



National Grocers Association

May 12, 2021

The Honorable Joseph R. Biden
President of the United States
1600 Pennsylvania Ave. NW
Washington, D.C. 20006

Dear President Biden:

On behalf of the National Grocers Association (NGA), I am writing to inform you of the extent to which the ongoing labor shortage is impacting the independent supermarket industry and request your immediate attention to this problem. As you contemplate a governmental response, we urge you to advance policies that encourage unemployed Americans to seek work and provide resources to businesses in need of help.

NGA is the national trade association representing the retail and wholesale community grocers that comprise the independent sector of the food distribution industry. Our members consist of family-owned, privately held or employee-owned full-service supermarkets as well as the wholesale distribution and supplier companies that serve them. Local economies are heavily reliant on the success of Main Street supermarkets. The independent supermarket industry is made up of more than 21,000 retail grocery stores nationwide, with sales exceeding \$131 billion annually and directly employing nearly 1 million American workers.

Independent community grocers and wholesalers are the heart of communities and have been on the forefront in supporting communities since the pandemic began. Employees – from cashiers to butchers and warehouse order selectors to truck drivers – are supermarket superheroes who have worked through the toughest days of this pandemic and, despite enormous challenges, succeeded in keeping our country fed. These stores are also at the heart of local communities, supporting local producers and businesses, and acting as a lynchpin of local economic activity.

Throughout the pandemic, the industry has dealt with increased labor needs to accommodate historic levels of consumer demand and to implement labor-intensive public health protocols such as cleaning and sanitizing, ensuring social distancing, and masking enforcement. Given these challenges, the industry has responded by increasing employee pay, providing additional overtime opportunities and offering bonuses. Despite these efforts, the industry is at a crisis point

in its struggle to find qualified employees and keep grocery stores operational for hungry consumers. There are thousands of open positions ranging from entry-level associates to experienced and career positions such as bakers, butchers, and cooks.

NGA's 501c3 non-profit Foundation is working furiously to mitigate the impact of the shortage. Through the NGA Foundation's online career center (grocerycareer.org), we have expanded efforts to help address recruiting needs in the industry. Such efforts include recruitment ads, work with local staffing agencies, shared information on job fairs and hiring initiatives, investing in a marketing campaign, and even providing services to job seekers such as resume writing and interview tips. Although these efforts have led to some modest improvements, we need the support of our federal and state government officials to make solving this problem as urgent of a priority as we are.

In a recent NGA member survey, 100 percent of respondents reported workforce and labor access challenges. Even though these challenges have persisted throughout the pandemic, NGA's members report that the problem has become significantly more acute in the last two months since the signing of the American Rescue Plan. 97 percent of respondents attribute this acute increase to the law's extension of enhanced federal unemployment insurance and stimulus policies.

NGA believes that Congress, governors, and the Administration must focus its efforts on fixing the broken unemployment insurance program to ensure the system does not discourage recipients from finding work. While unemployed Americans certainly need a safety net as they try to get back on their feet, the benefits of combined unemployment and stimulus policies should not meet or exceed prior compensation, or businesses will be competing with the government for labor. The Administration's actions announced Monday in "Fact Sheet: President Biden Announces Additional Steps to Help Americans Return to Work" are a positive step, but more needs to be done. A third-party consultant for an NGA member analyzed that the combination of enhanced unemployment insurance, stimulus checks and tax refunds for a family of four equate to roughly \$34.22 per hour for the next 5 months if the worker stays on unemployment.

It is simply impossible for grocers who exist on razor-thin profit margins to compete for work when the government is paying workers to stay home. Most NGA members are paying well above local minimum wage even for unexperienced entry-level positions. The market is driving up entry-level wages to rates that may soon only be affordable by large chains with deep pockets, putting even more pressure on the lower-margin, locally owned supermarkets. This adds another risk to rural and low-income communities, which disproportionately depend on independent grocers for access to healthy and affordable food products and are increasingly seeing a retreat of grocery investment.

The result of the shortage is devastating to the industry, the communities that depend on independent grocery stores, and American consumers. For some retailers, the crisis has impacted their ability to expand store hours and even open new locations. Current dedicated employees are having to cover more shifts and duties, even after a year-plus of working during the pandemic. Frankly, our current workforce is exhausted.

NGA is extremely worried about the impact of the growing labor shortage in the coming weeks and months. We would like to collaborate with the Administration on solutions that will help Americans get back to work and ensure our local independent supermarkets can continue to serve their communities.

Thank you for your consideration of our views. We look forward to working with you to solve the labor crisis and get Americans back to work.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Ferrara", written in a cursive style.

Greg Ferrara
President & CEO
National Grocers Association

CC: The Honorable Andrew Cuomo
Chair
National Governors Association

The Honorable Marty Walsh
Secretary
United States Department of Labor

The Honorable Patty Murray
Chair
Senate Committee on Health, Education, Labor and Pensions

The Honorable Richard Burr
Ranking Member
Senate Committee on Health, Education, Labor and Pensions

The Honorable Bobby Scott
Chair
House Committee on Education and Labor

The Honorable Virginia Foxx
Ranking Member
House Committee on Education and Labor