

Vt Basic Needs Budgets and Livable Wage - 2022

Senate Committee on Economic Development, Housing and General Affairs

Daniel Dickerson

April 20, 2023



JFO

1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • <https://ljfo.vermont.gov>

Outline of talk

- Definitions
 - What are basic needs budgets and how are they calculated?
 - What is the VT livable wage and how is it calculated?
- 2022 basic needs budgets and VT livable wage
- Charts
 - VT livable wage over time vs. minimum wage
 - Changes to urban basic needs budgets – 2020 to 2022
 - Changes to rural basic needs budgets – 2020 to 2022
- The Report
- Recommendation for statute and methodology review



Definitions

What are the basic needs budgets and VT livable wage?



Basic Needs Budgets

- 2 V.S.A. §526(a)(1) & (2)
- “Basic needs” means the essentials needed to run a household, including food, housing, transportation, child care, 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 Budgets

- What expenses are in the 2022 basic needs budgets?
 - Food
 - Housing – includes utilities
 - Transportation
 - Child care
 - Health and Dental care
 - Insurance – rental and life
 - Personal expenses
 - Clothing and household expenses
 - Telecommunications
 - Savings
 - Taxes

Red lettering means expense is statutorily required



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.



2022 Basic needs budgets and VT livable wage

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



2022 Basic Needs Budgets and VT Livable Wage

Urban basic needs budgets - 2020 to 2022						
Family Type	2020		2022		% change – 2022 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 VT Livable Wage

Rural basic needs budgets - 2020 to 2022						
Family Type	2020		2022		% change – 2020 to 2022	
	hourly	annual	hourly	annual		
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%	

Wages for two-adult households are per-person



2022 Basic Needs Budgets and VT Livable Wage

VT livable wage - 2020 to 2022						
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

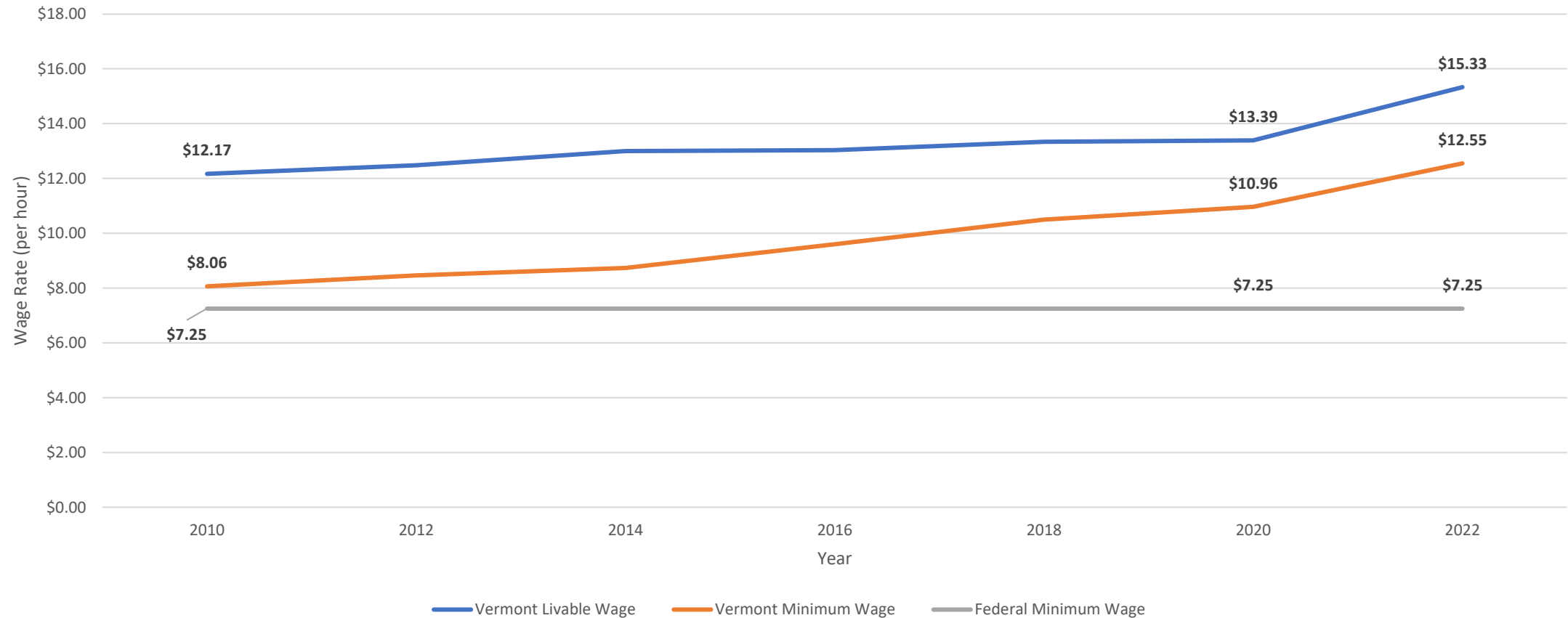
How does the 2022 VT livable wage compare to federal/state minimum wage?

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



Tracking wage rates 2010 to 2022

Brief History of Wage Rates - 2010 to 2022

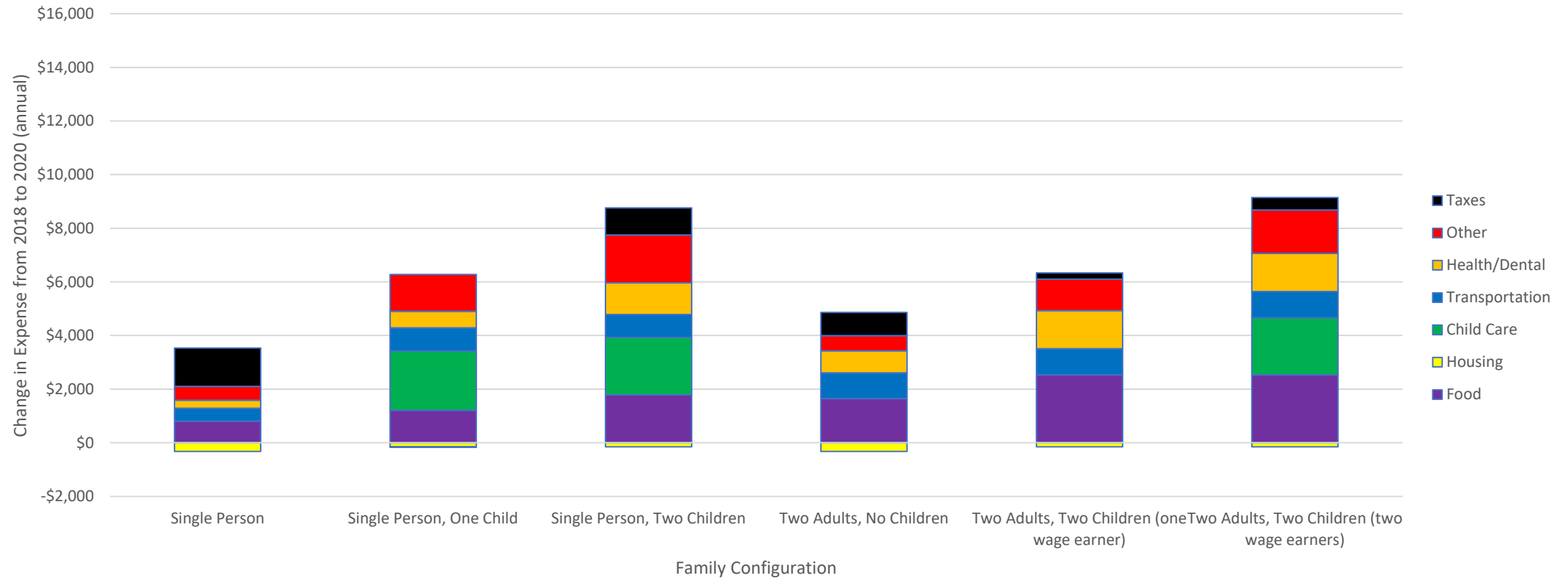


Changes to expenses 2020 to 2022

Changes to Basic Needs Budget Expenses (2020 to 2022) - Urban

Joint Fiscal Office

Feb. 1, 2023

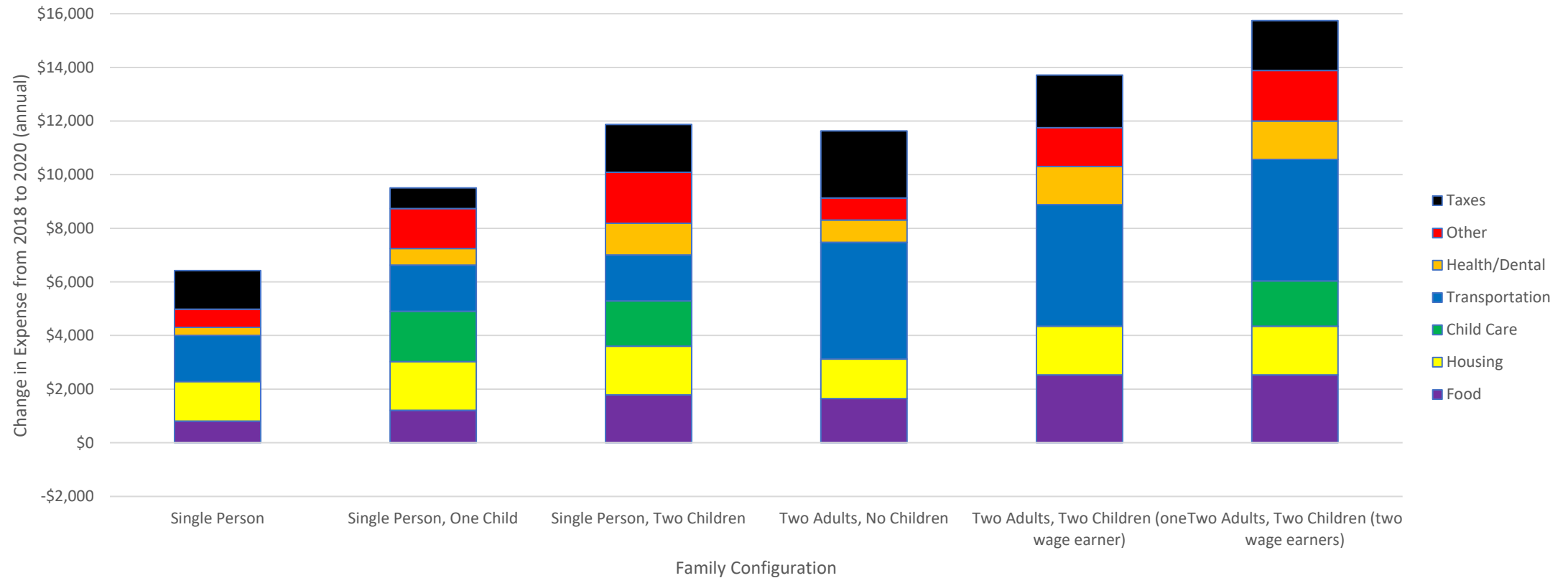


Changes to expenses 2020 to 2022

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

Joint Fiscal Office

Feb. 1, 2023



The report

- Part I – Executive summary
- Part II – Changes from the last report
- Part III – 2022 VT 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 (next slide)
- Appendix A – Statute
- Appendix B – Comparison to living wage calculators



Recommendation for statute and methodology review

- Appointment of technical advisory council should be considered prior to next report
 - Last advisory council in 2008
 - 2008 was a mix of legislators and non-legislators
- Areas to review
 - Philosophy – vision for this report going forward
 - Statute – official direction
 - Methodology – data and processes

