

**Doug Hoffer's Comments on
JFO's Basic Needs Budget Methodology
June 2022**

Assumptions: The “official” livable wage (LW) is the average of the urban and rural figures for a two-adult household with one bedroom (\$13.39). There is a substantial difference between the two measures (\$14.02 and \$12.76 respectively). As a result, the statewide average is \$0.63 / hour below the urban figure. If an employer in Burlington used the JFO statewide average, a FT employee would earn \$1,310 less annually than someone paid at the urban rate. In my view, JFO should use both figures in discussions of the LW.¹

The current assumption is that adults are women between 20 and 50. There is no justification for this. Variables with data for both genders should be averaged. The women-only approach distorts the resulting LW because USDA food costs are higher for men and Consumer Expenditure Survey (CES) clothing costs are higher for women.

Housing: JFO’s current methodology for the “official” figure assumes a two-adult household with one bedroom. To my knowledge, there is no compelling reason to assume a married couple (see Taxes below) rather than two individuals sharing a two-bedroom apartment. Because housing costs in Chittenden County are so high, JFO’s assumption results in a livable wage almost \$2,000 lower than the alternative.

Here are the figures for both options. As is clear, the urban difference is significant.

Household	Statewide	Urban	Rural
Single, shared housing (2 BR)	\$13.93	\$14.97	\$12.89
Two adults, no kids (1 BR)	\$13.39	\$14.02	\$12.76

Food: USDA’s food costs are adjusted for regional differences, but it’s not clear why JFO uses a ten-year average from the CES. A three-year average seems more appropriate since it reflects the most recent regional variances.

Transportation: The mileage figures used by JFO come from the National Household Transportation Survey (NHTS) and include estimates for urban, urban clusters, and rural areas. The data is not recent, but VT could easily pay to have the state sample enlarged as we did once years back and get current figures.

Clothing & Household: JFO’s assumptions result in different figures for single persons. For example:

- \$134.00 Single person
- \$101.00 Single person, shared housing
- \$118.50 Two adults, no children (half of \$237)

For the “official” LW, JFO uses CES Table 3424, which represents a two-person household rather than a single person. This is not optimal for several reasons (e.g., differences in the # of earners; % homeowner vs. renter; etc.). In my view,

¹ The [current report](#) uses highlighted text to state that “The 2020 Vermont Livable Wage is \$13.39 per hour” (Executive Summary).

we should discuss options, including Table 3404, which covers consumer units of one person by income.

Telecommunications: JFO's assumptions result in different figures for single persons. For example:

- \$117.00 Single person
- \$93.00 Single person, shared housing
- \$92.50 Two adults, no children (half of \$237)

The current approach uses an average for both traditional land line telephone service and cell phones. I suspect this mixture is not representative so a discussion about alternatives is warranted.

JFO uses an average of expenditures for telecom services by consumer unit income from CES Table 1203. The income for the households included range from \$7,415 to \$83,586 so the average is not representative of expenditures for a single person at a livable wage below \$30,000.

Taxes: Tax calculations assume married filing jointly (MFJ). As noted above, there is no compelling reason to assume this type of household as opposed to two single roommates.