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FACING A CRITICAL PILOT SHORTAGE, AIRLINES SCRAMBLE TO HIRE NEW PILOTS

Anticipating a wave of retirements, airlines are increasing salaries and benefits to attract and replenish staff

By Robert Wall and Andrew Tangel
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Airlines are boosting salaries and setting up training centers to combat what is projected to be one of the biggest-ever pilot shortfalls.

The dearth of pilots has long been forecast, but it is only now that airlines are being forced to act. Boeing Co. estimates that airlines around the world will need to recruit 635,000 pilots over the next two decades to fly the record number of planes being built and to replace the thousands of aviators expected to retire during that span.

"This is one of the largest hiring cycles for airline pilots" in history, said Tim Canoll, president of the Air Line Pilots Association, International, which represents around 60,000 pilots in the U.S. and Canada.

Following the Sept. 11, 2001, terrorist attacks in the U.S. and during the 2008 financial crisis, the aviation industry experienced a downturn and airlines consolidated. That made cockpit-crew jobs scarce and pay raises rare.

In recent years, travel has picked up, but the bench of available pilots hasn't expanded enough to keep pace.

Some smaller airlines in the U.S. have had to scrap flights because they lack staff.

"There are simply too few pilots to operate all of today's routes and with the coming wave of retirements, the situation will reach crisis levels soon," said Faye Malarkey Black, president of the Regional Airline Association.

Some of her association's members, who generally operate short-haul flights for major carriers, have had to ground flights because they can't find pilots to cover sick colleagues or to fly spare aircraft. That, she added, has led carriers to stop serving some markets.

In response, airlines are now taking measures to address the problem by investing in training facilities and recruiting programs, and by offering to subsidize education costs for prospective pilots. Companies are spending hundreds of millions of dollars to boost pay and benefits, and airlines in the U.S. and Europe are luring back a generation of flight officers who had decamped to the Middle East and Asia.

"No pilot in their right mind would leave the U.S. for a job in the Middle East right now," said Scott Stewart, 37, citing the strong U.S. labor market for pilots. Mr. Stewart left the U.S. in 2010 to fly for Dubai-based Emirates Airline. He returned last year and now works for Delta Air Lines Inc.

For decades, airlines tapped retiring military pilots to fill their cockpits but cuts in the size of the armed forces have shrunk that pipeline. Today, the competition for commercial pilots is so hot, the military is struggling with shortages of its own.

The U.S. Air Force is about 2,000 pilots short, Air Force chief of staff Gen. David Goldfein told Congress recently. The U.S. “does not produce enough pilots to adequately service commercial business and military aviation,” he said.

That has made pilots a pricey commodity. Pay for regional-airline pilots, often an entry-level position, has risen to about \$50,000 a year, including bonuses, up from \$30,000 in early 2016, said Mr. Canoll, president of the pilots union.

American Airlines Group Inc. last year lifted pilot and flight-attendant pay and benefits at a cost of \$230 million in 2017 and \$350 million in both 2018 and 2019. The raises follow 2016 salary increases won by pilots at Delta and budget carrier Southwest Airlines Co.

The higher pay is aimed at attracting enough pilots to replace those about to retire. American said it estimates that 75 percent of its approximately 15,000 pilots will retire over the next 15 years.

Delta expects about half of its more than 14,000 pilots to reach the federal mandatory retirement age of 65 in the next decade. The airline said it plans to work with various universities to beef up recruiting as it moves to hire more than 8,000 pilots in coming years.

“This is the best the industry has been in my entire career,” said 20-year industry veteran Bill Krupp, now flying MD-88 planes for Delta. He recently returned to the U.S. after spending years flying in the Middle East. He left to work overseas in 2005 after his U.S. airline employer went bust.

United Continental Holdings Inc. wouldn’t address how many pilots were set to depart in coming years, but said it had taken steps to bolster a recruiting pipeline of new pilots from regional carriers. It added that the prospect of an eventual job with United could help its feeder carriers lure new recruits.

Airlines also are revamping benefits to retain staff. Endeavor Air, a regional arm of Delta, has converted annual retention bonuses it was offering into higher base pay, providing greater security as the money won’t disappear at the first sign of a downturn. PSA Airlines, a regional carrier owned by American Airlines, has introduced a cadet scholarship program, offering to pay students as much as \$5,000 to help cover the cost of becoming a pilot. It also will reimburse commuting pilots up to \$3,000 a year for costs such as hotel stays.

The competition for pilots is also fierce overseas. Ryanair Holdings PLC, Europe’s biggest budget carrier, has tried to poach pilots from rivals. On social media, Ryanair’s head of talent acquisition, Mark Duffy, promised to get experienced Norwegian Air Shuttle AS A co-pilots quickly into the better-paid captain’s seat if they switched employers. Norwegian Air wouldn’t directly address its rivals’ actions, but said it had been hiring Ryanair pilots and was open to adding more.

Airlines also are setting up training centers to avoid getting into costly bidding wars for staff.

Australia's Qantas Airways Ltd. has said it would spend around \$15 million this year on a pilot academy to meet its own crew needs and potentially those of other airlines. Emirates Airline, the world's largest carrier by international traffic, last year opened a \$270 million training center to help attract new pilots.

Even rapidly expanding Eastern European discounter Wizz Air Holdings PLC, among the most cost-conscious carriers flying, has set up a pilot academy. Chief Executive József Váradi said Wizz Air's aggressive expansion requires it to add 300 to 400 pilots a year in the next five years. With the academy, Mr. Váradi said, "we can control our own destiny."