



Partnership Says “Living Wage” Is Not the Answer *Buffalo Can’t Afford Potential Loss of Revenue*

The Buffalo Niagara Partnership urges Buffalo elected officials to reconsider their support of the living wage ordinance, which could end up costing the city significant revenue. The Partnership said the city’s Living Wage Commission, at a minimum, needs to do further research on the subject before implementing any of its plans.

The living wage is a local ordinance that requires private businesses, contracting with the city for \$50,000 or more, to pay its workers a pre-determined wage that is higher than the regular rate of pay in the private sector. Organized labor has been lobbying local governments across the country to adopt these ordinances.

“While the Partnership agrees that the goal of the city, business community and labor unions should be to attract higher paying jobs for the region, we should all also agree that the answer is not the living wage political movement,” said Partnership President and CEO Andrew J. Rudnick. “The so-called living wage will cost the city revenue at a time it can least afford it.”

As an example of the living wage impact to Buffalo, Dr. Rudnick pointed to the city’s auto ramps. The city has a contract for the operation of municipal ramps with Buffalo Civic Auto Ramps (“BCAR”). The city receives revenue generated by the ramp after BCAR’s allowable operating expenses, including employee wages, are paid in full. The wages of BCAR employees are currently in line with wages paid to private parking lot operators.

Thus, the increase from the current wage to a so-called “living wage” (which is stipulated in this case to be \$10.15 in 2004) will have an immediate negative impact on the amount of net revenue the city makes from the ramps.

“Again, one has to question whether a city that is under a financial control board should be implementing any policy that results in a loss of revenue,” said Dr. Rudnick, who noted the ramps are just one of several areas that will be impacted by the living wage ordinance. “And of course, any loss of revenue would have to be made up by laying off city employees or further cutting city services.”

The Living Wage Commission has provided research stating, “For most cities, contract costs increased by less than 0.1%.” In the medium-sized city of Hartford, CT, for example, this “slight increase” to the city’s budget resulted in contract increases of \$160,000. In a cash-strapped city like Buffalo, this “slight increase” could be the equivalent to the salaries of three firefighters.

“Clearly, the commission’s own facts and the state of city finances show that now is not the time to be implementing the Living Wage Ordinance,” said Dr. Rudnick.