



## Abstract

# Determination and Implementation of 2020 Living Wage in Gyeonggi-Do

- In this study, a living wage model for Gyeonggi-do is developed, and the living wage in Gyeonggi-do in 2020 is estimated and proposed utilizing this model. In addition, this study presents a plan to extend the living wage model to the private sector.
- In 2020, living wage in Gyeonggi-do is divided into four standards for the analysis. The four standards are a household spending standard, a wage income standard, a household income standard, and a living wage for the previous year in Gyeonggi-do.
- In this way, three alternate proposals are proposed based on wage increases in '2020 Gyeonggi-do living wage' compared to '2019 Gyeonggi-do living wage'(10,000 won), from 0.2% up to 5.5%.
  - In alternative 1, reflecting relative poverty baselines, housing and education costs, 10,020 won is proposed which is 0.2% higher than 2019. In alternative 2, adding leisure culture costs, 10,253 won is proposed which is 2.5% higher than 2019. In alternative 3, adding transportation costs, 10,551 won is proposed which is 5.5% higher than 2019.
- Three measures are proposed for spread of living wage in private sectors.
  - First, by signing a MOU with the universities or colleges in Gyeonggi-do to implement the living wage system, Gyeonggi-do's living wage system shall be applied to workers belonging to organizations and companies providing services

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- to each university.
- Second, Gyeonggi-do's living wage system shall be applied to the workers of companies that receive subsidies or tax incentives from Gyeonggi-do.
  - Third, it shall be considered to get wage to be paid at the level required in the system by setting the wage cost to more than the living wage considering cost as a way of applying the living wage system mandatorily to the public procurement.
- However, in the case of a local government's contributing organizations or affiliated agencies or the like, the budget guidelines for the local organizations or agencies set the total labor cost increase rate baseline to 4.0% so it is difficult to comply with the baseline when applying the living wage system.
- Therefore, for the smooth implementation of the living wage system, the 'increase in labor cost due to increase in living wage' shall be included in the items that are excluded when calculating the total labor cost increase rate.