

Occupational Wages and Employee Benefits Among Small Certificated Air Carriers in Alaska

BY ROBERT W. VAN GIEZEN

Because of vast distances and wilderness conditions in much of Alaska, aircraft, rather than surface vehicles, are often used for travel and the transportation of goods throughout the State. The small certificated airline industry in Alaska performs much of this work. This industry, which is portrayed as one of the last arenas of rugged individualism, is as colorful and diverse as the State itself. Not surprisingly, the industry exhibits a wide range of earnings and wage differences, due to regional variations in pay, the kind of work performed, and the type of aircraft operated.¹

Background

A survey of small certificated air carriers in the State of Alaska was conducted in July 1994, under contract for the Employment Standards Administration (ESA) of the U.S. Department of Labor, for use in administering the Service Contract Act of 1965². This legislation requires the Secretary of Labor to establish minimum rates of pay for establishments providing services to the Federal Government which are valued at more than \$2,500.

The survey was conducted on a sample basis, using information from the Federal Aviation Administration and unemployment insurance reports filed by employers. This survey included small certificated air and commuter carriers operating aircraft with fewer than 60 seats or a payload capacity of less than 18,000 pounds, and establishments providing air transportation facilities or services (industry 45, as defined in the 1987 edition of the *Standard Industrial Classification Manual*). Excluded from the study were establishments employing fewer than five workers.

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Survey results

Occupational employment and earnings data for small certificated carriers were collected for full- and part-time, seasonal, and temporary workers³. Some pilots were paid a fixed hourly, weekly, or monthly salary, regardless of the numbers of hours flown; some were paid only for time spent operating aircraft or waiting at customers' destinations; and other pilots were compensated under a combined fixed/variable pay plan. Because of the various pay systems and work schedules in the industry, earnings for pilots were calculated on a daily basis.

Pay for airline pilots of small certificated airlines averaged \$147 per day in Alaska in July 1994. (See table 1.) Average daily earnings for pilots of fixed-wing aircraft ranged from \$127, for single-engine airplanes, to \$181 for multi-engine planes⁴. Helicopter pilots averaged \$139 per day. Earnings encompassed a wide range, due to varying flight schedules, types of pay plans, and regional differences. In addition, some pilots were employed full-time; others were seasonally employed in the tourist industry during the summer.

Pilot Earnings

Daily earnings of pilots were calculated by dividing earnings by the number of days worked. Earnings data include: Base pay, salaries, payments based on reported flight hours, and all other pay directly related to duty, such as stand-by pay (pay received while waiting at a customer's destination until the passenger is ready for a return flight) and off airport landing pay (for landings in remote areas). Excluded are: Premium pay for overtime, reimbursement for meals and lodging, field pay, and nonproduction or other lump-sum payments.

Hourly earnings for aircraft mechanics averaged \$16.06, ranging from \$15.96 for fixed-wing mechanics to \$16.20 for helicopter mechanics. (See table 2.) Aircraft servicers, those workers who fuel and load and unload the aircraft, averaged \$8.55 per hour.

Aircraft Mechanic and Servicer Earnings

Hourly earnings of mechanics and servicers consisted of straight-time pay, excluding overtime pay for work on weekends, holidays, and late shifts. Also excluded were performance bonuses and lump-sum payments.

Earnings and employment growth

BLS first conducted a survey of this industry in June 1987.⁵ Since that survey, employment has increased nearly 50 percent, from 2,376 to 3,493 jobs in July 1994. Over this 7-year period, earnings for pilots increased nearly 25 percent, from \$119.50 to \$147 per day. Ground personnel showed smaller gains, as earnings for aircraft mechanics increased 5 percent from \$15.21 to \$16.06 per hour; aircraft servicers' earnings, which averaged \$7.06 per hour in 1987, increased 21 percent, to \$8.55 in 1994. In contrast,

wages and salaries for private sector workers nationwide increased 27.5 percent from June 1987 to June 1994.⁶

Employee benefits

Nearly three-fifths of all Alaskan certificated airline pilots and seven-tenths of aircraft mechanics and servicers received paid holidays, averaging approximately 6 days for those workers receiving this benefit. (See table 3.) Paid vacations, after qualifying periods of service, were provided to about 7 out of 10 pilots and 8 out of 10 mechanics and servicers. Typical vacation benefits were: 1 week after 1 year, 2 weeks after 5 years, and 3 weeks after 15 years' service. A majority of these workers received health,⁷ life, and dental insurance. For all insurance benefits (except life), a majority of workers were in plans requiring some employee contribution to aid in the financing of these plans.

Retirement plans (in addition to Social Security) were provided to more than 4 out of 10 workers, with defined contribution plans covering nearly twice as many workers as defined benefit plans. All workers in defined benefit plans had benefits completely financed by the employer. In addition, 8 out of 10 workers covered by defined contribution plans were in employer-only financed plans. (See table 3 for additional information.)

Table 1. Daily earnings of airline pilots, Alaska, July 1994

Occupation	Number of workers	Mean earnings	Median earnings
Aircraft pilots	746	\$147	\$149
Fixed-wing aircraft ¹	565	149	149
Single-engine	293	127	135
Multi-engine	162	181	177
Helicopters	181	139	150

¹ Includes data for pilots not identified by type of equipment.

Table 2. Straight-time hourly earnings of aircraft mechanics and servicers, Alaska, July 1994

Occupation	Number of workers	Mean earnings	Median earnings
Aircraft mechanics ¹	546	\$16.06	\$16.21
Fixed-wing aircraft	412	15.96	16.10
Helicopters	114	16.20	15.80
Aircraft servicers	522	\$8.55	\$8.00

¹ Includes data for mechanics not identified by type of equipment.

Table 3. Selected benefits offered to pilots and aircraft mechanics and servicers, Alaska, July 1994

Benefit item	Pilots	Mechanics and servicers
Holidays		
Percent of workers receiving paid holidays	58	70
Average number of paid holidays (where provided)	6	6.3
Vacation policy		
Percent of workers receiving paid vacations	71	79
Median ¹ amount of paid vacation (in days) after the following years of service:		
1 year	5	5
5 years	10	10
10 years	10	10
15 years or more	15	15
Insurance, health, and retirement plans		
Percent of workers offered:		
Life insurance	69	76
Wholly employer financed	45	41
Hospitalization, surgical, and medical insurance	81	86
Wholly employer financed	32	27
Dental care	52	58
Wholly employer financed	20	21
Retirement benefits	47	44
Wholly employer financed	42	39
Defined benefit	16	14
Wholly employer financed	16	14
Defined contribution	31	31
Wholly employer financed	25	26

¹ The median number of days provided to all covered workers.

—Endnotes—

¹ An article on wages and benefits in the large certificated air carrier industry was published in *Compensation and Working Conditions*, September 1996, Bureau of Labor Statistics, pp. 11-18.

² *Occupational Compensation Survey: Pay and Benefits, Alaska Air Transport, July 1994*, Bureau of Labor Statistics, December 1994.

³ Classification of workers was based on a uniform set of job descriptions designed to take account of inter-establishment variations in duties within the same job. The job descriptions used in the survey are available upon request.

⁴ The majority of fixed-wing aircraft flown by small carriers in Alaska were single-engine piston aircraft. However, these carriers also operated various makes and models of two-engine piston and two-engine turboprop planes.

See *FAA Statistical Handbook of Aviation, Calendar Year 1993*, Federal Aviation Administration, pp. 5-4 through 5-6, and 5-13 through 5-16.

⁵ *Air Transportation Wage Survey, Alaska, June 1987*, Bureau of Labor Statistics, November 1987.

⁶ *Employment Cost Indexes and Levels, 1975-1995*, Bulletin 2466, Bureau of Labor Statistics, October 1995, p. 66.

⁷ Health plans include hospitalization, surgical, and medical insurance (HSM) plans which provide, at a minimum, partial payment for: Hospital room charges; inpatient surgery; and doctors' fees for hospital, office, or home visits. HSM's typically cover other expenses, such as outpatient surgery and prescription drugs.