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Pilot Shortage: Air Service in Crisis

Current Landscape

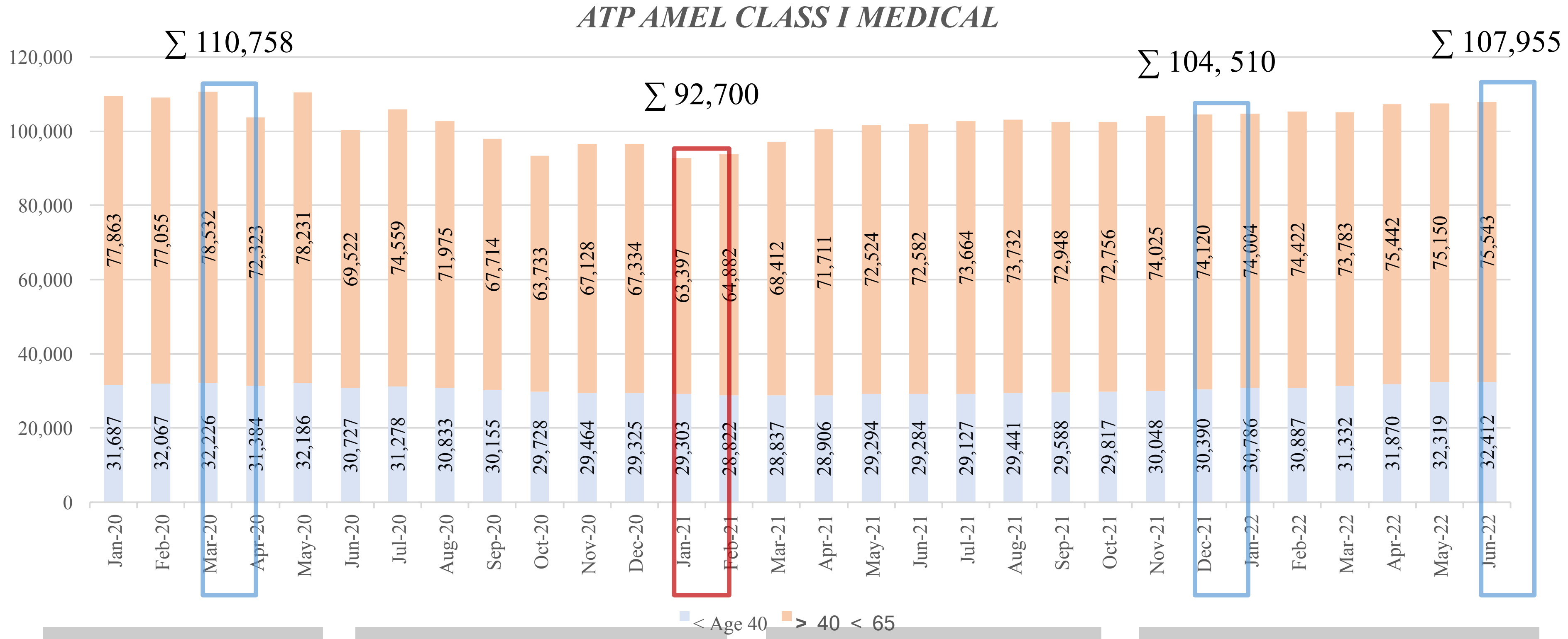
A domestic pilot shortage was initially fueled by U.S. legislation requiring a 600% increase in copilot minimum flight hour requirements. COVID-19 accelerated the shortage into 2022, requiring an immediate Call to Action.

AMPLIFYING FACTORS

COVID-19 Major Airline Early Outs	Removal of ~6,000 senior pilots within three years of retirement from major airline early retirement packages
Age 65 Retirements	Increasing trend line for mandatory Age 65 retirees
Fleet Expansion	Expected fleet growth at major airline, low cost/ultra-low cost (LCC/ULCC) and cargo carriers, drawing talent from regional carriers for experienced commercial pilots
ATP / R – ATP Certification	Constraint on copilot experience to support Captain upgrades

Major Airline Early Pilot Retirements

Although regional airlines did not offer substantial early exits to pilots, more than 6,000 senior pilots accepted exit packages from major airlines during COVID-19's shutdown and dramatic travel restrictions. FAA ATP certificates, Class 1 medicals reflect these trends from the onset of the pandemic through December 2021. ***Pilots needed to replace those retired pilots are being drawn from regional airline ranks, where a pilot shortage was already present.***



Onset of Pandemic, peak pilot base: 110,758

Jan 2021 all-time low pilot base of 92,700, with full effect of early retirement packages

Dec 2021 shows 6,248 fewer aviators flying

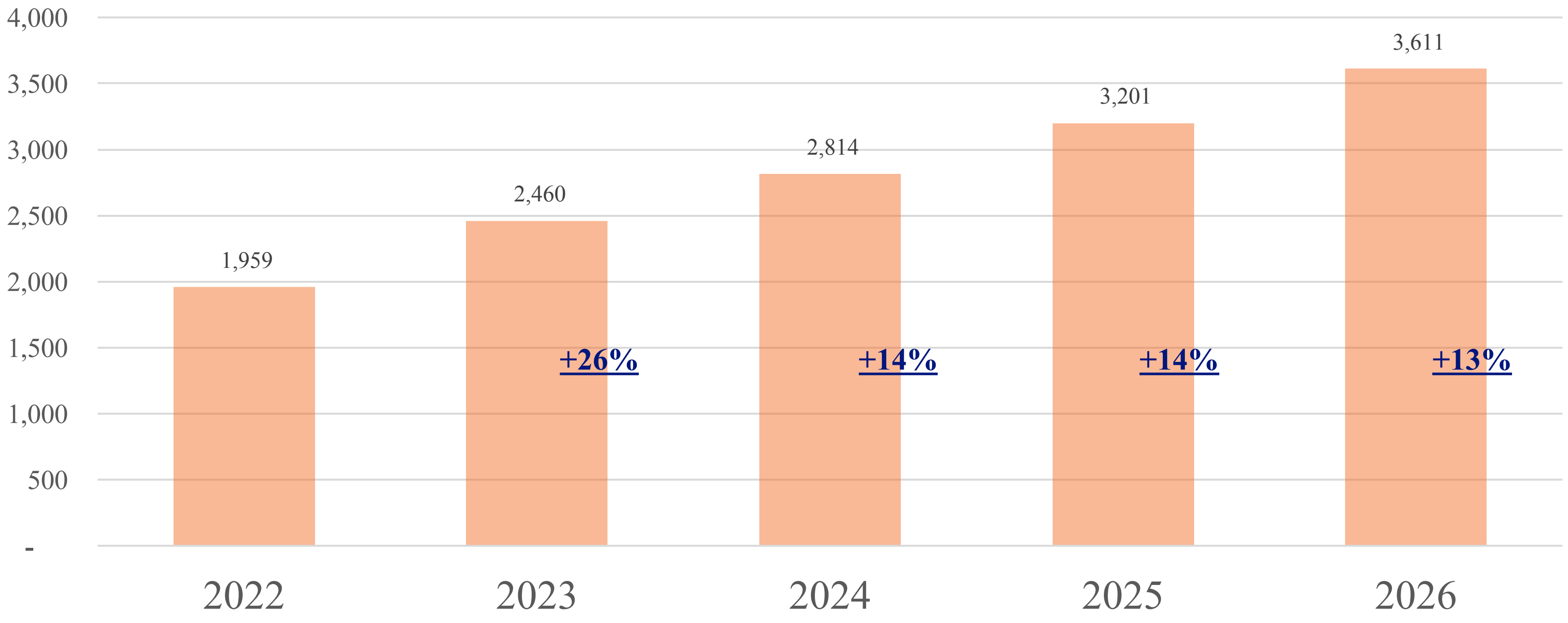
June 2022 recovery to 107,955 as stalled training backlog resumes; totals remain well under industry need.

Source: Analysis of data files distributed monthly by Registry Services and Information Management Branch, AFB-730, Federal Aviation Administration, June 1, 2022

Age 65 Retirements

Mandatory commercial pilot retirements at age 65 are estimated at ~2,500 retirements per year through 2024, increasing thereafter; forcing the most experienced pilots to leave the profession.

MANDATORY AGE 65 RETIREMENTS [1]



[1] Mandatory retirements measured by age of ATP Class 1 medical certificate holders.

Source: Analysis of data files distributed monthly by Registry Services and Information Management Branch, AFB-730, Federal Aviation Administration, June 1, 2022

Massive Pilot Retirements will Continue

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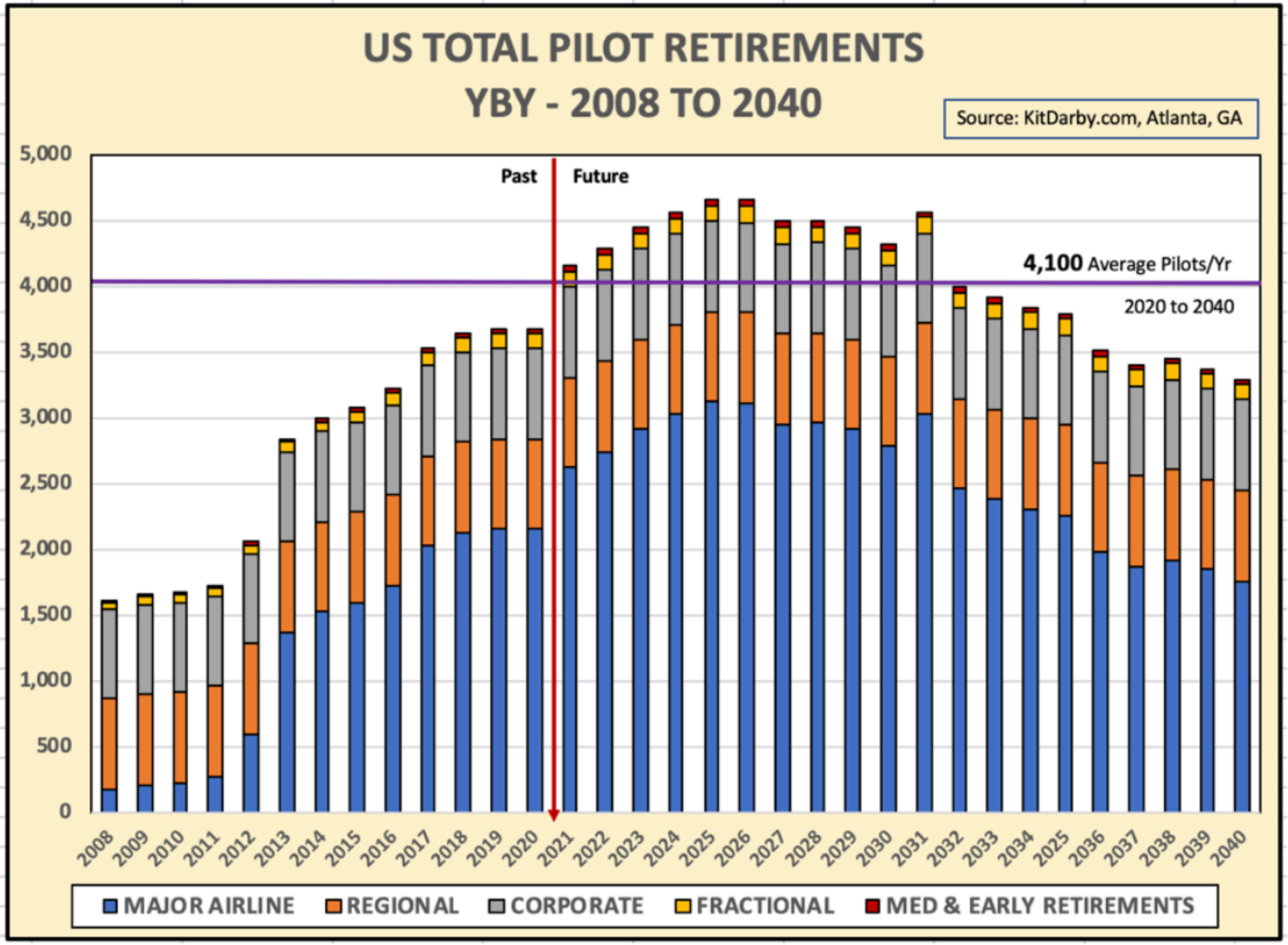


Source: KitDarby.com

US Total Pilot Retirements

Major/ULCC/Cargo Airline Fleet Expansion

Carrier	2022	2023	2024
United	61	121	127
Delta	70	52	48
American	36	38	51
Southwest	102	77	30
JetBlue	13	32	35
Alaska	26	8	18
FedEx	5	15	22
Allegiant	14	10	30
Hawaiian	-	10	-
Sun Country	10	10	-
Spirit	29	12	12
Breeze	16	12	12
Avelo	1	1	1
Frontier	14	21	24
ATSG	13	-	-
UPS	2	-	-
Total	*412*	*419*	*410*
Pilot Need	**6,180**	**6,285**	**6,150**

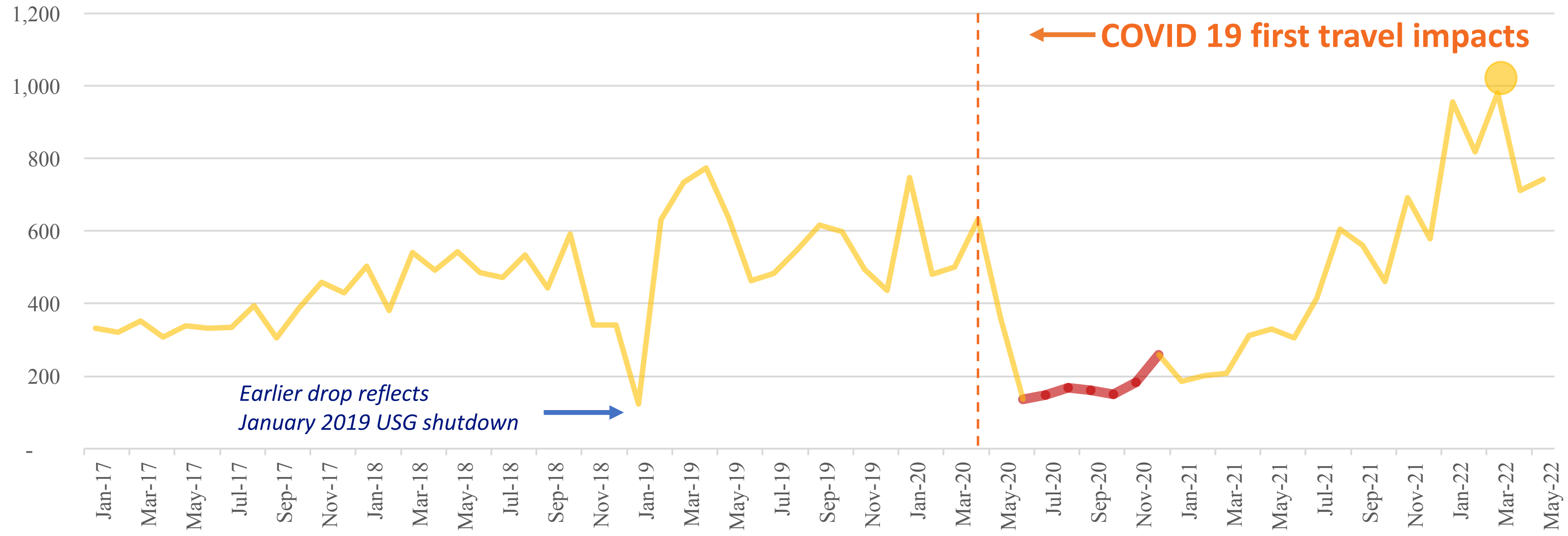
Expected fleet expansion measured by firm aircraft deliveries at major airlines, LCC/ULCC, and cargo airlines further exacerbate draw from regional airline ranks.

Assuming 15 pilots used for each aircraft (typical for major airlines), fleet expansion will worsen the pilot supply gap from 2022 – 2024.

Pilot Qualifications Plunged Under Covid

The rate of issuance of new ATP certifications plunged during COVID-19's devastating industry disruption.
Slow recovery through summer 2021 accelerated into 1Q22 as certifications backfilled. The rate of certificate issuance is now normalizing.

New ME-ATP Ratings Issued



Peak monthly output attributable to COVID-19 backlog in early 2022 (already stabilizing)

Record degradation of new industry entrants

Source: Analysis of data files distributed monthly by Registry Services and Information Management Branch, AFB-730, Federal Aviation Administration, June 1, 2022

New Pilot Qualifications Well Short of Demand

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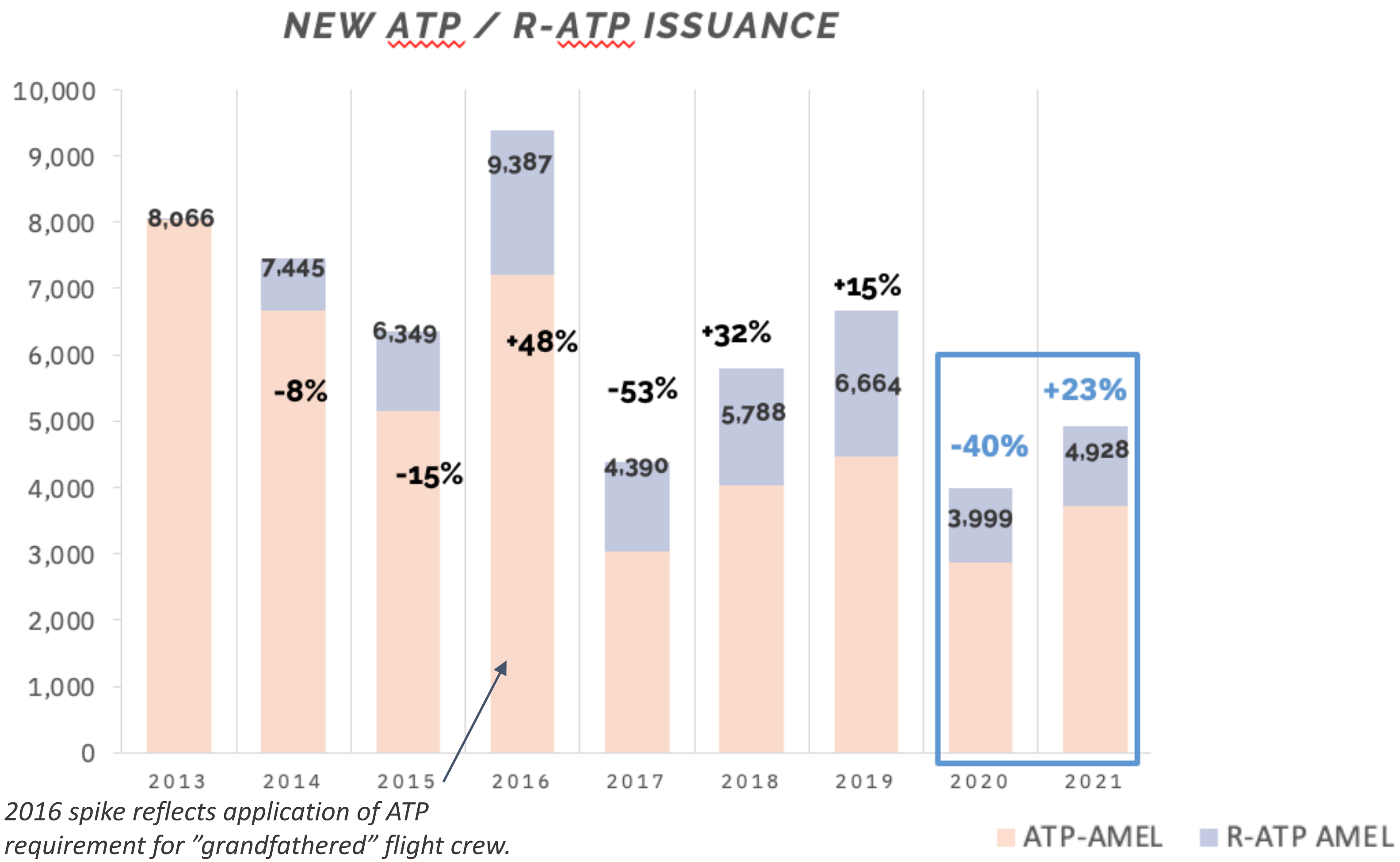
An all-time low in new pilot qualifications in 2020, which remained depressed in 2021, preceded 2022's rapid, massive demand for new pilots. Major airlines are hiring away vastly more qualified pilots from regional airlines than can be replaced with newly qualifying applicants in the pipeline.

The average number of new pilots qualifying each year since 2014 is just 6,335.



2016 spike reflects application of ATP requirement for "grandfathered" flight crew.

Source: Analysis of data files distributed monthly by Registry Services and Information Management Branch, AFB-730, Federal Aviation Administration, June 1, 2022

Pilot Demand Well Above Supply

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U.S. BUREAU OF LABOR STATISTICS

Job Outlook:

"Overall employment of airline and commercial pilots is projected to grow 13% from 2020 to 2030, faster than the average for all occupations. ***About 14,500 openings for airlines and commercial pilots are projected each year, on average, over the decade.*** *Many of those openings are expected to result from the need to replace workers who transfer to different occupations or exit the labor force, such as to retire."*

Source: https://www.bls.gov/ooh/transportation-and-material-moving/airline-and-commercial-pilots.htm

Pilot Shortage and Parked Aircraft

More than **40% of the entire U.S. regional airline fleet may be parked by 2023** if the pilot shortage is allowed to continue.

14,500 BLS Predicted Yearly Demand for Pilots

6,335 FAA Yearly Average of New Certificates Issued

8165 Projected Pilot Shortfall 2022-2023

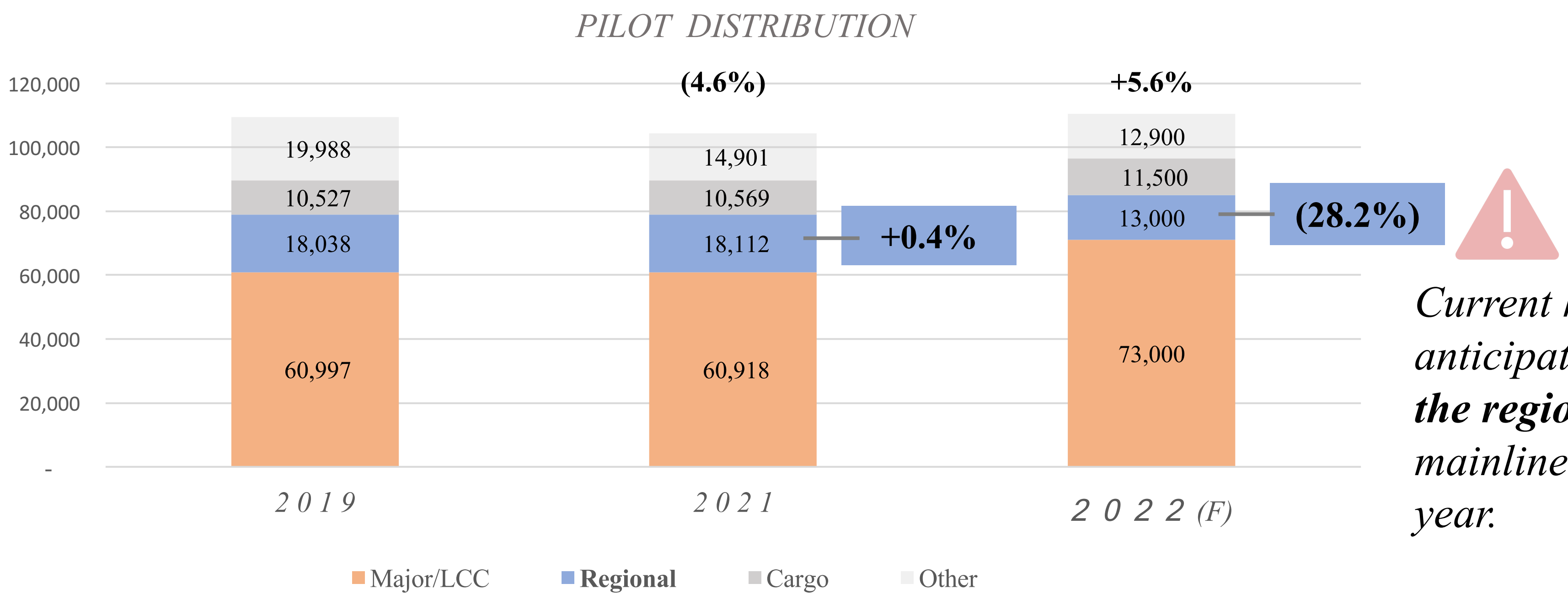
817 At 10 pilots per aircraft, a shortfall of 8,165 pilots would park 817 aircraft in a single year.

1,777 Total regional Aircraft in Operation in 2021

Industry Implications

The 2022 shortage is concentrated almost exclusively to regional carriers, with ~5,112 fewer pilots in regional ranks today vs. 2019. Regional carrier block hour production through 2023 will remain depressed under these circumstances, with sweeping consequences for communities served only by these operators.

Regional airlines are the career entry point for pilots. Pay is competitive and rising at all airlines and pilots typically ”flow” from smaller airlines and aircraft to larger airlines and aircraft where larger aircraft can support higher pay. This career advancement is natural. Today, major airlines are rapidly drawing more pilots from regional ranks than the pipeline can replace. As a result, regional airlines are contracting and can no longer serve all routes. Network carriers have been forced to make deep cuts to the small communities who rely on this service.



*Current hiring trends are anticipated to draw **two-thirds of the regional pilot workforce** to mainline and cargo carriers this year.*

Most U.S. Airports Served only by Regional Airlines

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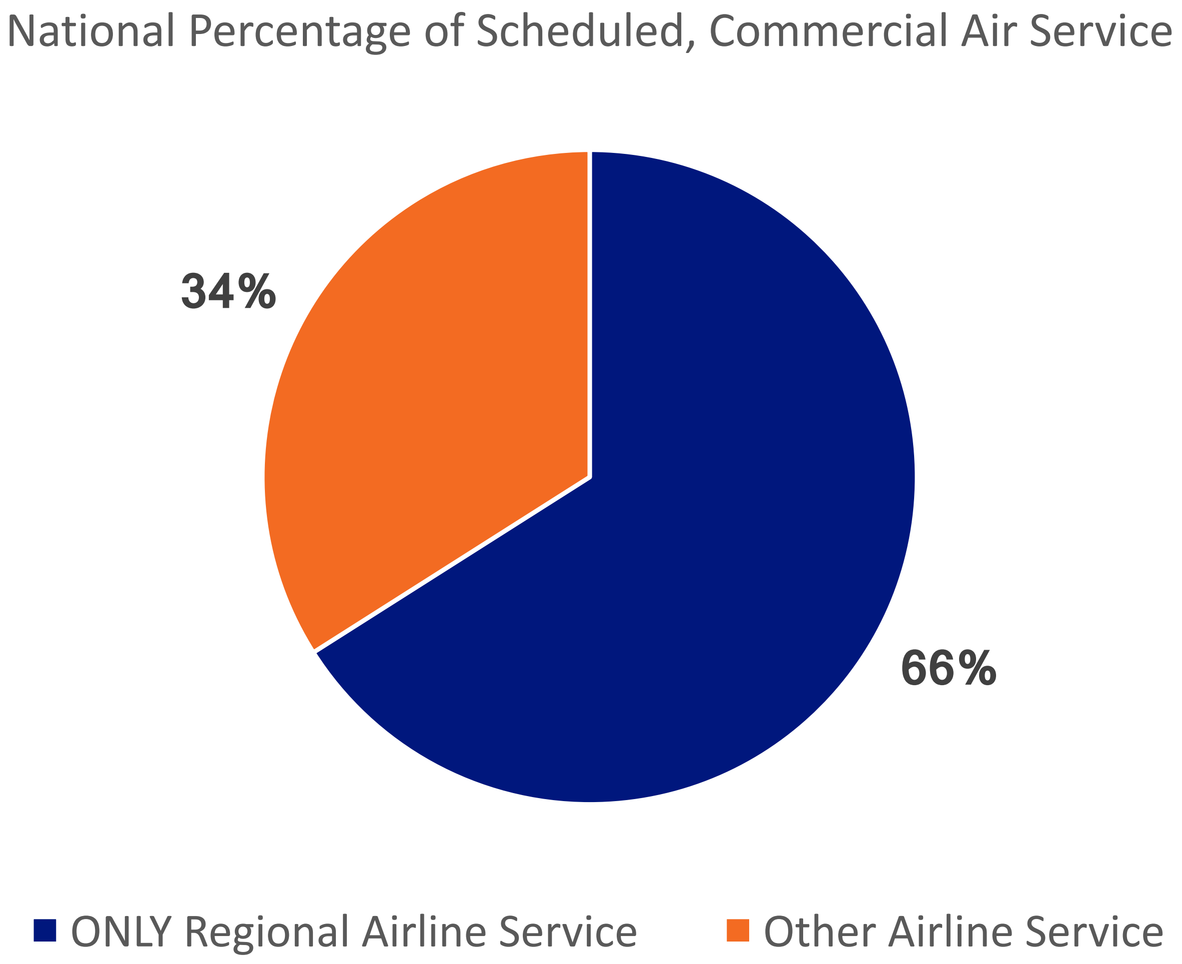
Regional Airlines Provide Most of the Service in the following 30 states:

Mississippi (94%)
West Virginia 93%)
Vermont (92%)
Alaska (87%)
Maine (87%)
North Dakota (87%)
South Dakota (86%)
Arkansas (85%)
Alabama (81%)
Iowa (81%)
Kansas (80%)
Montana (79%)
Kentucky (76%)
Idaho (74%)
New Hampshire (73%)
Wyoming (68%)
Wisconsin 67%)
Nebraska (65%)
Oregon (62%)
South Carolina (61%)
Michigan (60%)
Indiana (59%)
New Mexico (59%)
Pennsylvania (58%)
Virginia (57%)
North Carolina (56%)
Ohio (56%)
Oklahoma (55%)
Illinois (54%)
Minnesota (51%)



Lower Prevalence of Regional Flights = Less Air Service for Smaller Communities

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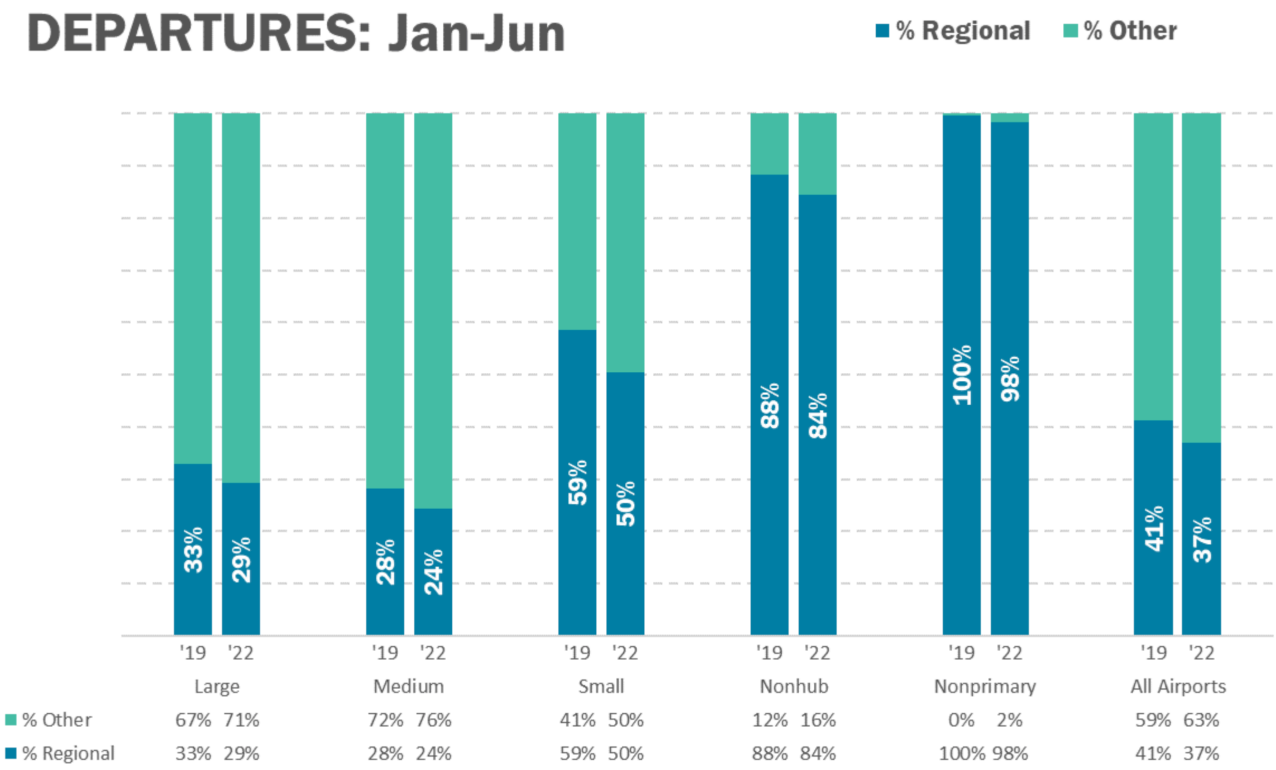
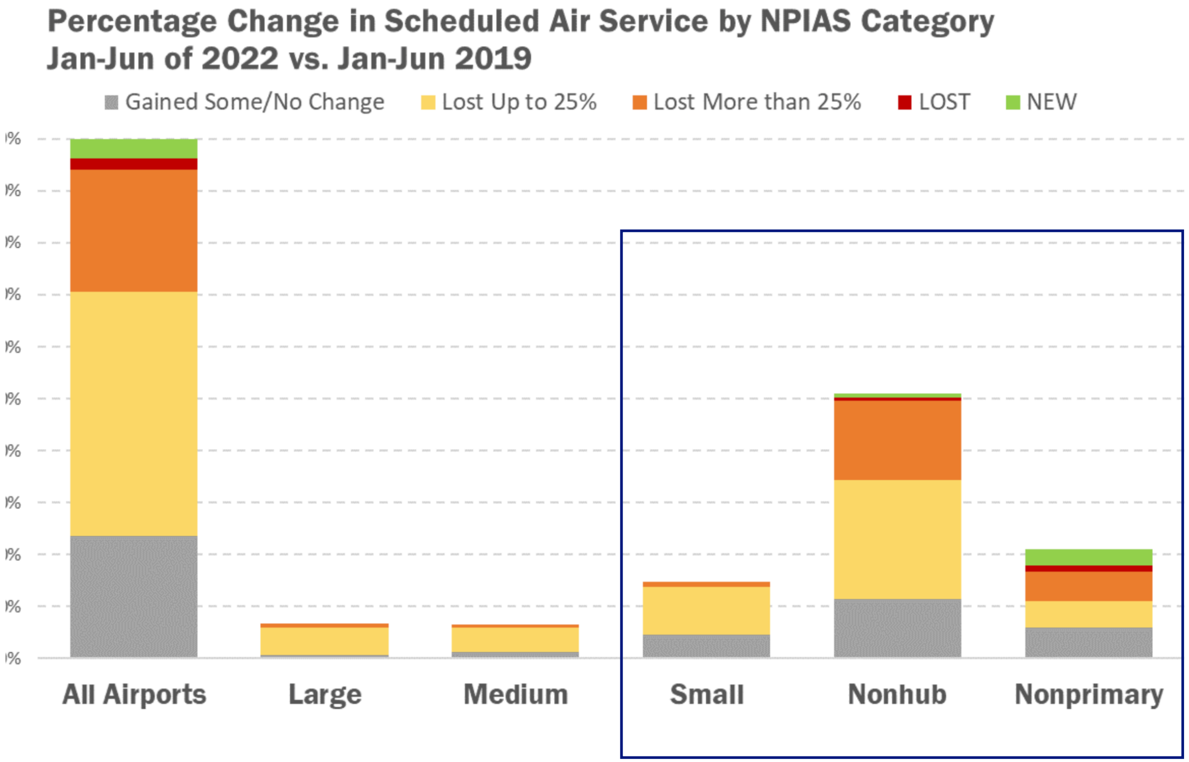


Presence of Regional Airlines at U.S. Airports is Shrinking in all Categories



Small, Nonhub and Nonprimary Airports Disproportionately Impacted

11% of Large and medium hub airports had service reductions;
59% of small, nonhub and nonprimary airports had reductions.

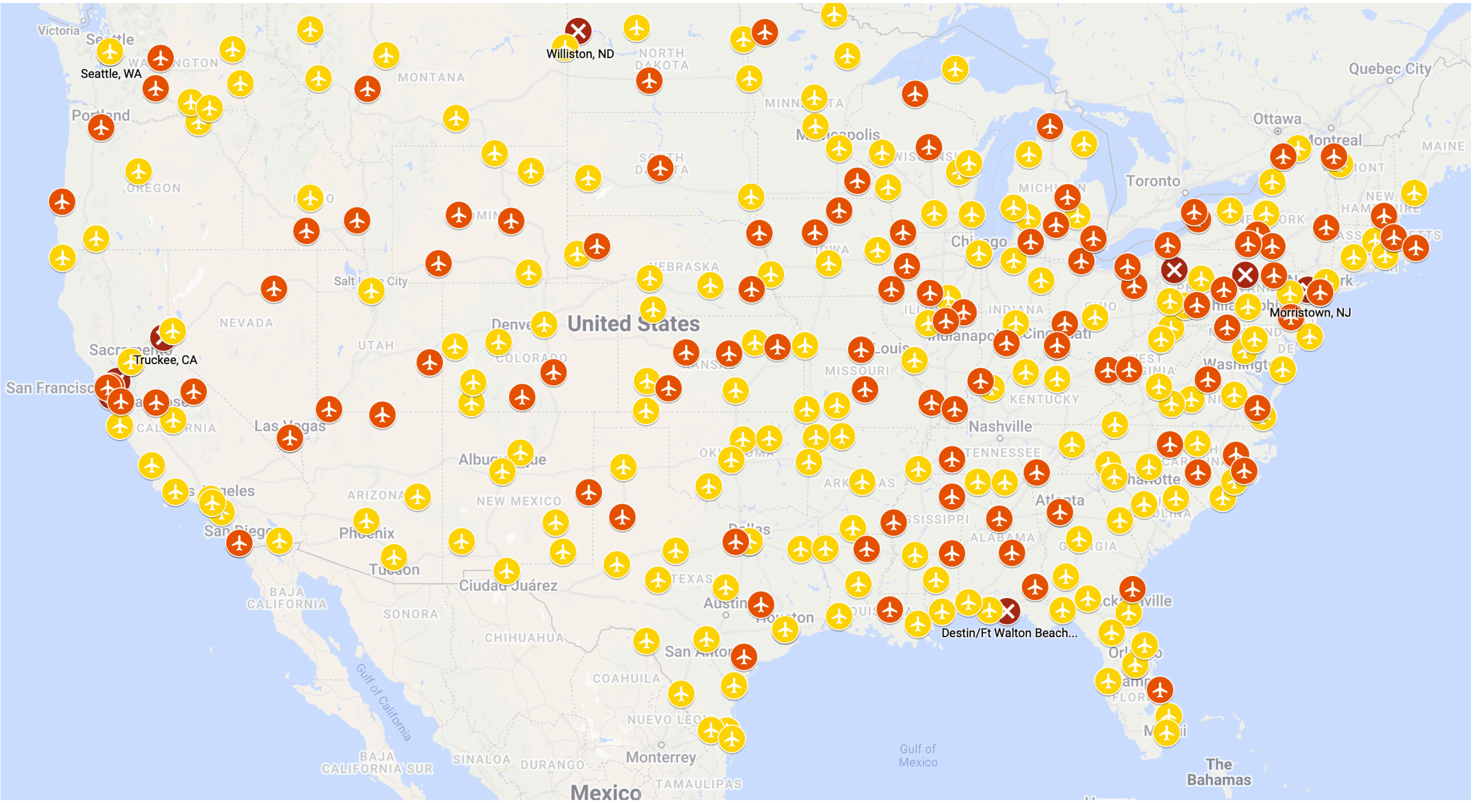
Source: OAG Schedule Analyser

Air Service in Crisis as Shortage Deepens

- 315 airports (71%) lost some air service

  (Average Loss = 22.4%)
- 105 airports have lost **more than 25%** of their air service
- Nine Airports have lost all air service.

Change in Scheduled Air Service Jan-June 1022 vs. Jan-June 2019



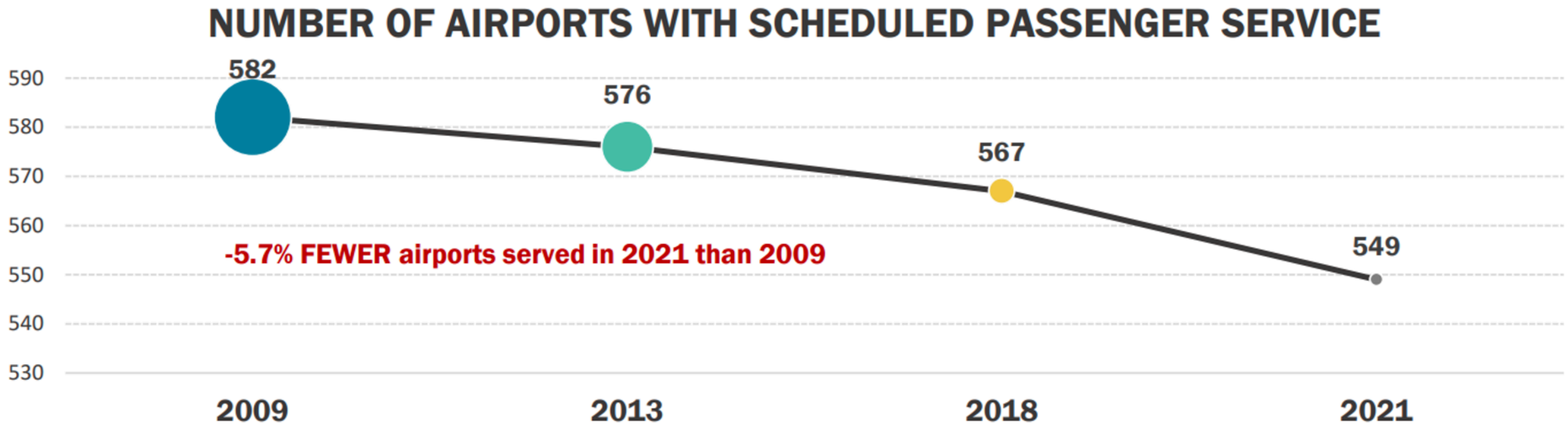
Lost All Service (9 airports)

Lost up to 25% of Service (189 airports)

Lost More than 25% of Service (107 airports)

Source: Regional Airline Association

Historic Pilot Shortage Loss Precedes New Losses



Source: Regional Airline Association

Conclusion

In 2022, US regional carriers will **lose** an estimated 65% of their existing, experienced workforce (~11,000 pilots) to U.S. Major and other larger airlines.

Regional airlines will seek to **replace** them from a pipeline that is producing closer to 6,000 new entrant pilots.

The estimated **deficit** of 8,160 pilots will **reduce** the regional carrier workforce more than 30% and eliminate as many as 817 regional aircraft from service over the course of 2022-2023.

Aircraft have already been **parked**, and will continue to be parked, causing significant **disruption** to small communities and Essential Air Service markets that rely on smaller aircraft to keep them connected to the U.S. air transportation system.

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Cities Are Losing Air Service
RALLY Together to Stop the Loss

JOIN US

For More: info@rallyforairservice.org

La Crosse Aviation Board
January 2023 Meeting
Agenda Item 6 – Rally for Air Service

Additional information on Rally for Air Service can be found on its website at:

www.rallyforairservice.org