

**Testimony of Dyana Forester, Director of Political & Community Affairs UFCW Local 400**

**Before the Senate Finance Committee**

**In Support of SB0780, the Maryland Economic Stabilization Act-Revisions**

**February 27, 2020**

Chairwoman Kelley, Vice Chair Feldman and Committee Members

I am grateful for the opportunity to share my views about SB0780, revisions to the Maryland Economic Stabilization Act.

As the Political and Community Affairs Director for United Food and Commercial Workers, Local 400, we have unfortunately had recent experience with the voluntary nature of current law when it comes to closures in our industry.

Most of you are likely already aware of the recent closure of fifteen Shoppers Food and Pharmacy stores here in Maryland. The story of Shoppers and these closures is a tragic one with negative impacts not only on our members, but on the communities they served for decades. You will hear the stories of some of those members today, but I want to provide some context for their testimony.

Shoppers has had many owners in the decades it has served Maryland communities. The employees who kept it thriving have been through many ups and downs as it changed hands and economic circumstances changed. In past years they sacrificed wage increases, took benefits cuts, and worked with less staff in the stores in order to help the company in the hard times. Through the collective bargaining process, they were also able to make some gains during the good times, making these jobs some of the best in the retail grocery industry, somewhere you could still earn your way to a decent wage, affordable health insurance, and a reliable retirement.

Unfortunately Shoppers was also not immune to the consolidation that has been occurring over the last several years in the grocery industry. They were owned by SuperValu, a company based in Minnesota that owned several grocery chains in addition to running a network of grocery distribution warehouses that served not just their own stores, but many other grocery operators.

Beginning in the last few years there was a push from SuperValu shareholders to focus on the company on their wholesale and distribution business and to sell their retail operations. They started this by selling off their Farm Fresh banner in Virginia. Unfortunately for workers at those stores, Virginia has no requirements of companies during closures outside of the protections provided by the federal WARN Act and they did not have a union. Most of those employees were suddenly left with nothing as the stores were sold off. In one case a manager at

one of the stores organized a job fair for the employees at his store on his own because there was no support coming from the company.

Shortly after that sale, SuperValu was purchased by another large wholesale and distribution company, United Natural Foods, Inc, or UNFI. When that purchase was announced in late 2018, UNFI's CEO, Steve Spinner, immediately said their intention was divest from the remaining retail operations of SuperValu, including Shoppers.

We immediately started making requests to find out who they were attempting to sell to and to make sure our collective bargaining agreement was followed in the process. UNFI ignored us. Despite our demands, our contract language, and pleas from our members and the communities they serve, UNFI refused to provide any information about what they were doing. No timeline for a sale, no list of potential buyers, and no commitment to making sure a buyer would keep the current employees working under their collective bargaining agreement.

In early December of last year, our local President got an early morning call from the local labor relations head at Shoppers letting him know that in less than 2 hours they would be announcing the sales and closures of a number of their locations. With almost no notice they were putting people out of work with the holiday season approaching. Some stores were covered by the federal WARN Act, mandating that they would at least get paid for 60 days, but others were not, putting them out of work and out of pay almost immediately.

Unlike the workers at the Farm Fresh stores, Shoppers employees had their union and we were able to negotiate a decent severance package and use our collective bargaining agreement to keep those who wanted to remain with Shoppers employed at other stores.

Not all workers in Maryland have a collective bargaining agreement or the power and voice that comes with a union on their side. This bill will definitely benefit our members in the event of future closures, but, as importantly, it will protect all those workers in this state who do not have that representation. The federal requirements and the suggestions currently in Maryland law allow large, often out of state, companies like UNFI, which is based in Rhode Island, to take advantage of Maryland working families. UNFI is not in financial trouble. It is not closing these stores because they are losing money or not meeting sales benchmarks. They made a business decision to get out of the retail industry and have demonstrated that they do not care how that impacts their workforce or our communities.

It is time for Maryland to strengthen this law, protect our working families and their communities, and make sure these companies are not able to abandon our state without first compensating their workforce.