

## December 2006 Passenger Airline Employment Down 1.1 Percent from December 2005

2007-02-26

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U.S. scheduled passenger airlines employed 1.1 percent fewer workers in December 2006 than in December 2005, the smallest decrease in full-time equivalent employee (FTE) levels for the scheduled passenger carriers from the same month of the previous year since January 2005, the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported February 22.

FTE calculations count two part-time employees as one full-time employee.

Only the network carrier group reported fewer FTE employees in December than in the prior year with a 2.9 percent decrease while all other carriers combined employed 2.3 percent more FTEs than a year earlier.

Adding FTEs from December 2005 to December 2006 were network carriers Continental Airlines and Alaska Airlines, all of the low-cost carriers except for ATA Airlines and Spirit Airlines, and regional carriers SkyWest Airlines, Express Jet Airlines, Horizon Airlines, Mesa Airlines, Pinnacle Airlines, Atlantic Southeast Airlines, Air Wisconsin Airlines, Shuttle America Airlines, GoJet Airlines and Republic Airlines.

Scheduled passenger airlines include network, low-cost, regional and other airlines. Many regional carriers were not required to report employment numbers before 2003, so year-to-year comparisons involving regional carriers, or the total industry, are not available for the years before 2003.

The seven network carriers employed 263,000 FTEs in December, 65.1 percent of the passenger airline total, while low-cost carriers employed 17.7 percent and regional carriers employed 14.4 percent. The network carriers have employed fewer FTEs each December compared to the previous year since 2002, the only carrier group to do so.

American Airlines employed the most FTEs in December among the network carriers, Southwest Airlines employed the most among low-cost carriers and American Eagle Airlines employed the most among regional carriers. Seven of the top 10 employers in the industry are network carriers.

### **Network Airlines**

Network carrier FTEs declined 2.9 percent in December 2006 compared to December 2005, the smallest drop from the same month of the previous year since November 2004.

Two network carriers increased FTEs from December 2005 to December 2006. Continental's workforce grew 5.4 percent while Alaska's rose 5.2 percent. The largest FTE decreases were reported by Delta, 8.1 percent, and Northwest, 7.0 percent.

Collectively, the seven network carriers reduced their FTE headcount by 26.2 percent, or 94,000 FTEs, from December 2002 to December 2006. Network carrier FTEs dropped from 356,000 during the four-year period.

FTEs at all seven network carriers declined in December 2006 from December 2002. The biggest percentage decline was at US Airways, down 35.6 percent, a reduction of 11,000 FTEs. United Airlines, Delta Air Lines, and Northwest Airlines all reported cuts of more than 25 percent in the four years. Continental's FTEs were down 4.7 percent and Alaska's were down 7.4 percent during that time.

Network carriers operate a significant portion of their flights using at least one hub where connections are made for flights to down-line destinations or spoke cities.

Data for US Airways and America West Airlines, now in the process of merging operations, are separately reported - US Airways' data are included in the network carriers' category and America West's in the low-cost carriers' category.

### **Low-Cost Airlines**

Low-cost carrier FTEs rose 1.4 percent in December 2006 compared to December 2005, the third consecutive increase after 18 consecutive decreases from the previous year. It was the largest increase from the same month of the previous year since July 2004. The 72,000 FTEs employed by the seven low-cost carriers in December was the highest number of low-cost carrier FTEs since 2004.

All the low-cost carriers had FTE increases from December 2005 to December 2006 except ATA which reported a 32.9 percent decline and Spirit with a 0.9 percent decrease. America West Airlines, Frontier Airlines, JetBlue Airways and AirTran Airways all reported a rise of more than 10 percent.

Low-cost carrier FTEs were 66,000 in December 2002, 71,000 in December 2005 and 72,000 in December 2006. The rise from 2002 to 2006 was 8.5 percent.

Low-cost carriers are those that the industry recognizes as operating under a low-cost business model with fewer infrastructure costs and greater expectations of productivity.

Employment data for Independence Air, which changed its business model from a regional to low-cost carrier in mid-2004, have been included with low-cost carriers for 2003, 2004 and 2005 for consistency. The airline discontinued all flights on Jan. 5, 2006.

### **Regional Airlines**

Regional carrier FTEs were up 3.4 percent in December compared to December 2005, the largest increase in FTEs from the previous year since September 2005.

Shuttle America and Republic reported the largest increases in the group. Shuttle America employed 54.0 percent more FTEs in December 2006 than December 2005 while Republic employed 172.4 percent more.

Regional carrier FTEs rose from 42,000 in December 2003 to 58,000 in December 2006, an increase of 36.9 percent.

The eight regional carriers reporting employment data in both 2002 and 2006 employed 6.1 percent more FTEs in December 2006 than in December 2002. Of that group, Air Wisconsin, Mesaba Airlines and Executive were the only carriers to report fewer FTEs in December 2006 than December 2002.

Regional carriers provide service from small cities, using primarily regional jets to support the network carriers' hub and spoke systems.

### **Reporting Notes**

Airlines that operate at least one aircraft with the capacity to carry combined passengers, cargo and fuel of 18,000 pounds - the payload factor - must report monthly employment statistics.

The Other Carrier category generally reflects those airlines that operate within specific niche markets, such as Aloha and Hawaiian Airlines in serving the Hawaiian Islands.

Data are compiled from monthly reports filed with BTS by commercial air carriers as of Feb. 19.

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