

Testimony by Wendell Young IV, President, UFCW Local 1776 Keystone State

Senate Law and Justice Hearing

Tuesday, October 29th, 2019

Chairman Stefano, Chairman Brewster and Members of the Senate Law and Justice Committee:

I want to thank the committee for allowing me to testify on behalf of the 35,000 members of UFCW Local 1776 Keystone State. Our union has spent a significant amount of time over the past few years advocating for public hearings when legislation is being introduced that greatly alters Pennsylvania's liquor system. I want to commend the Senate Law and Justice committee for taking this approach to help bring all stakeholders to the table to discuss potential legislation.

Our union, as you know, has spent decades fighting liquor privatization. And to be clear, our union does not hide from why we oppose measures that weaken our state's Wine and Spirits stores. We do everything in our power to save the jobs of every single one of the 3,500 members we represent at the PLCB. I am proud to represent them and proud of the work they do for the Commonwealth.

We are proud of the record our members have in serving the Commonwealth. Our members help contribute over \$750 million back to the taxpayers of Pennsylvania, including contributions to our State Police, to the Department of Health for Drug and Alcohol Programs, to college universities for alcohol education grants and to our state treasury so we can deal with the real budgetary challenges you all deal with on a yearly basis of funding our public schools and state services. Our members have a tremendous record of keeping alcohol out of the hands of minors. Our stores – every single one – stocks thousands of items and have competitive pricing for Pennsylvania consumers. Our remodeled stores – especially in our newer branded Premium Collection stores – are top of the line alcohol retailers that exceed what you see in various states surrounding Pennsylvania in many cases. In fact, UFCW Local 1776 Keystone State has collaborated with the PLCB in collective bargaining to help establish highly trained wine specialists in each of these premium collection stores that assist consumers with their knowledge and expertise on wine and spirits products. This system is good for the consumer – however, many privatization proposals we have seen over the years increase prices, reduce selection and leave rural areas without a full-service store. And of course, we are proud of the fact these are family sustaining jobs in retail where most private-sector retailers have created a race to the bottom in terms of wages, benefits and retirement security.

Because of that mission, UFCW 1776 KS is opposed to many of the proposals here today. A hearing with so many different pieces of legislation makes it tough to get into to get into the fine detail on each bill, and because of that I am happy for our legislative team to meet with each individual member of the committee to review each bill in more detail at any time after this hearing.

But in short, UFCW 1776 Keystone State is opposed to Senate Bill 548, Senate Bill 880, Senate Bill 916 and various other proposals that are designed to weaken the PLCB. We have no position on House Bill 1617 and Senate Bill 896 but do think Senator Regan is on the right track of trying

to figure of how to give true restaurants and small businesses a leg up in this new environment of alcohol sales. However, we do oppose the majority of what is being discussed today. One of those concepts which we believe is a focus of this hearing is loosening the restrictions for grocery stores who have acquired a restaurant license and wine expanded permits. Eliminating the designated register, allowing alcohol to be placed anywhere in a retail location rather than a licensed area, disregarding the 30 seat requirement that an R License must adhere to and increasing the quantities of beer and wine sold at these retailers are policy proposals we oppose not just on behalf of our members that work in our Wine and Spirits stores, but also the nearly 20,000 members who we represent in private sector retail grocery such as Acme Markets, Shoprite and Giant Eagle. When many of these proposals are debated, we primarily hear the pro and cons from the business perspective but rarely hear about the perspective of the employees who actually work for that business. We are happy to give that perspective during questions and answers on why this is bad policy for workers in those retailers as well.

And let's be very clear about the proposals we are opposed to. All of these bills are designed to do one thing: lead to the eventual full privatization and elimination of the retail and wholesale operations of the Pennsylvania Liquor Control Board. That is bad policy for our Commonwealth. We have a system that contributes three quarters of a billion dollars, provides thousands of family-sustaining jobs at NO cost to the taxpayer, does an excellent job of retailing a controlled substance in a modern way that keeps our public and children safe and also leads the way in alcohol education, enforcement and collaboration with those who deal in the drug and alcohol prevention world for our Commonwealth. If we had a private employer willing to come into Pennsylvania, give us \$750 million dollars and provide thousands of good paying jobs with health care and retirement security, we would be bending over backwards in this building in incentives and grants trying to get that employer to invest in Pennsylvania. This is why the focus of the legislature should be on strengthening this asset we have here, rather than trying to dismantle it.

But you won't hear that from the industry and business stakeholders today – and let's be clear, these proposals are to benefit those stakeholders. There is no line of consumers and taxpayers standing outside of this door today to come in and testify on how the current system is unfair to consumers and taxpayers. It's the business community. And what you will hear from the business community is this:

- Prices are high and the free market will fix that – except with no broad price analysis showing high prices to be true and no real analysis on how allowing the private sector to take over will lower prices.
- That Pennsylvania has a low number of retail outlets for spirits – except without giving you the overwhelming, academic research and evidence that shows increased access to alcohol leads to increases in all forms of social harms. Those social harms cost all Pennsylvanians. We provided you a list of peer-reviewed studies and research today that show that.
- That eliminating the R License restrictions for retailers will mean more hours for their employees – except that is not true, since right now a designated, licensed area allows for

more guaranteed hours for employees and the elimination of those requirements allows retailers to cut costs and maximize profits.

And what you won't hear is that the retailers REALLY want these proposals to pass to get closer to the eventual elimination of the retail and wholesale operations of the PLCB. And when that happens, your constituents' public asset will become those retailers private profit. It will be the loss of a recurring revenue source that funds valuable services and public education here in Pennsylvania. It will mean the loss of revenue to help fund our state police, drug and alcohol programs and other agencies throughout the Commonwealth. It means the loss of thousands of jobs that all come with a price tag to the taxpayers in terms of new unemployment compensation costs, continued workers comp claims costs and the shifting of the PLCB's net pension liability from the agency to the taxpayer. It will demand more resources for Liquor Control Enforcement officers to handle the dramatic spike in outlet density. It will mean various transition costs of divesting the agency that include lost value of liquidated assets, broken leases and other factors that will all cause a tremendous hole in our state budget.

This is why I ask the legislature to oppose these efforts to weaken and eventually dismantle the Pennsylvania Liquor Control Board. It's time we collaborate with the agency to try and figure out how to strengthen the work they do, provide the very best retail experience at our Wine and Spirits stores for the consumers of Pennsylvania and move forward with legislation that helps us put more money into our public schools. Let's stand up for Pennsylvania small businesses as well who are negatively impacted by these proposals that benefit large chain retailers. Let's stand up for the workers at our state's Wine and Spirits stores and compliment them on the value they bring to all Pennsylvanians. And let's stand up for Pennsylvania taxpayers and invest in the PLCB and the great work they do.

Thank you and I am happy to answer any questions.