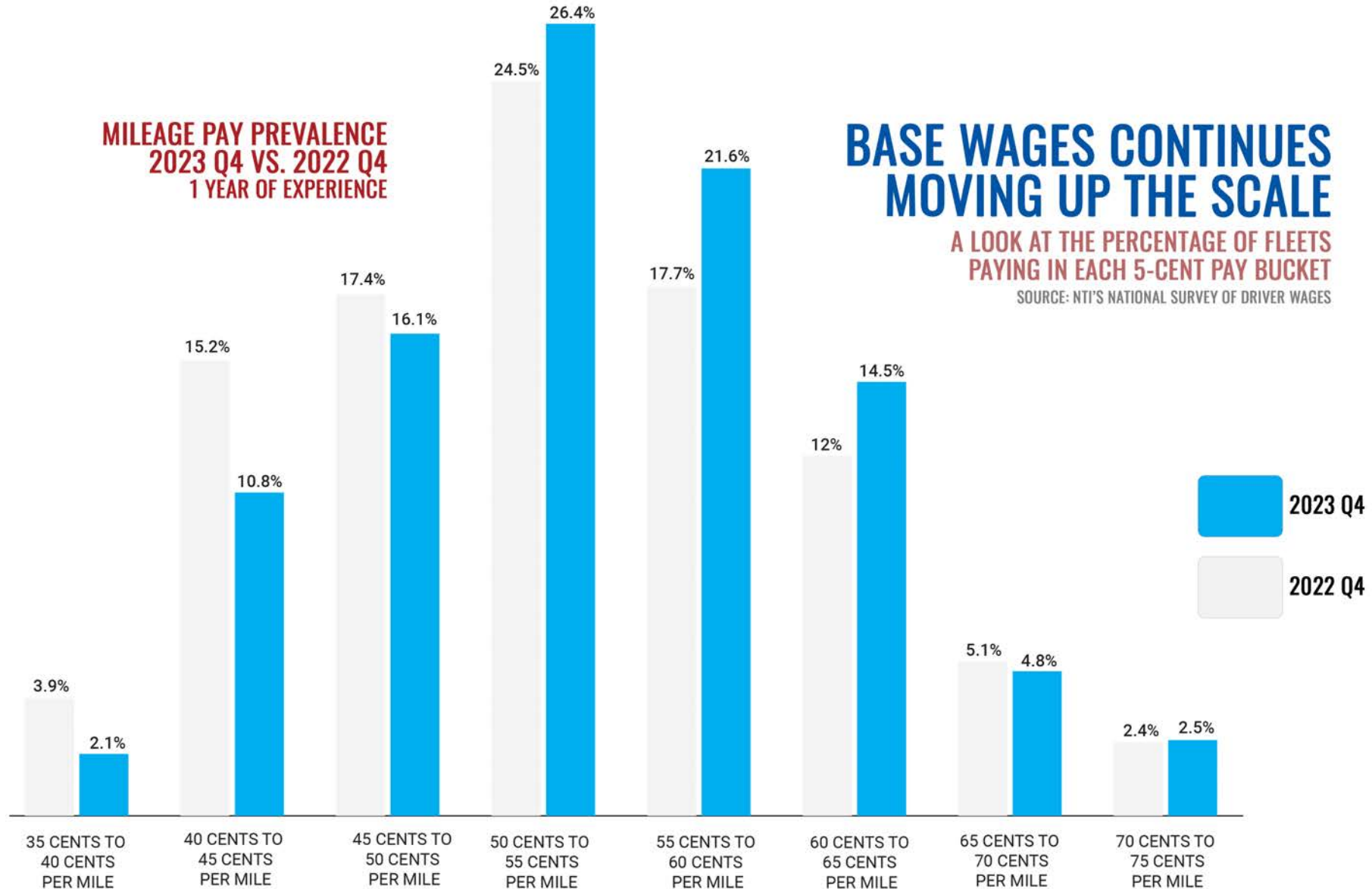
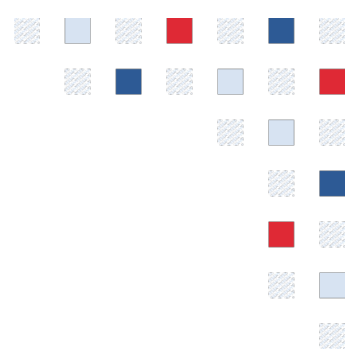
WHERE WE'VE OBSERVED WAGE MOMENTUM IN 2023

FLEETS SHIFT WAGE ATTENTION TO EXPERIENCED DRIVERS

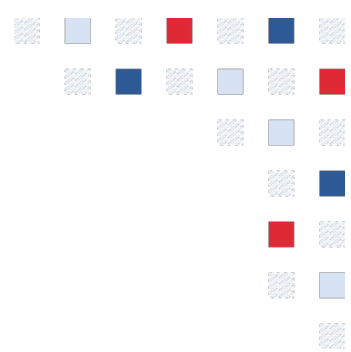
SOURCE: NTI'S NATIONAL SURVEY OF DRIVER WAGES, COMPARING COMPANY DRIVER MILEAGE PAY BY EXPERIENCE LEVEL



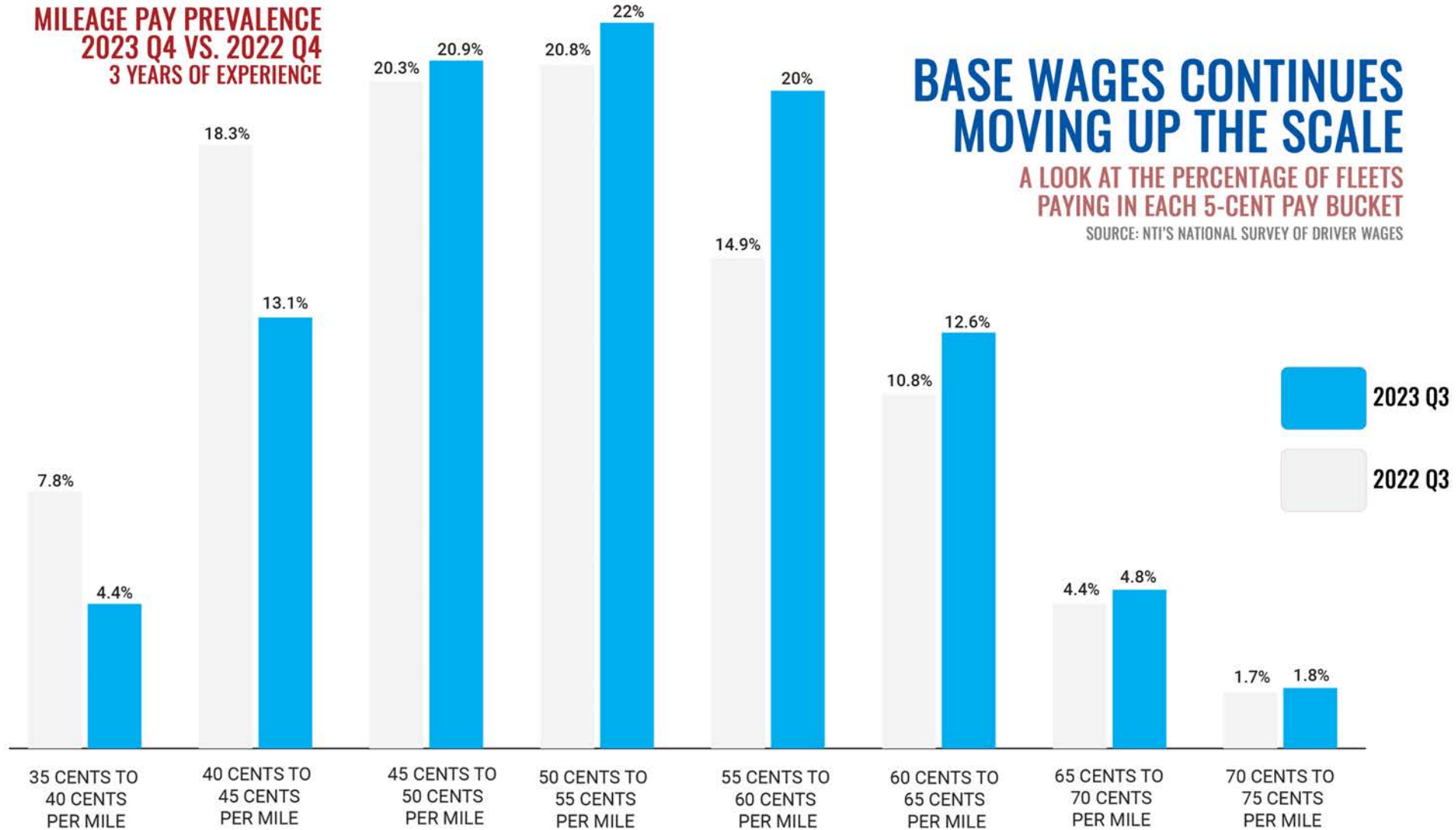
NATIONAL SURVEY OF DRIVER WAGES



NATIONAL SURVEY OF DRIVER WAGES



MILEAGE PAY PREVALENCE
2023 Q4 VS. 2022 Q4
3 YEARS OF EXPERIENCE



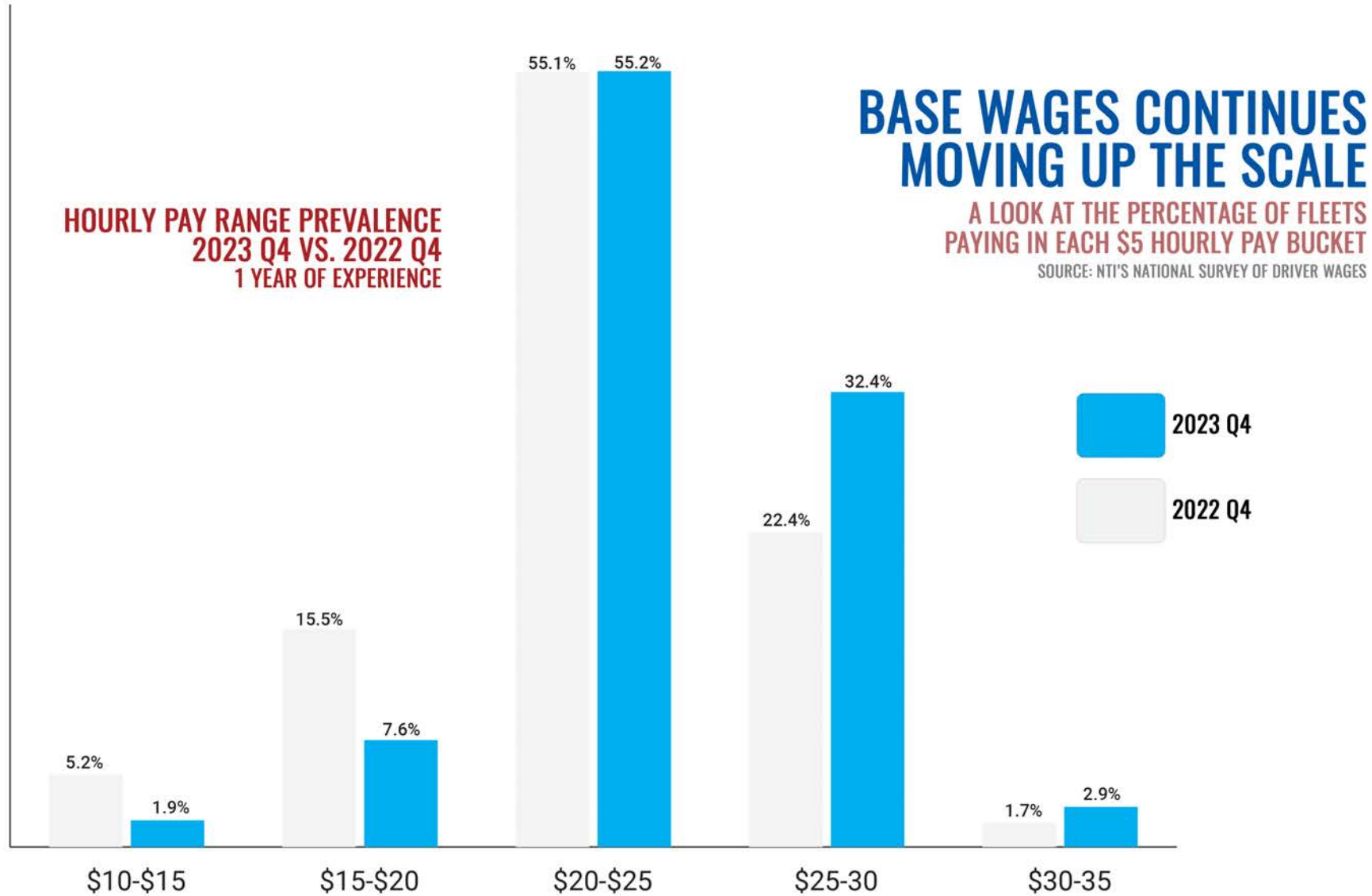
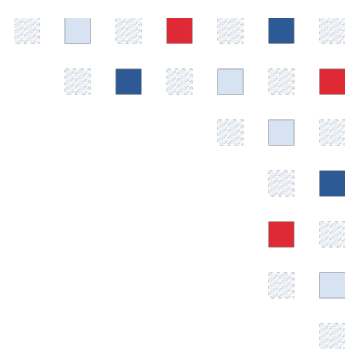
BASE WAGES CONTINUES
MOVING UP THE SCALE

A LOOK AT THE PERCENTAGE OF FLEETS
PAYING IN EACH 5-CENT PAY BUCKET

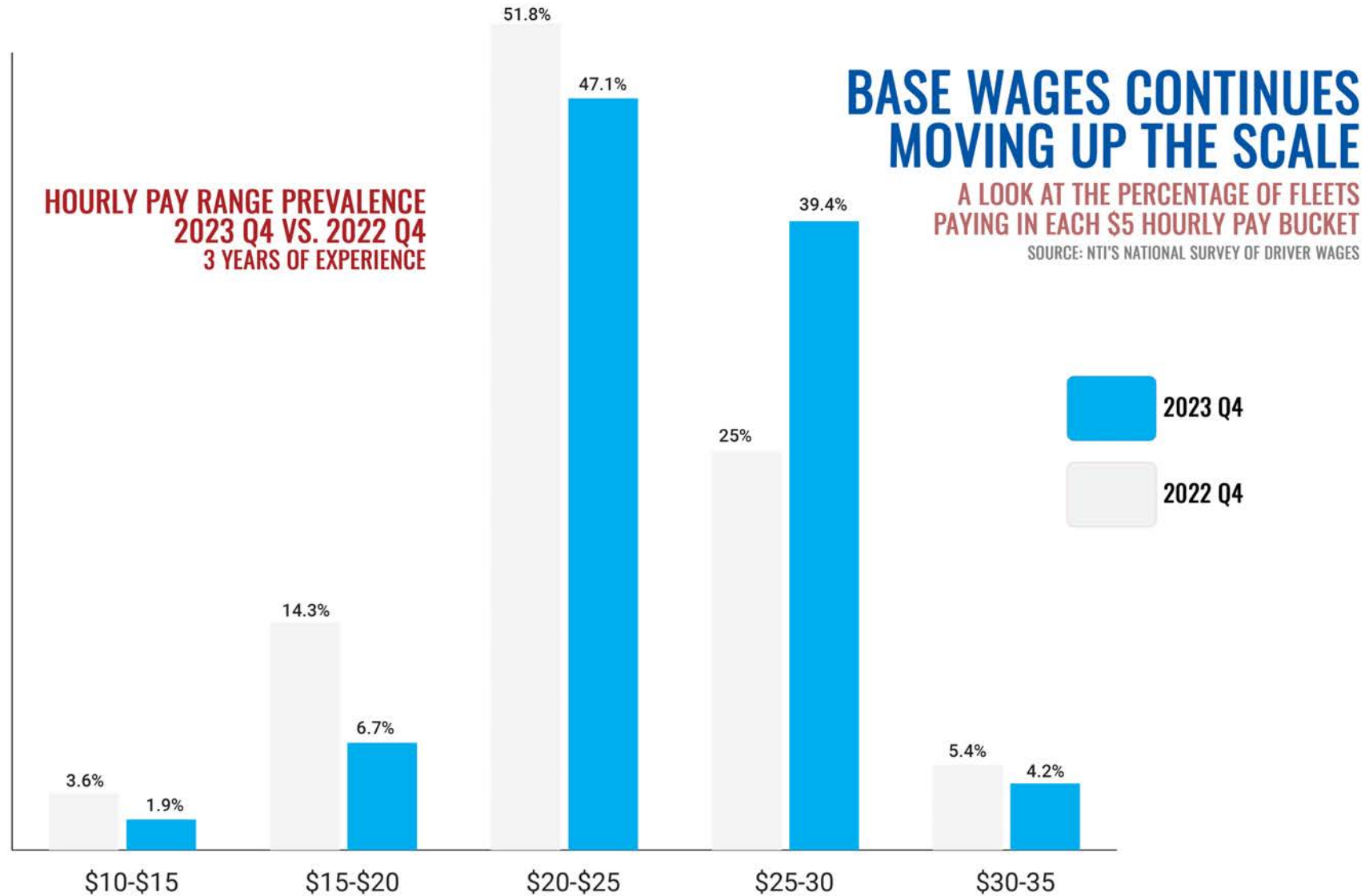
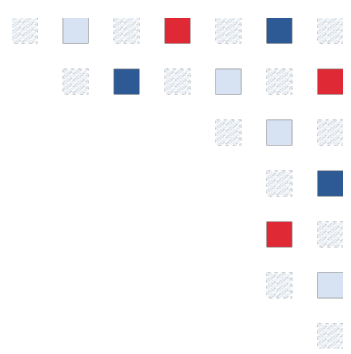
SOURCE: NTI'S NATIONAL SURVEY OF DRIVER WAGES

2023 Q3
2022 Q3

NATIONAL SURVEY OF DRIVER WAGES



NATIONAL SURVEY OF DRIVER WAGES



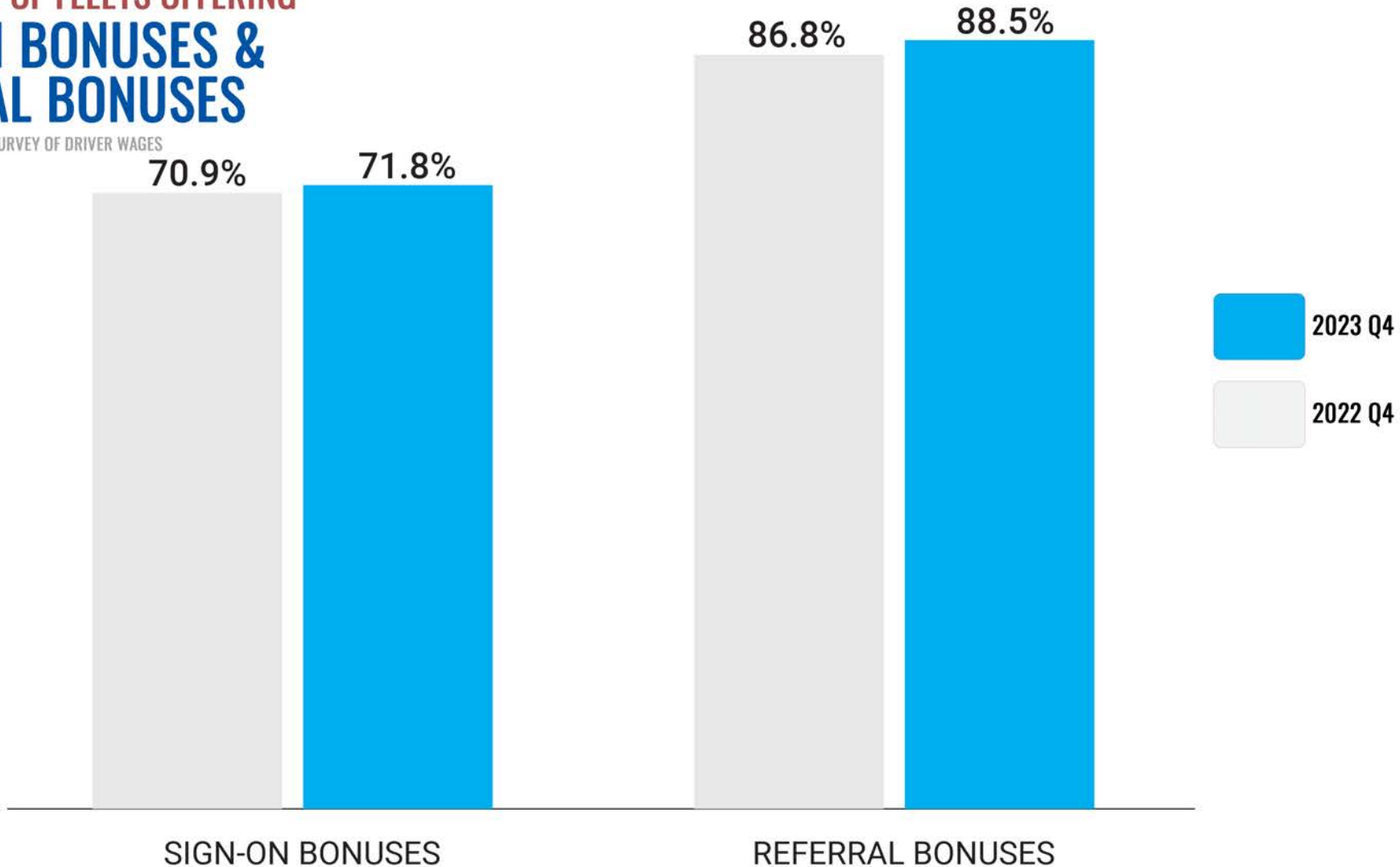
NATIONAL CITY-CENTRIC DRIVER PAY SURVEY



SIGNALS FROM RECRUITING INCENTIVES

PREVALENCE OF FLEETS OFFERING SIGN-ON BONUSES & REFERRAL BONUSES

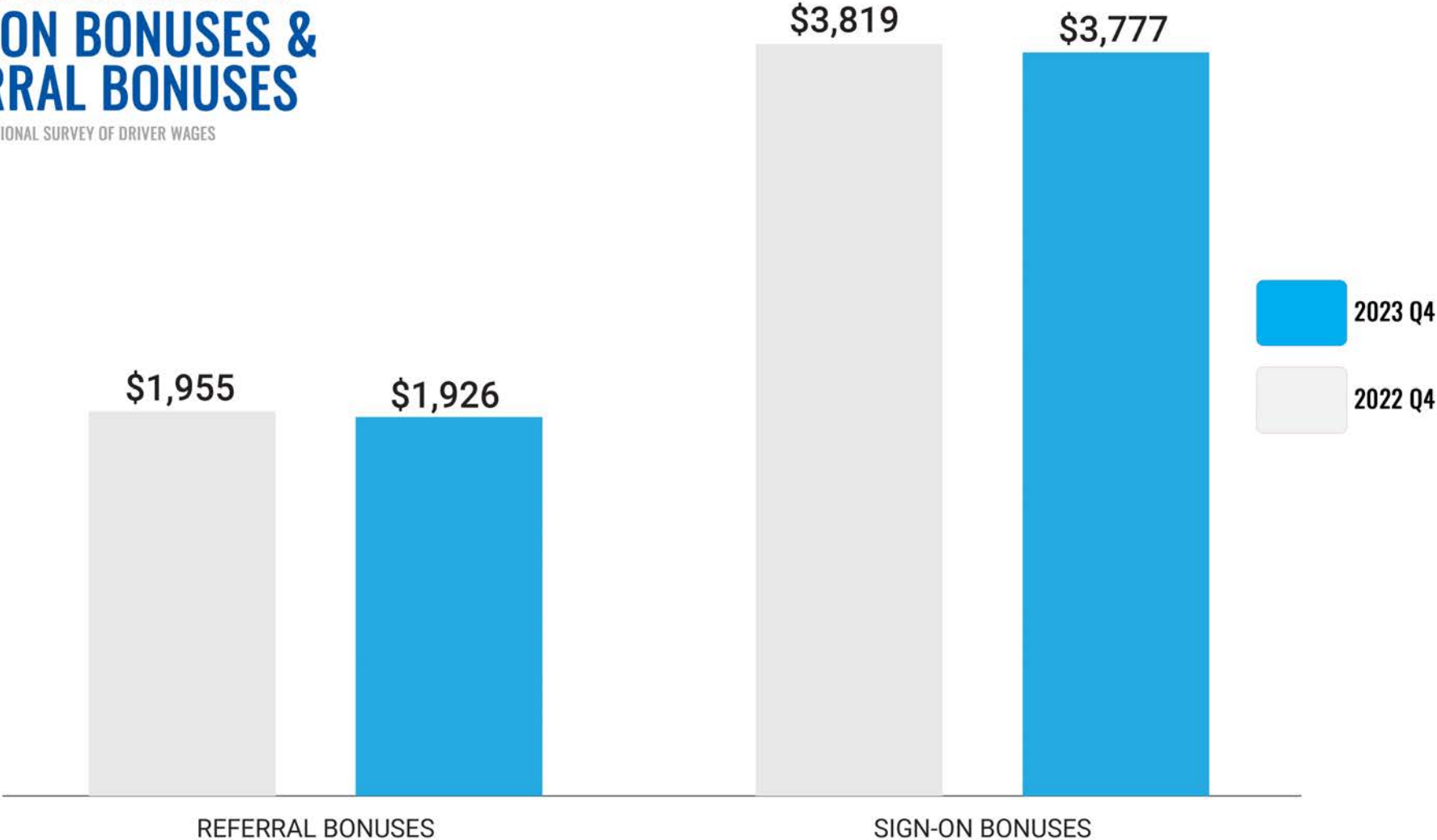
SOURCE: NTI'S NATIONAL SURVEY OF DRIVER WAGES



SIGNALS FROM RECRUITING INCENTIVES

AVERAGE DOLLAR AMOUNT OF SIGN-ON BONUSES & REFERRAL BONUSES

SOURCE: NTI'S NATIONAL SURVEY OF DRIVER WAGES



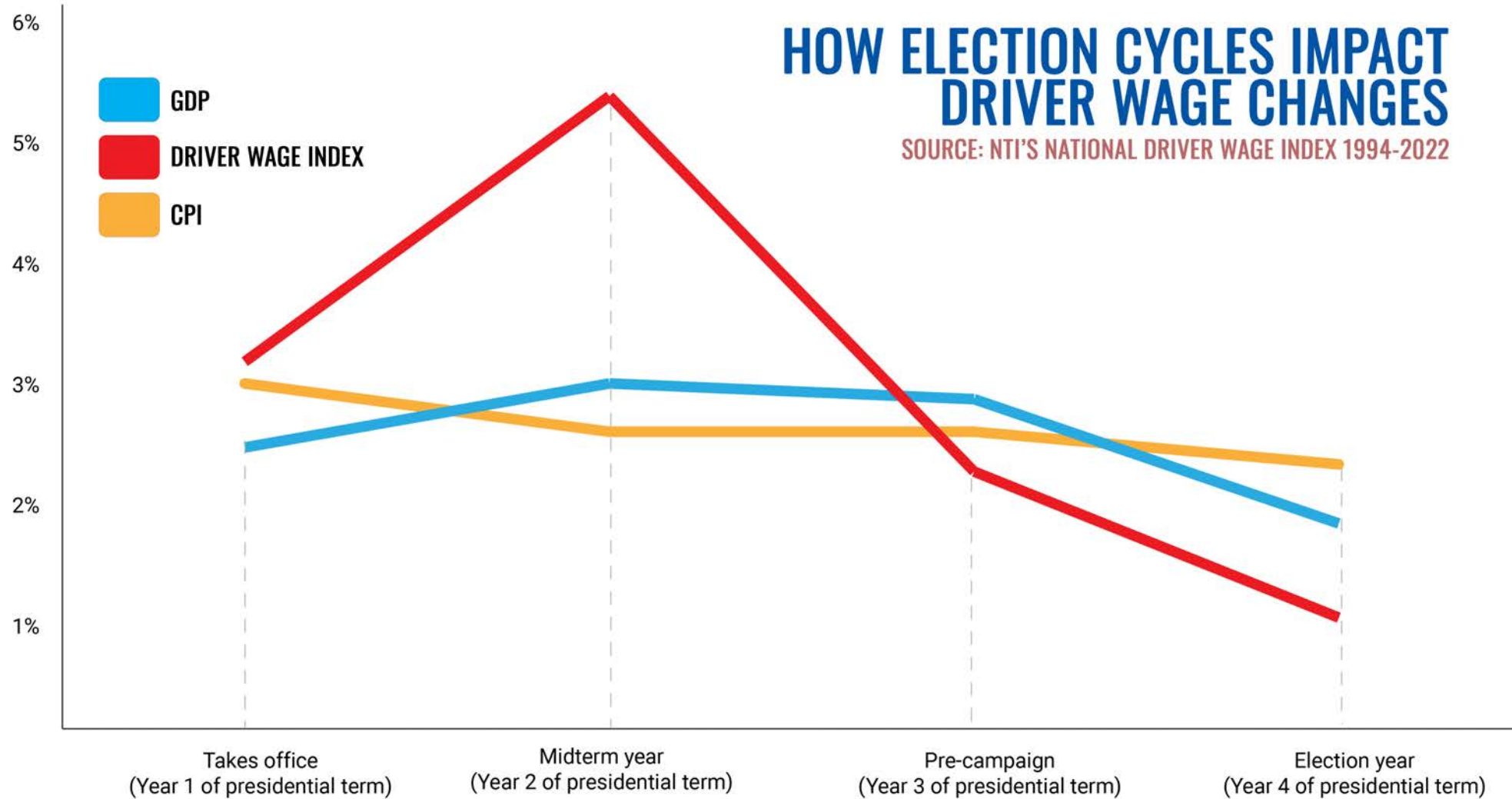
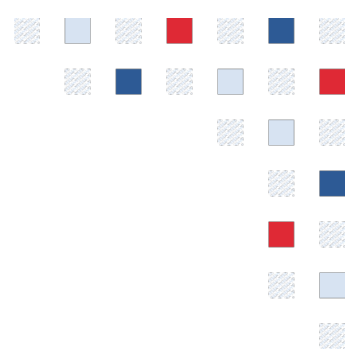
A LOOK AT OWNER-OPERATORS

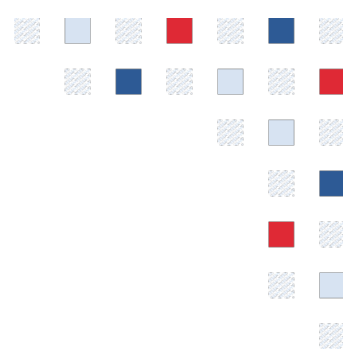
OWNER-OPERATOR PAY MOVEMENT IN 2023

SOURCE: NTI'S NATIONAL SURVEY OF DRIVER WAGES



2024 ELECTION AND PAY FORECASTING





WHAT WE'RE WATCHING



Where wages have fallen: While drivers with any amount of experience – 1 year and above, and particularly for drivers with greater experience – base pay continues to climb. Where we've seen reductions in the data and anecdotally is in the cost to acquire new drivers. Fleets aren't putting as much of an emphasis on amplifying pay for inexperienced drivers, because the market has allowed a correction.



Tracking W2s: Despite climbing base pay, W2 data is flat, and in some areas likely could decline in 2023. That's because productivity is down. Drivers are seeing more layovers and fewer loads, miles, hours, etc. So even though their mileage or hourly wages are stronger this year, their take-home pay might not reflect those gains.

“Freight rates and high expenses are killing us. **Will we survive?**”



“I want to **mentor** new drivers and young people considering trucking.”

“**Keep us productive, don’t micromanage – with management OR technology!**”



I’m a trainer, but my company stopped training, and my pay has taken a big hit!

“I was happy with where my paycheck was, but my miles are way down. So I’m taking home the same or less than I was even though my pay ‘went up.’”

WE  TRUCKERS™

WHAT WE’RE HEARING FROM PROFESSIONAL DRIVERS



“I may have to give my truck up and try to find a company job if things don’t turn around.”

“What’s next for me? How do I continue my career after driving?”



“Pay! Benefits! Retirement! Break it down so I understand. Is all my time valuable?”



“As an owner-operator, my take-home pay this year is 30% lower than a year ago.”

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WHAT WE'RE WATCHING

CONGRESS EYES FLSA OVERHAUL, OVERTIME PAY REQUIREMENTS FOR DRIVERS



Bipartisan bill would grant overtime pay to truckers

Teamsters and owner-operators cheer congressional proposal, but transportation industry group ATA calls it misguided.



Bipartisan bill introduced to guarantee truck drivers overtime pay

Lobbying group representing large trucking companies says bill would boost inflation

 Rachel Premack · Sunday, November 12, 2023




- U.S. legislators again introduced a bill aiming to make overtime a possibility for many truckers, whereby the legislation would remove a Fair Labor Standards Act exemption for the industry.
- A bipartisan group introduced the measure Thursday, seeking to switch a practice that has restricted many drivers from the extra pay for over 80 years, according to lead sponsor Sen. Alex Padilla, D-Calif.
- “Requiring overtime will create an incentive for the shippers, receivers, and carriers to get cargo loaded and unloaded — keeping truckers and our supply chain moving,” Padilla said Thursday in support of the bill.

CONGRESS EYES FLSA OVERHAUL, OVERTIME PAY REQUIREMENTS FOR DRIVERS




This would obviously be a massive sea change for trucking and carrier operations.


Many private and dedicated fleets, as well as innovative for-hire fleets, already leverage a hybrid pay model (hourly + miles, miles + component, etc.)



Benefits would be forcing all components of the supply chain to recognize the value of fleets' time, of drivers' time, of equipment downtime, etc., and addressing one of drivers' loudest complaints: unpaid and unproductive time.

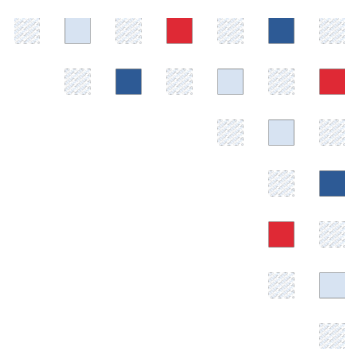


Due to legal changes in West Coast states, some fleets who do business in those states already track and model hours as a default to make sure they're meeting minimum wage for unproductive time. While it's common, it's far from the norm, however.



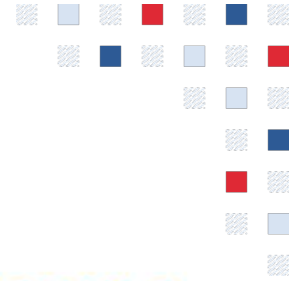
FLSA changes could lead to increased driver churn at fleets not embracing an hourly component or guaranteed pay / weekly paycheck minimums, especially if fleets cut pay to compensate for increased overtime. Could also lead to larger shifts like increased slip-seating, more regional routing models, etc.

CONGRESS EYES FLSA OVERHAUL, OVERTIME PAY REQUIREMENTS FOR DRIVERS

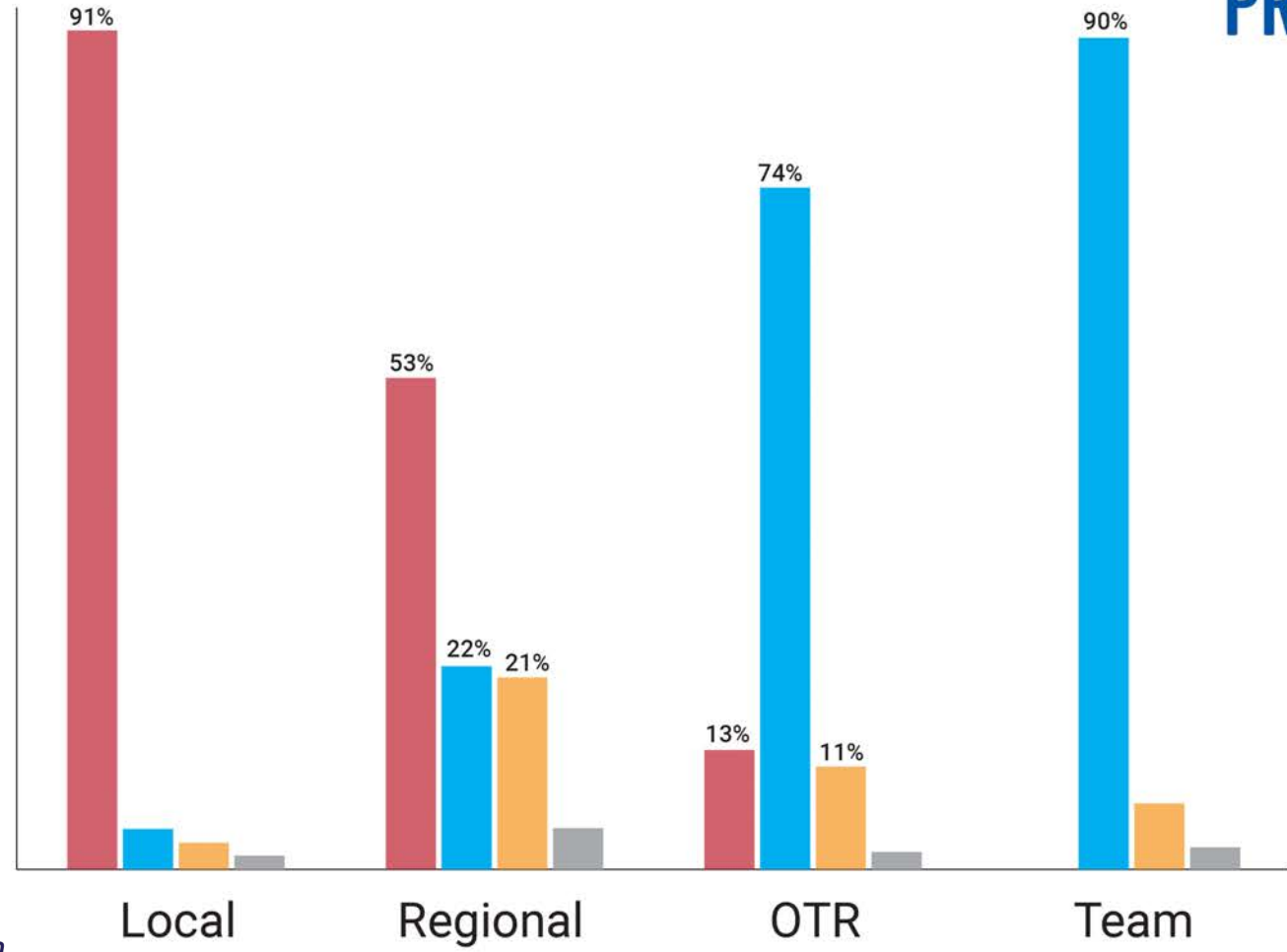


The National Transportation Institute works with hundreds of companies who already pay hourly and overtime. The models, the market data, and the support to understand how to structure and administer overtime pay already exist in our database

CONGRESS EYES FLSA OVERHAUL, OVERTIME PAY REQUIREMENTS FOR DRIVERS



PREVALENCE OF PAY MODELS BY DRIVER SEGMENT



SOURCES:
NTI'S NATIONAL SURVEY OF DRIVER WAGES
NTI'S NATIONAL PRIVATE FLEET SURVEY
NTI'S NATIONAL DEDICATED FLEET SURVEY
NTI'S NATIONAL CITY-CENTRIC DRIVER PAY SURVEY

- HOURLY
- PER-MILE
- MILEAGE / HOURLY
- COMPONENT PAY

EXPERT GUIDANCE & BUSINESS INTELLIGENCE DELIVERED

When your team needs accurate, actionable data and expert guidance to feed critical decisions about your fleet's compensation packages, contact
The National Transportation Institute:



DriverWages.com

