

TALE OF TWO AMAZONS

Amazon is growing fast in the Boston area, but the jobs being created follow two very different tracks.

A delivery truck travels along Summer Street as a new Amazon headquarters tower is being built in the Seaport in the background.

GARY HIGGINS / BOSTON BUSINESS JOURNAL; PHOTO ILLUSTRATION KRISTINA WALSER



By **Greg Ryan** – Law and Money Reporter, Boston Business Journal
a day ago

In December, the Boston City Council passed a resolution calling out a major corporation for substandard wages, benefits and working conditions. With a unanimous vote, the lawmakers demanded: If the company wants to expand in the city, it would need to curb its use of independent contractors.

The next month, a major corporation announced a significant Seaport District expansion. Mayor Marty Walsh lauded the “new economic opportunities” being created in the city, in a press release the company itself blasted out. A city councilor later called the announcement a “hugs-and-high-fives moment.”






The corporations are one and the same: Amazon.com Inc.

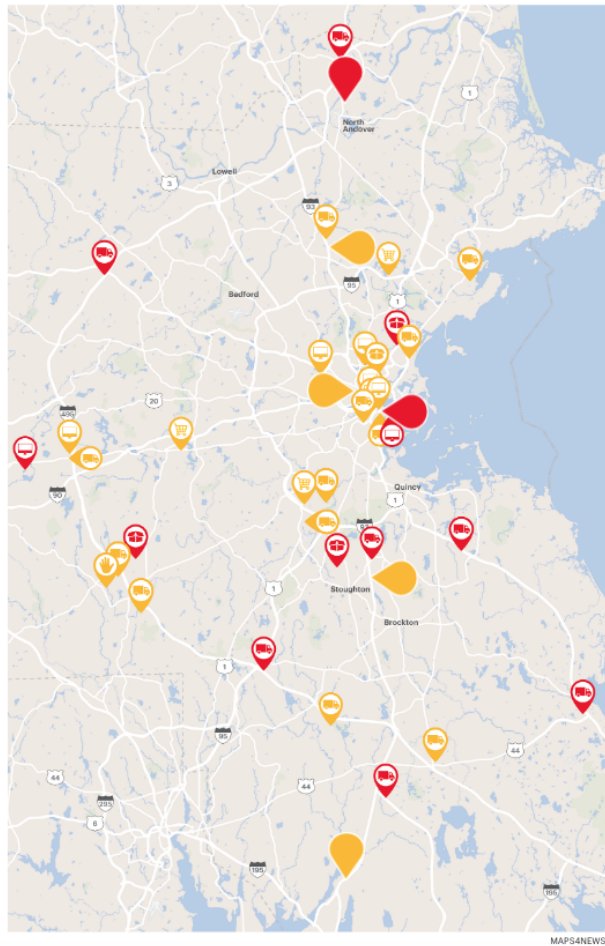
Based on the words and actions of city leaders, you’d be forgiven for thinking otherwise. Depending on the context, Amazon is two different employers, both growing at breakneck speed around Greater Boston: one handing out six-figure salaries to software engineers, the other a warehouse company whose labor practices are raising the ire of local worker advocates.

ON THE MAP

Below are Amazon’s existing and planned facilities in the region. Whole Foods stores and Amazon Locker locations are not included.

 Existing  Planned

-  Delivery station
-  Retail store
-  Sortation center
-  Fulfillment/distribution center
-  Office



Amazon the technology godsend is set to occupy not one, but two towers in Boston's Seaport District. It has committed to taking up more than a million square feet of new office space in Boston — a real estate windfall for brokers and lawmakers fretting that firms' post-pandemic embrace of remote work will lead to lower rents and a smaller commercial tax base.

Amazon the warehouse company is — or soon will be — one of the largest employers in places like Fall River and North Andover. The logistics company uses part-time employees and contractors, and its labor practices are also drawing the wrath of politicians and unions. A local International Brotherhood of Teamsters chapter is in talks with Amazon workers about organizing, according to the local's president, Sean O'Brien.

Certainly, Amazon has its cheerleaders as well: The town of North Andover has approved an estimated \$27 million tax break for its 3.8-million-square-foot distribution center there.

Politicians are trying to thread the needle, welcoming the tech jobs while blasting labor conditions for drivers and warehouse workers. But the brass at Amazon's Seattle headquarters — who aren't exactly known for forgiving perceived slights — may weigh the criticisms of the one Amazon when deciding where to add jobs or to locate new offices for the other. Ironically, it's the sought-after white-collar roles, and not the low-paying jobs, that are easier to pick up and move from one state to another.

"I don't think the risk of flight is that great for a distribution center," said Michael Goodman, acting provost and professor of public policy at the University of Massachusetts Dartmouth. "What's much more in play competitively are the more highly value-added portions of their business, including the high-technology centers."

Part-time problems

A decade ago, Amazon did not have a single office in the Boston area. Today, it says it has more than 20,000 employees in Massachusetts. That sum includes workers at Whole Foods, the grocery chain it acquired for \$13.7 billion in 2017, but does not include the many contractors zipping up and down local streets, delivering packages.

Only three companies had a statewide headcount that high as of last year, according to Business Journal research: Mass General Brigham, Beth Israel Lahey Health and Stop & Shop. Within a few years, at the rate Amazon is growing, there's a good chance it may be cutting more paychecks in Massachusetts than any company except hospital giant Mass General Brigham.

With sales soaring during the pandemic, Amazon added jobs last year like never before. It ended 2020 with nearly 3,400 more full-time employees in Massachusetts than it

started with, a 72% jump, according to filings it must make with the Baker administration as part of its tax break agreements with the state. (That figure does not include temporary roles.)

However, many of Amazon's more than 20,000 Massachusetts workers are not in full-time jobs.

As of the end of 2020, Amazon employed 8,112 people in full-time roles in Massachusetts, according to its filings with the Baker administration. Amazon spokeswoman Katelyn Richardson told the Business Journal that figure does not include personnel at the more than 30 Whole Foods locations statewide.

PRIMED FOR GROWTH

Here are the number of full-time, non-temporary employees that Amazon has employed in Massachusetts each year. The figures do not include Whole Foods employees. Headcounts are as of year's end.



Source: Massachusetts Office of Business Development

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It's unclear how many of the roughly 12,000 other employees are part-time or temporary workers for Amazon, and how many work for Whole Foods. Representatives for Whole Foods did not return requests for comment.

Asked to provide headcount figures for those types of workers, Richardson said only that more than 50% of Amazon's employees in the Bay State are full-time. According to the company, both full- and part-time employees are eligible for health insurance, a 401(k) plan with a 50% match, parental leave and other benefits.

"We don't want a part-time job, we don't want a contract job. We want someone to have the opportunity to go earn a living with Amazon," said Boston At-Large City Councilor Michael Flaherty, one of the co-sponsors of the resolution that passed unanimously in December.

By at least one measure, provided by the state's Department of Transitional Assistance, landing an Amazon job is no guarantee of financial security. As of the end of February, 930 Massachusetts residents receiving Supplemental Nutrition Assistance Program, or SNAP benefits — known informally as food stamps — listed Amazon (or a variant like Amazon.com) as their current employer, according to data obtained through a public records request.

Based on Amazon's reported 20,000-employee headcount, that would suggest almost one in 20 Amazon workers in the state uses food stamps. And that's not considering any Whole Foods workers in the program who might have listed the chain as their employer. A Patch investigation recently found that in Massachusetts last year, the only companies with more employees on food stamps than Amazon were Wal-Mart Inc. and Dollar General.

Richardson said the food-stamps data appear to include Amazon employees in part-time or temporary roles.

“We encourage anyone to compare our pay and benefits to other retailers — they include competitive pay of at least \$15 an hour, which is higher than the Massachusetts minimum wage and more than double the federal minimum wage, and comprehensive health, vision and dental insurance, retirement, parental leave, and training for in-demand jobs,” she said.



Union members, public officials and others protest Amazon's planned warehouse in North Andover.

GARY HIGGINS / BOSTON BUSINESS JOURNAL

Union unrest

The recent drive to unionize workers at an Amazon warehouse in Alabama has been considered one of the more important U.S. labor battles so far this century. There is union activity afoot in Massachusetts as well, even if it hasn't advanced as far as a unionization vote.

The Teamsters, one of the state's largest labor unions, has been fielding “many, many calls” from Amazon workers interested in organizing, especially since the pandemic began, said O'Brien, president of Teamsters Local 25. They include both warehouse workers and delivery drivers, he said. The Teamsters already represent United Parcel Service and DHL workers.

Teamsters officials have been explaining to the workers what the union does and about the process of signing a union authorization card, according to O'Brien.

"We're in active dialogue with these workers on a daily basis," he said.

"Everything's trending in the right direction."

At the same time, the Teamsters have been pushing local officials across the region to adopt resolutions critical of Amazon's labor practices. Since the Boston City Council passed its measure in December, lawmakers in Cambridge, Somerville, Revere and Medford, among other places, have followed suit.

The Boston resolution held that Amazon "does not conform to area standards for wages, benefits and working conditions." The measure called on Amazon to prove that its labor standards meet those of other e-commerce delivery networks before "any expansion into the city of Boston."

Flaherty, a one-time Teamsters member, said the resolution is meant to target the expansion of delivery operations, warehouses and distribution centers in Boston, not corporate offices. In fact, he's the one who called the Seaport announcement a "hugs-and-high-fives moment."

"Those high-paying jobs are welcome in our city," Flaherty said. "I can't stress enough how critically important those types of jobs are to Boston."

He's concerned, he said, about Amazon's use of contractors, questioning whether the company has the right training programs for those workers to operate vehicles and other equipment safely. It's possible Flaherty's home neighborhood could soon be near a huge Amazon distribution center: The Boston Globe has reported that developers at the Widett Circle site outside South Boston are considering such a warehouse.

“We want people that are working those (delivery) jobs, we want them to have good, solid sustainable wages, good, safe working conditions, health benefits, and a retirement opportunity,” Flaherty said. “Until and unless Amazon does that, there is constantly going to be friction, no matter where they try to expand.”

Amazon is certainly encountering friction in the buildout of its massive North Andover distribution center. Building trades have launched a campaign blasting Amazon for employing non-union contractors as well as out-of-state labor. At a rally at the site last month, state lawmakers as well as staffers for U.S. senators Elizabeth Warren and Ed Markey and U.S. representatives Lori Trahan and Seth Moulton gave speeches in support of the union members.

For its part, Amazon said it expects at least 20 trades to be union during construction at the North Andover site. More than half of the businesses working on the project are from Massachusetts, according to the company.



Amazon fulfillment center, like the one located in Stoughton, are expanding across the state.

GARY HIGGINS / BOSTON BUSINESS JOURNAL

A hard bargain

Amazon is sending more jobs Massachusetts' way. It already has 14 more distribution centers and delivery stations planned statewide, on top of the almost 20 it has up and running, according to a February report from the Metropolitan Area Planning Council. Similarly, it has announced plans for 3,000 new positions in its "Boston tech hub" offices, including the Seaport sites it's already leased, on top of the 3,700 it now has at those locations.

That may seem plenty, but considering the company added 500,000 full- and part-time employees last year alone, there will likely be plenty more added nationally over the coming decade.

For the most part, Amazon will need to put warehouses where its customers are, and it has a lot of those customers in eastern Massachusetts. It's the corporate jobs that offer more discretion about location, according to UMass Dartmouth's Goodman.

"There's a lot of opportunity for Massachusetts to capture some of that growth, so I think it's in our interest to try to do that," Goodman said. "At the same time, I do not think it's at all unreasonable for state and community leaders to drive a hard bargain. We have a lot to offer, but there is competition."

Amazon will only tolerate so hard of a bargain. It famously scrapped plans for a second headquarters in New York City — "HQ2" — when politicians there began questioning the incentives the company was to receive. In 2018, Amazon halted construction of a 17-story tower in Seattle because it was unhappy the city was considering imposing a new tax on businesses.

"We're not saying, 'No, we don't want you,'" Flaherty said. "We're saying, 'If you're looking to expand in Boston, then we have high expectations you're going to do right by your e-commerce delivery networks.'"