

United Airlines to outsource 630 jobs

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United Airlines, the second-largest US airline by traffic, is outsourcing the jobs of 635 unionized workers at twelve US airports as part of a drive to slash costs. The affected jobs include airline check-in, baggage handling and customer service.

United currently pays these workers between \$12 to \$24 per hour while some of the vendors who it is contracting start workers as low as \$9 per hour and do not offer benefits such as travel and health care. In announcing the cuts, a United spokesperson said the airline needed to keep its costs “competitive.” United reported losses of \$609 million in the first quarter of 2014.

United says that it may be targeting as many as 30 airports for outsourcing based on expected cost savings. It says it hasn’t selected the vendors yet to be used for the latest round of outsourcing, but plans to implement its move by October 1. Displaced workers will be able to apply for jobs elsewhere in the company, bump lower seniority workers out of their jobs or apply for severance. If they are not willing to relocate, they can be furloughed. In connection with its outsourcing plans United announced that it is “in-sourcing” some 400 jobs at four of the largest airports it serves.

Among the airports to be affected by the outsourcing are Albuquerque, New Mexico, Buffalo, New York; Columbus, Ohio; Des Moines, Iowa; El Paso, Texas; Salt Lake City, Utah and Detroit, Michigan.

According to a report in the *Wall Street Journal*, the action by United is part of a growing trend by airlines to reduce costs by using outside vendors to replace existing employees. As it stands, a large portion of check-in-agents at US airports do not work for the companies they are servicing. It is not uncommon for the same worker at smaller airports to represent several different airlines.

Delta and Alaska Airlines are among the carriers outsourcing a large portion of their work. For example,

earlier this year Delta contracted out the jobs of 741 workers at the Detroit Metropolitan Airport to companies paying near poverty level wages. Delta employs outside workers at the vast majority of the 230 US airports it serves.

Last year United brought in outside contractors at six airports in the US and Canada, affecting some 500 workers. Much of the US work was shifted to Envoy Air, a wholly owned subsidiary of American Airlines. According to the *Journal* starting pay at Envoy is just \$9.20 an hour. United employs its own employees at just 47 of 227 US airports, and uses a mix of employees and contractors at 27 others. It relies wholly on outside contractors at 153 airports.

American airlines also employs a large number of contractors, and low-cost airline EasyJet employs some 20,000 contract workers at 140 airports.

The workers whose jobs are being outsourced by United are members of the International Association of Machinists (IAM). IAM District 141 is the bargaining agent for some 30,000 United workers and is the largest union at the airline.

In a statement following United’s announcement of the outsourcing a spokesman for the IAM noted that the company stood to save \$1.6 million to \$3.5 million annually because of the move. He indicated the union plans no opposition to the outsourcing, merely calling it a “bad business decision” on the part of management.

While the IAM contract allows displaced workers to exercise bumping rights, at smaller airports the union reached an agreement with management allowing it to propose concessions in an effort to underbid outside contractors.

United reported on Monday that it reached an agreement with the IAM at three smaller Hawaiian airports resulting in a tentative agreement on wage and work-rule concessions. Some 236 ground workers are affected. The deal includes wage cuts of 20 cents to 40

cents per hour for new employees and up to \$4.25 per hour for senior workers. United would also stop matching 401(k) payments and full-time workers would be encouraged to do split shifts. A two-thirds vote by the membership at each location is required for ratification. United indicated that even if the concessions are ratified, it still plans to implement some job cuts.

The latest cost-cutting moves by United are part of an ongoing assault by the airlines on their workers and the travelling public as a whole. Through a series of bankruptcies, mergers and consolidations the airlines have shed tens of thousands of jobs, cut wages and benefits, eliminated pensions, reduced the number of routes and increased fares. This drive has been assisted at every point by the unions, which have imposed round after round of concessions, shifting the full burden of the cost for the restructuring onto the shoulders of workers.



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