

COMPENSATION AND BENEFITS IN TEXAS TRUCKING COMPANIES



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Four out of five Texas trucking companies offer merit-based pay increases, while 82 percent offer health insurance benefits and almost a third of those pay the full cost.

Those were some of the findings of the first ever Texas Trucking Industry Compensation and Benefits Study, which follows five years of studies by the Texas Trucking Alliance focused on industry demographics, financial benchmarks,

human resources, and safety.

The Alliance was created in 2010 to study and bring attention to the industry's best practices and is composed of Business Financial Group, SelecTransportation Resources, and the TXTA Foundation. Data was collected by the research firm Decision Analyst. This year's Compensation and Benefits Study resulted from numerous requests received from Texas Trucking Association members.

Ninety-four companies, 57% of which were TXTA members, were surveyed online from February 28 through May 8, including 20 with 10 or fewer drivers, 69 with 11

to 300 drivers (73 percent of the sample), and five with more than 300 drivers. Common motor carriers were 52 percent of the sample, while contract motor carriers were 23 percent, private carriers were 16 percent, and independent contractors were 9 percent.

SALARY AND WAGES

Regarding salary and wages, the study found that 78 percent of companies provide merit-based pay increases and 65 percent offer cost of living adjustments. Ninety-four percent base bonuses on individual performance, while 81 percent also pay

bonuses based on company performance. Sixty-four percent offer bonus pay for accident-free mileage or other safety achievements to employee drivers, while 46 percent offer it to owner-operators. Forty-eight percent offer a longevity bonus to employee drivers, while 27 percent offer it to owner-operators.

Forty-six percent use both employee drivers and independent owner-operators, while 40 percent use only employee drivers. Employee drivers are most commonly paid by a flat rate per mile and through hourly wages. Owner-operators are paid most commonly based on the percentage of freight. Sixty-four percent of respondents reported paying that way, while 36 percent reported based on cents per mile and 34 percent paid by the load. (Some carriers pay using more than one method.) For local lanes, 62 percent reported paying based on rate per load, while 31 percent pay based on rate per job and 22 percent on rate per mile. Thirty-nine percent of carriers using owner-operators pay chassis splits, while 70 percent provide a fuel card.

Another 57 percent pay a fuel surcharge, while 56 percent pay for waiting time. About half of Texas trucking companies expect owner-operators to pay 100 percent of the costs for liability, physical damage, nontruck liability and occupational accident insurance.

Most companies review their salary and compensation packages on an as-needed basis rather than at regular intervals. Employee drivers were most likely to receive performance evaluations, usually on an annual (36%) or quarterly (30%) basis. Seventy-seven percent of respondents said office staff receive performance evaluations, while 62 percent said owner-operators receive them.

INSURANCE

Eighty-two percent of Texas trucking companies offer health insurance to their employees and employee drivers. Companies pay an average of 59 percent of the cost of employee premiums, but 30 percent pay the full cost. Twenty-five percent offer coverage to their owner-operators, the

most common type of insurance offered that group. Fifty-seven percent offer no insurance benefits to owner-operators.

Among other insurance benefits, 71 percent offer life insurance coverage to employees and employee drivers, while 70 percent offer a dental plan, 65 percent offer a vision plan, and 62 percent offer a prescription drug plan. Another 54 percent offer employees short-term disability insurance, while 53 percent offer long-term disability insurance.

RETIREMENT AND OTHER BENEFITS

Two-thirds of respondents offer some kind of retirement benefit. The most common, 60 percent, is a 401(k) plan, with an average participation rate of 66 percent and employees vested after an average of about four years. Eighty-two percent of carriers offering a 401(k) contribute to the plans, while 20 percent automatically enroll their beneficiaries. Thirty-six percent said their benefits qualify as "safe harbor" plans because of the employer contributions, while 32 percent were not sure. Eleven percent of companies offer a profit-sharing plan, while 6 percent offer a defined benefit plan, 5 percent offer a simple IRA, and 3 percent offer a stock ownership plan.

Eighty-five percent offer paid leave to their office staff and employee drivers, broken down by the following average amounts:

- Paid vacation leave, 10.1 days
- Paid sick leave, 7.7 days
- Paid maternity leave, 30.7 days
- Paid paternity leave, 20.2 days
- Paid holidays, 6.5 days

Sixty percent of respondents offer drivers access to education or training, while other benefits include free parking or a parking subsidy and access to driver facilities with amenities. Employee drivers also received help with licensing and exam fees, while owner-operators were offered flexible work schedules. Office staff perks including free parking or a subsidy, flexible work schedules, and overtime pay for managers.

Sixty-eight percent of surveyed companies reported they do not provide any

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additional supplemental benefits to employees who are considered “key” or “highly compensated.” Of those who do offer supplemental benefits, the most common offerings were a bonus (16%) or stock options (11%).

Most carriers offered other types of recognition programs, the most common being praise from a direct supervisor (83%), praise from company owners and senior leaders (80%), driver recognition awards (68%), and a company celebration or party (68%).

OTHER RESULTS

Among the other results of the survey, 63 percent reported 2016 annual revenues of less than \$25 million. A majority have 20 or fewer non-driver employees. Seventy-six percent are private companies, with most having 1-3 locations in Texas. Most headquarters are located in either a large city (47%) or small city (34%). Another 13 percent were located in a suburban area.

Most companies surveyed (69%) reported staffing changes, most frequently

EIGHTY-TWO PERCENT OF TEXAS TRUCKING COMPANIES OFFER HEALTH INSURANCE TO THEIR EMPLOYEES AND EMPLOYEE DRIVERS.

among employee drivers. On average, the number of departures/layoffs was offset by hiring, with a very slight edge to hiring. If the change was the employee’s decision, the top reason was “better opportunity elsewhere inside the industry,” followed by “retirement” and “better opportunity elsewhere outside the industry.” If the change was the company’s decision, the top reason was “termination for poor performance” followed by “incompatible with company culture” and “termination for cause.”

Respondents said 66 percent of their drivers are over the age of 40. Overall, the average reported tenure of an employee driver is 6.8 years and of an independent

owner-operator is 7.1 years. Ninety-four percent of company drivers are male, and almost half of the carriers surveyed had no female drivers.

Surveyed companies said their typical customer is either an independent business or shipper. Services offered include:

- Dry goods and general commodities (47%)
- Sand, gravel, aggregates, grain, corn or similar free-flow bulk materials (33%)
- Machinery, construction/industrial equipment (33%)
- Home-furnishing and personal household goods (31%)
- Oversized or extra-heavy loads (30%)
- Oil field pipe and supplies (24%)
- Refrigerated goods, fresh produce (23%)
- Nonhazardous liquids (22%)
- Ocean-going intermodal containers (19%)
- Flammable or other hazardous materials/liquids (19%)
- Cotton (14%)
- Autos (11%)
- Livestock (7%)
- Other (3%)

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