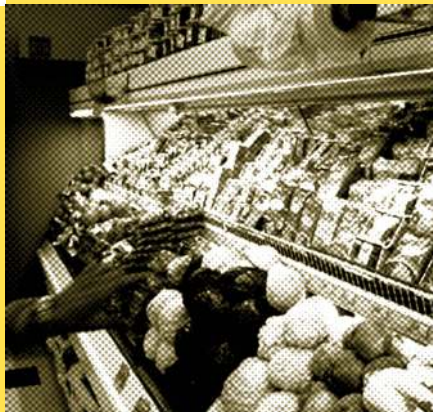




# Is your Gourmet Grocery a Sweatshop?

A report by New York  
Jobs with Justice and  
Queens College Labor  
Resource Center

Industry and data analysis  
provided by the Brennan Center  
for Justice at NYU School of Law



A Report on Working  
Conditions at Upscale  
Groceries in New York City

**“It’s getting harder and harder to make ends meet. I work 40 to 50 hours a week. But I still can’t afford health care. I left many things in my country to come here. I came to work hard. To get an education. To make a better life. But that just seems impossible now.”**

**– Sergio Moncon,  
Gourmet Grocery Worker**

All across Manhattan, more and more gourmet grocery stores are opening up. They cater to upscale customers looking for quality foods – imported cheese, organic vegetables and fresh fruits. Indeed, shopping in these stores can be a wonderful reprieve from the hectic lives we all lead.

But caring about our community means caring about the workers who help keep it running every day. The truth about working conditions is often hidden from the public's view.

Wages are at poverty levels. The work is long and strenuous. Health insurance is non-existent or unaffordable. And managers are regularly abusive.

In fact, it's often the stores with the highest prices and most expensive foods that pay their workers the least.

But it doesn't have to be this way. Many businesses take the high road, providing good jobs and still making good profits.

As residents, community leaders and people of faith, we can hold the owners of these gourmet grocery stores accountable. We can call on them to act with integrity – create good jobs with fair pay and just treatment of their workers.



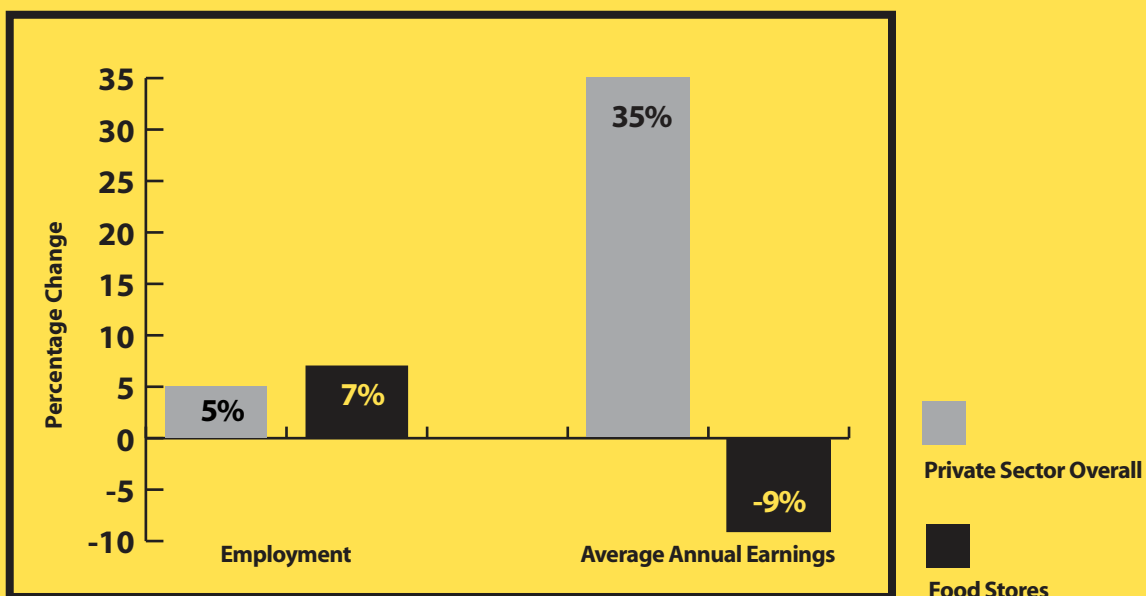
# Gourmet Grocers with Sweatshop Conditions are Rising

New York City's food retail industry is booming. And with more than 57,000 workers, it's a vital part of the city's economy.

- Between 1990 and 2000, employment in the private sector overall rose by 5%. But growth in food stores was even stronger, at 7%. And gourmet grocery stores grew the fastest of all, more than doubling over this time period. (See Figure 1.)
- But many grocery store owners take the low road and offer only bad jobs.
- For the private sector as a whole, average annual earnings grew by 35% between 1990 and 2000 adjusting for inflation.
- But in the food store industry, average annual earnings actually declined by 9% over this same time period.
- Cashiers, stocking clerks, food preparers, janitors – these hard working people are the backbone of the industry. Yet these jobs pay poverty wages, offer few if any benefits, and often entail long hours and difficult working conditions.

**“I have been working 50 hours a week, but at \$7 an hour, I have trouble paying rent and putting food on the table for my family.” – Anonymous Gourmet Grocery Worker**

Figure 1. Change in Employment and Earnings in New York City 1990–2000



# Working Conditions in Gourmet Grocery Stores

The following information is based on a survey of over 100 workers in gourmet grocery stores in Chelsea and the West Village.<sup>1</sup>

**Poverty wages, and no pay increases:** The average reported wage was just \$7.50 per hour, and cashiers started at \$6.50 per hour – that’s \$13,000 a year working full-time. The highest wage was \$9.00 per hour. At many of the stores, workers did not receive annual pay increases.

**Few benefits, if any:** Only a few stores offered health benefits. And in the few cases where health insurance was offered, the benefits were too expensive, workers had to be full-time, and had to wait 10-12 months to become eligible.

**Long hours and no over-time pay:** Full-time workers often had to work up to 60 hours per week – with no overtime pay, a violation of state and federal wages laws. At the same time, many part-time workers wanted more hours but couldn’t get them.

**Discrimination:** Women, undocumented immigrants, and workers with limited English proficiency earned the least and had to work the hardest.

**Little upward mobility:** Most of the stores hired their managers from the outside, rather than promoting from within. As a result, entry-level workers were largely black or Latino, while most managers were white.

**Abusive working conditions:** Breaks were short and infrequent. Almost no store allowed sick days. Sexual harassment, verbal abuse and threats were frequent, especially against immigrant

**“I was a dedicated employee for more than ten years. I arrived early and worked late regularly hoping to be considered for a promotion to management. That day never came. And over 14 years of work, my salary increased a mere \$3.50.” – José Luis, Former Gourmet Grocery Worker**





# Living on Poverty Wages

Workers in this industry aren't young kids looking to earn extra spending cash.

- The majority are adults (77% are age 25 and over), trying to support their families.
- Most work full-time (74%) and depend on these jobs for their livelihood.
- Many are immigrants (63%) who have come to this country to build a better life.
- The majority have finished high school (71%).<sup>2</sup>

Grocery workers get up every morning, go to their job, work very hard for long hours, and pay their taxes. But \$6.00 to \$8.00 an hour isn't nearly enough to support a family. These workers are making below the official federal poverty line.

**Table 1: What does it cost to live in New York City?**

<b>\$22.00 – \$35.00 per hour</b>	<b>Self-Sufficiency Wage</b> (For a single earner with two young children in the outer boroughs.)	The "self sufficiency standard" measures how much income a family requires in order to meet basic needs such as food, housing and child care. The wage is calculated for different family types and regions based on a realistic assessment of the costs of living. In the outer boroughs, the self-sufficiency wage for a single wage earner with young children is \$20–\$24 per hour. In lower Manhattan, it's \$35.15 per hour.
<b>\$20.63 per hour</b>	<b>Housing Wage</b> (For a single earner renting a two bedroom apartment at market price.)	The "housing wage" estimates the livable wage for NYC based on the average costs of renting an apartment on the open market. Assuming that housing costs should account for no more than a third of a family's budget, the "housing wage" required for a single earner to afford a two bedroom apartment in NYC is \$20.63 per hour.
<b>\$9.76 per hour</b>	<b>Food Stamp Wage</b> (For a single earner supporting two young children.)	A family of three qualifies for food stamps if their household income is \$19,536 per year, or \$9.76 per hour <i>after taxes</i> .
<b>\$8.84 per hour</b>	<b>Poverty Wage</b> (For a single earner supporting a family of four.)	The federal poverty line is set at \$18,400 annually for a family of four, or \$8.84 per hour for a single earner.

**“You shall not abuse a needy and destitute laborer, whether a fellow countryman or a stranger in one of the communities of your land.” – Deuteronomy 24:14**

# You pay. Employers ride free.

Bad jobs don't just hurt workers, they also hurt our economy as a whole. That's because taxpayers foot the bill when employers don't pay their workers enough to survive.

Consider a cashier who supports a family of four and earns \$6.60 an hour. At this poverty wage, she qualifies for public assistance, food stamps, Medicaid, Family Health Plus and Housing subsidy – all of which are paid for with public dollars.

This adds up. A recent report estimates that in 2002, about \$1.1 billion in public benefits was spent on low-wage retail workers in New York City.<sup>3</sup>

These safety net programs should go to those who need them the most. Profitable employers should pay family-supporting wages, not force the public to pick up the tab.

**Table 2: The high prices of gourmet grocers**

A typical shopping excursion in Union Square

Item	Cost at Normal Supermarket	Cost at Gourmet Grocer
Organic Eggs	\$2.19	\$4.00
One Gallon Orange Juice	\$2.43	\$2.99
1 lb. Cold Cuts	\$6.67	\$8.99
Helman's Mayonnaise	\$2.61	\$3.65
Hummus	\$3.49	\$3.95
Tunafish	\$1.11	\$1.65
Can of Beans	\$.79	\$1.65
Can of Soup	\$2.45	\$2.95
Mac n' Cheese	\$1.45	\$1.99
Cheese - average per lb.	\$6.00	\$9.00
5 lbs. sugar	\$3.39	\$3.95
<b>Total</b>	<b>\$32.58</b>	<b>\$45.00</b>



# These businesses can afford to do the right thing

By paying poverty wages and sweating their workers, gourmet grocers foster a race to the bottom in New York City. And yet, all the evidence indicates that they can choose a different path. Consider the following:

## **Gourmet grocers are making plenty of money.**

Hefty mark-ups on fancy meats, produce, and prepared foods gives gourmet grocers the highest profit margins in the industry.<sup>4</sup> In fact, gourmet supermarkets (including small ones) are twice as profitable as conventional supermarkets.<sup>5</sup>

When surveyed about their profit margins, gourmet grocers reported 56% larger gross profit margins in their produce departments, 29% higher in deli departments and 25% higher in meat departments than conventional grocers.

And this holds true in New York City. Table 2 shows that even for the same products, gourmet grocers charge more than a typical upscale supermarket in the area – prices can be as much as 38% higher.

## **Gourmet grocers are one of the fastest growing parts of the food industry.**

Sales of organic and natural foods have grown by more than 20% a year in the past five years.<sup>6</sup> In fact, in large cities and nearby suburbs

sales of natural foods are growing at about three times the rate of conventional food.<sup>7</sup>

Other food stores in New York City are living proof that it is possible to pay decent wages, provide benefits, have good working conditions, and still be competitive.

For example, responsible employers like Fairway, D’Agostinos and Pathmark offer their workers quality jobs, and are still profitable.

In these stores, the typical worker earns around \$11 per hour, with quality health benefits and job security. Just as important, these stores treat workers with respect and offer career ladders to better jobs.

## **Investing in a better-paid workforce pays off in increased sales and profits.**

Food retail has some of the highest turnover in our economy – averaging around 100% each year.<sup>8</sup> But experience in the industry shows that better compensation leads to lower turnover, better service, and higher productivity.<sup>9</sup> In fact, specialty food stores consider quality service their greatest competitive advantage.

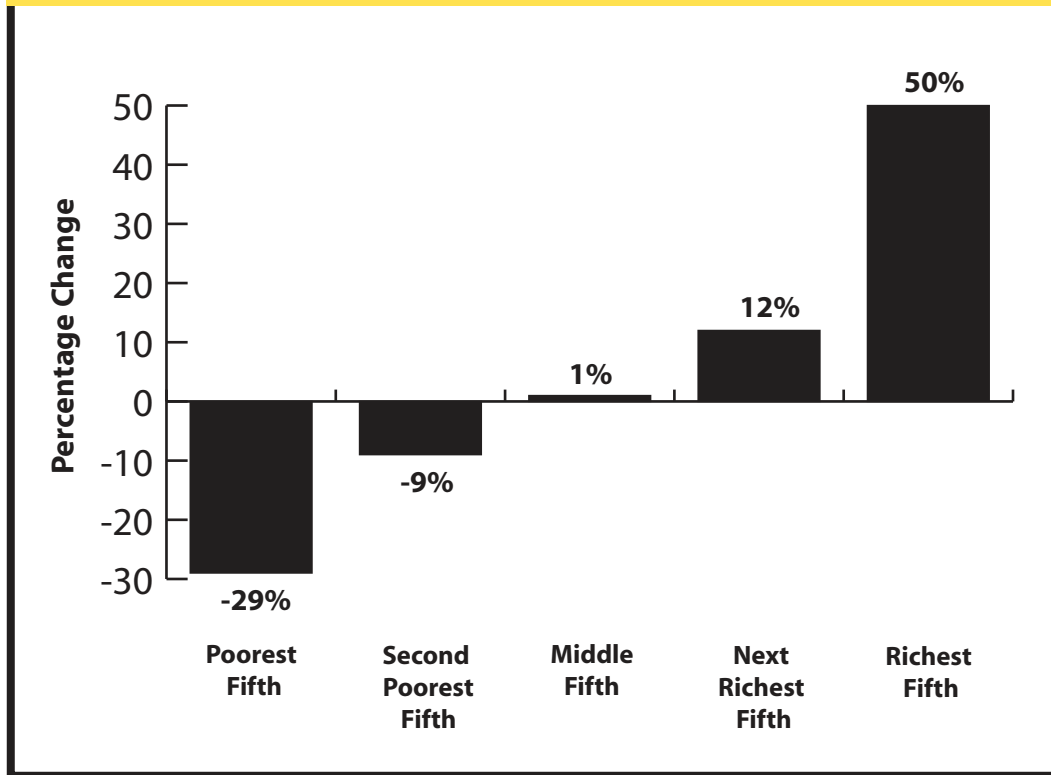
The bottom line? Gourmet grocers can pay livable wages and solid benefits and remain strong and profitable.

It’s simply a matter of choice.

**“Men shall have the benefit of what they earn, and women shall have the benefit of what they earn.” – Holy Qur’an 4:32**



Figure 2: Change in Average Family Income in New York City from the late 1970's to the late 1990's



## Gotham Unequal?

The choices we make about the job standards in our community will shape the future of New York City. In fact, the exploitation of gourmet grocery workers reflects a disturbing trend evident across our city.

Over the past two decades, the city has seen alarming growth in economic inequality – resulting in an hourglass economy with growing numbers of low-wage service jobs at the bottom, a cluster of high-wage professional jobs at the top, and few middle-class jobs in between.

### Consider the following:

Between the late 1970s and the late 1990s, New York City saw a staggering increase in income inequality. Figure 2 shows that the poorest fifth of families saw their incomes actually decline by 29%, while the richest fifth saw their incomes increase by 50%, adjusting for inflation.

The result is that by the late 1990s, average family income for the poorest fifth was \$7,774 a year. For the richest fifth, it was \$155,485 a year.

*continued on next page*



## **(Gotham Unequal? con't.)**

Fully 28% of families with young children in New York City were living below the federal poverty line in 1999.<sup>10</sup>

### **Unfortunately, this polarization is even more acute in particular neighborhoods:**

In 1999, median family income in Chelsea and Union Square was \$84,368 per year. In the West Village, it was \$114,236. That's three times the city median of \$38,000. And it's even higher than the median of \$29,226 in Washington Heights, a neighborhood where many gourmet grocery workers live.<sup>11</sup>

In 1999, the average person in Chelsea and the West Village spent \$2,711 on groceries every year. That's significantly higher than the average for the city as a whole, and is 50% higher than the average for Washington Heights (\$1,753 per person per year).<sup>12</sup>

If we leave things as they are, inequality will continue to grow in our city and our neighborhood. The good news is that there's something we can do right now.

## **You can help!**

Let's safeguard the rights of workers and keep the American Dream alive.

Raise this issue with your local community or neighborhood organization, in your church, synagogue or mosque and with your government representatives.

Ask if your local grocery owner provides quality and affordable health care to their employees.

Check to see if your neighborhood green grocer has signed on to the New York State Attorney General's Green Grocer Code of Conduct ([www.oag.state.ny.us](http://www.oag.state.ny.us))

Sign up with Jobs with Justice to support the struggle for dignity and justice for gourmet grocery workers. Contact us at 212-631-0886.

# Sources for tables and figures:

*Industry and data analysis provided by the Brennan Center for Justice at NYU School of Law.*

Figure 1: New York State Department of Labor, 2004. Employment and Wages, New York State and Counties, 1975-2000 (ES202 series). Accessed on-line in March 2004 at [http://www.labor.state.ny.us/labor\\_market/lmi\\_business/employ/hist202.htm](http://www.labor.state.ny.us/labor_market/lmi_business/employ/hist202.htm)

Figure 2: Economic Policy Institute and the Center on Budget and Policy Priorities, 2000. Pulling Apart: A State-by-State Analysis of Income Trends. Washington, DC: Center on Budget and Policy Priorities. Data shown from special analysis for New York City PSMA, conducted by the Economic Policy Institute and Center on Budget and Policy Priorities. Available on-line at [http://www.fiscalpolicy.org/data\\_01.stm](http://www.fiscalpolicy.org/data_01.stm).

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Table 2: Shopping list comparison conducted by staff of the Brennan Center for Justice, December 2003, at a gourmet grocer and high-end supermarket in the Union Square area. As much as possible, identical items were priced.

## Endnotes

- 1 Survey conducted over a three-week period in July, 2003. Survey targets were retail stores in the Chelsea, Gramercy Park, and Greenwich Village areas. Over 100 employees of gourmet grocers were surveyed. Many of those surveyed were cashiers and stockers, though a significant number worked in specialty departments preparing or selling gourmet seafood, bread, cheese, and other foods.
- 2 Analysis of Census 2000 data conducted by the Brennan Center for Justice. The sample is workers aged 18-64, who worked more than 0 hours in the past year in the "food store" industry in New York City.
- 3 Moshe Adler. 2003. "Unionization and Poverty: The Case of New York City Retail Workers." Working Paper No. 127. Washington, DC: Economic Policy Institute.
- 4 National Grocers Association with Financial Management Solutions, 2003. Points of Impact: NGA Retail Operations Survey 2002-2003. Survey of 685 food retailers. Available online at : <http://www.nationalgrocers.org/nga.art/FinSur2003-Mar.PDF>.
- 5 Neuborne, Ellen, "Food Stores Go Upscale: Gourmet Trend Feasts on Food Variety, Safety." USA Today, 20 April, 1996, pg. 01.B.
- 6 Barry Janoff, "Natural Resources." Progressive Grocer, March 2000, V. 79, Issue 3, pg. 101-107.
- 7 Marian Burros, "Natural Food is Big, and Sometimes Even Natural." New York Times, 27 June, 2001, Sec. F.
- 8 Dyer, Leigh, "Retailers Continue to Deal with High Turnover." Knight Ridder Tribune Business News, 5 April, 2002, p. 1.
- 9 Based on Barry Janoff, op.cit. and National Grocers Association "Specialty Foods Survey 2003." Survey of 140 specialty foods retailers across the U.S., compiled by Dakota Worldwide Corporation. Available online: <http://www.nationalgrocers.org/nga.art/NGASpecialtyFoods.pdf>.
- 10 Source: U.S. Census Bureau, Census 2000 Summary File 3, Matrices P90, P91, P92, P93, PCT59, PCT60, and PCT61.
- 11 Source: U.S. Census Bureau, Census 2000, Median Income for New York City in 1999. Accessed through [www.infoshare.org](http://www.infoshare.org), April 2004.
- 12 Source: Claritas E-Connect Consumer Expenditure Data for "Food at Home," 2003. Accessed through <http://www.clusterbigip1.claritas.com/eConnect2/welcome.jsp>, April 2004.



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