

Departures Opinions On Current Issues In Aviation

By Bob Ross,
 president of the Association
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If We Let Wall Street Run The Airlines, We're In Trouble

Recently when American Airlines agreed to a long overdue adjustment in pay for flight attendants and pilots, industry analysts criticized the move and the company's stock tumbled for several days.

No wonder ordinary Americans are fed up with Wall Street. It's full of people who are out for the short-term bounce, who care little about the customer, with no idea on how to run an airline—much less how to achieve long-term economic growth and shared prosperity for a company or an industry.

Kevin Crissey, a senior analyst at CitiGroup, had a typical reaction. "This is frustrating," he wrote to his clients. "Labor is being paid first again. Shareholders get leftovers."

This statement is insulting to me and my co-workers—and we think it's just plain wrong. As Michael Hiltzik pointed out in the Los Angeles Times:

"From 2014 through 2016, American Airlines authorized \$9 billion in share buybacks, money that went directly into shareholders' pockets. The company also paid out 40 cents per share in shareholder dividends in both years [\$600 million from 2014–16]. By contrast, the pay raises will cost American \$1 billion over three years."

We believe Mr. Crissey has it exactly backwards. After American emerged from bankruptcy in 2013, merged with US Airways and returned to profitability, it was shareholders who got paid first. And they got paid more than nine times as much as employees will receive with this pay adjustment.

Here's another fact Mr. Crissey does not include. Between 2003 and 2012, flight attendants at American and the former US Airways contributed more than \$6 billion in wage, health care and retirement concessions to help our employers keep their planes in the air (That figure doesn't include concessions on a similar scale contributed by pilots.)

So even with the pay raises—which our union insisted on to bring us into parity with our peers at Delta Air Lines and United Airlines, and which our employer had pledged to deliver at the time of the merger—we're still getting less, after inflation, than we did prior to the Sept. 11, 2001, tragedy.

The billions of dollars we gave up to save our company had a real impact on the lives of airline employees. My wife (a 20-year flight attendant at the time) and I bought a house in California in 2002. When the airline industry hit the skids the next year—and our monthly pay dropped by more than what we paid each month for our mortgage—we were at risk of losing our home.

We managed to hold on by dipping into our 401(k), our children's college fund and depleting our savings. However, I personally know crewmembers who lost their homes and their cars, and who were unable to send their children to college during those difficult years.

Our members suffered personal hardship when we contributed billions to help our company survive. Now that American has achieved historic record profitability, with more than \$13 billion in net income over the past three years, we made the case to management that it was time to restore balance to our wage scale.

Management listened to our arguments, compared our compensation to industry peers, and reached a responsible business decision. To attract and retain quality people, with the right training and experience to handle face-to-face service and safety interactions with customers in an increasingly difficult air-travel environment, it was time for a pay raise.

It wasn't flight attendants at American and other airlines, of course, who made decision to shrink space available for passenger seating, routinely overbook planes, and add fees for checked baggage and other services. But we are the ones who have to deal with passengers who are angry and frustrated over challenging travel conditions.

The real bottom line is we don't want Wall Street running the airline industry. Underpaying key frontline employees leads to high turnover and low morale, which is not a recipe for quality service. Treating workers fairly is a better long-term strategy—not just for us, but also for passengers, shareholders and other stakeholders at American and other airlines.

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Bob Ross is the president of the Association of Professional Flight Attendants, representing 26,000 flight attendants at American Airlines. He also is a licensed pilot and a U.S. Air Force veteran who worked as an aircraft mechanic.

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