

2015 Basic Needs Budget Report

Prepared by: Joint Fiscal Office

Per 2 V.S.A. § 505

January 15, 2015

History

- First report released in 1999
- Released on or before January 15 of each new biennium
- Original methodology overhauled substantially in 2008
- All methodology changes must be approved by JFC

Definitions

- **Basic Needs:** 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:** 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.
- **Livable Wage:** 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.

Family Configurations

- Single Person
- **Single Person, Shared Housing (new in 2015 report)**
- Single Parent, one child
- Single Parent, two children
- Two Adults, no children- both wage earners (basis for livable wage calculation)
- Two Adults, two children- one wage earner
- Two Adults, two children- both wage earners

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, except for “single person, shared housing.”
- 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 1 bedroom for singles and married with no children; two bedrooms for all other configurations.
- Single parents receive no child support.
- The urban designation is for Chittenden County and rural is the rest of the state.

Budget Components

- **Food**
 - USDA moderate cost food plan (June 2014)
 - Adjusted for family size
 - Adjusted for regional variation
- **Housing**
 - FY2015 HUD fair market rents; includes utilities
 - Urban: Burlington, VT MSA
 - Rural: Average for rest of Vermont by county

Budget Components

- **Transportation**
 - 2009 National Household Transportation Survey (NHTS) data, vehicle miles traveled (VMT) estimates.
 - IRS mileage reimbursement rate and AAA data used to estimate monthly transportation costs.
- **Child Care**
 - AHS 2014 Vermont Child Care Market Rates study
 - Urban: Burlington
 - Rural: Rest of Vermont

Budget Components

- **Clothing and Household Expenses**

- 2013 Consumer Expenditure Survey (CEX) data.
- Changed for 2015 report, CEX data used now linked (loosely) to income rather than family configuration.
- Household expenses include: housekeeping supplies, household furnishings and equipment.

- **Personal Expenses**

- Daily allowance for retirement, education, etc. adjusted for inflation.
- Daily rate for adults: \$2.86
- Daily rate for children: \$1.43 (new in 2015 report)

Budget Components

- **Telecommunications Expenses**
 - Includes telephone and internet service
 - Based on CEX data for 2015 report
- **Life Insurance**
 - None for single individuals
 - Annual policy fee plus income-based premiums
- **Rental Insurance**
- **Savings**
 - 5% of before-tax expenses
- **Federal and State Taxes**

Budget Components

- **Health Care**

- Includes premiums and out-of-pocket (OOP) costs
- Basic Needs Budget and Livable Wage calculations assume employer-sponsored (ESI) health and dental plan
- Blue Cross, Blue Shield of Vermont Gold Plan used as proxy for ESI
- Separate budgets included for each family configuration that purchases from Vermont Health Connect (VHC)
- VHCURES data used to determine OOP costs

- **Dental Care**

- Northeast Delta Dental used as proxy for ESI plans and VHC plans
- National MEPS data used to estimate OOP costs as VHCURES data not available

2014 Basic Needs Budget wages

Family Type	Urban	Rural
Single Person	\$17.26	\$15.42
Single Person, Shared Housing	\$14.52	\$13.11
Single Parent, One Child	\$28.84	\$24.57
Single Parent, Two Children	\$35.94	\$30.97
Two Adults, No Children	\$13.48	\$12.51
Two Adults, Two Children (one wage earner)	\$32.41	\$30.90
Two Adults, Two Children (two wage earners)	\$20.96	\$19.66

2014 Vermont Livable Wage

- **\$13.00** per hour
- Average of urban and rural wages for “Two Adults, No Children” configuration
- 4.2% increase from previous report (close to inflation over two years)
 - 2012 = \$12.48
 - 2010 = \$12.17
 - 2008 = \$12.12
- Primary driver of increase in 2014 - Urban housing costs

Questions?