Handling liquor doesn't pay

Most rank and file workers in the Utah monopoly have low wages, no benefits

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Utah's lucrative liquor monopoly that brought nearly $90 million to the state treasury last year hasn't trickled down to the majority of employees working in state-controlled liquor stores and warehouses. Utah is maximizing liquor profits by paying 35 percent of its full-time liquor employees and more than 90 percent of its part-time staff wages that hover near or below the poverty level - putting them among the lowest-paid state workers. Further savings to the state come from having more than half its entire liquor staff work less than 20 hours per week, making those workers ineligible for health-care insurance, dental coverage, vacation time, sick pay or retirement benefits. No other state agency relies more on part-time workers than does the Utah Department of Alcoholic Beverage Control. And while the governor and lawmakers tout health-care reform, none of the proposals would provide state coverage to the nearly 300 part-time liquor employees or 3,500 part-timers working for dozens of other state agencies. "We have to ask ourselves if it makes sense for the state to be a model employer," said Judi Hilman, executive director of Utah Health Policy Project. "And if the answer is yes, then the least we could do is allow these workers to participate in the cost-effective Public Employee Health Plan," which provides medical insurance for government employees. One store clerk said he cannot afford to buy private health coverage for his two dependent children with what he earns from his part-time state job and full-time work as a tradesman. His children are enrolled in the Children's Health Insurance Program, which provides subsidized coverage. But Lisa Roskelly, spokeswoman for Gov. Jon Huntsman Jr., said part-time workers could have insurance coverage elsewhere, say, from a spouse or parent, and that part-time workers are told "up front" they will not receive any state benefits. Although Utahns pay the nation's highest taxes on wine and second-highest levy on distilled spirits, according to the Distilled Spirits Council, little from the state's 85 percent markup on liquor goes to its workers. Utah spends only 11 percent on wages and other operating costs to run its state-controlled liquor distribution system, while collecting more than three times that amount in sales taxes, school lunch subsidies and profits that flow directly into the state's general fund. Paychecks to retail clerks and warehouse workers are akin to earnings of school bus aides and entry-level custodians. More than 80 percent of the liquor department's part-timers earn less than $9 per hour and 35 percent of the full-timers make less than $11 per hour, putting their top annual salary at $22,880 - compared with the $20,650 that last year was considered at the poverty level for a family of four. Utah is one of 18 states that control some aspect of liquor sales. And when compared to New Hampshire and Pennsylvania, which like Utah run total monopolies over both the wholesale and retail liquor markets, Utah salaries fall behind. The typical Utah retail sales clerk makes $8.19 per hour and works part-time with no benefits. In New Hampshire, most clerks also are uninsured part-timers, earning $10.42 an hour. And in Pennsylvania, the average salary of a store employee is $14.90 per hour - and part-timers receive benefits after working two years. Utah liquor workers' biggest complaint centers on the state-sanctioned "salary compression" system, said Audry Wood, executive director of the Utah Public Employees Association. Compression means earnings do not reflect years of service in lower-end jobs, "so that someone hired right off the street would make as much as you do - no matter how long you've worked." The system drives a gap between what front-line workers make and top administrators' salaries. Only 13 employees in the 530-member liquor labor force make annual salaries of more than $46,000. Salaries are determined by market surveys, which show that Utah liquor workers' pay is slightly below that of their counterparts in the private sector, said Jean Mills Barber, spokeswomen for the Department of Human Resource Management. "The bulk of the employees are clerks and warehouse workers, so the scope of their duties and responsibilities are different from that of a financial accountant, a department head or division director," she said. "And that is reflected in their pay." Although liquor-control commissioners' hands are tied when it comes to salary compensation for most workers, the board has been generous to administrators. Last June, shortly before terms for three of the five members expired, the board appointed 30-year department veteran Dennis Kellen as agency director - without soliciting any other candidates. Kellen was among 12 DABC administrators and staffers named in an audit months earlier for retiring, then reclaiming his old job while collecting retirement benefits. Legislative auditors criticized the practice, and Kellen has said he will not hire retirees. So-called double dippers can earn as much as 170 percent of their pre-retirement salary. Kellen said his annual pay of $89,870 is among the lowest of state department heads - and within his own agency, his earnings are listed below his chief deputy, Earl Dorius, who makes $93,380. Kellen has collected retirement benefits since 2005, Dorius since 2000. "For the past 20 years I've tried to get our employees' salaries increased, and I tried again last year, as well," said Kellen. "But unless more money is budgeted for personnel, there's nothing more we can do. We do make it a point, however, to promote people within our department, rather than hiring from the outside." Only one of the 12 rehired employees in the department is a front-line worker. The employee, who had worked for the liquor department for 28 years, had a base salary of $11.98 an hour. ***dawn@sltrib.com***