

GAO Report on Pilot Availability Confirms that It's All about the Money

Air Line Pilots Association, Int'l
February 28, 2014

"When somebody says it's not about the money, it's about the money." H.L. Mencken

The GAO report (GAO-14-232) "Aviation Workforce—Current and Future Availability of Airline Pilots," supports the points that ALPA has made for several years concerning whether there is, or will be, a genuine shortage of airline pilots. To put it very simply, currently there is no shortage of qualified pilots. **There is, however, a shortage of qualified pilots willing to fly for substandard wages and inadequate benefits.** The recent increases in experience required to enter the airline pilot profession, which were crafted with input from industry, labor and government, were made to ensure that the United States airline industry remains the safest in the world. We will not sacrifice safety to enable the airlines to hire a cheap work force.

GAO Findings

The following 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 be employed by some U.S. airlines because those companies fail to provide career potential, adequate livable wages, and benefits. According to the GAO:

- Available data indicate 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 a shortage in the airline pilot occupation. Bureau of Labor Statistics (BLS) data from 2000-2012 shows that the median weekly earnings in the pilot occupation decreased by 9.5 percent over the period (adjusted for inflation), or by an average of 0.8 percent per year. Positive growth in wages is required for a shortage to be present.
- Employment for professional pilots has actually decreased by 12 percent from 2000-2012, which is not consistent with a shortage.
- While there were 72,000 airline pilot jobs in 2012, FAA data show a total of 137,658 currently active pilots holding ATP certificates under age 65 with a first class medical certificate, as of January 30, 2014. Another 105,000 pilots hold instrument ratings and commercial certificates and are in the pipeline to potentially obtain ATPs.

- GAO estimates that a range of roughly 1,900 to 4,500 new pilots will be needed 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 upwards. Additionally, roughly 2,400 qualified pilots separate from the military service branches each year.
- Two out of three studies reviewed by GAO on pilot supply trends suggest that a prolonged pilot shortage is unlikely to develop. One study noted that a shortage 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 to incent lower level pilots to seek a higher certification, and to incent pilots currently working abroad or elsewhere into U.S. airline jobs, should a shortage arise. Analyses 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 industry.
- Eleven of the 12 regional airlines interviewed by 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 GAO report that they are not experiencing any difficulty in attracting qualified and desirable pilot candidates. These carriers currently pay on average about \$48 per flight hour (approximately \$48,000 annually) for new-hire first officers.

ALPA's Views

Safety

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. We believe that they did so, just as ALPA did, because of a genuine concern for aviation safety. Several accidents over a number of years, arguably the most troubling and recent of which was the Colgan Airways accident in Buffalo, NY in 2009, caused a justifiable groundswell of support for the new and safer increase in the minimum qualifications for pilots to be hired at our airlines, the scope of which goes well beyond the number of hours that a first officer must have in order to enter the Part 121 industry.

Economics

There is a quantifiable shortage of pay and benefits for pilots in the regional airline industry, not a shortage of pilots who are capable and certified to fly the airlines' equipment. According to ALPA's figures, which vary from GAO's just slightly, the average starting salary for new first officers in the regional airline industry is only \$22,400, which compares very poorly with the starting salaries of other fields for which university aviation program graduates are qualified to enter, which include: test engineer (\$52,500); operations manager (\$55,000); and, second lieutenant in the Air Force, the entry level for most military pilots (\$53,616 in salary and allowances). It is worth noting that the average starting salary for elementary school teachers (\$35,529)—which is widely believed to be an underpaid profession—is substantially more than that of regional airline first officers. (See attached image.)

Congressional Action Required

The U.S. airline industry is besieged with excessive taxation and red tape that the airlines of many other nations do not face. ALPA is a strong proponent for leveling the playing field to reduce this burden on airlines so that they can grow and thrive. One important benefit of such needed changes, as relates to the GAO report, will be an industry that can offer jobs that are attractive to those who are interested in a career as an airline pilot. Congress can and should play a critical role in assisting the U.S. airlines to make it easier for them to generate sustained levels of profitability 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 assist by restoring loan guarantees for college and university students that are undergoing flight training as part of their degree curriculum. Congress should also work with the 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 those 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. Great Lakes Airlines, which publicly complained recently about the "pilot shortage" accepted tens of millions in EAS subsidies last year while paying its new-hire first officers \$16,500 per year. Another carrier, Silver Airways, also accepted tens of millions in EAS funds while only paying its first-year pilots \$20,770.

Additional Background Information

The regional airline industry did not adequately prepare for today's pilot hiring needs, which have been predictably compounded in the near term by pilot age-limited retirements and increased qualification requirements. Some in the industry have recently been critical of the new 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 (5) years ago and the industry was well represented on and agreed to the recommendations made by the FAA aviation rulemaking committee that created the new pilot qualifications and training rules. The future impacts of the age 65 retirements that began a year ago were well understood more than six (6) years ago. Further, Congress gave the FAA the ability to give flight hour credit for specific academic training against the 1,500 hour requirement for the ATP. FAA did exactly that, to the benefit of the regional airlines, by establishing the "Restricted ATP" that an individual could qualify for with as few as 750 flight hours.

Some 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 on 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 carriers upon achieving certain career milestones. ALPA is a strong supporter of these and similar programs that help establish a stronger and more qualified pool of pilot candidates to safely operate airline equipment.

Thousands of pilots having U.S. citizenship are opting to fly for foreign airlines because the stability, pay and benefits are so much greater than those offered by U.S. carriers. As just one example, at U.S. legacy airlines, a first officer may have a starting salary of \$61,000/year plus benefits, while a foreign airline may pay \$80,000/year, plus provide housing allowances and other extraordinary benefits, such as personal chauffeur transportation to and from work, and tuition assistance for the pilot’s children.

Thousands of young adults learn to fly each year with the hopes 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 aviation industry.