

Inland Empire/Desert Regional Consortium
New Program – 1st Read Only

1. Overview of program being proposed:

Mt. San Jacinto College has an opportunity to establish a rotor-wing and fixed-wing flight school in conjunction with a consortium of flight industry companies. This flight school would be located at the French Valley Airport. The net dollar investment in this program would be zero, and the program would generate considerable tuition and fee revenues for the school while providing an excellent career path for high school, veteran, career-transitioning adult, and international students.

The consortium of industry members would bring the following services, funded in full, to our program:

- A. **Funding for initial positions** and hard costs at MSJCC to set up and support the program.
- B. **Equipment** – It is likely the consortium will provide \$5-10 million in aircraft, depending on the scope of the operation we choose.
- C. **Classroom and hangar space** at French Valley Airport for up to 1000 students.
- D. **Safety and regulatory systems** – the flight industry is highly regulated by the FAA. Establishing such systems takes many years if done from scratch. The consortium has an impeccable record over many years.
- E. **Management**, flight instructors, and ground school instructors. The consortium brings high-level expertise in running such an operation. These individuals become MSJCC employees.
- F. **Maintenance** – The consortium provides all maintenance and related reporting.
- G. **Curriculum** for ground courses and labs for an Associates of Applied Science in Aviation Studies, with a with concentrations in Rotor-Wing Professional Pilot, Fixed-Wing Multi-Engine Professional Pilot, and Fixed-Wing Single Engine Professional Pilot. Once these programs are in place, they form a natural bridge to many other aviation careers, including technicians, logistics, and management. The consortium will also supply online versions of all coursework. All curriculum is licensed to the school for full use.
- H. **Marketing and recruiting** – the consortium spends considerable funds in developing the market for us. The consortium is approaching this opportunity with at least 1000 flight students in mind. The marketing and recruiting in the consortium’s other relationships has increased general enrollments in non-aviation degrees several times that of flight program enrollments. The consortium is already sitting on a waiting list of several hundred students wanting degreed flight instruction in our service area.
- I. **Retention and advisory services** – Student pilots have special needs, and the consortium provides a system of retention and student advising designed to maximize student success.
- J. **Student financing** – The consortium provides additional private student financing to help students fill any gaps in their funding.

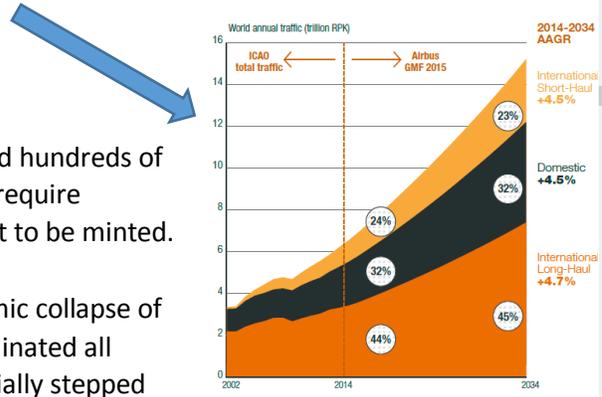
2. Labor Market Information detail:

There is currently a growing shortage of pilots in the US, and international demand for pilots is far outstripping supply. There are not enough pilots in the system to fly the aircraft that are currently scheduled to be built.

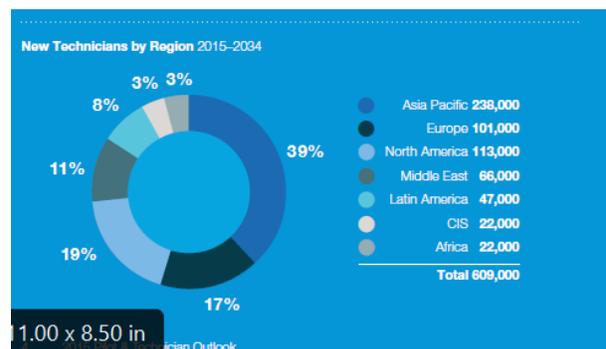
Over the last decade, there have been several converging economic, demographic, and regulatory events that are serving to fuel this shortage:

1. **Increase in aviation activity** across the world. The industry has doubled in size in less than one decade, and it now stands at nearly \$750 billion. Given the peculiarities of the industry, airlines are still focused on top-line revenue growth, so the growth rate of the industry is actually expected to increase.
 - a. <http://www.strategyand.pwc.com/perspectives/2015-aviation-trends>
 - b. http://www.airbus.com/company/market/forecast/?eID=maglisting_push&tx_maglisting_pi1%5BdocID%5D=89373

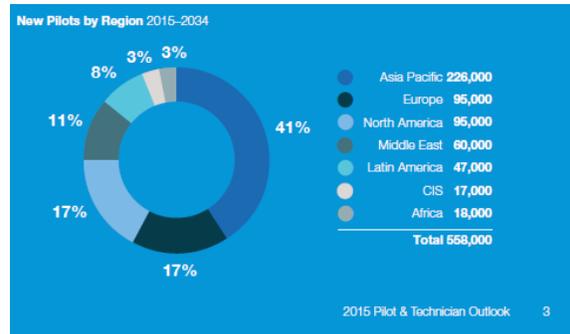
2. **Increase in standards, flight hours, and credentials to become a pilot.** Several airline accidents motivated Congress to add hundreds of hours to required flight training as well as require degrees. So it takes much longer for a pilot to be minted. Pilot retirement ages were reduced.
3. **Decrease in student funding** – The economic collapse of 2008 and the legislation that followed eliminated all private financing for aviation. The VA partially stepped into the gap, but they only funded veterans, of course.
4. **Baby boomer generation** in US – Pilots are retiring in record numbers.
5. **Rise in international demographics**, but few international training suppliers – While the US demographics are being squeezed, international youth populations are burgeoning. But they do not have enough training suppliers who can train at an FAA level. Thus, the international market is ripe.
6. **Changes in VA funding requirements** – Even in the face of the shortages detailed in this document, there are a number of major universities who are closing down their programs nationwide. This is being caused by a change in the VA funding formulas and the types of programs that they will fund. No longer are they funding programs that have separate flight organizations performing the labs. The program MUST be in-house. Our consortium builds our program in-house. The universities who are closing their programs cannot afford to provide all of the assets that our consortium is providing.



As such, a looming shortage of both pilots and technicians will prevail over the next 20 years. And the salaries correspond with a shortage. Note:



1. Shortage of 533,000 pilots from some sources and over 1 million from others –
 - a. <http://aviationweek.com/commercial-aviation/opinion-here-three-pronged-approach-pilot-shortage>



2. Average salaries – Salaries vary depending on source and level. Note the two respected sources below:
 - a. <http://www.wsj.com/articles/SB10001424052702303874504579377181586540284>
 - b. http://www.glassdoor.com/Salaries/airline-pilot-salary-SRCH_KO0,13.htm

Salaries in \$ (USD)	Average	Min	Max
Airline Pilot American Airlines (11 American Airlines Salaries)	\$138,688	\$97k	\$196k
Airline Pilot Delta Air Lines (8 Delta Air Lines Salaries)	\$140,182	\$61k	\$215k
Airline Pilot United Airlines (6 United Airlines Salaries)	\$173,408	\$86k	\$250k
Airline Pilot Northwest Airlines (3 Northwest Airlines Salaries)	\$143,137	\$110k	\$165k
Airline Pilot Delta Air Lines (2 Delta Air Lines Salaries)	\$131.96/hr	\$119	\$144
Airline Pilot ABX Air (2 ABX Air Salaries)	\$151,811	\$126k	\$178k



3. There is an effective “apprenticeship” period in aviation. Student pilots become instructors at about \$35,000 a year when the graduate. This allows them to earn more flight hours for better paying jobs a year or so later. Our consortium places nearly 100% of its pilots, either into instructor positions or directly into the field.

3. Are there other similar programs within Region 9 which may be adversely impacted?

No. Upper Limit Aviation has not yet conducted an exhaustive study of similar programs, but they would like to share their consortium opportunity with other schools in the state if they desire.

4. Alignment with secondary programs in the region to develop pathways and the CTE pipeline:

None at this time. We can create some career exploration programs for our K-12 in the future. The consortium has extensive experience in developing dual-credit aviation offerings, competitions, and activities with secondary schools. We have not yet conducted the analysis of existing alignments. Such programs will be forthcoming should we gain permission to move to the next step of this project.

5. Is there a coordination of pathways with secondary and transfer post-secondary area programs?

No, however, we can create some career explorations for these programs in the future. The consortium is also experienced in designing higher-level degrees, certificates, and industry employer pipelines.

6. Other information the college wishes to share:

The flight education industry has come under increased scrutiny over the past several years. The scrutiny has been beneficial, however. Congress has dealt very firmly with the VA's inefficiencies, the root of most of the flight industry criticisms. But this scrutiny and the VA's new policies of requiring flight schools to be in-house has created a windfall situation for schools that are indeed capable of bringing flight education in-house. MSJC and our region stand to benefit from the extraordinary investment that the consortium is willing to make.