

**CSA 2010: A FIELD GUIDE**

Jon Reinfurt

# Untangling the **BEAST**


By John D. Schulz, Contributing Editor

Our intrepid Transportation Editor offers shippers, carriers, and private-fleet operators the ultimate field guide for understanding and managing the complexities surrounding the implementation of CSA 2010, the biggest regulatory change to hit trucking since deregulation.

## **CSA 2010 WEBCAST**

**Thursday, June 16, 2011 • 2:00pm ET • [logisticsmgmt.com/CSA2010](http://logisticsmgmt.com/CSA2010)**

Join Group Editorial Director Michael Levans and a panel of top government and trucking industry executives as they help to further explain the effect CSA 2010 will have on logistics and transportation operations.



In perhaps the biggest regulatory change since trucking was economically deregulated 31 years ago, the government this year begins enforcing a new truck safety-monitoring program that could sideline as many as 150,000 unsafe drivers, or 5 percent of the nation's 3 million long-haul truck drivers.

At first CSA 2010 stood for "Comprehensive Safety Analysis." That has since been changed to "Compliance Safety Accountability." No matter what the program is called, government officials and motor carrier executives agree that it will not only have a far-reaching effect on the way carriers and private fleets operate, but will undoubtedly change the way shippers, brokers, and third-parties buy and use trucking services.

Now for some background and a little myth-busting. First, the background: Trucking advocates say that their industry has never been safer, and statistics back them up. The fatality rate per million miles driven has never been lower. In fact, there was a 20 percent decline in trucking-related fatalities in 2009—down to 3,380.

However, that 3,380 still represents about 10 percent of the overall 33,808 highway fatalities in 2009, according to the National Highway Traffic Safety Administration (NHTSA). That 10 percent figure comes despite the fact that heavy trucks make up only about 4 percent of all vehicles on the highway.

Despite mandatory drug and alcohol testing, increased use of safety belts, and greater scrutiny of unsafe drivers, that truck-fatality rate remains a sore point for government officials in Washington.

The Federal Motor Carrier Safety Administration (FMCSA), the unit of the Department of Transportation that is charged with overseeing trucking fleets' safety, decided about a decade ago to try to change the way it rates truckers' safety

records. Under former FMCSA Administrator Annette Sandberg, the former chief of motor carrier enforcement for the state of Washington, the agency decided to replace its "SafeStat" system of rating carriers with CSA 2010.

"If you think of this like music and movies, it's like going from analog technology to digital technology," explains Duane DeBruyne, a spokesman for FMCSA. "The content is still created by the artist. But digital technology gives you so much more creativity and power. That's a good way to compare CSA to SafeStat."

Now, some myth busting: CSA is not a "new" set of regulations, but rather a new proactive program designed to improve the efficiency and effectiveness of FMCSA's enforcement and compliance program. It will not "kill trucking as we know it," although perhaps as many as 5 percent of the interstate truck drivers—the so-called "bad apples" who now float from company to company—will be ineligible because of the greater scrutiny and record-keeping.

Also, it's not designed to "make more money for the government," despite the potential of hundreds of thousands of dollars in fines for repeat violations.

This program is being implemented for an industry that historically has had problems finding a sufficient number of drivers. If that 5 percent figure is accurate and those 150,000 "bad apples" are removed from the highways, how will that affect capacity in the market place?

"We believe that the new enforcement and regulatory efforts to get the worst offenders up to speed or off the road will further limit capacity within the industry," says David Ross, a trucking analyst for Stifel Nicolaus in Baltimore.

Whatever the ineligible number, truckers will not be able to claim that they were caught off guard or blindsided by CSA, which has been the subject of countless workshops and informational sessions by both the government and the industry over the past year.

"This program should not be a surprise to anyone," says FMCSA's DeBruyne. "It has been in the works since 2004 and we've had multiple outreach sessions around the country during town halls and workshops. There has been a lot of publicity surrounding it."

Most large motor carriers are actually in favor of CSA because they say it will "level the playing field"



between their sophisticated, safety-first operations and those fly-by-night operators who cut corners on safety by exceeding the maximum hours of service (HOS) regulations and other risky behaviors.

“It’s a big deal for our industry,” says Doug Stotlar, president and CEO of Con-way Freight, the nation’s second-largest LTL carrier. “The bigger, more sophisticated companies have been doing this for a long time. The smaller guys, and some of the truckload guys, have been playing by a different set of rules.”

### Implementation process

After being introduced through pilot programs in several states in the second half of last year, CSA is currently in what FMCSA officials call a “phased implementation” period—in other words, CSA is now officially in effect. That means that state law enforcement personnel are currently being trained, and some enforcement is being done through “warning” letters to many fleets.

In fact, the first of at least 50,000 warning letters began going out to carriers in late February. These were designed to warn carriers they are on “alert” status because their performance in at least one of FMCSA’s seven safety areas is in the unacceptable range.

“We’re taking bites of the apple right now,” says FMCSA spokesman DeBruyne. “We learned through the pilot program that we have to ramp up enforcement so that our state FMCSA offices aren’t overwhelmed. Right now the interventions range from warning letters to a full-blown compliance reviews.”

Under CSA, every carrier will be rated through a percentile score—the lower the number, the better the score. In other words, if a carrier is rated 76, that means it’s doing better than just 24 percent of the carriers in its category.

Under SafeStat, CSA’s predecessor, most of the data came from out-of-service violations and very costly and labor-intensive roadside inspections as well as on-site safety views. Under CSA, the data will come from seven areas called “Behavior Analysis and Safety Improvement Categories,” or BASICs. Those seven BASICs are:

1. **Unsafe driving:** Speeding, recklessness, inattention, and improper lane changes.
2. **Fatigued driving:** Determined by HOS and log book violations.
3. **Driver fitness:** Including expired or non-existent Commercial Driver’s License and medical qualifications.
4. **Alcohol and drugs:** Impairment through il-

## Untangling the red tape

So what can shippers and carriers do to mitigate the changes from CSA? Shippers are advised to comb all the CSA data to discover all they can about their carrier partners, from training to carrier scores in all the BASICs categories.

Third-party information systems companies are also getting into the act. Kronos, for example, is helping carriers meet CSA requirements by improving enforcement of HOS requirements, management of safety incidents, policies, and certifications so carriers can better manage at least four key categories of BASICs—unsafe driving, fatigued driver, driver fitness, and crash indicators.

Kronos executives say they do this with the following capabilities:

**Policy management:** Automation of all driver policies to provide alerts for incidences tracked via onboard electronics to alert carriers of warning letters and audits.

**Certification tracking:** Alerts carriers of expiration dates of all certifications,

training, and licenses.

**Hiring:** Eliminate the guesswork with automated hiring tools for sourcing, screening, selecting, hiring, and on boarding quality drivers.

**Electronic timekeeping:** Captures all hours worked against HOS requirements to ensure accurate logs to minimize risks of violating the fatigued driving BASIC.

**Scheduling:** Ensuring that carrier pickup and delivery schedules meet HOS requirements and that drivers have all proper certifications and licenses.

Kronos workforce management integrates seamlessly with electronic onboard systems to track all non-driving hours worked along with the onboard records to provide a single source of truth for tracking all time worked. When drivers arrive for their shifts, they clock into the Kronos system and then the truck’s EOBR when they start to drive. Kronos then can accurately manage HOS requirements for any discrepancies between driver logs and payroll hours that might otherwise raise red flags for auditors.

The system also enables carriers to implement aggressive disciplinary programs for drivers, as well as maintain audit trails of all corrective actions taken. By monitoring drivers who are accruing points against the BASICs, carriers can closely track individual drivers’ performance against all standards. If there is a violation, Kronos will automatically trigger an alert to the carrier and attach a record of the incident. The system also will maintain an audit trail of corrective or disciplinary action taken to help prove compliance and avoid penalties.

“At Kronos, we are continually focused on helping organizations control labor costs, minimize compliance and safety risks, and improve workforce productivity,” says Charlie DeWitt, vice president of vertical marketing for Kronos. “One key way we’re doing this is by partnering with our customers to leverage labor management technology to hire quality drivers and monitor their performance especially in the light of the new, high-impact CSA regulations.”



legal and prescription drugs, over-the-counter medications, and any alcohol use while driving. Enforcement will include notifications of failure of random and periodic drug and alcohol testing—mandatory in the industry—as well as any DWI or DUIs issued while on-duty.

**“We certainly aren’t going to hire somebody else’s problem. Unsafe drivers are going to become a piranha to the industry. Before there was no visibility and they could go from company to company. Now there’s more visibility, and that’s the real game-changer.”**

—*Doug Stotlar, president and CEO of Con-way Freight*

Dave Osiecki, senior vice president of policy and regulatory affairs for American Trucking Associations (ATA), says that the trucking lobby continues to support the CSA program, although ATA would like to tweak a couple of the ways the system scores carriers, specifically on the crash accountability and cargo security.

“From a high-level perspective, it does address safety performance issues,” says Osiecki. “Conceptually, it’s the right program. Its goals are solid. But like a lot of things in Washington, the devil is in the details.”

Specifically, ATA would like FMCSA to give the industry a timeline for how it plans on fixing some of the individual indicators. The cargo security BASIC, for example, does not seem to have a statistical correlation with the risk of having future crashes, says Osiecki.

However, some carrier officials and others fear that aggressive plaintiffs’ attorneys could obtain a driver’s CSA safety score during due diligence and discovery following a severe truck accident. Jury awards for trucking-related fatalities can exceed \$20 million these days. CSA data is creating what one

trucking executive called a “dream come true” for plaintiffs’ attorneys.

“The first thing a plaintiffs’ attorney is going to look at is a driver’s safety history and record,” say Jim Angel, a former private fleet manager and now product manager of safety and compliance for PeopleNet, a provider of internet-based and integrated onboard computing. If they find a carrier knowingly hired a driver with a poor history of accidents and log book violations, then you basically have a negligent hiring case on your hands. And they will sue everybody involved—the driver, carrier, manufacturer, and shipper.”

In such cases, a carrier’s BASICs score will be invaluable in a legal defense. To determine such scores, the government takes the sum of all the weighted values for all violations in any single BASICs category and divides by the number of power units in the carrier’s fleet. It then will factor in any driver or fleet inspections in order to “normalize” the percentile ranking.

### Impact on operations

Private fleet and for-hire carriers alike are watching the evolution of CSA much the way a soldier in Afghanistan patrols in a minefield. While the ultimate goal of increasing highway safety is unanimously praised as worthwhile, carrier officials are wary of additional costs, paperwork, and perhaps uneven treatment by the government.

The biggest impact for shippers would be any permanent reduction in truck capacity. Mark Rourke, president of transportation for Schneider National, the nation’s second-largest TL carrier, says the forecast of 150,000 ineligible drivers “is right in the ballpark,” according to its internal studies.

“My view is that there is no place in the industry for bad drivers,” says Rourke. “The intent and objective of CSA is the right one. Our focus is on understanding the scoring. Is it fair and is it accurate?”

According to Rourke, Schneider has two basic concerns. How well do errors and mistakes get remediated? And how does the scoring differentiate between a carrier who is and is not at fault in the case of accidents. “From a scoring standpoint, there isn’t a protocol to deal with who’s at fault,” Rourke explains. “It hits the carrier and it hits the driver, and it makes that driver unemployable.”

Government officials acknowledge CSA is a work in progress. Just as the words behind the acronym changed after a year, so will CSA’s operational



model. For instance, late last year, FMCSA softened the language it used to identify carriers with high BASICs scores. It now puts those carriers on “alert” status, rather than labeling them “deficient.”

It also has changed the amount and quality of information available to the public and shippers. While most of the information is still available to all online (<http://ai.fmcsa.dot.gov/sms>) it does not include all the categories. For instance, crash indicators and cargo security scores are not available. Also, individual driver scores are closed to the public.

It’s a complex process. CSA maintains a database for two years for fleets, and three years for drivers. Violations are “weighted” for severity and time since the accident. More recent violations are weighted more heavily than older ones. Again, the higher the number, the worse the overall score. Carrier “alerts” are triggered when a percentile ranking of 65 or higher (60 for hazmat carriers) are reached in any one category.

FMCSA officials insist there is nothing new about the data collected on each carrier. What is different is the mechanism used to massage that data in order to scope out unsafe trucking operations.

“The algorithm is much more robust and allows us so much more clarity in areas of concern,” says FMCSA’s DeBruyne. “Before we had one size fits all. The compliance review was the only tool in our toolbox. Under CSA, we have multiple tools that can be very precise.”

Those tools range from warning letters to full-blown onsite compliance reviews of a carrier’s operations, training, and other aspects. “The goal is to work with the carrier on the front end to pinpoint areas of concern and to address those concerns and ultimately prevent a crash,” DeBruyne adds. “It’s proactive rather than reactive. Under the previous system, we went in after the fact to see what happened.”

Under that old system, only 2 percent of the nation’s 700,000 or so carriers with DOT operating authority underwent onsite compliance reviews. In the year or so that CSA data is has been collected,

it’s apparent that more carriers are under “alert”—some 21 percent have at least one alert under CSA, up from 16 percent who had deficient scores under SafeStat, according to data compiled for TransCore’s CarrierWatch CSA report. TransCore routinely reviews thousands of motor carriers’ safety records for its clients in the industry. Still, that means nearly four of every five motor carriers have no alerts under the new system.

Fatigued driving, which includes HOS violations, represents the most common failure—with 13 percent of carriers receiving an alert in that category, according to the TransCore CarrierWatch data. Only 1.1 percent of carriers received alerts for controlled substances, but almost half (47 percent) of those alerts were for what the government called “serious” violations.

So, it’s no wonder that folks like ATA’s President and CEO Bill Graves are calling CSA potentially the biggest change in the industry since trucking was deregulated in 1980.

The most serious impact would be on trucking capacity, if that forecast of 150,000 ineligible drivers comes true. Trucking already faces a driver shortage as changing demographics, tougher driver standards, and the industry’s inability to market itself to minorities continues—while carriers are going to be increasingly wary of hiring drivers with unsafe driving records.

“We certainly aren’t going to hire somebody else’s problem,” Con-way’s Stotlar says. “Unsafe drivers are going to become a piranha to the industry. Before there was no visibility and they could go from company to company. Now there is more visibility, and that’s the real game-changer.”

### Meeting the challenge

Both private fleet and for-hire trucking executives say that they’ve already instituted management and operational changes to mitigate the most serious effects of CSA.

Scott Willert, senior manager of private and dedicated fleets at Kraft Foods, calls CSA “a very significant change” in the way truck safety is measured and monitored. In fact, Willert says that it has the potential to greatly reduce the availability of qualified drivers at Kraft, which operates more than 2,500 power units and 1,100 trailers. No matter how you slice it, adds Willert, CSA adds another layer of complexity and expensive for all carriers.

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20,000 drivers has not been affected by CSA. But he thinks shippers' rates will be. For instance, he says, insurance companies will now have the ability to look at specific aspects of a carrier's driver population. "They'll say: 'We'll insure 97 percent of your drivers for this rate. But those other 3 percent are going to cost you more.'"

Private fleet managers insist their operations, with shorter lengths of haul and greater driver pay, will pay dividends, as they'll be affected less than some for-hire fleets. Greg Whisenant, private fleet manager for Shaw Industries, a carpet and floor covering manufacturer with 1,400 drivers and 900 power units, says CSA is having "no impact at all" on its operations. He says Shaw is scoring "in single digits" in percentile of scoring on most BASICs categories.

One reason, he says, is that his fleet is outfitted with electronic on-board recorders (EOBRs) that the government could mandate for all fleets within a few years. "EOBRs help, but the big thing is making sure you've educated drivers on how important roadside inspection is," says Whisenant. "That's the bread and butter of CSA. If you can educate your drivers on all the elements of the BASICs, then you'll be much better off in the long run under CSA. Pre-trip inspections are bigger now than ever before.

Quality drivers will be the biggest assets in surviving the increased CSA scrutiny, industry officials say. "Typically, once a driver gets in the private fleet world they don't become a job-hopper," Whisenant says. "It's a huge advantage for private fleets. We take care of our drivers. We have the best equipment on the road, and our wages are fairly comparable. We're going to keep our drivers because the only ones we're going to hire are the cream of the crop."

Schneider's Rourke says carriers will have to use more sophisticated hiring and training processes in order to assess risk of hiring drivers. For instance, Schneider moved from urine to hair follicle testing for the drug testing of its 18,000 drivers. The carrier is now screening for sleep apnea and has redeployed its entire fleet with electronic on-board recorders.

Schneider and most other large fleets say they are committed to safety. They almost have to be. That's because jury awards in a single wrongful death case involving a carrier can mean millions of dollars of liability. "We're continuing to invest on the front end to prevent things," Rourke says. "We're more proactive than reactive."

Rourke adds that he would like the government to do even more. For instance, Schneider is back-

ing calls for a national database to show drivers' drug and alcohol results. That is so all carriers know the past drug and alcohol test results for drivers applying for jobs.

Larry J. Ahlers, vice president of transportation for Oldcastle Building Products, an Atlanta-based building products services company that operates a private fleet of 690 trucks, says he's had just one driver red-flagged under CSA—and that driver has already been terminated.

"We have our own internal guidelines and procedures that are equal or greater than CSA," Ahlers says. "To us, we're going to lose him first before we lose him to CSA."

Ahlers says his organization starts with pre-screening to minimize driver turnover: "It all starts with a pre-screening process that we employ when we hire a driver. We have our own drug and alcohol testing; so, from a DOT standpoint, we're pretty aggressive. That's just a part of what we do."

Bob Petrancosta, vice president of safety for Con-Way Freight, says he feels that CSA 2010 will ultimately prove to be another competitive advantage for those carriers willing to plan, invest, and execute in the basic "blocking and tackling" of trucking. Smart, savvy shippers will seek out those carriers with low BASICs scores, he says, because they will want no part of the risk associated with unsafe carriers or their drivers.

"The shipping community is way too sophisticated not to use CSA scores in their decision-making," says Petrancosta. "It's already happening. The good carriers have been dealing with shippers for a long time in their bid process who consider a carrier's safety record in their final determination."

Petrancosta says that this is "nothing new for us" or the vast majority of the other safe carriers and private fleets. "CSA is a better mechanism for visibility and a little deeper dive into a carrier's safety performance," he adds. "Sophisticated shippers are a little bit smarter today than they were before CSA. They have a tool to be more conscientious when they select carriers now."

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