











Towards a Living Wage Reference Standard





Ground Rules





We'll **record** the presentation.

Chatham House Rule applies.

Feel free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor of any other participant, may be revealed.

Menti is anonymous!

Please write in the chat or raise your hand if any of the questions are unclear before responding via Menti. Please mute yourself when not speaking.

Anti-trust statement

While some activities among competitors are both legal and beneficial to the industry, group activities of competitors are inherently suspect under the antitrust/competition laws of the countries in which our companies do business.

Agreements between or among competitors need not be formal to raise questions under antitrust laws. They may include any kind of understanding, formal or informal, secretive or public, under which each of the participants can reasonably expect that another will follow a particular course of action or conduct.

Each of the participants in this initiative is responsible for seeing that topics which may give an appearance of an agreement that would violate the antitrust laws are not discussed. It is the responsibility of each participant in the first instance to avoid raising improper subjects for discussion.

The WageMap Consortium's founding member organizations



Supporting a global network of more than 300 leading companies to build a more just and sustainable world, BSR has deep expertise in building impactful multistakeholder collaborations and nearly twenty years supporting companies to establish living wage programs.



The team behind the UK Living Wage Foundation's cost-of-living number generation. CRSP also supports research teams across the globe to engage their citizens in meaningful conversations on the true cost of living in decency.



UK accreditation scheme for over 14,000 recognized Living Wage Employers, including over half of the FTSE 100. Now expanding its Global Affiliate Network to offer multi-country accreditation (tier 1). Convenor of local and global Living Wage movements to foster alignment, consensus, and collaboration.



Strategy consultancy firm driving transitions towards sustainable economies in over 35 sectors and 45 countries. Expertise across the full living wage & income journey from benchmarking (incl. creating local benchmarks where needed) to strategy to close gaps.



Creates public benchmarks across the U.S. and certifies U.S. employers that pay their workers and contractors a living wage based on real costs of living. Also brings tools and approaches so that all those working toward global living wage payment can continue to advance this movement.



Publishes data and information to support and inform workers, trade unions, employers and policy makers to improve wage negations - in every country in the world, in national languages. Manages a truly global team collecting cost-of-living data on a quarterly basis.

Thank you to our partners making this work possible!



Launch Partners

- Launch partners provide a fixed, three-year financial commitment to enable the WageMap proposition to be put into practice.
- Current paying Launch Partners are Hershey, Mondelez, and an undisclosed partner.



Members

- Members provide a fixed, threeyear financial commitment to enable the WageMap proposition to be put into practice.
- WageMap's current paying Member is Target Corporation.



Sponsors

- Sponsors provide a financial commitment determined on an individual basis to contribute to the WageMap activities.
- WageMap's current sponsor is ISS World and an undisclosed sponsor.

To ensure that WageMap is able to develop a sustainable model for evaluating Living Wage estimates against the Living Wage Reference Standard we are continuing to fundraise. An invitation will be shared to discuss opportunities to support this work in the next couple of weeks. If you would like to set up an individual call to discuss your company's priorities and resources please reach out to Joost Backer joost.backer@newforesight.com





- 1. Welcome and House Rules
- 2. Reference Standard Components and Overarching Frameworks
- 3. Comparative Analysis Process, Informing the Standard, and Finding Consensus
- 4. Examples of Consult Where We have WageMap Consensus
- 5. Examples of Consult Where We do not yet have WageMap Consensus
- 6. Next Steps

This session is intended to go for 2 hours.

If you have to leave early, please share remaining feedback via survey that we will share via email.



Opportunities to Provide Feedback on Living Wage Reference Standard

- 1. Participation on public consultation session and sharing feedback live over Menti.
 - 2. Reviewing public consultation session recording and sharing feedback through survey.
- 3. Participation in WageMap-led focus group.

And Mission Governance Community News Resources Community News Resources Community News Resources Community News Resources

Resources

Resources produced by the WageMap Initiative

WageMap Strategy

sion 1 of the WageMap Strategy Document



WageMap: Living Wage Reference Standard Public Consultation

Wa

WageMap Standard Development and Revision Procedure actin Sign Version 0.06 of the WageMap Standard Development and Revision Procedure

Review WageMap's additional materials under resources on WageMap.org



DOC

Video Recording: Webinar "Towards a Living Wage Reference Standard"

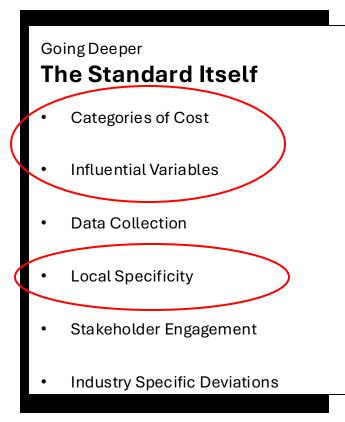
Video recording of the webinar "Towards a Living Wage Reference Standard" held on 22.08.2024 Open on vimeo.



How Will We Take Feedback During this Session?

- We will explain each topic where WageMap suggests a consensus point as well as those where we need additional research focusing on high level themes.
- We request feedback to be shared via Menti.
 - All comments and polling answers will be anonymous.
 - All comments will be posted on the WageMap website after the consultations are included as well as a response on how they have been integrated or why WageMap might not integrate the point.
- Q&A in Chat will be for clarifying questions if the information was not clear enough or does not provide sufficient basis for providing feedback via Menti.
- All feedback shared via Menti will be posted and responded to on WageMap.org after the 1st round of public consultations.
- There will be a second round of consultation with a written standard where we will take additional feedback.

Reference Standard Components – FOCUS of First Round



Going Deeper Standard Guidance

- Presentation of Data
- Assessing Total Remuneration
- Local Ownership
- Use Cases by Various Stakeholders
- Relation to Living Income and Usage
- Consideration of Policy Changes and Influence on Living Wage

Making it Easier

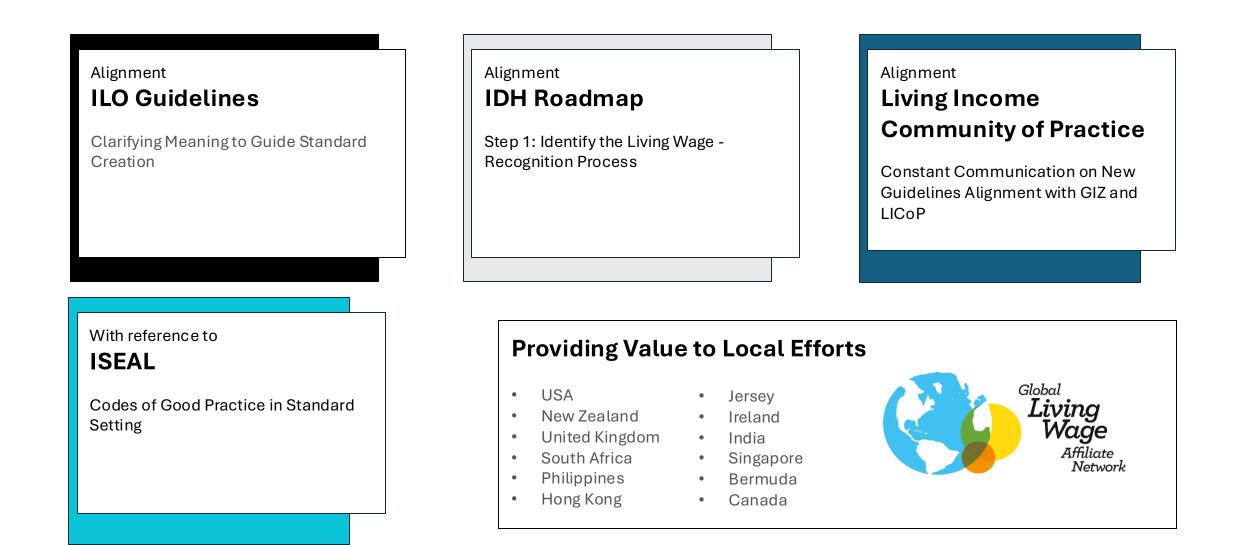
Dataset

- Most Aligned Figures Scoring and Continual Improvement Standard
- Cancellation of Geographic Overlap
- Notes on Non-compliances
 Present
- Objective Comparisons
- Public Data



Reference Standard Overarching Frameworks

Don't Reinvent the Wheel





Comparative Analysis Process, Informing the Standard, and Finding Consensus



Comparative Analysis – Informing the Standard Discussions **Methodologies Assessed**

Compare Methodology Documents and Descriptions	Compare Data from Specific Benchmarks in Overlapping Geographies	Present Consensus and Areas of Difference for Stakeholder Feedback to Inform Standard Design	Methodologies and Estimates Reviewed in Comparative Analysis – Using Publicly Available or Shared Data and Details			
Step 1 - WageMap Assesses Methodology Documents and Records Major Differences in Approach	 Step 2 – WageMap assesses where methodological differences are producing equivalencies in results, allowing for flexibility in approaches Step 3 – WageMap Assesses benchmarks from different methodologies overlapping the same geographic area to determine which elements of the calculations are showing the greatest level of consistency or variability in results 	 Step 4 – WageMap examines the differences against the framework of ILO, IDH, and LICoP guidance on living wage estimations to inform best path forward Step 5 - WageMap discusses identified differences and similarities in technical committee meetings establishing where consensus exists Step 6 – WageMap presents consensus and the choices where consensus does not yet exist within WageMap for stakeholder feedback to inform the standard choices 	Alberta Living Wage Network Anker Methodology Anker Reference Values Area Metropolitana de Barcelona Asia Floor Wage Alliance Canadian Centre for Policy Alternatives ILO Methodology Institut de recherche et d'informations socio-economiques	 Living Wage Ireland Living Wage Movement Aotearoa New Zealand Loughborough University MIT Living Wage Calculator National University of Singapore NewForesight Ontario Living Wage Network Seoul Metropolitan Council 		
WAGE MAP			Living Wage for Families BC Living Wage For Us	UK Living Wage Foundation WageIndicator Foundation		



Where We have WageMap Consensus

Geographic Specificity Family Size and # of Workers Transportation Healthcare Housing Unexpected Events



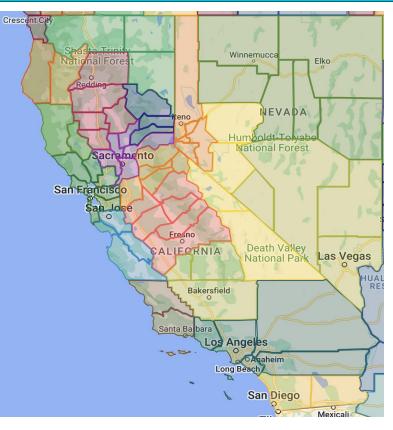
Influential Variables – Geographic Specificity Comparative Analysis

Reflective of Political Boundaries

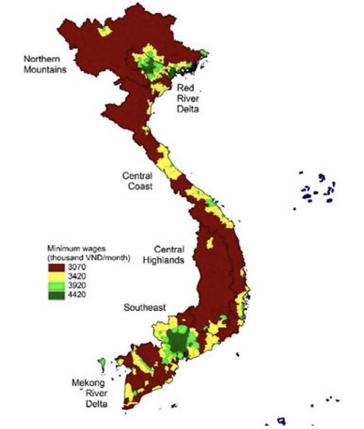
Regardless of Whether This Reflects Differences in Cost of Living



Reflective of Political Boundaries and Economic Boundaries Including Rural/Urban/Peri Urban/Etc. or Commuting Divisions



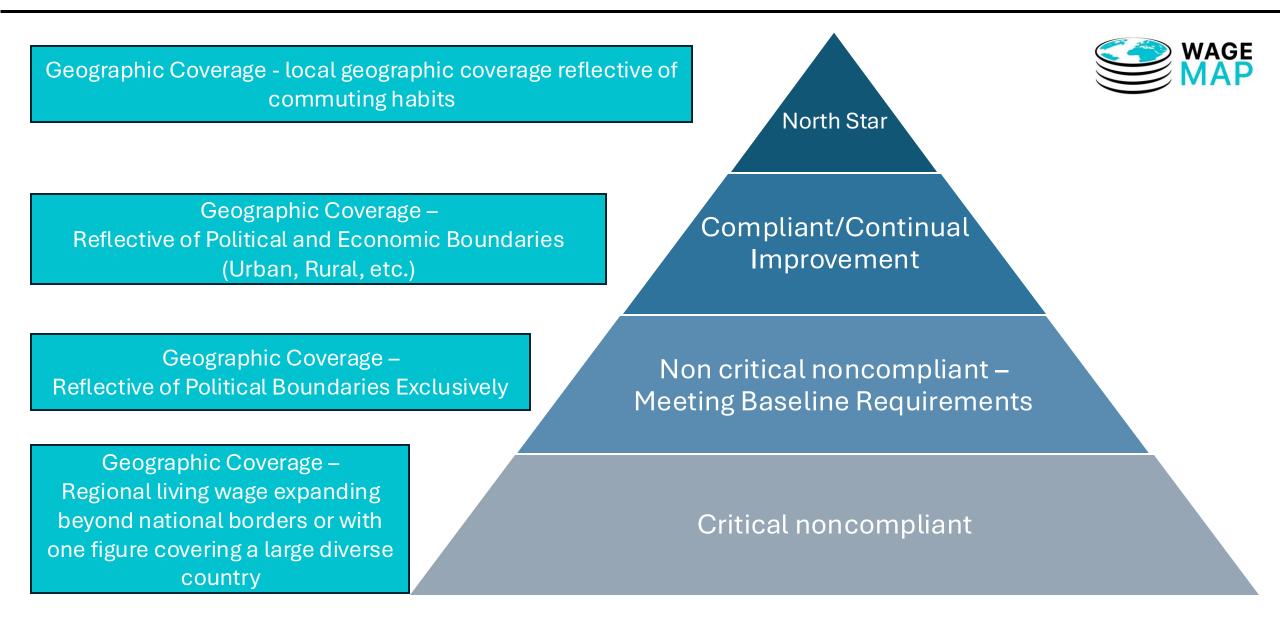
Reflective of Economic Boundaries/Minimum Wage Zones



Nguyen, V. C. (2021). Impacts of Minimum Wage Adjustments on Employment. ILO Vietnam Technical Report. ILO Vietnam, Hanoi.

Living Wage Standard– Proposed Potential Structure

Complex Categories e.g. Geographic Specificity – Consensus approach:



Influential Variables – Family Size and Number of Workers Per Family

Potential Macro Level Impacts In Estimate Differences – The Advantages on Both Sides

- ILO and IDH Living Wage is a Family Concept. Individual Cost of Living is **NOT** a Living Wage.
- IDH Family Size should be based on "total fertility rate adjusted by the mortality rate of children under 5".
- <u>IDH</u> Factor in the expected number of working adults in a family by dividing the total cost of living by 1+ the employment rate.
- LICoP "Estimates are calculated at a family / household level and need to include all members of that family / household."

Reflective of Real Typical Scenario

- Purely Reflective of Actual Typical Family Size
 - Acknowledges local prevalences of single parent homes and accounts for that increased burden in the family size and number of workers per family
 - Allows local cultural acknowledgement without placing judgement on families that are "too large" or "too small"
 - Means that statistical analysis on typical number of workers per family using labor force participation rates, part-time employment rates, unemployment rates would only need to be applied to applicable partial worker in the family, 1 worker would still be assumed as full-time
 - Would create greater comparability between methodologies that estimate cost of living for every family size and create a weighted average based on prevalence of every family type and those only assessing costs for one type of family

Comparative Analysis

Reflective of Boundaries Applied to Typical Family Scenario

- Minimum and/or Maximum Family Size Considered or Boundary Applied
 - Protection for population replacement rate ensures poverty not perpetuated e.g unaffordability = low fertility
 - Assumes that people cannot have a partial child, funds available to cover costs of each whole child or half child in a family e.g. Palau, Hong Kong, Puerto Rico <1 fertility
 - Creates a cap to prevent atypically large family sizes

Assumption of Two Parent Household

- Impacts number of workers per family as likelihood of second worker in the family would have to be applied and one full-time worker is assumed
- Presents economies of scale
- Families Supported by One Income Earner Exclusively
 - Serves single parent homes as well
 - Does not require BOTH workers to earn a living wage







Influential Variables – Family Size and Number of Workers Per Family Consensus Approach - WageMap

Will Likely Decrease Number of Workers Per Family By Accounting for Single Parent Households – **Applying Upwards Pressure on Living Wage Estimates**

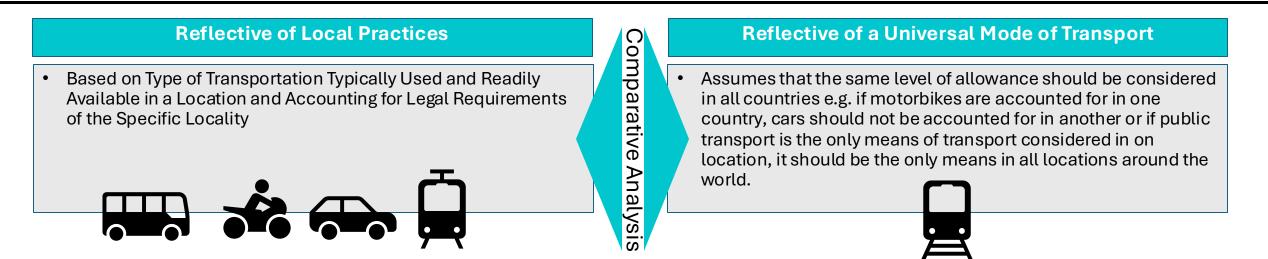
> Will Likely Decrease Number of Children Per Family in Locations with Fertility Rate Beneath 2 Children – **Creating Downward Pressure on Living Wage Estimates**

Consensus Approach –

- Reflective of Actual Typical Family Size Without Boundaries but using Rounding to Approach Nearest Whole Child Afforded (Rounding up when in question e.g. 1.5 children would be accounted for as 2 children)
- Reflective of Actual Family Size and Number of Workers Per Family Without Assumptions that there are two adults in Every Household
- Implementing Fertility Rates to Assess Family Size – Not Accounting for Childhood Mortality Rates as Often Children that Pass Early Also Involve Expensive Costs of Care Including Medical Costs and Poverty Often Leads to Higher Mortality Rates in Infants

Categories of Cost – Transport

Comparative Analysis and WageMap Consensus Path Forward



Consensus Approach –

- Where public transport is widely available, affordable, and accessible/adequate, public transport costs used e.g. Hong Kong, Singapore, Zurich
- Where public transport is not sufficient and thus seldom used, private transport should be considered and chosen based on local practice and law. If for example, it is common in one country/location to use a motorbike for family transport, those will be the costs included e.g. Vietnam. But if in another country such means of transport are not common and in fact might be illegal in some places (children are not allowed on backs of motorbikes at young ages in U.S.) the locally appropriate mode of transportation must be included in a living wage. In those case, a car for the U.S. outside of cities like New York with strong public transport systems.
- Private transport costs must include cost of vehicle (amortized across life of vehicle), cost of fuel for necessary trips (school, work, doctor visits, groceries, places of worship, etc.), cost of insurance or regulatory fees where applicable and required by law.



Categories of Cost – Healthcare

Comparative Analysis and WageMap Consensus Path Forward



Reflective of Both Out-of Pocket & Access Costs

- Reflects Actual Conditions Where Government Does not Provide Free Care or Free Care Provided by Government is Inaccessible at a Living Wage Level of Earnings
- Reflects Costs to Access Care as Well as Out-of-Pocket Costs e.g. Health Insurance Premiums as Well as healthcare Out-of-Pocket Expenditures in the United States, Acceptance of Public Healthcare in the UK

Reflective of an Assumption of Public Care

- Assumes Access to Healthcare is Provided by Governments as a Human Right and Only Out of Pocket Costs Should be Considered Without Consideration of Private Insurance Schemes
- Often Only Assesses Typical Out of Pocket Costs Based on Current Expenditures or with Post Checks

Consensus Approach –

- Health insurance costs must be included in a living wage where care is not available without insurance, based on costs at market employer provided health insurance can be credited according to savings to worker off open market rates
- Health insurance costs should be included where it is typical for a population at a living wage level of income to purchase private insurance due to quality or availability of government provided care local stakeholder consultations justify choices

Comparative Analysis

• Additional health care costs for medications, procedures, physician visits, etc. must be included separate from any insurance costs or expectation of government health care provision where there is a burden of this cost on workers. This should be assessed in each living wage estimate geography.



Categories of Cost – Housing

Comparative Analysis and WageMap Potential Path Forward



IDH – Living should include "Housing (including rental costs, maintenance and furnishing)"

Housing Size Variability - Smaller

 Primary differences in housing costs were related to the size of housing chosen – in some locations a 3-bedroom apartment was necessary for a family of 4

Comparative Analysis

Housing Size Variability - Larger

In some locations where international norms rather than local specificity was adhered to, housing needed to provide ample sq. footage for the family size as well

Consensus Approach –

- Housing must be safe from elements and provide a healthy environment e.g. well-ventilated kitchen, proper sewage, no dirt floors, no holes in walls and roof
- Housing should provide a separate sleeping space for adults and children Living rooms are not accounted for in sleeping space
- Not more than 3 people share the same bedroom
- Sq. footage should be adequate according to international norms
- Local Cultural variations should be accounted for e.g. pit toilet OK in India but not in Canada
- Utilities should be included as part of housing or as a separate category to be afforded with housing
- Necessary taxes associated with housing must be included

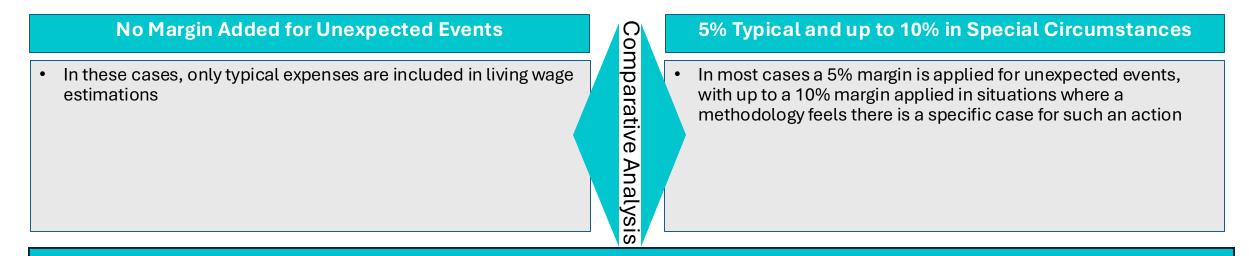


Categories of Cost – Provision for Unexpected Events

Comparative Analysis and WageMap Consensus Path Forward

IDH – Estimates should include "A small margin for unexpected events"

<u>LICoP</u> – "A percentage of costs should always be attributed to the provision for unexpected events. This percentage needs to be determined based on the country context. We recommend using at least a margin of 5-10%. The percentage should be chosen based on the level of social protection provided and risk assessment of the specific region."



Consensus Approach –

- A 5% margin should be applied at minimum in all living wage estimates to cover costs of unexpected events
- Where local stakeholders have identified and justified a need for a higher margin for unexpected events (up to 10%) that margin may be applied as preferable
- Margins for unexpected events should be applied prior to payroll tax calculations





Examples of Where More Research is Needed

Care

Food

Mandatory Deductions from Pay

"Other Components"



Comparative Analysis – No Perfect Approach Yet



Forms of care:

- Childcare
- Elder care
- Care for other family components



Categories of Cost – Childcare

Aligning with the ILO and World Bank

In 2018, 606 million women of

employment or not looking for

to be either unavailable for

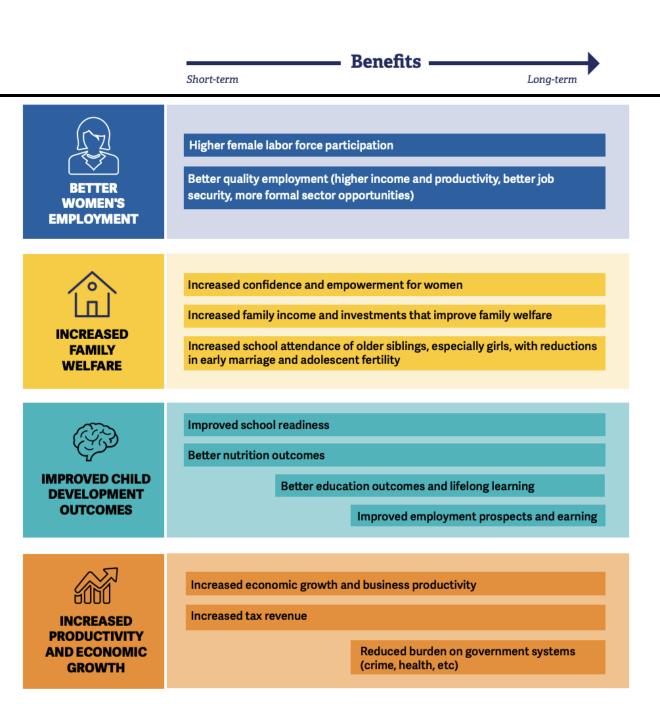
working age declared themselves

work due to care responsibilities,

compared to only 41 million men

GENDER EQUITY

(ILO 2018b).





Categories of Cost – Childcare

Aligning with the ILO and World Bank



Cost is frequently cited as one of the biggest barriers to using childcare. For the poorest families, affordable childcare options are extremely limited

Better Jobs and Brighter Futures:

Investing in Childcare to Build Human Capital

Amanda E. Devercelli and Frances Beaton-Day

DECEMBER 2020

PERCENTAGE OF THE TOTAL NEED, ENROLLMENT AND GAP ACROSS DIFFERENT **TABLE 2.3** LEVELS OF COUNTRY INCOME (FOR CHILDREN AGE 0 TO PRIMARY-SCHOOL-ENTRY AGE)

	LEVEL OF COUNTRY INCOME					
	High	Upper middle	Lower middle	Low	Total	
Percentage of the total need	10%	28%	42%	20%	100%	
Percentage of the total enrollment	19%	43%	31%	8%	100%	
Percentage of the total gap in access	4%	18%	50%	28%	100%	



Worldwide, 7 out of 10 children need childcare but 4 of out 10 do not have access.



3 out of 10 children do not need childcare

7 out of 10 children need childcare

4 of them do not have access (this is 43% of all children - 349 million - who are below primary-school-entry age worldwide)

8 out of 10 children that need childcare but do not have access live in low- and lower-middle-income countries.













2 out of 10 children without access live in **HICs and UMICs**

8 out of 10 children without access live in LICs and LMICs

Categories of Cost – Childcare

Comparative Analysis – No Perfect Approach Yet



No Childcare Included	 Creates gender equity issues as women are disproportionally impacted by not being able to afford childcare e.g. gender wage gap, opportunity cost, etc. Creates fundamental issues with calculations where more than one income is expected. This is mitigated where one worker is used to estimate a living wage
Included - Amortized Based on Current Expenditures	 Where lack of affordability leads to lack of availability, childcare expenditure data will not cover actual costs of childcare Since childcare is an early life expense, amortizing childcare costs across the entire work-life will not allow workers to afford childcare
Included -Full Cost Based on Actual Market Prices	 Assumes a specific age for children based on the typical difference in given geography and includes care costs at that age, e.g. in U.S 2 children - 1 full-time (age 4) and 1 summer and before and after school care (age 8) – But this does not allow for accounting of free preschool where provided by government and higher cost infant care Data often lacking for actual costs where lack of affordability leads to lack of availability, driving need for proxy estimates for this path



S

Potential Criteria for Feedback – NOT FINAL – Being Researched and Reviewed



ather Cost of Childcare	Amortize the Cost of Childcare Across the Specific Years Where it is Paid Ensuring Care When Needed	What About After Childcare Duties are Over		When Care Availa
Step 1 - Gather data on childcare costs for all ages where a country requires children to have care or where international norms state it is necessary E.g. In the U.S. children need care until age 12 when they are legally allowed to be left home alone in all states. With the Following Distribution - 2 years of infant care - 1 year of Toddler Care - 2 Years of Pre-School - 7 Years of School – Aged Care (before and after school and summer care) Step 2 – Multiply care costs by number of children in family	 Step 2 – Assess number of years typical between children in a given location. Step 3 – Calculate total years childcare is necessary and amortize total childcare costs across those years. E.g. Using the U.S. example, families have two children that are typically 4 years apart and need care for 12 years each. The years for amortizing the total cost of care for the two children would be 16. 	Step 5 – Additional research is necessary to assess whether years outside of childcare years would have sufficient funds to allow for eldercare/retirement. In this case when a family is finished paying for childcare, tho se funds would move to retirement savings or to care for elders as locally and culturally appropriate. Additional funds could be added for retirement savings where needed and adequate. But the value of childcare funds in the living wage should be assumed to apply toward elder care/retirement for work years not included in childcare calculation.	1. 2. 3. 5.	ratio betwee If actual cost availability, and divide to by 1 adult Assess tota wherein chi internationa Multiply by

When Care Data is Not Available Due to Lack of Availability of Local Childcare Options

- 1. Use international norms or local laws to assess the proper ratio between caregiver and children watched
- 2. If actual costs are not easily collected due to lack of availability, assume the caregiver must earn a living wage and divide by number of children expected to be cared for by 1 adult
- 3. Assess total care costs across lifetime of child up to age wherein children can be left home alone (local laws or international norms)
- 4. Multiply by number of children in family size
- 5. Assess number of years between fertility that is typical and add to total years of childcare for amortization purposes

Categories of Cost – Elder Care/Retirement

Comparative Analysis and WageMap Potential Path Forward

Elder Care and/or Retirement Considered

- In some cases, elder care is not considered at a methodological level, but specific benchmarks might include the cost due to stakeholder feedback stating it is a typical cultural necessity in a given area.
- In other cases, retirement is used as a proxy for elder care where typically workers are expected to save for their own care. In methodologies including retirement we have not yet seen any assessment that ensures sufficient funds for years where workers can no longer work but have rather assessed current savings rates or small amounts to supports elders in home.

Elder Care and/or Retirement Excluded

 Vast majority of methodologies exclude any care for elders altogether – this likely has gender equity impacts.

Comparative Analysis

Additional Proposed Research-

- Eldercare must be included, or an equivalent of retirement based on typical approach to paying for elders in a society
- As it is difficult to assess appropriate retirement savings to ensure a living income in years past working ages, research is necessary to understand the buffer provided by factored childcare expenses to cover the later stages of care as eldercare/retirement. In this way, the living wage represents the entire cycle of caregiving with one figure from childcare to eldercare
- When additional eldercare costs or retirement savings costs are needed, these should be added in living wage estimates



Categories of Cost – Food

Potential Impacts In Estimate Differences – The Advantages on Both Sides



<u>IDH</u> – Nutritious Food Required (Macro and Micro-Nutrients and Caloric Requirements) <u>LICoP</u> - Food costs should be calculated based on a low-cost nutritious diet that meets the World Health Organization's (WHO) / Food & Agricultural Organization's (FAO) recommendations as internationally agreed standards for a healthy nutritious diet.

Reflective of a Hyper Local and Hyper Specific Diet

- Based on Ideal Diets Published in Country and Checked to Ensure Nutritionally Sound
 - Creates robust, accurate diet for costing with greater diversity and divided to appropriate low-cost foods e.g. USDA Thrifty, **low-cost**, medium cost, high-cost diets
 - Reflective of local purchasing practices e.g. open-air markets rather than grocery stores where applicable
 - Inclusive of foods that satisfy local cultural preferences even if not the most affordable e.g. Teff in Ethiopia
 - Excludes foods not appropriate for local cultural preferences e.g. Pork exclusion in Islamic centered locations
 - Adjusted for typical activity, age, and gender in terms of caloric requirements
 - Accounts for edible and nonedible portions of purchased food e.g. eggshells or banana peels
 - Accounts for Seasonality
 - Assesses caloric requirements including gender, age, and expected activity level for geography
 - Industry specific caloric requirements in some cases

Comparative Analysis

Reflective of International Norms

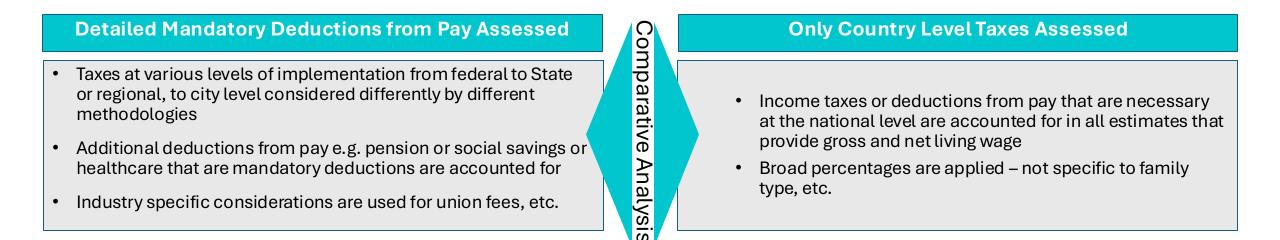
- Based on WHO Caloric and Macro/Micronutrient Requirements using FAO Food Balance Sheets
 - Large Degree of International Comparability
 - Built based on availability of food as seen through imports and production rather than preferences and practices of low wage workers, creating easier scalability

Assumes Same Caloric Requirements for all Family Members



Categories of Cost – Mandatory Deductions from Pay

Comparative Analysis and Additional research Considerations and Questions



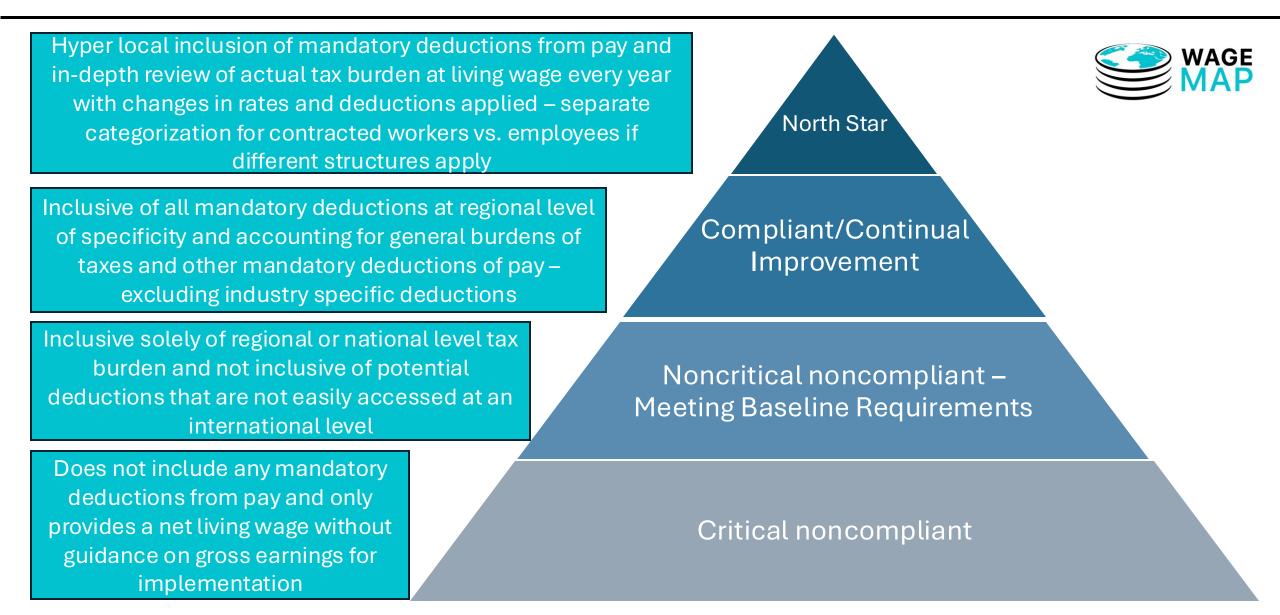
Additional Research and Questions -

How can we account for mandatory deductions from pay that might be industry specific? – Need an assessment of these cases to inform choices e.g. union fees How specific do we need to be and when should we acknowledge that increases in the living wage may move into a higher tax bracket? How often does this occur and what monitoring is necessary?



Living Wage Standard – Proposed Potential Structure

Mandatory Deductions from Pay



Categories of Cost – Other Components

Comparative Analysis

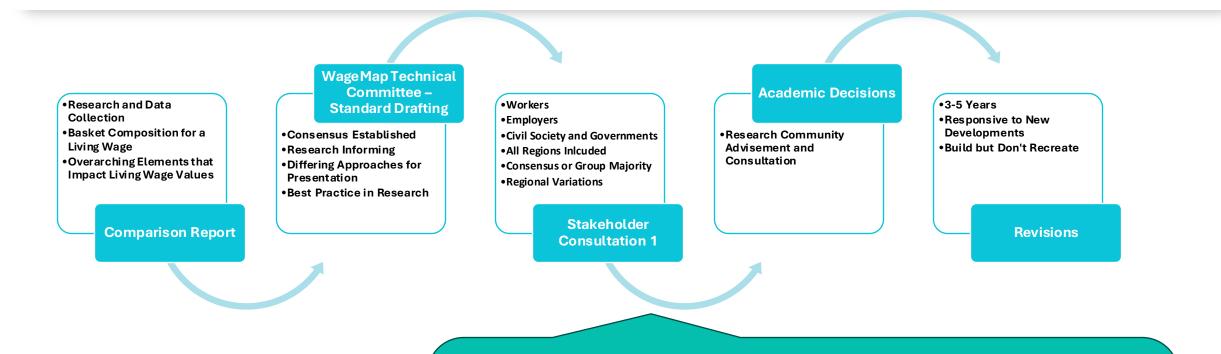
1.<u>IDH</u> – Social Participation and "Other Costs" should include the following categories not previously named - Information and Communication, Recreation, Sport and culture, Education services, Restaurants and accommodation services, Insurance and financial services, Personal care and other gender aspects (e.g. sanitary products), Other typical costs

Research Needed-

- 1. Does Proxy Methodology Using HES align with results of full study on needs and individually named items necessary?
- 2. Which items must be included in all cases, how do we account for local relevance if providing an extended list?
- 3. How much does COICOP provide in guidance for how this category can be compared?
- 4. Where in the world would we need data in addition to what a national HES collects?



Decision Making Structure & Next Steps





This 1st round of consultations will continue through mid-November. All responses to questions and feedback shared via Menti will be posted to Wagemap.org shortly after.

Following revisions of the Living Wage Reference Standard second round of consultations will start in early 2025.

Contact us

To follow up or for broader questions, please address communication to the Project Management Office:



Joost Backer joost.backer@newforesight.com If you're familiar with any collaborating organizations and wish to discuss this project, please reach out to their designated lead contact for communication:



Emma Giloth egiloth@bsr.org

Loughborough University Centre for Research in Social Policy

Abigail Davis A.A.I.Davis@lboro.ac.uk Matt Padley M.J.Padley@lboro.ac.uk



Michelle Murray michelle@livingwageforus.org



Daniel Viviers-Rasmussen Daniel.Viviers-Rasmussen@newforesight.com

• WageIndicator



Fiona Dragstra fionadragstra@wageindicator.org

Shaheen Hashmat Shaheen.Hashmat@livingwage.org.uk

