

N.Y. Council Backs Benefits Bill

Store Health Care Measure Is Similar to One Vetoed by Ehrlich

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The New York City Council yesterday passed a measure requiring most stores that sell groceries to provide a set level of health care coverage for their workers in a move aimed at forcing companies such as Whole Foods Market Inc. and Wal-Mart Stores Inc. to change their labor practices.

The council's action follows other such efforts around the country, including one in Maryland. Legislators in New Jersey, Connecticut, Washington state, San Francisco and Suffolk County in New York are considering similar bills.

The movement is driven by concern over the expansion of big-box retailers such as Wal-Mart and BJ's Wholesale Club Inc., and high-end gourmet grocers such as Whole Foods, Balducci's and New York's Gourmet Garage, which typically provide fewer health care benefits than do unionized grocery stores. Local grocers -- many of which are unionized -- say they have difficulty competing with these companies because of their health care costs. Council leaders said the legislation is needed to ensure that workers do not have to rely on public health programs, which are a drain on the city.

The Maryland Democratic Party is vowing to push the Legislature to overturn Gov. Robert L. Ehrlich Jr.'s veto of a similar measure. "I would hope that some of those individuals that were reluctant to support the bill last year will take into account the fact that this is not just happening in a vacuum," said Derek Walker, a party spokesman. The bill, which passed in the spring, would have required for-profit companies with more than 10,000 employees to spend 8 percent of their payroll on health care benefits or contribute to the state's health program for the poor. "This is an issue that is being addressed nationally and at the state level. Momentum is always important with any legislative effort."

In New York, 46 of the council's 51 members voted in favor of the bill, with one member against it. It would require any grocery store with 35 or more employees or other retail stores with 10,000 square feet or more of floor space for food items to contribute \$2.50 to \$3 for health care for each hour an employee works. That is the average amount that employers in the New York grocery industry that provide health care currently contribute.

New York leaders said they supported the measure because it would ensure health care coverage for more workers, while leveling the playing field among retailers.

"There are 12,000 grocery workers in New York today who don't get coverage for their work," said council member Christine Quinn (D-Manhattan), who introduced the bill.

Mayor Michael R. Bloomberg (R) is expected to veto the measure. "The bill violates federal law, is riddled with loopholes, and providing health care to a selective group who work only in one

industry is terrible public policy," said Jordan Barowitz, the mayor's spokesman. It takes 34 votes to override a mayoral veto.

Traditionally, grocery workers have been union members, but in recent years gourmet grocers and discount big boxes have remained union-free as they have entered scores of new markets.

"In New York, most of the supermarkets contribute to health care," said Paul Sonn, deputy director of the poverty program at the Brennan Center at New York University, who designed the legislation. The big boxes and gourmet groceries "have sprung up and are really thriving because they provide high-quality merchandise and don't provide employee health care."

Full-time employees at Whole Foods are offered a health care plan after they work at the company for 400 hours, said Amy Hopfensperger, Whole Foods spokeswoman. The company also offers some benefits to part-time workers.

Wal-Mart has been searching for a store site in New York City. It recently backed away from a spot in Queens when it met opposition. Wal-Mart said the legislation will not scare it away. "We remain interested in the New York market," said Mia Masten, director of corporate affairs for Wal-Mart. "This will not deter us."

Wal-Mart has been the focus of intense interest over its employee benefits. In June, congressional Democrats introduced a bill that would force states to report companies that have 50 or more employees who receive government-funded health care, an effort to pressure Wal-Mart in particular to improve employee health coverage.

Wal-Mart employees who work 34 hours or more a week receive full-time benefits. Workers can get benefits after 180 days with the company. For families, premiums range from about \$155 a month with a \$1,000 annual deductible and access to Wal-Mart network doctors, to nearly \$300 a month with a deductible of \$350.

Grocery chains in New York welcome the law. "I do like the idea of trying to have a level playing field," said Nicholas D'Agostino Jr., chief executive of D'Agostino Supermarkets Inc., which has 18 stores in the city. Its workers are represented by the United Food and Commercial Workers Union. "We pay a lot for health care, so if we weren't paying for health care, we could price things differently or run things differently."

Other stores, such as Gristedes, also favor the legislation.

"At end of day, you should be getting health insurance and it will drive down cost for all others," said Mark S. Jaffe, president of the Greater New York Chamber of Commerce. "We would advocate to [employers] they need to do this. I think our members are smart enough to realize this is good for business."

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