

Vermont Basic Needs Budgets and Livable Wage

House Committee on General & Housing
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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



Definitions

What are the basic needs budgets and Vermont livable wage?



Basic Needs Budget – current statute

- 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.



Vermont Livable Wage – current statute

- 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 Chittenden County.
 - The rural designation refers to the rest of the State.



Other Assumptions

- Single persons and single parents reflect average costs of a male and a female 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.



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
- Miscellaneous expenses
- Savings
- Taxes

Not required by statute

- Clothing and household expenses
- Telecommunications
- Personal Care Products



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 Vermont Basic Needs Budget
Two Adults, No Children (two wage earners)

| | Urban | Rural |
|--|----------------|----------------|
| Category | | |
| <i>(Cost estimates are per month)</i> | | |
| Food | 807 | 807 |
| Housing | 1,238 | 914 |
| Transportation | 997 | 1,432 |
| Health Care | 412 | 412 |
| Dental Care | 25 | 25 |
| Child Care | 0 | 0 |
| Clothing & Household Expenses | 245 | 245 |
| Personal Expenses | 213 | 213 |
| Telecommunications | 172 | 172 |
| Rental Insurance | 21 | 21 |
| Term Life Insurance | 50 | 50 |
| Savings | 209 | 215 |
| Total Monthly Expenses | 4,389 | 4,505 |
| Annual Estimates | | |
| Annual Expenses | 52,662 | 54,062 |
| Federal & State Taxes | 10,201 | 10,619 |
| Annual Income | 62,863 | 64,681 |
| Hourly Livable Wage | \$30.22 | \$31.10 |
| <i>Average Wage PER Earner</i> | \$15.11 | \$15.55 |
| 2022 VT Livable Wage (average of urban and rural) | | \$15.33 |



| Tax Calculations | 2022 Tax Year – Married Filing Jointly | |
|-------------------------------|---|----------------------|
| AGI | 62,863 | 64,681 |
| Standard Deduction | (25,900) | (25,900) |
| Taxable Income | 36,963 | 38,781 |
| Federal Tax (before credits) | 4,025 | 4,243 |
| Child Credit | - | - |
| Dependent Care Credit | - | - |
| <i>Net Federal Tax</i> | <i>4,025</i> | <i>4,243</i> |
| | | |
| VT Standard Deduction | (13,050) | (13,050) |
| VT Personal Exemption(s) | (9,000) | (9,000) |
| VT Taxable Income | 40,813 | 42,631 |
| State Tax (before credits) | 1,367 | 1,428 |
| Child Credit | - | - |
| Dependent Care Credit | - | - |
| Renter Rebate | - | - |
| <i>Net State Tax</i> | <i>1,367</i> | <i>1,428</i> |
| | | |
| FICA/Medicare | 4,809 | 4,948 |
| <i>Total</i> | <i>10,201</i> | <i>10,619</i> |



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

| 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 Vermont 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

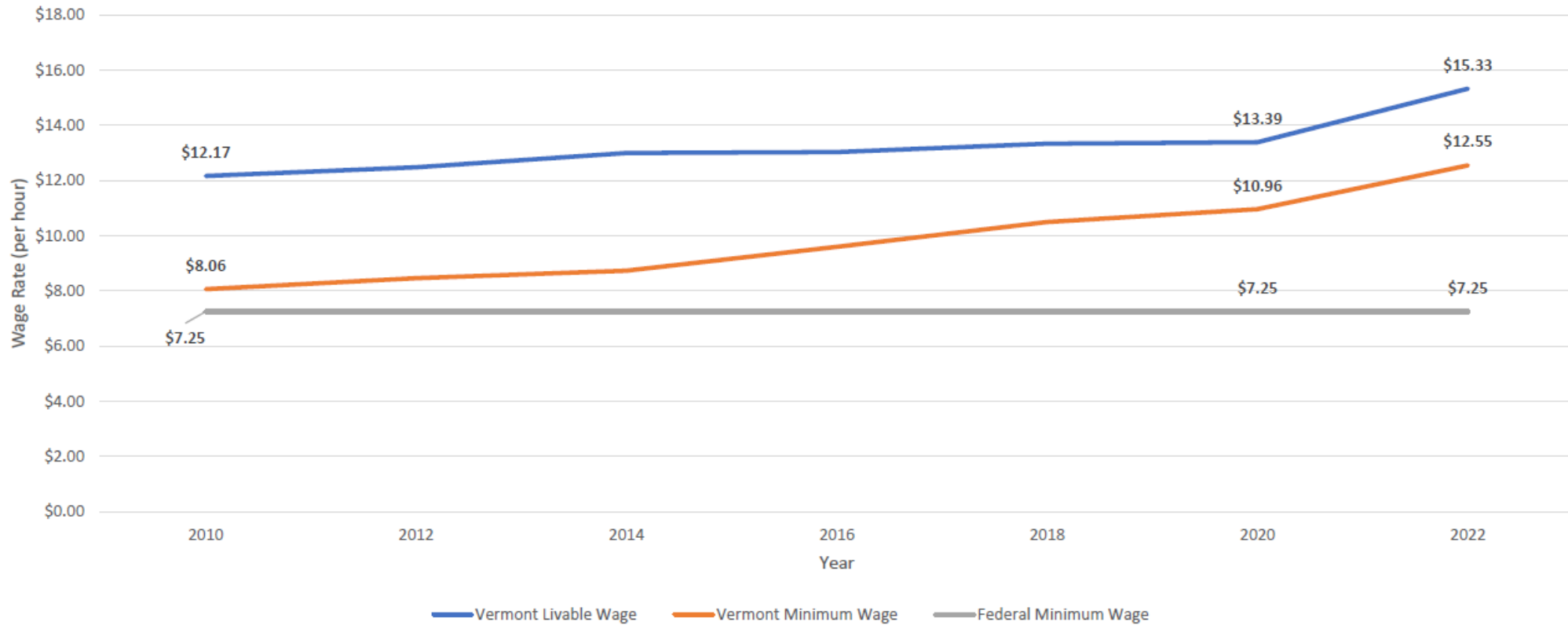
How does the 2022 Vermont livable wage compare to federal/state minimum wage?

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

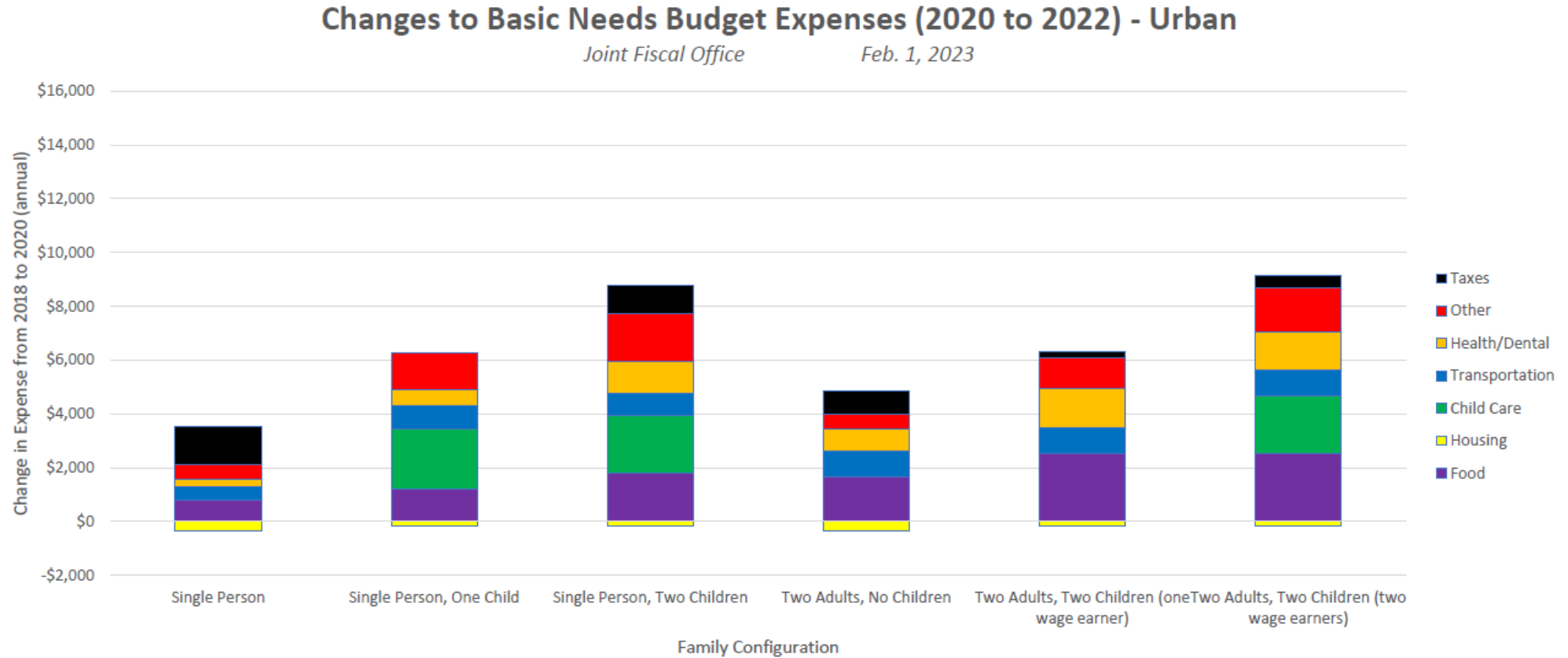


Tracking wage rates from 2010 to 2022

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

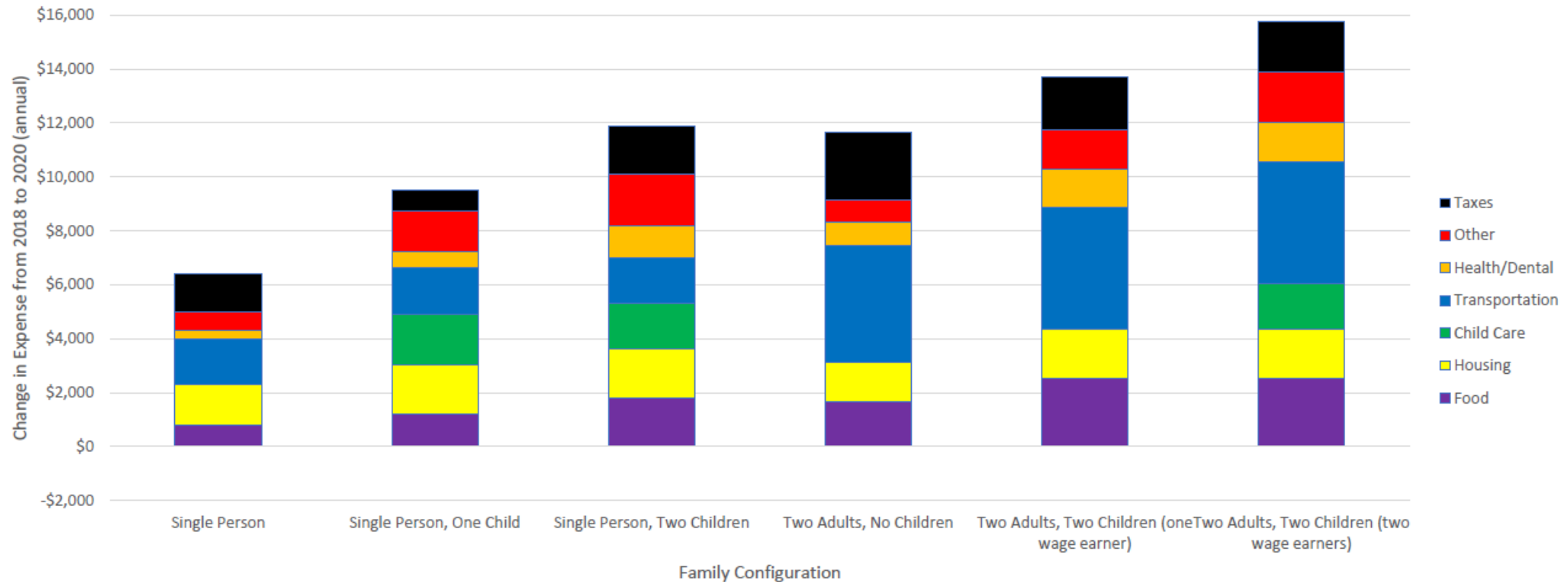


Changes to expenses 2020 to 2022 - Rural

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

