OWNER – OPERATOR DRIVER COMPENSATION

2015

ANALYSIS BY JOHN HUSING PHD

FOR THE CALIFORNIA TRUCKING ASSOCIATION AND INLAND EMPIRE ECONOMIC PARTNERSHIP

OWNER – OPERATOR DRIVER COMPENSATION 2015

Copies of the OODC Study can be requested from:

CALIFORNIA TRUCKING ASSOCIATION
Policy and Government Relations Department
Email: syang@caltrux.org
Phone: (916) 373-3500
Website: www.caltrux.org

ABOUT THIS STUDY

Independent Owner-Operators have long been a vital part of the trucking industry. Estimated to make up nearly 20% of all professional drivers on the road today, some of America's largest, most successful fleets were built up from a single truck. These truckers have embodied the spirit of independence and entrepreneurship that runs throughout this proud industry as the backbone of the American economy.

As the CEO of the nation's largest statewide organization representing the trucking industry, I was troubled by a recent study claiming that – on the whole- Independent Owner-Operators have fallen behind company drivers in terms of compensation. This study was commissioned, in part, to analyze this question. The results of this study clearly show that the median net income of Independent Owner-Operators still exceeds that of company drivers, with nearly 75% of Independent Owner-Operators earning more than their company driver counterparts. Additionally, the top 20% of Independent Owner Operators take home six-figure incomes.

Because of the economic and entrepreneurial opportunity available to drivers, the CTA continues to support a drivers' freedom to choose the work environment which suits them best.

Shawn Yadon, Chief Executive Officer
California Trucking Association
Study Co-Sponsor

The greatest concern in the Inland Empire, home to over 4 million Californians, is its high level of poverty (*18% of all people, 26% of children under 158*). Importantly, local public health leaders have identified economic difficulties as the key to addressing their difficult public health concerns. This flows from research showing that poverty far outranks other determinants like access to medical care or the environment in impacting a community's health.

Ultimately, the need is for job growth in sectors with few educational barriers to entry and skill ladders up which workers can migrate to middle class incomes. This is why we at the Inland Empire Economic Partnership so strongly support logistics.

Logistics is the economic lifeblood of the Inland Empire and our area's fastest growing sector directly responsible for 19%, 20% and 23% of the over 50,000 jobs annually created in 2013-2015. It is a huge contributor to upper mobility for workers needing access to skill ladders leading to the middle class. That is the case given its $44,470 median income in 2015. Also, 83.0% of the sector's workers have jobs requiring a high school or less education putting 33% in occupations paying above the median income.

Within logistics, trucking is even better paying and the findings in this study support trucking's role as an entrepreneurial opportunity.

Paul Granillo, CEO
Inland Empire Economic Partnership
Study Co-Sponsor

AUTHOR'S BACKGROUND

Dr. John Husing is a research economist who has specialized in the study of Southern California's growing economy since 1964. For decades, he has produced city and county specific economic development strategies for the region's local governments. In recent years, much of his research has focused on the impact that state policies are having on families living in poverty and on the large share of the state's workers who are marginally educated. A subset of that work has made him a leading authority on the impact of the goods movement industry on Southern California, and in particular its role as a provider of upward economic mobility to blue collar workers. A hallmark of Dr. Husing's research is to reach beyond standard regional economic impact analysis by conducting extensive annual one-on-one interviews with executives and entrepreneurs to understand their views of the forces shaping Southern California and the sectors in which they conduct business.

Dr. Husing served as the economist reviewing and recommending strategies for the successful Clean Truck Program instituted at the San Pedro Port Complex. For over a decade, he has performed a similar role on several key studies analyzing growing regional poverty and the important economic role played by the combined trucking, warehousing and wholesale trade sectors for the Southern California Association of Governments.

As a consequence of his research specialties, Dr. Husing has often been called upon to testify before legislative committees considering bills and policies affecting the state's economy and its transportation system.

John E. Husing, Ph.D.
Chief Economist, Inland Empire Economic Partnership

ACKNOWLEDGEMENT

The Owner-Operator Driver Compensation study was prepared and conducted by Dr. John E. Husing, PhD of Economics and Politics, Inc. Through supportive review by the American Transportation research Institute (ATRI), ATRI provided guidance on statistical inputs and analysis to the publication.

Executive Summary

In 2014-2015, the California Trucking Association (CTA) partnered with the Inland Empire Economic Partnership (IEEP) to develop a study that would quantify the net earnings of California Independent Owner-Operators (IOOs) and compare their earning power to the broader workforce.

Our analysis finds that:

- In 2013, the independent owner operators studied earned a median net income of $59,478 compared to $42,078 median pay of employee drivers in California.
- Three-quarters IOOs earned more than drivers in employee-based models.
- The top twenty percent of IOOs earn more than workers in 156 of the 158 logistics occupations in Los Angeles County and the Inland Empire, including those with Bachelor's degrees.

This study summarizes and examines data from a wide range of sources:

- California Employment Development Department's Occupational Employment Statistics survey,
- U.S. Census Bureau,
- American Transportation Research Institute; and,
- 28 different firms which includes data from 2,648 California IOOs.

This data was used to characterize gross revenue and business expenses for IOOs such as repairs and maintenance, fuel and insurance, mileage, and other applicable costs.

Independent Owner Operator Compensation Data Analysis

John E. Husing, Ph.D.

Chief Economist, Inland Empire Economic Partnership

1601 E 3rd St #102
San Bernardino, CA 92408
www.ieep.com

One of the economic issues emanating from the port-drayage segment of the trucking industry has been the issue of the trucking model whereby drivers are largely independent owner-operators (*IOO*) contracting with firms to move cargo for them. During the 2007-2008 development of the Clean Truck Program at the San Pedro Bay port complex a proposed mandate would have require trucking firms to hire drivers as employees. Some claimed that IOOs were underpaid. Other drivers, most trucking companies and port interests claimed that IOOs earn more as independent contractors and that the existing trucking model should be maintained. Ultimately, the appellate court decided that the employment mandate violated the federal preemption related to state regulation of "rates, routes and services" under the Federal Aviation Administration Authorization Act.

However, the controversy has not ended there. To date, the crucial question about IOO earnings has been largely argued by advocates and hard evidence about the actual facts has been missing. As the economist who conducted most of the economic analysis of the Clean Truck Program and being familiar with the issues surrounding this controversy, this report has been created to supply hard data to the discussion of this issue.

Specifically, the data used below relates to IOOs working in California, with specific reference, where possible, to those working in Southern California.

CA Employment Development Department (*EDD*). A starting place for such an analysis is official data supplied by government agencies. In the case of California, the main source is EDD which conducts the Occupational Employment Statistics (*OES*) survey. It is a semiannual mail survey measuring occupational employment and occupational wage rates for wage and salary workers in nonfarm establishments, by industry. The survey samples about 37,000 establishments per year, taking 3 years to fully collect the sample of approximately 113,000 establishments in California. The California Unemployment Insurance (*UI*) file provided the universe from which the OES survey drew its sample. The employment benchmark is obtained from reports submitted by employers to the UI program under penalty of perjury.[1]

[1] OES Survey Methodology and FAQs http://www.labormarketinfo.edd.ca.gov/data/oes-employment-and-wages.html#Method

Exhibit 1 below shows the latest OES data on wage and salary pay (*1st Quarter 2015*) for SOC code 53-3032 which is for heavy duty truck drivers. The data shown are for the State of California as well as Southern California's major markets.

It shows that the mean-average annual wage and salary level for heavy duty drivers varied from a low of $41,369 in San Diego County (*$19.64 an hour*) to a high of $48,302 in the Inland Empire (*$23.22 an hour*) in first quarter 2015. The state figure was $44,104 (*$21.21 an hour*).

Median pay levels (*half the workers above and below*) were somewhat lower as very high pay levels tend to pull the mean average levels to the high side. The median range was from $39,270 in Orange County (*$18.88 an hour*) to $45,802 in the Inland Empire (*$22.02 an hour*). The California median was $42,078 (*$20.23 an hour*).

U.S. Bureau of Labor Statistics indicates 2014 median pay for U.S. company drivers was $39,520. (http://www.bls.gov/oes/current/oes533032.htm)

Exhibit 1.-Occupational Employment (May 2014) & Wage (2015 -1st Quarter) Data
Occupational Employment Statistics (OES) Survey Results

Area Name	SOC Code	Occupational Title	May 2013 Employment	Mean Annual Wage	Median Annual Wage	25th Percentile Hourly Wage	Mean Hourly Wage	50th Percentile (Median) Hourly Wage	75th Percentile Hourly Wage
Inland Empire	53-3032	Heavy and Tractor-Trailer Drivers	24,590	$48,302	$45,802	$17.79	$23.22	$22.02	$28.33
Los Angeles Co.	53-3032	Heavy and Tractor-Trailer Truck Drivers	29,430	$42,416	$40.165	$15.51	$20.39	$1931	$24.12
CALIFORNIA[1]	*53-3032*	*Heavy and Tractor-Trailer Truck Drivers*	127,330	$44,104	$42,078	$16.48	$21.21	$20.23	$25.08
Orange Co.	53-3032	Heavy and Tractor-Trailer Truck Drivers	5,990	$41,969	$39,270	$16.11	$20.18	$18.88	$22.92
San Diego Co.	53-3032	Heavy and Tractor-Trailer Drivers	6,,570	$41,369	$40,851	$16.19	$19.64	$19.56	$23.61

U.S. Census Bureau. A second source of data is the Non-Employer earnings of firms in the truck transportation business as shown by the U.S. Census Bureau. The sector is "Sector 48-49 -- Transportation and Warehousing – 484 Truck Transportation." It is precisely defined as:[2]

> "Industries in the truck transportation subsector provide over-the-road transportation of cargo using motor vehicles, such as trucks and tractor trailers. The subsector is subdivided into general freight trucking and specialized freight trucking. This distinction reflects differences in equipment used, type of load carried, scheduling, terminal, and other networking services. General freight transportation establishments handle a wide variety of general commodities, generally palletized, and transported in a container or van trailer. Specialized freight transportation is the transportation of cargo that, because of size, weight, shape, or other inherent characteristics require specialized equipment for transportation."

Exhibit 2.-Gross & Average Receipts, Non-Employers, Truck Transportation, 2013

Area	Establishments	Gross Receipts	Mean Average Receipts
Inland Empire	12,591	$1,381,897,000	$109,753
California	70,889	$7,531,256,000	$106,240
Orange County	2,700	$280,280,000	$103,807
San Diego County	2,371	$219,516,000	$92,584
Los Angeles County	23,301	$2,058,986,000	$88,365

Source: Non-Employer Statistics, 2013, U.S. Census Bureau

Three definitions are important in understanding these census data:[3]

- **Non-Employer.** A non-employer business is one that has no paid employees, has annual business receipts of $1,000 or more, and is subject to federal income taxes.
- **Number of Establishments.** Generally, an establishment is a single physical location at which business is conducted, services are rendered, or industrial operations are performed. However, non-employer statistics counts each distinct business income tax return as a firm. For non-employer statistics, the Census Bureau uses the terms firm and establishment interchangeably. Since a non-employer business may operate from

[2] 2012 Nonemployer Statistics, U.S. Census Bureau, http://censtats.census.gov/cgi-bin/nonemployer/nondetl.pl

[3] http://www.census.gov/econ/nonemployer/definitions.htm#firms

its owner's home address or from an unspecified physical location, most geography codes are derived from the business owner's mailing address, which may not be the same as the physical location of the business activity.

- **Gross Receipts.** Includes gross receipts, sales, commissions, and income from trades and businesses as reported on annual income tax returns. Business income consists of all payments received for services rendered.

Using data from this source, it is possible to calculate mean average gross receipts for non-employers in each market as of 2013 (*Exhibit 3*). The data show mean-average gross receipts varying from $88,365 in Los Angeles County to $109,753 in the Inland Empire.

American Transportation Research Institute (*ATRI*). For the past several years, ATRI has created its Analysis of the Operational Costs of Trucking. The strength of their work is that it is based upon an annual survey of companies which "operate 30,083 trucks, which accrued an estimated 3.5 billion miles in 2013."[4] It thus provides a good look at the cost per mile of various elements of operating heavy duty trucks. The weakness is that it is for "for hire" firms not IOOs.

The cost data are thus used sparingly below.

While these three data sources provide some insight into what is occurring in terms of earnings levels in California and Southern California, they have three weaknesses in terms of IOOs:

- EDD's information is for all wage and salary workers in heavy duty truck occupations for first quarter 2014. It does not include IOOs. It thus provides a basis for comparison for company-drivers, but does not give information about the central issue.
- The Census data is for non-employers and thus independent owner operators. However, the information is for 2013 when the Great Recession had just ended. It does give some indication of the flow of revenue into all IOOs that year. It shows gross, not net earnings for these firms and it provides mean-average data only … not medians.
- As stated, the ATRI data is from "for hire" firms in 2013. It provides useful information on costs per mile but not about specific costs borne by IOOs.

[4] Analysis of the Operational Costs of Trucking, American Transportation Research Institute, September 2014, pg. 5

IOO Data Development. As there is no third party source of information available to actually look at the net earnings of IOOs, it was necessary to develop this information. Three sources became available to this analyst using 2013 data:

- **Tax Records.** Important information came from the income tax filings for 456 IOOs. It was for all of the California drivers that were clients of a national accounting firm. The request for every such driver was made, rather than a sample, so a full picture would be created. The information was provided without names for confidentiality. It included gross revenue and cost items such as repairs and maintenance, fuel and insurance. It also included the total mileage driven by the operator.
- Two adjustments were made: Gross Income was calculated deducting the cost of leasing or buying equipment as this item varies widely depending upon lease/purchase/ subsidy agreements between trucking companies and IOOs affiliated with them. Other costs included $0.086 per mile for other expenses including permits, licenses, fees and tolls consistent with the ATRI 2013 estimate.[5] It did not include lifestyle costs, such as home office expenses, often used by entrepreneurs to reduce taxable income.

Exhibit 3.-Average Performance, 466 IOO's Tax Records

Income Group	Gross	Insurance	Fuel	Repairs	Other	Total Cost	Mean Net	Median Net	Mileage
Top 25%	$171,233	$7,632	$40,363	$11,786	$5,855	$65,636	$105,597	$93,290	160,989
2nd 25%	$117,811	$6,019	$32,250	$10,018	$5,059	$53,345	$64,466	$63,929	121,615
3rd 25%	$108,853	$6,334	$38,744	$10,263	$5,587	$60,928	$47,925	$48,296	116,805
Bottom 25%	$84,107	$6,032	$32,515	$10,748	$4,912	$54,207	$29,900	$31,239	101,428
Total	$120,501	$6,504	$35,968	$10,704	$5,353	$58,529	$61,972	**$55,261**	**125,209**

Note: These data may be on the high side as the firms were able to use a national tax firm

[5] Analysis of the Operational Costs of Trucking, American Transportation Research Institute, September 2014, p. 12

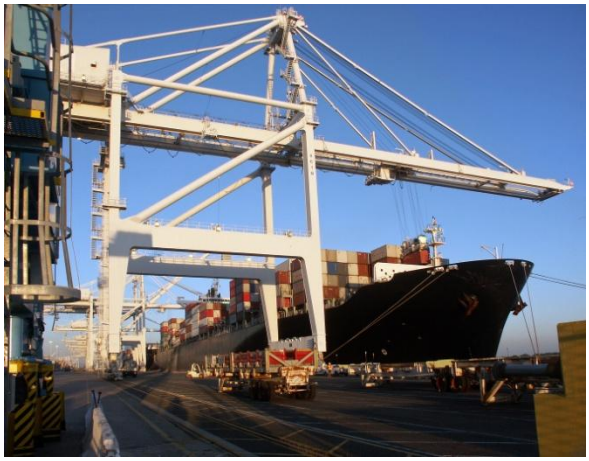
The tax data was divided into four quartiles of 114 IOOs each. It provided important metrics (*Exhibit 3*):

- **Mean-average gross revenue** varied from a low of $84,107 for the bottom group to $171,233 for the group with the highest cash flow.
- **Average mileage** driven varied from a low of 101,428 among the lowest earning group to 160,986 in the top group. This measure substituted for "level of activity." It is inexact as it does not measure hours worked, number of turns, or number of containers handled.
- **Average total costs** ranged from $54,207 to $65,636. Importantly, costs did not fall as much as gross revenue as less miles were driven by each group. This reflects the fact that many costs are fixed and do not vary with level of activity.[6]
- **Mean-average net income** varied from $29,900 for the lowest group to $105,597 for the highest earning group. This difference reflects the longer distances driven by each quartile from top to bottom. It also reflects the fact that costs do not fall proportionately as revenue drops, again underscoring the fix cost impact.
- **Median net income** is the level at which half the drivers in the group make more and half make less. Here the range is less extreme because a few very high or very low values do not skew the numbers in the high or the low direction. The low group figure was $31,239, the high group was $93,290.
- **For all 456 drivers**:
  - **Average miles driven (*activity estimate*)** was 121,615
  - **Mean-average annual net earnings** was $61,972
  - **Median annual net earnings** was $55,261

Metrics from this source provide a comparison to the results from other sources.

[6] An oddity in the cost data was the second highest quartile of IOOs having lower average costs despite more activity and revenue than group three.

- **Detailed IOO Records.** A second source was the IOO gross revenues, costs and mileage for a drayage firm serving the ports of Los Angeles and Long Beach that had over 120 owner-operation drivers associated with it for at least some part of 2013. In this case, the client allowed this analyst to see the actual records from which the information was taken. The data was extracted for every driver associated with the firm so a full picture could be created. The net earnings from these IOOs could then be compared to the IOOs from the accounting firm to determine how well they matched.
- **Cooperating Firms.** A third source was the gross revenues, costs and mileage with regards to IOOs affiliated with them from a variety of firms that were willing to supply data. As in the other two cases, the request was for data on every IOO so a full picture could be seen. The information was provided without names for confidentiality. Here, the data was complete in some cases but partial in others:
    - **Mileage.** Annual mileage of each driver was made available as an estimate of level of activity.
    - **Gross Revenue.** Gross revenue paid to each IOOs was generally made available. For the few drivers where it was not, data were developed using the ratio of miles driven to IOO revenue for that firm among the drivers for which it was available.
    - **Fuel.** Fuel costs were available to most but not all IOOs. Since a large number were available, it allowed an estimate of fuel costs for those not revealed based upon the assumption of 6.0 miles to the gallon and 2013 average diesel cost per gallon of $3.90 or average of $0.65 per mile. The market price of diesel to IOOs is offset by most companies via the industry practice of a diesel surcharge paid to drivers to keep their fuel costs stable. This was omitted from companies that did not supply this specific information resulting in an overestimate of the fuel cost and an underestimate of net profit for numerous IOOs. Where the subsidies were available, fuel cost were lowered commensurately.
    - **Maintenance.** Average vehicle maintenance costs for each IOOs drivers were provided by the accounting firm and some of the individual companies. This made possible showing the relationship between miles driven and maintenance costs. The other firms provided average maintenance costs for IOOs associated with the firm for a full year. For drivers who accounted for less than half the median miles driven for a firm, the percentage their miles made up of the fleet median was determined and that share of maintenance costs applied to the driver. For IOOs driving 50% to 75% of the median, 75% of the median was applied. That likely overestimated their costs since most of this group of drivers had less than 75% of the median miles. For all other drivers, the full median maintenance cost was used.



- **Insurance.** Average 2013 insurance costs were provided for all IOOs by some firms, but not others. Based upon industry rates that year, and these figures, insurance costs were applied to the other IOOs. The same formula process used for vehicle maintenance was applied to insurance based upon an annual cost for most companies of liability coverage at $3,600; physical damage at $2,000; cargo coverage at $600. The total insurance cost at $3,600.
- **Other Costs.** As discussed earlier, other costs included $0.086 per mile for expenses such as permits, licenses, fees and tolls consistent with the American Transportation Research Institute 2013 estimate.
- **Net Income.** The Net Income to IOOs was calculated by subtracting the sum of these costs from the Gross Revenue paid to them. This calculation for these firms was compared to those from the accounting firm to determine whether the order of magnitude were reasonable.

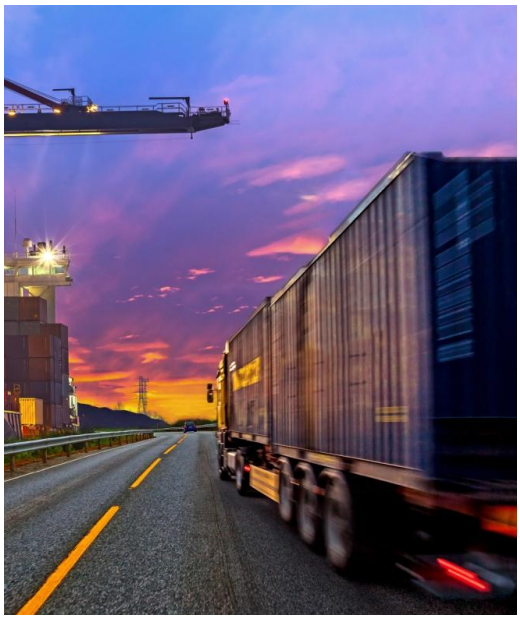
Exhibit 4.- Median & Mean Average Performance, 2,648 IOOs, 2013

Income Group	Gross	Insurance	Fuel	Repairs	Other	Total Cost	Mean Net	Median Net	Mileage
Top 25%	$234,746	$6,676	$96,949	$4,756	$16,277	$124,659	$110,087	$102,087	195,251
2nd 25%	$151,701	$6,521	$58,978	$6,161	$9,355	$81,015	$70,686	$68,936	124,782
3rd 25%	$104,253	$5,859	$36,190	$5,452	$5,988	$53,488	$50,764	$47,005	84,442
Bottom 25%	$63,905	$3,961	$23,643	$3,002	$4,057	$34,663	$29,242	$28,297	53,739
Total	**$138,651**	**$5,754**	**$53,940**	**$4,843**	**$8,919**	**$73,456**	**$65,195**	**$59,478**	**114,553**

The data for 2,648 IOOs, which included all three of the groups and represented independent drives involved in port drayage, over-the-road and refrigeration indicated above was divided into four quartiles of 662 IOOs each. It provided several metrics (*Exhibit 4*):

- **Average gross revenue** varied from a low of $63,905 for the bottom group to $234,746 for the group with the highest cash flow.
- **Average mileage** driven varied from a low of 53,739 among the lowest earning group to 195,251 in the top group. Again, this was a rough estimate of different levels of activity.
- **Average total costs** ranged from $34,663 to $124,659. Again, costs did not fall as much as gross revenue as less miles were driven by each of the four groups. This reflects the fact that many costs are fixed and do not vary with miles or such activities as number of turns, containers or hours worked.
- **Mean-average net income** varied from $29,242 for the lowest group to $110,087 for the highest earning group. This difference reflects the longer distances driven by the each quartile from top to bottom. It also reflects the fact that costs do not fall proportionately as revenue drops, again underscoring the fix cost impact.
- **Median net income** The low group figure was $28,297, the high group was $102,087. Here the range is less extreme because a few very high or very low values do not skew the numbers in the high or the low direction.

- **For Total of 2,648 drivers**: **(*Exhibits 4 vs. Exhibit 3*)**
  - **Average miles driven** was 114,553 vs. 125,209 for the tax record group
  - **Mean-average annual net earnings** was $65,195 vs. $61,972 for the smaller group
  - **Median annual net earnings** was $59,478 vs. $55,261 for the sample tax record group
- Among the **highest earning** quartile of drivers:
  - **Average miles driven** was 195,251 vs. 160,989 for the tax record group
  - **Mean-average annual net earnings** was $110,087 vs. $105,597 for the smaller group
  - **Median annual net earnings** was $102,087 vs. $93,290 for the sample tax record group
- Among the **2nd highest earning** quartile of drivers:
  - **Average miles driven** was 124,782 vs. 121,615 for the tax record group
  - **Mean-average annual net earnings** was $70,686 vs. $64,466 for the smaller group
  - **Median annual net earnings** was $68,936 vs. $63,929 for the sample tax record group
- Among the **3rd highest earning** quartile of drivers:
  - **Average miles driven** was 84,442 vs. 116,805 for the tax record group
  - **Mean-average annual net earnings** was $50,764 vs. $47,925 for the smaller group
  - **Median annual net earnings** was $47,005 vs. $48,296 for the sample tax record group
- Among the **lowest earning** quartile of drivers:
  - **Average miles driven** was 53,739 vs. 101,428 for the tax record group
  - **Mean-average annual net earnings** was $29,242 vs. $29,900 for the smaller group
  - **Median annual net earnings** was $28,297 vs. $31,239 for the sample tax record group



IOOs Compared to Logistics Occupations. It is generally accepted that IOOs tend to have high school or less educations plus heavy duty truck certifications. Looking at workers in all logistics occupational categories, ranked by educational requirements for them, the following results appear (*Exhibit 4 levels versus Exhibit 5*):

- The highest quartile of IOOs, with net median income of $102,087, earns more than those working in 156 of the 158 occupations in Los Angeles County and the Inland Empire, including those with Bachelor's degrees.
- The second quartile of IOOs, with net median income of $68,936, earns more than logistics workers in 112 of the 158 occupations in the two largest Southern California markets, not including only those occupations requiring four year or higher college degrees.
- The third quartile of IOOs, with net median income of $47,005, earns more than those in 106 of the 158 logistics occupations, not including only those requiring Associates or higher degrees.
- The bottom quartile of IOOs, with net median income of $28,297, earns more than logistics workers in the 21 occupations requiring less than high school educations.

Exhibit 5.-Occupational Pay by Educational Level With IOO Medians, 2015
Los Angeles County& Inland Empire Combined

Educational Requirement for Occupations	(1) Number of Occupations	(2) Worker Share	(3) Workers	(4) 25th Percentile Hourly Wage	(4) 50th Percentile (Median) Hourly Wage	(5) Median Annual Pay	(4) 75th Percentile Hourly Wage
Doctorate or Professional	2	0.04%	193	$46.85	$65.71	$131,410	$78.95
IOO Highest Quartile						**$102,087**	
Masters	NA	0.00%	NA	NA	NA	$0	NA
Bachelors	44	16.36%	85,189	$30.56	$42.55	$85,109	$58.29
IOO Second Highest Quartile						**$68,936**	
Associates	6	0.46%	2,405	$22.14	$28.80	$57,591	$36.04
IOO Third Highest Quartile						**$47,005**	
Some College, No Degree	1	0.52%	2,690	$15.36	$19.21	$38,422	$25.38
Post 2nd, Non-Degree	7	11.15%	58,062	$16.20	$20.21	$40,420	$25.52
High School	77	51.45%	267,914	$15.20	$20.05	$40,108	$26.85
IOO Lowest Quartile						**$28,297**	
Less Than High School	21	20.03%	104,298	$9.90	$12.21	$24,429	$16.01
All Logistics Sector Workers	**158**	**100.00%**	**520,751**	**$16.81**	**$22.23**	**$44,470**	**$29.73**
Full Time All Logistics Workers: 2,000 Hours				**$33,615**	**$44,470**		**$59,456**

Notes: Employment Development Department Data, Used As Follows:

1. Occupations in Wholesale Trade, Transportation & Warehousing (*Logistics Group*), Ranked by Educational Requirements
2. Worker Shares by Occupation in Wholesale Trade, Warehousing & Transportation, Average of 2010 & 2020
3. Occupational Shares Applied to Total Workers in Logistics sectors for Los Angeles County & Inland Empire, 2015
4. Pay By Standard Occupational Code in Logistics, Los Angeles County & Inland Empire, 1st Quarter 2015
5. Full time estimated at 2,000 hours

Conclusions

- IOOs are entrepreneurs who determine the level of activity in which they wish to engage be it miles or numbers of hours, containers or turns.
- There is a clear relationship between the level of activity and their net incomes. It shows up in both the smaller sample of tax records as well as for all of the cooperating firms. For those drivers choosing to engage in more activity, there is a financial return, often quite substantial.
- The costs of operating an IOO are not as flexible as the level of activity in which they engage. For that reason, IOOs willing to undertake greater levels of effort be it miles, turns, containers or hour gain an advantage in net income because some of their costs are fixed.
- The companies involved in this study had median annual gross revenue of $138,651 in 2013. That exceeded the average of $104,536 for California IOOs in 2012. In part, this is likely the result of the state's Gross State Product growing from $1.96 trillion to $2.21 trillion, up 12.5% between 2012-2013. Meanwhile, U.S. e-commerce activity, which is often dependent on imports being driven by heavy duty trucks from the ports, expanded by 27.8%.[7] Both metrics drive heavy duty truck traffic.
- According to the U.S. Bureau of Labor Statistics, the 2015 median annual pay for employed drivers working 2,000 hours, was $40,411 in the combined Los Angeles and Inland Empire markets of Southern California.[8]
    - Three quarters of the IOOs surveyed for their 2013 earnings, using their median net incomes of

[7] Estimated Quarterly U.S. E-commerce sales, U.S. Department of Commerce, 2012-2013

[8] Median Pay, Heavy Duty Truck Drivers, Los Angeles County & Inland Empire, U.S. Bureau of Labor Statistics, 2015

$102,087, $68,936 and $47,005 earned more than this 2015 level

- One quarter of the IOOs at $28,297 earned less than this level.

- IOOs very likely have high school or less educations plus heavy duty truck certifications. However:
  - The highest earning IOOs earned more than the median incomes of logistics workers in occupations requiring post-graduate degrees.
  - The second quartile of IOOs exceeded the median incomes of all but those in occupations needing bachelors and higher degrees.
  - The third quartile exceeded the median incomes of all but those in occupations needing associates or higher degrees.
  - The lowest quartile fell below the median incomes of logistics workers in occupations requiring high school educations but above those requiring less schooling.
- From these data, it appears fair to conclude that as entrepreneurs, IOOs can choose to put in levels of activity that allow them to earn incomes rivaling or exceeding those found among the highest paying occupations in logistics.