



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

**2024 Vermont  
Basic Needs Budgets  
And Livable Wage Report**

**JANUARY 15, 2025**

Prepared in accordance with  
2 V.S.A. § 526

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

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## Part I – Executive Summary

This is the 15th edition of the Vermont Basic Needs Budgets and Livable Wage Report. A Basic Needs Budget is a market-based analysis that accounts for estimated monthly living expenses in Vermont. This includes the costs of essential items such as food, housing, transportation, child care, clothing and household expenses, telecommunications charges, health and dental care, renters' insurance, life insurance, and savings. Tax obligations are then added to annual household expenses. There are multiple budgets that differ based on family size, configuration, and area of residence.

This study presents the Basic Needs Budget for seven hypothetical family configurations:

- Single Person
- Single Person in Shared Housing
- 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

After determining the Basic Needs Budget for each configuration, hourly wage figures are calculated by dividing the total by a year of full-time work. Annual budgets and hourly wages are computed for each configuration in both urban and rural Vermont, resulting in 14 total budgets.

### Vermont Livable Wage Rate

The Vermont Livable Wage is defined in statute as the hourly wage required for a full-time worker to pay for the Basic Needs Budget for a single person in shared housing and employer-sponsored health insurance, for both urban and rural areas. **The 2024 Vermont Livable Wage is \$19.53 per hour in urban areas and \$17.68 in rural areas.**<sup>1</sup> The Livable Wage is different from the wage for a single person because it accounts for the economies achieved by multiple-person households. This figure does not, however, include all potential household expenses because it is for a single person in shared housing without children. Therefore, the Livable Wage varies for different family configurations.

The Basic Needs Budgets and Livable Wage methodology was originally established in 1999 as the result of the Joint Legislative Study Committee on a Livable Income. Comprehensive improvements to the study methodology were recommended in 2008 by a Basic Needs Budget Technical Advisory Council that was created in Act 202 of 2008. The methodology was further studied and improved in 2023 by the Basic Needs Budget Technical Advisory Committee that was created in Act 54 of 2023.<sup>23</sup> The Joint Fiscal Committee (JFC) has the authority to update the study methodology and adopted the Technical Advisory Council's and Technical Advisory Committee's recommendations. However,

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<sup>1</sup> The 2022 Vermont Livable Wage was \$15.33 per hour which was the average of the urban and rural Livable Wages for a household with two adults with no kids.

<sup>2</sup> Act 54 of 2024 An act relating to the Vermont basic needs budget, <https://legislature.vermont.gov/Documents/2024/Docs/ACTS/ACT054/ACT054%20As%20Enacted.pdf>

<sup>3</sup> Basic Needs Budget Technical Advisory Committee Report, 2023, <https://ljfo.vermont.gov/assets/Uploads/7bf19f4021/Basic-Needs-Budget-Technical-Advisory-Committee-Report-FINAL.pdf>

changes to statutory definitions must be passed by the General Assembly. Act 123 of 2024 made updates to the definition of the Livable Wage. The most significant update was to split the Livable Wage. Prior to Act 123 it was calculated as the average of the livable wage for urban and rural areas. Since Act 123 separate livable wages are determined for urban and rural areas. Additionally, the reference household for the official Livable Wage was changed from a household with two adults with no children to a single person in shared housing.<sup>4</sup>

The purpose of the Basic Needs Budget and Livable Wage calculation is to provide information to the public on what it costs to live in Vermont, based on certain assumptions. It is not meant to be a mandate, but another source of comparative data when considering wage levels in Vermont.

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<sup>4</sup> Act 123 of 2024 An act relating to amending the Vermont basic needs budget and livable wage, <https://legislature.vermont.gov/Documents/2024/Docs/ACTS/ACT123/ACT123%20As%20Enacted.pdf>

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## Part II – Changes from the Last Report

Each biennium, potential improvements to the Basic Needs Budgets methodology are discussed. A change may be considered for a range of reasons, from technical issues surrounding data access or suitability to a new policy choice or objective. The decision to make a change involves balancing the value of the improvement with the continuity of the report's findings. This report reflects the methodology changes recommended by the Basic Needs Budget Technical Advisory Committee that were approved by the Joint Fiscal Committee (JFC) in 2023 and the statutory changes to the definition of the Livable Wage made in Act 123 of 2024.

### **Statutory Changes**

#### ***Household Configurations***

Act 123 of 2024 changed the official Livable Wage to refer to a single person in shared housing. Previously, the basis for the official Livable Wage was a household with two adults and no children. The Basic Needs Budget Technical Advisory Committee recommended this change, believing that a single person in shared housing more closely aligns with the demographic targeted by this report.

#### ***Urban and Rural***

Act 123 of 2024 changed the calculation of the Livable Wage to provide separate rates for urban and rural areas. Previously, the official Livable Wage was calculated by averaging the urban and rural livable wages for a two-adult household with no children. The Basic Needs Budget Technical Advisory Committee recommended this change. It was the opinion of the Committee that by averaging the livable wages for urban and rural areas, the official Livable Wage was neither correct for urban nor rural areas. By separating the two, the Committee believed that the wages would better reflect the level of compensation necessary to cover basic needs in those areas.

### **Methodology Changes Approved by the Joint Fiscal Committee**

#### ***Food***

The Basic Needs Budget Technical Advisory Committee recommended, and JFC approved, two changes to how food budgets are calculated. The first change relates to single adult household configurations. Previously, adults in single household configurations were assumed to be female. Now, single adult household food budgets are calculated by averaging the male and female adult food budgets. United States Department of Agriculture (USDA) data shows that, on average, adult males have higher food costs than adult females. While single adult households with children are predominantly led by women, households without children are more evenly split. This change increases food budgets for all single adult households.

The second approved change relates to the differential calculated to take national USDA food budgets and make them more specific to costs in Vermont – which tend to be higher than the national average. Previously, the report calculated the differential as the 10-year average differential between national and Northeast spending on food using the Consumer Expenditure Survey (CES). Now, the calculation uses the 5-year average differential. This change was recommended and approved because of the rapid rise of food costs in recent years. By using a 5-year instead of 10-year average differential, differences between national and local food costs will be more current.

***Child Care***

The Basic Needs Budget Technical Advisory Committee did not recommend a change but did ask JFC to confirm that the new expanded child care subsidies available to Vermonters be included in the calculation. This report calculates livable wages on the assumption that households will not require public assistance to cover their basic needs. Because households with incomes of up to 575% of federal poverty guidelines are eligible for the expanded child care subsidies, the Committee determined they should be considered a public good rather than public assistance and thus included in the calculation. JFC concurred with the recommendation of the Committee.

***Clothing and Household Expenses***

The Basic Needs Budget Technical Advisory Committee recommended, and JFC approved, one change to how clothing and household expenses budgets are calculated. In this and future reports, the three-year amortized cost of a base model computer will be included. The methodology for calculating this cost is the CES. Because the report assumes that families rent rather than own their homes, expenses for appliances and miscellaneous household equipment were not previously factored into the basic needs budgets. The CES included the cost of computer ownership, but within the broader category of miscellaneous household equipment. The Committee felt that owning a computer constitutes a basic need for a variety of reasons and JFC concurred.

***Telecommunications***

The Basic Needs Budget Technical Advisory Committee recommended, and JFC approved, one change to how costs for telecommunications are calculated. Previously, the methodology included a blended average of telephone costs based on the National Center for Health Statistics survey of usage between mobile and landline phones. This and future budgets will simply assume the costs of owning a mobile phone, which tend to be more expensive than landlines and have grown in prevalence.

***Personal Care Products***

Previously, there was no line item for personal care expenses such as hygiene products, shaving needs, cosmetics and bath needs, and electronic personal care products. The Basic Needs Budget Technical Advisory Committee considered these products to be basic needs and recommended that they be included as their own spending category going forward. JFC considered this recommendation and voted to approve its inclusion in the budget calculations.

***Personal Expenses***

The Basic Needs Budget Technical Advisory Committee recommended, and JFC approved, two changes to the personal expenses spending category. The first was to rename the category “miscellaneous expenses” to avoid confusion with the newly created personal care products expense category. The second was to raise the per day allowance to \$5.00 for adults and \$2.50 for children. This spending category is for expenses that do not fit neatly into other standard categories of expenses. With recent inflation, the Committee and JFC viewed this update as appropriate.



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## Part III – 2024 Vermont Livable Wage and Basic Needs Budgets

**2024 Livable Wage = \$19.53 per hour in urban areas and \$17.68 per hour in rural areas<sup>5</sup>**

### 2024 Basic Needs Budget Wages<sup>6</sup>

Family Type	Urban	Rural
Single Person	\$23.98	\$21.32
Single Person, Shared Housing	\$19.53	\$17.68
Single Parent, One Child	\$35.80	\$29.87
Single Parent, Two Children	\$43.06	\$36.91
Two Adults, No Children	\$17.81	\$17.01
Two Adults, Two Children (one wage earner)	\$44.24	\$41.03
Two Adults, Two Children (two wage earners)	\$25.08	\$23.48

<sup>5</sup> 2025 is the first year that the Livable Wage refers to a single person in shared housing and is provided separately for urban and rural areas. Previously, the Livable Wage was calculated as the average between the urban and rural areas for a two adult, no children household.

<sup>6</sup> All hourly wages given are per wage earner.

**2024 Vermont Basic Needs Budget  
Single Person**

	Urban	Rural
<b>Category</b> <i>(Cost estimates are per month)</i>		
Food	481	481
Housing	1,476	1,046
Transportation	534	627
Health Care	223	223
Dental Care	4	4
Child Care	0	0
Clothing and Household Expenses	173	173
Personal Care Products	47	47
Miscellaneous Expenses	152	152
Telecommunications	122	122
Rental Insurance	22	22
Term Life Insurance	0	0
Savings	162	145
<b>Total Monthly Expenses</b>	<b>3,396</b>	<b>3,042</b>
<b>Annual Estimates</b>		
Annual Expenses	40,750	36,500
Federal and State Taxes	9,123	7,846
Annual Income	49,873	44,346
<b>Hourly Livable Wage</b> <i>Average Wage Per Earner</i>	<b>\$ 23.98</b>	<b>\$ 21.32</b>
<b>Tax Calculations</b>	2024 Tax Year – Single Filer	
AGI	49,873	44,346
Standard Deduction	(14,600)	(14,600)
Taxable Income	35,273	29,746
Federal Tax (before credits)	4,001	3,338
Child Credit	-	-
Dependent Care Credit	-	-
<b>Net Federal Tax</b>	<b>4,001</b>	<b>3,338</b>
VT Standard Deduction	(7,400)	(7,400)
VT Personal Exemption	(5,100)	(5,100)
VT Taxable Income	37,373 #	31,846
State Tax (before credits)	1,252	1,067
Child Credit	-	-
Dependent Care Credit	-	-
Renter Rebate	-	-
<b>Net State Tax</b>	<b>1,252</b>	<b>1,067</b>
FICA/Medicare	3,815	3,392
Child Care Contribution (0.11%)	55	49
<b>Total</b>	<b>9,123</b>	<b>7,846</b>

**2024 Vermont Basic Needs Budget**  
**Single, Shared Housing**

	Urban	Rural
<b>Category</b> <i>(Cost estimates are per month)</i>		
Food	481	481
Housing	968	641
Transportation	534	627
Health Care	223	223
Dental Care	4	4
Child Care	0	0
Clothing and Household Expenses	153	153
Personal Care Products	47	47
Miscellaneous Expenses	152	152
Telecommunications	96	96
Rental Insurance	11	11
Term Life Insurance	0	0
Savings	133	122
<b>Total Monthly Expenses</b>	<b>2,803</b>	<b>2,557</b>
<b>Annual Estimates</b>		
Annual Expenses	33,631	30,684
Federal and State Taxes	6,983	6,098
Annual Income	40,614	36,782
<b>Hourly Livable Wage</b> <i>Average Wage Per Earner</i>	<b>\$ 19.53</b>	<b>\$ 17.68</b>
<b>Tax Calculations</b>	2024 Tax Year – Head of Household	
AGI	40,614	36,782
Standard Deduction	(14,600)	(14,600)
Taxable Income	26,014	22,182
Federal Tax (before credits)	2,890	2,430
Child Credit	-	-
Dependent Care Credit	-	-
<b>Net Federal Tax</b>	<b>2,890</b>	<b>2,430</b>
VT Standard Deduction	(7,400)	(7,400)
VT Personal Exemption	(5,100)	(5,100)
VT Taxable Income	28,114	24,282
State Tax (before credits)	942	813
Child Credit	-	-
Dependent Care Credit	-	-
Renter Rebate	-	-
<b>Net State Tax</b>	<b>942</b>	<b>813</b>
FICA/Medicare	3,107	2,814
Child Care Contribution (0.11%)	45	40
<b>Total</b>	<b>6,983</b>	<b>6,098</b>

**2024 Vermont Basic Needs Budget  
Single Parent, One Child**

<b>Category</b> <i>(Cost estimates are per month)</i>	<b>Urban</b>	<b>Rural</b>
Food	705	705
Housing	1,936	1,282
Transportation	595	707
Health Care	477	477
Dental Care	24	24
Child Care	650	433
Clothing and Household Expenses	275	275
Personal Care Products	70	70
Miscellaneous Expenses	228	228
Telecommunications	122	122
Rental Insurance	22	22
Term Life Insurance	52	52
Savings	258	220
<b>Total Monthly Expenses</b>	<b>5,413</b>	<b>4,617</b>
<b>Annual Estimates</b>		
Annual Expenses	64,962	55,407
Federal and State Taxes	9,505	6,720
Annual Income	74,466	62,127
<b>Hourly Livable Wage</b>		
<i>Average Wage Per Earner</i>	<b>\$ 35.80</b>	<b>\$ 29.87</b>
<b>Tax Calculations</b>		
	2024 Tax Year – Head of Household	
AGI	74,466	62,139
Standard Deduction	(21,900)	(21,900)
Taxable Income	52,566	40,239
Federal Tax (before credits)	5,977	4,498
Child Credit	(2,000) #	(2,000)
Dependent Care Credit	(600)	(600)
<b>Net Federal Tax</b>	<b>3,377</b>	<b>1,898</b>
VT Standard Deduction	(11,100)	(11,100)
VT Personal Exemption	(10,200)	(10,200)
VT Taxable Income	53,166	40,839
State Tax (before credits)	1,781	1,368
Child Credit	(1,000)	(1,000)
Dependent Care Credit	(432)	(432)
Renter Rebate	-	-
<b>Net State Tax</b>	<b>349</b>	<b>-</b>
FICA/Medicare	5,697	4,754
Child Care Contribution (0.11%)	82	68
<b>Total</b>	<b>9,505</b>	<b>6,720</b>

**2024 Vermont Basic Needs Budget**  
**Single Parent, Two Children**

	Urban	Rural
<b>Category</b> <i>(Cost estimates are per month)</i>		
Food	1,019	1,019
Housing	1,936	1,282
Transportation	595	707
Health Care	849	849
Dental Care	71	71
Child Care	867	650
Clothing and Household Expenses	365	365
Personal Care Products	84	84
Miscellaneous Expenses	304	304
Telecommunications	122	122
Rental Insurance	22	22
Term Life Insurance	62	62
Savings	315	277
<b>Total Monthly Expenses</b>	<b>6,610</b>	<b>5,814</b>
<b>Annual Estimates</b>		
Annual Expenses	79,323	69,769
Federal and State Taxes	10,250	7,013
Annual Income	89,573	76,782
<b>Hourly Livable Wage</b> <i>Average Wage Per Earner</i>	<b>\$ 43.06</b>	<b>\$ 36.91</b>
<b>Tax Calculations</b>	2024 Tax Year – Head of Household	
AGI	89,573	76,782
Standard Deduction	(21,900)	(21,900)
Taxable Income	67,673	54,882
Federal Tax (before credits)	8,247	6,255
Child Credit	(4,000) #	(4,000)
Dependent Care Credit	(1,200)	(1,200)
<b>Net Federal Tax</b>	<b>3,047</b>	<b>1,055</b>
VT Standard Deduction	(11,100)	(11,100)
VT Personal Exemption	(15,300)	(15,300)
VT Taxable Income	63,173	50,382
State Tax (before credits)	2,116	1,688
Child Credit	(1,000)	(1,000)
Dependent Care Credit	(864)	(864)
Renter Rebate	-	-
<b>Net State Tax</b>	<b>252</b>	<b>-</b>
FICA/Medicare	6,852	5,874
Child Care Contribution (0.11%)	99	84
<b>Total</b>	<b>10,250</b>	<b>7,013</b>

**2024 Vermont Basic Needs Budget**  
**Two Adults, No Children (two wage earners)**

	Urban	Rural
<b>Category</b> <i>(Cost estimates are per month)</i>		
Food	882	882
Housing	1,476	1,046
Transportation	1,069	1,296
Health Care	585	585
Dental Care	24	24
Child Care	0	0
Clothing and Household Expenses	254	254
Personal Care Products	73	73
Miscellaneous Expenses	304	304
Telecommunications	158	158
Rental Insurance	22	22
Term Life Insurance	55	55
Savings	245	235
<b>Total Monthly Expenses</b>	<b>5,147</b>	<b>4,934</b>
<b>Annual Estimates</b>		
Annual Expenses	61,766	59,203
Federal and State Taxes	12,315	11,542
Annual Income	74,081	70,746
<b>Hourly Livable Wage</b>	<b>\$ 35.62</b>	<b>\$ 34.01</b>
<i>Average Wage Per Earner</i>	17.81	17.01
<b>Tax Calculations</b>	2024 Tax Year – Married Filing Jointly	
AGI	74,089	70,746
Standard Deduction	(29,200)	(29,200)
Taxable Income	44,889	41,546
Federal Tax (before credits)	4,923	4,522
Child Credit	-	-
Dependent Care Credit	-	-
<b>Net Federal Tax</b>	<b>4,923</b>	<b>4,522</b>
VT Standard Deduction	(14,850)	(14,850)
VT Personal Exemption(s)	(10,200)	(10,200)
VT Taxable Income	49,039	45,696
State Tax (before credits)	1,643	1,531
Child Credit	-	-
Dependent Care Credit	-	-
Renter Rebate	-	-
<b>Net State Tax</b>	<b>1,643</b>	<b>1,531</b>
FICA/Medicare	5,668	5,412
Child Care Contribution	81	78
<b>Total</b>	<b>12,315</b>	<b>11,542</b>

**2024 Vermont Basic Needs Budget**  
**Two Adults, Two Children (one wage earner)**

	Urban	Rural
<b>Category</b> <i>(Cost estimates are per month)</i>		
Food	1,372	1,372
Housing	1,936	1,282
Transportation	1,082	1,328
Health Care	882	882
Dental Care	71	71
Child Care	0	0
Clothing and Household Expenses	290	290
Personal Care Products	86	86
Miscellaneous Expenses	456	456
Telecommunications	158	158
Rental Insurance	22	22
Term Life Insurance	66	66
Savings	321	301
<b>Total Monthly Expenses</b>	<b>6,742</b>	<b>6,314</b>
<b>Annual Estimates</b>		
Annual Expenses	80,899	75,763
Federal and State Taxes	11,116	9,572
Annual Income	92,015	85,335
<b>Hourly Livable Wage</b> <i>Average Wage Per Earner</i>	<b>\$ 44.24</b>	<b>\$ 41.03</b>
<b>Tax Calculations</b>	2024 Tax Year – Married Filing Jointly	
AGI	92,015	85,335
Standard Deduction	(29,200)	(29,200)
Taxable Income	62,815	56,135
Federal Tax (before credits)	7,074	6,272
Child Credit	(4,000)	(4,000)
Dependent Care Credit	-	-
<b>Net Federal Tax</b>	<b>3,074</b>	<b>2,272</b>
VT Standard Deduction	(14,850)	(14,850)
VT Personal Exemption	(20,400)	(20,400)
VT Taxable Income	56,765 #	50,085
State Tax (before credits)	1,902	1,678
Child Credit	(1,000)	(1,000)
Dependent Care Credit	-	-
Renter Rebate	-	-
<b>Net State Tax</b>	<b>902</b>	<b>678</b>
FICA/Medicare	7,039	6,528
Child Care Contribution (0.11%)	101	94
<b>Total</b>	<b>11,116</b>	<b>9,572</b>



**2024 Vermont Basic Needs Budget**  
**Two Adults, Two Children (two wage earners)**

	Urban	Rural
<b>Category</b> <i>(Cost estimates are <b>per month</b>)</i>		
Food	1,372	1,372
Housing	1,936	1,282
Transportation	1,082	1,328
Health Care	882	882
Dental Care	71	71
Child Care	758	758
Clothing and Household Expenses	440	440
Personal Care Products	86	86
Miscellaneous Expenses	456	456
Telecommunications	158	158
Rental Insurance	22	22
Term Life Insurance	74	74
Savings	367	346
<b>Total Monthly Expenses</b>	<b>7,704</b>	<b>7,276</b>
<b>Annual Estimates</b>		
Annual Expenses	92,443	87,306
Federal and State Taxes	11,901	10,357
Annual Income	104,344	97,664
<b>Hourly Livable Wage</b>	<b>\$ 50.17</b>	<b>\$ 46.95</b>
<i>Average Wage Per Earner</i>	\$ 25.08	\$ 23.48
<b>Tax Calculations</b>	2024 Tax Year – Married Filing Jointly	
AGI	104,344	97,664
Standard Deduction	(29,200)	(29,200)
Taxable Income	75,144	68,464
Federal Tax (before credits)	8,553	7,752
Child Credit	(4,000)	(4,000)
Dependent Care Credit	(1,200)	(1,200)
<b>Net Federal Tax</b>	<b>3,353</b>	<b>2,552</b>
VT Standard Deduction	(14,850)	(14,850)
VT Personal Exemption	(20,400)	(20,400)
VT Taxable Income	69,094	62,414
State Tax (before credits)	2,315	2,091
Child Credit	(1,000)	(1,000)
Dependent Care Credit	(864)	(864)
Renter Rebate	-	-
<b>Net State Tax</b>	<b>451</b>	<b>227</b>
FICA/Medicare	7,982	7,471
Child Care Contribution (0.11%)	115	107
<b>Total</b>	<b>11,901</b>	<b>10,357</b>

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## Part IV – Comparisons with Other Income Measures

To put the Basic Needs Budgets and the Livable Wage measures in context, it is helpful to compare them with two other well-known income thresholds, the federal poverty guidelines and minimum wage rates.

### Federal Poverty Guidelines

The federal poverty guidelines are a version of the federal poverty measure developed in the 1960's. These figures are issued each year in the *Federal Register* by the U.S. Department of Health and Human Services (HHS). The guidelines are a simplification of the poverty thresholds used for administrative purposes. Many government programs, both federal and state, determine eligibility using these guidelines. Programs frequently use a percentage multiple of the federal poverty guidelines for eligibility requirements because it is generally recognized that many families with incomes above the guidelines still lack sufficient resources to meet basic needs. For instance, a single person in shared housing earning the 2024 Vermont Livable Wage would fall roughly halfway between 300% and 400% of the federal poverty guidelines.

### 2024 HHS Federal Poverty Guidelines

(48 Contiguous States and the District of Columbia)

2024 Rates with Percentage Multiples								
Size of Family Unit	100%	125%	150%	175%	200%	250%	300%	400%
1	15,060	18,825	22,590	26,355	30,120	37,650	45,180	60,240
2	20,440	25,550	30,660	35,770	40,880	51,100	61,320	81,760
3	25,820	32,275	38,730	45,185	51,640	64,550	77,460	103,280
4	31,200	39,000	46,800	54,600	62,400	78,000	93,600	124,800
5	36,580	45,725	54,870	64,015	73,160	91,450	109,740	146,320
6	41,960	52,450	62,940	73,430	83,920	104,900	125,880	167,840
7	47,340	59,175	71,010	82,845	94,680	118,350	142,020	189,360
8	52,720	65,900	79,080	92,260	105,440	131,800	158,160	210,880
Each add'l person:	5,380	6,725	8,070	9,415	10,760	13,450	16,140	21,520

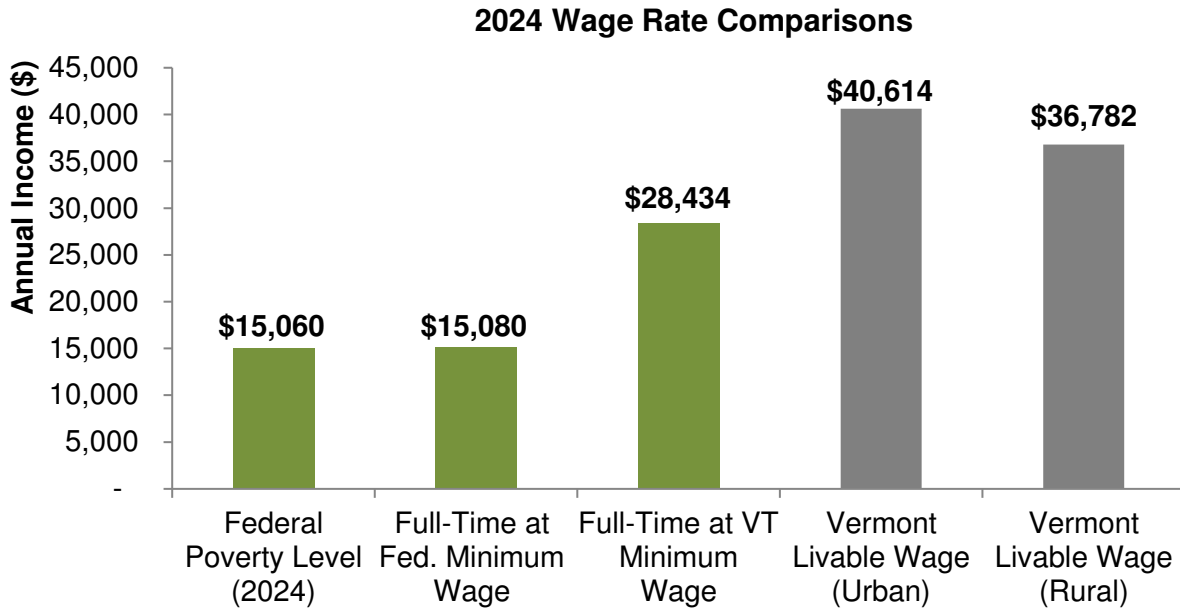
Source: <https://aspe.hhs.gov/poverty-guidelines>

### Minimum Wage

The federal minimum wage was established in 1938 as part of the Fair Labor Standards Act. Minimum wage increases are passed at the will of Congress and generally have not kept pace with inflation. The federal minimum wage was last raised on July 24, 2009 and is currently \$7.25 per hour. States also mandate minimum wage rates; as of January 1, 2025, the Vermont minimum wage is \$14.01. Each year on January 1, the Vermont minimum wage rate increases by either 5% or the percentage increase of the Consumer Price Index for All Urban Consumers (CPI-U) U.S. city average, not seasonally adjusted, whichever is lesser. The 2024 Vermont Livable Wage, as well as all Basic Needs Budgets, exceeds the current Vermont minimum wage.

## Comparisons

The figure below compares the Vermont Livable Wage rate to the federal poverty guideline, as well as to the federal and State minimum wage rates. The Vermont Livable Wage (Urban) calculation for 2024 is 2.7 times the federal poverty level established for a single person. The federal minimum wage is 37% of the Vermont Livable Wage (Urban). The Vermont minimum wage is 70% of the Vermont Livable Wage (Urban).



In addition, two different family configurations are used for comparison with the federal poverty guidelines, full-time minimum wage earnings and Vermont median family incomes: the rural single parent with one child configuration and the rural two working parents with two children configuration. These comparisons are shown on pages 18 and 19.

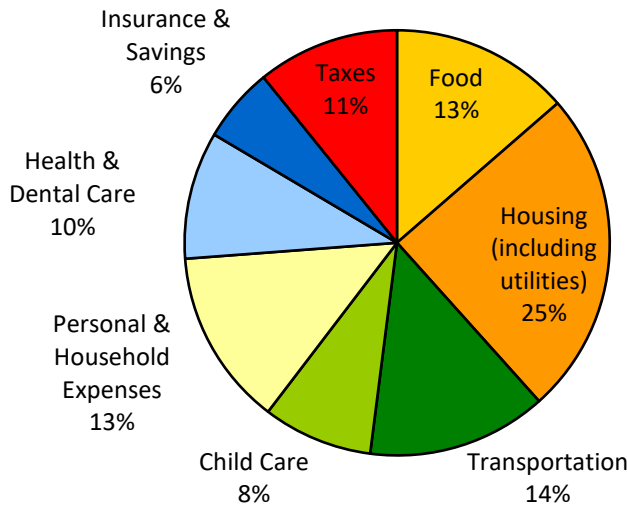
The first table and pie chart for each configuration illustrate the breakdown of the major expense components of the family budget both pre-tax and within the overall budget. For the single parent family, housing is the largest non-tax component of the budget at 25%, followed by transportation and food. Food is the largest non-tax component of the two-parent family budget, followed by housing and transportation. The health and dental care costs for each family are 10% and 12%, respectively. Federal and State taxes (including FICA and Medicare) combined are 11% of the budget for both configurations.

The Basic Needs Budget for the rural single parent with one child family, shown on page 10 is about \$62,139, roughly 65% of the Vermont median family income for a two-person family from the most recent American Community Survey data, released in 2023 and adjusted to September 2024 dollars. The budget is well above both the federal poverty level and the equivalent of working full-time for the Vermont minimum wage. The Basic Needs Budget for the rural family with two working adults and two children, shown on page 19 is roughly 68% of the median four-person family income in Vermont in 2024 (adjusted). Again, this is well above both the federal poverty level and the equivalent of working full-time for the Vermont minimum wage.

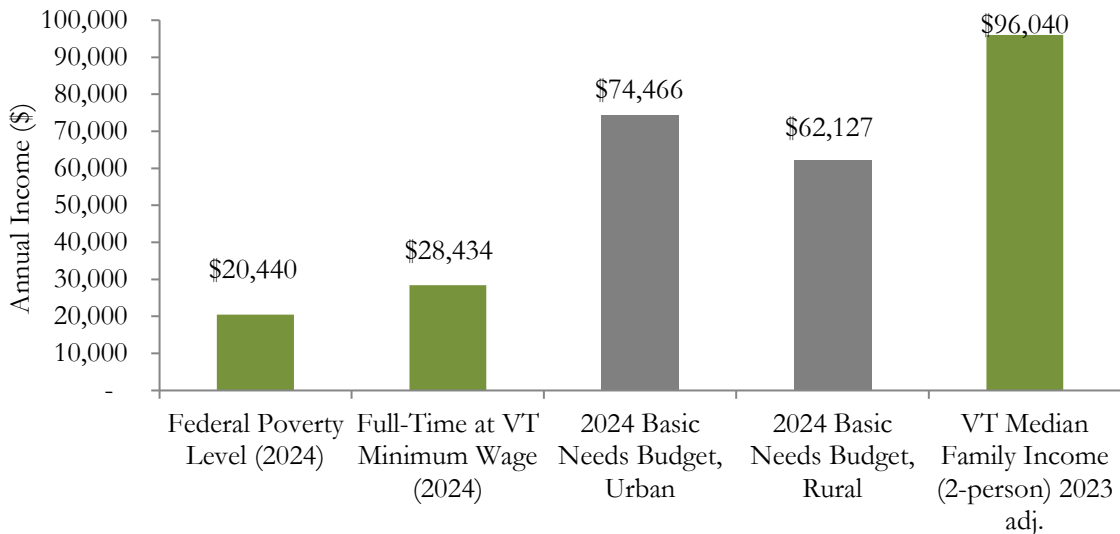
**Single Parent with One Child (Rural)**

Expense	Monthly	Annual	% of Budget
Food	705	8,458	13.6%
Housing (including utilities)	1,282	15,389	24.8%
Transportation	707	8,478	13.6%
Child Care	433	5,200	8.4%
Personal & Household Expenses	695	8,340	13.4%
Health and Dental Care	501	6,012	9.7%
Insurance and Savings	294	3,530	5.7%
<b>Expense Budget</b>	<b>4,617</b>	<b>55,407</b>	<b>89.2%</b>
Taxes	560	6,720	10.8%
<b>Overall Budget</b>	<b>5,177</b>	<b>62,127</b>	

**Percentage of Income Needed to Meet Basic Needs in Vermont**



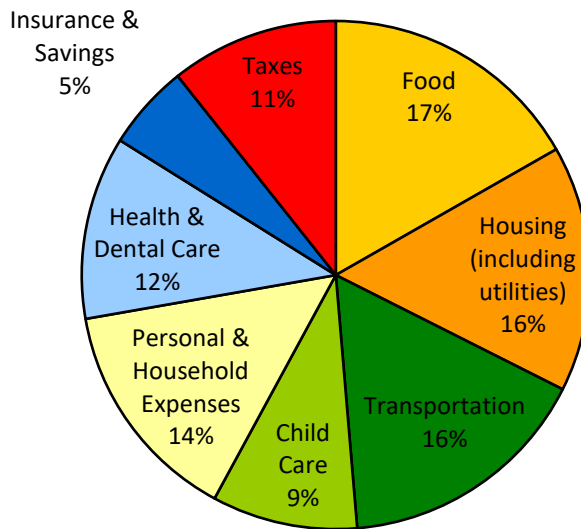
**Vermont Basic Needs Income Compared to Other Benchmarks**



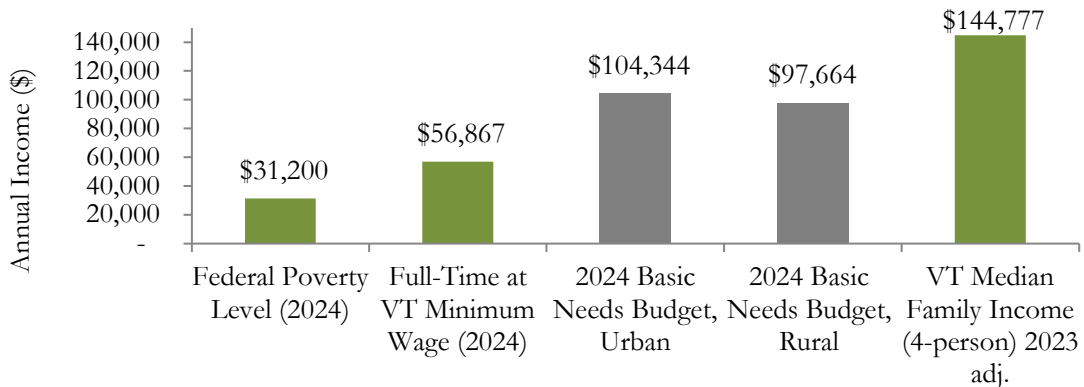
**Two Working Parents with Two Children (Rural)**

Expense	Monthly	Annual	% of Budget
Food	1,372	16,460	16.9%
Housing (including utilities)	1,282	15,389	15.8%
Transportation	1,328	15,933	16.3%
Child Care	758	9,100	9.3%
Personal & Household Expenses	1,140	13,682	14.0%
Health & Dental Care	953	11,436	11.7%
Insurance & Savings	442	5,306	5.4%
<b>Expense Budget</b>	<b>7,276</b>	<b>87,306</b>	<b>89.4%</b>
Taxes	863	10,357	10.6%
<b>Overall Budget</b>	<b>8,139</b>	<b>97,664</b>	

**Percentage of Income Needed to Meet Basic Needs in Vermont**



**Vermont Basic Needs Income Compared to Other Benchmarks**



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## Part V – Methodology and Sources

### Assumptions

- Expenses for single persons and single parents are the average of expenses for men and women who are 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
- The urban designation is for Chittenden County
- The rural designation is for the rest of the state

### Food

USDA has four levels of food plans for the monthly cost of food at home: thrifty, low-cost, moderate, and liberal. The Basic Needs Budget methodology has used the moderate cost food plans since 2007.

<b>USDA Monthly Moderate Cost Food Plan: November 2024</b>	
<b>Age/Gender Group</b>	<b>Moderate (\$)</b>
Child 4 – 5 years	210.20
Child 6 – 8 years	289.30
Adult Male 19 – 50 years	381.70
Adult Female 19 – 50 years	321.70

In addition, a percentage adjustment is applied to monthly food costs depending on the family size as recommended by USDA below:

<b>Family Size Adjustments</b>	
<b>Family size</b>	<b>Percentage adjustment (%)</b>
1-person	20
2-person	10
3-person	5
4-person	0

Lastly, these figures are adjusted for regional variation by the 5-year differential between the amount spent on food in the Northeast compared to the United States as a whole in the Consumer Expenditure Survey. There is no difference between the urban and rural food costs.

#### *Data Sources:*

U.S. Department of Agriculture (USDA), Center for Nutrition Policy and Promotion <http://www.usda.gov/cnpp/>  
 Bureau of Labor Statistics, Consumer Expenditure Survey <http://www.bls.gov/cex/>



### **Housing (Rent and Utilities)**

The Housing data are from the U.S. Department of Housing and Urban Development’s (HUD’s) Fair Market Rents (FMR) survey. The federal fiscal year 2025 data were finalized in fall of 2024 for all counties in Vermont. The urban estimate consists of the counties that make up the Burlington-South Burlington metropolitan statistical area (MSA), which are Chittenden, Franklin, and Grand Isle counties. For the rural estimate, a population-weighted average of the remaining counties is used. FMRs are established for units of varying size (0–4 bedrooms) for every county in Vermont.

<b>FY 2025 HUD Fair Market Rents (Monthly)</b>		
<b>County</b>	<b>1 Bedroom (\$)</b>	<b>2 Bedrooms (\$)</b>
Addison	1,103	1,410
Bennington	1,069	1,225
Caledonia	909	1,092
Essex	854	946
Lamoille	974	1,278
Orange	1,034	1,259
Orleans	955	1,099
Rutland	998	1,249
Washington	1,082	1,419
Windham	1,112	1,354
Windsor	1,127	1,301
Burlington-South Burlington, VT MSA	1,476	1,936

Utilities are included in the HUD data and are estimated to be 15% of the FMRs. The calculation for the renter credit, as amended in Act 160 of 2020, is based on HUD FMR data.

*Data Sources:*

U.S. Department of Housing and Urban Development (HUD), “Fair Market Rents,” [www.huduser.org/datasets/fmr.html](http://www.huduser.org/datasets/fmr.html)

U.S. Census Bureau, County Level Population Data, [www.census.gov/popest/states/](http://www.census.gov/popest/states/)

## Transportation

The methodology for calculating transportation expenses consists of two parts: 1) an estimate of vehicle miles traveled (VMT) per household, multiplied by 2) a mileage rate that encompasses all the fixed and operational costs of owning a vehicle.

- The VMT figures are from the Vermont-specific 2017 National Household Transportation Survey (NHTS), adjusted by VMT rates for the United States to minimize the effect of outliers on the small number of Vermont-specific responses. Annual vehicle mileage per driver is estimated using a cross-tabulation of survey data. The following NHTS data sets were used: (1) Geography – Vermont and the United States; (2) Populations – Urban, Urban Clusters and Rural; and (3) Family Configuration – Household Lifecycle.
- The mileage rate is the 2024 Internal Revenue Service (IRS) reimbursement rate for business travel adjusted using 2024 American Automobile Association (AAA) mileage rate data to reflect the lower cost per mile of driving greater miles.

### IRS Rate Adjusted by AAA Data

VMT	Cost Per Mile		
	2024	2022	2020
X	<b>67.0</b>	62.5	57.5
10,000	<b>67.0</b>	62.5	57.5
11,000	<b>65.6</b>	61.4	54.5
12,000	<b>64.2</b>	60.2	51.5
13,000	<b>62.8</b>	59.1	48.4
14,000	<b>61.4</b>	57.9	45.4
15,000	<b>60.0</b>	56.8	42.4
16,000	<b>59.5</b>	56.3	40.9
17,000	<b>59.0</b>	55.8	39.4
18,000	<b>58.5</b>	55.3	37.9
19,000	<b>58.0</b>	54.8	36.4
20,000	<b>57.5</b>	54.3	34.9

Note: Bold is IRS Mileage Rate.

2017 NHTS Average Annual Vehicle Miles of Travel (VMT) Per Driver		
Vermont Household Life Cycle (Adj. by U.S. total)	Annual VMT / Driver (Mean)	
	Urban	Rural and Urban Clusters
one adult, no children	9,562	13,802
2+ adults, no children	19,143	30,265
one adult, youngest child 0-15	10,649	13,273
2+ adults, youngest child 0-15	19,376	29,237

#### *Data Sources:*

U.S. Department of Transportation, 2017 National Household Transportation Survey, <http://nhts.ornl.gov/>  
 Internal Revenue Service, (IRS) Standard Mileage Rates, <https://www.irs.gov/pub/irs-drop/a-22-13.pdf>  
 AAA 2024 Your Driving Costs publication, <https://newsroom.aaa.com/wp-content/uploads/2024/08/YDC-Brochure-FINAL-9.2024.pdf>

## Child Care

The Vermont Agency of Human Services' Department for Children and Families (DCF) conducts ongoing market surveys. This information shows, by county, average weekly child care rates by age of the child (infant, toddler, preschooler) and type of child care (either in a Registered Home or Licensed Center). The rural estimate is the average of the two types of child care in all counties except Chittenden. The urban estimate is the average of the two types of care in Chittenden County.

The four-year-old child (all child configurations) is assumed to require 52 weeks of full-time child care, while the six-year-old child (two child configurations) is assumed to require 15 weeks of full-time care and 37 weeks of part-time care. The two single parent household configurations as well as the two-parent, both-working household are the only households in this study that incur child care costs.

All these families with children qualify for a child care subsidy from the State, according to the Child Care Financial Assistance Income Guideline effective October 2024. The child care budgets for these households are equal to their Weekly Family Share which is tied to the FPL and published by DCF.

Family Size of 3 or less		
Gross Monthly Income	Federal Poverty Level (FPL)	Weekly Family Share
\$3,765	175%	\$0
\$4,303	200%	\$50
\$4,841	225%	\$75
\$5,379	250%	\$100
\$5,917	275%	\$125
\$6,455	300%	\$150
\$6,933	325%	\$175
\$7,531	350%	\$200
\$8,069	375%	\$225
\$8,607	400%	\$250
\$9,145	425%	\$275
\$9,683	450%	\$300
\$10,220	475%	\$325
\$10,758	500%	\$350
\$11,296	525%	\$375
\$11,834	550%	\$400
\$12,372	575%	\$425

Family Size of 4		
Gross Monthly Income	Federal Poverty Level (FPL)	Weekly Family Share
\$4,550	175%	\$0
\$5,200	200%	\$50
\$5,850	225%	\$75
\$6,500	250%	\$100
\$7,150	275%	\$125
\$7,800	300%	\$150
\$8,450	325%	\$175
\$9,100	350%	\$200
\$9,750	375%	\$225
\$10,400	400%	\$250
\$11,050	425%	\$275
\$11,700	450%	\$300
\$12,350	475%	\$325
\$13,000	500%	\$350
\$13,650	525%	\$375
\$14,300	550%	\$400
\$14,950	575%	\$425

### *Data Sources:*

Vermont Agency of Human Services, Department for Children and Families,  
<https://dcf.vermont.gov/cdd/reports>

Vermont Agency of Human Services, Department for Children and Families,  
[https://outside.vermont.gov/dept/DCF/Shared%20Documents/Benefits/CCFAP-Income-Guidelines.pdf?\\_gl=1\\*1frguzx\\*\\_ga\\*MjAzMDQzNDU0MC4xNzI5NzI4NTYy\\*\\_ga\\_V9WQH77KLW\\*MTcyOTcyODU2Mi4xLjAuMTcyOTcyODU3MS4wLjAuMA](https://outside.vermont.gov/dept/DCF/Shared%20Documents/Benefits/CCFAP-Income-Guidelines.pdf?_gl=1*1frguzx*_ga*MjAzMDQzNDU0MC4xNzI5NzI4NTYy*_ga_V9WQH77KLW*MTcyOTcyODU2Mi4xLjAuMTcyOTcyODU3MS4wLjAuMA)

### **Clothing and Household Expenses**

These figures are from the 2023 Consumer Expenditure Survey (CES) tables reported by size of consumer unit and income before taxes. The tables report expenses by family size and income level in order to link clothing and household expenses more closely to household income. This category includes housekeeping supplies, apparel and services, and household furnishings and equipment. Major appliances and miscellaneous household equipment were subtracted from the totals because these are renter households. There is no urban/rural distinction for clothing and household costs. Because the CES tables reflect averages for the year 2023, the costs from the tables have been adjusted by CPI-U changes from September 2023 through September 2024. In addition, the three-year amortized cost of a base model computer is included in the budget for clothing and household expenses. A base model computer is assumed to cost \$500 in 2024.

#### *Data Sources:*

U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey, [www.bls.gov/cex/](http://www.bls.gov/cex/)  
U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, <https://www.bls.gov/cpi/>

### **Personal Care Products**

These figures are from the 2023 CES tables reported by size of consumer unit and income before taxes. The tables report expenses by family size and income level in order to link personal care products expenses more closely to household income. This category includes toiletries, cosmetics, soaps, shampoos, conditioners, deodorants, lotions, sunscreen, toothpaste, dental floss, shaving products and other products used for personal hygiene and grooming. There is no urban/rural distinction for personal care products. Because the CES tables reflect averages for the year 2023, the costs from the tables were adjusted by CPI-U changes from September 2023 through September 2024.

#### *Data Sources:*

U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey, [www.bls.gov/cex/](http://www.bls.gov/cex/)  
U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, <https://www.bls.gov/cpi/>

### **Miscellaneous Expenses**

Personal expenses began at \$2.00 per person per day in 1999. Indexed to November 2022 by changes to CPI-U, the amount was \$3.51 per adult in the household per day and \$1.75 per child in the household per day in the 2023 report. For this report, this was rebased to \$5.00 per adult per day and \$2.50 per child per day. This will be increased in future reports using the CPI-U to reflect inflation.

### **Telecommunications Expenses**

This category is intended to include telephone, cable, internet, cell phone service, or some limited combination of these services as part of the household budget. These figures are from Table 3404 of the 2023 CES, which includes categories of Telephone Services, and Computer Information Services (a subset of Household Operations). The household from this table with income between \$40,000 and \$49,000 was used. The telephone portion of the household telecommunications expense category considers the costs of cellular service only. Telecommunications expenses were further adjusted to reflect CPI-U changes from September 2023 through September 2024.

*Data Sources:*

U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey, [www.bls.gov/cex/](http://www.bls.gov/cex/)  
 U.S. C.D.C. National Center for Health Statistics, Household Telephone Status by State, [http://www.cdc.gov/nchs/data/nhis/earlyrelease/Wireless\\_state\\_202212.pdf](http://www.cdc.gov/nchs/data/nhis/earlyrelease/Wireless_state_202212.pdf)

**Renters Insurance**

Insurance rates reflect the lowest cost from the range provided on the Vermont Department of Financial Regulation webpage and are adjusted for inflation. The estimates do not distinguish between urban and rural as previous sources have generally stated that there is not, on average, an appreciable difference between the two.

*Data Source:*

<http://www.dfr.vermont.gov/insurance/insurance-consumer/renters-insurance-advisory>

**Savings**

All family configurations savings amounts are 5% of before-tax expenses. Savings could encompass any sort of family savings priorities, including retirement, college, and emergency accounts.

**Health Care**

This report looks at two components of health care costs: insurance premiums and out-of-pocket costs which is spending for care not covered by insurance, including deductibles and co-insurance. Since employer-sponsored insurance plans represent an overwhelming majority of the commercial insurance market, this report only provides estimates for those with employer-sponsored insurance, accounting for employer contributions towards premiums.<sup>7</sup>

*Employer-Sponsored Insurance*

Similar to previous years, this report utilizes the Medical Expenditure Panel Survey (MEPS) estimates for Vermont as a proxy to estimate the average costs of premiums for employer-sponsored insurance (ESI) premiums.<sup>8</sup> The most recent MEPS data available were for 2023 and were adjusted to estimate for 2024.<sup>9</sup>

Over the years, many employers have shifted to high deductible health plans (HDHP) with a Health Reimbursement Arrangement (HRA) or Health Savings Account (HSA). According to the 2021 Vermont Household Health Insurance Survey, over a third (34%) of Vermonters with private insurance reported having an HSA and one in eight (13%) reported having an HRA, which has likely shifted further since the report was released.<sup>10</sup> Nationwide, 34% of covered workers in an HDHP and

<sup>7</sup> According to the 2021 Vermont Household Health Insurance Survey (published March 2022 by the Vermont Department of Health), 87% of Vermonters received their health insurance through an employer-related source.

<sup>8</sup> MEPS is compiled and maintained by the Agency for Healthcare Research and Quality (AHRQ), which is part of the U.S. Department of Health & Human Services.

<sup>9</sup> MEPS 2023 data was adjusted by 12.6% -- the growth rate for the 2<sup>nd</sup> lowest cost silver plan in the individual market. This is consistent with other double-digit premium increases in other health insurance markets in Vermont. The average annual Green Mountain Care Board approved increases for the small group markets for FY 2024 were 13.3% and 11.5% for BCBSVT and MVP, respectively, while the Teachers plans under VEHI went up 12% and the Vermont State employee health plan increased by 14.4%.

<sup>10</sup> 2021 Vermont Household Health Insurance Survey, Vermont Department of Health.

12% in a HSA-qualified HDHP receive account contributions from their employers that, if applied to their deductible, would reduce their personal annual out-of-pocket cost liabilities to less than \$1,000.<sup>11</sup> At this time, information on the number of employers that have shifted to HDHPs over the last several years, as well as the amount contributed to HSAs and HRAs by employers is not known. However, if this trend continues, the methodology may require further updates to better account for employer contributions towards health coverage.

The report also uses Vermont MEPS data to estimate the levels of employee contributions to premiums as the proxy distribution. According to 2023 MEPS data, the employee share of the premiums for Vermonters employed at establishments that offer health insurance was 25.9%, 30.0%, and 29.8% for single, single plus-one, and family coverage, respectively.

#### Out-of-Pocket Costs

The report employs VHCURES data – Vermont-specific claims data collected and maintained by the Green Mountain Care Board as the stewards of the data – to analyze out-of-pocket costs, by type of insurance plan (single, two-person, and family plans) for everyone with insurance (whether they had an out-of-pocket expense or not) with 12 months of continuous coverage.<sup>12</sup> The most recent VHCURES full year data at the time of this publication were from 2023.<sup>13</sup>

This report uses median out-of-pocket costs rather than mean. Median is the middle value, meaning that half of the sample was either above or below this value; this means extreme outliers have no influence. The chart below demonstrates the difference between using median vs. mean.

#### **Annual Out-of-Pocket Spending – Comparison of Median vs. Mean (Average), 2023**

Plan Type	Median	% OOP below Median	Average	% OOP below Average
Individual	\$260	50%	\$932	71%
Family	\$2,000	50%	\$2,723	58%

As the chart above demonstrates, the mean out-of-pocket spending for those with individual plans was \$931.66 annually, yet more than (71%) of this population spent less than this, whereas with the median, 50% spent above or below \$260.00 annually. Such examples demonstrate why the median value provides a better representation of out-of-pocket costs for a typical Vermonter with health insurance than the mean.

As noted earlier, the use of employer-funded HSAs and HRAs has increased significantly over the years. The VHCURES data does not differentiate whether the source of out-of-pocket spending was through an employer-funded HSA, HRA, or directly by the beneficiary. As such, estimated employee out-of-pocket spending could be overstated.

<sup>11</sup> [2023 Employer Health Benefits Annual Survey](#). Kaiser Family Foundation. October 18, 2023.

<sup>12</sup> VHCURES stands for Vermont Healthcare Claims Uniform Reporting and Evaluation System.

<sup>13</sup> While the VHCURES data was provided to the Joint Fiscal Office (JFO) by the Green Mountain Care Board (GMCB), all analyses and conclusions drawn from the VHCURES data are solely those of JFO and not the GMCB.

## Dental Care

According to the American Dental Society, 61% of adults have private dental insurance.<sup>14</sup> The vast majority of dental plan coverage is through employer-sponsored plans.<sup>15</sup> Among employers offering health benefits, 90% of small firms and 94% of large firms offer dental insurance to their workers.<sup>16</sup> It should be noted that health insurance plans sold through Vermont Health Connect include pediatric dental benefits imbedded in those plans.

Northeast Delta Dental has a significant market share in Vermont with approximately 128,413 subscribers covering approximately 245,685 lives.<sup>17</sup> Given its vast market share in Vermont, this report used the most popular Delta Dental plan as the proxy to estimate premiums.<sup>18</sup>

Finding consistent data regarding the average employer contribution to dental plans proved elusive. In the absence of statewide data, this report used the same assumptions as previous reports, which assumed 90% for single coverage, 70% for two-person coverage, and 50% for family coverage. For comparison, Vermont Education Health Initiative (VEHI) required a minimum of 50% participation, although many employers cover as much as 100%.<sup>19</sup>

VHCURES does not collect data on dental claims, so to estimate out-of-pocket dental costs, this report uses out-of-pocket data provided by Northeast Delta Dental, specific to its Vermont book of business.<sup>20</sup> According to the data, dental premiums and out-of-pocket costs remained consistent with 2022.

Median was used instead of mean for this expense category, as with health care costs.

**Out of Pocket Spending on Dental  
Comparison of Median vs. Mean, 2022**

	Median	Mean
Adult	\$0	\$276
Child	\$0	\$277
Overall	\$0	\$277

## Technical Information

The health and dental care numbers in this report are a combination of the employee-only share of premiums as well as out-of-pocket costs. Consult the following chart to see the specific break-out of employer share, employee share, and out-of-pocket estimates used.

<sup>14</sup> American Dental Association. National Trends in Dental Care Use, Dental Insurance, and Cost Barriers, November 2023 (updated March 2024). Health Policy Institute.

<sup>15</sup> It is estimated that only a small percentage of dental plans are individual plans.

<sup>16</sup> Kaiser Family Foundation, Employer Health Benefits, Annual Survey 2023.

<sup>17</sup> As of July 31, 2024. Data provided by Northeast Delta Dental, August 2024.

<sup>18</sup> SG Premium Plus Plan, for employer size 20-50, \$0 Copay.

<sup>19</sup> VEHI is a large, non-profit purchaser of health care for Vermont public schools, covering over 19,000 employees and retirees.

<sup>20</sup> As of July 31, 2024. Data provided by Northeast Delta Dental, August 2024.

**Estimated Health Insurance Premiums + Out-of-Pocket Costs (Monthly \$)**

	(a)			(b)	(a) + (b)
	<i>Health Insurance Premiums</i>			<i>Median</i>	<b>TOTAL est.</b>
	<b>Total</b>	<b>Employer Share</b>	<b>Employee Share</b>	<b>OOP Costs</b>	<b>Employee Share</b>
<b>2024</b>					
Single	776	575	201	22	223
Single + 1 child	1,498	1,110	388	90	477
Single + 2 children	2,397	1,682	715	134	849
Two Adults	1,653	1,158	495	90	585
Two Adults + 2 children	2,397	1,682	715	167	882

**Estimated Dental Insurance Premiums + Out-of-Pocket Costs (Monthly \$)**

	(a)			(b)	(a) + (b)
	<i>Dental Insurance Premiums</i>			<i>Median</i>	<b>TOTAL est.</b>
	<b>Total</b>	<b>Employer Share</b>	<b>Employee Share</b>	<b>OOP Costs</b>	<b>Employee Share</b>
<b>2024</b>					
Single	44	40	4	0	4
Single + 1 child	81	57	24	0	24
Single + 2 children	142	71	71	0	71
Two Adults	81	57	24	0	24
Two Adults + 2 children	142	71	71	0	71

**Federal and State Income Taxes and FICA/Medicare**

The tax estimates included as part of the Basic Needs Budgets are for tax year 2024 and reflect all federal changes from the 2017 Tax Cuts and Jobs Act (TCJA) as well as State personal income tax law changes made in 2018 and in 2022. The federal tax liability is calculated using TCJA-expanded standard deduction amounts for the various filing statuses (single, married filing jointly, and head of household for single parent families). The federal tax liability is net of any earned income tax credit (EITC), child tax credit (increased in TCJA), and dependent care tax credits. These calculations do not assume other forms of tax savings such as medical or dependent care savings accounts.

State tax liability is net of the State standard deduction and personal exemption amounts, the State earned income credit, which is 38% of the federal amount, the new State child tax credit, the dependent care tax credit at 72% of the federal amount, and finally the Vermont renter credit program. None of the families in the study qualify for the federal or State earned income tax credit or the State renter credit because the budgets are well above the federal and State income phase-out thresholds.

The FICA calculations are the amounts that would be withheld for Social Security and Medicare from an individual's paycheck. Employees and employers are both subject to the FICA tax. In tax year 2024, the FICA rate for Social Security is 6.2% of all earnings up to \$168,600 and Medicare is 1.45% of all earnings.

Also included is the Child Care Contribution, which is a Vermont payroll tax equal to 0.44% of wages. Employers are responsible for contributing 0.33% towards the tax while employees contribute the remaining 0.11% from their wages.



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## Appendix A – Statute

### 2 V.S.A. § 526. Basic needs budget and Livable Wage; report

§ 526. Basic needs budget and Livable Wage; report

(a) For the purposes of this section:

(1) "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.

(2) "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.

(3) "Livable wage" means the hourly wage required in an urban or rural area for a full-time worker who lives in shared housing and has employer-assisted health insurance to pay for the basic needs budget.

(b) On or before January 15 of each new legislative biennium, the Joint Fiscal Office shall report the calculated basic needs budgets of various representative household configurations and the calculated livable wage for both urban and rural areas for the previous year. This calculation may serve as an additional indicator of wage and other economic conditions in the State and shall not be considered official State guidance on wages or other forms of compensation.

(c) The methodology for calculating basic needs budgets shall be built on methodology described in the November 2023 Basic Needs Budget Technical Advisory Committee report, modified as appropriate by any statutory changes made by the General Assembly and subsequent modifications adopted by the Joint Fiscal Committee under subsection (d) of this section.

(d) The Joint Fiscal Committee may adopt modifications to the methodology used to determine the basic needs budget calculations under subsection (c) of this section to account for public policy changes, data availability, or any other factors that have had an impact on any aspects of the methodology. Changes or revisions in methodology adopted by the Committee shall be effective no later than November in the year preceding the release of the report.

(e) It is the intent of the General Assembly that the methodology for calculating the basic needs budget and livable wage shall be updated every six years or more frequently to ensure that it continues to reflect the actual cost to maintain a basic standard of living in Vermont. (Added 2005, No. 59, § 1; amended 2007, No. 202 (Adj. Sess.), § 1; 2019, No. 144 (Adj. Sess.), § 11(c) (redesignated from 2 V.S.A. § 505); 2023, No. 123 (Adj. Sess.), § 1, eff. July 1, 2024.)

## Appendix B – Comparison to Living Wage Calculators

The Joint Fiscal Office reviewed two separate living wage calculators to compare with the 2024 Basic Needs Budgets (BNB). The two calculators both offered living wages by county in Vermont, rather than by urban/rural area, so for purposes of this comparison Chittenden County will serve as a proxy for the urban area and Windsor County will serve as a proxy for a rural area. The first calculator is produced by the Massachusetts Institute of Technology (MIT) and is titled “Living Wage Calculator.”<sup>21</sup> The second calculator is provided by the Economic Policy Institute (EPI) and is titled “Family Budget Calculator.”<sup>22</sup>

The EPI calculator does not provide an estimate for family configurations of two adults (one working) and two children. Neither calculator provides an estimate for a single adult who shares housing with another unrelated adult. The MIT and EPI calculator wages are in 2023 dollars. Comparisons of hourly wages from the three sources are given in the table below.

### Comparison of Living Wage Calculators

Family Type	Urban (hourly wages, per person)			Rural (hourly wages, per person)		
	BNB (2024 \$)	MIT (2023 \$)	EPI (2023 \$)	BNB (2024 \$)	MIT (2023 \$)	EPI (2023 \$)
Single	\$23.98	\$24.69	\$27.21	\$21.32	\$22.98	\$24.27
Single, Shared Housing	\$19.53	n/a	n/a	\$17.68	n/a	n/a
One Adult, One Child	\$35.81	\$45.80	\$48.15	\$29.87	\$41.73	\$40.31
One Adult, Two Child	\$43.06	\$59.26	\$59.30	\$36.91	\$54.38	\$49.35
Two Adults	\$17.94	\$17.13	\$18.45	\$17.14	\$16.11	\$17.51
Two Adults, Two Child	\$25.65	\$32.01	\$32.84	\$23.61	\$29.73	\$27.80
Two Adults (one works), Two Child	\$44.51	\$47.20	n/a	\$41.29	\$43.32	n/a

The table above shows that, aside from single adult households with no children, urban BNB wages tend to be lower than wages provided by MIT and EPI. The rural households are more of a mixed bag. Rural BNB wages tend to be lower than MIT, other than for households with no children. Rural BNB households tend to be higher than EPI other than single adult, no children and single adult, one child households. There are differences in methodologies between all three comparison studies. The methodology differences are highlighted below<sup>23</sup>:

1. *Food*: BNB assumes moderate-cost USDA food plans, while MIT and EPI assume low-cost USDA food plans.
2. *Housing*: BNB assumes that a single adult is in a one-bedroom unit, while MIT and EPI assume that a single adult rents an efficiency (studio) unit.
3. *Transportation*: There is variation between transportation methodologies in all three studies. BNB relies on the National Household Travel Survey, MIT relies on Consumer Expenditure

<sup>21</sup> MIT Living Wage Calculator: <http://livingwage.mit.edu/>

<sup>22</sup> EPI Family Budget Calculator: <https://www.epi.org/resources/budget/>

<sup>23</sup> MIT Living Wage Calculator methodology: <https://livingwage.mit.edu/resources/Living-Wage-Users-Guide-Technical-Documentation-2022-05-10.pdf>

EPI Family Budget Calculator methodology: <https://www.epi.org/publication/family-budget-calculator-documentation/>

Survey data, while EPI relies on the Housing and Transportation Affordability Index created by the Center for Neighborhood Technology.<sup>24</sup>

4. *Child care*: BNB utilizes market survey data provided by the VT Department for Children and Families. MIT relies on various state market rate surveys while EPI utilizes a state-level survey provided by the National Child Care Resource and Referral Network.
5. *Health Care*: BNB and MIT assume that families have access to employer-sponsored plans. EPI assumes that all families purchase health insurance through the Affordable Care Act (ACA) exchanges. Neither MIT nor EPI appear to include dental care in budgets.
6. *Savings*: BNB assumes savings of 5% of pre-tax income for all families. Neither MIT nor EPI build in an itemized cost for savings.
7. *Telecommunications*: BNB builds in estimated telecommunications costs based on Consumer Expenditure Survey data. MIT includes an estimated cost for broadband, which includes cell phone service, using data from service providers. EPI does not include an itemized estimate for telecommunications.
8. *Other Necessities*:
  - a. BNB does not have an “Other Necessities” category. Instead, it itemizes costs for “clothing and household supplies,” “personal expenses,” “telecommunications,” “life and renters insurance,” and “savings.” When these costs are added up, they are significantly higher than MIT costs for “other necessities” but are very close, on average, to EPI costs for “other necessities.”
  - b. MIT Incorporates Consumer Expenditure Survey costs for: 1) apparel and services, 2) housekeeping supplies, 3) personal care products and services, 4) reading, and 5) miscellaneous. All costs were adjusted for regional variations. *Additionally*, MIT now has a separate category for “Civic Engagement” that includes Consumer Expenditure Survey data for: 1) fees and admissions, 2) audio and visual equipment and services, 3) pets, 4) toys, 5) hobbies and playground equipment, 6) other entertainment supplies, 7) equipment and services, 8) reading, and 9) education.
  - c. EPI incorporates Consumer Expenditure Survey costs for: 1) apparel, 2) personal care, 3) household supplies, 4) reading materials, and 5) school supplies.
9. *Taxes*: BNB bases budget calculations off tax year 2024 tax codes for federal and state taxation purposes. MIT utilizes a micro-simulation model from the Urban-Brookings Tax Policy Center to calculate overall federal (income and payroll) tax burden and utilizes the CCH State Tax handbook to calculate state tax burden. EPI utilizes a micro-simulation model called TAXSIM from the National Bureau of Economic Research to calculate the overall tax burden.

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<sup>24</sup> CNT Housing + Transportation Affordability Index: <https://htaindex.cnt.org/map/>