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Why truck driver overtime matters to the last mile


While final-mile delivery drivers would not be directly impacted, proposed OT bill could slow feeder networks into fulfillment centers



Brian Straight [Twitter](#) • Friday, May 13, 2022 [📖 3 minutes read](#)



 A proposal to give truck drivers overtime pay would ultimately slow freight movement and impact the speed of e-commerce deliveries. (Photo: Jim Allen/FreightWaves)

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A bill in Washington that would make commercial truck drivers eligible for overtime pay might not have much impact on last-mile delivery drivers, but it could affect e-commerce shipments nonetheless.

It would depend on how the big carriers chose to comply.

"A lot of industries do whatever they can to prevent overtime so they just cut people off over 40 hours and they just hire more people if they can find them," explained [Joe Gross](#), a labor law attorney in the [Benesch](#) law firm.

The bill, [the Guaranteeing Overtime for Truckers Act \(H.R. 7517\)](#), was introduced on April 14 by U.S. Rep. Andy Levin, D-Mich., and seven co-sponsors. The only Republican co-sponsor was Jefferson Van Drew of New Jersey. According to [Govtrack.com](#), the bill has a 27% chance of being enacted. Gross believes it is even lower, saying it is "dead in the water."

"There is no way of it happening," he said, noting that it is likely an election-year push to show constituents the politicians are fighting for them. "I don't see it happening. Although they highlight the fact that there is a Republican on the sponsors, this is purely a Democratic bill."

The bill would amend the [Fair Labor Standards Act of 1938](#) that granted an overtime exemption to truck drivers ([FreightWaves](#) Editorial Director Rachel Premack explained the origins and impact of the law [here](#)).

Last-mile impact

For last-mile delivery drivers, the bill, if it became law, would not affect their businesses, at least not directly. Generally speaking, the current law impacts only truck drivers operating vehicles over 10,000 pounds in gross vehicle weight. Most last-mile delivery drivers are working in vans or are independent contractors and therefore not part of the exempt class.

However, granting truck drivers overtime would upend the industry and its practices, and would provide an uncertain impact to the e-commerce sector that provides the livelihood for so many of the nation's smaller last-mile delivery firms.

A look at the numbers shows how easy it would be to disrupt the status quo. The average detention time for commercial truckers, as measured by SONAR's

WAIT.TRUCK, was 125 minutes as of May 1. That is slightly below the average over the past three years.



FreightWaves SONAR data on truck driver detention over the past four years, as displayed in WAIT.TRUCK. *To learn more about FreightWaves SONAR, [click here](#).*

As of Nov. 1, 2021, the average long-haul truck driver spent 6.4 hours on the road each day, according to SONAR data. Combined with detention time (which is not a direct correlation since detention may occur only once or twice a week for some, more often for others), it is easy to see how a truck driver may surpass eight hours of work time in a day, and 40 hours in a week, quite easily.

"I just think it would be bad because it would, at the very minimum, increase the cost of shipping goods," Gross said. "Where I've had clients having to pay overtime, they just reduce their hourly wage rate so employees are going to make the same in the future."

The alternative, Gross noted, would be to cap truck driver hours at 40 per week and look to hire more drivers. In either case, there would be a trickle-down effect on e-commerce.

Linehaul requirements

Linehaul truckers are common in e-commerce operations, moving goods one warehouse to another and back again. Today, a trucker driving six and a half hours a day can complete a trip totaling 422.5 miles. That is a 211-mile run one way. Add in detention time, traffic congestion and any mandated breaks, and that same trip could easily surpass eight hours. Federal law requires overtime paid at a rate of time-and-a-half for hours accrued over 40 in a week, but some states, including California, may have laws that require overtime on anything over eight hours in a day.

In these instances, schedules may have to be adjusted to avoid overtime. The result may be parcels arriving at fulfillment centers hours or even days later. Next-day shipping may become two-day shipping in a world of truck driver overtime.

And that should concern retailers.

Post-click fulfillment provider [PFS](#) surveyed 2,000 adults ages 18 or over in the U.S. Fifty-six percent said they didn't have a preference about the website on which they bought their favorite brands. The survey, conducted by Arlington Research, found that [free delivery](#) and competitive/attractive pricing, at 34% and 30%, respectively, were the most important considerations for shoppers when deciding to make multiple purchases from the same brand or retailer.

While the trucker overtime bill may not have a direct impact on a retailer's e-commerce business, it will be impossible to hide the ultimate impact. Higher shipping costs and shipping delays will drive consumers to alternative brands.

While it is doubtful the bill will ever see the light of day, it is worth monitoring for e-commerce brands that could be impacted.

"This affects all of trucking. Period," Gross said.

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