



# Regional Airline Association Industry Update

South Dakota Airports Conference  
April 6, 2016

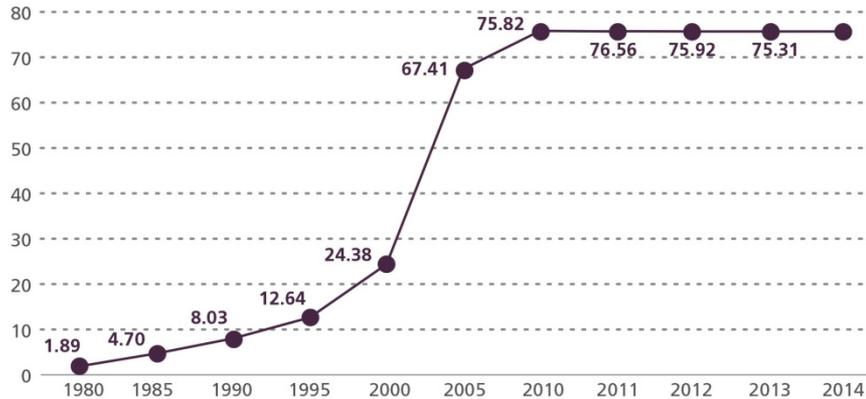


# Industry Statistics and Trends

# Regional Airlines by the Numbers

## Revenue passenger miles

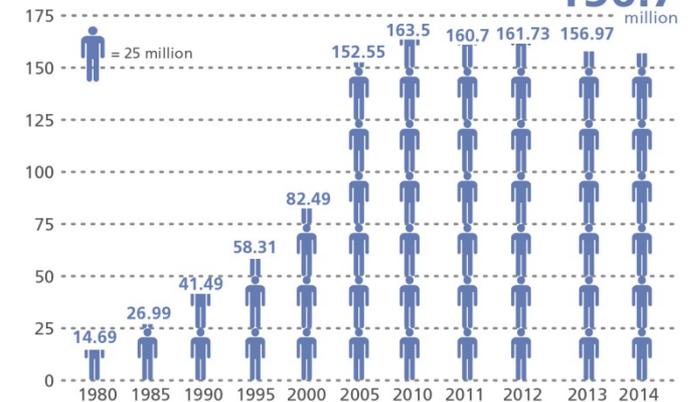
billions



2014  
**75.48**  
billion miles

## Passengers Enplaned

millions

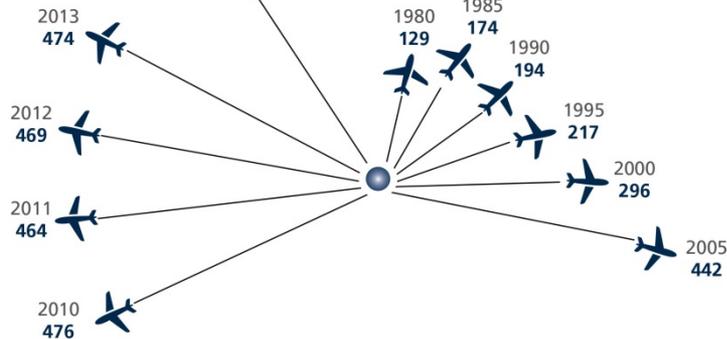


2014  
**156.7**  
million

## Average passenger trip length

miles

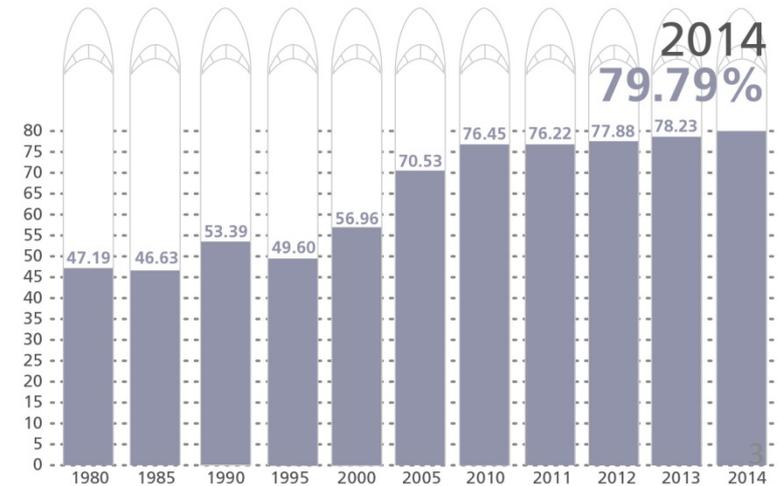
2014  
**480**  
miles



nearly  
**50%**  
46% of the nation's  
passenger flights

## Average load factor

%



2014  
**79.79%**

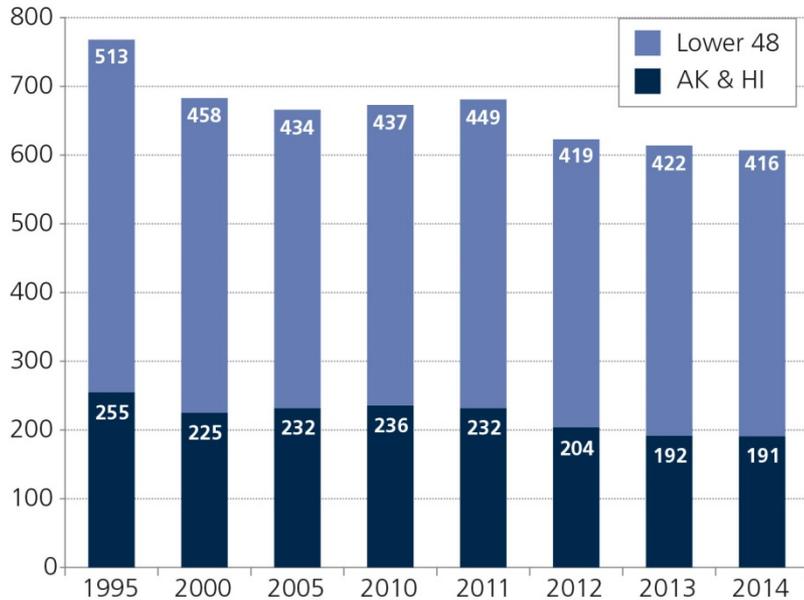
# Regional Airlines by the Numbers

## Service at US Airports

# 607

US airports with regional service in 2014

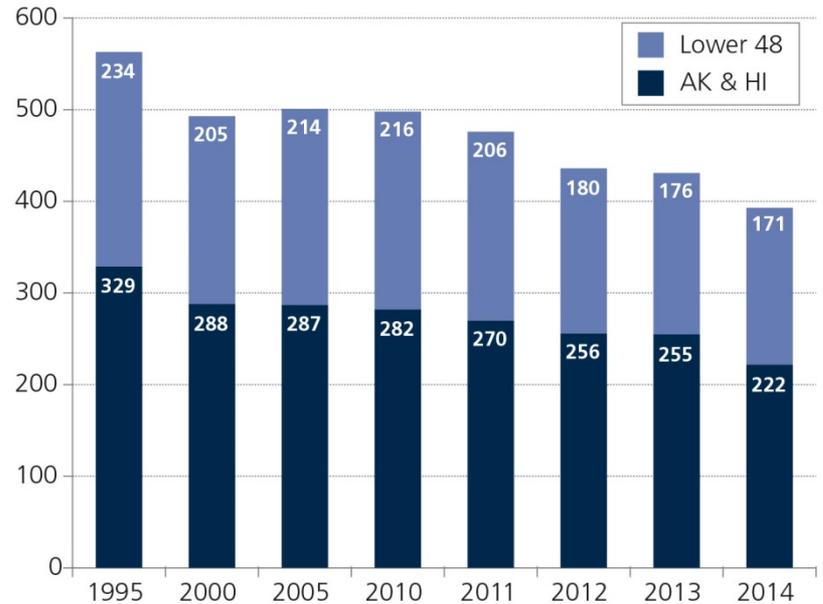
number of airports with regional service



# 393

US airports with **ONLY** regional service in 2014

number of airports with **ONLY** regional service



# Regional Airlines by the Numbers

- ➔ There are nearly **50,000** full-time equivalent employees employed by regional airlines in the U.S.

**Table 14: Regional Airline Full-time Equivalent Employees\* by Month 2011-2015**

FTE numbers in thousands (000's)

	2011	2012	2013	2014	2015	Percent Change	
						2011-2015	2014-2015
January	52.8	52.8	50.6	50.4	49.5	-6.2	-1.9
February	52.4	52.8	50.2	50.5	50.3	-4.0	-0.3
March	52.5	52.6	50.2	50.6	50.4	-4.0	-0.5
April	52.6	51.8	49.9	50.5	50.3	-4.3	-0.4
May	52.9	51.7	49.5	50.6	50.5	-4.6	-0.3
June	53.0	51.7	49.4	50.3	50.4	-4.9	0.1
July	53.2	52.7	49.4	51.1	49.4	-7.1	-3.3
August	53.3	52.1	49.4	50.7	49.3	-7.4	-2.7
September	53.4	51.1	49.5	50.6	49.2	-7.7	-2.7
October	53.5	50.3	49.9	49.8	49.5	-7.5	-0.6
November	53.0	50.1	49.9	50.6	49.6	-6.4	-2.1
<b>December</b>	<b>53.3</b>	<b>50.4</b>	<b>50.2</b>	<b>50.1</b>	<b>49.6</b>	<b>-7.1</b>	<b>-1.0</b>
<b>12-Month Average</b>	<b>53.0</b>	<b>51.7</b>	<b>49.8</b>	<b>50.5</b>	<b>49.8</b>	<b>-6.0</b>	<b>-1.3</b>

**Source: Bureau of Transportation Statistics**

\* Full-time Equivalent Employee (FTE) calculations count two part-time employees as one full-time employee.

Note: Percent changes based on numbers prior to rounding.

# The Pilot Shortage is Today's Reality

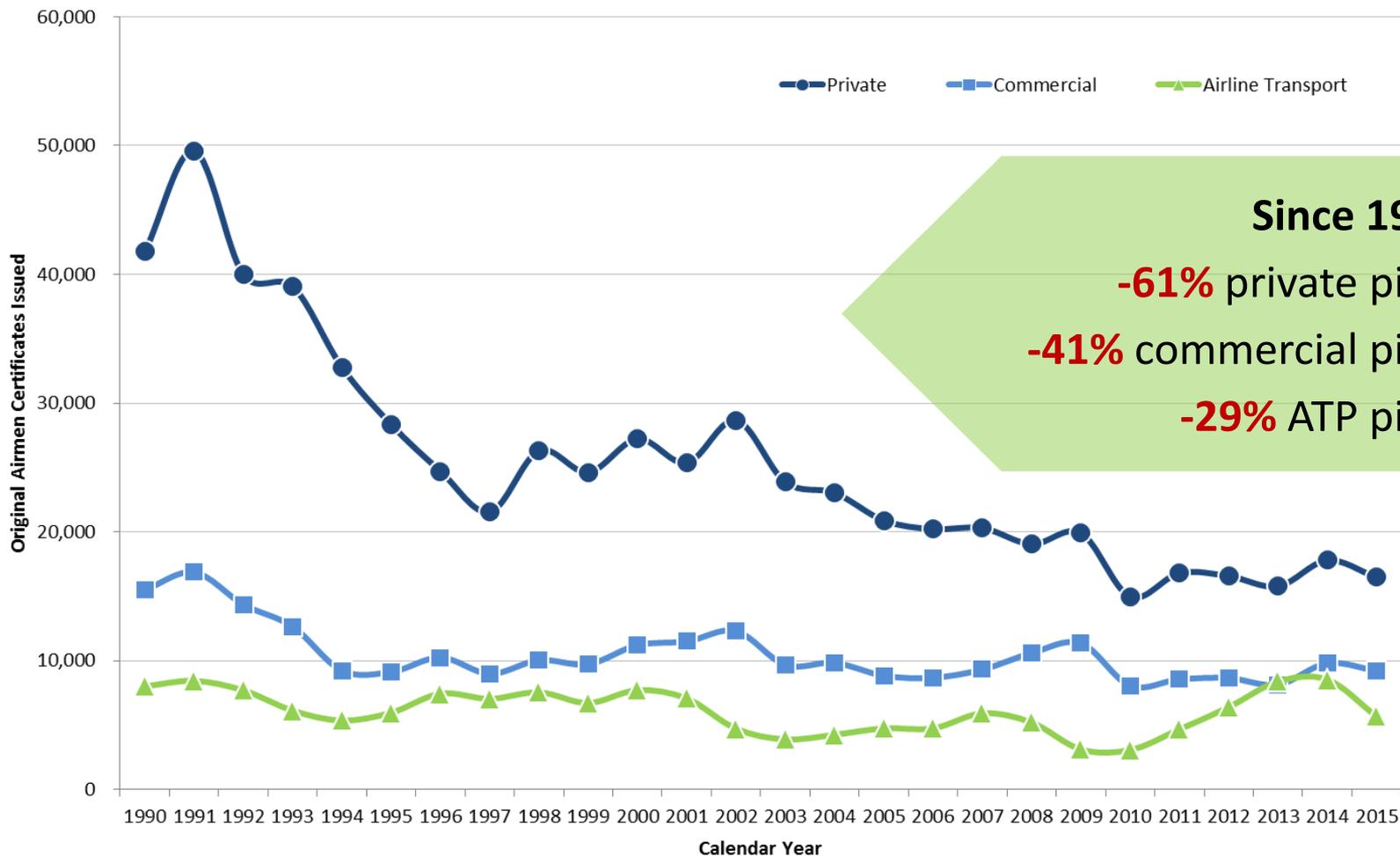
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- Fewer new pilot certificates are being issued during a period of unprecedented retirement at major airlines
- The temporary mitigation associated with 9/11, the Age 65 patch, and a recession have given way to **a real and rapidly worsening pilot shortage**
- The FAA's 2013 FOQ rule restricted access to the shrinking pilot pool by allowing only those pilots with substantially higher hours-in-flight to serve as part 121 first officers, placing additional burden on pilots and disconnecting the pilot supply and demand pipeline, without assuring hours flown represent meaningful and relevant experience
- Airline training departments have noticed a considerable *decline in quality of pilot candidates* after the rule vs. before; these observations have been confirmed by independent research
- RAA's proposed solution: an comprehensive, airline-based R-ATP pathway that is structured, disciplined, and scenario-based, offered through qualitative training enhancements and providing a substantial, meaningful and quantifiable measure of experience for pilots
- RAA's solution will restore access to competent aviators in the short term and reconnect the pilot career pipeline, helping restore confidence to the profession in the long term

# Fewer New Pilots

## Original Airmen Certificates Issued by Category

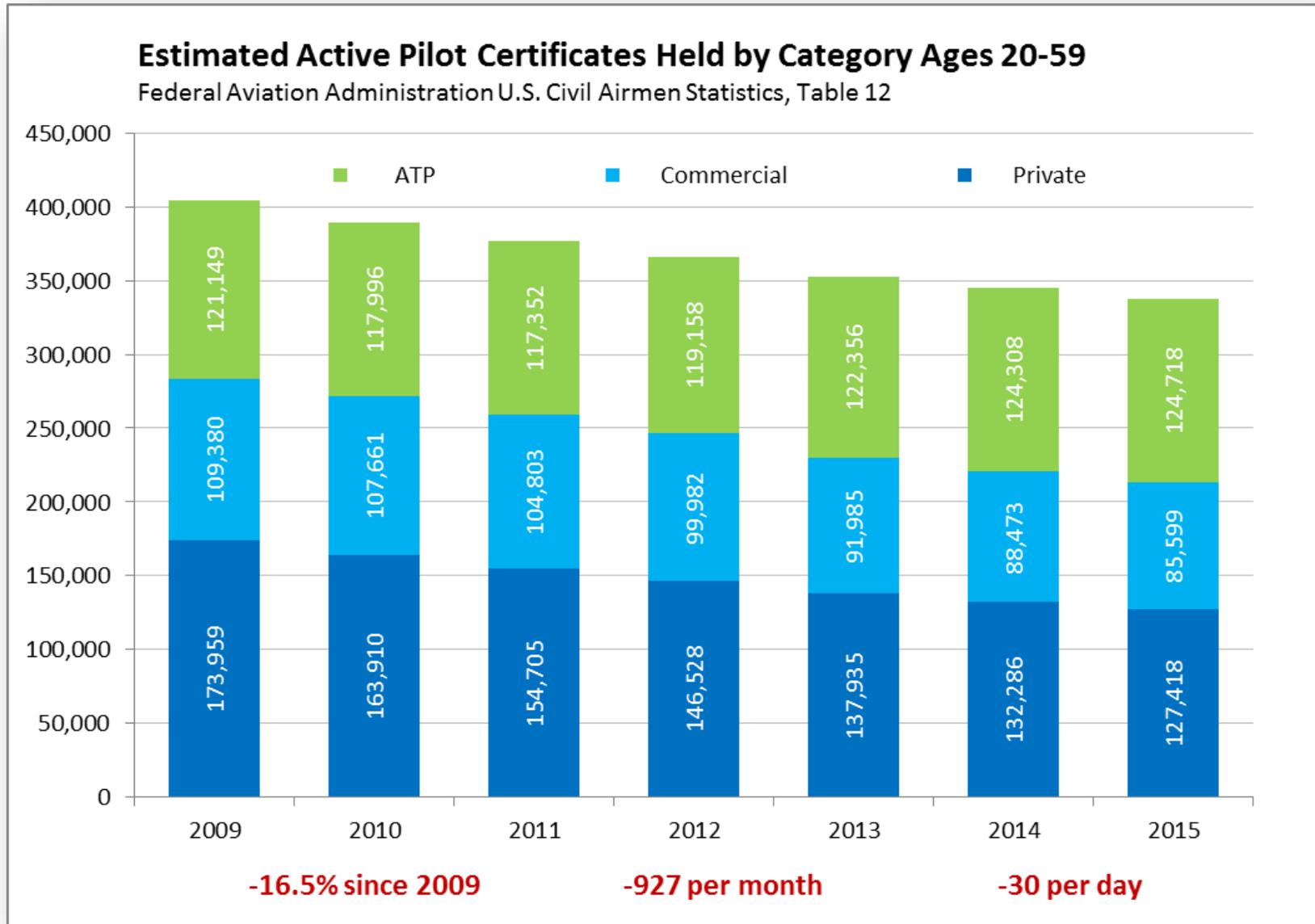
Federal Aviation Administration U.S. Civil Airmen Statistics, Table 17



Since 1990:  
**-61%** private pilots  
**-41%** commercial pilots  
**-29%** ATP pilots

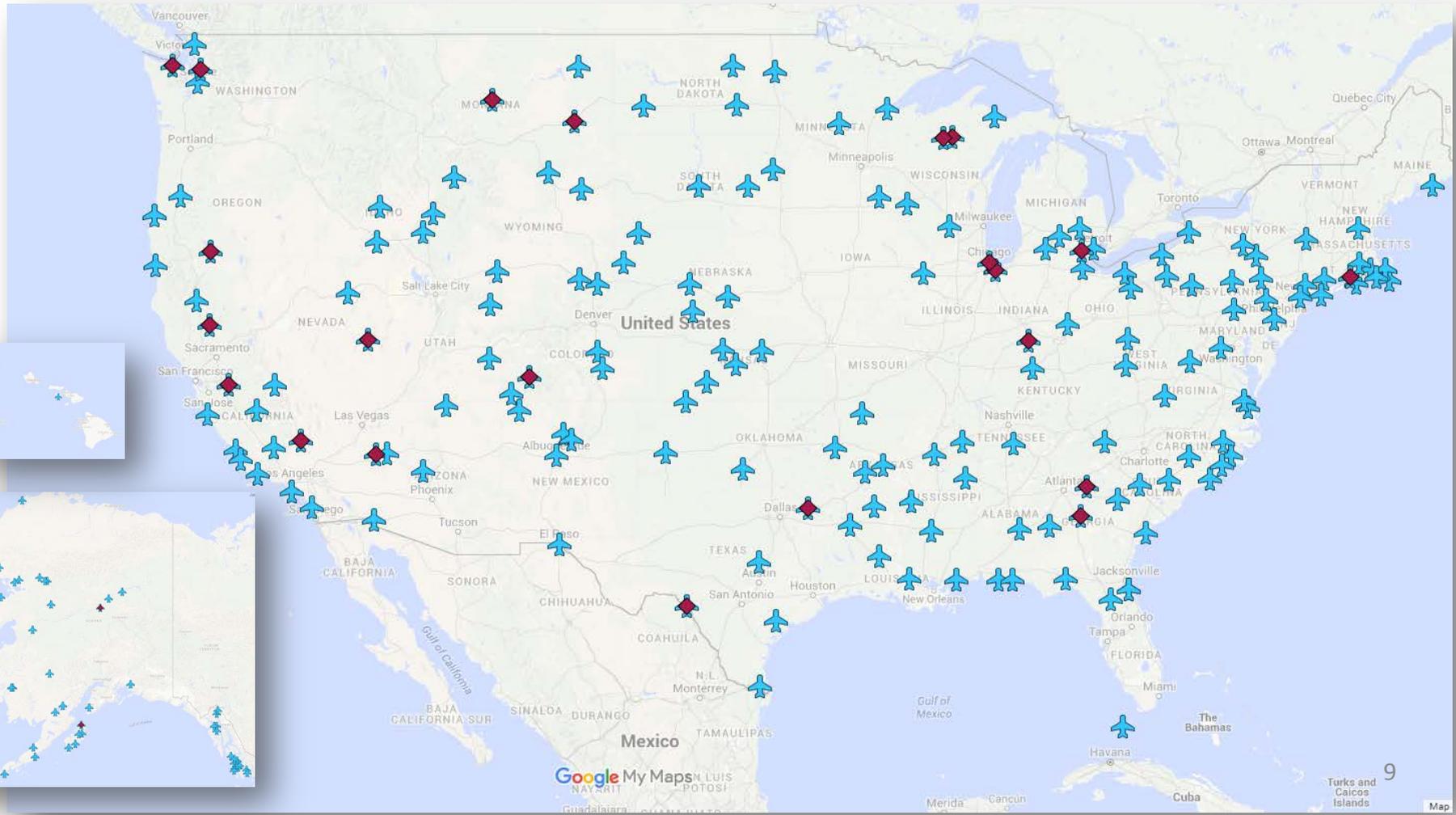
NOTE: ATP totals include restricted ATPs (2013 = 37, 2014 = 787, 2015 = 1,203)

# Shrinking hireable pilot pool



# Scheduled Service Reductions / Losses

- **222** U.S. airports experienced scheduled service reductions of  $\geq 10\%$  between 2013 and 2015
- **27** U.S. airports lost scheduled service between 2013 and 2015
- **150** markets have lost both seats and departures between 2013 and 2016



# Scheduled Air Service Losses

➔ Between 2013 and 2015, **27** airports lost scheduled passenger air service completely:

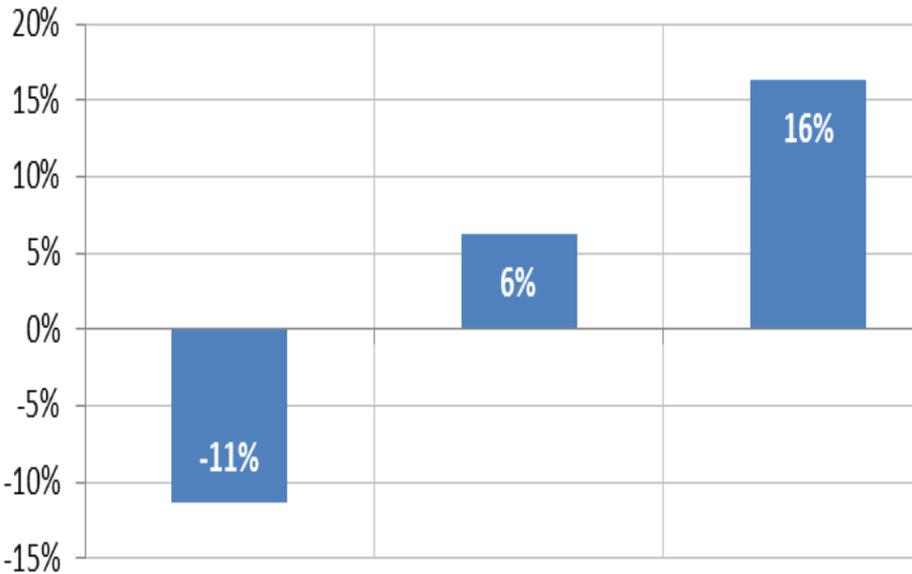
AHN	Athens, GA, US	LUR	Cape Lisburne, AK, US
ARV	Minocqua/Woodruff, WI, US	LWT	Lewistown, MT, US
CIC	Chico, CA, US	MCN	Macon, GA, US
CLM	Port Angeles, WA, US	MLS	Miles City, MT, US
CLU	Columbus, IN, US	MOD	Modesto, CA, US
DIO	Diomedes, AK, US	PAE	Everett, WA, US
DRT	Del Rio, TX, US	PWK	Chicago, IL, US
EGV	Eagle River, WI, US	RMP	Rampart, AK, US
ELY	Ely, NV, US	SLR	Sulphur Springs, TX, US
GYG	Gary, IN, US	TEX	Telluride, CO, US
IFP	Bullhead City, AZ, US	TIQ	Tinian, TR, US
IYK	Inyokern, CA, US	WST	Westerly, RI, US
KPR	Port Williams, AK, US	YIP	Detroit-Willow Run, MI, US
LMT	Klamath Falls, OR, US		

# Aircraft Capacity Trends in Air Service

Airports with ONLY Regional Service (Non Hub)

**Percent Change in Departures by  
Seat Capacity 2013 vs. 2014**

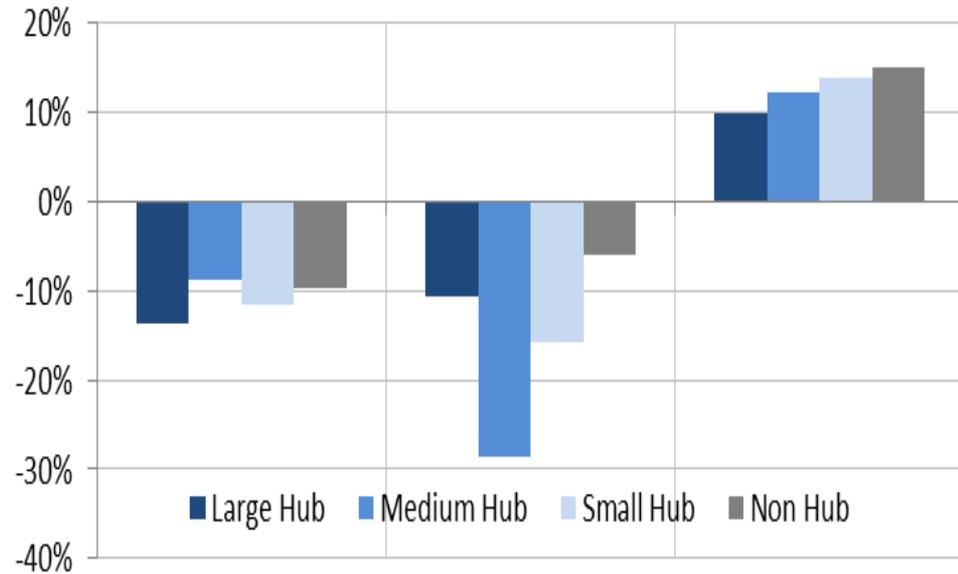
Below 50      50 Seat      Above 50



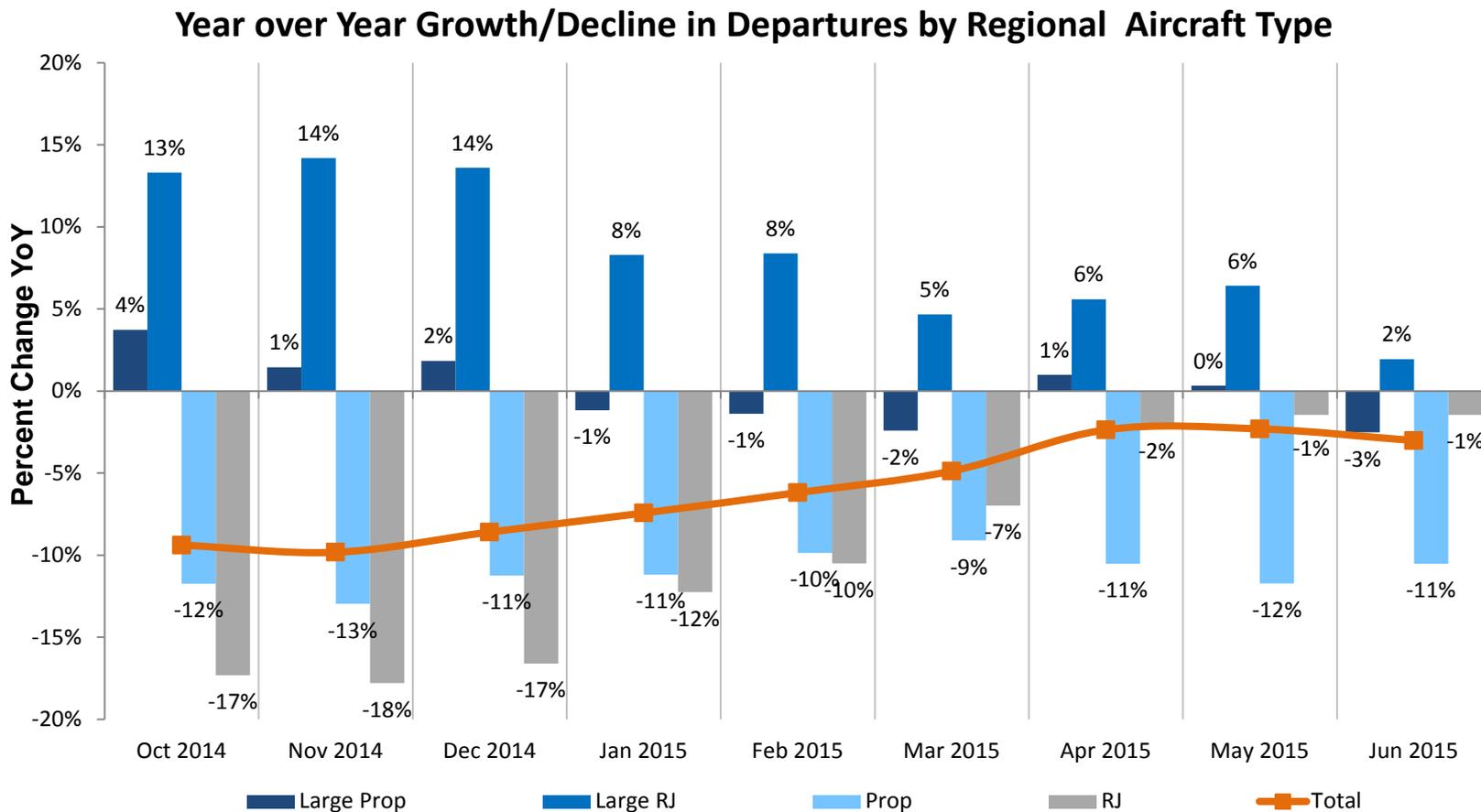
Airports with BOTH Regional & Mainline Service

**Percent Change in Departures by  
Seat Capacity 2013 vs. 2014**

Below 50      50 Seat      Above 50



# Clear shift toward larger RJs



- Total Regional Aircraft departures are down between 2% and 10% year over year
- Nearly all of this loss is driven by a reduction in smaller RJ/prop flying
- Larger RJs and Props are the only aircraft types that will record any increase over the next 8 months

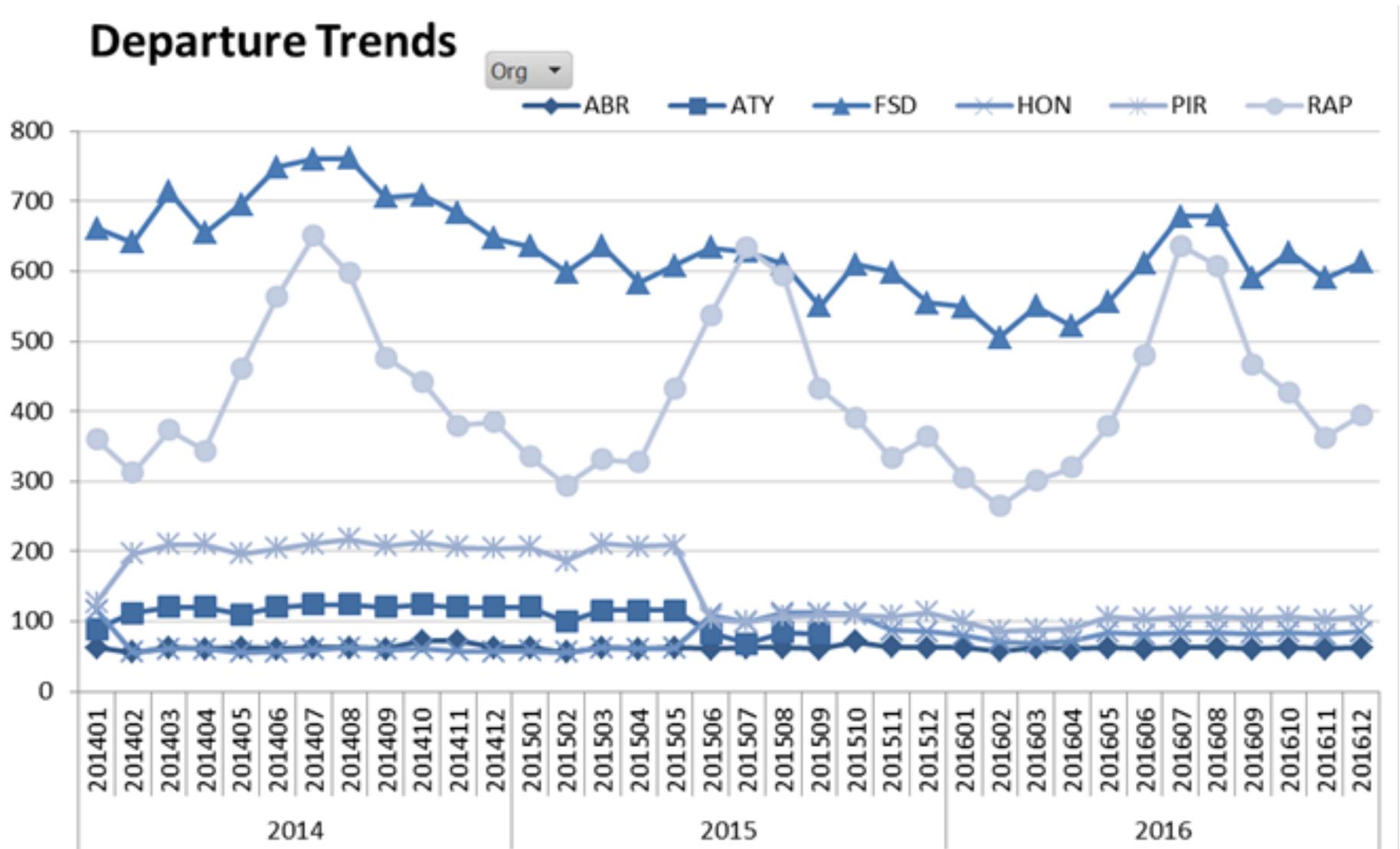
# South Dakota Air Service

Summary of scheduled passenger air service (OAG April 2016)

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- 6 airports with scheduled service between 2014 and 2016
- Regional airlines provide over 90% of all SD service
- Between 2014 and 2016, 4 airports experienced service reductions and one lost service entirely
  - ABR (Aberdeen) -2.7%
  - FSD (Sioux Falls) -15.6%
  - PIR (Pierre) -50.0%
  - RAP (Rapid City) -7.5%
  - ATY (Watertown) lost service entirely
- In 2016, 11 RAA member airlines will provide scheduled service to South Dakota:
- SkyWest, Great Lakes, Envoy, ExpressJet, Endeavor Air, GoJet, Mesa, Trans States, Compass, Shuttle America, Republic

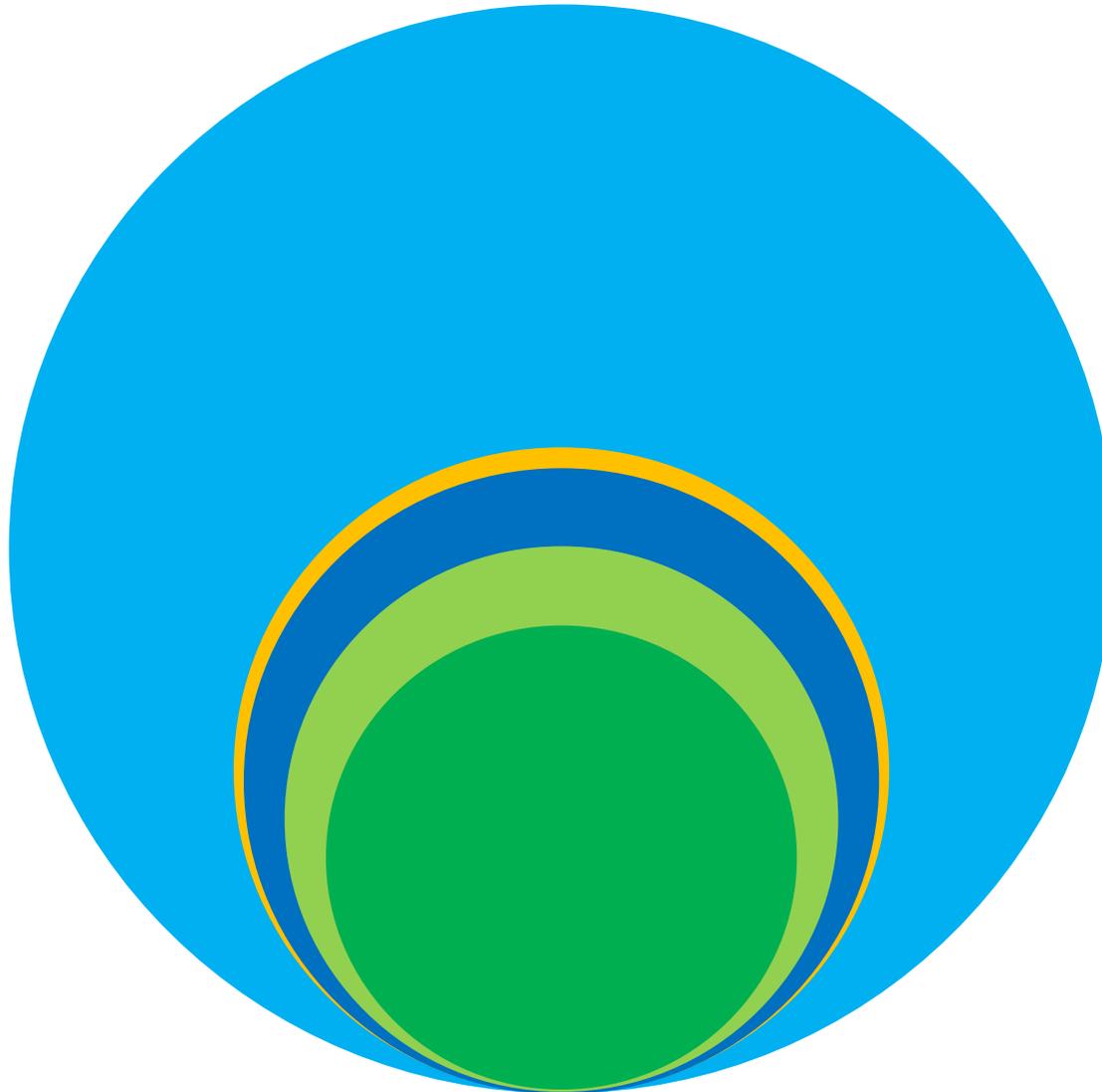
# South Dakota Air Service (Departure Trends)





# Pilot Recruiting

# RAA Pilot Recruitment Stats



## Calendar Year 2015

Applications 16,675

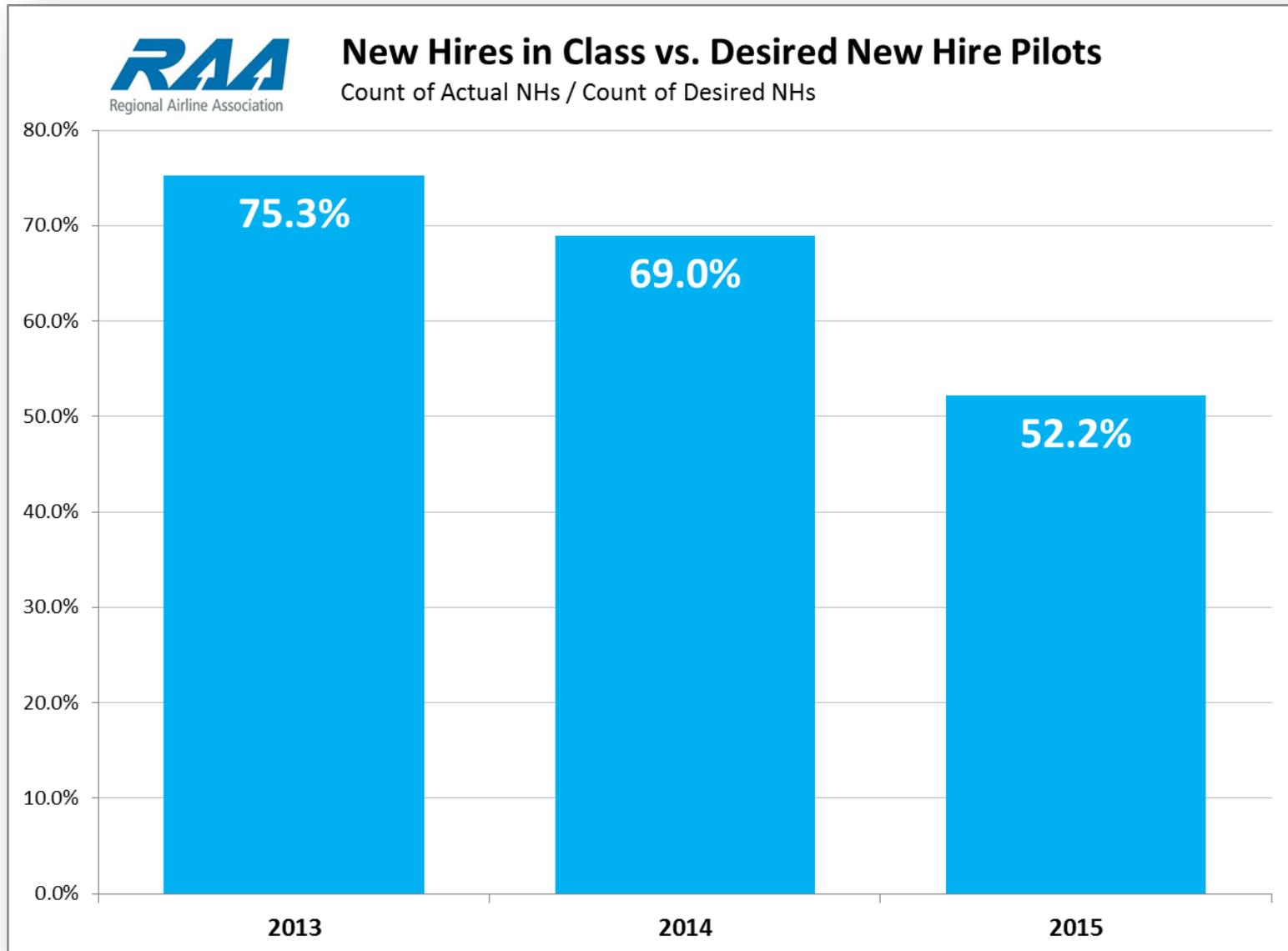
Desired 5,417

Interviewed 5,245

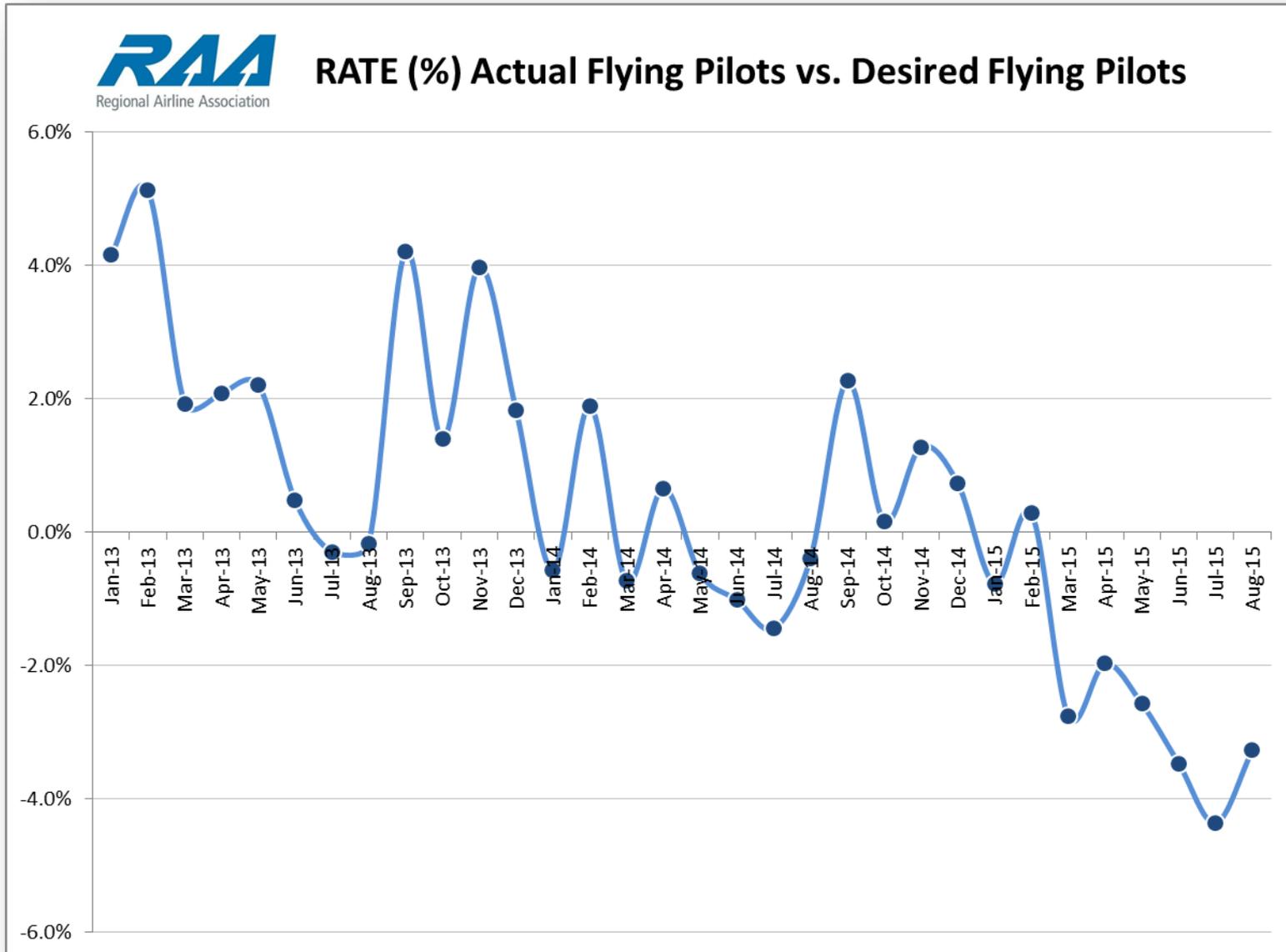
Offers 3,823

New Hires 2,852

# RAA Pilot Recruitment Stats



# RAA Pilot Recruitment Stats



# Inspiring the next generation

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## Regional airlines are:

- ➔ Facilitating open houses and inviting high school students to explore training facilities and fly full motion simulators
- ➔ Flying spare aircraft to flight schools and university campuses to engage in dialogue with collegiate and non-collegiate aspiring aviators
- ➔ Partnering with primary training institutions to offer tuition reimbursement
- ➔ Working with education institutions to better understand what motivates or deters students from pursuing airline careers
- ➔ Partnered with universities, flight schools and major airlines to establish pathway programs establishing defined career (and pay) progression
  - Student pilots have guaranteed interview/jobs with regionals
  - Regional pilots have guaranteed interview/jobs with majors
- ➔ Utilizing generationally relevant tools for communication and recruitment (i.e. Facebook, Twitter, Instagram, etc.)

**LIBERTY**  
UNIVERSITY  
SCHOOL of AERONAUTICS  
FLIGHT TRAINING AFFILIATES



# MTSU and Liberty

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**Middle Tennessee State University and Liberty University Plane Tour Oct. 6**



**EXPRESSJET**

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jetBlue EXPRESSJET Care Air

# CA Pilot Open House

Thursday, November 12<sup>th</sup>, 2015  
9 a.m. – 5 p.m.  
Crown Plaza Ft. Lauderdale Airport  
455 State Road 84 - Ft. Lauderdale, FL 33316



- **Fast Upgrade to PIC**
  - 18-24 months, under 18 months if you have 121 Qualifying PIC hours
- **Up to \$15000 Sign on Bonus**
- **35-40% Rapid Growth**
- **Leading Industry Commuter Policy**
- **High per flight hour pay**

All Qualified ATP or R-ATP Pilots  
Pilots with ATP or R-ATP certificate or 300 hours away from ATP or R-ATP mins.

**Reserve your "Seat" Today!**

Contact Noelle Wolfe at [nwolfe@commutair.com](mailto:nwolfe@commutair.com) or 440-779-4588 ext. 327 to schedule your interview.

[FlyCommutAir.com](http://FlyCommutAir.com)



## BY THE NUMBERS...

\$30 HR  
x 900 HRS/YR  
+ \$3,000 TRAINING BONUS  
+ \$20,000 RETENTION PAY

**\$50,000**  
FIRST YEAR EARNINGS



**ENDEAVOR AIR**  
EARN MORE.

PROUD SPONSOR OF WALSLEY  
PLEASED TO PRESENT ONE  
**NOTHING BUT BLUE SKIES**  
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With our new industry-leading pilot contract, we're  
**BEST-IN-CLASS** across the board.

REPUBLIC AIRWAYS  
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You could fly for someone else, but why on earth would you want to? **40% PAY**

LEADING PAY FOR PILOTS:

Year	Pay
2012	\$38
2013	\$39
2014	\$40
2015	\$40

MORE BASES. MORE OPPORTUNITY:

Airline	Start	End
American Airlines	100	100
Delta	100	100
United	100	100

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## FACTS SPEAK LOUDER

THAN WORDS  
**envoy**

MORE THAN **60%** OF PILOTS  
HIRED AT **AMERICAN AIRLINES** SINCE 2013  
CAME FROM **ENVOY AIR**



Earn a  
**\$5,000**  
Pilot Sign-on  
Bonus

## THE LAST INTERVIEW YOU'LL EVER NEED!

Let your career take off with PSA and land at American Airlines

2015 Average Upgrade Time:  
10.5 months

full pay on cancelled or reassigned flights

pay for DUTY TIME

100% DEADHEAD PAY

pay 70%+ HEALTHCARE

1 that has it \$37-\$40 PER HOUR

**ALL**

\$1.85 per diem rate

PROFIT SHARING programs

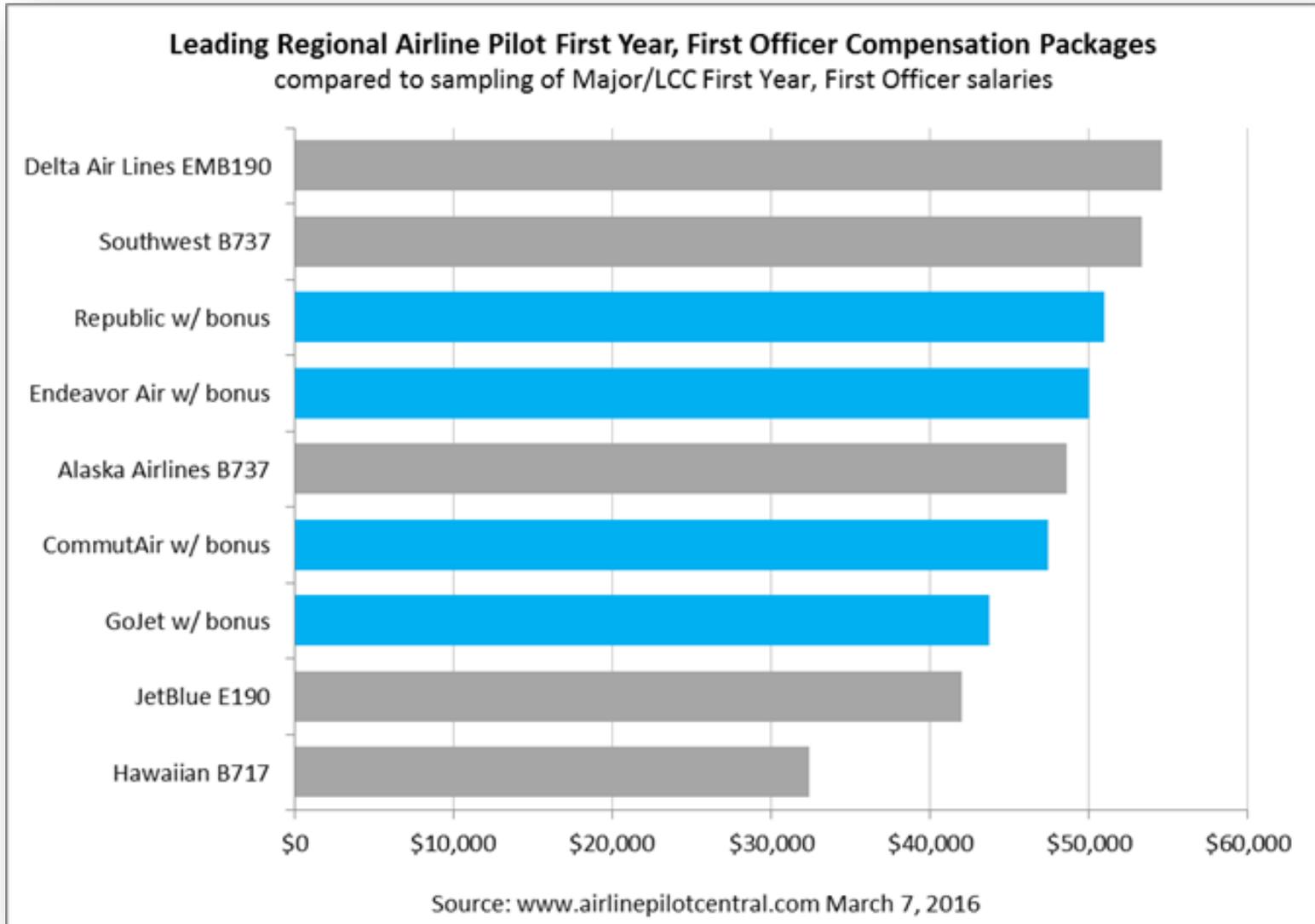


# Pilot Compensation

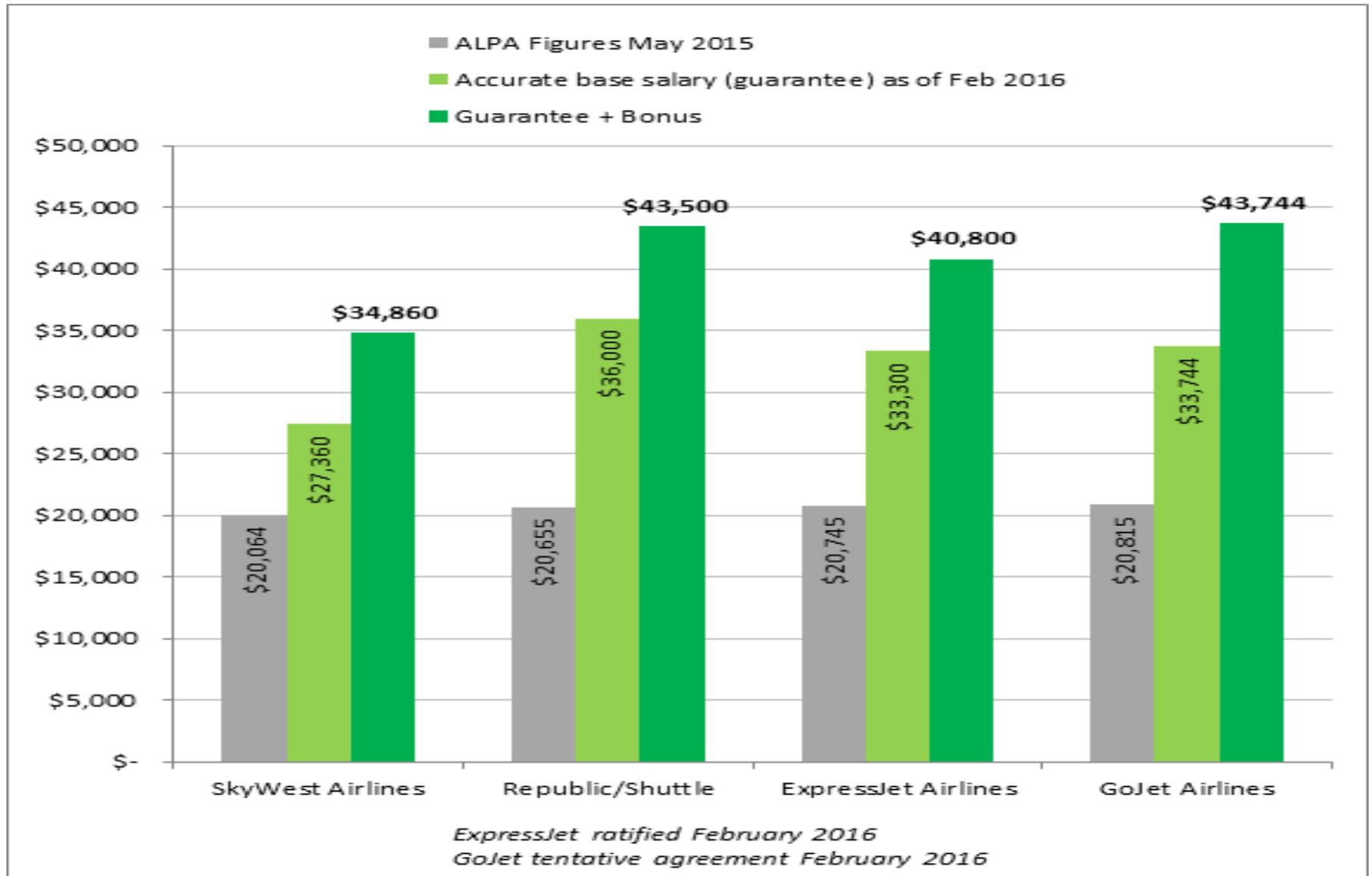
# The truth about regional pilot pay

- In less than 1 year (April 2015 to February 2016) RAA member airlines have increased base salary for first year first officers by over **22 percent**
- Weighted average of first year first officer **base** salary is **\$28,646**
- **Additional**, significant signing, training, and retention **bonuses**, tuition reimbursement, relocation packages, commuter support, bolsters base wages in many cases
- Vast majority of regional airlines have annual, stepped pay increases
  - FO pay jumps on average:
    - 14 percent between years one and two
    - 31 percent between years one and five.
  - Captain pay jumps on average:
    - 16 percent between years one and five
    - 35 percent between years one and ten.
- Pilot union leaders sometimes prevent regional airline management from increasing FO pay
  - One union filed suit against airline management for offering signing bonuses to new hire pilots

# The truth about regional pilot pay



# Wage Data Reporting Does not Always Reflect Reality





**Proposed Solution:**  
**Air Carrier Enhanced  
**Restricted ATP****

# First Officer Qualification (FOQ)

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- ➔ RAA supported the FOQ rule with exception to the use of hours-in-flight as measure of experience
  - Strongly support aeronautical experience requirements
  - Provision for hours-in-flight associated with full ATP favors arbitrary time building over structured training, yet high flight time does not ensure competence
- ➔ Current R-ATP pathways are beneficial and candidates from these backgrounds fare well in training, but current pathways have not gone far enough toward restoring access to pilots with greater competency

# Pilot Source Study Phase IV Shows Need for Action

- ➔ Independent population study compiling training records from 22 regional airlines and over 7000 pilots
- ➔ Validates observations from regional airline training departments and other, smaller studies
- ➔ Demonstrates that pilots with higher hours in flight, whose flying time is often unstructured, are faring worse in airline training programs than their lower time counterparts
- ➔ Shows that pilots from recent restricted ATP (R-ATP) backgrounds perform significantly better in training than pilots with higher hours in flight
  - pilots entering the workforce with high hours in flight required the most additional training once hired
  - New hire pilots with high hours in flight also failed or dropped out of airline training programs (referred to as non-completions in the study) at the highest rates
- ➔ Clear evidence that R-ATP pathways should be supported and expanded
- ➔ Reconnecting the pilot pipeline is no mere economic initiative; it is a critical step in continuing the advancement of aviation safety

# Collaborative Response – Industry Solution

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The RAA has developed a newly-designed FAR Part 121 initial pilot training program (ACE)

- **A**ir **C**arrier **E**nhanced Restricted ATP, a comprehensive, new pathway to a Restricted ATP, in addition to military and academic pathways
- Credit would be based upon completion of a selective, structured, and targeted training program, resulting in a R-ATP allowing operation at the airline that provided the training, until eligible for restriction removal
- ACE provides a comprehensive, structured and disciplined training system with scenario-based and qualitative training enhancements, which offer a meaningful and quantifiable measure of pilot proficiency.
- With exception to total flight time, all other aeronautical flight time experience requirements of 61.159 and 61.169 will apply
- The ACE program requires more training than current regulations and will enhance safety for entry level airline pilots more than a metric that focuses solely on flight hours.

# ACE Overview of Key Elements

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- Specific, comprehensive training enhancements aimed at improving pilots' proficiency, knowledge, skills, and abilities
- Candidates are pre-screened for program eligibility
- Candidates take core academic course and must pass test to proceed
- Significantly enhanced training, additional checks, and expanded recurrent training
- Various gateways (tests, checks) must be passed before moving beyond phases
- Continuous data collection, fed back into program at micro, macro levels
- Recurrent simulator and line check intervals (not required today) and continuous monitoring even after training is complete, **ensure the candidate with the ACE R-ATP is retaining the high level of proficiency**
- All enhancements are in addition to and much more rigorous than existing FAR Part 121 pilot training requirements
- Costs associated with the program will be significant for airlines
- In addition to internal audits, the FAA would approve and regularly audit each airline's nationally approved ACE program

# Objective Enhancements

Quantity Comparison	FAA Minimum	ACE (1st Year)	% Change
Ground Hours	160	280	75%
Systems Integration / FTD hours	12	28	133%
Simulator Hours	28	56	100%
Initial Operating Experience Hours	25	40	60%
Initial Operating Experience Landings	4	8	100%
Line Observation Legs	0	6	600%
Recurrent Training / Check Hours (Sim)	4	8	100%

Content Comparison	FAA Minimum	ACE (1st Year)
Selection/Training	Not Required	Required
Core Academic Course	Not Required	Required
Incorporated INFO/SAFE0 (ground & flight)	Not Required	Required
Systems Simulation	Not Required	Required
Line Familiarization Program	Not Required	Required
Level 4 Device prior to Sim	Not Required	Required
Company Evaluation	Not Required	Initial & Recurrent
Recurrent training / checking interval	1x Annually	4x Annually
Continued Oversight	Not Required	1 year or longer
New Hire Assessment	Not Required	Required
Segregated Data Collection	Not Required	Required
Mentorship	Not Required	Required
Enhanced Instructor Quality	Not Required	Required

# The RAA “Ask”

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- Asking offices to clarify with FAA, directly, indirectly, or through legislation or report language, the ability to review airline based programs like ACE R-ATP under the existing law
- Acting on the intent of the legislation – to improve pilot training
- **NOT** asking to change the law, but rather work within the existing regulatory framework
- **NOT** asking offices to approve or evaluate ACE
- **NOT** “rolling back safety”
- The ACE R-ATP pathway is aimed at **increasing** the breadth and quality of the training provided to new airline pilots
- The aviation industry is continuously in pursuit of improved pilot training programs that are anchored by the *competencies* determined to improve *proficiency*, and the ACE R-ATP proposal squarely delivers on that objective

# Status

- H.R. 4441 Aviation Innovation, Reform, and Reauthorization Act
  - Five year plan, shelved after diverse opposition to ATC privatization provisions
  - RAA **opposed** due to lack of representation on proposed ATC corporation board of directors and likely cost increases under proposed charging/fee structure
  - Did not contain language prompting FAA to review airline-based R-ATP programs
- S. 2658 FAA Reauthorization Act of 2016
  - 18 month authorization, marked up on March 16, does not include ATC Privatization
  - A4A opposes; called it “reregulating”
  - Does not prompt or clarify FAA authority to review airline-based R-ATP programs
  - Establishes a **task force** examining potential pilot training initiatives and current constraints to the pilot pathway hindering air service to small communities
  - Cleared for Floor consideration this morning (April 6, 2016)
- Most recent FAA Authorization Extension until July 15, 2016
  - Last scheduled last day in session before recessing in mid-July; neither the House nor Senate will be back in session until after Labor Day.



**Thank you.**

**Faye Malarkey Black**  
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Regional Airline Association  
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