

Without PSP, AA Cuts 40,000



August 26, 2020

American Airlines announced plans to eliminate the jobs of “at least” 40,000 employees.

The furloughs would begin within hours of the expiration of the Payroll Support Program (PSP), the section of the CARES Act scheduled to end on October 1, just over a month before Election Day. The IAM has responded by calling on members to make a last stand on Capitol Hill and redouble efforts to convince lawmakers to renew funding for the PSP, which has stalled in the Senate. Airline executives agree that legislative action, if taken soon, would prevent the job cuts.

In a notice sent to workers, the airline said it planned to involuntarily furlough about 19,000 employees beginning on October 1. The cuts are in addition to 12,500 American Airlines workers who have already left the company through early out separation packages and retirements. Another 11,000 employees have accepted voluntary and company-offered leaves of absence.

Despite the thousands of voluntary separations, American Airlines CEO Doug Parker says more cuts are needed. “Even with those sacrifices, approximately 19,000 of our team members will be involuntarily furloughed or separated from the company on Oct.1, unless there is an extension of the PSP,” Parker said in a statement co-signed by airline President Robert Isom.

Since the beginning of the coronavirus pandemic, air traffic has dropped below 60% of 2019 levels. The loss of revenue, combined with fixed overhead costs and mandated quarantine and travel restrictions in many countries, drives the airline's "cash burn" to over \$40 million in daily losses. In March, Congress voted to approve a program to cover payroll costs for commercial airlines, as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Payroll Support Program is a job security program at its core, allowing airlines to keep their highly specialized and trained staff. Airline workers such as pilots, load planners, flight attendants, dispatchers, and other airport agents have specialized skills and security clearances, making them difficult to replace. The PSP funded payroll costs for six months, but airlines were required to retain workers, so they would be available quickly once the industry showed signs of recovery.

Moreover, since the US civil aviation infrastructure is a necessary part of a fully functioning economy, and provides services that are vital to the operation of many businesses, Congress also required airlines to maintain air service in several markets despite deep reductions in passenger demand. These conditions prevented cities and regions of the country from being cut off from the rest of the economy, safeguarding the flow of products, including medical equipment, and transporting health workers and first responders where they were needed. By any measure, the Payroll Support Program is a success, but its future is tied to deadlocked negotiations in Congress for a new round of coronavirus relief legislation.

Help Prevent Furloughs This Fall

Contact your lawmakers and ask them to support the Payroll Support Program, and prevent airline furloughs this fall.

Contact Your Lawmakers Now

Sito Pantoja, General Vice President of the International

Association of Machinists & Aerospace Workers, who, in an alliance with the Transit Workers Union, make up one of the largest organized workgroups at American, responded to the announcement by calling for immediate, emergency action in the Senate.

“The only hope of staving off mass furloughs is Congress taking action to extend CARES Act protections for airline workers,” Pantoja told members in a statement issued before the American Airlines announcement.

Pantoja laid out a plan that he said would avert airline job cuts in the near term, and would buy the industry time to recover. He called for lawmakers to approve \$32 billion in payroll support funding to cover the labor costs of the industry for six additional months. Also, airlines would be required to preserve their workforces and labor contracts, so that these assets could be quickly available in the event of a faster than expected recovery.

District 141 President and Directing General Chair Mike Klemm called on union activists to keep the pressure on Senators and demand a vote on a “clean” version of the PSP. “This is the responsibility of every union member, and we must do it this week. Call or write your Senator and demand they put partisan differences aside, return to Washington and take a clean vote to extend the PSP,” he said.

“Remind everyone you interact with to please send a message to their lawmakers, especially if they have received RIF notices. Of course, our IAM contracts are in full force, with all the protections we have earned, but without an extension of the PSP, thousands of union members will soon be out of a job. In this economy, that spells disaster,” Klemm said, stressing how furloughed workers would lose their work-based health coverage, putting the health and security of their families at risk in the pandemic.

"This is our lifeline," he added.

Additional Resources

/// **Contact Your Senator** and Ask Them to Extend the Payroll Support Program

/// **Click HERE** to call a Senator who has not decided to support the extension of the PSP.