

**Testimony by  
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**April 18, 2007  
Pennsylvania Senate Majority Policy Committee  
Hon. Jake Corman, Chairman**

Mr. Chairman and members of the committee:

Thank you for the invitation to appear before the Senate Majority Policy Committee today. I appreciate the opportunity to comment and answer any questions you might have on the Commonwealth's control of the sale of alcoholic beverages and prospective changes in the Pennsylvania Liquor Control Board system.

Local 1776 is proud to represent more than 2,600 state employees who work in the PLCB's Wine and Spirits Shops and distribution centers in approximately two thirds of the state.

The employees in the stores outside of our jurisdiction are represented by UFCW Local 23 in Western Pennsylvania and UFCW Local 27 in southern Delaware County. We enjoy a productive and cooperative working relationship with our colleagues in those locals, and together our members take a great deal of satisfaction – and take very seriously – the key role they are playing in the transformation and continued growth of the PLCB.

In that regard, if the Committee is to consider amending the Commonwealth's Liquor Code, we would urge that you recognize four realities.

- First, the PLCB provides the most effective control that we could have to prevent the sale of alcoholic beverages to minors.

Currently, our members use state-of-the-art scanning machines to prevent sales to underage customers. Because of our members' training and the zero tolerance policies they follow, last year they performed more than 922,000 documented challenges when they had reason to believe that a customer might be underage or that a customer might be trying to stand in for minors.

One study by the Insurance Institute of Highway Safety found that a minor is twice as likely to obtain alcohol for off-premise consumption in our neighboring State of New York than in Pennsylvania. This is due, clearly, to the fact that in Pennsylvania we control wine and spirits at the point of sale.

As recently as earlier this year, a study funded by the National Institute on Alcohol Abuse and Alcoholism surveyed sales at 385 off-premise sales locations in the State of Oregon. The study found that purchases by minors were highest at convenience stores – 38 percent. In grocery stores, minors were able to make purchases 36 percent of the time.

The study concluded:

“Alcohol was sold to youthful-looking decoys during 34 percent of the purchase attempts.”

Mr. Chairman, what a stark comparison this is to the situation in our state. I am very confident that the clerks in the PLCB's Wine and Spirit Shops do a better job of keeping alcoholic beverages out of the hands of children than anyone else in the nation or the world. It is highly unlikely that privately-owned businesses, with their profit-first motives, would perform at anywhere near this level to prevent alcoholic products from being sold to minors.

Underage drinking, unfortunately, continues to be a major problem in our state and nation. Numerous studies have pointed to younger drinkers, increased binge drinking, the financial costs of dependence and the risks associated with underage drinking – including crime and violence, traffic crashes, high-risk sexual activity, alcohol-induced brain damage and school and work performance problems.

Last October, the Pacific Institute for Research and Evaluation produced a national study stating that underage drinking cost Pennsylvania citizens slightly more than \$2 billion in 2005. This \$2 billion included medical care, work loss and crime.

“Underage drinking is widespread in Pennsylvania,” the study concluded. As high as the costs are, we can only imagine the additional costs to us as taxpayers if we were not making those 922,000 challenges a year to would-be young customers.

- Second, the PLCB is an important source of revenues to the Commonwealth. And that revenue is growing.

In the most recently completed fiscal year, the PLCB achieved its third consecutive year of sales growth exceeding seven percent. This record gross sales of more than \$1.57 billion meant nearly \$420 million

for the state's treasury and state agencies. It meant \$4.5 million in license fees returned to municipalities. And it meant nearly \$3.5 million spent by the Board on its nationally-recognized and copied alcohol education program.

The PLCB's revenues in the current year are projected to continue to grow, reaching between \$1.6 billion and \$1.7 billion. Given the demands on the state budget, it is hard to imagine how the contribution of the PLCB revenues would be replaced.

Furthermore, under the current system we are guaranteed that every dollar of taxes is collected and remitted directly to the state treasury. There is no added cost for collections and delinquencies.

- Third, the PLCB has made great strides to improve service to the public. It has achieved national recognition for the steps it has taken to broaden product selection, train staff and stock quality products at competitive prices.

For many years, the UFCW advocated steps to improve customer service. Years ago, this included such basic proposals as calling for the use of credit cards. More recently, our members have been pleased help roll out many innovations, including the convenience of Sunday hours, stores in supermarkets, outlet stores, expanded selections and other improvements – all of which we had proposed.

The result? Sales are up, customers are pleased, and Pennsylvania is gaining revenues because fewer people now drive to New Jersey and Delaware to make their purchases. In addition, your constituents who live in less heavily populated rural areas have service because the PLCB maintains its stores in these areas.

- Finally, the PLCB plays an important role in the economic development of our communities.

Right now, the PLCB's rental payments to private landlords for some 643 stores mean that nearly \$35 million a year flows into local economies in the form of lease payments. In many cases the PLCB's stores have been important pieces of community development.

In summary, Mr. Chairman and members of the Committee, we see a system that is serving the public well, is making money for the state, and is doing a better job than any agency in the nation in alcohol education and preventing wine and spirits from being sold to underage persons. This system, as the saying goes, "ain't broke. So why fix it?"

I look forward to working with the Committee in its deliberations and would be pleased to answer any questions that you might have.

Thank you.