



Testimony of

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**President and Chief Executive Officer (CEO) of Piedmont Airlines**

Before the

**House Committee on Transportation and Infrastructure Subcommittee on Aviation**

Hearing on:

*Air Service to Small and Rural Communities*

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Piedmont Airlines

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Chairman LoBiondo, Ranking member Larsen and members of the Subcommittee, thank you for considering my written testimony on the topic of Air Service to Small and Rural Communities.

My name is Steve Farrow, and I am the President and CEO of Piedmont Airlines, a regional carrier based in Salisbury, Maryland. We operate a fleet of 43 turboprop aircraft, feeding passengers to Philadelphia, Charlotte, N.C. and Washington, D.C. from more than 40 small to mid-size communities on the East Coast. In 2013, Piedmont carried 3.2 million passengers to and from cities such as Harrisburg, Pa. (66,000 passengers); Roanoke, Va. (117,000 passengers); and Hilton Head, S.C. (59,000 passengers).

Piedmont Airlines is the only provider of commercial air service to Hilton Head, as well as Salisbury/Ocean City, Md., and Williamsport, Pa. We often complement service to rural communities where large aircraft are physically or economically unviable.

Taken on its own, the route of a single Piedmont aircraft is insignificant in an aviation network that moves millions of passengers each day. But, as I'm sure you are aware, regional airlines in total account for more than half of the flights flown in the United States and feed more than 160 million passengers into the "hub" system on an annual basis. At Piedmont, our 5500 employees are proud to be part of a network that ensures safe, convenient and affordable air service from small towns to airline hubs, and on to business epicenters, state capitals and prime vacation spots.

I'm writing today to tell you why my company – and that air service - is at risk.

In a perfect world, Piedmont Airlines would have hired 50 new pilots in the first quarter of 2014. To date, we have hired only 28. This is not due to a lack of motivation or compensation. Piedmont pays one of the highest first year salaries (\$30,000) in the regional industry and offers a \$5,000 signing bonus for new hires. This is due simply to an acute shortage of qualified, appropriate pilots on the market, and the unprecedented demand for their services.

Historically, Piedmont interviewed the best and brightest students from four year aviation programs, put them through a rigorous training program, paired them with an experienced captain and observed them, in total, for several weeks before allowing them to occupy the right seat of our aircraft. These pilots came to us with the right mix of education and experience to flourish in our training environment. Today, our process for recruiting and hiring pilots is much different.

As you know, very few students graduate from college with the 1500 flight hours now required by the Federal Aviation Administration's (FAA) First Officer Qualification (FOQ) rules. Even when credited with hours for structured aviation education or military experience, they fall short of the magic number. These educated, capable pilots hold university degrees, are ready to fly, but can no longer be considered for employment with Piedmont. In fact, Piedmont was forced to cancel a scheduled training class in October, 2013, shortly after the rule was implemented, due to a lack of "qualified" candidates. While we continue to track the brightest graduates, we now watch as many leave the industry under a mountain of debt and no real job prospects for months or years while they struggle to meet an arbitrary hour requirement. General aviation jobs, once the solution for pilots looking to "build time," are no longer readily available as noted in the

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recent Government Accountability Office report, *Aviation Workforce: Current and Future Availability of Airline Pilots*. This further widens the gap between pilots looking for employment and airlines wishing to employ them.

This year, instead of selecting the best pilots from a large pool of qualified applicants, Piedmont is competing with every other airline to attract the limited number of men and women permitted to fly for us under the FOQ rules. Instead of screening for candidates we believe will grow to have successful careers at our company, we spend a great deal of time and thousands of dollars on pilots who may not make it through training and if they do, are unlikely to remain with Piedmont for any significant length of time.

I invite anyone who questions the reality of a pilot shortage to sit with our recruiters for an afternoon or visit a pilot job fair.

The economic impact of FOQ is quickly becoming clear to us. We see our regional counterparts “parking” airplanes and eliminating routes for lack of pilots. Major airlines, struggling to replace a wave of retiring pilots, cherry pick from regional airlines to fill their needs, further exacerbating the problem. Small and mid-size communities are losing flights and, in some cases, losing air service altogether. For Piedmont the consequences are serious: as a wholly owned subsidiary of the American Airlines Group, we are poised to grow with the US Airways -American merger. The inability to staff our aircraft could prevent the expansion of our fleet and ultimately, the success of our company.

Unless and until the pilot shortage is addressed, I believe there will be a swift, steady decline of air service in small to mid-size cities. Airlines that do not have the resources to expand their recruiting efforts and offer signing bonuses to pilots will simply disappear. Airports that once served college towns and summer retreats will sit empty. It is now estimated that 239 airports across the country are at risk for losing air service. (Flightpath Economics, *Airport Risk Report*: <http://www.flight-economics.com/pilot-shortage.html>) I do not believe that is an exaggeration.

Just to be clear, no one is asking to put economics before safety. Pilots who cannot meet our training standards will never occupy a seat in our cockpit, regardless of how many vacancies we have or how many flights we must cancel. We simply ask that you, as lawmakers, understand the real world difference between “quality” pilots and arbitrarily “qualified” pilots.

Stephen R. Farrow  
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