Daily Memo: Labor Woes Dampen Summer Hopes For U.S. Airlines

Ben Goldstein April 14, 2022



Credit: Robert Nickelsberg / Getty Images

Air travelers in the U.S. have so far brushed aside inflation and rising fares, with demand approaching 95% of 2019 levels last weekend—the best non-holiday performance since the pandemic began.

The strong demand environment reassures airline executives who were concerned about their ability to pass along higher fuel prices. But are their companies staffed to handle that demand? Recent operational meltdowns suffered by <u>JetBlue Airways</u>, <u>Spirit Airlines</u> and others suggest not.

<u>JetBlue</u> and Spirit, in particular, have been badly challenged in April, canceling more than 600 combined flights on April 9 and April 10. For Spirit, that meant scrapping around 17% of its total on April 9, and 20% on April 10. <u>JetBlue</u> saw 45% of all its weekend departures either delayed or canceled. Both airlines pointed to thunderstorms in Florida as the immediate cause, but acknowledged that the situation was made worse by chronic staffing shortfalls.

"Going back to last summer, we've had frequent irregular operations and meltdowns that have been a consequence of inadequate staffing and inadequate ability to run the airline," said Don Reno, VP of the Spirit Master Executive Council of the Association of Flight Attendants-CWA, in an interview with

Aviation Daily. "They continue to scale up the operation and add flights and routes, but we don't have the capacity to handle the routers we're currently operating, let alone new routes."

<u>Delta Air Lines</u> CEO Ed Bastian reported April 13 that the Atlanta-based company has added 4,000 employees so far this year—in addition to 10,000 in 2021—although he conceded there are some limitations based on the training pipeline. Rather than crewmembers, he said the "real congestion" facing the company mostly concerns airport workers, ground workers and making sure suppliers are "ready and positioned" to meet rising demand.

For the biggest airlines, the chief staffing obstacle may be training program bottlenecks rather than a lack of new hires. "As far as I can see, the issue—at least for the large carriers—is not that they can't hire people," said Jerry Glass, president of F&H Solutions Group, a specialist in airline labor relations. "The issue is getting people through training. There are limitations on how many people you can put in a class and train at any one time, and that appears to be a bottleneck right now."

"This is the time of the year when weather events happen, and it takes some time to get back to a normal operation, so that part is not necessarily new," Glass continued. "I think everyone is frustrated. Management is frustrated that there are things out of their control that they can't fix, and employees are frustrated because passengers take their own frustrations out on the employees who are not the cause of the problem."

The tight labor market, combined with the rapidly rising cost of living, means pilots and other aviation workers may be in a strong position when it comes time to negotiate their next round of collective bargaining agreements.

"The pilots are really in a nice position here," Bloomberg Intelligence analyst George Ferguson said. "Inflation is taking a bite out of their salaries, and there's a pilot shortage as far as we can tell. You're going to see the pilots come through with some really nice increases in their contracts, and that's why they're pushing contracts right now."

Will McQuillen, the chairman of the Alaska Master Executive Council of the Air Line Pilots Association, agrees that labor is in the driver's seat when it comes to contract negotiations. The union is currently seeking pay gains that would set it closer to par with the other major airlines, as well as scope clause protections and improvements related to schedule flexibility and trip reassignments.

"Right now, there is essentially no flexibility to adjust your schedule to be at a family obligation or coach a kid's soccer game, and that's all because of staffing," McQuillen said. "We want to make sure we have that flexibility, so when close-in work-life balance needs come into focus, we're able to meet them."

More immediately, airlines continue to grapple with operational headaches caused by staffing shortfalls, although there is some hope the situation will moderate in time for the peak summer season as training bottlenecks sort themselves out.

"I think it will get better by the time the summer comes," Glass said. "Will it be perfect? I don't think so, but certainly the airlines are training as many people as possible, as quickly as possible."