

American Airlines plans 19,000 furloughs, layoffs in October

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In this May 28, 2020 file photo, travelers check in at the American Airlines terminal at the Los Angeles International Airport in Los Angeles. American Airlines says it will furlough or lay off 19,000 employees in October as it struggles with a sharp downturn in travel because of the pandemic. (AP Photo/Marcio Jose Sanchez, File)

American Airlines said Tuesday it will cut more than 40,000 jobs, including 19,000 through furloughs and layoffs, in October as it struggles with a sharp downturn in travel because of the pandemic.

American executives said the furloughs can only be avoided if the federal government gives airlines another \$25 billion to help them cover labor costs for six more months.

The airline said 23,500 employees have accepted buyouts, retired early or taken long-term leaves of absence, but that was not enough to avoid involuntary cuts.

The furloughs of union workers and layoffs of management staff announced Tuesday will fall heaviest on flight attendants, with 8,100 being terminated in October. American began the year with about 140,000 employees but expects fewer than 100,000 to remain in October.

Representatives of American's labor unions reacted with alarm but not much surprise.

"Today is a devastating day for the hardworking, frontline employees at American Airlines," said Julie Hedrick, president of the Association of Professional Flight Attendants.

"We knew this day was coming" without more federal money for airline payrolls, said Dennis Tajer, a spokesman for the Allied Pilots Association. "We see the dark consequences."

U.S. air travel plunged 95% by April, a few weeks after the first significant coronavirus outbreaks in the United States. Passenger traffic has recovered slightly since then but remains down 70% from a year ago, and carriers say they need fewer workers.

American's announcement comes one day after Delta Air Lines said it will furlough 1,941 pilots in October unless it reaches a cost-cutting deal with the pilots' union.

In March, passenger airlines got \$25 billion from the government to save jobs for six months, and American was the biggest beneficiary, receiving \$5.8 billion. The money, and an accompanying ban on furloughs, expire after Sept. 30, although airlines and their labor unions are lobbying Congress for another \$25 billion and a six-month reprieve from job cuts.



An American Airlines Boeing 737-823 lands at Miami International Airport, Monday, July 27, 2020, in Miami. American Airlines said Tuesday, Aug. 25 that it will furlough or lay off 19,000 employees in October as it struggles with a sharp downturn in travel because of the pandemic. Flight attendants will bear the heaviest cuts, with 8,100 losing their jobs. (AP Photo/Wilfredo Lee, File)

When the federal relief was approved, "it was assumed that by Sept. 30, the virus would be under control and demand for air travel would have returned. That is obviously not the case," American CEO Doug Parker and President Robert Isom said in a letter to employees Tuesday.

"The one possibility of avoiding these involuntary reductions on Oct. 1 is a clean extension" of the payroll relief, they said.

American will shrink because it plans to fly less than half its usual schedule—and only one-fourth of its lucrative international service—in the fourth quarter. The airline, based in Fort Worth, Texas, announced last week that it will pull out of 15 smaller U.S. cities in October, a move that was seen as warning Washington that it should give airlines more money.

Airlines were the only industry to get special treatment in a \$2.2 trillion virus-relief measure approved in March. There is broad support in Congress for extending airline aid, but it is stalled by a breakdown in negotiations between the White House and congressional Democrats over a new, large aid package.

American's cuts include jobs at affiliates that operate American Eagle regional flights. The number of furloughs of union employees with rehiring rights and layoffs of management and support staff is less than the 25,000 who got warnings in July. American said they will be paid through September to comply with terms of the federal aid.

United Airlines warned 36,000 employees in July that they could lose their jobs in October. The airline has not updated that figure. Southwest Airlines has said it doesn't expect to impose furloughs this year, although like others, Southwest is encouraging employees to take buyouts or early retirement.

Spirit Airlines and the Air Line Pilots Association said Tuesday that they agreed on contract changes that will avoid the need for pilot furloughs. The airline said it expects to carry out "a small fraction" of the 2,500 furloughs companywide that it announced a few weeks ago.

Delta plans to furlough all pilots with less than about three years of experience at the Atlanta-based airline. Delta's senior vice president of flight operations, John Laughter, said the airline has known that early retirements alone wouldn't be enough to reduce the pilot ranks.

"We are six months into this pandemic and only 25% of our revenues have been recovered," he said in a memo to pilots this week.

"Unfortunately, we see few catalysts over the next six months to meaningful change this trajectory."

The Air Line Pilots Association accused Delta of using the threat of furloughs to force the union to grant concessions—the airline has proposed a 15% cut in pilots' minimum guaranteed pay. Union spokesman Chris Riggins said that furloughs and voluntary departures will total nearly 4,000 pilots, which will undermine Delta's ability to rebound when air travel recovers.

Pilots are the only Delta employees represented by a union and the only one for which the airline has announced furloughs. A spokesman said Delta hopes to avoid furloughs among other groups.

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