

logo not found or type unknown

## Spirit Airlines Prepares to Shut Down as Rescue Deal Collapses, Raising USVI Travel Concerns

The budget carrier, which recently marked 20 years of flying to St. Thomas and maintains airport operations in both districts, is nearing a possible shutdown after a failed bailout effort and soaring fuel costs upended its latest recovery plan.

Travel / **Published On May 01, 2026 05:21 PM /**

Ernice Gilbert **May 01, 2026**

Image not found or type unknown



Spirit Airlines is preparing to shut down operations after a proposed \$500 million rescue package fell apart, according to reporting from The Wall Street Journal and Reuters, throwing fresh uncertainty over a carrier that has played a long-running role in travel between the U.S. Virgin Islands and the mainland.

The collapse, if it happens, would mark a dramatic reversal for an airline that emerged from Chapter 11 bankruptcy in March 2025 and was still publicly mapping out a recovery just weeks ago. As of Thursday, however, the picture remained fluid, with Reuters reporting that President Donald Trump had presented a final rescue proposal even as Spirit prepared for a possible halt in flying as early as Saturday morning.

The Wall Street Journal reported that Spirit was preparing to cease operations after failing to secure enough support for the government-backed financing from both the Trump administration and bondholders. Reuters separately reported that the White House had made a final proposal, but said the airline still faced a deadlock over the bailout terms and remained at risk of an imminent shutdown. The potential rescue package was reported to involve government warrants that could amount to as much as 90 percent of the airline's equity.

The latest crisis comes after Spirit had tried to present itself as a leaner, more stable carrier following bankruptcy. In March 2025, the airline announced that it had emerged from financial restructuring after completing a deleveraging transaction that equitized about \$795 million in funded debt and included a \$350 million equity investment from existing investors. A year later, on March 13, 2026, Spirit said it had filed a new restructuring support agreement and plan of reorganization, with early-summer emergence from Chapter 11 then expected. That filing also outlined a smaller future fleet of roughly 76 to 80 aircraft by the third quarter of 2026.

The airline's problems worsened as jet fuel prices surged, with its deteriorating outlook tied to fuel costs that spiked after the U.S. and Israel's war against Iran drove up oil prices, undermining the carrier's recovery assumptions. Spirit had quickly needed either fresh financing or access to about \$240 million of its own funds, and that liquidation could eliminate more than 17,000 jobs.

The collapse would also follow earlier setbacks that had already narrowed Spirit's room to maneuver. Spirit's proposed \$3.8 billion sale to JetBlue was blocked in 2024 on competition grounds, while the airline's market share slid from 5.1 percent to 3.9 percent over a year. Spirit had also been trying to move away from its bare-bones ultra-low-cost identity, with Reuters reporting in 2025 that it was targeting more affluent travelers after emerging from bankruptcy.

For the Virgin Islands, the development carries particular weight because Spirit remains a visible part of the territory's airlift. Spirit's official airport support pages show active service presence at both Cyril E. King Airport on St. Thomas and Henry E. Rohlsen Airport on St. Croix. In December, Spirit also marked 20 years of flying to St. Thomas, saying it was then the only airline offering nonstop service from St. Thomas to both Fort Lauderdale and Orlando, and that Fort Lauderdale also had flights to and from St. Croix.

Spirit itself has also recently highlighted St. Thomas as an important leisure destination in its network. In a February 2026 company release on top-searched spring break beach destinations, St. Thomas ranked eighth on Spirit's list. That underscored the continued importance of the U.S. Virgin Islands to the carrier even while it remained under financial strain.

If Spirit does shut down, the impact would likely extend beyond one airline's balance sheet. American and United have already been contacted about accommodating stranded Spirit passengers, and American has capped fares on overlapping routes. Analysts quoted in broader coverage have warned that a Spirit collapse could reduce low-cost competition and eventually push fares higher, especially for leisure markets and Caribbean destinations.

For now, the most accurate description is that Spirit was still operating while standing at the edge of a possible shutdown. That distinction matters, because the company had said earlier this week

in court filings that talks were continuing and that no bankruptcy hearing would take place Thursday. But by Thursday afternoon, the tone of national coverage had shifted sharply, with the Journal reporting preparations to cease operations and Reuters describing a final rescue proposal delivered against the clock.

© Viconsortium 2026