Recommended Living Wage Estimate Methodologies

Living Wage for Us

What is the Living Wage for Us?

Living Wage For Us is an initiative that launched in 2021 after being incubated by Oxfam America. It now runs independently as a research and advocacy nonprofit 501(c)3 organization and voluntary sustainability certification system that certifies U.S. employers paying their workers and contractors a living wage. As reference for their certification, they created regional benchmarks across the U.S. grouped by county commuting zones. Their methodology for setting living wage is based on high-level detailed data collection and investigation on the U.S. reality and socio-economic diversity.

Number of estimates[1]:   **3,143 county equivalent level estimates grouped into 626 commuting zones**

Availability of estimates: Publicly available for free

Access to the estimates	Access to the methodology	Contact

How does the methodology meet the IDH criteria?

	Criterion	Narrative text from organisation
1	**Collecting data:** the living wage estimation organisation shall estimate the living wage based on data collected through field level research, online surveys (excluding those that are solely based on self-selected respondents), national statistics and/or modelling (modelling not accepted as a sole form).	LW4US uses data that is collected from national level data sources and with extensive surveys for each category of data as described in our public methodology. These data sources present statistically representative data and sample sizes.
2	**Cost of living of a typical family:** The living wage estimation organisation shall measure the cost of living of a typical family in a region. A typical family in a region means that the size of a family is estimated based on regional (or national) data through family size data or total-fertility data.	LW4US uses fertility data on the national level to estimate family size, following an identical approach to the Anker Methodology® for this aspect of our calculations. We have a family size of 4 in the US which also aligns with typical US family size where children are present. LW4US adopts a 4-person family makeup. This corresponds with the average number of people in a family household with their own children, which is stated as 4.00 by the U.S. Census Bureau. If other family types without their own children are included, the average family size is 3.15 according to the U.S. Census Bureau. Since we are assuming 2 adults per family, and thus the potential of more workers to cover the cost of a decent living for the family, we have aligned with the widely accepted principle of the Anker Methodology® for calculating living wages, which recommends using a family size of 4 as the minimum. If we chose to use the figure of 3.15 for the number of family members, we would also need to drop the assumption that there are two adults per family available to contribute wages to our model family. In this case, our living wage estimates would increase considerably, despite the smaller family composition. This is because the impact of fewer people in the family is not as strong (due to economies of scale on aspects like rent that remain the same despite losing 1 child) as the impact of having fewer workers counted per family. This would more accurately represent the situation faced by single parents, for example. But our choice was to align with the model widely accepted globally and presented by the Anker Methodology®. The fertility rate in the U.S. is 1.66. We apply the minimum of 2 children called for by the Anker Methodology®.
3	**Items of cost of living:** The living wage estimation organisations shall transparently itemize the living expenses included in the calculation of the living wage estimations based on requirements listed in the COICOP 2018. Typical expense categories include the following but other items might be added based on local contexts: - Nutritious food	LW4US includes all costs mentioned. They are publicly available with the breakdown as follows: Nutritious food (USDA Low cost diet), Housing (2 bedroom apartment), Healthcare (insurance costs), healthcare (out of pocket costs), Transportation, Childcare, Retirement/Elder Care (as in the U.S. most workers are expected to save for their own elder care), Other (inclusive of all other categories of cost listed with only the exception of tobacco), margin for unexpected events (5%).

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[1] Publicly available the 30th of May 2025

	Criterion	Narrative text from organisation
	- Clothing and footwear - Housing (including rental costs, maintenance and furnishing) - Healthcare - Transportation - 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) - Care (child+elder)* - Other - A small margin for unexpected events The living wage estimation organisations shall provide an explanation on why they do not certain rubrics, for example, childcare.	Other costs include: - Apparel and Services - furnishings and equipment - household operations - housekeeping supplies - telephone and internet services - reading materials - school supplies - Entertainment – Including recreation, sport, and culture, restaurants, etc. - Personal Care and Services - Insurance and Other Financial Services (Retirement includes some of this) - Other Miscellaneous
4	**Working adults:** The living wage estimation organisation shall factor in the expected number of working adults in a family by dividing the total cost of living by 1+ the employment rate. Additionally, a living wage that factors in for a single earner by dividing the total cost of living by 1 to represent the single earner in a typical size family is also accepted.	LW4US currently estimates 1.7565 workers per family in living wage estimates. The number of workers per family is not a simple statistic. It requires certain assumptions to accurately estimate for our model family. Such as that at least one worker is employed full-time since we are addressing the needs of working families rather than situations where neither parent is employed. We assume one full-time worker, and assess the likelihood of a second worker in the family to establish our number of workers per family. We us part-time employment rates, unemployment rates and labor force participation rates to estimate number of workers per family.
5	**Sufficient net income:** The living wage estimation organisation shall provide the gross living wage estimate, which is the gross pay required to ensure sufficient net take home pay to cover for the cost of living. This is necessary because net living wage would not account for statutory deductions from pay (such as income taxes, social security taxes, and union fees) which will reduce the take home pay and money available for day-to-day expenses.	Our approach to calculating taxes is described in the public methodology: https://livingwageforus.org/wp-content/uploads/2025/04/LW4US-Methodology.pdf Federal, state, and local payroll taxes are estimated and included using Taxsim from the National Bureau of Economic Research and adding local tax rates.
6	**Differences in context:** The living wage estimation organisation shall assure that estimates are city/region-specific or at least account for urban and rural differences. For countries above a certain size (e.g. Australia, Argentina, Brazil, Canada, China, India, Russia, USA): - Living wage estimation organisations shall indicate whether subnational estimates are provided or not, and if the location for which the subnational estimates applies are based on governmental/sub-governmental delimitation (e.g. when the estimate applies to a specific sub-national province). - Living wage estimation organisations shall provide guidance on how to proceed when there are not subnational estimates or there is no estimate available for a given region (e.g. suggest that they use the national estimate, or a neighbouring region estimate).	LW4US estimates living wage for every county across the U.S. That is 3,143 benchmarks. Then we group by data on commuting zones produced by USDA and based on where workers live vs. where they work. We use the lowest cost county in a commuting zone which gives us greater detail that follows actual worker movements and patterns and has specific boundaries for living wage estimates to apply across the U.S. in every area whether rural, urban, peri-urban, etc. This is explained in detail in the public methodology: https://livingwageforus.org/wp-content/uploads/2025/04/LW4US-Methodology.pdf
7	**Conflict of Interest:** The living wage estimation organisation must have no inherent conflicts of interests. Methodologies must have sufficient distance from funding sources to maintain integrity. In addition, individual estimations results must not	LW4US works with an independent research institute, Economic Policy Institute, to prepare most of our data and consult with us on other categories to ensure that any conflict of interest is avoided. It should be noted that the Economic Policy Institute is an independent research institute with its largest funders being foundations and unions. Here is a link to where that is clearly described on their site. https://www.epi.org/about/funder-acknowledgments-

	Criterion	Narrative text from organisation
	be influenced by the funding source. Organisations who have other activities that can be perceived as a conflict of interest, such as auditing and certifying companies that use these estimations, need to publicly disclose what are the systems that have been implemented to avoid such conflicts.	and-disclosure-principles/ We review our changes to the EPI methodology with EPI annually, to ensure they do not find them problematic. We are currently working in partnership with EPI to get enough grant funding for them to take on our entire methodology because they do agree with our direction in terms of additions. With the exception of healthcare, wherein we assess lower rates as we account for public subsidies, we only increase values over EPI estimates by adding local taxes, adding a 5% margin for unexpected events, adding categories of "other" costs. Since our primary revenue is from companies and we only add more costs rather than subtracting from EPI data (healthcare exception) we feel this is strong evidence these additions are not biased in an effort to keep rates down for companies in our certification system. Additionally, some categories we add, such as 5% margin for unexpected events are easy to check and align with common global practice. In other words, we follow the global lead rather than making our own exceptions. In terms of healthcare, we pull data directly from the same source used by EPI but with the accounting of available public subsidies included. Additionally, we have an Advisory Council that reviews all the differences in our methodology. This is a multi-stakeholder group comprised of the following actors. i. Oxfam America – Civil Society Stakeholder – Nationwide representation ii. Business for Social Responsibility (BSR) – Civil Society Stakeholder – Nationwide representation iii. Barista Guild – Worker Representative Stakeholder – Nationwide representation iv. Workers Defense Action Fund - Worker Representative Stakeholder – Southern representation v. Tomkins County Workers' Center - Worker Representative Stakeholder – Northeast representation vi. Well-Paid Maids - Certified Living Wage Employer – Northeast representation vii. Olympia Coffee Roasters – Certified Living Wage Employer – Northwest Representation viii. Dr. Bronner's – Certified Living Wage Employer – Southwest Representation as well as nationwide footprint
8	**Transparency:** The living wage estimation organisation shall publish a clear and consistent step-by-step methodology for data collection, the data sources used and calculation elements, including a description of each step of the data collection, the calculation formulas used and a breakdown of the different components of the living wage estimation (see criterion 3).	Our methodology is published on our website along with the breakdown of costs and all living wage data. All is freely available. https://livingwageforus.org/wp-content/uploads/2025/04/LW4US-Methodology.pdf https://livingwageforus.org/tier-ii-certification/
9	**Update of estimates:** If there is no on the ground data collection research every year, the living wage estimation organisation shall at least adjust their estimates according to inflation every year. Further adjustments beyond inflation, through a full on the ground study, should take place as frequent as possible. Living wage estimation organisations are encouraged to do so as much as their resources allow and no longer than every 5 to 10 years (considering local circumstances). Living wage estimation organisations shall provide justification on the frequency of their full studies and why they are	We adjust every year with each category listed according to our methodology. At times, a certain data source for a cost within a bucket will only update every 2-3 years. Where that is the case, we update that cost category based on CPI for that category of cost specifically until new data is available. There is no year in which all categories are updated with inflation or in which just inflation adjustments are conducted for the living wage estimates.

	Criterion	Narrative text from organisation
	not conducted within the ideal timeframe (e.g. financial or capacity limitations).	
10	**Collection date and applicability:** The living wage estimation organisation shall explicitly mention the date of the data collection for each category separately and to explicitly mention the period for which the estimate is applicable.	Data collection dates are listed in our methodology. They are for data for 2025. The period for which the living wage estimate is applicable is available in the wage map.
11	**Local stakeholder participation:** The living wage estimation organisation shall specify when estimates were developed by, or in direct partnership with, local independent research institutions and labour representatives and were subject to local stakeholders' consultation. Methodologies to describe how they consult local stakeholders.	Our cooperation with the Economic Policy Institute (EPI) for the work they do in creating our living wage estimates is described in our methodology. When we originally developed our methodology, we searched for an independent research partner that was already building data on the costs of living we needed included in the living wage estimate methodology. EPI had a pre-existing methodology that met all of our needs for the vast majority of costs included in our living wage estimates. As such, we have been utilizing EPI's data. EPI's methodology is listed for each category they estimate. Any adjustments are also transparently explained alongside the reasoning. We consult with our standing advisory council on any adjustments to estimates or methodology. The advisory council is a multi-stakeholder group comprised of the following actors: i. Oxfam America – Civil Society Stakeholder – Nationwide representation ii. Business for Social responsibility (BSR) – Civil Society Stakeholder – Nationwide representation iii. Barista Guild – Worker Representative Stakeholder – Nationwide representation iv. Workers Defense Action Fund - Worker Representative Stakeholder – Southern representation v. Tomkins County Workers' Center - Worker Representative Stakeholder – Northeast representation vi. Well-Paid Maids - Certified Living Wage Employer – Northeast representation vii. Olympia Coffee Roasters – Certified Living Wage Employer – Northwest Representation viii. Dr. Bronner's – Certified Living Wage Employer – Southwest Representation as well as nationwide footprint (joining 2025)
12	**Quality assurance:** The living wage estimation organisation shall ensure that the methodology is verified by an independent party with no conflict of interest (based on the ILO principle, chapter 3 of the report from March 2024). The living wage estimation organisation shall describe its quality assurance process during the recognition process.	We collect feedback and make changes on an ongoing basis. One example that we heard from stakeholders is that in the Seattle area, the commuting zone used counties that were unrealistically far from the city. As such, we adjusted to higher costs counties as representative. We work with over 200 different US organizations that use our data and help with ongoing feedback. All of these civil society organizations have their say every year as do our employers and those who work with our data on implementation. Any changes are approved by advisory council. Our Advisory Council meets on a quarterly basis. Our council represents perspectives from different regions and stakeholders across the US. They review any methodology changes and communicate any concerns on specific estimates. Additionally, most of our data is created by the independent research institute EPI. EPI has a strong reputation in labor research and is funded primarily by Foundations and Unions. EPI is aggregating and reviewing this data across a number of existing data sources and performing quality control on that data as well to ensure that it is the highest quality data available. At times in the past, for example, with Childcare, EPI has assessed superior data sources that began collecting data and thus shifted to the higher quality data source. A change that was publicly reflected in the methodology. Thus, inserting multiple layers of Quality assurance on the data we present.