

A Pilot Shortage?

Nope. It's All About the

MONEY



By ALPA Staff

“When somebody says it’s not about the money, it’s about the money.”

—H.L. Mencken, American journalist, essayist, satirist, and critic of American life and culture

If you’ve been following the news the last few months, you’ve noticed that some U.S. airlines have been publicly wringing their hands over what they’re describing as a “pilot shortage.” In some cases, they’ve cancelled flights, dropped routes, and whipped up public relations campaigns to blame this pilot shortage on the new regulations, effective last August, that require all airline first officers to meet higher qualifications—including past flight experience—than the lower standards that were in place for decades.

On February 28, the General Accountability Office (GAO), an independent agency that provides audit, evaluation, and investigative services to the United States Congress, released the report “Aviation Workforce—Current and Future Availability of Airline Pilots” (GAO-14-232) that supports the points ALPA has made for several years concerning whether there is, or will be, a genuine shortage of airline pilots in the United States. To put it very simply, in the near term no shortage of qualified pilots exists.

There is, however, a shortage of qualified pilots willing to fly for substandard wages and inadequate benefits.

GAO findings

So what did the government watchdogs discover?

Here are a few of the comments contained in the GAO report that buttress ALPA’s long-held view that there is no near-term shortage of qualified pilots but simply a shortage of qualified pilots who are willing to work for those U.S. airlines that fail to provide career potential, adequate livable wages, and benefits. According to the report,

- available data show that a large pool of qualified pilots exists relative to the projected demand, but whether such pilots are willing or available to work at wages being offered is unknown.
- data on wage earnings and employment growth are not consistent with the existence of an airline pilot shortage. U.S. Bureau of Labor Statistics (BLS) data from 2000–2012 show that the median weekly earnings of airline pilots decreased by 9.5 percent over the period (adjusted for inflation)—an average decline of 0.8 percent per year. Positive growth in wages is required for a shortage to be present.
- employment of professional pilots has actually decreased by 12 percent during the period 2000–2012, which is not consistent with a shortage.
- while the United States had 72,000 airline pilot jobs in 2012, FAA data show 137,658 currently active pilots holding an air transport pilot (ATP) certificate and younger than age 65 with a first-class medical certificate as of Jan. 30, 2014. Another 105,000 pilots hold instrument ratings and commercial pilot certificates and are in the pipeline to potentially obtain an ATP.
- the GAO estimates that roughly 1,900 to 4,500 new pilots will need to be hired on average annually over the next 10 years. In 2012, the FAA certificated 6,396 new ATPs, and that number is trending upward. Additionally, roughly 2,400 qualified pilots leave the U.S. military services each year.
- two out of three studies reviewed by the GAO on pilot supply trends suggest that a prolonged pilot shortage is unlikely to develop. One study noted that a short-

age of entry-level first officers may temporarily emerge but would likely be addressed within a few years.

- avoiding a pilot shortage hinges on the ability of the U.S. airline industry to provide incentives for lower-level pilots to seek a higher certification, and to provide incentives for pilots currently working abroad or elsewhere to apply for U.S. airline pilot jobs, if a shortage arises. Analyses that the GAO reviewed state or imply that airlines may need to provide financial incentives—for example, higher wages, benefits, or bonuses—to bring new pilots into the airline industry.
- 11 of the 12 regional airlines interviewed by the GAO have been unable to meet hiring targets for training classes formed since early 2013. Regional airlines currently pay, on average, about \$24 per flight hour (approximately \$24,000 annually) for new-hire first officers.
- the mainline airlines interviewed by the GAO report that they are not experiencing any difficulty in attracting qualified and desirable pilot candidates. These airlines currently pay, on average, about \$48 per flight hour (approximately \$48,000 annually) for new-hire first officers.

ALPA's views

Safety

Several accidents over a number of years, including the Colgan Airways accident near Buffalo, N.Y. in 2009, caused a justifiable groundswell of support for the new and safer increase in the minimum qualifications for pilots to be hired at U.S. airlines, the scope of which goes well beyond the number of hours that a first officer must have in order to enter FAR Part 121 airline service.

Although some within the airline industry blame the legislation and resulting FAA airline pilot qualifications and training rules for a pilot shortage, the airline industry actually helped craft those rules and supported their passage.

Economics

There is a quantifiable shortage of pay and benefits for pilots in the regional airline industry, not a shortage of qualified pilots who are certified to fly the airlines' equipment. According to ALPA's figures, which vary just slightly from the GAO's, the average starting salary for new-hire first officers in the regional airline industry is only \$22,400, which compares very poorly with the starting salaries in other fields for which university aviation program graduates are qualified to enter, including

- test engineer (\$52,000),
- operations manager (\$55,000), and
- second lieutenant in the U.S. Air Force, the entry level for most military pilots (\$53,616 in salary and allowances).


It's worth noting that the average \$35,529 starting salary for elementary school teachers—which is widely believed to be an underpaid profession—is substantially more than that of regional airline first officers.

Besides competing among themselves for qualified pilots, U.S. airlines are also competing with foreign airlines.

There is a substantial disparity in favor of many foreign

Pilot Hiring


Some regional airlines have not adequately prepared for today's pilot hiring needs, which have been predictably compounded in the near term by pilot retirements and increased qualification requirements. As noted, some in the industry have been critical of the new air transport pilot (ATP) requirements for new airline pilots and blame them for regional airlines' inability to hire qualified pilots.

However, Congress introduced legislation on this subject nearly five years ago, and the airline industry was well represented on, and agreed to the recommendations made by, the FAA Aviation Rulemaking Committee (ARC) that created the new pilot qualifications and training rules. The future effects of pilots' retiring at age 65, which began a year ago, were well understood more than six years ago. Further, Congress gave the FAA the ability to give flight-hour credit for specific academic training and military experience against the 1,500-hour requirement for the ATP. The FAA did exactly that, to the benefit of the regional airlines, by establishing the "restricted ATP" that a pilot could qualify for with as few as 750 hours of total flight time. 



Career investment

Certain airlines have created career pathways to entice potential pilot candidates to invest in an aviation education and flight training and thereby prepare themselves for a career as an airline pilot. These pathways may connect one or more accredited aviation universities or colleges with a regional airline and a legacy airline, so that there is a clear and defined progression by which to prepare for this career. Some legacy airlines have flow-through agreements with their regional code-share partners that guarantee regional airline pilots an interview with the mainline carrier upon achieving certain career milestones. ALPA strongly supports these and similar programs that help establish a stronger and more qualified pool of pilot candidates to safely operate airline equipment.

Thousands of young adults learn to fly each year with the hope of becoming airline pilots. Their total investment may exceed \$150,000 for their college aviation education and flight training, but that outlay is made on the basis of potentially earning several million dollars over the course of a 40-year or longer career. These future aviators need to see evidence that their investment will be rewarded; otherwise, over the long term, we will see a shortage of qualified workers in our airline industry. 

carriers—many of which are state-sponsored—because they are not saddled with the taxes and red tape that U.S. airlines are. As a result, thousands of pilots who are U.S. citizens have opted to fly for foreign airlines because the stability, pay, and benefits of those foreign airlines are so much greater than those offered by U.S. airlines. As just one example, at U.S. legacy airlines, a first officer may have a starting salary of \$61,000 per year plus benefits, while a foreign airline may pay \$80,000 per year and provide housing allowances and other extraordinary benefits, including personal chauffeured transportation to and from work and tuition assistance for the pilot's children.

Congressional action required

The U.S. airline industry is besieged by excessive taxation and red tape that the airlines of many other nations do not face. ALPA is a strong proponent of leveling the playing field to reduce this burden on airlines so that they can grow and thrive.

One important benefit of leveling the playing field, as relates to the GAO report, will be an industry that can offer jobs that are attractive to those who are interested in becoming airline pilots. Congress can and should play a critical role in assisting U.S. airlines to make it easier for them to generate sustained profits and thus be able to pay good wages and benefits and, consequently, for aspiring pilots to more confidently invest in professional pilot education and training.

Congress can help by restoring loan guarantees for college and university students who are taking flight training as part of their degree curriculum. Congress should also work with airlines to create innovative means for them to offset pilots' flight training expenses and thereby help create a more reliable pool of new first officer candidates.

Congress should take a hard look at the federal government's relationship with regional airlines that accept millions of dollars in government subsidies for providing essential air service (EAS) while offering such poor wages and benefits that they cannot fill their pilot seats. Silver Airways accepted tens of millions of dollars in EAS funds while paying its first-year pilots only \$20,770.

Another regional lift provider, Great Lakes Airlines, which publicly complained recently about the pilot shortage, also accepted tens of millions of dollars in EAS subsidies last year while paying its new-hire first officers even less than Silver Airways—\$16,500. This is the same Great Lakes—a turboprop operator headquartered in Cheyenne, Wyo.—that hatched a scheme several years ago to put mainland Chinese nationals in the right seats of its Beech 1900s and not pay them a cent. The Chinese government paid the University of North Dakota to train a cadre of future airline copilots and was going to provide them a modest stipend while they filled Great Lakes' right seats for a year—for free—before returning to China to join the burgeoning Chinese airline industry. 🌐

Yes, it's all about the money.

Trending on Social Media

On March 1, 2014, ALPA aggressively set the tone for the rumored pilot shortage using all modes of communication and employing a robust social media campaign. Below is a snapshot of the results.

facebook

>60,000 Impressions

506 Comments

 450 likes

252 Shares

8,279 Post clicks (clicks on the link)

Found on Facebook:

Pilot shortage? Not so much, ALPA is correct, shortage is in paychecks.

Myth: there is a pilot shortage. Fact: There MAY be a shortage of pilots who will work for poverty-line wages.

Add in the college and flying loans, completely not worth it!

A key point this article misses is that airline pilot first officer is NOT an entry-level position. By the time a pilot reaches the airlines as a first officer he/she has spent two to three years working as a flight instructor, charter pilot, flying traffic watch, pipeline survey, etc.

Unprecedented demand for pilots = pilot shortage. Why? Starting salaries as LOW as \$16,000 per year.

"Finally the truth comes out about the reason behind the pilot shortage! Now is crunch time for the regionals. They're left with two options: Pay up or close up. Time to find out just how hard-headed they can be about raising those salaries." 🌐