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**United States Senate**  
**Commerce, Science and Transportation**  
**Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety and Security**

**Statement of**

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**Introduction**

Chairman Fischer, Ranking Member Booker and distinguished members of the subcommittee, thank you for the opportunity to testify about “Moving America with our Multi-modal Transportation System.” My name is Chris Lofgren and I am President and Chief Executive Officer of Schneider National, Inc., headquartered in Green Bay, Wisconsin. Today, I would like to offer you my insights about the trucking and transportation logistics industry and share with you the best practices that Schneider National has deployed that increase the efficiency, effectiveness and safety of our nation’s multimodal transportation system. I hope that it will inform the Committee’s agenda in the 115<sup>th</sup> Congress.

Schneider National was founded by Al Schneider in 1935 when he sold his family car to buy the company’s first truck. Since that time, Schneider National has grown to become one of the largest truckload and intermodal transportation companies in North America. Our business consists of approximately 10,800 company and 2,800 owner-operator trucks, 38,400 trailers and 18,000 intermodal containers. Schneider National employs 19,300 associates across all 48 of the contiguous United States, with a strong presence in many of the states represented on this subcommittee such as New Jersey, Wisconsin, Washington and Nebraska.

We serve a diverse customer base, which includes multiple industries represented by approximately 10,000 customers, including more than 200 Fortune 500 companies. Each day, our freight moves more than 8.8 million miles, equivalent to circling the globe approximately 350 times. Our logistics business manages over 20,000 qualified carrier relationships and, in 2015, managed approximately \$2 billion of third-party freight. Our portfolio diversity, network density throughout North America, and large fleet allows us to provide an exceptional level of service to our customers and consistently excel as a reliable partner, especially at times of peak demand.

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Schneider National is driven by our uncompromising values to deliver the goods that enhance the lives of people everywhere. Core to these values is our commitment to safety, integrity, respect and excellence. These principles are guiding tenants of our business at every level of the company.

Trucking companies like Schneider National are the backbone of America's economy. The trucking industry transports more than 80 percent of our nation's freight tonnage and employs approximately 7 million workers in trucking-related jobs<sup>1</sup>. In addition to moving goods into and out of U.S. ports, we also provide an essential lifeline to communities across the country, delivering supplies and essential commodities.

Our nation's ability to compete in global markets, and to meet the needs and expectations of consumers and businesses, depends on a robust freight system driven by the trucking industry. In order to meet current and projected future demand for freight movement, Congress and the new Administration should promote policies and regulations that ensure safety, support innovation and increase productivity.

### **Safety, Innovation and Technology**

At Schneider National, safety is our number one core value. This commitment stems from our founding common sense observation that "nothing we do is worth hurting others or ourselves." Today, our culture of safety starts with our people and layers in training, processes and technology. We are constantly striving to put safety first and always, which is why we have established industry-leading policies, practices and technologies.

Our relentless focus on safety not only enables us to better uphold our responsibility towards our employees, customers and the community, but also provides a critical competitive advantage in an industry with increasingly stringent safety and regulatory requirements, resulting in lower operating risk and insurance costs.

I would like to share some of the policies, practices and technologies we at Schneider National have adopted that may serve as best practices in the eyes of the committee as it seeks to increase the safety of our multi-modal transportation system.

- **Safety through Innovative Technology:** At Schneider National, we have made significant investments in safety-enhancing equipment and technology, including roll stability, collision

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<sup>1</sup> American Trucking Associations, *American Trucking Trends 2016* (August 2016)

avoidance, forward facing cab cameras, training simulators and realtime truck sensor monitoring. We were the first to install game-changing in-cab communication devices back in 1985 and have continued to adopt cutting edge technology since that time. A more recent technological investment making our trucks, drivers and highways safer every day is the OnGuard™ collision mitigation system. Installed on every new tractor, this forward-looking, radar-based system monitors the distance, speed and deceleration of the vehicle ahead. OnGuard alerts the driver to possible collision risks and actively works to eliminate, or at worst mitigate the severity of, any impact. Since our deployment of the collision mitigation technology in 2012, Schneider National has experienced a 69 percent decrease in rear-end accidents and a 95 percent reduction in rear-end accident claims cost. Additionally, Schneider National was an early adopter of Electronic Logging Devices (ELDs) and supports the Federal Motor Carrier Safety Administration (FMCSA) final rule requiring the installation of ELDs by December of this year. We recommend the committee continues to advance policies that encourage the development and implementation of innovative technologies that can improve safety.

- **Practices that Promote Health and Safety:** As a company that is strongly committed to safety, Schneider National is constantly seeking ways to protect the traveling public and the communities in which we operate. This includes our investments in cutting edge technology as well as our pursuit of additional opportunities to enhance health and safety, such as mandatory pre-employment drug tests that surpass U.S. Department of Transportation standards by requiring hair samples. Under current FMCSA regulations, truck drivers are required to undergo mandatory pre-employment urine testing for drugs and alcohol. While urine testing has been somewhat effective in identifying drug use, Schneider National has recognized that there are alternative routes to urinalysis, such as hair follicle testing that can better identify drug users. Specifically, hair testing can detect drug use for a period of up to 90 days, while urine testing only detects usage over a much shorter period of time (48-72 hours). At Schneider National, we believe there is no place for drug use in a safety-sensitive environment such as the trucking industry. That is why we have voluntarily opted to utilize the more reliable and comprehensive hair follicle testing, despite its increased cost. We recommend the committee encourage the voluntary adoption of practices that promote health and safety by allowing companies like Schneider National to substitute proven practices in lieu of less stringent U.S. DOT requirements.

## Critical Issues and Future Challenges

While Schneider National has excelled as an industry leader in safety, innovation and technology, we still draw concern from a range of critical issues impacting our business and the future of our industry. As you seek input on these matters in order to shape policy for the 115<sup>th</sup> Congress, I would like to highlight the following:

- **Federal Regulations:** We operate in a highly regulated industry. While some regulations have merit and will successfully increase safety within our industry and across the system – like Hours of Service rules, requirements for ELDs, hair follicle testing and speed limiters, we also have experienced a general trend of restrictive and complex regulation, which impacts the overall supply of trucks and drivers in the industry. Furthermore, the use of guidance rather than rulemakings creates an unintended sense of uncertainty within the industry while also increasing liability exposure.
- **State Regulations:** In addition to federal regulations, we are subject to regulation at the state level where new laws and litigation threatens our efficiency and ability to conduct business in a uniform manner. Although Congress provided for the express preemption of state laws related to the prices, routes and services of motor carriers when it passed the Federal Aviation Administration Authorization Act (FAAAA) of 1994, that preemption has recently been challenged. State laws regarding drivers' meal and rest break periods, payment agreements and more has evolved into a new patchwork of rules and regulations at the state level. The lack of consistency on this and other issues governing interstate trucking have created unintended consequences that decrease safety and hurt the environment.
- **Cybersecurity:** While the application of innovative information, automation and communications technologies optimizes our operations and increases safety, it also makes our business more dependent on an uninterrupted and secure network. If the stability or capability our technologies is compromised, it could adversely affect our revenue, customer service, driver turnover rates and data preservation. Additionally, if any of our critical information or communications systems fail or become unavailable, we would be required to perform certain functions manually, which could temporarily affect the efficiency and effectiveness of the supply chain.

- **Infrastructure Investment:** Underinvestment in our nation's surface transportation infrastructure produces inefficiencies in the way we move goods, wastes fuel and increases operating costs. Current freight bottlenecks and interstate congestion already challenges our operations. With U.S. freight volume anticipated to increase 45 percent by the year 2040<sup>2</sup>, the system must be updated and prepared for this surge. Otherwise, our environment and economy will suffer.

## **Conclusion**

Chairman Fischer, Ranking Member Booker and other distinguished members of the subcommittee, thank you again for the opportunity to testify and provide Schneider National's perspective on increasing safety and efficiency for the trucking industry. As the committee continues its work in the 115<sup>th</sup> Congress, we stand ready to support your efforts and offer insight about our industry and policies that pertain to the jurisdiction of this committee.

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<sup>2</sup> U.S. Department of Transportation, *Beyond Traffic 2045: Trends and Choices*