

Proviso 25.7

**TEC: Study of Employment of Entry-Level CDL Drivers by State and Local  
Agencies**

Submitted to the South Carolina General Assembly

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State Board for Technical and Comprehensive Education

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## Introduction to the Commercial Driver Shortage

The 8,230 trucking companies in South Carolina, most of them small, locally owned businesses,<sup>1</sup> are suffering from a driver shortage. The American Trucking Associations report that the country's shortfall of 48,000 drivers last year may increase to a shortage of 175,000 drivers by 2024.<sup>2</sup> Trucks transport 84% of manufactured tonnage in the state and the trucking industry is an important asset to South Carolina's Transportation, Distribution, and Logistics cluster.<sup>3</sup> In the public sector, 84,843 vehicles in the state fleet require a Commercial Drivers' License (CDL) for trucks, trailers, and buses. For example, the South Carolina Department of Transportation (SC DOT) has 2500 positions that require a CDL, mostly in maintenance units. As of August 15, 2016, SC DOT had a 10% vacancy rate for these positions.<sup>4</sup> School districts, regional transit / transportation authorities, county recreation commissions, and councils on aging operate buses. In Lexington county alone, the shortage of school bus drivers exceeds 50 drivers for the current school year.<sup>5</sup>

Although numerous factors contribute to the shortfall, the committee identified the infrequency of job opportunities for Commercial Driver's License (CDL) holders between the ages of 18-21 as the initial challenge. While the South Carolina Department of Motor Vehicles (SC DMV) require individuals to be 18 years old to obtain a Commercial Learner's Permit, drivers are prohibited by federal law to drive across state lines, a common route for transportation companies, until age 21. Furthermore, insurance underwriters require transportation clients to hire drivers with one to three years' experience which can further push the age of CDL hires into their early twenties. Study committee members from Associated Petroleum Carriers, Inc. in Spartanburg and the Motor Coach Association of South Carolina exemplified this: Associated Petroleum Carriers, Inc., has particular load requirements, such as hazardous materials, which limit hiring until the age of 24 and after at least one year of verifiable tractor-trailer experience. Insurance underwriters require the Motor Coach Association to hire individuals at least 25 years of age and with at least three years of verifiable bus driving experience. The Association further points out that by age 25, individuals are often invested in another career resulting in the industry losing out on this talent.

The following data from the SC DMV and the SC DOT show the scarcity of young drivers.

- Of the 130,159 CDL holders in South Carolina:
  - <0.5% are between 18-21 years of age;
  - 45% are over 52 years of age.
- Of the approximately 2250 SC DOT employees with a CDL:
  - 5 employees are 19 years old;
  - 10 employees are 20 years old.

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<sup>1</sup> <http://www.sctrucking.org/economics>

<sup>2</sup> Truck Driver Shortage Analysis, 2015

<sup>3</sup> South Carolina's Council on Competitiveness, Transportation, Distribution, and Logistics: A Plan to Ignite the Cluster

<sup>4</sup> South Carolina Department of Transportation

<sup>5</sup> Motor Coach Association of South Carolina

The committee also reviewed 2015-2016 data on bus accidents by driver age group from the South Carolina Department of Education (SC DOE). Where the driver contributed to causing the accident, the percentage of bus drivers in the age group of 18-21 was 4.35%, less than the average percentage per age group, 4.63%. Committee members and staff also shared various articles on commercial driver risk.

## STATE GOVERNMENT FLEET OPPORTUNITY

In contrast to the private sector, public agencies are fortunately in a more opportune position to fill the young driver gap. Many state agencies and political subdivisions need drivers for heavy equipment, buses, and trucks and all have an interest in the state's safety and economic health. Yet, these public entities have little to no interstate needs (drivers may be younger than 21 years old), nor the high exposure to liability found in the private sector (causing stringent insurance requirements). According to the South Carolina Trucking Association, these public sector operations tend to operate on low-speed, local routes, during a traditional workday schedule. This offers a higher degree of supervision of drivers and provides a more attractive job because drivers can return home at night.

## INSURANCE PERSPECTIVE

The committee and staff talked with insurance underwriters and brokers and invited two underwriters to present to the group and answer questions. Insurance representatives discussed numerous reasons for the shortage (high turnover, high number of retirees, difficulty in being away from home, and more). Most relevant to the Committee's work were the following points: Carolina Casualty requires drivers to have two years' experience because looser requirements would possibly increase liability exposure. Carolina Casualty did confirm that it would be open to accepting similar driving experience from public sector employment. Protective Insurance presented the value for its clients of driver "finishing programs" with certified trainers. A finishing program's prevalence in and benefit to the industry were reinforced through additional committee and staff research.

The committee researched the viability of simulators to offset experience requirements and seat-time, but determined this was not a strong option due to costliness (\$100,000) and lack of insurance impact.

## DRIVER FINISHING PROGRAMS

Finishing programs, which add an additional 100-240 hours of behind-the-wheel time for new truck driver hires, are very common for trucking companies, and at times, are required by insurance underwriters. G&P Trucking Company, Inc. based in Gaston, SC, has a finishing program that is a US Department of Labor (US DOL) Registered Apprenticeship that can be used as a model for employers willing to hire entry-level CDL holders. G&P Trucking reports that finishing school drivers are safer, and furthermore, "The quality of a finishing program determines the quality of the driver."

In the public sector, Lexington School District 1 offers a 50-hour finishing program for commercial drivers with passenger endorsements in school bus operations.<sup>6</sup>

## **Training and Obtaining Commercial Drivers' Licenses**

### **SOUTH CAROLINA DEPARTMENT OF MOTOR VEHICLES**

The requirements to obtain a Commercial Learner's Permit most relevant to this study are the federal regulation that applicants be 18 years of age and pass one or more written knowledge tests. To obtain a Commercial Driver's License, the SC DMV requires an individual to pass a skills test, also known as a "road test." The road test consists of a pre-trip inspection, basic skills, and on-road driving.<sup>7</sup>

The SC DMV operates nine locations in the state for applicants to take the road test. The committee explored the possible need for additional locations and considered the feasibility of utilizing the SC DMV mobile office, identified the specifications for training space, and looked into state inventory for space and vehicles. The SC DMV also regulates truck driver training providers and instructors that charge a fee for instruction.

### **TECHNICAL COLLEGE TRAINING – TRUCK DRIVING**

Ten of the state's technical colleges are licensed by the SC DMV to provide truck driver training which consists of classroom instruction and time behind-the-wheel. In 2015, the technical colleges graduated over 500 students with CDLs. Over one-third of these students earned academic college credit for the training. The cost and length of the courses vary. Some colleges offer courses over multiple weekends, and some courses are held Monday through Friday. The approximate cost is \$4500 and typical length is five weeks on the non-credit side. Credit courses can extend to nine weeks. In limited cases, funds are available to cover tuition. For example, Midlands Technical College offers QuickJobs scholarships for its truck driver training course. Two of the ten colleges offer the training as college credit enabling the students to be eligible for financial aid such as Pell grants and lottery funding, yet these college programs on the credit side are challenged to break even due to the high costs of trucks and maintenance. The technical colleges' CDL programs are approved for veteran's training benefits under the post-911 GI Bill.

The colleges successfully assist with job placement. For example, the largest CDL training program in the state, Florence Darlington Technical College, produced approximately 100 CDL holders in 2015, with a 100% job placement rate post-program completion. The college attributes the placement success of the program to high demand and strict screening of applicants. One example of the screening is that applicants are required to obtain their Commercial Learner's Permit prior to starting the program.

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<sup>6</sup> Motor Coach Association of South Carolina

<sup>7</sup> South Carolina Department of Motor Vehicles

## States' Efforts

Because the driver shortage reaches nationwide, members and staff researched other states' efforts to build their potential list of recommendations. Notes on relevant state highlights are below.

ARKANSAS: A public/private workforce initiative highlighting the skilled professions (e.g. truck driving, industrial machinist, plumber) with a website containing details on each profession (e.g. wages), training options, and employers. A "tricked-out" trailer truck, one of the marketing features of the initiative, contains hands-on activities for youth which are available upon walk-in registration after providing a name and email address. The truck was parked on Main Street in Columbia, SC on August 24, 2016. <http://beprobeproud.org/professions>

CALIFORNIA: 14-week training program facilitated by Long Beach City College and Harbor Trucking Association resulting in a CDL program and Port clearance, using the Women in Trucking Association for recruiting.

MAINE: High school students enrolled in commercial truck driving classes at vocational schools compete on driving skills against themselves, then winners compete with career professionals.

MISSISSIPPI: A workforce collaborative, expanding enrollment to women and other underrepresented populations, provides a tractor simulator lab, a refrigerated trailer lab, a computer lab, a driving range for 12 days of behind-the-wheel instruction, 6-week paid internships, and employment to all program completers.

OREGON: Registered Apprenticeship program for interstate truckers

PENNSYLVANIA: Pitt Ohio establishes a career path for employees to become invested in the company by putting potential drivers to work on the dock before they are eligible to drive, then graduating to driving Sprinter-type vehicles and straight trucks, before operating tractor-trailers.

MULTIPLE STATES: Werner Enterprises targets veterans for drivers and has lengthened its driving apprenticeship program to two years so veterans and their spouses can receive tax-free education benefits for a longer period of time.

## Committee Findings and Recommendations

*The purpose of the 2015-2016 Budget Proviso 25.7 was to identify how best to facilitate and incentivize state and local government fleet operations in the hiring of entry-level Commercial Drivers' License holders.*

Proviso 25.7 charged the study committee with developing recommendations for the General Assembly to consider on the following topics: coordination and cooperation with the Department of Education and the SC Technical College System; minimal and/or targeted agency entry-level employment-level objectives; state-sponsored incentives; limitations on liability; state-sponsored insurance coverage underwriting for some initial period of employment; payroll tax exemptions or incentives; and other state-sponsored support. The committee explored each of these topics.

In the end, the committee and staff identified eight recommendations that fall into the categories of School to Job Pathway and State Support.

## SCHOOL TO JOB PATHWAY

Under Career Pathways, SC DOE recognizes 16 career clusters and provides curriculum to increase student exposure to career information and opportunities as part of each student's individual graduation plan development. The committee confirmed that truck driving is one of the occupations identified under the Transportation, Distribution, and Logistics career cluster.

1. Pilot a career pathway that starts with high school Career and Technology Education (CATE) students, incorporates technical college CDL training and passage of SC DMV licensure tests, and employment with a public employer, namely a state agency or a political subdivision.

*Partners: Public employers, CATE, Technical Colleges, SC DMV*

- a. Technical Colleges: Through Apprenticeship Carolina™, develop a US DOL Registered Apprenticeship structure for the pathway pilot, to also serve as a driver finishing program. A student would finish the Registered Apprenticeship program with a high school diploma, a CDL, a nationally recognized US DOL credential, paid work experience, and a leg-up on a full-time job.

Apprenticeships allow for active recruiting of youth to receive education, credentials, and jobs while simultaneously filling a public sector gap in the short-term and, potentially, a private sector need eventually. Another benefit to the industry of structuring a pathway with a Registered Apprenticeship is that an apprentice may be more invested in completing the education component and the SC DMV tests if they are part of his or her program, particularly if each step of accomplishment results in a wage increase.

The on-the-job training requirement of an apprenticeship could possibly be met with a blend of behind-the-wheel hours with a qualified trainer, GPS and/or other technological supervision assistance, and completion of an employer-developed competency checklist.

Staff of Apprenticeship Carolina are already positioned to identify and recruit employers for Registered Apprenticeships, so can work in conjunction with the local technical colleges to identify potential public employers to sponsor the apprenticeships. The following list of resources can serve as program models: SC Department of Education's Bus Mechanic Youth Registered Apprenticeship provides a pathway from CATE to public employment; Fire departments and hospitals in South Carolina's lowcountry are developing an Emergency Medical Technician Registered Apprenticeship which starts ambulance drivers on dispatch, vehicle inspection, and record-keeping before they are legally allowed to drive at 18 years; G&P Trucking has sponsored a truck driver Registered Apprenticeship since 2010; The state of Oregon began a Registered Apprenticeship program for interstate truckers in 2011; Lexington School District 1 has a 50-hour bus driver finishing program.

- b. Employers: At least one public employer, a county, has expressed interest in participating in this pilot as identified through the SC Association of Counties'

survey of its members. The county proposes the following: part-time hiring of a driver candidate after he or she had passed the SC DMV knowledge exam, earning a Commercial Learner's Permit; providing the new driver with seat-time and additional training by pairing him or her with an experienced driver; and asking the new hire to sign a "soft" employment commitment for a minimum amount of time, possibly 2 to 3 years.

*Hiring targets by June 2018, the end of the upcoming legislative session:*

- Public employers to hire entry-level drivers as part of pilot pathway: **4**
- Entry-level hires under 21 years old: **6** (3 of which would be CATE students)

## 2. Expand Outreach

### a. South Carolina Department of Education:

- i. Through its Offices of Career and Technology Education (CATE) and Adult Education, to promote the opportunities and benefits of a commercial driving career to 1) guidance counselors and 2) Adult Education students. Adult Education students are 17 years old and above, earning their General Education Development (GED) diploma.
- ii. To collaborate with Midlands Education and Business Alliance (MEBA) and sister organizations across the state promoting opportunities and benefits of a commercial driving career.
- iii. To expand to state-wide CATE's program of bringing automotive technology students to technical colleges to learn about the CDL program and to talk with employers invited by the SC Trucking and Motor Coach Associations.

### b. South Carolina Department of Employment and Workforce:

- i. To encourage Local Workforce Investment Boards and others that facilitate job fairs to invite public employers to assist with recruiting commercial drivers.
- ii. To encourage political subdivisions to broaden their driver recruiting pool to include women, veterans, and un- and under-employed, in addition to youth.

### c. The partners identified in the first recommendation to promote the pilot career pathway launch with event and press release.

### d. The SC Trucking Association to review and share any future outcome data from Arkansas *Be Pro Be Proud* initiative to determine potential value of similar outreach initiative.

## STATE SUPPORT

The committee recommends six points of state support. The first two recommendations are for specific state agencies, the next three are for state funding, and the final is to ensure continuity of the committee's work.

### 3. The SC DMV to consider:

- a. Revising procedures to allow truck driver training school instructors to be portable among training providers.

Providing flexibility for licensed programs to share instructors would increase the technical colleges capacity to graduate and place CDL holders. The committee also recommends that communication between the SC DMV and driver training providers be increased so that regulations and procedures support the industry's market trends and the needs of the driver training providers.

- b. Exploring the potential need and option of developing a mobile test-taking unit to augment the testing sites closed last year.

The number of SC DMV's testing sites offering licensure tests was diminished in 2015 due to a change in the federal regulations governing testing sites. It was fiscally necessary for the SC DMV to reduce the number of sites from 34 to nine, however the number of examiners remain the same. To offset this, the SC DMV launched a new appointment system to accommodate applicants for testing and the agency has encouraged the expansion of third party testers in South Carolina.

- c. Partnering with the South Carolina Trucking Association, which can coordinate with the private sector to identify space for potential future testing locations.
4. The State Workforce Development Board, through the SC Department of Employment and Workforce, to offer funding and policy to support building an entry-level pool of drivers.

The SC Department of Employment and Workforce identified four areas of its work that have potential to address the driver shortage: 1) criminal record expungement efforts (State Instruction Letter 16-05 Legal Aid Services for Workforce Innovations and Opportunity Act (WIOA) Title 1 Participants), 2) offset of wages for work-based training, 3) liability insurance for employers training WIOA-qualified individuals (Accidental Death and Dismemberment Insurance only, through Alliant), and 4) state grant opportunities to support the piloting of career pathways in the top five in-demand industries, which include Transportation, Distribution, and Logistics.

5. Offer state coverage of any related insurance deductible for political subdivisions for two years if the political subdivision hires CDL drivers under 21 years of age.

The committee also considered recommending the development of a risk pool for young, entry-level drivers. However, because public employees age 18 to 20 are currently covered by the SC Insurance Reserve Fund, the SC Counties Property and Liabilities Trust, the SC Municipal Insurance Trust, the SC Municipal Insurance Reserve Fund, and the SC State Accident Fund, the SC Department of Insurance expressed reluctance to establish an assigned risk pool. These entities are also protected from increased liability exposure through the South Carolina Tort Claims Act.

6. Provide strategic funding to increase capacity of CDL training programs at the technical colleges, for example, a state-wide contract for trucks and maintenance, without impacting other technical college programs.

7. Provide reimbursement to employers for GPS and safety technology that monitor driving habits to assist with supervision and safety and also prepare the driver for proficiency on future commercial vehicle technological capabilities.
8. Forward these initial findings and recommendations to the Coordinating Council for Workforce Development for further consideration.

Lastly, the committee understands the harmful impact that the commercial driver death has on multiple industries in South Carolina and therefore strongly recommends that the committee's work be continued. The committee recommends that the findings and suggestions identified in this report be passed to the Coordinating Council for Workforce Development for further action. For continuity purposes, members of the study committee are willing to serve on a commercial drivers' subcommittee or the like that the council may initiate.

The committee also recommends that additional stakeholders be included in future work addressing the shortage of commercial drivers such as the SC Department of Motor Vehicles, SC Ports Authority, SC Department of Employment and Workforce, and the SC Department of Commerce. The latter two agencies are standing members of the Coordinating Council for Workforce Development.