

The Air Transportation Industry in New York State



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Peter M. Rivera, Commissioner

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Background

Over the past decade, the nation’s air transportation industry, which includes both passenger and freight transportation, has faced a number of important challenges. First, the nation’s recession, the worst in 75 years, and the ensuing tepid recovery have reduced demand for both leisure and business travel. Second, persistently high and volatile fuel prices, the industry’s largest cost category at roughly 35% of operating costs, has caused financial strain, leading numerous U.S. passenger and cargo airlines to file for bankruptcy over the last 15 years. The price per gallon of jet fuel has increased sevenfold over the last 15 years from \$0.39 in 1998 to \$2.89 in 2013. These issues, along with the rise of low-cost carriers, have forced larger network carriers to consolidate, including four major mergers over the past five years alone.

The airline industry was deregulated by the federal government in the late 1970s. Since then, a significant number of airlines have merged, been taken over, or gone out of business, resulting in increased industry efficiency. Five of the ten largest airlines in 1980 — Eastern, TWA, Pan American, Republic, and Western — either merged with other airlines or went out of business. Three of these airlines were headquartered in New York City, resulting in a large number of local job losses at the time. Currently, JetBlue is the only Top 10 airline headquartered in New York City.

The industry has also been reshaped by the rise of low-cost carriers (e.g., Southwest) over the past 20 years. In response to increased competition, many large carriers have combined in order to cut costs including Delta and Northwest in 2009 and United and Continental in 2010. In December 2013, American Airlines and US Airways merged to form the American Airlines Group, the largest airline in the world.

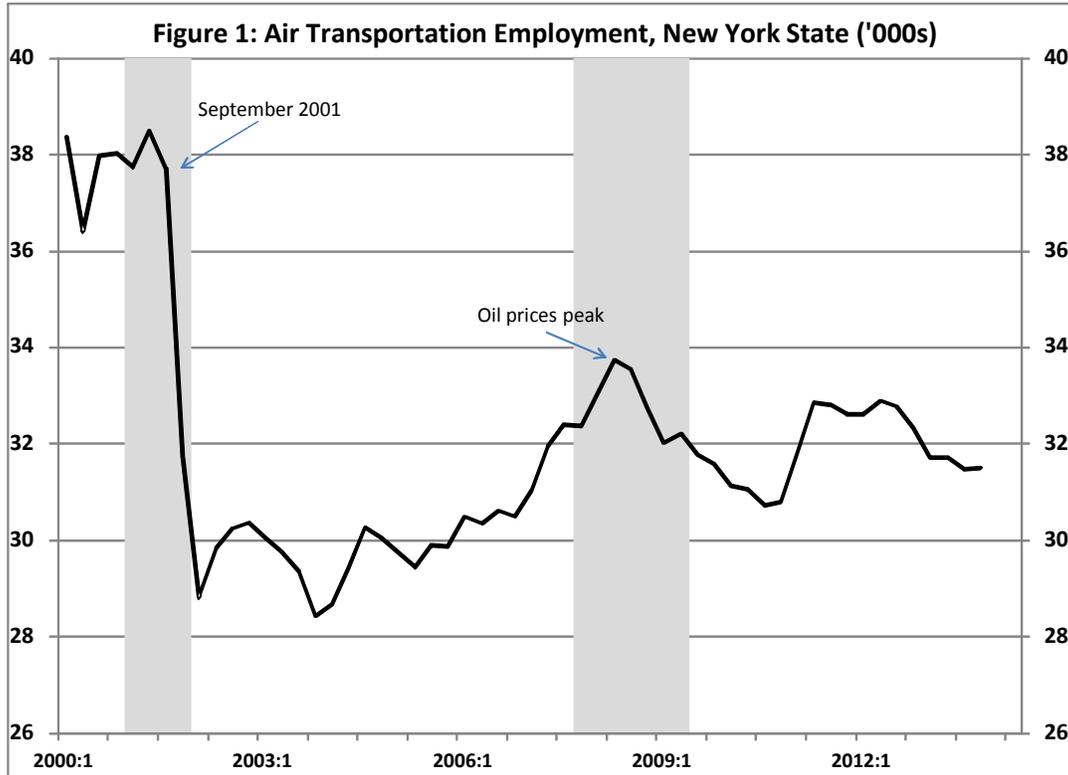
Table 1: Top 10 U.S. Airlines, Ranked by Number of Passengers, 1980 and 2014

Rank	1980	2014
1	Eastern*	American
2	Delta	Delta
3	United	United
4	American	Southwest
5	TWA*	JetBlue
6	Pan American*	Alaska Airlines
7	US Airways*	Spirit
8	Republic*	Hawaiian Airlines
9	Northwest*	Allegiant Air
10	Western*	Virgin America

* Airlines that have gone out of business or merged with other airlines.

Source: Bureau of Transportation Statistics

Air Transportation Employment in New York State



Note: Shaded bars represent U.S. recessions.

Source: New York State Department of Labor

Like in the nation as a whole, employment in New York State's air transportation industry has been volatile over the last 15 years. The events of 9/11 and the subsequent recession and a consolidation of the airline industry through mergers and bankruptcies led to a 22% reduction in industry employment through 2005.

The ensuing economic recovery, fueled in large part by an unprecedented rise in home prices, increased demand for both leisure and business travel. From the end of 2006, the air transportation industry added 3,200 jobs through mid-2008 when record-high fuel prices battered the sector and the financial recession started taking a toll on the economy. Since the end of the last recession in 2009, a moderate recovery and volatile fuel prices have continued to pressure the state's air transportation industry. As of the 4th quarter of 2013, there were 31,500 people employed in the industry in New York State, most of whom were working in New York City.

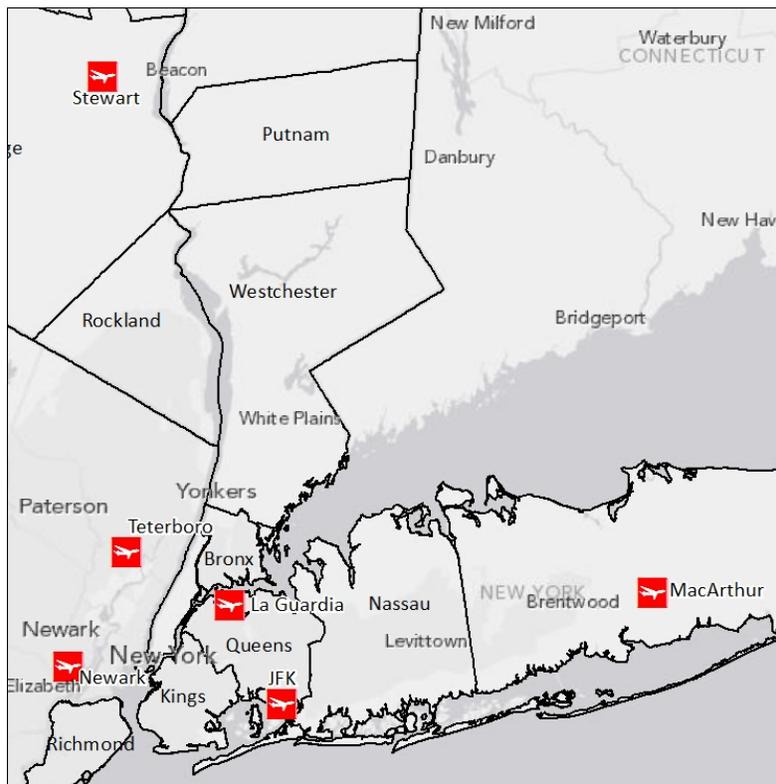
New York State Air Transportation System

New York State has a vast airport system which includes 18 commercial service airports, 110 general aviation public use airports, five heliports, and eight seaplane bases. With two of the country's busiest

airports, John F. Kennedy International Airport (JFK) and LaGuardia airport, New York City accounts for nearly 9 of 10 air transportation jobs in the state. Support activities for air transportation, including air traffic control and aircraft maintenance, employed an additional 5,500 people in New York City.

The Port Authority of New York and New Jersey, which oversees most of the trade and transportation infrastructure in the greater New York City region, operates six airports, three in New York and three in New Jersey. JFK, which handles more international traffic than any airport in the nation (and is the 6th busiest airport overall in the U.S.), is located in Queens. JFK is also one of the world's leading international air cargo centers. LaGuardia, the 20th busiest airport in the nation based on total passenger boardings, is also in Queens. Newark Liberty International Airport, located in New Jersey, is the nation's 13th busiest airport. The Port Authority also operates three suburban airports — Stewart International Airport in Orange County in the Hudson Valley and Teterboro Airport and Atlantic City International Airport, both in New Jersey.

Figure 2: Airports in the Greater New York City Region



Source: New York State Department of Labor

Economic Impact of Port Authority Airports

According to a study conducted by the Global Gateway Alliance and the Partnership for New York, JFK, LaGuardia, and Newark Liberty airports provided nearly half a million jobs, both directly or indirectly, and \$63 billion in economic activity to the New York metropolitan region. The airports service 1.3

million flights a year, and last year 19.5 million domestic and international visitors entered the region by air. According to their estimates, tourists spent over \$20 billion on shopping, lodging, meals, entertainment and local ground transportation.

In 2012, airports in the region handled over two million tons of cargo with the majority coming through JFK International Airport, which is home to 1,000 cargo companies. According to the study, cargo operations in the region created nearly \$10 billion in economic activity resulting in over 54,000 jobs with an average wage of \$63,000.

In addition, in 2012, capital spending at the airports resulted in over 1,500 jobs. The Port Authority and airlines have invested millions in upgrading and modernizing the airports’ infrastructure. Examples include runway and taxiway extensions at all the airports and renovations to the Central Terminal Building at LaGuardia and Terminal A at Newark.

The following table shows the estimated employment impact of the region’s airports in 2012. Direct jobs are the portion of jobs generated by the airport and would be discontinued if the airport closed. The total estimates include jobs that are generated when the airport buys goods and services such as fueling companies and maintenance and repair firms. It also includes induced jobs which are a result of spending of airport workers, visitors, and tourists.

Table 2: Employment Impact of Regional Airports for NY/NJ, 2012

	John F. Kennedy (JFK)	LaGuardia (LGA)	Newark Liberty (EWR)	TOTAL
Total	213,405	87,075	147,104	447,584
Direct	71,998	17,817	44,871	134,686

Note: Estimates are job years.

Source: Global Gateway Alliance & Partnership for New York

Outside of New York City’s major airports, the downstate region has Stewart International Airport in Orange County in Hudson Valley and MacArthur Airport located on Long Island. The upstate region, with large airports including Greater Rochester International, Syracuse-Hancock International, and Albany International, only accounted for 4% of employment in the air transportation industry.

Occupational Outlook

Staffing patterns provide information on the major occupations found within a particular industry. According to data from New York State’s Occupational Employment Statistics program, the air transportation industry mostly employs flight attendants, reservation and transportation ticket agents and travel clerks, and airline pilots, copilots, and flight engineers (see table). These job titles together constitute about 61% of industry employment in the state.

Over the 2010-2020 period, industry employment projections prepared by the New York State Department of Labor estimate that total employment in the state's air transportation industry will increase by 3.0%, or 950 jobs. This is well below the 9.0% employment growth projected for all industries over the same period.

The annual average wage in the air transportation industry in New York State was \$71,836 in 2013, which was 12% higher than the average for all private businesses in the state. In addition, air transportation is typically the highest-paying industry in the travel and tourism sector.

According to data from the Occupational Employment Statistics program, pilots, copilots, and flight engineers is the highest paid occupation in the industry in New York State, with median annual wages at \$154,420. In contrast, flight attendants working in the air transportation industry earn \$37,350 per year, while reservation and transportation ticket agents earn an average of \$32,858.

Table 3: Occupations in the Air Transportation Industry in New York State

Occupational Title	Employment*	Median Annual Wage*	Employment Prospects	Educational Requirement
Flight Attendants	9,020	\$37,350	Unfavorable	High school diploma or equivalent
Reservation and Transportation Ticket Agents and Travel Clerks	6,610	\$32,858	Favorable	High school diploma or equivalent
Airline Pilots, Copilots, and Flight Engineers	4,400	\$159,240	Favorable	Bachelor's degree
Laborers and Freight, Stock, and Material Movers, Hand	2,240	\$29,585	Very Favorable	Less than high school
Aircraft Mechanics and Service Technicians	1,430	\$59,134	Unfavorable	Post secondary non-degree award
Cargo and Freight Agents	680	\$43,724	Favorable	High school diploma or equivalent
Sales Representatives, Services, All Other	600	\$61,068	Very Favorable	High school diploma or equivalent
First-Line Supervisors of Office and Administrative Support Workers	570	\$57,116	Very Favorable	High school diploma or equivalent
Customer Service Representatives	500	\$37,993	Very Favorable	High school diploma or equivalent
Commercial Pilots	370	\$83,757	Very Favorable	Postsecondary non-degree award
Airfield Operations Specialists	370	\$56,970	Favorable	High school diploma or equivalent
Baggage Porters and Bellhops	220	\$28,339	Favorable	High school diploma or equivalent
General and Operations Managers	200	\$150,086	Unfavorable	Associate's degree
Bookkeeping, Accounting, and Auditing Clerks	200	\$45,345	Very Favorable	High school diploma or equivalent

* Employment and wage data are specific to the air transportation industry.

Note: Employment prospects are based on the projected total number of annual openings and the projected percentage growth rate over the 2010-2020 period. More information can be found at: www.labor.ny.gov/stats/lstechdesc4.shtml

Source: Occupational Employment Statistics program

Outlook

Governor Andrew Cuomo has placed renewed emphasis on New York's aging air transportation infrastructure considering access to efficient and reliable air transportation is critical to economic growth in the region. LaGuardia Airport, which was recently deemed the worst airport in America, has received much attention recently after Vice President Joe Biden likened the airport to being in a third world country.

In January 2014, Governor Cuomo announced plans for the state to take over a \$3.6 billion rehabilitation project of the airport from the Port Authority to speed up the renovation process. It will include a new central terminal building, with new restaurants, shopping areas, and parking garages. Construction is set to begin later this year and will last six to ten years. In addition to New York City's airports, the 2014-15 State Budget included a minimum of \$7 million for capital projects at airports across the state.

For Further Information

Industry employment and wage data are from the Quarterly Census of Employment and Wages (QCEW). Data from this program are based on quarterly reports submitted by employers covered under New York State's Unemployment Insurance law. More detailed statewide and regional QCEW data regarding the air transportation industry are available at: labor.ny.gov/stats/LSQCEW.shtm.

Occupational employment and wage data are from New York State's Occupational Employment Statistics (OES) program, which collects information from approximately 52,000 businesses. More detailed statewide and regional OES data are available at: www.labor.ny.gov/stats/lswage2.asp

Questions regarding this report should be directed to Shital Patel, Long Island Labor Market Analyst. She can be reached via email at Shital.Patel@labor.ny.gov or by phone at (516) 934-8533.

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