



## Lessons from the Grocery Crisis: Facing the Challenge of Underemployment in Arizona

Just weeks before Thanksgiving, the busiest time of year for grocery stores and shoppers alike, a statewide grocery strike loomed as crisis for our community. Around 15,000 Safeway and Fry's workers were on the verge of walking out, until the grocery workers' union and the companies struck an 11<sup>th</sup>-hour agreement.

Much of the public discussion around the impending strike surrounded the wisdom of the union's aggressive strategy of walking workers out at a moment when unemployment in Arizona is approaching 10%. Current data on poverty, however, shines a different light on the dispute and its significance for Arizona and Arizona's working people.

A recent Census Bureau release of the annual American Community Survey shows that right now, *underemployment* in Phoenix is every bit as big a problem as unemployment. Indeed while 13.4% of Phoenix's population is living below the poverty line, *44% of those living in poverty have jobs*. While more than one in ten working Arizonans are out of a job, twice that percentage of working-age adults in Phoenix lack any form of health insurance. And while unemployment puts pressure on our public assistance infrastructure, it is the combination of unemployment and underemployment—in which people who have jobs still live at or near the poverty level—that has created a situation where almost half of households with children in Metropolitan Phoenix rely on at least one form of taxpayer-funded public assistance to meet their families' basic needs.

People who work in the retail industry, the largest and fastest growing segment of workers in Metropolitan Phoenix are among those who most bear the brunt of working poverty. Cashiers, for instance, the largest segment of retail workers (some 43,450 in the Phoenix Metro area alone), make an average of just \$10.04 per hour, or \$20,890 annually. The “housing wage”—the minimum wage a person must earn to be able to reasonably afford rent and utilities for a two-bedroom apartment—is \$16.07 per hour or \$33,419 a year in Phoenix. That means that a disconcerting number of working people in Phoenix stand on their feet waiting on customers for eight hours each day, and then have to go home to an undersized apartment, or they struggle to pay the rest of their bills, often forgoing health care for themselves or their families.

The one island among this sea of “underemployed” retail workers are the employees of Fry's and Safeway who are represented by the grocery workers' union, UFCW Local 99. Unlike most retail employees, these workers have access to decent wages, retirement benefits, and affordable health insurance. And paying workers a living wage has not hurt Safeway and Fry's, whose businesses are running strong despite the general downturn in the region's economy.

The average wage for Safeway workers is \$11.54, hardly a king's ransom, but well above the average for the region's retail workers. Union grocery workers, moreover, have an employer-funded pension plan and affordable family health insurance. Whereas just 43% of retail workers in Phoenix are covered by employer-funded health insurance, nearly 85% of Safeway's 9,000 employees in Arizona participate in the employer-funded plan established by their union contract. Many non-union grocery employers, by contrast, fail to provide affordable health insurance and shift the burden for insuring the working poor onto the state. The *Arizona Republic* reported, for instance, that in the year 2005 alone, 2,800 WalMart employees and 700

Basha's employees were forced to turn to the taxpayer-funded Medicaid program for health insurance, costing the state and taxpayers millions of dollars.<sup>1</sup>

The near strike between the grocery workers' union and the grocery companies, then, should be seen as a rough patch in a decades-long partnership that, when working well, is a model for Arizona's service industry—a model we in the Phoenix community should seek to understand, foster and encourage between other retail companies, retail employees, and communities of shoppers throughout the valley.

Our other option? We could follow the lead of those who thought that union grocery workers were greedy and thoughtless in their efforts to protect the modest wage and benefits gains they have made over the last thirty years. We could say that since the majority of retail industry employees don't earn a housing wage and struggle to pay for health insurance, no group of workers should seek better than that.

But why race to the bottom when we already have an example of how the largest single industry in Arizona can offer family-sustaining customer service careers instead of dead-end jobs; keep a larger portion of the revenue generated by that industry in circulation here in Arizona's economy; foster institutions that give working people a stronger voice at work and in the community; and lessen the pressures on our skin-tight state budget?

Before the decade came to a close, a new three- year contract was ratified by the union grocery workers at Fry's and Safeway which does NOT include employee-paid premiums for health insurance, but does include wage increases and sufficient funding to maintain the pension fund. Yet the problem of underemployment—of Arizona's working families struggling to afford the basic necessities of life, despite doing their best to offer top-quality service to the businesses that drive our local economy—will remain. We can only hope that in the new year we can begin to learn those lessons from the almost-grocery-strike that will allow us to build a new, sustainable economy for Phoenix and for Arizona that will not leave working families behind.

---

<sup>1</sup> <http://www.azcentral.com/arizonarepublic/news/articles/0730ahcccs30.html>