

ANNUAL REPORT 2019 – 2020

This was an historic and extraordinary year for the association, the legislature, regulatory authorities and all of Massachusetts. The 191st General Court of the Commonwealth of MA was scheduled to formally end its two-year legislative session on Friday, July 31, however due to the onset of the pandemic, the legislature was required to close the State House and all governmental offices. This forced the House and Senate to delay the state's fiscal budget, which was supposed to be in place July 1 and to date has yet to be determined as the state operates under a temporary (or supplemental) budget. It continues to meet "virtually" and will do so through the end of the calendar year. MFA will continue to monitor the legislature and all regulatory activity as meetings and discussions have all gone virtual. Below is a report on the pandemic, legislative and regulatory issues the association dealt with over the past year:

COVID OUTBREAK

On January 21 the 1st case of COVID-19 was reported in the United States. At the beginning of March 2020, a pandemic was declared by the Center for Disease Control. On March 10 Governor Baker declared a State of Emergency, after the State House and all government agencies closed on March 9. The food industry was deemed as an essential service and could continue to operate under strict federal, state and local conditions. Immediately after, most of the work and attention of the Association turned towards advocating for our industry on any and all issues that would affect it relating to the COVID-19 outbreak. This included the creation of state and local guidances and orders, individual and collective issues as they arose. MFA was in constant discussions with the Baker administration and various state officials and offices including the MA Department of Public Health (DPH), Executive Office of Labor & Workforce Development, MA Emergency Management Agency (MEMA), Office of Consumer Affairs and Business Regulations (OCABR), Division of Standards (DOS), Department of Family Medical Leave (DFML), etc. MFA also began daily calls with DPH and MEMA and others on the state's creation of Mass Feeding Task Force, serving on one of three sub-committees to create a procurement and distribution system of food and essential articles to communities in need and address food insecurity. MFA also participated in daily calls with FMI and NGA lasting through the start of the pandemic in the United States. Communication with MFA association counterparts began to take place on relevant issues, i.e. discussion with Connecticut Food Association when CT closed its bottle deposit rooms, created price gouging proposals, etc.

MFA continues to advocate on behalf of the industry at local, state and federal levels as the pandemic continued through the summer and into the fall. By working closely with legislative counsel, MFA is in constant communication with the administration, Departments and agencies and local officials to represent our industry on all levels.

LEGISLATIVE UPDATE

This past year was challenging for the Association as the State House closed to the public yet sessions continued beyond the statutory July 31 deadline for the first time in the history of the General Court. The two-year Employer Medical Assistance Contribution (EMAC) assessment came to an end on December 31, 2019 and efforts to extend it were defeated. Payments to the state's Family Medical Leave program began October 1, 2019 after a three-month delay. As part of the "grand bargain" bill that was passed in 2018, the state's minimum wage continues to rise towards the \$15 per hour level in 2023.

COVID RELATED LEGISLATION

MFA responded to several bills that were filed in response to the pandemic which sought to mandate compensation for grocery store, or "essential" workers. With the industry already responding by offering its own models of compensation, there was no need for the state to dictate them. Bills calling for mandated levels of "hazard pay" (H4740, H4745) were placed into studies for the session.

Legislation tying workers compensation to COVID was also placed into studies (H4739, H4749). MFA also advocated for an amendment to legislation to remove any unwarranted liability upon grocery store employers for COVID related issues (H4659, S2644). As of this writing they remain before their respective committee.

EMPLOYER MEDICAL ASSISTANCE CONTRIBUTION (EMAC)

In 2017 the Legislature approved a temporary increase in the EMAC payment companies pay to the state to help fund health insurance programs in the Commonwealth, which became effective January 1, 2018, beginning a two-year assessment that increased employers EMAC payment rates from .34% to .51% of annual wages per employee. It also included an additional payment of 5% of annual wages (capped at \$15,000 per employee, topping out at \$750 per employee) for those non-disabled employees on public health coverage. The assessment sunset December 31, 2019. After several attempts to continue the supplemental payments, MFA and others worked successfully to terminate them. EMAC payments returned to levels prior to the supplemental payment.

MINIMUM WAGE

Massachusetts is in its second year of a five-year annual increase in the state's minimum wage rate, setting this year's minimum at \$12.75 per hour, raising next year to \$13.50 per hour. The original 1.5x premium pay rate for Sundays and certain holidays drops each year 1/10 of 1% until the premium rate is gone in 2023. For 2020 it is at 1.3% and drops next year to 1.2%. The premium pay phase-out was part of the compromise reached on raising the state's minimum wage, along with the elimination of any automatic annual indexing of future minimum wage rates, as was initially proposed for the ballot.

PAID FAMILY & MEDICAL LEAVE (PFML)

The, new state-run paid family medical leave program for employees allowing them to accrue paid time off for any newborn, adoption or medical issue they, their family members or others may have that require assistance kicks in January 1, 2021. It does not require employers to pay any premium towards paid family leave for their employees. The weekly amount of wage replacement payments was delayed from July 1 to October 1, 2019.

PLASTIC BAGS

MFA continued efforts with environmental activist groups such as MASSPIRG, Sierra Club, Surfriders, etc., and MA Retail Association to create a statewide plastic bag ban supported by all groups. General consensus was reached with all the above-mentioned groups on a proposal that would: ban plastic bags; place a mandatory fee on paper and plastic until plastic was phased out, with the fee remaining on paper bags; state preemption of all local ordinances, and; adequate time for phasing in these requirements. MFA met with Senate leadership late in 2019, which then drafted legislation (S2410) that included all of the above and passed the bill through the Senate and over to the House. The bill is now in House Ways & Means. Meanwhile the House had redrafted an existing plastic bag ban bill and sent it out of committee favorably also to the House Ways & Means Committee. The House redraft was not supported by MFA and the other activist groups - it contained no mandatory fee, did not prohibit thicker plastic bags from being distributed and allowed compostable bags, which cannot be recycled. MFA hopes to re-group with the environmental and business associations to once again work towards getting the Senate proposal passed. MFA will continue to strategize with legal counsel and activist groups to gain support at the state level.

TESTIMONY SUBMITTED TO DATE THIS YEAR:

OPPOSE – ACCELERATED TAX REMITTANCE (H2);

SUPPORT – MANDATORY BAG FEE (S2410));

OPPOSE – MANDATE BUILDING ENERGY PERFORMANCE STANDARDS (H2919/S2011);

SUPPORT - CAGE FREE AMENDMENT (H4146);

SUPPORT - EMAC PHASE-OUT PRIOR TO SUNSET (H1647);

SUPPORT - FAMILY MEDICAL LEAVE DELAY (which passed);

OPPOSE – CLOSURE OF STORES FOR LIQUOR VIOLATION (H260);

SUPPORT – COMPREHENSIVE SOLID WASTE LEGISLATION (H2830, H2859).

REGULATORY UPDATE

MFA continued to respond to member inquiries, serve on numerous state advisory boards, committees, and task forces, including:

- **ALCOHOLIC BEVERAGE CONTROL COMMISSION (ABCC)** – Continued to participate in ABCC legal working group meetings, constant communication with Executive Director, who, along with the Commissioner attended Board meeting as guest speakers;
- **DEP'S ORGANICS SUB-COMMITTEE** – Continued work on organics diversion, exploring lowering threshold of ban to those who produce ½ ton/week of organic waste (now 1 ton), communicated with members about DEP's site facilities map for organics diversion locations;
- **DEPT OF TRANSITIONAL ASSISTANCE (DTA)** –Created and maintain relationship with the Department and staff for communication and informational purposes, worked with Department during COVID outbreak to communicate information and respond to requests;
- **FOOD ESTABLISHMENT ADVISORY COMMITTEE (FEAC)** - Worked through FEAC on disbursing important information and feedback to the Committee on COVID outbreak, Food Code implementation, etc.;
- **GREATER BOSTON FOOD BANK** - Board of Directors Ex officio, Food Industry Council;
- **MA HEALTH CONNECTOR** – Continued participation in Health Connector Advisory Council as appropriate;
- **WIC ADVISORY COUNCIL AND WIC VENDOR ADVISORY COUNCIL** - Liaison continues between the WIC office and members on COVID and related issues;
- MFA continued to serve as a liaison between members and other state regulatory agencies and departments such as the Department of Public Health, the Attorney General's office, the Division of Standards and others to foster discussion and seek resolution to situations faced by members;
- MFA continued to work with other trade groups and industries including business organizations (AIM, RAM) taxpayer foundations (MTF), restaurants (MRA), small business (NFIB) and others on issues that affect all our industries, including wages, health care, automated sales tax remittance, employee leave and benefit proposals and through the pandemic.

LOCAL ISSUES UPDATE

Communities across the state continue to implement local measures in an attempt to gain statewide approval, including plastic bag bans, packaging bans and restrictions, straw bans, bottled water bans and polystyrene bans. MFA continued to utilize an alert system to identify issues as they are proposed in municipalities; a notification process to our affected members in the municipality and procedures

for disseminating testimony, information and talking points to affected members as appropriate. Efforts include the following:

- MFA continued to offer testimony as appropriate in communities that proposed plastic bag bans and educate local officials as to what our industry does to reduce disposable bag distribution and recycling efforts for these items;
- MFA continued to work with other industry groups such as the MA Beverage Association on bottled water bans;

EMERGENCY PREPAREDNESS UPDATE

MFA continued its participation with the Massachusetts Emergency Management Agency (MEMA) serving as a member of its MA Emergency Support Function 5 (MAESF-5). MAESF-5's function is to represent the business community and the private sector, and is responsible for providing a framework of coordination and cooperation among public and private sector partners before, during, and after disasters, emergencies, or planned events in Massachusetts. MEMA calls for close collaboration between public and private sector partners over all phases of emergency management to improve community resilience and ensure effective use of resources during incidents. As outlined in the MAESF-5 *Business and Industry* annex, the duties of the Association include:

- Provide information and situational awareness on the status, location, needs, and available resources of food retailers, distribution centers, wholesalers, and distributors;
- Work with member organizations to develop a list of critical commodities that can be pre-positioned in advance of an event;
- Provide staffing for the MAESF-5 work station at the SEOC as needed;
- Act as a conduit for providing situational awareness and information on ongoing operations from the SEOC to member organizations;
- As requested, coordinate private sector resources to support SEOC operations;
- As needed, obtain information from member organizations to provide to the SEOC.

MFA continued to serve on MEMA's Hurricane Working Group and its Mass Feeding Working Group during the hurricane seasons.

COMMUNICATION

- MFA continued to serve as the leading voice of the state's grocery and supermarket industry, responding to media inquiries, participating in editorials and webinars on important issues on behalf of the entire industry;
- MFA is in constant communication with members and the public through weekly publications, editorials, articles and publications in media outlets;
- MFA maintained its website to keep members informed and up to date on Association and industry related issues. In addition, MFA continued to grow our social media platform to reach a broader audience of the membership and beyond.

ASSOCIATION STATUS, FINANCES & SOCIAL EVENTS

- MFA continued to remain in a strong position both fiscally and in membership development. MFA met 91% of anticipated revenue from our virtual convention and met 98% of fiscal projections for its annual budget while dealing with unprecedented conditions from the pandemic;
- MFA continued to work with regional and state organizations such as the Food Industry Association Executives (FIAE), the National Associations including the Food Marketing Institute (FMI), the National Grocers Association (NGA) and others to further the causes of the industry;
- MFA's Annual Convention held "virtually" over Memorial Day Weekend was once again a financial success for the Association and exceeded expectations in the pandemic. Due to sponsorships and other financial contributions the Association is in a strong financial position as the pandemic continues.