

Skift.

Transport, Airlines

U.S. Pilot Shortage Claims a Casualty: Will More Airlines Shut Down?

Brian Sumers, Skift - Mar 30, 2018 2:30 am



Skift Take

Great Lakes Airlines is essentially going out of business. The Regional Airline Association is using this as a chance to lobby politicians to relax requirements on pilot training. But that's probably not necessary. There's reason to believe the Great Lakes situation was unique.

— Brian Sumers

For at least five years, smaller U.S. airlines have said they feared a pilot shortage, warning travelers they might someday go out of business because no one would fly their planes.

Still, passengers mostly have been okay. Yes, Republic Airways filed bankruptcy two years ago in part to reorganize as a smaller, more nimble company more capable of attracting pilots, while other airlines, including Horizon Air, part of Alaska Air Group, have selectively canceled flights

their smallest jets and turboprops, preferring larger planes that can carry more people but still require the same two pilots.

This week, however, the national pilot shortage claimed a real casualty.

Great Lakes Airlines, a nearly 40-year-old company that once employed roughly 1,600 people, according to the Regional Airline Association, stopped flying on March 26 not because it ran out of money, but because it couldn't hire enough pilots. The airline, despite its name, had flown turboprops mainly in the Mountain West, with routes like Denver to Sheridan, Wyoming, and Dodge City, Nebraska. Great Lakes, which did not file for bankruptcy, plans to sell most of its assets, leaving markets like Cheyenne, Wyoming without any air service.

"This is the latest example of the pilot shortage and its damaging impact on American businesses and communities," the Regional Airline Association said in a statement. The problem, the group said, is "endemic throughout the regional airline industry."

But just how bad will it get? Do small town U.S. travelers need to worry that more regional airlines will go out of business? Or is this mostly a problem that only will affect the country's weakest airlines flying into the smallest markets?

"I would think of this as a more isolated event," said Brett Snyder, an airline industry analyst who blogs at CrankyFlier.com. "Great Lakes was caught in the middle between little guys who can make money on Essential Air Service ... and the larger regionals doing capacity purchase agreements with the legacies."

RULE CHANGE

There's little doubt the Great Lakes-style model is in peril. At its end, Great Lakes flew two smallish turboprops – the Embraer 120 and the Beechcraft Beech 1900D – but because of regulatory changes instituted several years ago, requiring most airline pilots to have at least 1,500 hours of flight time, Great Lakes often was competing for pilots with much larger regional airlines, flying jets with 76 or more seats.

after the change, it only could hire low-flight time pilots for aircraft with nine or fewer seats. Great Lakes tried to remove 10 seat from some planes, turning 19-seaters into nine-seaters, but apparently that wasn't enough to save it.

"This change caused Great Lakes Airlines, for the past five years, to suspend flights to small cities in the Upper Midwest and Western Regions of the U.S. as a result of its inability to employ pilots," the airline said in a statement announcing its plans.

The Regional Airline Association would prefer to see the 1,500 hour rule relaxed, and the group used the Great Lakes situation to try to further its cause. The problem, the association said, is that the rule, "...increased training costs for aspiring pilots and created a new barrier of entry — making it incredibly difficult for new pilots to obtain the training and experience needed to take flight."

Congress mandated the extra training after the 2009 crash of Colgan Air flight 2009, caused by pilot error. The Federal Aviation Administration's guidelines provide for some exceptions, but most pilots now need 1,500 hours to fly as a first officer.

According to Regional Airline Association, pilots Great Lakes wanted to attract often spent \$200,000 for education and training, but then had to spend a couple of years building flight time outside structured environments. Previously, pilots who completed training essentially would learn on the job, but they might learn better habits at an airline than elsewhere.

"Because pilots also receive no additional training during this time, the emphasis on flight hours has also translated into reduced proficiency among pilot candidates qualified for hire," the association said.

LARGER REGIONALS ARE OK

Still, there's reason to believe most regional airlines will be all right. Great Lakes was at the bottom of the pilot food chain, but most larger U.S regional carriers report they're still finding enough qualified pilots. That's

and Delta Connection. Pilots like going to those carriers because it often makes it easier for them to get a job at a major airline.

This year, the largest U.S. airlines, a group that includes Federal Express and UPS, expect to hire more than 5,300 pilots after adding roughly 5,000 last year, according to Future & Active Pilot Advisors, or FAPA, a group that helps pilots find jobs. In 2009, when airlines were furloughing pilots and parking planes, the largest airlines hired only about 30 pilots, FAPA reported. A major percentage of the pilots that go onto major carriers come from regional airlines, which then must replace them with new employees.

“In terms of the ongoing focus on staffing across the industry, we maintain strong pilot levels,” Chip Childs, CEO of SkyWest Inc., which flies for all three major carriers, said last month on his company’s earnings call. Skywest’s chief commercial officer told analysts, “pilot hiring exceeded our operating plan.”

There’s good reason pilots are once again being drawn to airlines. While regional pilots were once poorly paid, they are increasingly earning fair wages with big signing bonuses, and have a chance to earn far more once they land a major carrier job. The Associated Press reported in March that universities with pilot-training programs are seeing a major uptick in applications, as young people see it as a booming industry.

Larger regional carriers have improved pay so significantly in recent years that “a pilot’s lifetime earnings are now higher than ever, and the ROI on training is excellent – higher than doctors and lawyers,” according to the Regional Airline Association.

But the group would still like to see Congress relax qualification standards so airlines like Great Lakes won’t be in danger of folding.

“Training costs, however, are extraordinarily high, and attempts to lower these costs and facilitate airline support for pilot training have been met with political resistance and cynical, false accusations of circumventing safety,” it said.

Tags: pilot shortage, regional airlines