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Regional Airline Industry Briefing

On behalf of our 40 member airlines and 280 regional airline manufacturing and supply partners companies, RAA greatly appreciates this opportunity to highlight our priorities for 2009.

America has come to depend upon regional airlines and their passenger-friendly aircraft for safe, efficient, convenient, and comfortable air service to over 650 airports in the United States. In fact, since 9-11, regional airlines have represented the fastest growing segment of the commercial aviation industry.

Today's regional airlines:

Employ 60,000 individuals

- ➔ Operate 2,462 regional jet and turboprop aircraft seating between 9 and 90 passengers – roughly 40 percent of the U.S. commercial fleet.
- ➔ Operate 5 million scheduled, passenger flights per year – a full 50 percent of the nation's scheduled passenger air service.
- ➔ Carry 159 million passengers each year – 1 in 5 domestic passengers – with most flights operated in seamless coordination with the network airlines.
- ➔ Provide the only source of scheduled airline service to 490 airports; in other words, *regional airlines provide the only source of scheduled air service at nearly 75 percent of our nation's commercial airports.*

Stop the Bush Administration's anti-regional initiatives. The current Department of Transportation has pursued initiatives that jeopardize air service to hundreds of small and medium-sized communities. For instance, auctioning take-off and landing slots at the New York Airports (JFK, LGA, EWR), as the Department plans to do in January, would significantly reduce air service to New York City from many smaller airports in New England, upstate New York, the Midwest, and the mid-Atlantic.

Similarly, demand management schemes at any hub airport promise to price regional airlines out of the market. Such artificial constraints on demand promise to diminish air service at smaller communities across the nation, as flights to and from those communities lack the passenger base to absorb premium take-off and landing fees. Congestion pricing schemes would merely disguise the failure to modernize and expand our air transportation system by denying access from passengers in smaller communities. Instead of artificially limiting demand, we must meet it. Any steps to mitigate congestion in the interim must not unfairly disenfranchise small and medium-sized communities.

Modernize the NextGen ATC, improve today's system. Like every other segment of the aviation community, regional airlines need and support a state-of-the-art, aircraft-centric Air Traffic Control system for the 21st Century. A long-overdue, significant public investment in

our aviation and airport infrastructure, coupled with incentives for users to equip promptly, would provide the country with an immediate economic boost and serve the traveling and shipping public for future generations. Attention and resources should be dedicated to making “real time” fixes, such as better airspace utilization, updated procedures, and perhaps most notably, investments in human capital – training the “NextGen” of pilots, controllers, mechanics and other aviation professionals. It is important to make these changes to keep our ATC system safe, affordable and convenient for *today’s* travelers.

Uphold the EAS Promise. When Congress deregulated the airlines 30 years ago, the Essential Air Service program was developed so that smaller communities, which might not be served economically in a deregulated market, would not lose their scheduled air service. While virtually every Congress has worked to fulfill this pledge, the current Administration has taken aim at this important program – proposing draconian funding cuts and severe service reductions. Carriers faced with skyrocketing fuel costs were unable, despite years of diligent RAA efforts, to gain real-time rate adjustments to help offset the increased fuel costs. Instead, EAS carriers were held into markets at significant losses for months on end while DOT reopened the competitive bidding process. RAA is eager to work with this Administration to restore health to and revitalize this important program. In the meantime, a minimum appropriation of at least \$200 million in FY2009 is needed just to maintain current EAS service levels, without accounting for any new communities losing air service.

Recognize the current economic crisis hits small and medium communities (and the regional airlines serving them) hardest. Skyrocketing fuel costs throughout the first half of 2008, coupled with the deepening economic recession, have resulted in flight cuts of more than 11 percent nationwide. Flights have been cut deepest in those communities relying on regional airlines, with fewer flights to fewer hubs. Approximately 100 U.S. communities – like San Diego, San Antonio, Green Bay, Toledo, and Albany – have lost service from at least one airline already this year.

Regional airlines have suffered deeply as capacity cuts have taken the hardest toll on smaller, regional-airline served communities. Regional airlines are particularly vulnerable in today’s economic climate; in fact, several RAA members stopped flying in 2008. To stay healthy, regional airlines need stable energy costs, access to capital, and government partners who recognize the important role regional airlines play in providing safe, affordable, and convenient flights to passengers in communities across the nation, who rely on regional airlines for their access to the nation’s air transportation system.