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Trucking Faces Serious Challenges in the Face of COVID-19

COVID-19 Resource

The recent worldwide spread of the novel coronavirus has seen many businesses that rely upon a sizeable driver workforce evaluate staffing options to allow them to match the size and structure of their workforce to their current business needs. Unfortunately, those business needs have been changing rapidly in the face of this unprecedented modern pandemic.

The Current Environment

The ever-growing number of people impacted by coronavirus has forced both large and small businesses to change the way they do business, or temporarily stop doing business altogether. Many times, this comes as a result of well-intentioned government-mandated “stay at home” orders designed to slow the spread of the virus. This, in turn, has impacted the supply chain in the United States.

For instance, incoming shipments at several large national ports are down sharply as compared to this same time last year. Temporary factory closures and far-ranging quarantines in China and elsewhere have led to a decrease in shipments and a decrease in the number of containers arriving in the U.S. The CDC has stated that goods imported from China are not likely to spread the novel coronavirus because of poor survivability of the virus on surfaces; however, shipments arriving from China have still seen a noticeable decrease due to the factory closures and quarantines that were instituted in that country. The decrease in the volume of goods present in the supply chain has created a domino effect impacting the trucking industry that has historically transported a large portion of the goods and containers arriving at those ports.

Compounding the supply chain problems are the restrictions that have been necessarily implemented on our domestic employers—in other words, the demand side of the equation. Numerous industries and events have been impacted:

- Restaurants and food services have been closed entirely or have been forced to rely upon takeout service only;
- Conventions and trade shows across all industries have been canceled; Major amateur and professional sporting events have been canceled or delayed including events put on by the MLB, NBA, NCAA, PGA, and others;
- Theater events and concerts have been canceled;
- K-12 schools have been closed;
- Colleges and universities have been closed;
- Brick and mortar retail establishments have been closed; and
- Many factories, warehouses, and other “non-essential” businesses have been closed.

These prudent changes have led to a significant decrease in the shipment and transport of infrastructure goods and materials. Moreover, in certain sectors such as schools and restaurants, consumables such as raw ingredients, foods, and beverages have all experienced a decrease in demand.

These changes are necessary to slow the spread of the novel coronavirus, but the effects on the trucking and transportation industries have been significant. Trucks haul much of the equipment and food needed for these types of businesses and events. The decrease in the number of events and volume of goods transported has naturally led to reduced demand for the trucking industry as a whole.

The Federal Motor Carrier Safety Administration has issued an [emergency declaration](#) providing an exemption from various parts of the Federal Motor Carrier Safety Regulations. The emergency declaration applies to motor carriers and drivers providing direct assistance in support of relief efforts related to the COVID-19 outbreak. Not all drivers or fleets can shift their operations to support that work. As a result, many large trucking companies and other businesses with large carrier fleets have had to

resort to other options that will allow them to remain viable and flexible enough to meet changing demands.

Strategies to Manage the Situation

In light of the challenges facing the trucking industry, many companies have looked to time-tested solutions to manage the decreases in supply and demand that are occurring. Options such as schedule reductions, furloughs, and in some cases, layoffs may be appropriate depending on the circumstances involved. All three of these options can trigger federal and state notice requirements, so employers should be aware of those requirements and strive to ensure compliance with them.

Even businesses that are not experiencing furloughs or layoffs have been forced to address increases in technical legal issues such as, the CARES (Coronavirus Aid, Relief, and Economic Security) Act; the FFCRA (Families First Coronavirus Response Act); paid time off; sick leave; protected medical leave; disability accommodations; wage and hour questions; unemployment compensation; and employee communication issues. All of these legal issues bring their own unique sets of questions and concerns that need to be evaluated and addressed on a case-by-case basis.

The lasting effects of the novel coronavirus will not be known for some time, but trucking fleets and the industries they support can and will bounce back. In the meantime, prudent business practices are advised. First, businesses can closely monitor customer needs and keep drivers on the road when it makes good business sense. Second, businesses that are providing assistance supporting COVID-19 relief efforts should look into the Federal Motor Carrier Safety Administration's emergency declaration. Finally, businesses should consider whether to implement time-tested staffing solutions when necessary, and prepare for what will hopefully be a significant increase in client needs as we gradually return to business as usual. We at Lane Powell are available to provide assistance through these uncertain times, and we look forward to working with you.