



Testimony of Martin Lenss  
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Subcommittee on Contracting and Workforce  
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Good morning, Chairman Knight, Ranking Member Murphy, and members of the subcommittee: thank you for inviting me today and for giving me the opportunity to testify on workforce shortages facing the aviation industry. It is an honor for me to be here to discuss an important issue affecting small communities and small businesses around the country.

I also want to thank you for adding an airport perspective to this hearing. While airports do not typically train, hire, or employ aircraft mechanics or pilots, we certainly depend on them. Each of these aviation professionals, and, frankly, the entire airline team, enable communities to be well connected to the world economy. Connectivity to the national air transportation system is essential to ensure local communities and small businesses remain vibrant.

Today, I will focus my remarks on pilot supply and will break it into 3 points:

1. The pilot shortage is very real, it is today, and growing rapidly;
2. Communities and the regional airline industry are the most at-risk; and
3. There are solutions.

First, the very real pilot shortage. Many airports have enjoyed growth in passenger volumes and current forecasts predict continued growth. But these numbers and forecasts obscure a seriously negative trend. Studies show passenger traffic is up 13 percent from 2005 to 2017. At the same time, however, there were nearly 1.6 million fewer flights. As a result, the passenger load factor has increased to nearly 85 percent.

The Eastern Iowa Airport is a perfect example of these conflicting trend lines. Our passenger numbers are up 5 percent. But, departures are down 7.5 percent and our local unemployment rate is below 4 percent. The aviation industry is inextricably tied to the health of the economy. Our national economy is very strong yet total departures are down....something more is clearly in play.

Despite the growing passenger levels we have been experiencing in Cedar Rapids/Iowa City, many other small communities around the country have been less fortunate. Between July 2013 and July 2018, 37 airports in the continental U.S. lost all commercial air service. In addition, 26 communities lost 75 percent of their air service.



By 2021, the national system is forecast to be short 5,000 pilots. Without the pilots, 500 aircraft will sit idle. By 2026, the projected pilot workforce shortage is expected to swell to 15,000 pilots. Those projections would result in the grounding of approximately 1,500 fewer aircraft, that are flying passengers today.<sup>1</sup>

These, and numerous other data points, tell us we have a real and growing pilot supply issue that threatens to leave more communities with fewer commercial airline options.

The most at-risk in facing this challenge are the regional airlines and the communities across the U.S. they serve.

There is little debate that the regional airlines are the primary source of new hire pilots for mainline carriers. Regionals provide the only source of air service to 63 percent of U.S. airports and they operate 41 percent of scheduled passenger departures. Much of this service occurs at our nation's small communities, placing small market air service most at risk.

As a result of fewer pilots and the transition to larger aircraft, communities like Cedar Rapids/Iowa City are experiencing a decline in total number of departures. On the surface, that sounds great. After all, everyone enjoys flying on a larger aircraft. However, if your small market cannot fill those larger planes your service will disappear. To emphasize this point, the average seating capacity within the regional airline industry is up 21 percent over the last 10 years.<sup>2</sup> In some respects, this is a perfect storm impacting communities across the nation.

Taking a closer look at those communities most at risk, I will use Iowa as a proxy. Today, 79-percent<sup>3</sup> of Iowa's air service is provided by regional airlines. Regionals, as noted previously, are the primary source of new pilots for mainline carriers. This means the vast majority of airlines serving Iowa will face the most acute shortage of pilots. In the coming years, the situation is poised to get much worse. According to the Regional Airline Association, by 2020 major airline hiring will equal the entire current regional airline pilot workforce.

More risk comes when a local community loses so much service the airport no longer enplanes 10,000<sup>4</sup> passengers per year. When airports dip below that threshold, they lose their Federal Aviation Administration entitlement funding. That's as much as \$1 million annually<sup>4</sup> leaving these small markets. Airports of all sizes depend on these federal investments to build critical infrastructure, enhance safety, and maintain a strong air transportation system.



## **Still not concerned?**

According to Iowa's DOT, aviation in Iowa has an annual economic impact of \$18.4 billion. Commercial airports account for \$1.3 billion. In a survey of the state's largest employers the top 3 issues when considering a relocation or expansion are workforce, taxes, and air service.<sup>5</sup> Without air service, a community's economic development efforts are fatally flawed. A community should not lose economic development opportunities simply because we no longer have a pilot to fly the route.

Air service contraction in smaller markets is occurring and, at the same time there is an "uptick" in corporate headquarters moving out. As an example, in 2017 Caterpillar (CAT) announced that after nearly a century in Peoria, IL, it would be moving its headquarters to Chicago (170 miles away)<sup>6</sup> to be closer to a more dependable transportation hub. Similar examples include, Chiquita leaving Cincinnati, OH for Charlotte; Archer Daniels Midland leaving Decatur, IL for Chicago; Albemarle Corp. leaving Baton Rouge, LA for Charlotte; Charter Communications leaves St. Louis, MO for New York City; and, Krystal leaving Chattanooga, TN for Atlanta.

## **There are solutions**

There is no silver-bullet solution to get our nation out of this workforce crisis. We need continued and increased collaboration across industry stakeholders, government, and communities and the need is now. Potential ideas to discuss include: lowering the financial barriers to the profession, increasing the number of pathways to accrue the necessary hours and modernizing pilot training.

Iowa is not alone. As a country, the consequences of the global pilot shortage are daunting. Virtually every state contains small and rural airports that face the reduction or complete loss of their commercial air service in the coming years. Losing commercial air service has a profound impact on local communities and small businesses that rely on access to our national air transportation system. Unless we find ways to mitigate this crisis, the damage to our nation's communities, our industry and small businesses will be devastating.

Thank you



Sources:

1. Flightpath Economics, LLC
2. Regional Airline Association (RAA), Industry Update Presentation, 43<sup>rd</sup> Annual Convention
3. RAA, Iowa Air Service Trends, 2017
4. 49 U.S.C. §47114
5. <https://iowadot.gov/aviation/aviation-in-iowa/aviations-impact-on-iowas-economy>
6. <http://www.chicagobusiness.com/article/20170210/ISSUE01/170219981/why-peoria-based-caterpillar-stays-in-illinois>