

## Report on Port Truckers' Survey at the New Jersey Ports

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**The U.S. trucking industry was deregulated in 1980 by the Federal Motor Carrier Act of 1980. Since that date, most of the trucking firms that had conducted trucking to and from the nation's ports have ceased operations, to be replaced by small companies that assign most of their shipping orders to independent contractors who are paid by the load. The unionized Teamsters who did port trucking under collective bargaining agreements are gone, replaced by drivers who are legally classified (or misclassified) as businessmen.**

**In recent years, employers have reported shortages of drivers, and local governmental and non-governmental agencies have responded with efforts to train new drivers. At the same time, community groups have expressed interest in making it possible for members to gain access to these jobs, particularly because the logistics industry has been growing rapidly in recent years.**

**This report is intended to shed light on the port trucking labor market, to help government, employer, and community groups understand why there has been a continuing shortage of port truckers, and to provide insight into the feasibility of expanding the supply of port truckers through publicly-sponsored training programs. Funds to support this research were contributed by the National Science Foundation, and by the New Jersey Department of Labor and Workforce Development, through a contract with the Community Partnership.**

## Executive Summary

This survey, funded by the New Jersey Department of Labor, surveyed 299 truck drivers selected at random at the ports of Newark, Elizabeth, and Bayonne. This survey found that,

1. Approximately 7,000 port truckers deliver and pick up containers at the ports of New York and New Jersey daily. Nearly three-quarters are independent contractors who have their own trucks and make moves assigned by a single trucking company, which pays them on a per-load basis. Most of the rest of the port truckers are employees of trucking firms. Companies with 10 or fewer employees and 10-20 independent contractors are most common.
2. The truckers' earnings are low: the independent contractors net \$28,000 per year, without health insurance or pension benefits. Employees earn about \$35,000; some receive health benefits but few receive pension contributions. In hourly terms, the independent contractors earn a shade less than \$10 per hour; employee drivers \$12.
3. Most (73.5%) families of independent contractors and half the employee drivers' are medically uninsured. Nearly one-quarter of the independent contractors said that they receive no medical care at all because they can not afford it.
4. Most drivers are men, with the modal age being 35-44. Latino immigrants comprise 2/3 of the total. The neighborhoods in which most truckers reside are working poor neighborhoods in Newark and Elizabeth and Jersey City, areas with lots of rental housing and endemic un- and under-employment.

5. Most drivers call at most or all of the terminals. Their typical trip is a “short-haul” of 75 miles or less one way. They usually make 2-3 trips per day. On each trip to the terminal, they spend two hours waiting on line.
6. The average port trucker drives a vehicle that is 11 years old. Diesel engines of this vintage pollute at least ten times more than modern ones, consume more fuel, cost more to maintain, and require frequent repairs. The most dangerous element of diesel engine emissions is the particle of 2.5 microns or less in diameter. These fine particles are coated with over 40 dangerous substances, and when passed into the bloodstream through the lungs, cause asthma, lung cancer, and heart disease.
7. More than half the independent contractors over 35 have finished paying off their leases; less than half the drivers below the age of 35 have done so. The median monthly lease payment is \$967/month.
8. Neither independent contractors nor employee drivers are allowed by the trucking companies to make deliveries for another company.
9. Fuel is the largest expense of the independent contractors. They also pay for repairs, maintenance, road taxes, bobtail insurance, tolls, traffic fines, radio and/or telephone bills, tax preparation, and so on. These expenses total more than \$5000 per month, even more for those drivers still paying off their truck lease, which averages almost \$1000 per month.
10. On average, their waiting time at the terminal is two hours. While employee drivers are paid for their waiting time, independent contractors are not.
11. Many drivers (35%) said they had been given an unsafe chassis by the terminal more than 10 times in the previous year. Standard procedure is to have the chassis fixed by the terminals before the drivers take it out on the road. Doing this means that drivers will have to wait for the repair to be completed. As a result, more than a third of the drivers tried to fix the chassis themselves, and one-eighth of the drivers said that the last time they had been given an unsafe chassis, they had taken it out on the road. Projected over a year, this would mean that ten thousand unsafe chassis leave the port making freight deliveries every year.
12. Drivers report that they suffer from high levels of stress, high blood pressure, and asthma, as well as work-related chronic health conditions and injuries. When independent contractors are injured, their employers usually take no action. Health studies indicate that the truckers’ heart and lung conditions, caused by exposure to vehicle exhaust, result in elevated mortality rates.
13. Almost two-thirds of the drivers said they would be “very likely” to join a union if they could. Less than ten per cent said they would be “not very likely” to do so.
14. The median driver said that he changed jobs “once every couple years.” Fifteen per cent of the drivers said they changed jobs “several times a year.” The leading causes of turnover were “the pay wasn’t good enough,” and “disputes over pay.”

## **Implications**

15. The truckers' low pay and independent contractor status impede the efficiency of New Jersey's logistics system, causing delays, unpredictable delivery times, highway congestion, congestion within the terminals, air pollution, and missing or lost containers. As a consequence, New Jersey's logistics system has built in extra capacity, warehousing costs, and time cushions. The "Just-in-time" logistics model heralded a decade ago has given way to a "Just-in-case" reality. This adds billions of dollars to the cost of doing business in New Jersey.
16. The New Jersey logistics industry, with its reliance on poorly paid independent contractors to do the lion's share of port trucking, is externalizing many of its costs on the public. Among the costs of moving freight that are being passed onto the public are the health care costs of the drivers and their families, the damage done by diesel emissions to the health of residents of the metropolitan region as well as to the workers in the logistics industry, and the costs of traffic congestion and traffic accidents on the main freight routes.  
To understand points 15 and 16 fully, please refer to the body of this report.

### **Part I: A Survey of Port Truckers and the Drayage Industry**

Every day at the ports of Newark and Elizabeth, and at the Global Terminal in Bayonne, roughly seven thousand port truckers drive to the terminal gates. Approximately two-thirds of them are coming to pick up a container that has been unloaded from an ocean-going vessel that left a foreign port weeks earlier. Another third are coming to deliver a container that is to be loaded on to a ship for export. Until 2007, the ratio had been three to one, but the fall of the dollar on international markets increased exports, especially to Europe. The northern New Jersey ports, as constituents of the port of New York and New Jersey, the third largest port in the U.S., have played a major role in serving this export surge.

Every truck driver must produce a Sea-Link pass before he or she can enter a terminal gate. If a driver does not have a pass, he must first stop at the port office to register. After a background check that usually takes about an hour, the driver will be issued a pass. This

system verifies that the driver is authorized to carry the container, that he has a valid commercial drivers' license, and that his truck is insured.

More than thirty thousand drivers have Sea-Link passes, but this figure includes any trucker who has come to the port even once. There is no official data about how many drive to the port daily.

In March and April of 2008, six Rutgers students, under the supervision of Yael Bromberg and Professor David Bensman, of Rutgers University's School of Management and Labor Relations, conducted a survey of truck drivers bringing containers to or from the Ports of Newark and Elizabeth, as well as the Global Terminal in Bayonne. They collected 229 surveys from truck drivers, mostly at the gates of the PNCT and Global Terminals, and inside the Maher Terminal. (The APM Terminal of Elizabeth declined to cooperate, citing safety reasons.)

Members of the research team handed a copy of the survey instrument to a random selection of drivers and asked them to complete the survey. In exchange, the drivers were given gift cards worth \$20 when redeemed at local supermarkets and convenience stores. The surveys were confidential and were offered in English or Spanish. There were 53 questions, on such issues as work schedules, freight routes, earnings, health insurance and medical care, trucking companies, and attitudes towards unions. Completing the survey usually took drivers twenty minutes. In most cases, drivers were able to complete the surveys while they waited for various terminal operations to be carried out.

In addition to these randomly collected surveys, the research team collected another 70 surveys from drivers who attended focus groups at a local church, at a truck stop, and at a rally called to protest diesel fuel price increases. While the anonymity of the drivers was respected, the location of each survey's collection was coded on the survey, so that selection biases, if any, could be investigated. In the tables below, we **will use the entire group of 299 completed surveys as our total**, since the differences between the randomly selected drivers and those surveyed at community meetings were insignificant.

### **A. Demographic Characteristics of Port Truckers**

Most of the drivers are men of “Hispanic or Latino” background. There are only six (2.0%) women. The median age is 42. The largest group of Hispanic or Latino drivers come from the Dominican Republic (36), followed by Colombia (30), Ecuador (24), Puerto Rico (21), Honduras (13), and El Salvador (11).

**Table I. Race**

Count, N,299, =100%	Race, All Drivers
5 1.7%	Other
1 0.3%	Multiracial
1 0.3%	Native American
5 1.7%	Asian/Pacific Islander
11 3.7%	[Blank]
37 12.3%	White or Caucasian
42 14.0%	Black or African American
197 66.0%	Hispanic or Latino

**Table II. Age of Drivers**

Age Group	Count,
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	All Drivers N, 299=100%
18 to 24	6 2%
25 to 34	62 30.7%
35 to 44	106 35.3%
45 to 54	86 28.7%
55 to 64	33 11.0%
65 to 70	2 0.7%

All but 50 of the drivers (83.3%) live in New Jersey, most in northern Jersey not far from the ports. The largest concentrations of truckers are in Elizabeth, about four miles from the port (47), Newark (34), and Jersey City (24), New Jersey. The zip codes with the most truckers are heavily Hispanic, have far more renters than the state average, and have larger proportions of people living below the poverty average than the state as a whole. (15.4% for Elizabeth, 27.8% for Newark, 18.6% for Jersey City, compared to 8.2% for NJ).

**Table III. Zip Code Count, Zip Code by Ascending Order**

7	blank	5	07060	6	07304	1	08816	1	11378
1	02702	1	07063	8	07305	1	08817	1	11385
1	02703	4	07065	6	07306	1	08831	1	11414

1	02708	2	07067	4	07307	2	08837	1	11432
1	02861	2	07080	1	07407	1	08844	1	11433
1	03340	1	07081	1	07424	2	08854	1	11746
1	05150	4	07083	1	07503	1	08859	1	11756
1	06854	4	07087	2	07504	5	08861	2	13744
2	07001	1	07088	1	07513	3	08873	1	17370
7	07002	5	07093	2	07601	2	08879	1	18016
1	07003	1	07094	1	07603	1	10031	1	18017
5	07008	1	07095	1	07643	1	10032	1	18103
2	07011	3	07103	1	07657	2	10034	1	18109
1	07012	13	07104	1	07660	1	10303	1	18222
1	07014	3	07105	3	07666	1	10452	1	18353
1	07016	2	07106	1	07751	1	10458	1	18424
3	07017	3	07107	1	07801	1	10459	1	18444
1	07022	3	07109	1	07850	2	10466	1	18518
1	07024	3	07111	1	07901	1	10473	1	18610
1	07026	3	07112	1	08035	1	11203	2	18848
1	07029	1	07114	1	08050	1	11207	1	19125
3	07032	7	07201	1	08084	1	11210	1	21207
7	07036	17	07202	1	08124	1	11214	1	26525
1	07042	2	07203	1	08360	1	11219	1	37040
1	07043	4	07205	1	08704	1	11229	1	37304
10	07047	8	07206	1	08731	1	11234	1	40160
2	07052	2	07207	1	08753	2	11235	1	44265
1	07055	7	07208	1	08812	1	11377		

**B. Employment Status**

As is true in other ports in the U.S., most (73%) of the NJ port truckers are “independent contractors.” This means that they have their own truck, which they either own, or lease from a truck dealer. About half of the drivers under 35 (48.7%) are still making lease payments. Those over 34 more often (74.7%) have finished paying off their leases.<sup>1</sup> As one would expect, the drivers who have paid off their trucks tend to drive older trucks than those still paying off their leases; thus, older drivers tend to have older trucks which they have more frequently paid off, compared to younger drivers.<sup>2</sup>

<sup>1</sup> The proportion of drivers who had paid off their truck leases did not vary significantly based on ethnicity.

<sup>2</sup> This table shows that independent contractors still making lease payments have newer trucks than those who have paid off their trucks.

Truck Model Year	Independent Contractor who Owns & has Paid Off truck		Independent Contractor With Lease Payments	
	Count	%	Count	%
<b>1980 to 1984</b>	4	3.03	0	0
<b>1985 to 1989</b>	10	7.58	2	2.82
<b>1990 to 1994</b>	32	24.24	6	8.45
<b>1995 to 1999</b>	69	52.27	25	35.21
<b>2000 to 2004</b>	16	12.12	35	49.30
<b>2005 to 2010</b>	1	0.78	3	4.23
<b>N</b>	132		71	
<b>Mode</b>	1996 (16)		2000 (16)	
<b>Median</b>	1996		2000	

**Table IV: Age and Lease Pay-offs**

Age	Own and Paid off	%	Lease, still paying	%
15-24	3	100%	0	0%
25-34	20	51.3%	19	48.7%
35-44	52	69.3%	23	30.7%
45-54	38	84.4%	7	15.6%
55-64	16	76.2%	5	23.8%
65-74	0	0%	1	100%
Total	129	70.4%	55	29.6%

The trucking company contracts with the driver to make a delivery at a price specified. The company insures the truck and container, while the driver pays for fuel, road taxes, truck maintenance, tire insurance and tolls. As independent contractors, truckers are considered to be businessmen. This means that they are subject to the rules restricting companies from colluding; at the same time, they are not covered by labor legislation. Since the drivers are not considered to be employees under current law, the trucking companies do not have to pay for workers' compensation coverage or make social security contributions. These are the drivers' responsibilities. As businessmen, drivers are not covered by the wage and hours provisions of the Fair Labor Standards Act, not eligible for Unemployment Insurance protection, not protected by the Occupational Safety and Health Act.

Our survey attempted to discover what it means to be an independent contractor. One question asked drivers whether their employer allowed them to drive for another company. Only 12 percent of drivers said yes. This means that even when a driver's dispatcher has no work for a trucker to do, he must wait, idle, until he is given a work order. Even more startling was the fact that a higher proportion of the employee drivers could drive for another company (18.8%) than of the so-called independent contractors (10.2%).

**Table V. "Employer Allows Me to Drive for Another Company"**

<b>Blank</b>	<b>Employee</b>	<b>Independent Contractor</b>	<b>Neither</b>	<b>Total</b>
<b>4</b>	<b>69</b>	<b>215</b>	<b>11</b>	<b>299</b>
<b>0</b>	<b>13</b>	<b>22</b>	<b>1</b>	<b>36</b>
<b>0%</b>	<b>18.8%</b>	<b>10.2</b>	<b>9.1</b>	<b>12.0</b>

While the distinction between employee drivers and independent contractors seems blurred, one major difference is that employees don't have to pay for fuel or for truck maintenance. Diesel expenses are a major part of a driver's budget. Independent contractors who do mostly local deliveries reported that they spent \$2092 on average for fuel every month. Long-haul drivers spent \$4000. As diesel prices have jumped, purchasing fuel has become a heavier and heavier burden. In protest, truckers rallied twice in the Spring of 2008 at the Vince Lombardi Truck Stop along the New Jersey Turnpike.<sup>3</sup>

### **C. The Trucking Companies**

While the trucking companies have a lot of power vis-a-vis the drivers, they are not large. On average, they assign work for thirty trucks or less. Some own no trucks; sixty-nine drivers

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<sup>3</sup> Trucking companies add a fuel surcharge to the rates that they charge their customers. Many independent contractors charge that these surcharges are not being passed along to them, the people who actually buy the fuel.

told us that their companies give all their work only to independent contractors. Thirty seven companies don't use the independent contractor model; they hire only employee drivers. Most companies own some trucks, which they assign to employees, and use independent contractors to deliver additional orders. Typically, a company will have 1-to-10 of one type of driver, and 10-to-20 of the other. Companies with 10 or fewer employees and 10-to-20 independent contractors are most common.

#### **D. Earnings of Truck Drivers**

##### **1. Dollar Earnings**

We asked drivers to estimate their net income and work-related expenses. In order to try to ensure accuracy, we also asked the drivers to report their gross earnings and monthly expenses for such items as insurance, fuel, monthly lease payments, maintenance, tires, and so on. We then compared the drivers' estimate of net earnings with the total of their reported gross earnings minus their reported expenses. As a result of these calculations, we reached the following conclusions:

- The median income of all the drivers was \$30,000.
- The median income of the independent contractors was less, only \$28,000.
- Employee drivers' median income was \$35,000.

**Table VI: Median Net Income, By Employee Status**

<b>Employee Status</b>	<b>Count by Employee Status</b>	<b>Count of Non-Blank Responses by Employee Status</b>	<b>Median Net</b>
<b>Employee</b>	69	53	\$35,000
<b>Independent Contractor</b>	215	184	\$28,000

Neither, Cash <sup>6</sup>	11	8	\$30,000
[Blank]	4	0	N/A
<b>All Drivers</b>	<b>299</b>	<b>245</b>	<b>\$30,000</b>

## 2. Hourly earnings

Given that port truckers report working 58 hours a week, the hourly earnings of independent contractors is less than \$10 per hour. If we include an additional seven hours per week that independent contractors spend doing paperwork on their business expenses, maintaining their trucks, and so on, their true hourly earnings are probably considerably less than \$10 per hour. Employee drivers earn about \$12 per hour.

## 3. Earnings Including Health Insurance

Less than one percent of independent (0.93%) contractors received health insurance from their company. By contrast, nearly half (47.83%) the employee drivers received health insurance through their employer.

**Table VII. Access to Health Insurance, by Employee Status**

Health Insurance	Count, Independent Contractor	Percentage Independent Contractor (%)	Count, Employee	Percentage Employee (%)	Count, "Neither, Cash"	Percentage "Neither, Cash" (%)
[Blank]	5	2.33	2	2.99	1	9.09
None	158	73.49	18	26.09	9	81.89
Yes – Family Care or other public program	5	2.33	1	1.45	N/A	N/A
Yes – I buy it myself	15	6.98	10	14.49	1	9.09
Yes – through my employer	2	0.93	33	47.83	N/A	N/A

<sup>6</sup> The survey asked the drivers whether they were paid using a W-2 form, a 1099-form, or in cash. Seven drivers responded that they were paid in cash.

<b>Yes – through my spouse’s employer</b>	30	13.95	5	7.25	N/A	N/A
<b>Total</b>	<b>215</b>	<b>100.01</b>	<b>69</b>	<b>100.1</b>	<b>11</b>	<b>100.07</b>

#### 4. Significance of Self-Reported Earnings

##### A. Living Standards

In order to understand the significance of the drivers’ earnings, we need to place the numbers, \$35,000 for employees, \$28,000 for independent contractors, in context. For example, how many people were depending on the drivers’ income? Each driver had on average (median) 2 dependents. This means that if the median independent contractors’ household of three people tried to live on the drivers’ income, the family would be living below what The Poverty Research Institute of Legal Services of New Jersey defines as the “true poverty threshold” for New Jersey, \$32,484<sup>8</sup>. Nearly half of the employee drivers’ families would be living under this threshold.

However, not all truckers’ families relied on the drivers’ earnings. Of the 278 drivers who reported on their families’ household income, the median household income was reported as between \$40,000-60,000. In a substantial proportion of their families, the drivers’ spouses worked.

**Table VIII: Household Earnings all Surveyed Drivers**

<b>Household Earnings</b>	<b>Count of Drivers</b>	<b>Percentage of Drivers</b>
<b>Less than \$20,000</b>	22	7.46%
<b>\$20,000-39,999</b>	69	23.39%
<b>\$40,000-59,999</b>	62	21.02%

<sup>8</sup> Legal Services of New Jersey, Poverty Research Institute, “Poverty Benchmarks, 2008.”

<b>\$60,000-79,999</b>	47	15.93%
<b>\$80,000-99,999</b>	47	15.93%
<b>\$100,000+</b>	27	9.15%
<b>[Blank]</b>	21	7.12%
<b>TOTAL</b>	<b>295</b>	<b>100%</b>

How do we understand what this distribution of household incomes means for the living standards of the drivers?

First, let's consider the issue of poverty. As we have noted, the poverty threshold for a family of three was \$32,484. Using this standard, a reasonable conclusion is that somewhere between ¼ and 1/5 of the drivers live in poverty, as defined by wage levels.<sup>9</sup>

Next let's turn to the issue of income adequacy. According to the Legal Services report, the real cost of living for a family of five in New Jersey was \$54,930. When we compare the drivers' household income with this real cost of living benchmark, it appears that at least half of the drivers' households were not earning enough to meet the real cost of living.

A third way to understand the truckers' living standards is to consider the issue of health insurance, pensions and health care as components of family living standards. As Table V, above, indicates, **nearly three quarters of the independent contractors' families had no health insurance**, well above the NJ and NY state averages of 14.6% and 13.2% respectively, and well above the national uninsured rate of 15.3%<sup>10</sup>. **In less than six percent of independent contractors' families did the driver have a pension or retirement plan.**

More families of employee drivers received health coverage and pension, but a substantial number still lacked protection. **Almost half of employee drivers' families (45%)**

<sup>9</sup> This estimate includes the 22 drivers who netted less than \$20,000 and a substantial proportion of the 69 drivers who earned between \$20,000-\$40,000.

<sup>10</sup> U.S. Census Bureau, Current Population Survey, 2005 to 2007 Annual Social and Economic Supplements. <http://www.census.gov/prod/2006/pubs/p60-233.pdf>, page 24.

**lacked health insurance** (more than the 40.3% of people nationally who lack employer-provided health insurance), and **only one in seven employee drivers (14.5%) had a pension or retirement plan**. Most port truckers will reach old age without adequate retirement income.

When we asked drivers about the health care their families received, we discovered a frightening picture of unmet need. **Fully one third of all drivers without health insurance, regardless of employment status, were able to provide no health care at all for their families**. When surveyed about where their families received care, they answered: “I can’t afford medical care.” By choosing this answer, they were saying that they didn’t bring their families to any health facility at all. When their children get ear infections, they don’t get antibiotics. If they have trouble breathing, they don’t get examined for asthmatic conditions or pneumonia. If they get cut while playing, they don’t get tetanus vaccinations. Another one-eighth of the uninsured drivers said that when their families needed medical care, they went back to their country of origin for treatment.

## **B. Earnings Gap between Independent Contractors and Employee Drivers**

Employee drivers received considerably higher remuneration than did independent contractors. Not only did they receive 20% higher net dollar income, \$35,000 compared to \$28,000, but half of them received health insurance, compared to less than one percent of independent contractors. When you add in the value of the health insurance policies received by 48% of the employee drivers from their companies, the earnings gap between the two groups increased to nearly \$10,000. **In other words, employee drivers’ total earnings were about 36% higher than independent contractors’**.<sup>11</sup>

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<sup>11</sup> Employees made \$35,000. The value of the health insurance received by 48% of the drivers increases this median figure by another \$3,348.10. Independent contractors netted \$28,000. Adding in the value of the health insurance received by .9% of independent contractors adds another \$260.40 in employer. Thus the median earnings of employees was \$38,348.10 compared to \$28,260.50 for independent contractors. Thus, the value of employees’ wages and health insurance was 35.7% greater than the value of the independent contractors’

### **C. Comparisons with Port Truckers in Other U.S. Ports**

These income figures for drivers at the New Jersey ports -- \$28,000 for independent contractors; \$35,000 for employees; \$30,000 for all drivers -- are in line with the earnings reported by drivers at Oakland, Los Angeles, and other ports. Three studies at the Los Angeles – Long Beach ports reported median earnings for all drivers of \$32,507 (2004, figured in 2007 dollars), \$29,580 (2007), and \$34,749 (2007) respectively. A recent study at Oakland found that the median earnings of port truckers was \$29,055. (2007)<sup>12</sup>

### **D. Comparison With Other Truck Drivers**

Compared to other drivers of large trucks, port truckers earn less, whether they are independent contractors or employees. According to the Department of Labor, the median hourly income of drivers of heavy trucks was \$16.05 in 2006, well above the earnings of New Jersey port truckers.<sup>13</sup>

## **Part II. Low Earnings and Externalized Costs of the Port Trucking Industry**

The drayage industry's reliance on poorly paid independent contractors generates enormous costs paid not by the trucking companies or the logistics industry, but by the public. In the language of economics, these are externalities, or costs shifted by economic actors onto

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compensation. This is in line with the finding of Gateway Cities study comparing independent contractors and employees in Los Angeles/Long Beach. (2007) See footnote<sup>12</sup> below.

- <sup>12</sup> “Study of Port Drayage at the Ports of Los Angeles and Long Beach,” Cal-State Long Beach, Kristen Monaco & Lisa Grobar, 2004
- “Incentivizing Truck Retrofitting in Port Drayage: A Study of Drivers at the Ports of Los Angeles and Long Beach,” Cal-State Long Beach, Kristen Monaco, 2007
- “A Survey of Drayage Drivers Serving the San Pedro Bay Ports,” CGR Management Consultants prepared for The Gateway Cities Council of Governments, 2007
- “Implications of a Port-Employer Contract: Results from a Survey of Truck Drivers at the Port of Oakland,” UC Berkeley – Goldman School of Public Policy, Hannah Betesh, 2007

<sup>13</sup> U.S. Department of Labor, Bureau of Labor Statistics, “Truck Drivers and Driver/Sales Workers,” <http://www.bls.gov/oco/ocos246.htm>.

others not directly involved in these transactions. These costs include, but are not limited to, health services for drivers and their families, highway accidents and traffic congestion, and the health impact of excessive diesel emissions.

### **1. Health Services**

More than a quarter of the surveyed drivers rely on public clinics or emergency rooms for health care because they don't have any health insurance. If we project this to the entire population of port truckers, **there are approximately 1200 families of port truckers relying on public health services because they have no health insurance.** Members of these families will develop serious health problems as they age. Treating these health problems in future will be an added burden on the public.

### **2. Highway Safety**

The drivers' low earnings act as a constant pressure on them to do everything possible to squeeze an additional container move into the day's work. **This pressure can have unsafe consequences not only for the driver, but for the public as well.**

This problem sometimes begins at the terminals' chassis yards, where truckers drive their rigs to pick up the chassis on which the container will be loaded. As a result of safety legislation passed by the New Jersey state legislature in 2005, drivers now have to inspect the chassis being attached to their rig, and sign a form stating that the chassis is roadworthy. If the chassis is in bad condition, for example, if it has a bad tire, the driver can refuse to sign the form, in which case he may be told to go to the repair station and wait for a mechanic to correct the problem. Alternatively, he may be told to wait until a chassis in better condition becomes available. At many terminal yards, shortages of chassis are common.

**Drivers report that they often receive bad chassis.** When asked on the survey, "In the last 12 months, how often have you been given an unsafe chassis," 35% of the drivers reported that they had received an unsafe chassis more than 10 times during the previous year.

### **Table IX: Frequency of Unsafe Chassis Annually**

	Count	Percentage of Respondents (%)
<b>More than one answer selected</b>	2	0.69
<b>Zero</b>	74	25.69
<b>1 to 10</b>	111	38.54
<b>11 to 50</b>	62	21.53
<b>51 to 100</b>	20	6.94
<b>100 or more</b>	19	6.60
<b>Total</b>	<b>288</b>	<b>99.99</b>

Because waiting for an unsafe chassis to be repaired can cost the driver serious money, some drivers prefer not to bring their chassis to the repair yard to have it fixed. When asked what they did the last time they received an unsafe chassis, the drivers gave 323 responses. (Some responded with more than one answer). 36 drivers responded that they took the unsafe chassis on the road. If we project this proportion (11%) on to the total population of drivers, we find **hundreds of unsafe chassis leaving the terminals each month, perhaps ten thousand a year**. Unsafe chassis can break down, causing traffic jams on congested highways, or even worse, they can cause traffic accidents. (There were 7900 accidents in New Jersey in 2004 involving large trucks, and another 6600 in 2005).<sup>14</sup> There are substantial costs to the public.<sup>15</sup>

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<sup>14</sup> The New Jersey Trucking Baseline Report: A Reality Check, by Martin Robins and Anne Strauss-Wieder, October, 2007.

<sup>15</sup> As we surveyed drivers, many told us about another highway safety issue: overweight containers. They told us that they are often sent from the terminals or from warehouses with containers that exceed state weight limits. Because they are so squeezed by low freight rates and long waits, they frequently are compelled to take overweight containers onto the streets and highways of New Jersey.

### 3. Diesel Emissions and Public Health

The public also bears the cost of the drivers' low earnings in the form of excessive diesel emissions. Because independent contractors earn, on average, only \$28,000 annually, **few can afford to lease the new generation of low-emission, high-efficiency diesel trucks.** Instead, half of the trucks driven by independent contractors were made in 1997 or earlier. One in fourteen trucks driven by independent contractors were manufactured before 1990! Only 29% of independent contractors have trucks newer than 2000. By contrast, the fleet driven by employee drivers is much more modern. For example, less than two percent of employee truckers drive trucks older than 1990. Ten times as many employees are driving 2005 or later model trucks as are independent contractors.

The significance of the difference in the age of the fleets is apparent when one considers national emission standards. For 1997 trucks is .10 grams of fine particles per million, ten times the standard for 2007 trucks.<sup>16</sup> (If all the trucks were from 2007, there would be 90% fewer fine particles emitted).

**Table X: Age of Trucks Driven in New Jersey Drayage Industry**

Truck Model Year	Independent Contractors		Employee Drivers	
	Count	%	Count	%
<b>1980 to 1984</b>	4	1.89	0	0
<b>1985 to 1989</b>	11	5.21	1	1.82
<b>1990 to 1994</b>	37	17.54	7	12.73
<b>1995 to 1999</b>	98	46.45	22	40.00
<b>2000 to 2004</b>	57	27.01	15	27.27
<b>2005 to 2010</b>	4	1.90	10	18.18

<sup>16</sup> Truck Engine Emissions Update: The Road to '07, Waste Age, Dec. 1, 2004, by Sean Kilcarr.

<b>N</b>	211		55	
<b>Mode</b>	1991 (30)		1998, 2000 (7)	
<b>Median</b>	1998		1999	

The problems caused by old, dirty trucks are exacerbated by the long lines and extensive delays at the ports. Drivers reported that the median waiting time on their last trip to the terminal was two hours. During this period, their engines idle continuously, emitting diesel exhaust. If anti-idling laws, which mandate that diesel engines must be turned off after their vehicles have remained motionless for five minutes, were enforced, the problem would only be compounded, because trucks waiting on line have to stop and go, stop and go. If the drivers had to restart their engine every time the line moved, each engine start-up would produce even more exhaust than is caused by idling.

It is now well-established that diesel emissions cause significant harmful health impacts. In part, this is because 94% of the particles emitted when diesel fuel burns are “fine,” that is to say, less than 2.5 microns in diameter. These fine particles are coated by more than 40 substances classified by the U.S. Environmental Protection Agency as “hazardous.” Fifteen of these are carcinogenic, or possibly/probably carcinogenic, according to the International Agency for Research on Cancer.<sup>17</sup> When these tiny bits of poison enter the human body through the lungs, they cause asthma, lung disease, lung cancer, and heart disease. Public health studies done by researchers at the University of Southern California found that children who grow up in neighborhoods with high levels of diesel exhaust suffer decreased lung development, which afflicts them throughout their lives.<sup>18</sup> One study by California health officials estimated that the

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<sup>17</sup> Monaco, “Incentivizing Truck Retrofitting in Port Drayage - Truck Driver Research Results,” Draft Final Report, Metrans Project 06-02, January, 2007. California Air Resource Board, 1998.

<sup>18</sup>The Effect of Air Pollution on Lung Development from 10 to 18 Years of Age, New England Journal of Medicine, Volume 351, 1057-1067, Sept. 9, 2004, Number 11.

health costs borne by the state of California as a result of the emissions amount to \$20 billion annually.<sup>19</sup>

This survey of port truckers in New Jersey addressed the diesel emissions issue by asking, “If truck drivers had to pay to upgrade their trucks to meet new emission standards, which could cost \$100,000 for a new truck or \$20,000 to upgrade a truck, **would you be able to afford those costs?**” **Only 11 drivers, or less than 4% of those surveyed, answered yes.**

**Table X: Ability to Afford Retrofit, All Drivers**

<b>Count</b>	<b>Response</b>	<b>Percentage</b>
11	Yes	3.68
288	No	96.32
<b>Total 299</b>		<b>100</b>

The ports of Long Beach and Los Angeles have recognized that independent contractors cannot be relied on to reduce diesel emissions. Both ports have taken action to retire old trucks in order to satisfy state legislation requiring diesel emission reductions. Beginning in October 2008, the governing bodies of both ports are requiring 20-year-old trucks to be scrapped and replaced by new trucks which will be paid for by public revenue generated by a \$35 fee for every container that moves through the port. This process will continue until all the pre-2007 trucks are off the road<sup>20</sup>. The Los Angeles Harbor Commission has gone further. Recognizing that financially-strapped independent contractors can not be expected to maintain either new trucks, or retrofitted used trucks, in top-flight condition, the Commission has required trucking

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<sup>19</sup> California Air Resources Board, “Quantification of the Health Impacts and Economic Impacts of Air Pollution from Ports and Goods Movement in California,” Appendix A to Emission Reduction Plan for Ports and Goods Movement, March 21, 2006.

<sup>20</sup> San Pedro Bay Clean Air Action Plan.

[http://www.polb.com/environment/environmental\\_documents.asp](http://www.polb.com/environment/environmental_documents.asp)

companies doing business at the port to hire their drivers as employees.<sup>21</sup> This has the effect of shifting responsibility for truck ownership and maintenance, health care, and diesel emission reduction, to the trucking companies, rather than the drivers and the public at large.

In New Jersey, no public agency has taken action to address this issue. A study of Diesel Hot Spots in the north Jersey port region found that Newark neighborhoods near the ports and along the routes taken by freight as it moves into and out of the port suffered high concentrations of fine diesel particles in the air. The study estimated that the cost to the state of New Jersey of the illnesses caused by these emissions will reach \$5 billion annually by the year 2010.<sup>22</sup> The Hot Spots study reinforces the findings of the Natural Resource Defense Council, which reported in 2004 that the Port of NY/NJ generates approximately 20 tons per day of NOx Emissions (slightly less than that generated by one half million cars), and approximately 1.1 tons per day of PM10 Emissions (more than double that generated by one half million cars).<sup>23</sup>

#### **4. Port Truckers' Low Wages and the Inefficiency of the Logistics System**

Elsewhere, one of this report's co-authors, Professor David Bensman, of Rutgers University, has argued that the fact that independent contractors are paid low rates for delivering their loads serves as an impediment to the progress of the New Jersey logistics industry.<sup>24</sup> If drivers were paid for the time they spend waiting on lines at the terminals, for example, the terminals' customers would have greater incentive to pressure terminal operators to increase efficiency. More generally, if drivers were paid for their time, and received higher rates per order, all the businesses of the logistics industry would have greater incentive to invest in new technology, including information-processing systems necessary for tight integration of the flow of freight. The industry would have more incentive to site logistics facilities closer to the

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<sup>21</sup> Press Release, The Port of Los Angeles, March 20, 2008.  
[http://www.portoflosangeles.org/News/2008/news\\_032008ctp.pdf](http://www.portoflosangeles.org/News/2008/news_032008ctp.pdf)

<sup>22</sup> Diesel Hot Spots: A Snapshot of Newark, New Jersey: Finding a Path Towards Kids' Clean Air Zones, New Jersey Environmental Federation and Clean Water Fund, June 2006.

<sup>23</sup> Harboring Pollution: Strategies to Clean Up U.S. Ports, Natural Resources Defense Council, March 2004.

<sup>24</sup> Bensman, "Trucking Down the Low Road," New Labor Forum, Winter, 2008.

port, to build vertical warehouses that require less land and energy, and to invest in new, cleaner, more fuel-efficient trucks possessing the ability to communicate digitally with terminal and warehouse operators. Increasing the integration and the information intensiveness of the New Jersey logistics system would make it possible for more businesses to implement just-in-time inventory systems, eliminating waste throughout the supply chain. Furthermore, allowing trucking companies to internalize the full cost of doing business, instead of externalizing these costs onto truck drivers and the public at large, would encourage ongoing sustainable development at the Port as the import/export industry expands.

### **The Working Life of Port Truckers**

Most port truckers wake up early in the morning and drive their truck cabs to the office of the trucking company that has arranged their first trip of the day. Most of these offices are located in northern New Jersey, in the vicinity of the ports. At their office, they pick up the papers pertaining to their order, and then they drive to the port to pick up a container, or less often, to a warehouse, to pick up a container for delivery to the port.

A small proportion of the drivers come from far away – sometimes from New England or Canada. These drivers will drive into or near New Jersey on one day, and park over night at a truck stop where they will eat dinner and sleep in the back of their truck cab. If the truck stops are full, they will park on the side of the highway near the truck stops' entrance. Early in the morning, sometimes as early as four or five o'clock, they will drive to a terminal and wait for the gates to open at seven A.M.

Most port truckers make pick-ups and deliveries at all of the terminals – PNCT, Maher, APM, and Global, located in the cities of Newark, Elizabeth, and Bayonne. Many also go to the terminal in Staten Island, which is located just across the Elizabeth River from the city of Elizabeth. They also travel to and from the railroad yards in nearby Kearney and in somewhat more distant South Ferry, where containers are loaded onto and unloaded from trains.

When a driver arrives at the terminal gates, he has to get on the end of a line of trucks waiting to enter the terminal. If a ship has recently arrived at the port and begun to unload at the terminal, there will often be a long line of trucks waiting. When the driver reaches the gate, he shows his Sea-Link pass to the guard. After the guard has checked his credentials, he tells the driver to proceed to a lane where trucks wait to present their papers to terminal checkers. The trucks in this second lane wait with their engines idling, as the drivers ahead of them present their information to the checkers. As each truck is cleared, the drivers behind it move up in line. Finally, the driver is at the head of this line, where he submits his order number to terminal personnel. Until recent years, this was a matter of the driver handing over his papers to the checker, but some terminals have shifted to a system whereby the driver speaks into a microphone to transmit the information that informs the terminal what container is to be picked up. The checkers who receive this information are fifty yards away, inside the terminal office building. This change eliminates the need for paper, and decreases the chance that drivers will be forced to bribe the checker for access to his shipment.

After the driver presents his order to the checker, the driver is given a slot number in the container yard where his box will be delivered. However, this doesn't always happen. Frequently, the driver will be told that there is a problem with the work order, so he has to report to the "trouble desk" to have the problem resolved. (At one of the terminals, our survey forms were filled out by drivers waiting at this trouble desk). There are a great variety of problems to be resolved: sometimes it's a matter of fines that the trucking company has not paid for returning chassis in bad condition; sometimes there's an additional demurrage charge that needs to be paid because the container has not been picked up within the three days allowed by the terminals. Other problems might concern the delivery order, insurance, or customs. Whatever the problem, terminal personnel at the trouble desk will call the trucking company, the shipping line, the freight forwarder, the customer, or the customs broker to straighten it out while

the driver waits. When the problem is resolved, the driver can join the other trucks going through the terminal to pick up their containers.

Before the driver can get his container, he has to go to the chassis yard, where a terminal employee will attach a chassis to his rig. In the United States, and nowhere else, the chassis are provided by the shipping lines, as part of their service to their customers. When chassis are not in use, they are stored in yards, where they are heaped on top of each other. Because no one makes money on the provision of chassis, and/or there is inadequately regulated maintenance of these chassis, there is no incentive for the terminals to keep them “roadworthy.”

**Table XI. In the last 12 months, how often have you been given an unsafe chassis?**

	<b>Count</b>	<b>Percentage of Respondents (%)</b>
<b>More than one answer or “other”</b>	2	0.69
<b>Zero</b>	74	25.69
<b>1 to 10</b>	111	38.54
<b>11 to 50</b>	62	21.53
<b>51 to 100</b>	20	6.94
<b>100 or more</b>	19	6.60
<b>Total</b>	<b>288</b>	<b>99.99</b>

This system often presents the driver with a dilemma. If he detects a problem with the chassis, as often happens, and he refuses to accept it in poor condition, he will often be told to go to the repair yard, there to wait for a mechanic to repair the defect. This can cost independent contractors precious time, so they may be tempted to accept an unsafe container.

Or they may attempt to fix the chassis themselves. As the table below indicates, most often, 35.6% of the time, the driver will wait for the chassis to be repaired. The time he spends waiting is uncompensated, unless it exceeds two hours. Almost as often, 32.8% percent of the time, drivers fix the unsafe chassis themselves, inside the terminal yard. About 20% of the time, the driver takes a different tack: he waits in the container yard until a driver arrives at the yard with an empty chassis to discharge. The first driver will ask the second driver if his chassis is in good condition. If he's told that it is, he will ask the terminal personnel to attach the newly arrived chassis to his cab. Sometimes the wait takes a long time and the driver gets impatient; in this case, he may look for a truck entering the terminal with a container and he will follow that truck until it brings its chassis to the yard. This is against the rules, and it can cause traffic hazards within the terminals, but it occurs nonetheless, particularly on days when chassis are in short supply. As we have seen earlier, in 11.0% of the cases, the driver simply accepts the bad container, and takes it on the road.

**Table XII: Responses to Bad Chassis**

<b>Responses to Bad Chassis</b>	<b>Count</b>	<b>Percentage</b>
<b>Waited for a new chassis</b>	66	20.5%
<b>Waited for chassis to be repaired</b>	115	35.7%
<b>Took the chassis on the road</b>	35	10.9%
<b>I fixed it myself</b>	106	32.9%
<b>Totals</b>	<b>322</b>	<b>100%</b>

Once the driver has had a chassis attached to his rig, he proceeds to a slot in the container yard where his container is supposed to be waiting for him. Backing his truck with the chassis attached into the narrow slot is not an easy maneuver, but once the driver has accomplished

this task, he may find himself waiting for a yard vehicle to bring the container to his truck. Since the terminal doesn't start preparing the container for delivery to the driver until he arrives at the terminal gate, there is often a delay while the terminal personnel locate the appropriate container, send a yard vehicle to the spot where it has been waiting since it was unloaded, move other containers out of the way, pick up the designated container on the mobile crane, and transport it to the waiting driver. Moreover, occasionally the container is not where the terminals' computer records say it is supposed to be; in this case, the port trucker has to wait until terminal personnel locate the wayward container.

A small piece of yard equipment loads the container onto the chassis attached to the driver's rig. In the cramped quarters of the container yard, this is not always a simple operation; if the operator of the yard equipment misses his spot, the chassis or the container can be damaged. Communication between the terminal personnel and the driver can be difficult, because the yard can be noisy, and not everyone is bi-lingual. Disputes between the yard personnel and the port truckers are common, with yard personnel complaining that drivers aren't following instructions, and drivers complaining that the yard personnel are making them wait more than is necessary, and generally treating them with disrespect. In the summer of 2007, one of the terminals began issuing safety warnings to drivers who were charged with violating driving procedures inside the terminal; recipients of the warnings had to attend, without compensation, driver safety courses conducted at the terminal. For those drivers who blamed terminal personnel for creating hazardous situations, this was galling.

When the container is finally loaded securely on the chassis, the driver heads to the terminal's exit gates, where he must wait to be cleared before he can begin his trip to the warehouse or distribution center. When he reaches the head of this line, his papers are checked against the container's number and the terminal's computer system, his chassis and container are checked, and the container's seal is inspected. After he has been cleared, the driver can finally leave.

Our survey asked the drivers how long they normally spent at the port waiting to pick up or deliver their container. The median wait for both independent contractors and employee drivers was two hours.<sup>25</sup> Most employee drivers are paid by the hour, and their diesel fuel is paid by the company, so this delay doesn't affect them, but independent contractors are losing money for every extra minute they wait in the yard, and for every gallon of diesel fuel they burn.

If the driver is picking up a refrigerated container, a "reefer," the wait may be less, however, and the difference is instructive. Since terminals charge more for servicing reefers than for regular containers, they may offer reefer customers special privileges: one terminal allows drivers on reefer runs to schedule pick-ups and deliveries, and the terminal guarantees them that their trucks will get in and out of the terminal within a half hour. Drivers picking up standard containers don't enjoy these privileges. There is no scheduling for drivers picking up regular containers and no guarantees.

Once they leave the terminal, where do the drivers go? We asked them to characterize their primary work; the majority selected the answer: "local," rather than "long haul," "rail," "all of the above," or "other."

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<sup>25</sup> Surveys at the ports of LA, Long Beach and Oakland, where congestion is also intense, and where drivers are also paid by the load, not by the hour, found waiting times at least as long as those at the NJ ports. Monaco, 2004, found waiting times of 2.6 hours at LA's terminals, and Betesh (2007) found waiting times of 2.2 hours in Oakland.

<b>Table XIII: Primary Work, By Count</b>		
A = Long Haul; B = Local; C = Rail;		
D = All the above; E = Other		
<b>Count (Total = 299)</b>	<b>100.0%</b>	<b>Primary Work</b>
13	4.3%	[Blank]
24	8.0%	A
5	1.7%	A,B
165	55.2%	B
12	4.0%	B, C
2	0.7%	B, E
12	4.0%	C
61	20.4%	D
2	0.7%	D,E
3	1.0%	E

But what does “local” work mean? When we asked drivers how far they had driven with their last container, their median answer was between 70 and 80 miles. That would be consistent with a trip out west through New Jersey to the Lehigh Valley, on the New Jersey-Pennsylvania border.

**Table XIV. Median Distance Per Trip In miles**

Employee	Independent Contractor
75	70

A work order for a driver usually includes picking up a container at a terminal, delivering it to a warehouse, distribution center, or rail yard, and then returning to the port with an empty container. (For exports, the sequence is reversed). Occasionally, drivers don't return to the port with an empty container. Instead, they are given a full container to return to the port, either from the warehouse where they've just made a delivery, or from a nearby warehouse or distribution center. When independent contractors do return with a full container, they are paid more.

The median working day for drivers lasts 10-12 hours. The typical driver is on the road from seven in the morning to just after 6:30 in the evening, five days a week, for a weekly average of 58.5 hours.<sup>26</sup> Forty per cent of the drivers work more than twelve hours.

**Table XV: Average Hours Worked Daily**

Number of Hours	Number	%
Blank	7	
Less Than 10	39	13.4
10 to 12	135	46.2
12 to 14	77	26.4
More than 14	41	14.0

<sup>26</sup> This figure is consistent with the working weeks reported by the California port trucker surveys. Monaco found a median work week of 60 hours in LA in 2007; the Gateway Cities study found a mean work week of 50.8 hours in 2007.

For truck drivers, these working conditions -- long hours sitting in truck cabs, lack of control over scheduling and traffic, unpaid waiting time, prolonged exposure to diesel emissions, immersion in congested local and highway traffic – created numerous health problems. While the severity and frequency of these problems are impossible to report with precision, given the fact that so many of the drivers and their families have so little access to health care, drivers' self-reports indicate that this is a serious issue which deserves further attention.

A recently completed study by Harvard Medical School researchers indicates that truck drivers generally have elevated mortality rates from lung cancer and heart disease, and suffer more injuries from accidents than the average population. These findings are consistent with previous studies relating particulate matter exposure to lung cancer and cardiovascular disease. The category of drivers that included port truckers shared these negative health outcomes, and suffered even higher mortality rates from lung cancer than long-haul drivers.<sup>27</sup>

The New Jersey drivers' self-reports are consistent with this frightening mortality study. More than half (58.6%) of the drivers reported that they suffered from "stress" and almost a fifth (18.6%) of the drivers reported suffering from "high blood pressure." Furthermore, while the overall asthma rate for Americans is less than 7%<sup>28</sup>, one in fourteen drivers (7.4%) reported suffering from asthma; in addition, nearly one in seven (14.1%) drivers reported that members of their family did so.<sup>29</sup>

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<sup>27</sup> Francine Laden, Jaime Hart, Thomas J. Smith, Mary E. Davis, and Eric Garschick, "Cause-Specific Mortality in the Unionized Trucking Industry," *Environmental Health Perspectives*, Volume 115, Number 8, August 2007.

<sup>28</sup> National Center for Environmental Health (NCEH), "Asthma at a Glance," U.S. CDC. 1999.

<sup>29</sup> Interestingly, the asthma rate reported for members of the families of independent contractors (15.8%) was more than twice as high as the rates reported for members of employee drivers (5.8%). This would seem to indicate that the families of independent contractors lived in neighborhoods with greater exposure to asthma-inducing pollution than did the families of the employee drivers. These asthma rates reported for family members of truck drivers are lower than rates reported by public health investigators for Newark and other urban centers. This may be explained by the fact that the figures for the independent contractors' families are based on self-reports, and one-third of these families are not receiving any medical care; as a result, there could be numerous cases of undiagnosed asthma in these families.

Heart and lung problems were not the only issues reported by drivers. They also complained of back pain, knee pain, back and knee pain, lack of sleep, hemorrhoids, hearing loss, kidney problems, and chronic headaches. It is not hard to understand how each of these health issues are related to the difficult working conditions under which port truckers work.

**Table XVI: Health Conditions of Truck Drivers**

<b>Total Respondents</b>	<b>237</b>	<b>100%</b>
Back Pain	167	70.5%
Hearing Loss	35	14.8%
Chronic Headache	22	9.3%
Nausea	4	1.7%
Knee Pain	102	43.0%
Stress	139	58.7%
High Blood Pressure	44	18.6%
Lack of Sleep	63	26.6%
Hemorrhoids	30	12.7%
Kidney Problems	24	10.1%
Both Back & Knee Pain	82	34.6%

The driver survey also asked about injuries suffered on the job in the previous twelve months. Forty-four of the drivers (18.6%) reported that they had been injured. In almost sixty per cent of the cases, the drivers reported that the company had done nothing about the injury. Company inaction was more common when the injured party was an independent contractor than when he was an employee. In the rarer instances when the company did take action, by sending the driver to a doctor, paying for treatment, or paying for time lost from work, it was usually the employees who benefitted.

**Table XVII: On-the-job Injuries & Responses**

<b>On-the-job injury in the past 12months</b>		
<b>Total</b>	<b>Employee</b>	<b>Independent</b>
44	8	33

<b>Response to On-the-job injury</b>		
<b>Total</b>	<b>Employee</b>	<b>Independent</b>
Company sent me to a doctor		
5	2	3
Company paid for my time off of work		
4	1	3
Company Paid for my bill		
1	1	0
Company did nothing		
26	3	23

### **Conclusion: Discontent with a Broken System**

This brief overview of the port truckers' working life indicates that they work long hours under difficult conditions. They have little freedom or independence from the companies that give them work. They spend long hours waiting on line and in traffic jams. Waiting on line or sitting stuck in traffic is stressful for any driver, but it is especially stressful for independent contractors who are not paid for their waiting time, and who are burning up their fuel dollars as well. At the trucking company office, they are at the mercy of the dispatcher. At the terminals, they are at the mercy of yard personnel. They have to worry about defective chassis, damage to their containers, rising fuel costs, problems with their trip tickets, traffic congestion, and unpredictable repair bills.<sup>30</sup> They suffer from lung and heart problems that may cause higher mortality rates, and they suffer from work-related chronic health conditions and injuries. When independent drivers are injured, their employers usually take no action.

Harsh working conditions and low earnings produce discontent. **One way that drivers show their unhappiness is by changing jobs.** On average, drivers switch trucking companies "once every couple years." Fifteen percent of the independent contractors switch jobs as many

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<sup>30</sup> The stress and insecurity of the drivers' working lives sometimes causes them to engage in risky behaviors. One out of every eight times that drivers are given an unsafe chassis at the terminal, they opt to take their load onto the road despite the safety hazard. Another one out of three times, they fix the chassis themselves, rather than wait for mechanic to do the job. Surveyed drivers also mentioned that dubious tire repairs, consisting of gouging indentations on bald tires to create the illusion of tread, are common in the port region.

as “a few times a year.” When they were asked why they changed employers, independent contractors most frequently answered that “the pay wasn’t good enough.” The next most common reason for switching was because of a “dispute over payment.” (Many drivers selected more than one response to this question.)

The drivers’ discontent is also reflected in their attitudes towards unionization. Even though seventy per cent of the drivers have chosen to be “businessmen” who are ineligible to join a union, **two-thirds of the independent contractors answered “very likely” when they were asked “How likely would you be to join a union if you could?”**

**Table XVIII.  
Willingness to Join Union, by Employee Status**

<b>Response</b>	<b>Count, Employees</b>	<b>Percentage, Employees (%)</b>	<b>Count, Independent Contractors</b>	<b>Percentage, Independent Contractors (%)</b>
Very Likely	44	63.77	141	65.58
Somewhat Likely	6	8.70	31	14.42
Not Very Likely	6	8.70	12	5.58
Not Likely at All	10	14.49	18	8.27
Blank	3	4.35	13	6.05
<b>Total</b>	<b>69</b>	<b>100.01</b>	<b>215</b>	<b>99.90</b>

The problems of the port trucking industry, which this survey has revealed, go beyond the discontent of the drivers. The logistics industry’s success in externalizing the costs of freight movement means that the public has to pay for excessive diesel emissions, for the health care costs of port truckers and their families, for traffic congestion and accidents, and for the general inefficiency of the freight delivery system. Fixing the broken system of port trucking would bring billions of dollars of benefits to the economy of the New York, New Jersey region.

## Appendix I

### Self-Reported Earnings and Expenses : An Alternative View of the Independent Contractors' Income

The survey enabled us to use a second method to determine the independent contractors' net income from driving their truck. This method was to subtract the drivers' reported expenses from their reported gross earnings.

Of the 299 drivers we surveyed, the median gross income of independent contractors was \$70,000., while the median gross income of employee drivers was \$46,000.

**Table XIX. Median Gross Earnings' by Employee Status**

Employee Status	Count by Employee Status	Count of Non-Blank Responses by Employee Status	Median Gross
<b>Employee</b>	69	65	\$46,000
<b>Independent Contractor</b>	215	204	\$70,000
<b>Neither, Cash</b>	11	10	\$42,240
<b>[Blank]</b>	4	0	N/A
<b>All Drivers</b>	<b>299</b>	<b>279</b>	<b>\$62,500</b>

From the gross earnings, we deducted the cost of doing business. For independent contractors, according to the survey, the median cost of the drivers' lease was \$967 per month. Nearly 60% of the independent contractors reported that they had paid off their leases, while about half that number were still paying off their leases.

**Table XX: Median Monthly Truck Payments of Independent Contractors**

	Count of Independent Contractors	Percentage of Independent Contractors	Median Monthly Payment
<b>I own my own truck and I have</b>	127	59.07%	\$0

<b>paid it off</b>			
<b>I own my own truck and I am paying it off</b>	63	29.30%	\$967
<b>I lease my truck</b>	2	0.93%	\$600
<b>I drive a truck owned by the company</b>	19	8.84%	\$967
<b>I lease my truck AND I drive a truck owned by the company</b>	1	0.47%	\$0
<b>I drive a truck owned or leased by another driver</b>	3	1.40%	\$967
<b>TOTAL</b>	<b>215</b>	<b>100.01%</b>	

Fuel prices are an even larger part of an independent contractor's budget. Drivers making mostly local deliveries spent \$2092 on average for fuel every month. Long haul drivers spent \$4000.

**Table XXI. Fuel Expenses, Monthly**

<b>Median, Fuel Monthly, By Primary Work</b>		
<b>Primary Work</b>	<b>Number of Records</b>	<b>Median</b>
Long Haul	29	\$4,000
Local	180	\$2,092
Rail	23	\$1,350
All the above	63	\$2,670
Other	7	\$3,500

Fuel prices are just the beginning of the independent contractors' cost of doing business. In addition to fuel and lease payments, independent contractors paid \$400

monthly for maintenance, \$120 for radio and cell phone, \$150 for truck insurance, \$380 for tolls, \$47 for road taxes, \$150 for parking, \$25 for equipment damage, \$417 for major repairs, \$100 in gas taxes, \$125 for truck registration, \$160 in workers' compensation deductions, \$30 for uniform and boots, \$25 for tax preparation, and \$42 for "other."

The independent contractors' self-reports of monthly expenses indicate that a driver who has not paid off his truck is spending \$5900 per month to operate his business, while a driver who has paid off his truck lease is spending \$4900. We should keep in mind that these expenses are tax deductible. If the drivers were in a 25% tax bracket, that would reduce the cost to their bottom line by another \$1250 to \$1975 per month. This would leave net expenses of \$3650-4425 per month. Given that the drivers' report their gross earnings to be \$70,000 annually, the net income of drivers who have paid off their trucks is \$26,200 and the net income of drivers who are still paying off their leases is \$16,900.

These figures are even less than the drivers' self-reported net earnings of \$28,000. This finding, that the drivers' over-estimated their net income, is consistent with the findings of the Gateway Cities study of port truckers in Los Angeles in 2007. In this government-funded study, when the drivers' estimates of their net earnings were compared to their income tax returns, the drivers' estimates exceeded their reported net income on their tax returns by 38%.<sup>31</sup> Thus, it is entirely possible that the independent contractors' real incomes are closer to \$16,900 for those still paying off their trucks (who tend to be younger) and \$26,200 for those who have finished paying them off (who tend to be older) than they are to the \$28,000 median that they reported.

For the purpose of this report, we will use the figure of \$28,000, so that if we err, it will be on the side of over-estimating the independent contractors' incomes.

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<sup>31</sup> "A Survey of Drayage Drivers Serving the San Pedro Bay Ports," CGR Management Consultants prepared for The Gateway Cities Council of Governments, 2007