

Thousands of MGM Resorts workers to be laid off Monday

By [Bailey Schulz](#) Las Vegas Review-Journal

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Thousands of MGM Resorts International employees across the country have received notice that they will be laid off Monday.

The layoffs, which were first made public through a [legal notice published in May](#), affect roughly 18,000 furloughed MGM employees — about a quarter of the company's pre-pandemic workforce.

It's unclear how many affected workers are based in Nevada.

A letter signed by MGM President and CEO Bill Hornbuckle was distributed to employees Friday morning, stating the layoffs come as the gaming and hospitality industries continue to face challenges caused by the COVID-19 pandemic.

The company hopes to bring back a number of laid-off workers once business demand picks back up.

"I understand the impact this will have on these employees and their families. Nothing pains me more than delivering news like this," Hornbuckle said in the

letter. “(The) leadership team is working around the clock to find ways to grow our business and welcome back more of our colleagues.”

Matching demand

MGM furloughed [nearly 63,000 employees](#) this year as casinos across the country temporarily closed their doors to curb the spread of the coronavirus.

The company has so far called back “tens of thousands” of workers, according to the letter, but many union and nonunion workers have also remained on furlough status. That ends Monday; federal law states that a temporary layoff or furlough that stretches longer than six months must be considered an official employment loss.

“It is better to be upfront with employees so they can take control of their futures through retraining or pursuing other career opportunities,” said Nehme E. Abouzeid, president and founder of consulting firm LaunchVegas LLC.

Greg Chase, founder and CEO of Las Vegas-based Experience Strategy Associates, said Las Vegas hasn’t been able to bring back enough amenities or visitors to justify the return of every furloughed employee.

Bars remain closed, and other venues continue to operate under occupancy restrictions. According to the Las Vegas Convention and Visitors Authority, visitor volume in July was down 61 percent compared with the same period last year.

“You can’t have everyone working when you don’t have the (business) volume to support it,” Chase said.

Additionally, labor costs are often casino companies' largest expense, according to Josh Swissman, founding partner of gaming consulting agency The Strategy Organization.

"It breaks my heart to think about it that way, but it's (layoffs) or have organizations that aren't able to remain open and provide jobs for those remaining team members," he said.

A number of other casino companies — including [Circus Circus](#) and [Penn National Gaming Inc.](#) — have also issued legal notices to the state warning that layoffs may be on the horizon.

Bringing back workers

Jeremy Aguero, principal of Applied Analysis, said it's hard to say how the layoffs will affect Nevada's overall economy, but the fact that the state's largest private employer is laying off workers is a "significant economic event."

"The magnitude of that impact will be a function (of) how many people are laid off and for how long," he said.

Some of the separated employees will be able to return to MGM as reopening plans progress, regulatory restrictions are lifted and business demand grows, the letter said.

Those who are let go Monday will remain on the company's recall list, and Hornbuckle said there is a "seamless system" in place to bring them back based on business needs, position and seniority.

If workers return to MGM by Dec. 31, 2021, they will retain their seniority and immediately resume their benefits. Workers will have continued access to their employee portal, MyMGM, where they can view and apply for jobs before postings are made public. The portal also houses re-skilling and retraining resources, company news and individual employee profile pages.

For those not called back in the near term, finding another casino job in Las Vegas could be difficult, given the current state of the hospitality industry and the city's [unemployment rate](#). Aguero said some may need to consider retraining options, such as state programs at the Office of Workforce Innovation or the College of Southern Nevada.

Others may decide to leave the state.

“We must always be mindful that the primary motivation for nation-leading population migration into the Las Vegas metropolitan area has been the availability of quality jobs,” he said. “If the COVID-19 crisis is prolonged, many workers may have no other choice but to seek out employment opportunities in other markets.”

In the meantime, MGM will continue to offer certain resources for its former employees.

Health benefits for separated workers enrolled in the company's health care plan have been extended through Sept. 30. Former employees will also remain eligible for financial support from the MGM Employee Emergency Grant Fund through Nov. 29. The fund has raised more than \$14 million and has dispersed \$12 million since March.

‘We will bounce back’

MGM has reopened all Las Vegas properties aside from Park MGM and the boutique NoMad Hotel, located inside the hotel-casino. Its Empire City property in New York also remains closed.

In the Friday letter, Hornbuckle said he remained optimistic for the future of the company, adding that revenue drivers like concerts, sports and entertainment are “on our horizon.”

“While the immediate future remains uncertain, I truly believe that the challenges we face today are not permanent,” Hornbuckle said in the letter. “We will bounce back from this — stronger and better than ever. And we will continue in our mission to entertain the world.”

Brendan Bussmann, director of government affairs for Global Market Advisors LLC, warned that Las Vegas faces a long, slow recovery. Until airlift, conventions, entertainment and sports return, he said, Las Vegas will face weak visitor volume.

“Based on current trends from the state, I do not see those changing in the near future,” he said.

Swissman expects MGM to build up its workforce as foot traffic picks back up on the Strip, but he said it’s unlikely the numbers will get back to where they were in 2019.

MGM has been listed as the state’s largest private employer, and it had roughly 70,000 domestic employees at the end of last year, according to filings with the U.S. Securities and Exchange Commission.

“To think that MGM is going to automatically ramp up to the same business models they had in the past would probably be foolish,” Swissman said.

“They’ve learned a lot. They’ve had a chance to refine their operating model. ... They’ll continue to learn how to optimize (it).”

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