**Abstract**

**RS-117**

Title: "Analysis of potential effects of changes in regional minimum and average wages estimations"

Head of the Project: Ovcharova Lilia Nikolaevna, Gimpelson Vladimir Efimovich

Department/Institute: Centre for Studies of Income and Living Standards, Centre for Labour Market Studies

1. **Goal of research:** To provide: the complex evaluation of the acting methodology and of the practical methods that are used to determine regional levels of the minimum wage in the Russian Federation; the evaluation of potential social and economic implications for changing methodology of fixing regional minimum wages and statistical measurements of average wages; elaboration of directions for modernization of normative documents that regulate wage setting practices.
2. **Methodology:** The report uses a wide set of analytical and statistical tools. Cross-regional comparative analysis of legal and normative documents and practices exploits federal and regional legal data base. Evaluation of work-related social guaranties in relation to regional wages is based on Keitz indexes which in its turn are estimated on official statistical data. Implications of changes in regional wages are simulated using survey data.
3. **Empirical base of research:** Includes various official ROSSTAT data sets, microdata from the HSE-RLMS; federal and regional legal and normative documents regulating wage setting in regions.
4. **Results of research:**

4.1. Provided analysis of international experience of utilization of minimum wages at sub-national levels and is shown how the regional variation in labour market performance, in the structure of economy and the composition of labour force are accounted for when the minimum wage is fixed in countries with different economic and political institutions;

4.2. The acting practice of fixing the minimum wage, including the legal framework, in the Russian regions is reviewed; normative gaps and collisions as well as widespread mistakes in law enforcement are analyzed; suggestions targeted on improving the legal framework are formulated.

4.3. Institutional characteristics of the regional minimum wage setting are described; this includes parameters of coverage (the budgetary versus non-budgetary sectors, small businesses and individual entrepreneurs), use of tripartite agreements, pay components included into the minimum wage; linking of regional minimum wages to regional subsistence indicators; variation within large regions;

4.4. Relationships between federal and regional minimum wages, on the one hand, and regional labour markets and cost of living characteristics are considered;

4.5. Methodological properties of statistical measurement of regional wages are discussed and potential measurement biases are underlined; recommendation for how improve these measurements are formulated.

1. **Level of implementation, recommendations on implementation or outcomes of the implementation of the results:** The results of the project were presented at the regular meetings of the Scientific and Methodological Council of the Federal State Statistics Service (Rosstat); also, they were considered at the meetings of the Ministry of Labour and Social Protection of the Russian Federation.