

# Vermont Basic Needs Budgets and Livable Wage

Basic Needs Budget Technical Advisory Committee

Patrick Titterton, JFO

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**JFO**

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# Outline

- Definitions
  - What are basic needs budgets and how are they calculated?
  - What is the Vermont Livable Wage and how is it calculated?
- Overview of the Basic Assumptions used in the Basic Needs Budget Report
- 2022 Basic Needs Budgets and Vermont Livable Wage
- Overview of the structure of the Report
- Considerations for the committee as outlined in the 2022 Basic Needs Budget Report



# Definitions

What are the basic needs budgets and Vermont livable wage?



# Basic Needs Budget

- Defined in 2 V.S.A. §526(a)(1) & (2)
- “Basic needs” means the essentials needed to run a household, including food, housing, transportation, utilities, health and dental care, taxes, rental and life insurance, personal expenses, and savings.
- “Basic needs budget” is the amount of money needed by a Vermont household to maintain a basic standard of living, calculated using current State and federal data sources for the costs of basic needs.



# Basic Needs Budget

## What Expenses are in the 2022 Basic Needs Budget?

### Required by Statute:

- Food
- Housing – including utilities
- Transportations
- Child care
- Health and Dental care
- Insurance – rental and life
- Personal expenses
- Savings
- Taxes

### Not required by statute

- Clothing and household expenses
- Telecommunications



# Vermont Livable Wage

- 2 V.S.A. §526(a)(3)
- “Livable wage” means the hourly wage required for a full-time worker to pay for one-half of the basic needs budget for a two-person household with no children and employer assisted health insurance averaged for both urban and rural areas.



# Basic assumptions

Overview of the basic assumptions used in the Basic Needs Budget Report



# Household configurations

- Basic needs budgets and livable wages are calculated for six household configurations:
  - Single person
  - Single Parent with One Child
  - Single Parent with Two Children
  - Two Adults with No Children – two wage earners
  - Two Adults with Two Children – one wage earner
  - Two Adults with Two Children – two wage earners
- These configurations are meant to show the variation in expenses for different household sizes and types





# Urban and Rural Areas

- The report includes calculations for each of the household configurations for both urban and rural areas.
  - The urban designation refers to Burlington Metropolitan Statistical Area (MSA).
    - This Burlington MSA includes Chittenden, Franklin, and Grand Isle Counties.
    - MSA's are determined by the U.S. Office of Management and Budget (OMB) as a location with at least one urbanized area and at least 50,000 people.
  - The rural designation refers to the rest of the State.



# Other Assumptions

- Single persons and single parents are women between 20 and 50 years old and work outside the home; all other adults are between 20 and 50 years old.
- All families live independently (i.e. not as sub-families living with others).
- One child is 4 years old; two children are 4 and 6 years old.
- The younger child is a boy, the older child is a girl.
- Housing estimates are for rental units with one bedroom for singles and married with no children, two bedrooms for all other family configurations.
- Single parents receive no child support.
- Public assistance is not included in the basic needs budget or the livable wage calculations.



# 2022 Basic Needs Budgets and Vermont Livable wage

What are the hourly and annual wages for 2022 and how to they compare to 2020?



# 2022 Basic Needs Budgets and Vermont Livable Wage

Urban basic needs budgets - 2020 to 2022						
Family Type	2020			2022		% change - 2020 to 2022
	hourly	annual		hourly	annual	
Single Person	\$18.49	\$38,458		\$ 20.03	\$ 41,653	8.3%
Single Person, One Child	\$32.58	\$67,759		\$ 35.50	\$ 73,850	9.0%
Single Person, Two Children	\$41.78	\$86,909		\$ 45.92	\$ 95,512	9.9%
Two Adults, No Children	\$14.02	\$29,163		\$ 15.11	\$ 31,431	7.8%
Two Adults, Two Children (one wage earner)	\$34.47	\$71,698		\$ 37.43	\$ 77,860	8.6%
Two Adults, Two Children (two wage earners)	\$23.81	\$49,522		\$ 25.97	\$ 54,015	9.1%
**Wages for two-adult households are per person**						



# 2022 Basic Needs Budgets and Vermont Livable Wage

<b>Rural basic needs budgets - 2020 to 2022</b>						
<b>Family Type</b>	<b>2020</b>		<b>2022</b>		<b>% change - 2020 to 2022</b>	
	<b>hourly</b>	<b>annual</b>	<b>hourly</b>	<b>annual</b>		
Single Person	\$15.72	\$32,702	\$ 18.80	\$ 39,107	19.6%	
Single Person, One Child	\$26.43	\$54,974	\$ 31.00	\$ 64,484	17.3%	
Single Person, Two Children	\$33.75	\$70,209	\$ 39.47	\$ 82,090	16.9%	
Two Adults, No Children	\$12.76	\$26,530	\$ 15.55	\$ 32,341	21.9%	
Two Adults, Two Children (one wage earner)	\$30.12	\$62,645	\$ 36.71	\$ 76,360	21.9%	
Two Adults, Two Children (two wage earners)	\$20.54	\$42,726	\$ 24.32	\$ 50,595	18.4%	
<b>**Wages for two-adult households are per person**</b>						



# 2022 Basic Needs Budgets and Vermont Livable Wage

<b>Rural basic needs budgets - 2020 to 2022</b>						
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**\*\*Wages for two-adult households are per person\*\***



# 2022 Basic Needs Budgets and Vermont Livable Wage

<b>VT livable wage - 2020 to 2022</b>						
Family Type	2020		2022		% change – 2020 to 2022	
	hourly	annual	hourly	annual		
VT livable wage	\$13.39	\$27,851	\$15.33	\$31,886	14.5%	

*\*\*Livable wage defined as “the hourly wage required for a full-time worker to pay for one half of the basic needs budget for a two-person household with no children and employer-assisted health insurance averaged for both urban and rural areas\*\**



# Charts

How does the 2022 Vermont livable wage compare to federal/state minimum wage?

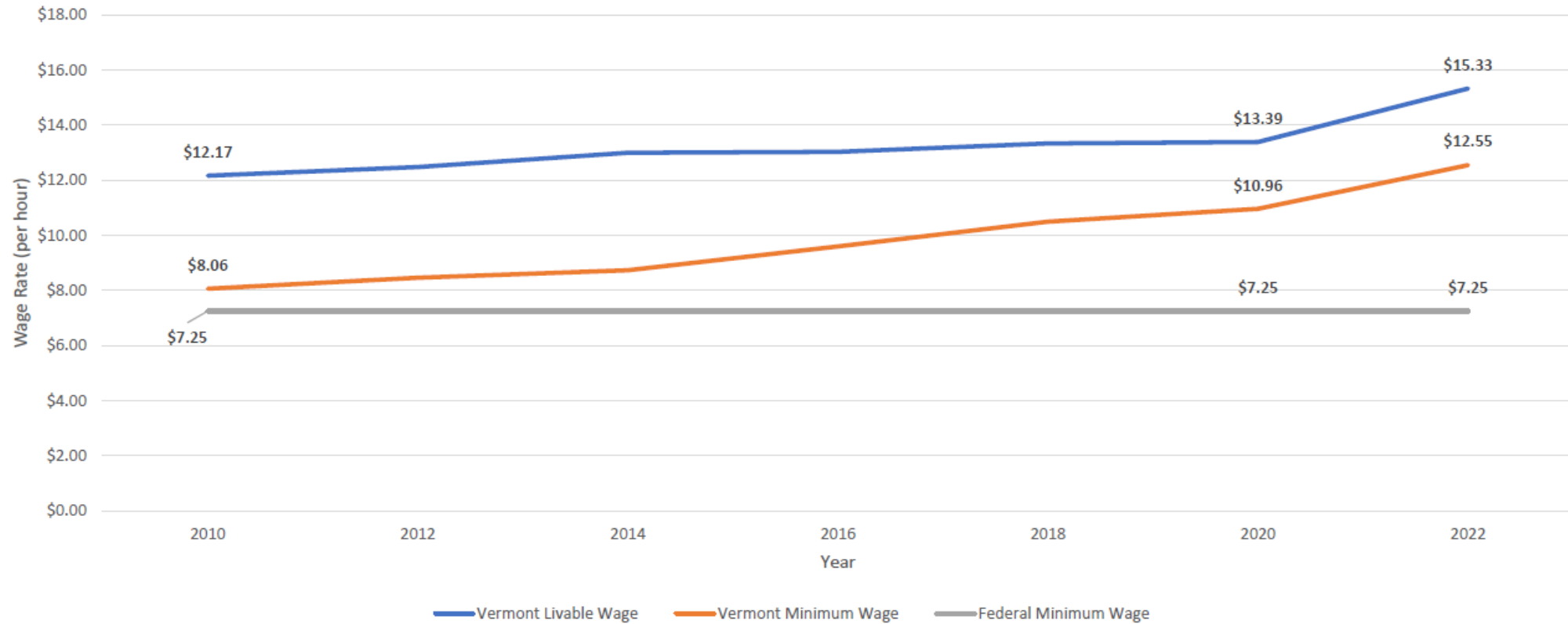
What expenses drove the growth in basic needs budgets from 2020 to 2022?



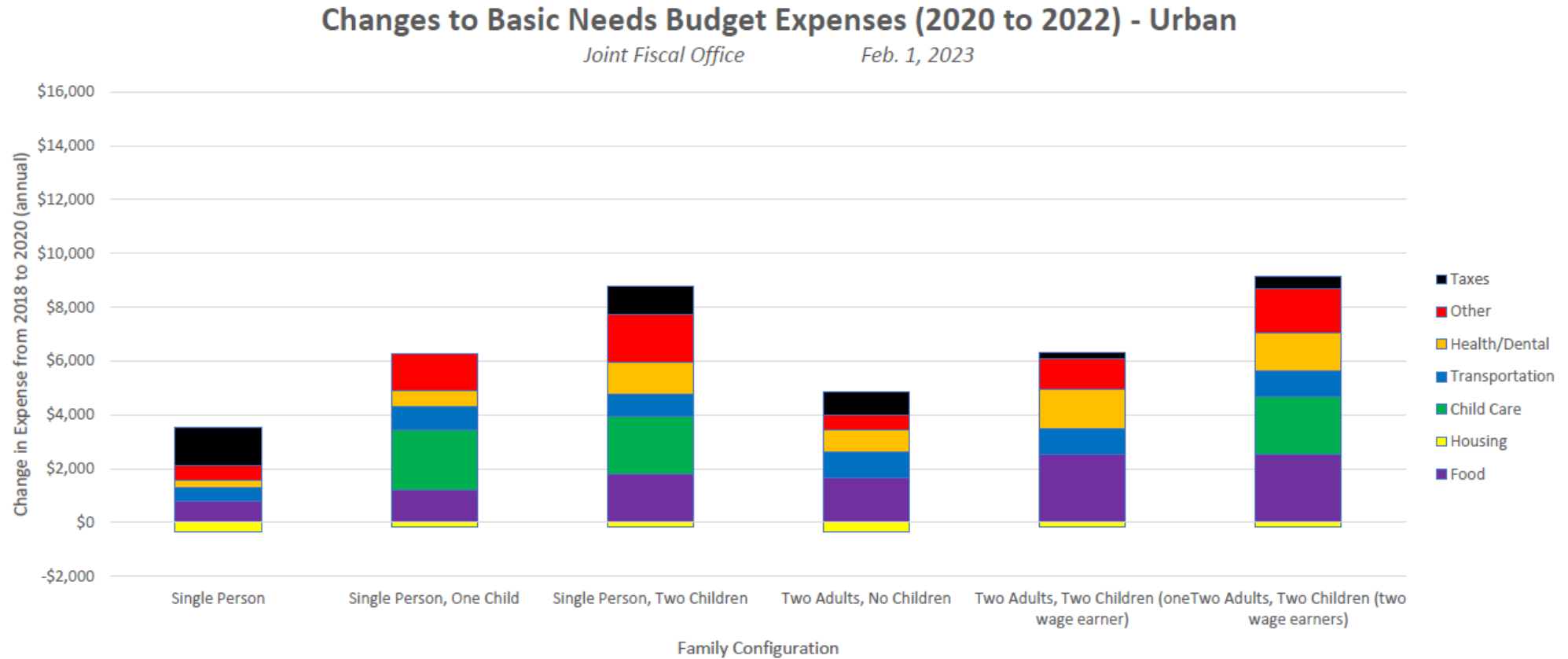


# Tracking wage rates from 2010 to 2022

Brief History of Wage Rates - 2010 to 2022



# Changes to expenses 2020 to 2022 - Urban



\*Other includes insurance, personal expenses, savings, clothing and household expenses, and telecommunications

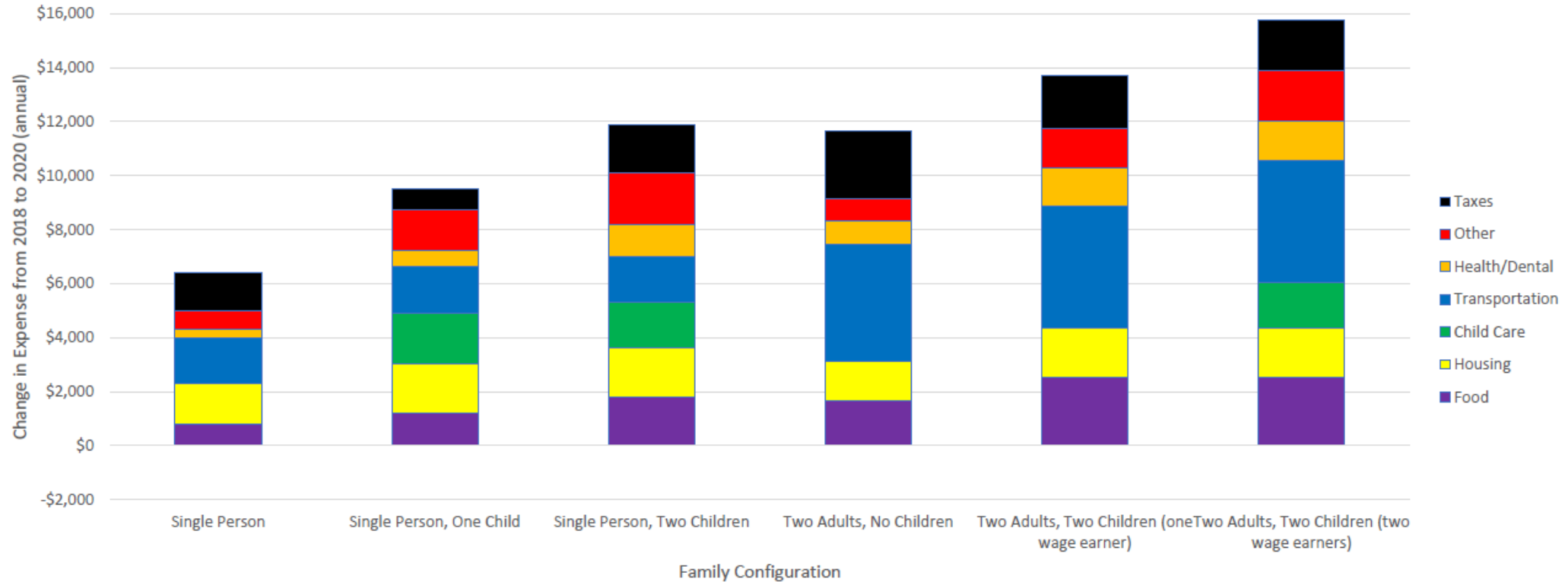


# Changes to expenses 2020 to 2022 - Rural

## Changes to Basic Needs Budget Expenses (2020 to 2022) - Rural

Joint Fiscal Office

Feb. 1, 2023



\*Other includes insurance, personal expenses, savings, clothing and household expenses, and telecommunications



# The report

- Part I – Executive Summary
- Part II – Changes from the last report
- Part III – 2022 Vermont Livable Wage and Basic Needs Budgets
- Part IV – Comparisons with other income measures
- Part V – Methodology and sources
- Part VI – Considerations for the General Assembly
- Appendix A – Statute
- Appendix B – Comparison of living wage calculators



# Considerations for the General Assembly (why we are all here)

- Appointment of a technical advisory council should be considered prior to the next report
  - Last advisory council was in 2008
  - 2008 was also a mix of legislators and non-legislators
- Areas to review
  - Philosophy – What is the purpose of the BNB and how should it be used?
  - Statute – Is the official direction of the BNB reflective of how it is used or should be used?
  - Methodology – Are there better data and processes that should be implemented to better reflect what the BNB is meant to measure?

