The decade 2000-2009 was a bad decade to be an employee at an NLC. Employment at all NLCs fell sharply during the decade as the NLCs slashed flights and employees. Those employees who remanded faced compensation cuts of approximately 25%. Total NLC block hours for the decade fell from 12 million to 8.8 million, with Delta and American following that trend. However, the airlines cut employees much more than flights, as the level of productivity (in terms of ASMs per employee) increased 30% over the decade. Labor costs fell by almost the same percentage, at the average NLC from $4 billion to $3 billion dollars, a 25% drop.

Specifically Delta entered bankruptcy in 2005. While in bankruptcy, Delta was able to cut its wage bill by a third from $5.69 billion before bankruptcy to in 2004 to $3.77 billion in 2006. Delta emerged from bankruptcy in 2007. American, however, was one of the only NLCs not to file for bankruptcy. Thus, their total labor costs are almost all unchanged for the decade. Because it did not go through bankruptcy, American was never able to dump its pension. As such its labor costs are flat even as American has reduced the number of employees and increased productivity.

However, we must also look at cost per available seat mile. This is a better way at looking at labor costs because it adjusts for the actual service provided. Costs per ASM peaked after 9/11 when airlines cut flights, without adjusting their number of employees. However, in the years following, all of the airlines were able to cut the costs per available seat mile. During bankruptcy, Delta was able to cut back its costs more than the NLC average. However, American was able to make cutbacks, but it is still left with a higher labor cost than the rest of the industry.

Productivity is a measure of how much output (in terms of ASMs) an airline produces per employee. Over the decade average NLC productivity increased 30%. Airlines were able to manage this because technology allowed some functions to be performed faster or without human input. For example, check-in machines have largely replaced a row of people at the check in counter. Technology has also allowed airlines to streamline paperwork; (jetblue example). Many airlines just shed people and then tried to make do without those people. As a result, the quality of service provided by the NLCs has fallen dramatically. Although customer satisfaction data was present in this data set, one only needs to open a newspaper to see that customers are not happy.

The decade both began and ended with Delta employees being more productive than NLC average, and American employees less productive than average. The difference between the two carriers and the NLC average narrowed almost to 0 in 2004, but expanded again as the decade progressed.

American has been slowly reducing its number of employees over the decade, losing about 1,000 – 2,000 positions per year. However its average compensation per employee has been inching slowly upwards from $55,000/year to $65,000/year. Delta and the NLC average, meanwhile, have remained virtually flat. When taking inflation into account, real compensation has actually decreased about $10,000 on average at NLCs and at Delta. American employees not only got to keep their pensions, but almost kept pace with inflation.

