

Most of GM's 58,000 US salaried employees get cash-to-quit offer letter amid EV shift

Article

The news: GM wants to part ways with tens of thousands of workers without having to lay them off as part of its shift to EVs.

- CEO **Mary Barra** sent a letter to a majority of GM's US-based salaried employees offering to buy out their jobs as part of a **voluntary severance program**, per [The Verge](#).
- Roughly **60%** of GM's **58,000** US salaried employees are based in Michigan, per [MLive](#).

A heavy EV lift: Despite earning **\$14.5 billion** income in 2022—it's highest earnings year ever—GM expects it'll have to bleed **\$35 billion** to make its EV venture profitable by 2025 amid tight competition, per The Verge.

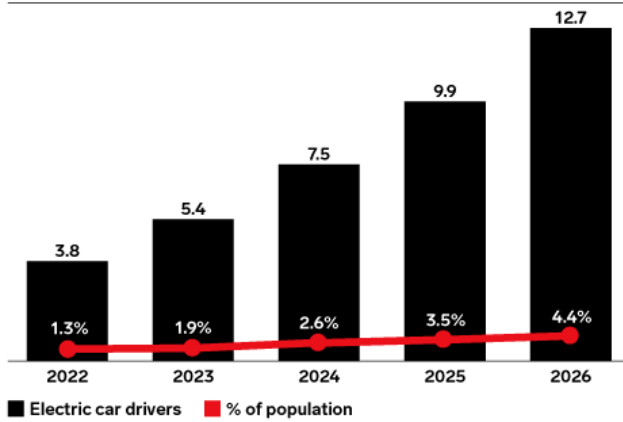
- To support its electric aspirations, the voluntary severance move is part of a broader plan to cut expenses by **\$2 billion** annually, per [Bloomberg](#).
- EVs require traditional automakers to **revamp their design, production, and [supply chain processes](#)**.
- So far, GM has missed its [Hummer EV and Cadillac Lyriq](#) production targets.
- Adding to the problems, the [Hummer's 2,923-lb. battery](#) was leaking water, triggering a sales freeze.

The employment outlook: GM wants to avoid a PR backlash that would accompany laying off most of its salaried employees.

- Nudging employees out the door stands in contrast with an overall US job market that's showing resilience despite interest rate hikes. Employers added **311,000** jobs in February, per [The Wall Street Journal](#).
- **Higher interest rates and persistent inflation could put a damper on EV sales this year, which might mean more budget cuts ahead.**
- While some of the US job growth is in the auto industry, white-collar workers who lack high-tech skills might have a tougher time finding new roles compared to their blue-collar counterparts.
- Longer term, **we can expect to see the auto industry embrace more automation**, which could curtail job prospects for both blue- and white-collar workers.

US Electric Car Drivers, 2022-2026

millions and % of population



Note: ages 14+; licensed drivers who drive a connected car and have accessed its internet-enabled features at least once in the past year
Source: Insider Intelligence, Aug 2022

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