

# HISTORY of Basic Needs Budgets and the Livable Wage

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**Vermont Sustainable Jobs Fund**

*Accelerating Sustainable Economic Development*

# Why & how did the idea of Livable Wages start?

- Arose out of mid-1990s cuts to federal welfare programs and new work requirements and union strength was on the decline. Vermont was an early adopter of the concept which eventually became a national movement.
- Wanted to understand what it costs to live in VT for different family sizes; with the belief that if you work full-time you should be able to pay your bills and taxes and not need public support.
- Basic Needs Budget and Livable Wage calculations began in 1996 and revealed just how many Vermonters do not earn a livable wage and relied on some form of public assistance, even though they were working FT.
- The BNB were meant to serve as guidance for all types of employers
  - Unlike the minimum wage, a livable wage by family size cannot be mandated
  - Intentionally bare bones and conservative because the differential between the MW and a LW, especially for 4-person families is large.
- We acknowledge VT is a small biz state – so it can be hard to pay LWes even if employers want to ... but many in business will say that if you are not paying at least a livable wage, then you shouldn't be in business as taxpayers are subsidizing your existence. So many of us have been focusing on HOW to help businesses improve their ability to pay LWes.



# Peace & Justice Center: VT Job Gap Study

- Phase 1: Basic Needs Budget and a Livable Wage (1996)
- Phase 2: Livable Wage Jobs: The Job Gap (1997)
- Phase 3: The Cost of Underemployment: The Income Gap (1997)
- Phase 4: Policy Recommendations (1998)
- Phase 5: Basic Needs Budget and a Livable Wage 1998 Update
- Phase 6: The Leaky Bucket: An Analysis of Vermont's Dependence on Imports (2001)
- Phase 7: Basic Needs, Livable Wage Jobs and the Cost of Under-employment – 2002 Update





# The Vermont Job Gap Study

- Phase 1 Basic Needs and a Livable Wage
- Phase 2 Livable Wage Jobs: The Job Gap
- Phase 3 The Cost of Underemployment: The Income Gap
- Phase 4 Policy Recommendations
- Phase 5 1998 Update

A Report by the Peace & Justice Center

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Chart 2

### Estimated Cost of Basic Needs

#### Single Person Household

(Full-time work and employer-assisted health care)

Category	Single Person			
	Urban		Rural	
	Cost/mo.	%	Cost/mo.	%
Food	\$164	14%	\$164	15%
Rent & Utilities	478	42%	416	37%
Telephone	25	2%	25	2%
Health Care	73	6%	73	7%
Transportation	227	20%	259	23%
Child Care	---	---	---	---
Clothing / HHold	138	12%	138	12%
Personal Expenses	33	3%	33	3%
Renters Insurance	10	1%	10	1%

Total monthly expenses \$1,148 100% \$1,118 100%

Annual expenses \$13,776 \$13,416

Federal & State taxes<sup>1</sup> \$3,310 19% \$3,182 19%

Annual Income \$17,086 \$16,598

Equivalent hourly wage \$8.21 \$7.98

Federal poverty level \$7,740

Equivalent hourly wage \$3.72

#### Primary Sources

- Food: USDA - "Low Cost Food Plan"
- Housing: HUD - Fair Market Rents
- Telephone: NYNEX - Standard Use Measured Service
- Health Care: BC / BS and VT Health Care Authority
- Transportation: US DOT - National Personal Transportation Survey & IRS
- Child Care: VT Social & Rehabilitation Services & Child Care Resources
- Clothing / Household: Bureau of Labor Statistics, Consumer Expenditure Survey
- Personal Expenses: Derived from BLS / CES
- Insurance: Smith, Bell & Thompson

<sup>1</sup> Does not include sales taxes.

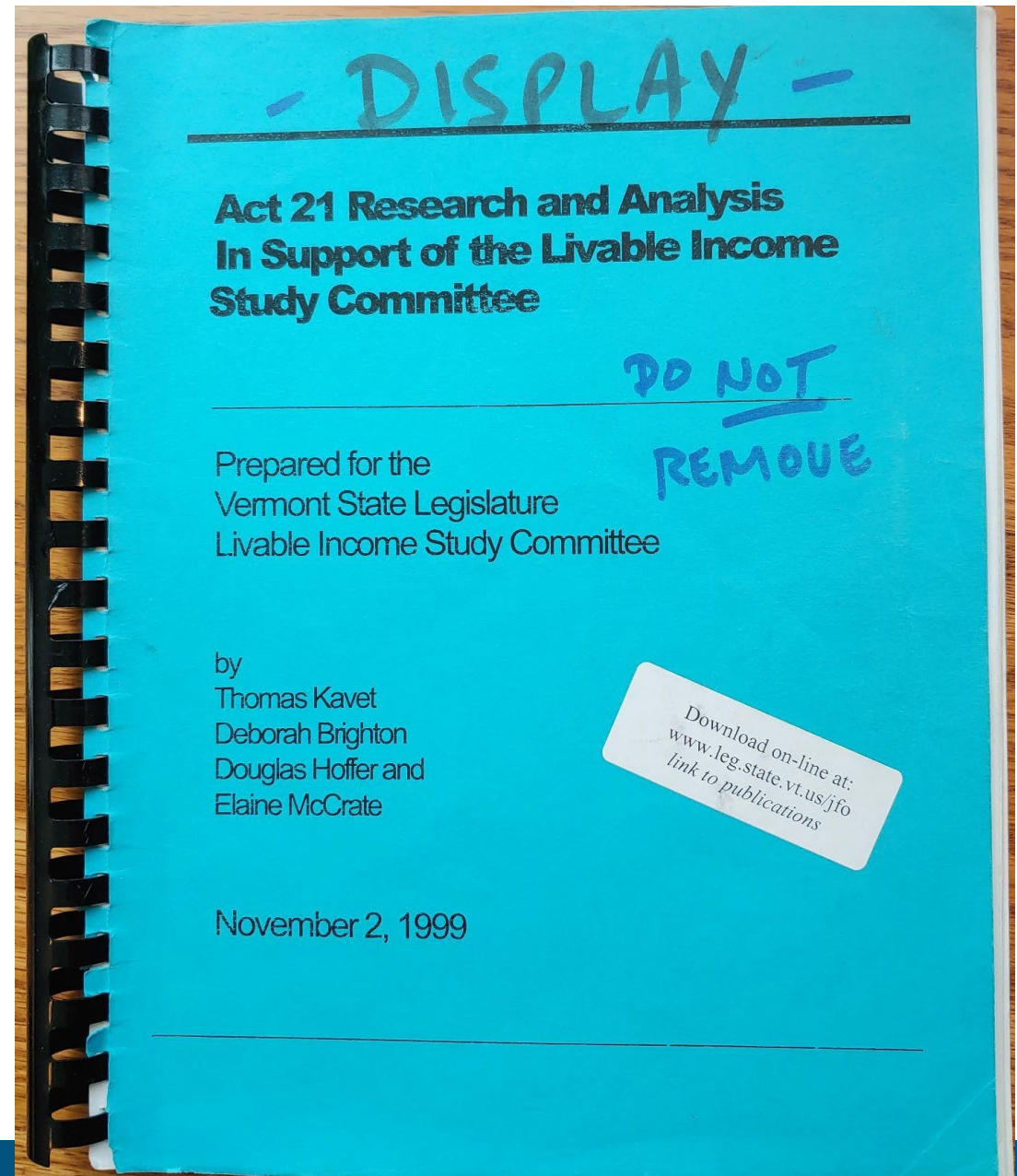
See Appendix for complete description of methodology.

1996 Livable Wage for a single person household



# Vermont Legislative Summer Study 1999

*looked at a wide range of  
topics, including public  
benefit cliffs*

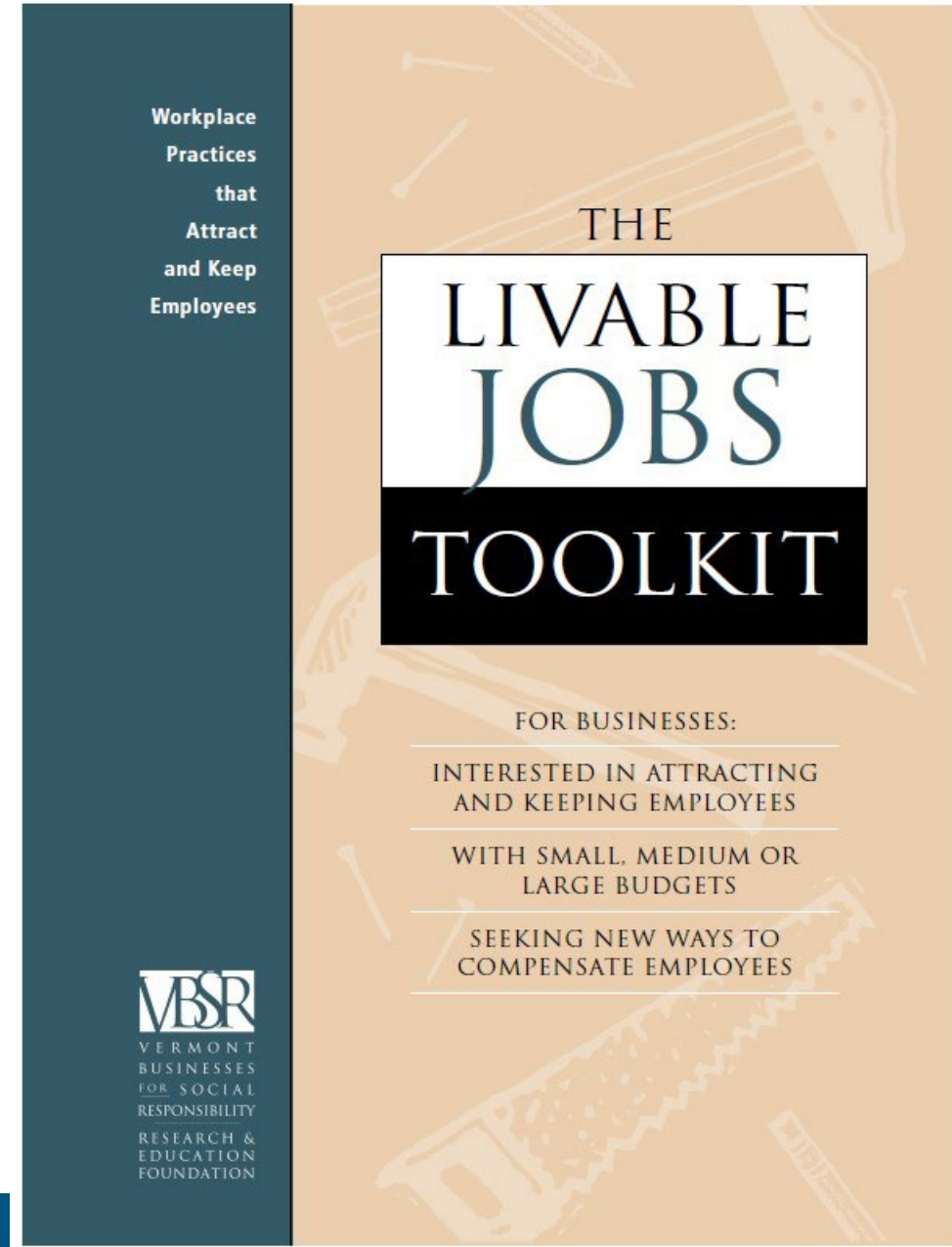




# Vermont Businesses for Social Responsibility

2000, rev. 2006

<https://vbsr.org/vbsr-resources/livable-jobs-toolkit/>



# Joint Fiscal Office Report

- Started as annual updates starting in 2001 - 2006
- Updates every two years starting in 2008
- Technical Advisory Committee recommended methodology improvements in 2008
- Updates to the methodology recommended by JFO staff in 2012
  
- It's time to re-assemble a Technical Advisory Committee and review the BNB/LW methodology in time for the 2025 report. A lot has changed in the US / VT economy! See H.157