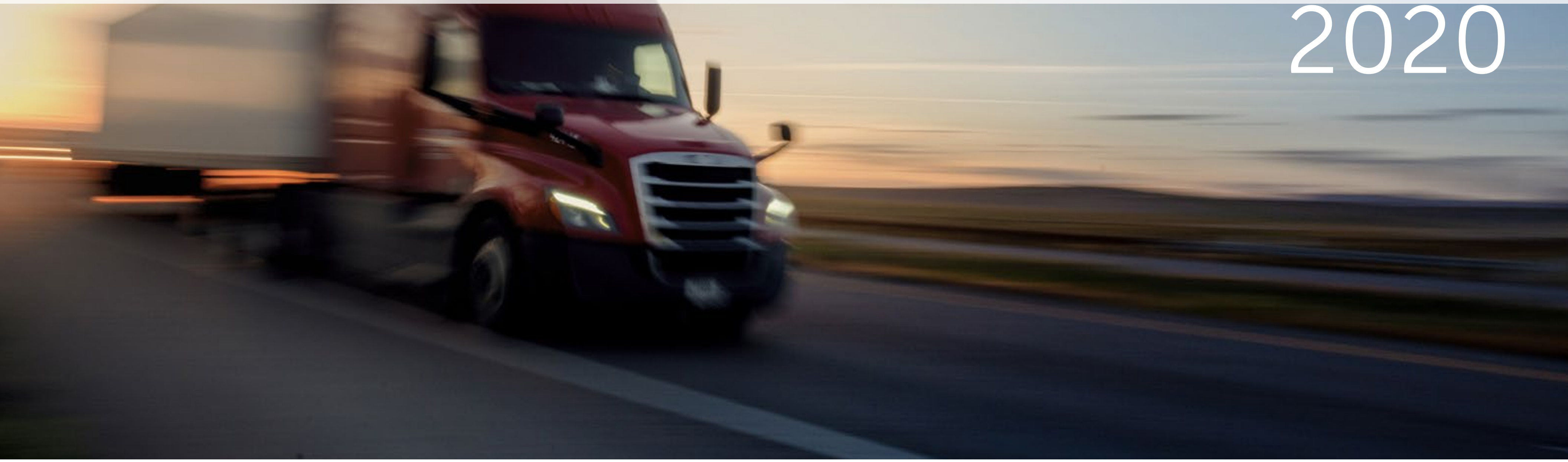
Ohio Trucking Association and Schneider Downs

TRANSPORTATION BUSINESS OUTLOOK AND ECONOMIC SURVEY

2020



OTA OHIO TRUCKING ASSOCIATION

SCHNEIDER DOWNS
Big Thinking. Personal Focus.

INTRODUCTION

The Ohio Trucking Association (OTA) and Schneider Downs continue to be impressed with the results of the annual Transportation Business Outlook and Economic Survey.

Back in 2018, we focused our sights on creating a one-of-a-kind report to better equip members with their operational goals. It was a decision that – like all our decisions – was driven by membership. For years, our annual survey told us there was a need for more benchmarking data, so in 2019, we partnered with Schneider Downs to provide members with a resource to do so. The Transportation Business Outlook and Economic Report is more than just benchmarking data, though. We're excited to be building a report that will provide a historical overview of the trucking industry's impact on the economy, particularly in Ohio.

With the ongoing pandemic and other forces out of our control, 2020 has proven to be difficult, but the OTA worked to ensure that Ohio's trucking industry was considered essential. The industry proved, yet again, why that's true. With the continued assistance of Schneider Downs, this year's report reviews feedback from OTA carrier membership on the effects of the current economic conditions, industry challenges and political forces facing our industry.

The OTA's purpose is to advance members' productivity and profitability. This is no light task, but we achieve success through industry-leading education, information and advocacy. This report is one of many benefits of membership, and it is designed with you in mind. It provides you with it all, and it is our hope that you will not only enjoy it, but be able to put it to work for you.

Thank you,

Thomas A. Balzer, CAE	*Daniel P. Phillips, CPA*
President & CEO	Shareholder
Ohio Trucking Association	Schneider Downs

For more information about this report, please visit **https://schneiderdowns.com/transportation-logistics-resources**

ABOUT THE SURVEY RESPONDERS

ANNUAL REVENUES	
$0-1 million	10.34%
$1.01-5 million	34.48%
$5.01-10 million	27.59%
$10.01-20 million	10.34%
$20.01-50 million	10.34%
$50.01-500 million	3.45%
Over $500 million	3.45%

SECTORS	
Truckload	57.45%
Flatbed	19.15%
Refrigerated	14.89%
Tanker	14.89%
Less than Truckload	12.77%
Private Carrier	12.17%
Intermodal	6.38%
Aggregate & Construction	4.26%

ADDITIONAL SERVICES	
Freight Brokerage	57.58%
Warehousing	51.52%
Third-Party Logistics	36.36%

OTA MEMBERSHIP PROFILE

THE OHIO TRUCKING ASSOCIATION (OTA) SERVES OVER 850 MEMBERS IN THE TRANSPORTATION INDUSTRY ACROSS OHIO. WITH MEMBERS IN EVERY REGION OF THE STATE. OUR MEMBERS WORK IN THE TRUCKING, LOGISTICS, WAREHOUSING, MOVING AND STORAGE INDUSTRIES. OUR INDUSTRY EMPLOYS 1 IN 15 OHIOANS AND WE ARE EXCITED TO PLAY OUR PART IN SERVING AN INDUSTRY THAT MOVES OHIO AND AMERICA FORWARD.

"THERE ARE SO MANY COMPANIES THAT SIT OUT THERE AND COMPLAIN ABOUT EVERYTHING BUT DON'T WANT TO DO ANYTHING. SO, IF YOU ARE GOING TO COMPLAIN YOU MIGHT AS WELL GET OUT IN FRONT OF THE RIGHT PEOPLE AND BE HEARD. THAT'S WHAT BEING A PART OF AN ORGANIZATION LIKE THE OTA IS ALL ABOUT. IT GIVES YOU A VOICE."

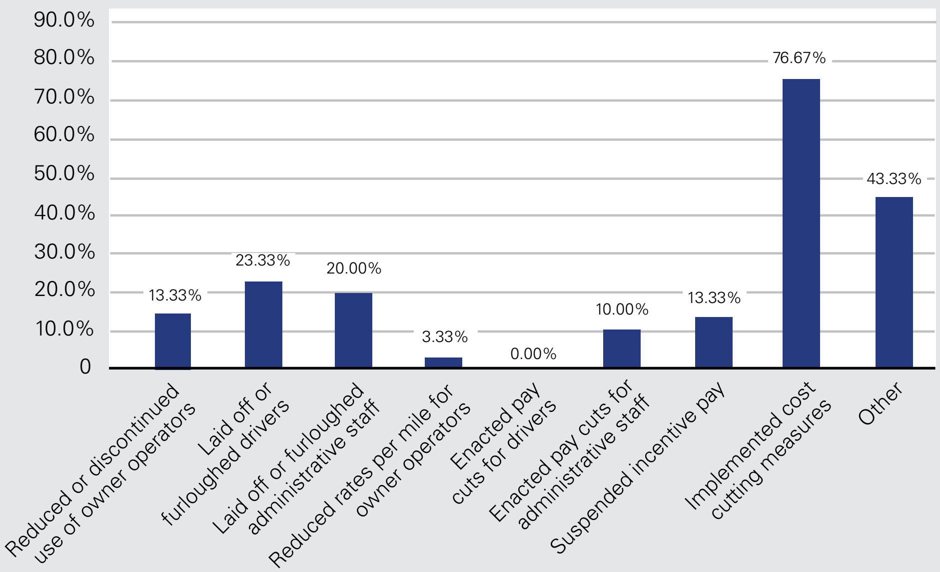
Jim Subler, President at Classic Carries, Inc. & Chairman of the OTA Board of Trustees.

ECONOMIC CONDITIONS

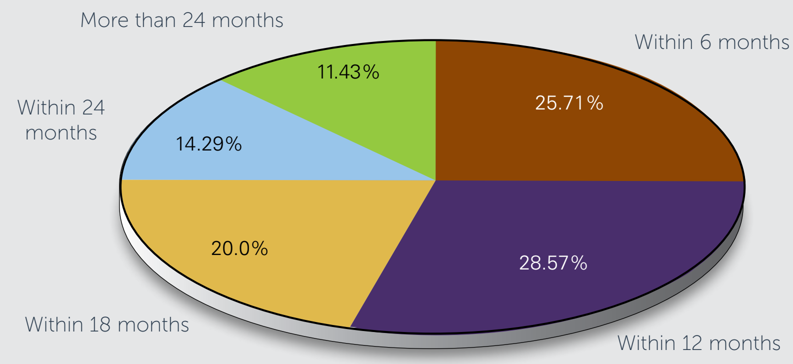
MACROECONOMIC CONDITIONS IN THE INDUSTRY

SURVEY RESULTS

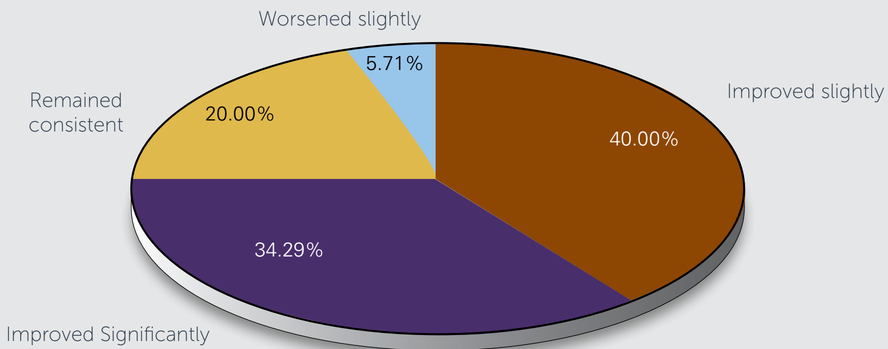
WHAT ACTIONS HAVE YOUR ORGANIZATION TAKEN AS A RESULT OF THE CORONAVIRUS PANDEMIC?



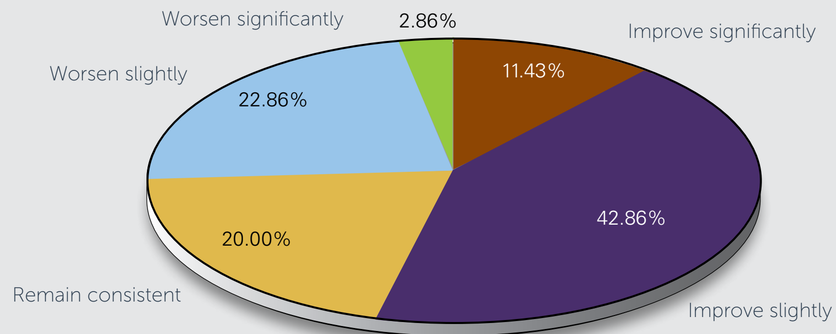
APPROXIMATELY HOW LONG DO YOU BELIEVE IT WILL TAKE FOR THE ECONOMY TO RECOVER FROM THE CURRENT CORONAVIRUS-INDUCED RECESSION?



WHAT KIND OF YEAR WERE YOU ANTICIPATING TO HAVE COMPARED TO THE YEAR PRIOR?



OVER THE NEXT 12 MONTHS, YOU BELIEVE THE OVERALL ECONOMIC CONDITIONS IN THE TRANSPORTATION INDUSTRY WILL:



MACROECONOMIC CONDITIONS IN THE INDUSTRY

Macroeconomic Conditions in the Transportation Industry

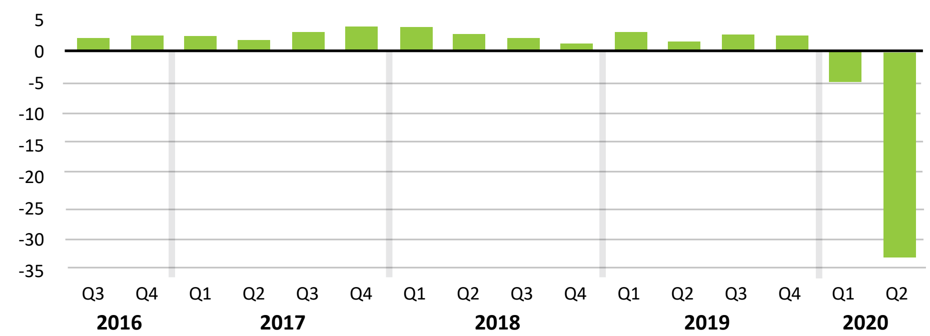
Jim Gilboy, CPA Schneider Downs

Last year, this article recapped the important questions we thought needed answered to determine if the longest U.S. economic expansion in history would continue through 2020. We now know that expansion did not continue, and that was mainly due to something that was not foreseen in the fall of 2019, which was the COVID-19 pandemic. Officially, the National Bureau of Economic Research declared that the recession began in February 2020. That broke a streak of 128 months of uninterrupted economic growth that started in June 2009.

This article will examine the many aspects of survey responses and economic data, but take note, none of our survey respondents believes that the COVID-19 pandemic was the only issue affecting the industry. In fact, the survey respondents still report the toughest challenges being the ability to find and hire experienced drivers, labor costs and driver retention, insurance, reinsurance costs and healthcare costs. These survey results are detailed in the attached Microeconomics article.

The economic data for the United States as a whole will be recapped by three different measures in the article: (1) Gross Domestic Product; (2) Unemployment Rate and (3) Consumer Sentiment. The Real Gross Domestic Product for 2019 increased by 2.3% compared to a 2.9% increase for 2018. The annualized rates for the first and second quarters of 2020 are -5.0% and -31.7%, respectively. This represents a dramatic contraction in economic activity as represented by Real Gross Domestic Product levels.

Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

Corresponding to the drop in economic activity was the increase in the unemployment rate. The United States' unemployment rate in January and February 2020 was very low at 3.6% and 3.5%, respectively, but it increased to 4.4% in March 2020. Then, when the pandemic really took hold, the unemployment rates in April and May 2020 were reported as 14.7% and 13.3% before trending downward to 11.1% in June 2020 and 10.2% in July 2020. Comparing this to the last economic downturn that began in 2008, the highest monthly unemployment rate was recorded in October 2009 at 10%. The current situation is truly historic in comparison to any period since the Great Depression in the 1930s.

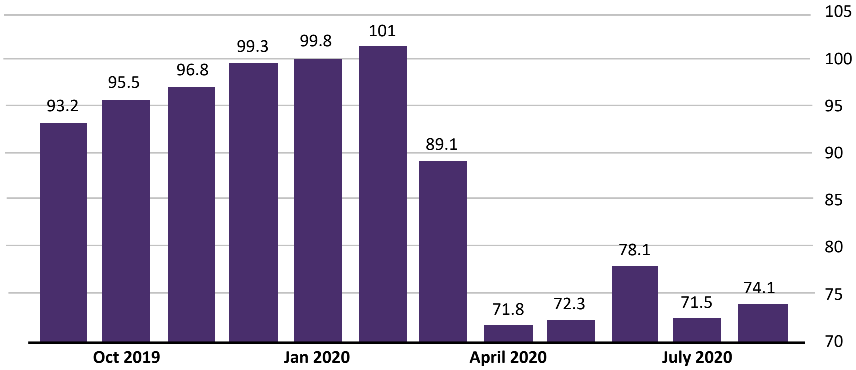
Finally, looking at the University of Michigan's Consumer Sentiment Index for the United States, 2020 started out strong, recording a 99.8 rating for January and rising to a 101 rating for February. The index then slipped to 89.1 in March and has been trendless since then, recording the following ratings: April-71.8; May-72.3; June-78.1 and July-72.5. This index has not seen ratings in the 70s since 2013.

How did our survey respondents view their economic conditions in the transportation industry before the COVID-19 crisis? When asked about what kind of year our survey respondents were anticipating for their businesses, very few saw their financial performance slipping. Only 5.71% responded that their performance would worsen slightly and none reported that their performance would worsen significantly. While a combined 74.29% anticipated their company's performance would increase slightly or significantly, the remaining 20% believed that performance would remain the same. Given that the transportation industry had a very profitable period for the preceding years, this optimism was justified.

Taking into account several months of operating businesses in this COVID-19 environment, we asked respondents to predict how the overall economic conditions in the transportation industry would react. The majority of respondents believe the worst of the economic downturn is behind them, as only 2.86% predicted that conditions would worsen significantly. Over 42% of the respondents believe conditions are now in a somewhat stable environment, with 22.86% believing that conditions will worsen slightly, and 20% believing conditions will remain consistent. A majority of the respondents (53%) are optimistic that overall economic conditions will improve, with 42.86% believing in a slight improvement and 11.43% believing in a significant improvement.

MACROECONOMIC CONDITIONS IN THE INDUSTRY

United States Consumer Sentiment



SOURE: Tradingeconomics.com University of Michigan

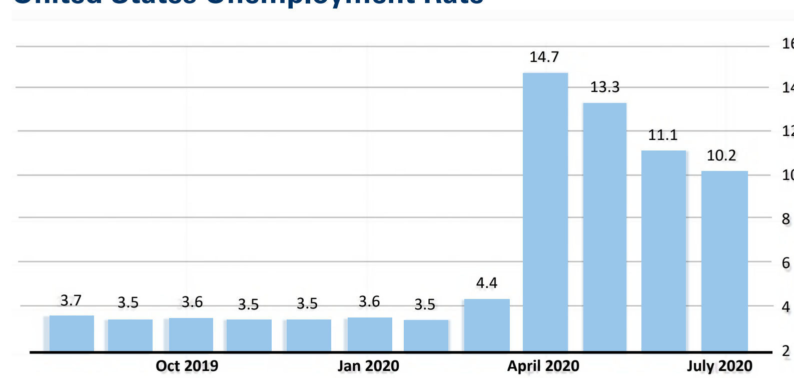
When asked how long it will take the economy to recover from the current COVID-19 recession, our respondents were once again optimistic. Over 54% predict that the economy would recover in either six or twelve months (25.71% and 28.57%, respectively). While 20% of respondents predict that it will take 18 months to recover, only 14.29% believe it could take 24 months. Collectively, it looks like the survey respondents are anticipating a V-shaped economic recovery. Additionally we asked the survey respondents if they believed that the impact of Covid-19 on their organization would be permanent or temporary and only 15.15% believed impact would be permanent.

The optimism that we see from the survey respondents may have many sources, but since most transportation companies were considered essential businesses, they remained operational during this period. There were new COVID-19 protocols to follow, which increased costs, and the economic shut down in other industries and supply chain interruptions created an impact on the number of loads available to haul. Profitability and collections took a hit. In response to this, 77% of our respondents have implemented cost-cutting measures, 23% have laid off or furloughed drivers, and 20% have laid off or furloughed administrative staff. There has been a reduction of 13.33% in the use of owner operators and the same percentage has suspended incentive pay. Also, 10% of respondents stated they have reduced pay for the administrative staff. Over 80% of the respondents have applied for Payroll Protection Plan loans to help with payroll and certain other costs during this economic downturn. Ultimately, the transportation industry remained open for business delivering food, medicine, other consumer goods and raw materials to keep the overall economy moving forward. If this survey were conducted for the hospitality, restaurant or entertainment industries, the results and reactions would be much different.

Finally, we asked our survey respondents how they rate the federal government's response to the crisis. Of the respondents, 60% believe the federal government's response was either excellent (14.29%) or good (45.71%). Of the respondents, 20% believe the response was neutral, while the remaining 20% believe the response was either poor (8.57%) or terrible (11.43%). The state of Ohio's response was not as positive, with 40% rating the state's response as excellent (8.57%) or good (31.43%). The other 60% of the respondents rated neutral (22.86%), poor (17.14%) and terrible (20%). The federal government's response was viewed in a more positive light than the state of Ohio. This could be caused by the federal government's ability to provide low interest or forgivable loans (PPP and EIDL Loans), provide expanded unemployment benefits, and provide new tax breaks to help businesses and their owners (Cares Act), while the states were required to create regulations related to restriction on activities and businesses.

In summary, now that the longest economic expansion in US history has ended, when will the new expansion actually begin? Alternatively, has it already begun? Will the economic recovery begin with the development of a vaccine for COVID-19 or will the United States' population develop herd immunity before a vaccine? In such uncertain times, we cannot be sure of the answers to any of these questions but the optimism we see from the responses to this survey demonstrates that the transportation industry foresees better economic times ahead.

United States Unemployment Rate

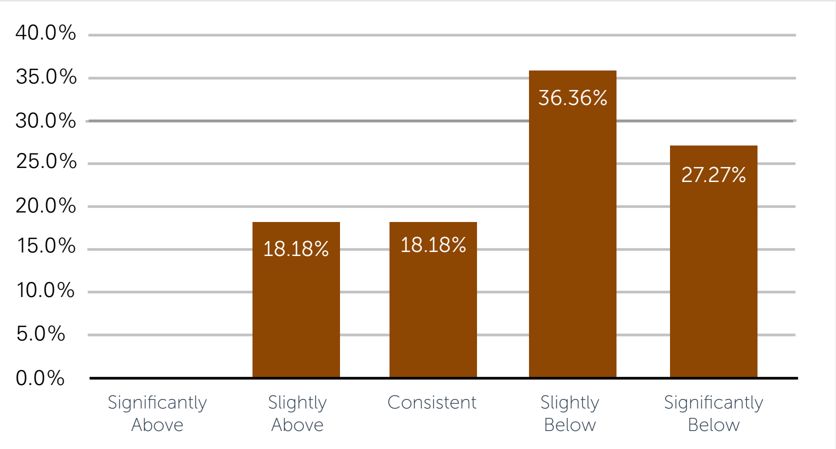


SOURE: Tradingeconomics.com U.S. Bureau of Labor Statistics

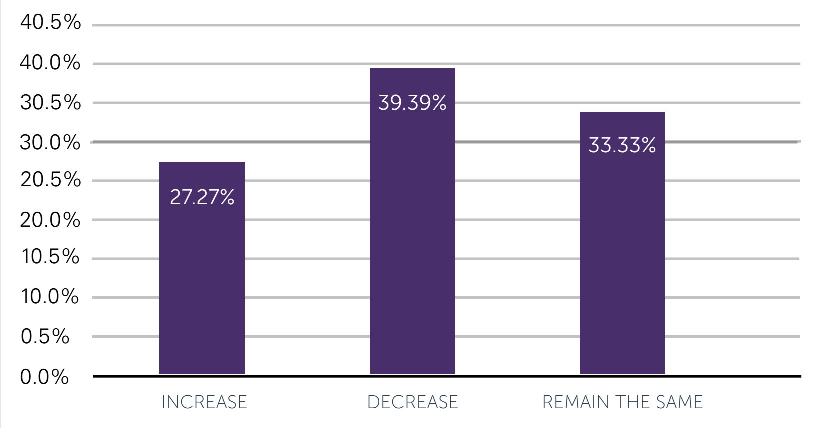
MICROECONOMIC CONDITIONS IN THE INDUSTRY

SURVEY RESULTS

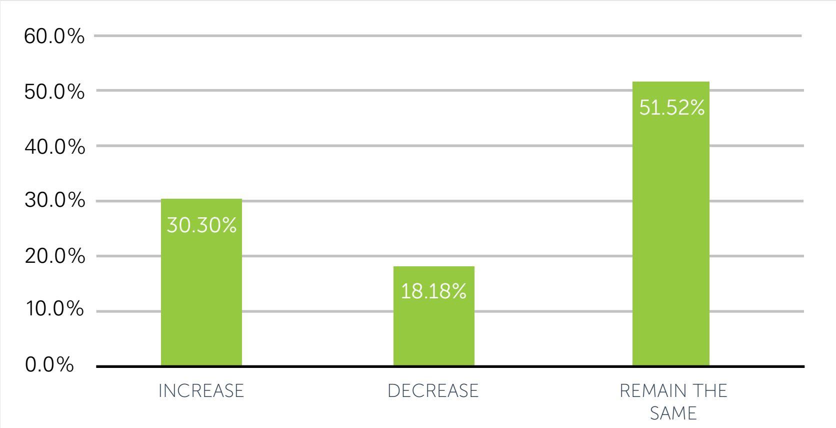
WHERE DO YOU EXPECT YOUR 2020 FORECASTED REVENUES TO BE COMPARED TO YOUR 2019 RESULTS?



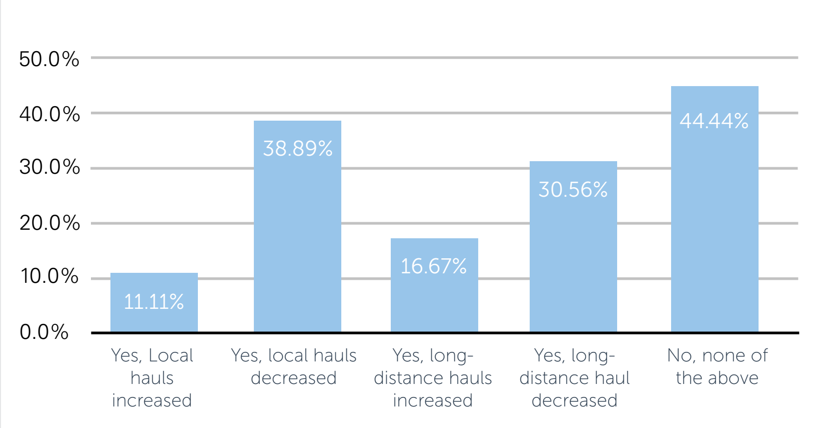
IN THE NEXT 12 MONTHS, OUR CAPITAL BUDGET WILL:



IN THE NEXT 12 MONTHS, OUR FLEET MAINTENANCE COSTS WILL:



AS A RESULT OF THE CORONAVIRUS PANDEMIC, HAS YOUR ORGANIZATION EXPERIENCED A CHANGE IN AVERAGE HAUL DISTANCE? (SELECT ALL THAT APPLY)



MICROECONOMIC CONDITIONS IN THE INDUSTRY

Microeconomic Conditions in the Transportation Industry

Brandon Embreus, CPA, Schneider Downs

Performance in the trucking industry is often driven by the performance of several key customer industries. Four of the most relevant industries are construction, manufacturing, wholesale trade and retail trade. The following table illustrates historical and forecasted growth within the aforementioned industries.

Sector	Current Revenue	Projected 5-Year Annual Growth	Current 5-Year Annual Growth	Prior 5-Year Annual Growth
Construction[1]	$1.9tr	4.4%	-1.0%	3.4%
Manufacturing[2]	$4.7tr	3.6%	-4.7%	-0.5%
Wholesale Trade[3]	$7.7tr	3.5%	-0.6%	0.3%
Retail Trade[4]	$4.9tr	3.4%	-0.8%	2.1%

The construction industry has declined over the past five years (-1.0% average annual growth), driven primarily by a steep decline in demand in 2020. Prior to 2020, the construction industry had exhibited strong five-year performance (3.4% average annual growth), due to strong demand from both residential and nonresidential markets, favorable interest rates and increases in per capita income. The 2020 decline is attributed primarily to the COVID-19 pandemic, which alone is expected to lead to a 14.6% decline in industry revenue, the delay of multiple construction projects (until at least 2021), and the expected decline in value of private nonresidential construction. However, growth within the construction industry over the next several years is expected to recover (4.4% average annual growth), driven by low building volumes over the past five years in the commercial and infrastructure subsectors, as well as the expected acceleration of residential construction.

The manufacturing industry has declined over the past five years (-4.7% average annual growth), driven primarily by a steep decline in demand in 2020. Prior to 2020, the manufacturing industry had remained relatively flat (-0.5% average annual growth). The 2020 decline is attributed primarily to the COVID-19 pandemic, which has led to hindered performance as a result of stay-at-home orders and increased safety protocols, weakened demand from downstream industries, and ultimately an expected 22.7% decline in industry revenue. However, growth within the industry is expected to recover (3.6% average annual growth), driven by rebounding commodity prices and renewed demand. Technological advances are expected to further aid manufacturers in the United States (and other large, developed economies) with improved productivity.

The wholesale trade industry has declined over the past five years (-0.6% average annual growth), albeit at a less significant rate than the construction or manufacturing industries. Prior to 2020, the manufacturing industry had seen only a slight increase in five-year revenues (0.3% average annual growth). As with the other key customer industries, the 2020 decline is attributable primarily to the COVID-19 pandemic, which has resulted in decreased demand from some sectors of the economy. However, demand has remained consistent or increased in other sectors of the economy (e.g. medical supplies and other essential products). Growth within the economy is expected to recover (3.5% average annual growth), as demand rebounds from downstream retailers and businesses. In addition, commodity-driven wholesalers are expected to see improved performance, as a result of expected increases in the prices of oil and steel.

The retail trade industry has declined over the past five years (-0.8% average annual growth), albeit at a less significant rate than the construction or manufacturing industries. Prior to 2020, the retail trade industry had exhibited strong five-year revenues (2.1% average annual growth), driven by increasing levels of disposable income and low levels of unemployment. Just as the other key customer industries, the 2020 decline is attributable primarily to the COVID-19 pandemic, which led to government-imposed quarantines and unusually high levels of unemployment. However, performance is expected to recover and grow (3.4% average annual growth) over the next five years. Unemployment rates are expected to decrease, and the Consumer Confidence Index is expected to increase, as stores reopen and consumer traffic returns to, or exceeds, pre-COVID levels. Per capita income is further expected to increase over the next five years, strengthening the expected recovery.

Trucking Sector	Current Revenue	Projected 5-Year Annual Growth	Current 5-Year Annual Growth	Prior 5-Year Annual Growth
Construction[5]	$42.3 bn	3.0%	-1.8%	3.4%
Long-Distance Freight[6]	$179.3bn	3.6%	-1.8%	2.6%
Local Specialized[7]	$37.7bn	3.5%	-3.1%	0.8%
Tank & Refrigeration[8]	$36.0bn	3.6%	-4.1%	0.5%

IBISWorld. (August 2020/June 2018). IBISWorld Sector Report 23.
IBISWorld. (August 2020/June 2018). IBISWorld Sector Report 31-33.
IBISWorld. (July 2020/June 2018). IBISWorld Sector Report 42.
IBISWorld. (August 2020/June 2018). IBISWorld Sector Report 44-45.

IBISWorld. (June 2020/May 2018). IBISWorld Industry Report 48411.
IBISWorld. (June 2020/July 2018). IBISWorld Industry Report 48412.
IBISWorld. (May 2020/February 2018). IBISWorld Industry Report 48422.
IBISWorld. (June 2020/May 2018). IBISWorld Industry Report 48423.

MICROECONOMIC CONDITIONS IN THE INDUSTRY

Similarly, all subsectors of the trucking industry have experienced declines over the past five years. Prior to 2020, all subsectors had either remained flat or improved over the previous five-year period. As with the key customer industries, the primary driver of all of these declines is the COVID-19 pandemic. Decreased demand from downstream customer industries has translated to weakened performance within the U.S. trucking industry, as a whole. But also consistent with the key customer industries, all subsectors of the trucking industry are expected to experience strong recoveries, due to the improved performance of their customers.

The 2020 economic downturn has clearly been felt by the members of the OTA.

- 82% of respondents anticipate 2020 revenues at or below 2019 levels (Q28)
- 73% of respondents anticipate decreased or consistent levels of capital spend (Q24)
- 82% of respondents anticipate increased or consistent fleet maintenance costs (Q25)
- 39% of respondents have experienced declines in local hauls (Q6)
- 31% of respondents have experienced declines in long-distance hauls (Q6)

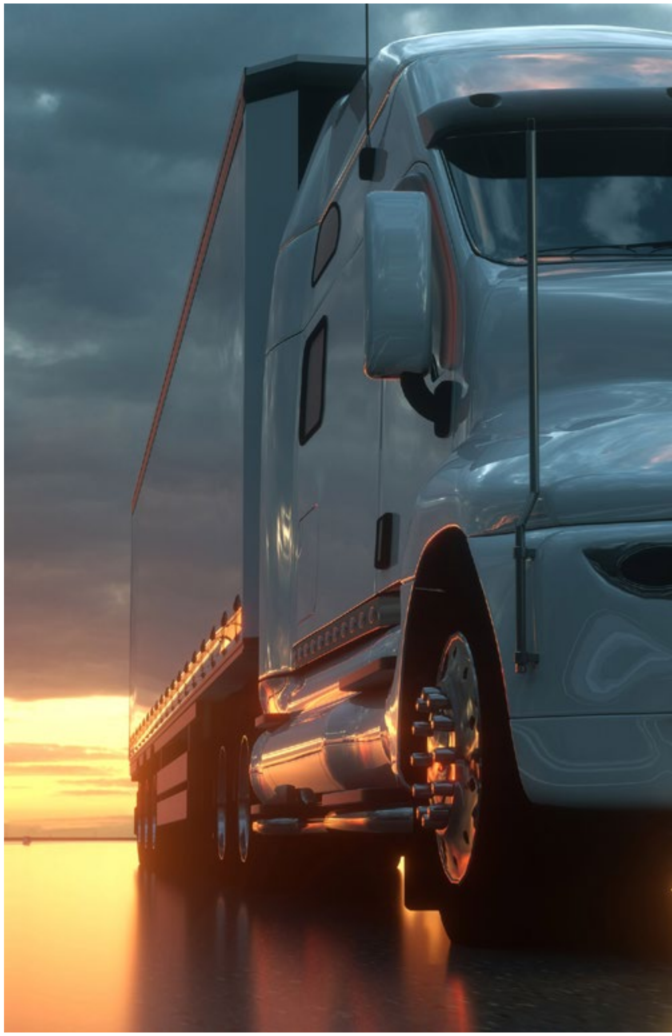
In spite of this, the compiled economic data and the results of our survey also indicate that there is light at the end of the tunnel. Industry analysts expect that performance will greatly improve across all noted industries as we rebound from the COVID-19 pandemic. Over 40% of our survey respondents expect rates per load to increase over the next twelve months. Additionally, our survey respondents are optimistic that economic conditions will remain consistent or improve and believe that an economic recovery will happen quickly. Refer to our Macroeconomic Conditions in the Transportation Industry article for further detail.

Interestingly, one of the biggest pain points identified by analysts for all trucking industry subsectors in 2020 was overcapacity. Following the positive results of 2018 and 2019, many trucking companies increased fleet sizes in expectation of continued strong demand. As revenues rapidly decreased following the onset of the pandemic, these companies were left with idle or underutilized machinery (and associated fixed costs). The good news is, as the economy recovers and haul volumes increase, those capital expenditures will not be in vain. Companies that currently find themselves in a position of overcapacity will be strategically poised to meet the increased demand that is expected to come.

Removing the pandemic from the current scenario, the top five issues impacting the Ohio trucking industry are similar to what they have been for several years.

- 66% identified an ability to find and hire experienced drivers
- 54% identified issues with labor costs and driver retention
- 54% identified insurance and reinsurance costs
- 49% identified healthcare costs
- 40% identified age of drivers (and associated health and wellness)

In general, industry analysts and the OTA membership would agree …despite its severity and duration, the pandemic is a relatively short-term problem. Trucking companies have undoubtedly had to be flexible to navigate these unusual waters. However, the bigger picture is that the problems we were dealing with before the pandemic are going to be the same problems we're dealing with after the pandemic. Despite the recent turmoil, the future looks very positive for the trucking industry. Companies who have a long-term focus and properly plan for the forecasted demand are likely to reap rewards in the future.



INDUSTRY CHALLENGES

INDUSTRY CHALLENGES

OTHER THAN CORONAVIRUS RECOVERY, PLEASE SELECT THE TOUGHEST CHALLENGES YOUR ORGANIZATION IS CURRENTLY FACING

TOP-RANGE RESPONSES (100% TO 70%):

65.71%	Ability to Find & Hire Experienced Drivers
54.29%	Labor Costs/Driver Retention
54.29%	Insurance/Reinsurance Costs
48.57%	Healthcare Costs
40.00%	Age of the Drivers/Health & Wellness
40.00%	Customer Demand / Economic Environment

MID-RANGE RESPONSES (20% TO 30%):

20.00%	Investment in new equipment
20.00%	Litigation exposure/tort reform

LOW-RANGE RESPONSES (BELOW 20%):

17.14%	Workman's compensation costs
14.29%	Hours of service rules
14.29%	Other
11.43%	Onboard technology
11.43%	Truck parking
11.43%	Infrastructure/congestion
11.43%	Overall regulatory environment
11.43%	Fuel prices
8.57%	IT security
5.71%	Succession planning

ACTIONS TAKEN TO ADDRESS THE DRIVER SHORTAGE

TOP-RANGE RESPONSES (100% TO 70%):

61.76%	Social Media Engagement (recruiting, marketing, etc.)
44.12%	Employee Referral Programs
44.12%	Wage Increase
32.35%	Upgrade Equipment and Technology

MID-RANGE RESPONSES (20% TO 30%):

29.41%	Advertising
29.41%	Guaranteed weekly compensation
26.47%	Performance-based incentives
23.53%	Driver training programs
20.59%	Guaranteed at home times
20.59%	Community outreach
20.59%	Per diem

LOW-RANGE RESPONSES (BELOW 20%):

11.76%	Targeting of specific demographics
8.82%	Use of external recruiters/headhunters
2.94%	Coronavirus has deferred the driver shortage for the foreseeable future
2.94%	Academic partnership

INDUSTRY CHALLENGES

National Industry Research

Brandon Embreus, CPA, Schneider Downs

The American Transportation Research Institute's (ATRI) Critical Issues in the Trucking Industry – 2019 survey identified driver shortage, driver compensation and driver retention among its top ten industry challenges. These closely mirror the concerns of OTA survey respondents who identified the ability to find and hire experienced drivers (67%), issues with labor costs and driver retention (54%) and age of drivers (40%) among their top five concerns.

Driver shortage ranked as the number one issue on a national level, with an industry concern index of 100.0 (out of 100.0). The ATRI survey proposed the following measures to attract and lower the barriers-to-entry for drivers:

- Advocate for Congress and federal agencies to develop an apprenticeship program to attract, train and retain safe 18-20-year-old interstate drivers to the industry
- Identify unique requirements and issues associated with expanded driver recruitment of women and minorities
- Collect and compare safety performance data on 18-20 year olds who operate commercial vehicles intrastate versus 21-24 year old CMV drivers

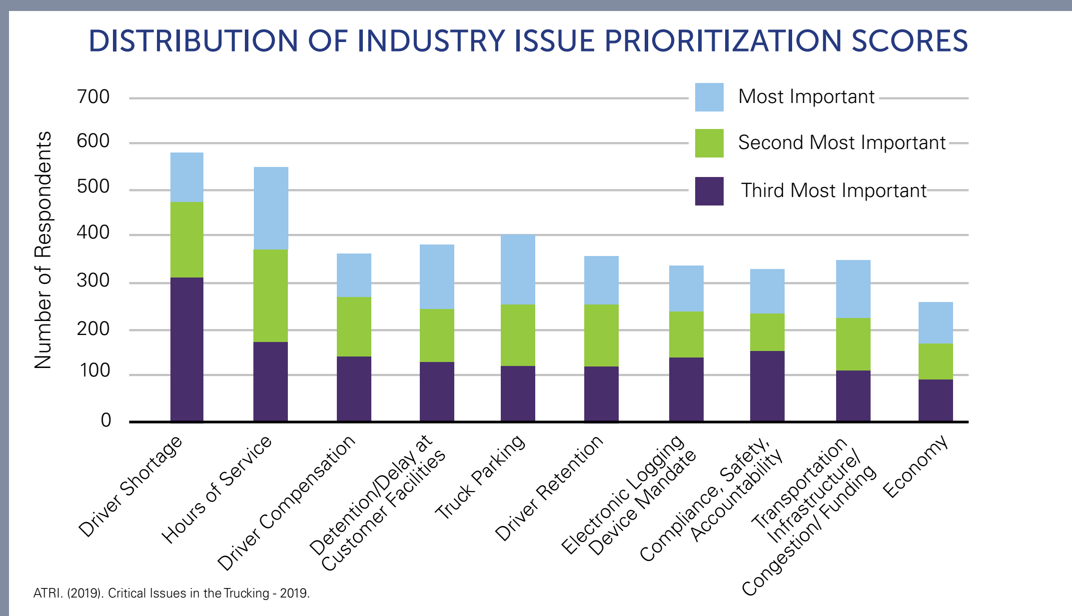
Driver compensation ranked as the number three issue on a national level, with an industry concern index of 59.3. The ATRI survey proposed the following measures to fairly and competitively compensate drivers

- Analyze truck driver compensation in relation to other competing employment sectors (e.g. construction)
- Research the relationship between driver compensation models and driver satisfaction and productivity
- Research and assess the effectiveness of carrier retention programs that financially incentivize drivers for performance in the areas of safety, fuel economy and trip productivity

Driver retention ranked as the number six issue on a national level, with an industry concern index of 53.1. The ATRI survey proposed the following measures for carriers to keep their drivers happy:

- Research and prioritize retention strategies, based on driver feedback and driver tenure data
- Quantify the relationship between safety technology deployment (e.g. cameras, speed limiters, active braking systems) and driver satisfaction and retention
- Create an online compendium of retention strategies and best practices, customizable by carrier fleet size and sector

Although the ATRI survey did not identify insurance/reinsurance or healthcare costs as top ten industry issues in its 2019 survey, it did identify insurance cost/availability as an emerging issue. Insurance cost/availability ranked as the number 13 issue amongst all respondents (the number nine issue amongst only motor carriers) with an industry concern index of 29.0. While the ATRI survey did not propose measures to combat this emerging issue, it did note that fleets participating in its Operational Costs of Trucking data collection have seen insurance premium costs per mile increase over 17 percent since 2013. The ATRI survey further attributes these premium increases to increasing costs in the following areas: equipment repair, rising medical costs, higher jury rewards and settlement costs and greater safety and legal exposure. For further thoughts on this emerging issue, refer to our The State of Transportation Insurance article later in this survey.



INDUSTRY CHALLENGES

Driver Shortage Remains Top Industry Issue

Timothy Martin, CPA, Schneider Downs

Truck driving, whether linehaul tractor-trailer or the pickup and delivery variety, represents one of the largest occupations in the United States. Yet despite record high employment in the field over the past few years, trucking companies and industry experts agree that driver shortage is still a leading concern.

For the second year in a row, respondents to our annual survey told us convincingly that the toughest challenge faced by the trucking industry is driver-related issues. About 65% and 73% of respondents in 2020 and 2019, respectively, indicated that the most difficult thing they regularly encounter is the ability to find and hire experienced operators. Approximately 54% and 63% of respondents in 2020 and 2019, respectively, added that labor costs and driver retention are major concerns.

Although these driver-related issues have seen slight decreases on a year-over-year basis, they're still at the top of the list, even though this year's numbers may dip slightly because of the economic effects of COVID-19 government-mandated shutdowns. The American Trucking Association (ATA), however, has shown a notable year-by-year incremental increase in driver shortage since the 2009 recession. Despite a growth in the number of drivers, supply has simply not kept up with industry demand. As 2020 began, the ATA estimated a current shortage of over 60,000 drivers, with that number expected to rise to over 100,000 over next five years and top more than 160,000 in the following five years, as older operators retire.

Although certain sectors of the industry have experienced a boom during the COVID-19 pandemic and the ensuing economic recession (e.g., grocery stores), many others have struggled, with a number of drivers being laid off or furloughed. That's resulted in an immediate – albeit most likely temporary – lessening of the shortage. In May, ATA Chief Economist Bob Costello told Transport Topics, "The fundamentals of why we had a driver shortage did not go away … demographic issues, age, gender, lifestyle issues … but for the moment, what has changed is that the demand side of the equation has fallen significantly." And things could get worse; many drivers may use this opportunity to leave the industry, making the operator scarcity likely to resume as the economy improves.

The industry has taken a number of steps to address the driver shortage. In the 2019 survey, top responses for ways to attract and retain drivers were wage increases (75%), social media engagement (68%), employee referral programs (62%) and upgrades to equipment and technology (51%). In the 2020 survey, the top four responses were consistent with 2019, but had changed in order and percentage: social media engagement (62%), wage increases (44%), employee referral programs (44%) and upgrades to equipment and technology (32%). Additionally, in both 2020 and 2019, over 20% of respondents told us that performance-based incentives, driver training and guaranteed home time were actions trucking companies were taking to increase the number of drivers. Interestingly, in 2020 there was additional congruity, with over 20% of respondents indicating that they've used guaranteed weekly compensation, community outreach and per diems to recruit and retain qualified drivers.

The State of Trucking Insurance

Brandon H. Guiliani, TRIP | Department Head Transportation, Principal | Seubert & Associates, Inc.

What to expect, how we got here, and tips to overcome …

Waters are murky in the transportation insurance marketplace these days. Premiums are on the rise due to a multitude of reasons. Growing litigation, expanding economies (causing more traffic), increasing vehicle costs and costs of maintenance, more crashes and nuclear verdicts are just some of the notable items wreaking havoc on the market, leaving many trucking companies asking themselves how they will be able to continue with the current strain on their financials and reduced margins. While the light at the end of the tunnel may seem close, our analysis indicates it's likely to get darker before the light appears.

Insurance companies that write commercial auto policies have not seen a profit on this line of business for the past nine years, and claims continue to exceed expectations, handing these insurance carriers a significant loss. On top of increasing rates, a recent amendment to the INVEST Act was passed by the House Committee on Transportation and Infrastructure requiring minimum coverage to be $2,000,000 versus the previous $750,000 (even though a majority of trucking carriers had $1 million because of contract requirements). While insurance requirements haven't been adjusted since they were established in the 1980s, such an extreme jump could potentially do more harm than good. Insurance payments are already eating up larger percentages of a company's operating costs, and though this significant change may not impact a lot of larger fleets, it will all but eliminate smaller ones.

So how did we get here? Issues in the current market are being driven by a litigious environment fueled by certain lawyers. Nuclear verdicts (or any large jury awards in which the penalty exceeds $10 million) have become a trend like bellbottoms in the '60s and are placing extreme pressure on insurance carriers. In 2006, for instance, there were only four cases with awards in excess of $1,000,000, but in 2013 that number rose to more than 70 according to the American Transportation Research Institute. There was a 235% increase in cases with verdict sizes of at least $1,000,000 between 2005 and 2011, and the average size of verdicts grow 483% between 2017 and 2018 alone.

To give the situation more perspective, all you have to do is drive around a bit to notice that there are more personal injury billboards along the roadways than gas stations. While you're at it, ask yourself, "Would you risk giving someone $100 knowing you'll likely only get $90 back?" This is what insurance carriers are facing because of aggressive plaintiff's awards and more consumer-friendly juries. Yes, data shows there's more traffic – and crash counts are up – but nuclear verdicts swelling at exponential rates are causing insurers to be reluctant to provide policies to anyone other than those deemed "best in class." With this hesitation, carriers have begun to magnify certain underwriting characteristics, including CSA scores, loss history, age of equipment, driver tenure and mileage driven in certain areas. Combined with the increasing costs associated with truck repair, higher jury awards and rising medical costs, trucking companies are left with a heavier financial burden and uncertainty on any upcoming insurance renewals.

Here are some recommended key steps to minimize your insurance spend and maximize your potential:

1. **Build Relationships with Your Insurance Carrier**
   The majority of underwriters from the insurance carrier only know your company based on what's on the application (vehicle list, driver lists, losses, CSA scores). Would you marry someone before dating them? Get back to what made this industry so successful and start building those "good-ol'-boy relationships." Ask your agent to set up a meeting with the underwriter/president or vice president of these insurance carriers so they can assess the real company behind the application – and can "date" you before marrying. If they're unable to facilitate, be sure your agent makes your company look as attractive as possible. Ask to review the submission before presenting to the underwriter and provide ALL the positive items you're doing. If you successfully build a relationship with the carrier, they'll be more likely to offer you better terms and provide sustainable increases in the unfortunate circumstance of a claim.

2. **Commit to Technology**
   Not only can technology reduce accidents, clear drivers of wrongdoing and eliminate or reduce losses, it can also directly impact your insurance costs. As of 2020, some carriers have agreed to automatically provide at least a 5% reduction of insurance costs just by having technology in your fleet. The amount of cameras and safety systems available are delivering actionable data and providing an immediate impact on losses stemming from unsafe drive behavior. According

INDUSTRY CHALLENGES

to some experts, the presence of a telematics device generally reduces loss costs by 20-25% because drivers are less likely to engage in risky behavior once they know they're being monitored. This becomes extremely important not only in your efforts to obtain lower insurance, but also in the courtroom. With the continuous rise in nuclear verdicts – and currently operating in a tort-happy environment – judges are evaluating if companies did all they reasonably could to prevent or mitigate accidents. If the company hasn't, they should be prepared to be one of the statistics in the nuclear verdicts data. Early on, trucking companies evaluated technology as a bad return on investment, but today it's one of the only items where you're guaranteed an ROI. So tech up or get out!

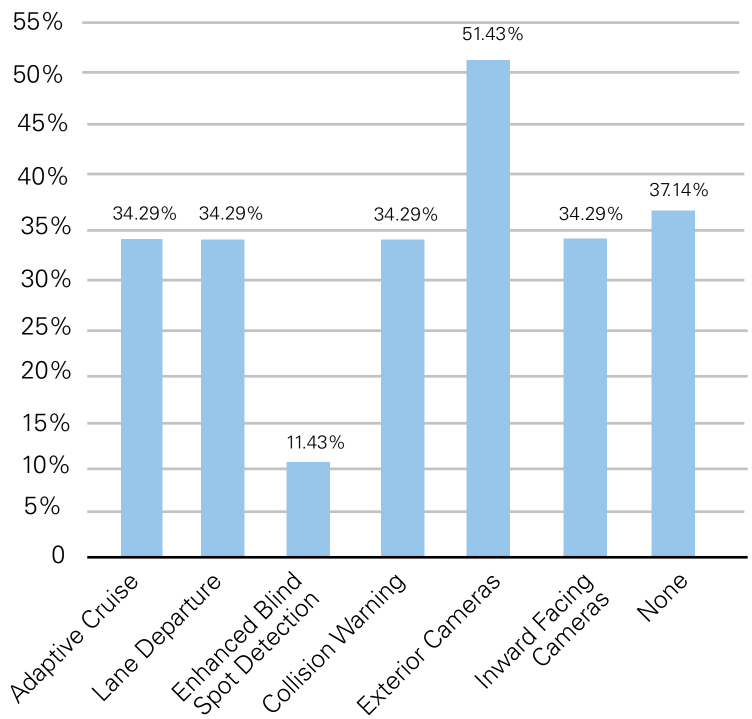
3. **Train, Practice Safety and Document**
   Remember, practice makes perfect – at least that's what coaches and parents have always said! Change the culture within your organization one day at a time. Practice safety and continue to train your drivers on mistakes other drivers are making. Build a positive outlook by showing evidence of documented training and safety practices to the underwriter (remember, look attractive!) to obtain better pricing. Just like technology, safety and training provide a crucial impact on your insurance rates and in the courtroom. When an accident occurs, training and safety documentation is key in your presentation to the judge. You can have all the meetings in the world, but if you don't have documentation, you'll become yet another statistic.

4. **Don't Hire Problems**
   Understanding that the shortage in drivers is a real problem for just about every trucking company big or small, you still cannot simply hire just to hire. Drivers are the heartbeat of the safety equation and bad hiring practices will cost you sooner or later. Your team should focus on retaining your current driver force and keeping your qualified drivers happy (thus you will not have to hire!). Not only will this eliminate the headache of the hiring process and the potential of putting a bad driver behind the wheel, it will also make your insurance carriers happy, since a tenured driving force and highly qualified drivers reduce your insurance spend.

Yes, the light at the end of the tunnel for the transportation industry may be far away, and times may get darker, but if you focus on building solid relationships, committing to effective technology, preaching (and practicing) safety and not hiring problematic drivers, the light will be within reach.

SURVEY RESULTS

WHICH DRIVER ASSISTANCE TECHNOLOGY DOES YOUR COMPANY EMPLOY?



TECHNOLOGY


REAR CAMERA
SELF DRIVING
60
80
Self-driving
MODE
Destination:
1-st street
FRONT CAMERA

Cybersecurity in the Transportation Industry

David Murphy, Lead Cybersecurity Analyst, Schneider Downs

Every year we receive feedback on items important to the Ohio Trucking Association (OTA) and in that feedback we discovered a dramatic increase on the number of responses that said cybersecurity is a significant issue. The number increased from 37% last year to a whopping 71% this year. Not only did respondents indicate that it was a significant issue another 9% indicated that this is going to be their organization's toughest challenge. We didn't ask those respondents why cybersecurity has become such a large focus area for the companies they work for, but like the rest of the businesses, including Schneider Downs, a remote workforce has played a pivotal role in how organizations support clients. Fortunately, with the advent of helpful cloud technologies such as Microsoft Office 365 and Google's G Suite, becoming a remote workforce, especially for the enterprise support roles, has become easier. This ease of use, like every other information technology revolution unfortunately, also comes with its security risks. Disaster recovery is also a key component to preparing your company to respond to natural disasters and assist in recovering your company from cyber-attacks. Only 29% of survey respondents indicated that they had no plans to develop a disaster recovery plan. Another 50% indicated they started to develop plans as a result of the current pandemic and another 21% of respondents indicated they have already have plans to develop disaster recovery plans. Preparing for a disaster could mean the difference between paying an attacker millions of dollars to recover your data from a ransomware attack and having to manually put your historical data back together and possibly missing large portions of data you need to run your business.

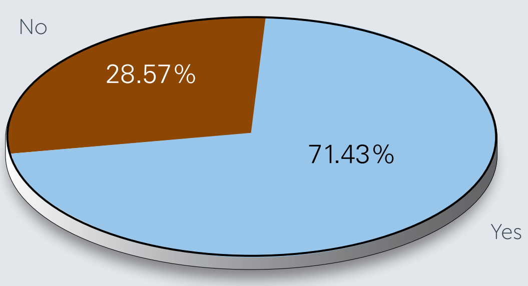
Top Three Ways to Reduce the Risk in a COVID-19 World

1. **Seek outside security consulting help when moving to Office 365 or G Suite.**
   Your Managed Service Provider (MSP) or Microsoft Gold Partner might not be focused on the security issues within your cloud platform and you want to be sure that when you move to something like Office 365, you and your Information Technology (IT) team have worked through all of the potentially helpful security configurations. Microsoft has a very good recommendations list of security controls and best practices and tries to score the security of what you have configured in your tenant using something called Microsoft Secure Score. The recommendations are listed in addition to easy and actionable steps to ensure the success of your configurations without impacting ease of use.

2. **Never move to ANY cloud software without two-factor authentication.**
   Companies have made it easier and easier to access the software and data you need on servers that they host. This includes things like Dropbox, Office 365, SharePoint, OneDrive, Google Drive, Confluence, Salesforce, Quickbooks and many other amazing software suites. It makes it easy to collaborate and share documents, but don't set up any accounts in these programs without the use of two-factor authentication. Two-factor authentication is defined as using two forms of identification

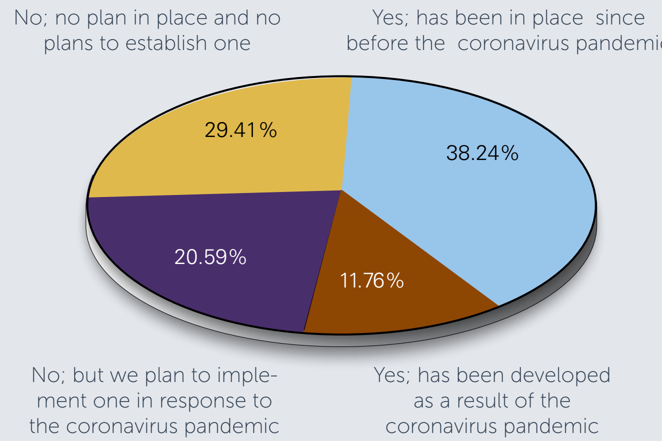
SURVEY RESULTS

DO YOU CONSIDER CYBERSECURITY TO BE A SIGNIFICANT ISSUE FOR YOUR BUSINESS?



SURVEY RESULTS

DOES YOUR ORGANIZATION HAVE A FORMAL DISASTER RECOVERY PLAN?



to get to your organizations data. This can include something you know (your password) with something you have (your phone). In this combination, even if an attacker somehow guessed or brute forced your password, they still don't have all the keys they need to make that initial logon. As someone who responds to cyber incidents all the time, this can reduce your attack surface area dramatically.

3. Purchase Cyber Insurance
Businesses and people insure themselves against many types of incidents and disasters that might come their way. This includes property damage, liability and many other items. Unfortunately, like flood insurance for a home, cyber insurance is not usually covered under normal terms of business insurance and must be purchased separately. You must consider that the risk is high for data breaches and consider the factors that were outlined by the Verizon Data Breach 2020 Report which stated that Verizon recorded 112 incidents last year with 67 of those incidents resulting in confirmed data exposure. Of note Web applications and Business Email Compromises (BEC) were the top areas of exploitation and compromise.

Summary

In summary, it is important to consider yourself a potential target. I can't tell you how many business owners and CEOs were surprised to learn they were a target and sometimes even paid a ransom amount in the seven-figure range to attackers. Prepare for risk like someone is hunting you.

Data Analytics in the Transportation Industry

Matt Kraemer, ADAPT Manager, Schneider Downs

Companies across all industries have used the power of their own data to help their businesses become more productive and more profitable. The transportation and logistics industry is no different. In the 2020 Transportation Business Outlook and Economic Survey, approximately 75% of all respondents noted they are currently using data analytics to forecast operational results, financial results or both. This indicates that companies currently see the value in data analytics' role in their business.

A common trend for businesses is exception reporting and benchmarking key performance indicator (KPI). There are plenty of KPIs and measures that are used as benchmarks for the transportation and logistics industry. Many of these metrics can be allocated down to individual drivers, tractor units, and routes. By allocating to dimensions (i.e. driver, route, unit), business owners are more quickly able to identify the root cause of inefficiencies and unfavorable financial results. Some examples of common financial and operational KPIs are:

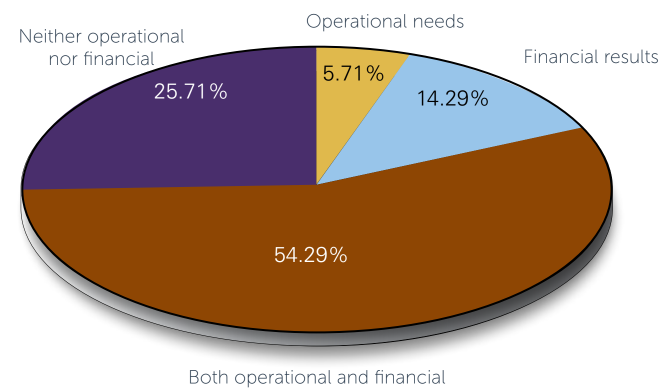
- Average length of haul
- Revenue per week (or other time period)
- Miles per week (or other time period)
- Revenue per mile
- Percentage of empty miles
- Maintenance expense per mile
- Fuel expense per mile
- Reported accidents

In order to appropriately measure these KPIs by different dimensions, the data must be stored appropriately to access as well as to build a data model to allocate the measures. For instance, in order to monitor maintenance expense per mile by driver, you need a relationship between the driver and the tractor unit. The maintenance expense must also be tracked by tractor unit and the number of miles for each tractor unit must be tracked by driver.

Most transportation companies are producing and collecting the data points needed to perform these analyses. The question is "how is this data cleaned and stored to allow business owners to use it as an asset?" To achieve the proper relationships between these dimensions and measures, it is important to consider how you are storing and accessing your data.

SURVEY RESULTS

DOES YOUR COMPANY UTILIZE DATA ANALYTICS TO FORECAST?



TECHNOLOGY

It is best practice to have a formal data governance plan and policy in place that indicates the roles and responsibilities of all parties in the company to ensure the data is complete, accurate and of high integrity. As many of the data points are often collected and stored in different source systems (TMS, accounting and GL, load boards, telematics, etc.), it is also important that each company considers how to pull these data sources together. To do this effectively, the answer is often data warehouse implementation. A data warehouse automatically integrates with one or more sources to aggregate data and create one source of truth that all key members of the organization can access and report out of. This means less time spent on exporting to excel, combining reports with VLookups and other complex formulas that are prone to human error.

The other benefit of data warehouses is that it becomes easier to connect to data visualization and business intelligence tools such as Microsoft Power BI or Tableau. The benefit of data visualization is the ease of communication of results to all different levels within an organization. Some of these business intelligence tools are also implementing machine learning and artificial intelligence into their standard products, which facilitates more advanced data analytics. Some business intelligence tools also simplify exception reporting by sending alerts directly to designated users when a specified measure crosses a user specified threshold.

If organized and stored correctly, many measures can also be tracked by secondary dimensions such as demographic or geographic location. Using these dimensions can assist in business decisions by providing additional insight into how pickup location, drop-off location, commodity shipping or customers. These are also dimensions that will allow for better forecasting and predictive analytics for future routes and major lanes.

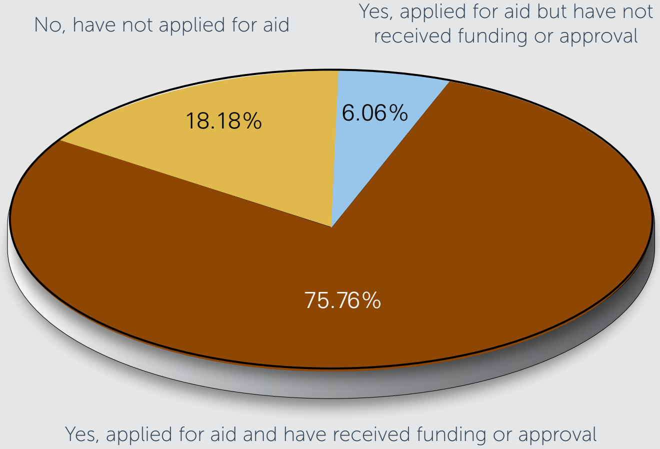
The benefits of organizing a data analytics program are not limited to the new or additional insights that are able to be derived from the data. If the data analytics program is designed to be repeatable in nature with automated integrations to existing systems, management also saves valuable time. Time that was previously spent on compiling analysis can now be spent on interpreting results and building a strategy to react to the results. It is tempting to jump in and start analyzing the available data, but it is important to start with a solid foundation that can be built off of to expand your data analytic program and strategy.

REGULATORY

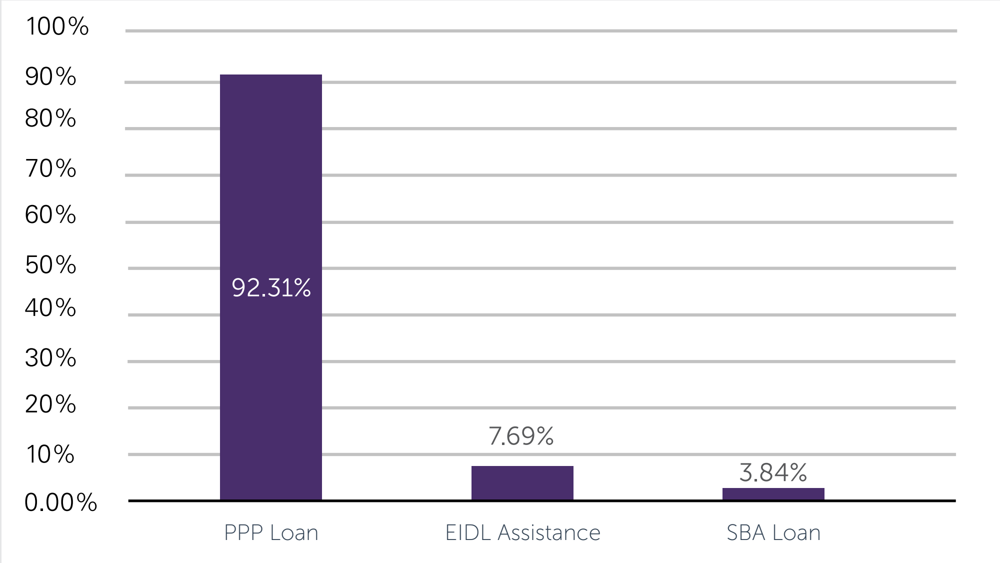
REGULATORY

SURVEY RESULTS

HAS YOUR ORGANIZATION TAKEN ADVANTAGE OF ANY FEDERAL, STATE OR LOCAL AID PROGRAM (INCLUDING, BUT NOT LIMITED TO, PPP LOANS, EIDL LOANS, GRANTS, TAX PAYMENT DEFERRALS, TAX CREDITS, ETC.) IN RESPONSE TO CORONAVIRUS?



WHAT FORM(S) OF AID HAVE YOU APPLIED FOR?:










Paycheck Protection Program Loan Forgiveness

Matt Werner, CPA Schneider Downs

The Paycheck Protection Program (PPP), established by the CARES Act under the U.S. Small Business Administration, was a key part of the federal government's recent relief efforts, providing billions of dollars in guaranteed loans to qualified small businesses to assist in keeping workers employed during the pandemic.

Companies that met eligibility requirements were able to apply for a PPP loan with the benefit of the loan being potentially forgiven if certain other requirements are met. For instance, up to the full amount of both principal and interest (the CARES Act originally limited loan forgiveness to principal) can be forgiven if used for forgivable purposes, but not more than 40% of the forgiven amount may be for non-payroll costs. The amount of actual loan forgiveness will depend in part on the total amount spent over the Covered Period (i.e. the 24-week period after loan disbursement or until December 31, 2020, whichever comes first) on:

- Payroll, including salary, wages and tips up to $100,000 annualized pay per employee;
  - o Payroll costs incurred but not paid during the borrower's last pay period of the Covered Period are eligible for forgiveness if paid on or before the next regular pay date
- Covered benefits for employees (but not owners);
- Payments of interest on mortgage obligations on real or personal property incurred before February 15, 2020 to the extent they are deductible;
- Rent payments on lease agreements in force before February 15, 2020 to the extent they are deductible; and
- Utility payments under service agreement dated before February 15, 2020 to the extent they are deductible.

It was noted within the PPP FAQs that non-payroll costs incurred prior to the Covered Period but paid during the Covered Period are eligible for forgiveness. In addition, non-payroll costs incurred during the Covered Period but paid after the Covered Period are eligible for forgiveness if paid on or before the next regular billing date.

Fulltime Equivalents (FTE) and Salary/Hourly Wages Reductions

Borrowers can have their loan forgiveness reduced if there is a reduction in: (1) the number of employees; or (2) employee wages in excess of 25%, since the goal of the CARES Act is to provide "payroll protection." Reductions in employment or wages that occur during the period beginning February 15, 2020 and ending 30 days after enactment of the CARES Act (as compared to February 15, 2020) will not reduce the amount of loan forgiveness if by December 31, 2020 the borrower eliminates the reduction in employees or reduction in wages.

FTE Reduction Exceptions

The loan application provides additional exceptions in which FTE reductions do not reduce loan forgiveness:

- Any positions for which the borrower made a good faith, written offer to rehire an employee during the Covered Period that was rejected by the employee; or
- Any employees who during the Covered Period were fired for cause, voluntarily resigned or voluntarily requested and received a reduction of their hours.

FTE Reduction Safe Harbor

The application also provides additional detail on how to determine if the safe harbor is met. Specifically, the borrower is exempt from the reduction in loan forgiveness, based on FTE employees, if both the following conditions are met: (1) the borrower reduced its FTE employee levels in the period between February 15, 2020, and April 26, 2020; and (2) the borrower then restored its FTE employee levels by no later than December 31, 2020 to its FTE employee levels in the pay period that included February 15, 2020.

Salary/Hourly Wage Reduction by Employee

The application clarifies the salary/hourly wage reduction by providing PPP Schedule A and a Schedule A Worksheet, which analyzes wage reductions in excess of 25% and compares the average annual salary or hourly wage for each employee during the Covered Period to the average annual salary or hourly wage between January 1, 2020 and March 31, 2020.

If the average salary or wages during the Covered Period is less than 75% of the average salary or wages during the previous quarter, a reduction in forgiveness may apply. PPP Schedule A and the Schedule A Worksheet provide separate calculations of the reduction for hourly and salary workers.

Salary/Hourly Wage Reduction Safe Harbor

The application provides a safe harbor if salary/hourly wages were reduced during the Covered Period or Alternate Covered Period but then restored to prior levels as of December 31, 2020.

COVID-19 Tax Law Changes Bring Relief to the Transportation Industry

Carl Scharf, CPA, Schneider Downs &
Sarah Hoagland, CPA, Schneider Downs

The COVID-19 pandemic has impacted every business in ways we never imagined. Taxpayers were just getting comfortable with the law changes enacted through the Tax Cuts and Jobs Act (TCJA). With the passage of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), taxpayers in the transportation industry must now consider the additional relief opportunities created by the CARES Act. A few key tax law changes within the CARES Act include the Net Operating Loss Carryback changes, elimination of the Excess Business Loss limitation, increase to Interest Expense Deduction limitation, and the long-awaited technical correction to the definition of Qualified Improvement Property. Each of these provisions provide taxpayers an opportunity to put cash in their pockets during these unprecedented times.

Net Operating Loss Guidance

When the TCJA was passed, both corporate and individual taxpayers were no longer allowed to carryback net operating losses (NOLs) to prior tax years. Instead, TCJA required an indefinite carryforward of NOLs, but limited the usage of the NOL to 80 percent of taxable income. The recently passed CARES Act modified the NOL rules for losses generated in the 2018, 2019 or 2020 tax years so that taxpayers can now carry back these losses over a five-year period with no taxable income limitation. Any unused losses will then be carried forward indefinitely. In addition, the 80 percent taxable income limitation on NOLs has been temporarily removed for tax years beginning prior to January 1, 2021.

Excess Business Loss Section 461(l) Limitations

Corporate and individual NOLs were not the only losses that were limited under TCJA. There was also a provision that limited the amount of allowable business losses that an individual taxpayer could deduct in a tax year. Under Section 461(l), married filing joint taxpayers could deduct up to $500,000 of aggregate losses and single taxpayers were allowed $250,000. Any disallowed amount of business losses were carried forward as a NOL.

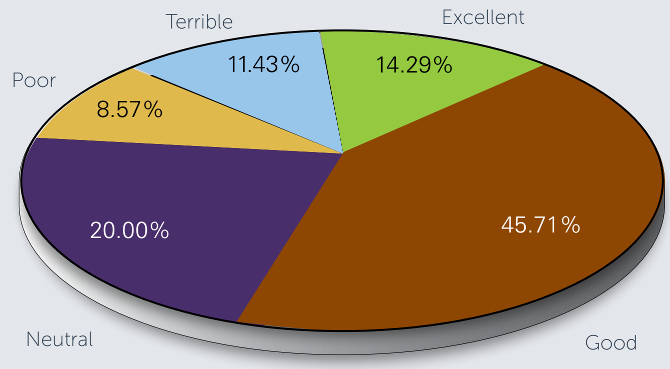
The CARES Act repealed the excess business loss limitation for tax years 2018, 2019 and 2020. If a taxpayer's losses were limited in the 2018 or 2019 tax year, there is an opportunity to amend the prior year returns in order to claim the excess losses.

Interest Deduction Limitation Change

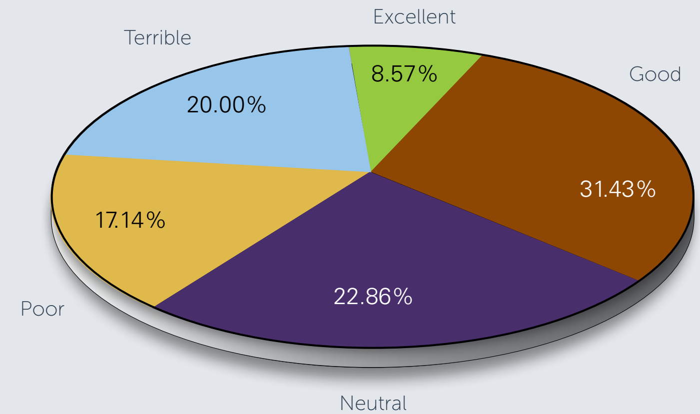
The previously passed TCJA limited business interest expense deductibility under Section 163(j). Businesses were able to deduct interest expenses up to 30% of adjusted taxable income (ATI), or tax basis earnings before depreciation, amortization and interest. Any excess business interest expense is then carried over to future years and used to offset excess income.

SURVEY RESULTS

HOW WOULD YOU RATE THE FEDERAL GOVERNMENT'S RESPONSE TO THE CORONAVIRUS PANDEMIC?



HOW WOULD YOU RATE THE STATE OF OHIO'S RESPONSE TO THE CORONAVIRUS PANDEMIC?



REGULATORY

The limitation increased to 50 percent of ATI with the CARES Act for tax years beginning in 2019 and 2020. If a business filed their 2019 corporate return prior to the CARES Act and they were limited in the amount of deductible interest expense, they can consider amending in order to take advantage of the 50 percent limitation. The interest limitation for partnership taxpayers are a bit more complicated, as the 30 percent limit still applies for 2019. However, if limited, 50 percent of the carryforward interest amount is freed up in 2020 and 50 percent is subject to the same carryforward limitations as under current law.

Qualified Improvement Property Technical Correction Changes

When the TCJA was drafted, there was a major flaw in how qualified improvement property was defined. Qualified improvement property can be defined as any improvement made by the taxpayer to an interior portion of a non-residential building. The original intent of that added definition to the law was to allow owners of non-residential real estate to fully deduct the cost of interior property renovations in the year in which they were placed in service, or to capitalize and deduct the cost over a 15-year period. Unfortunately, due to a drafting error, when the TCJA was finalized, taxpayers had to capitalize and deduct the cost of interior renovations over a 39-year time period.

Luckily for taxpayers, the CARES Act included a technical correction relative to the treatment of qualified improvement property. The CARES Act allows businesses to claim the entire cost of interior improvements as was originally intended. For taxpayers who invested significantly in interior renovations for 2018 or 2019 tax years, these deductions pose a huge benefit.

While the transportation industry continues to manage through uncertainty and make decisions in the best interest of their people and companys' future, these few tax law changes should provide some nice cash flow relief during these uncertain times. For more information and finding solutions to your transportation company's challenges, please contact a Schneider Downs transportation advisor.

Infrastructure Update

Danielle Miceli, CPA, Schneider Downs

While the ability to find and hire experienced drivers still weighs in as one of the trucking industry's toughest challenges, our 2020 survey revealed that failing infrastructure and growing congestion are also key concerns. Consistent with those results, the American Transportation Research Institute (ATRI) ranked transportation infrastructure/congestion/funding as #9 on a list of critical issues facing the industry.

Congestion, of course, contributes to wasted fuel, increased labor and safety costs and vehicle wear and tear. ATRI research indicates that there may also be additional future impact surrounding autonomous vehicles if roads continue to be poorly maintained. Unfortunately, Ohio contains four of ATRI's top 100 problem bottlenecks, including three in Cincinnati – the I-71 at I-75 interchange (#8); the I-75 at I-74 interchange (#67); and the I-75/I-71 at I-275 interchange (#87) – along with the I-71 at I-70 interchange in Columbus (#97). The institute notes that long-term state highway funding and looking for new funding programs are top strategies toward improving the nation's roadway infrastructure and bottleneck areas.

The House Committee on Transportation and Infrastructure has also been working hard, introducing and passing its Investing in a New Vision for the Environment and Surface Transportation in America (INVEST in America) Act, which authorizes nearly $500 billion over five years to address the country's most urgent infrastructure needs. Says ATA President and CEO Chris Spear, "Chairman DeFazio and the entire committee have produced a solid piece of legislation that authorizes a real and significant increase in funding for our roads and bridges, as well as a broad range of policies to improve highway safety."

Funding includes investment in highways, transit, passenger vehicle and commercial motor vehicle safety and rail. Key provisions include:

- **Highway** ($319 billion) Deliver better roads and bridges faster by placing priority on fixing broken, outdated infrastructure, including 47,000 structurally deficient bridges, before building new highway capacity; modernize infrastructure with bold new funding for addressing gridlock and the most impactful projects and bottlenecks that affect local regions and the national transportation network;
- **Transit** ($105 billion) Increase funding for transit agencies to add new routes and provide more reliable service, encouraging viable public transit options, leading to fewer single-occupant cars that can potentially clog highways;
- **Passenger Vehicle and Commercial Motor Vehicle Safety** ($10 billion) Increase funding for highway safety, truck and bus safety programs; and
- **Rail** ($60 billion) Triples funding for Amtrak to $29 billion over five years, allowing for improvements and expansion of the nation's passenger rail network, including the Northeast Corridor, and giving travelers a reliable, low-carbon option to travel both short and long distances, including to regions that lack frequent or affordable airport service.

The INVEST in America Act rests with the Senate before moving forward. As Chris Spear concludes, "Roads and bridges are not Democrat or Republican. We all drive on them. For the 7.7 million Americans in trucking who do their job each day to move our economy forward, we ask members of Congress to do theirs and pass a bipartisan infrastructure bill that meets the urgent needs of our economy, our industry and the motoring public."

With the current surface reauthorization law expiring on September 30, we'll await news from the Senate. Schneider Downs and the OTA are monitoring any developments on the Act and will continue to provide updates as they become available.

OHIO TRUCKING ASSOCIATION

The Ohio Trucking Association is a 100-year-old full-service trade association operating in Columbus, Ohio. With over 815 total members in the trucking, logistics, warehousing and moving industries, our promise to our members is simple: the Ohio Trucking Association will work to improve operational efficiency, profitability and relevancy for all of Ohio's transportation industry. Advocacy, professional development, networking, and cost savings initiatives are the keys to carrying out this promise to our members.

No matter what the cause, our industry is stronger when operating as one! We encourage you to explore more about becoming involved with the Ohio Trucking Association at **www.joinota.com**.

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Established in 1956, Schneider Downs has grown to be one of the largest independent public accounting and advisory firms in Columbus, Ohio and Western Pennsylvania, with nearly 500 personnel in total, including 50 shareholders and partners.

More than 25 years ago, we established the Schneider Downs Transportation and Logistics Industry Group. The group includes assurance, tax, technology and management consulting professionals who combine their individual expertise to serve our wide range of transportation and logistics clients, from local carriers to national enterprises, including: trucking, general freight, flatbed and box, TL, LTL, tank waste brokerage, bulk commodity dump, 3PL, heavy hauling/permitted loads, moving and warehousing. The Transportation and Logistics Industry Group meets on a regular basis to review and analyze issues central to this industry. As a result, our transportation and logistics professionals possess the most current knowledge of transportation issues, regulations and trends. We work with you to seek innovative ways to reach your strategic goals.

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