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BUSINESS

American Airlines to Cut 19,000 Jobs by Oct. 1 When Federal Stimulus Ends

Airline to shrink workforce by 30% as pandemic continues to weigh heavily on travel demand



American's cuts are the clearest sign yet of the devastation coming for the airline industry amid the coronavirus pandemic.

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By [Alison Sider](#)

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[American Airlines Group Inc.](#) [AAL](#) **0.48%**▲ said it would shed 19,000 workers Oct. 1, the first big wave of the tens of thousands of pilots, flight attendants, mechanics and other

airline employees in jeopardy of losing their jobs when protections tied to federal aid to U.S. carriers expire this fall.

American's cuts are short of the 25,000 potential job losses it warned were possible last month. But together with retirements and temporary leaves of absence, the reductions will make the carrier about 30% smaller than it was in March and are the clearest sign yet of the devastation coming for the airline industry as the summer travel season winds down and government funds run out.

U.S. airlines have warned employees that more than 75,000 jobs could be cut this fall. This week Delta Air Lines Inc. said it would furlough 1,941 pilots unless it reaches a deal with their union on other cost reductions. Earlier in the summer, United Airlines Holdings Inc. sent notices to 36,000 workers whose jobs it said could be at risk, though it hasn't yet said how many will be cut.

The airline sector was one of the few that had protections as broader unemployment surged in recent months. Airlines agreed not to let any workers go through the end of September as a condition of the \$25 billion they received under a broad economic stimulus package passed in March. Efforts to secure another \$25 billion in funds to keep airline workers in their jobs through the end of March 2021 garnered bipartisan support but have stalled in recent weeks, as Congress has been unable to reach an accord on a broader pandemic relief package.

"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 Chief Executive Doug Parker and President Robert Isom wrote in a message to employees Tuesday. American plans to fly less than half its typical schedule in the fourth quarter.

Airlines had hoped to prevent the tumult the industry and its workers experienced after the Sept. 11, 2001, terrorist attacks, when carriers within a matter of weeks outlined plans to let go tens of thousands of employees. Mr. Parker has said American wanted to avoid repeating moves from "the old playbook" in which airlines would immediately turn to job cuts in times of crisis.

After years of turmoil, including the 2008 financial crisis and the waves of bankruptcies and consolidation it triggered, airline employment levels only recently returned to near where they stood before Sept. 11. Airlines' ranks swelled by about 20% in the past decade as the industry enjoyed a record-long stretch of profits, according to figures from the

Bureau of Transportation Statistics. Airlines' biggest labor challenge before the pandemic was finding enough pilots to keep up with surging travel demand.

The pandemic is set to have an even deeper and longer-lasting impact on airlines' finances than 9/11, several industry executives have said.

Carriers have spent months trying to lure passengers back onto planes after the pandemic nearly halted travel last spring. They have developed more-thorough cleaning procedures and toughened rules requiring passengers to wear masks. They have struck partnerships with medical institutions such as the Mayo Clinic and brands like Clorox. They have offered deep discounts.

Nevertheless, travel demand has stalled at around 30% of last year's levels. Executives believe it will take years—and likely a Covid-19 vaccine—for it to fully rebound.

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“We are six months into this pandemic, and only 25% of our revenues have been recovered,” John Laughter, senior vice president of flight operations, told Delta pilots in a memo Monday. “Unfortunately, we see few catalysts over the next six months to meaningfully change this trajectory.”

Airlines had hoped that summer, when throngs of people typically go on vacation, would bring higher travel numbers. American made plans to sharply expand flying to capture the increased traffic as demand started to rise in May and June. But the early optimism waned quickly as the virus continued spreading, triggering new travel restrictions that damped travel demand in July. Airlines began to scale back their plans.

The corporate traffic that would typically ramp up in the fall as business travelers jet to client meetings and conferences in the final months of the year shows no signs of

returning. Governments around the world are still restricting travel—including between the U.S. and Europe—cutting off lucrative international traffic for major airlines.

“I’m afraid it’s hard to be positive for anything between now and the end of the year,” said John Grant, chief analyst at airline data provider OAG.

American’s reductions include 17,500 furloughs of pilots, flight attendants, mechanics and others, as well as 1,500 cuts from management and administrative ranks. They cover American Airlines [AAL 0.48% ▲](#) itself as well as the two regional airlines it owns.

Other airlines including Alaska Air Group Inc., JetBlue Airways Corp. and Spirit Airlines Inc. have said they would be able to avoid furloughs at least for pilots, who are expensive to train and difficult to replace.

Southwest Airlines Co. has said it can likely manage through this year without letting employees go after thousands agreed to take extended leaves or depart on their own.

“They did a good job enticing people away,” said Charlie Mattingly, one of the hundreds of pilots who accepted Southwest’s early-retirement offer and recently made his last flight. The prospect of giving up a decadeslong career was an emotional one for many pilots, said Mr. Mattingly, who is also a principal at Leading Edge Financial Planning, which provides financial advice to pilots.

“I’ve been a pilot for 23 years,” he said, “and I’m not a pilot anymore.”

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