STANDARD SUPPORTING MATERIALS

# Interpretations & Exceptions Log

A record of official interpretations, clarifications, and approved exceptions supporting consistent implementation of the Living Wage Employer Standard.

LIVING WAGE FOR US, Inc.

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# 1 Introduction

This document provides interpretations and clarifications of the For Us living wage standard, as well as exceptions to support its consistent application. The purpose of this document is to provide clarity to users of the standard where additional explanation is needed, to update terminology and to document methodological changes, in order to create alignment in how the standard is implemented in practice while safeguarding its original intent. As Living Wage for Us has gained experience through the application of the standard since its publication, interpretations and exceptions are critical to ensuring that the standard remains flexible and responsive to the needs and expectations of stakeholders while maintaining the integrity of the certification system.

**Interpretations** explain how requirements should be understood in light of changes to terminology and improvements in living wage benchmark estimation and living wage assessment methodologies without affecting the underlying intent of the standard. These interpretations will be incorporated into upcoming revisions to the standard and standard guidance, as applicable.

**Exceptions** allow for deviations or derogations from the standard in response to specific situations that arise, which make implementation practically infeasible. When there is a need for an exception, Living Wage for Us will consult first with its board and advisory council before approving an exception to the standard. When an exception is issued, it is marked for review during the next standard revision in order to determine if a change to the standard is needed to address the situation that has given rise to the need for an exception.

# 2 Interpretations

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**INT-001**: Tiers Terminology

**Reference:** For Us Living Wage Standard, Section 1, Section 4 (and referenced throughout)

**Situation:** The standard describes two tiers signifying levels of achievement toward a living wage for all workers. These are described as “Tier I” and “Tier II” in the standard. However, feedback received from stakeholders has indicated that this language was counterintuitive and led to confusion.

**Interpretation:** The terminology has been updated such that Tier I is referred to as “Pledged” and Tier II is referred to as “Leading”. This change in language is intended to provide greater clarity to users of the standard and shall be used in standard system documents going forward.

**Issue Date**: 2025.07.14 **Effective Date**: 2026.01.01 **Updated**: N/A

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**INT-002**: Pledged Level Rates

**Reference:** For Us Living Wage Standard, Section 5.1

**Situation:** The standard specifies that the Pledged level rates are set between $15/hr and $18/hr. Although this was accurate at the time that the standard was published, due to inflation and changes in the cost of living in the years since publication, the rates have been increased over time. In 2026 the current Pledged level rates range from $17/hr to $21/hr.

**Interpretation:** Every year when the living wage rates are updated, the Pledged level rates will also be updated and will not remain static at $15/hr to $18/hr. The current Pledged level rates are published on the website and represent the official rates that are used for the purposes of certification.

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**INT-003**: Commuting Zones

**Reference:** For Us Living Wage Standard, Section 3 Definitions

**Situation:** The intent of defining commuting zones is to ensure that living wage rates are set in a way that takes into account data in lower cost areas around a workplace where workers typically reside. This was initially done using USDA commuting zones. However, feedback from stakeholders highlighted that in some instances these commuting zones resulted in unrealistic models, where some commuting zones were unreasonably large, while others were much more compact and excluded adjacent counties where commuting was clearly possible.

**Interpretation:** In place of using the USDA defined commuting zones, the living wage benchmarks now assess each county within a 1-hour commute from the business center in the county where the job site is located. The lowest cost county among those commutable counties is then used as representative of the most affordable location for workers to live within a commuting area of work. This accounts for traffic as well as distance and transportation options.

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**INT-004**: Workers Per Family

**Reference:** For Us Living Wage Standard, Section 5.2

**Situation:** Family composition was initially defined in the standard as 2 adults, 2 children, with 1.7565 workers per family. This definition set the number of workers per family based on a static number that was not responsive to societal and economic changes.

**Interpretation:** In order to ensure that the number of workers per family used in the living wage rates stays up to date in response to labor force trends, we use a 10-year rolling average to avoid temporary shocks in changes to unemployment and other statistics used to calculate the workers per family figure. In 2026, for example, this updated calculation method resulted in the number of workers per family decreasing slightly to 1.73, and the number of children per family decreasing slightly to 1.94.

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**INT-005**: Pledged requirement of inflation plus 3%

**Reference:** For Us Living Wage Standard, Section 5.1 and 5.3

**Situation:** The standard requires employers at the Pledged tier to grow total compensation at a rate of at least inflation plus 3% annually. The intention of this requirement is to ensure that employers are making meaningful progress in closing the gap to a living wage. In the past, the consumer price index (CPI) was used as a proxy for the year over year inflation in the living wage rates. However, over time it has become clear that CPI does not always correlate closely enough with living wage rate inflation, especially when taking into account specific locations. Therefore, an employer may be losing ground in closing the gap even if it is meeting the inflation plus 3% based on CPI alone.

**Interpretation:** In order to ensure that Pledged tier employers are making continuous progress in closing the living wage gap, *inflation* in this context shall be understood as the change in the "living wage deficit," as defined by the Shift accounting model (see https://shiftproject.org/accounting-for-a-living-wage/) in place of CPI. Absent any changes to employee compensation, the living wage deficit would increase along with year over year increases in the living wage estimates, thus this measure ensures that the inflation in living wage rates is captured. When an employer increases wages enough to maintain no change in the living wage deficit, this ensures that wages are at least keeping up with inflation in the living wage rates. The 3% increase on top of this ensures that progress is being made to close the gap. In this context, the "living wage threshold" as defined by the Shift model, is used as the baseline to calculate the required 3% increase, adjusted to count only the employees that are currently below a living wage.

**Issue Date**: 2026.10.30 **Effective Date**: 2027.01.01 **Updated**: N/A

# 3 Exceptions

**EXC-001**: Applicability of In-Kind Benefits as Partial Payment

**Reference:** For Us Living Wage Standard, Section 5.6.1

**Situation:** The standard states that in-kind benefits are only accounted for at the Leading tier. This rule was based on an assumption at the time the standard was written that there is a clear distinction between “cash” benefits such as bonuses, allowances and tips, and “in-kind” benefits which initially included most other benefits such as health insurance, retirement, childcare, etc. However, practical application of the standard has revealed that benefits most commonly offered by U.S. employers predominantly come in the form of cash payments, even in categories that previously were assumed to fall within the in-kind category. In this context it is impractical to meaningfully distinguish between cash and in-kind benefits. At the same time, the cost of living and minimum wages in the U.S. have increased sharply, leading to significant barriers for employers working to meet the Pledged tier without taking into account common benefits that are largely given in the form of cash even though these had been classified as in-kind benefits.

**Exception:**

1. All eligible benefits, regardless of whether they are provided in the form of cash or in-kind, may be accounted for at both the Pledged and Leading tiers of the standard as partial payment toward achieving the certification tier.
2. This exception only applies to benefits that are eligible to be credited as partial payment of living wage. For example: health insurance is an eligible benefit and may be counted as it reduces a cost of living included in living wage estimates; whereas tuition reimbursement is not an eligible benefit because it is not included in the living wage benchmark calculation.
3. This exception does not affect the requirement that benefits cannot reduce actual wage payments below the level of $15/hr.
4. This exception applies to all employers applying for certification at Pledged and Leading tiers as of January 1, 2026.

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