

United Airlines says could lay off as many as 36,000 employees

July 8 2020



Like other airlines, United is facing a severe drop in demand for air travel due to COVID-19

United Airlines warned Wednesday it could lay off as many as 36,000 workers on October 1 as the US carrier fights for survival amid the

coronavirus crisis.

The big US airline emphasized that it must cut costs due to a severe drop in demand for air travel, but although it will notify frontline employees of the potential job cuts, it does not expect everyone who receives the notice to be furloughed.

"The reality is that United simply cannot continue at our current payroll level past October 1 in an environment where travel demand is so depressed," United said in a memo to employees.

That level of job cuts would account for close to 38 percent of United's total headcount as of the end of March.

United does not expect travel to normalize "until there is a widely available treatment or vaccine" for COVID-19, the memo said.

The "involuntary furloughs come as a last resort, after months of company-wide cost-cutting and capital-raising."

United is targeting 15,100 staff cuts in inflight services, including flight attendants, and 2,250 pilots. Other groups affected include catering, airport operations and technical operations.

The company extended a deadline under a voluntary departure program until July 15, and said it was "hopeful" that program would reduce the number of involuntary departures.

United also said it was in talks with unions "about creative ways to help reduce furloughs."

'Gut punch'

Faced with deep declines in revenues, major US airlines have delayed new jet orders, retired older aircraft and grounded much of their fleet to try to limit cash burn.

As part of the Cares Act relief program for airlines, United received \$5 million in payroll support and loans but under the terms of the program cannot lay off workers until after September 30.

Sara Nelson, president of the Association of Flight Attendants, called the United announcement a "gut punch" and warned that layoffs will be repeated by other carriers unless Congress extends the payroll support program (PSP).

"Congress must extend the PSP in order to avoid hundreds of thousands of layoffs from an industry that normally drives economic activity for every other sector & supports more than 11 million jobs," she wrote on Twitter. "Failing to do so will have a ripple effect across the economy."

In early June, United and other carriers added flights for the summer in reaction to a better-than-expected jump in demand following the reopening of much of the US economy after closures imposed amid the pandemic.

However, United said in a securities filing Wednesday that it was cutting back some flights in August following the latest spike in COVID-19 cases in southern and western states that has prompted New York and some other states to impose quarantines on visitors from hotspot areas, and reimpose some restrictions.

Shares of United fell 3.4 percent to \$31.44 in early afternoon trading.

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