

Executive Summary

The Ports of Los Angeles and Long Beach are currently considering implementing a Clean Trucks Program (CTP) as part of the Ports' overall Clean Air Action Plan (CAAP). The CTP would limit access to Port terminals to approved concessionaire trucking companies that operate clean trucks and utilize employee drivers. The CAAP is a broader program designed to reduce all Ports-related pollution by 45 percent in five years. This study attempts to quantify the financial impact of what most experts argue is a failed port trucking system. As we will see, the status quo has tremendous costs associated with it. The Ports will provide dramatic and quantifiable benefits to the surrounding communities by implementing the CTP.

Over the first five years of the CTP, we project that the community will see direct and indirect financial benefits of over \$4.2 billion.* These benefits will accrue from several sources:

- **There is a large pay differential between employees and those working as independent contractors.** Recognizing employee status for all drivers is projected to return over \$174 million annually to the communities in which they live. Removing the misplaced tax burden associated with the independent contractor classification will free up an additional \$14.5 million. This yields over \$360 million annually, in addition to new tax revenue and new jobs created, once the multiplier effect is calculated.
- **The overwhelming majority of drivers currently lack health care and rely on various forms of public (taxpayer-financed) care.** We project that by shifting the health care responsibility for these drivers from the public to an employer-based system, taxpayers will save between \$29.6 million and \$67.9 million annually.
- **Port trucks are responsible for a disproportionate amount of health impacts.** By ensuring a sustainable system for implementing and maintaining clean trucks, the region will save over \$2.2 billion in terms of these health impacts over just the initial five year period. Were diesel emissions from port trucks to be reduced according to CTP projections, the region would see fewer deaths, fewer hospitalizations, and fewer days of missed work and school. (For a complete list of projected health impact improvements, see box next page).

The projected benefits are significant: In contrast, the average independent contractor driver now qualifies for over \$18,000 in taxpayer-financed anti-poverty programs. While it is not known how many drivers are actually enrolled in these programs, the cost to taxpayers could exceed \$134 million annually.

Our analysis of port driver addresses are based on a new review of a quarter of the workforce. Drivers tend to reside in low-income areas of Southern California, and are also concentrated in those areas most impacted by truck emissions and suffering from poor air quality. For these reasons they particularly stand to benefit as the CTP fixes the industry.

* When we speak of community, we refer to these significant stakeholders in this industry: residents and local businesses in the areas surrounding the Ports and those along associated goods movement corridors; the port drivers themselves; and taxpayers.



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We therefore conclude that not only does the CTP address the Ports' clean-air goals, but it will also inject hundreds of millions of dollars into low-income communities, save taxpayers additional millions of dollars, and achieve long sought-after health improvements. There are numerous other unquantified benefits and secondary effects of the CTP related to port growth and port efficiency improvements, reduced driver turnover and labor unrest and improved pay and working conditions. We will consider each of these benefits to the industry and region in turn.

Who Benefits Under the Clean Trucks Program		
Benefit	Amount (millions)	Beneficiary
Increased Employee Income, Shifted Tax Burden, and Indirect Financial Effect	\$1,805	Port drivers, their families, and the communities in which they live and work.
Health Care Savings	\$225	Southern California taxpayers currently financing health care for the uninsured.
Reduced Health Impacts	\$2,204	Port drivers, residents and businesses located in Port-adjacent areas and along associated goods movement corridors.
Total	\$4,234	

Note: Benefit over the course of the initial five-year period

Health Impacts (Annual) Under a Fully Implemented Clean Trucks Program
• 87.6 fewer premature deaths
• 103 fewer hospital admissions
• 2,449 fewer cases of asthma, bronchitis and other respiratory symptoms
• 13,140 fewer lost work days
• 142,350 fewer minor restricted activity days
• 40,150 fewer school absence days