

**PA Senate Law and Justice Committee/PA House Liquor Control Committee Joint Hearing**

**Testimony from United Food and Commercial Workers Union, Local 1776**

**Wendell Young IV, President**

**April 20, 2021**

Chairman Regan, Chairman Brewster, Chairman Metzgar and Chairman Deasy, as well as the members of the Senate Law and Justice and House Liquor Control committees:

Thank you for taking the time to consider my testimony today on behalf of the workers we represent at UFCW Local 1776. Our union has long advocated for public hearings when legislation that would substantially change the way our liquor system operates in Pennsylvania is being considered. We commend you for taking action to consider the very serious impacts this proposal would have on the Commonwealth and our members.

As the members of this committee are aware, we have spent the better part of the past several decades advocating for our members through the fight to privatize our Commonwealth's wholesale and retail operations. We have done, and will continue to do, everything we can to protect and save the jobs of every single one of the 3,500 members we represent at the PLCB. **As such, on behalf of the 35,000 members of our union, and the 3,500 members we represent at the Pennsylvania Fine Wine and Good Spirit stores, we are testifying today to express our OPPOSITION to expanding the sale of spirits-based canned cocktails into the private retail sector.**

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 face on a yearly basis of funding our public schools and essential state services. Our members have a tremendous record of keeping alcohol out of the hands of minors and inebriated persons. Our stores – every single one – stock thousands of items, have competitive pricing for consumers and are remodeling their appearance in a way that improves the consumer experience. 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 the proven results of our members in the Fine Wine and Good Spirits Stores, **we oppose all efforts to expand the sale of spirits-based products into private-sector retail outlets.**

“Ready-to-drink cocktails” (RTDs) or “canned cocktails” are spirits-based, pre-packaged drinks that are available for off-premise consumption and can currently be purchased at the approximately 600 Fine Wine and Good Spirits stores throughout the Commonwealth. They are the equivalent of a vodka and soda or rum and coke at a restaurant or bar and are designed for easy consumption and often marketed towards younger consumers. The PLCB has a competitive

listing process that ensures the best products are available to consumers. If a product is not readily available, our members in the store can help locate or order a product through the Special Liquor Order process. The PLCB's competitive listing process ensures that products that are in high demand receive adequate shelf-space and ensure that clerks are properly trained on new products in a way that enhances the consumer's experience.

While this product is relatively new to Pennsylvania's spirit market, this call for expansion is not based on a lack of access to the product. RTDs can be found in our Fine Wine and Good Spirits stores throughout the Commonwealth, and if there is a certain RTD product that is not on a store shelf, but in the PLCB's inventory, it can be shipped to a store of your choosing. In addition, many RTD products are available through online purchase through the PLCB's E-Commerce system and can be shipped directly to Pennsylvania consumers with a few clicks of a button.

This interest in expanding RTDs or "canned cocktails" is more so rooted in another attempt to chip away at a \$750 million revenue-producing agency for the benefit of the private sector. And coming out of a pandemic, these proposals heavily benefit both the alcohol industry and retail grocery and convenience stores, two industries that saw significant increases already in revenue as a result of COVID-19. Proposals like these are often presented as "modernization" by these industry stakeholders but are actually part of a broader effort to privatize Pennsylvania's wholesale and retail operations by driving products, revenue and foot traffic away from the Fine Wine and Good Spirit Stores. When we begin to strip products from the PLCB for the benefit of private retailers who have made billions in profits over the past year, we are doing a disservice to the Commonwealth, taxpayers and consumers. RTD products grossed 28.4 million in sales just last year, with the expectation that these sales numbers will continue to grow as more of these products enter the market. Our members are trained, ready and able to meet that consumer demand, and we are confident the Pennsylvania Liquor Control Board is also equipped to continue to handle these increased sales. We more than welcome dialogue around how our members and the agency can best serve the consumers with RTD products and would gladly participate in any discussion around this with the committees and the agency.

Furthermore, we oppose the expansion of spirits in private retail outlets 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. We rarely hear the perspective of the grocery store clerk who has spent the past year serving the Commonwealth during a global pandemic without being fairly protected or compensated. When we expand the types of products being sold in these retail grocery stores, we are asking those workers to take on more responsibility, more policing of minors and inebriated persons, and more product-knowledge with no guarantees of increased compensation. Our grocery store workers have been stretched thin over the past year serving as essential workers while grocery stores raked in millions in profits. This would just further increase the bottom lines of these businesses that thrived during the pandemic, with very little of those increased profits being driven towards their workforce.

While this may be presented by those in the industry as a minor, insignificant change, the reality is it is a step closer to the elimination of the only revenue-producing, self-sustaining agency in the Commonwealth. The groups that will benefit most from this proposal – the spirits industry

and the retail grocers – have made it the worst kept secret in Harrisburg that their end goal is elimination of state liquor system. This is important context to have when we talk about what the eventual goals of proposals such as RTD/canned cocktail expansion actually are.

Finally, as the Legislature considers proposals that will only result in a reduction of revenue that the Pennsylvania Liquor Control Board can provide to the Commonwealth, we must remember it was the PLCB and our members that **helped keep Pennsylvania afloat during one of the largest budget deficits in decades**. RTD expansion, and further reforms that will surely follow, will mean the loss of revenue to help fund our state police, drug and alcohol programs and other agencies throughout the Commonwealth. And if the same groups that benefit most from this get their way and fully privatize the PLCB, 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 and long-term it will mean various transition costs of divesting the agency that includes the lost value of liquidated assets, broken leases and other factors that will all cause a tremendous hole in our state budget. Therefore, it is in the best interest of the Commonwealth to forgo any further action on this proposal.

Thank you for taking the time to consider my testimony on behalf of our 35,000 members at UFCW Local 1776. We firmly believe that the PLCB retail and wholesale operations are an asset to Pennsylvania, provide thousands of family-sustaining jobs for the Commonwealth, and should be protected at all costs. We hope you will consider the detrimental impacts this change will have. Should you have any additional questions, please contact myself or our legislative director, Chris Naylor, at [cnaylor@ufcw1776.org](mailto:cnaylor@ufcw1776.org) or 267-738-4403.

