

LIVING WAGE

There are actually several different ways to look at living wage, but the two that the Partnership focuses on are (1) How does a living wage affect municipal budgets when contractors working on public contracts are required to pay it? and (2) How does a living wage affect economic development when it is attached to incentives? Generally speaking, we know that a living wage drives up costs to employers, which we would obviously oppose, but specifically, these two areas are where the Partnership's interests lie.

Re: Public Contracts

As a living wage drives up costs on businesses working on public contracts, two repercussions will surface, both at the expense of taxpayers:

- (1) Fewer businesses will bid on public contracts due to their affordability/profitability; fewer bids lead to higher costs.
- (2) Those businesses that do bid on will reflect the higher personnel costs in their bids.

While living wage requirements would likely result in employers hiring better skilled applicants, such a trend – and the expense incurred in doing so – would lead to associated employment losses to lower-skilled workers and fewer jobs in total.

There are other levels to this issue, such as the “trickle-up” effect of the implementation of a living wage, which would justify that, since the lowest-skilled workers are being paid a certain rate, workers above them would need to be paid commensurate with their skill level, and so on.

Municipal living wage requirements are a detriment to taxpayers, and truthfully have exactly the opposite effect on opportunities for lower-skilled workers than the idea would suggest.

Re: Economic Development

Our advocacy surrounding the Living Wage has been to protect economic development programs - such as IDAs and Brownfields. Should legislation be approved that adds living wage requirements to economic development incentives, the personnel costs will be absorbed by the businesses receiving them, thus lessening or even negating their benefit. In an unattractive Upstate business environment, rendering these economic development tools ineffective would be a devastating blow to our economy.

PREVAILING WAGE

While the Partnership has not taken a specific position regarding prevailing wage beyond a similar stance to living wage, where it should not be attached to economic development incentives, we can assume a pro-business approach to the issue.

Generally speaking, higher personnel costs on public works projects drive up the total cost to taxpayers. Prevailing wage requirements also alienate many non-union contractors wishing

to work on public contractors - limiting bidders also drives up the cost of municipal contracts for taxpayers.

As a result of taxpayers paying more for public works projects than should be paid, fewer projects are able to be funded.

Specifically, in New York State, which due to its political make-up is going to exist under prevailing wage, the process for determining prevailing wage rates is troubling. As opposed to the definition of rates under Federal standards, which are determined through quarterly surveys, New York State's prevailing wage rates are determined by what has been described as "going down to the local union hall and seeing disparity of economic climates of Upstate and Downstate, with Downstate's vibrancy creating rates that are not practical to Upstate's economic environment.

Repeal of antiquated prevailing wage laws (created to resurrect our nation's economy from The Depression) would be of most benefit to taxpayers, but certainly reform of New York's system would be an acceptable alternative.

MINIMUM WAGE

In 2003, the Partnership weighed in on a New York State minimum wage debate with the assertion that a statewide minimum wage increase would hurt Upstate, as our economy could not sustain the same mandatory wage levels as Downstate. That specific point, now, is obsolete, as rates have been raised; however the Upstate-Downstate disparity still exists.

The Partnership has taken no other specific stance on minimum wage, however, like prevailing wage, we can assume a pro-business position. The issue at the federal level has not garnered much interest from our membership.

Like living wage, mandatory increases in hourly rates will promote the hiring of higher skilled workers, and, as a result, decrease opportunities for entry-level employees.

Minimum wage requirements affect businesses' ability to control their own efficiency and add cost to consumer products and services.

Minimum wage requirements, particularly those specific to New York State, will drive up the cost of doing business and continue to encourage business to look for "greener pastures" where personnel costs – in addition to other costs of doing business – can be better contained. Or, in the case of the federal minimum wage – "greener pastures" meaning overseas.

Minimum wage requirements are a drain on our economy, hurt those that they're intended to help by eliminating opportunities, and do not reflect regional economic conditions when generally determined. The Partnership also believes that minimum wage, as a rule, ought to lie solely as a federal issue, so as not to erode New York's competitive position.