

# Basic Needs Budgets and the Livable Wage

Prepared in accordance with  
2 V.S.A. § 505

**JANUARY 15, 2011**

Prepared by the Joint Fiscal Office



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## Part I - Executive Summary

This is the eight 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. These basic needs budgets include the costs for essential items such as food, housing, transportation, child care, clothing and household expenses, telecommunications charges, health and dental care, renter's insurance, life insurance, and savings. The budgets differ based on family size and whether the family live in an urban or rural part of Vermont.

The study uses six hypothetical family configurations that are consistent with the original families chosen in the 1999 report. These are as follows:

- Single Person
- Single Parent with One Child
- Single Parent with Two Children
- Two Adults with No Children – both wage earners
- Two Adults with Two Children – one wage earner
- Two Adults with Two Children – both wage earners

Tax obligations are then added to annual household expenses. Finally, 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 of the six family profiles in both urban and rural Vermont, 12 budgets in total.

### 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 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. **The 2010 Vermont Livable Wage is \$12.17 per hour.** 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 adults without children. There are six family configurations presented in this report to show the variation in livable wages for family types.

The Basic Needs Budgets and Livable Wage methodology was originally established in 1999 as the result of the Legislative Livable Income Study Committee. The study has been updated in the 10-year interim by the Joint Fiscal Committee. The Legislature recognized the need for a thorough review of the methodology and data sources because of the possible cumulative effect of a number of minor changes over several years. In response, a Basic Needs Technical Advisory Council, composed of eight members, was created during the fall of 2008 to make recommendations for improvements to the study. This is the second report using the revised methodology.

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



## Part II – Changes from the 2009 Report

There is one significant change from the last report. The new 2009 National Household Transportation Survey (NHTS) data has been released by the U.S. Department of Transportation, Federal Highway Administration. This survey had not been updated since 2001. In addition, all previous NHTS data had been for the Northeast region. For the first time, the NHTS conducted Vermont-specific surveys and has an “add-on” for the state’s data specifically.

The vehicle miles traveled is the basis for the transportation portion of the basic needs budget analysis. The NHTS vehicle miles traveled (known as VMT) is reported by household lifecycle for urban and rural families, and additionally in the 2009 report, urban clusters. The new data shows that for the most part, Vermont families, especially those in rural areas, do not travel as many miles as had been reported in the 2001 survey. This change will reduce the transportation costs for a number of the family configurations, if all of the other parts remain constant. In addition, the IRS mileage reimbursement rate for the new report is lower than the reimbursement rate used two years ago, also reducing the transportation costs.

In order to show a better comparison from the last report, the 2008 transportation data were restated and the livable wage figures also recalculated. This significantly reduced some of the livable wage rates from the 2009 report because for many of the families transportation costs make up a large portion of the monthly budgets.

The restated livable wage figure for the last report is \$12.12 cents per hour and the new livable wage is \$12.17 per hour, or less than a 1% increase in the livable wage over the two-year time period. The CPI has only increased modestly over this time period as well. The CPI decreased between 2008 and 2009 by 0.3% and then increased between 2009 and 2010 by 1.5%.

### Restated Data

2008 Livable Wage	\$13.07
2008 Restated	\$12.12
2010 Livable Wage	\$12.17

Two tables on the following page compare the VMT in the 2001 NHTS survey and the 2009 data. Data on the components of the livable wage since 1999 and the current report and the livable wage rates calculated over the entire time period are included in Appendix D.

The NHTS changes are shown in the two charts below:

**2001 NHTS Average Annual Vehicle Miles of Travel Per Driver**

HH Lifecycle Household Census Region Northeast	Annual VMT / Driver (Mean)		
	Household in urban/rural area		All
	Urban	Rural	
one adult, no children	11,030	17,201	11,857
2+ adults, no children	12,755	17,555	13,614
one adult, youngest child 0-5	8,334	15,309	9,086
2+ adults, youngest child 0-5	13,165	17,152	13,935
one adult, youngest child 6-15	10,118	16,264	11,228
2+ adults, youngest child 6-15	12,522	15,234	13,110
one adult, youngest child 16-21	10,928	11,164	10,995
2+ adults, youngest child 16-21	13,189	13,224	13,197
one adult, retired, no children	6,007	8,419	6,355
2+ adults, retired, no children	8,532	9,853	8,816
All	11,646	14,850	12,265

**2009 NHTS Average Annual Vehicle Miles of Travel Per Driver**

Life Cycle classification for the HH State = Vermont	Annual VMT / Driver (Mean)			
	Home address in urbanized area			All
	In an urban area	In an Urban cluster	Not in urban area	
one adult, no children	12,846	15,451	14,341	14,221
2+ adults, no children	12,827	11,874	15,093	14,196
one adult, youngest child 0-5	11,223	12,000	10,727	11,581
2+ adults, youngest child 0-5	10,731	13,267	18,728	16,451
one adult, youngest child 6-15	11,125	17,717	10,848	12,665
2+ adults, youngest child 6-15	10,620	14,723	15,297	14,344
one adult, youngest child 16-21	10,184	10,057	11,523	11,118
2+ adults, youngest child 16-21	9,327	7,296	12,232	11,144
one adult, retired, no children	4,794	6,263	8,802	7,093
2+ adults, retired, no children	7,936	7,584	10,439	9,718
All	10,745	11,939	14,058	13,105



**Part III - 2010 Vermont Basic Needs Budget  
and 2010 Vermont Livable Wage**

**2010 Livable Wage = \$12.17 per hour<sup>[1]</sup>**

**2010 Livable Wage Rates**

<b>Family Type</b>	<b>Urban</b>	<b>Rural</b>
Single Person	\$16.82	\$15.23
Single Parent with One Child	\$26.36	\$23.23
Single Parent with Two Children	\$31.98	\$28.36
Two Adults with No Children	\$12.55	\$11.79
Two Adults with Two Children (One Wage Earner)	\$30.00	\$28.78
Two Adults with Two Children (Two Wage Earners)	\$19.62	\$18.38

[1] This is the average of the urban and rural rate for Two Adults with No Children.



## 2010 Vermont Basic Needs Budget

### Two Adults with No Children (Two Wage Earners)

Category	Urban	Rural
	<i>cost estimates are per month</i>	
Food	590	590
Housing	938	717
Transportation	1,081	1,114
Health Care	335	335
Dental Care	36	36
Child Care	0	0
Clothing & Household Expenses	190	190
Telecommunications	199	199
Rental Insurance	10	14
Term Life Insurance	21	21
Savings	170	161
<b>Total Monthly Expenses</b>	<b>3,571</b>	<b>3,376</b>
Annual Expenses	42,847	40,513
Federal & State Taxes	9,376	8,548
Annual Income	52,224	49,061
<b>Hourly "Livable" Wage</b>	<b>\$ 12.55</b>	<b>\$ 11.79</b>
<i>Average Wage PER Earner</i>	<b>LIVABLE WAGE</b>	<b>12.17</b>
Tax Calculations	2010 Tax Year - Married Filing Jointly	
AGI	52,224	49,061
Standard Deduction	(11,400)	(11,400)
Personal Exemption(s)	(7,300)	(7,300)
Taxable Income	33,524	30,361
Federal Tax (before credits)	4,191	3,717
Child Credit	-	-
Dependent Care Credit	-	-
<b>Net Federal Tax</b>	<b>4,191</b>	<b>3,717</b>
State Tax (before credits)	1,190	1,078
Dependent Care Credit	-	-
Renter Rebate (part 1)	-	-
Renter Rebate	-	-
<b>Net State Tax</b>	<b>1,190</b>	<b>1,078</b>
FICA/Medicare	3,995	3,753
<b>Total</b>	<b>9,376 -</b>	<b>8,548</b>

## 2010 Vermont Basic Needs Budget

### Single Person

	Urban	Rural
<b>Category</b>	<i>cost estimates are per month</i>	
Food	297	297
Housing	938	717
Transportation	541	567
Health Care	132	132
Dental Care	9	9
Child Care	0	0
Clothing & Household Expenses	173	173
Telecommunications	119	119
Rental Insurance	10	14
Term Life Insurance	0	0
Savings	111	101
<b>Total Monthly Expenses</b>	<b>2,331</b>	<b>2,128</b>
Annual Expenses	27,967	25,539
Federal & State Taxes	7,011	6,149
Annual Income	34,978	31,689
<b>Hourly "Livable" Wage</b>	<b>\$ 16.82</b>	<b>\$ 15.23</b>
<i>Average Wage PER Earner</i>		
<b>Tax Calculations</b>	<b>2010 Tax Year - Single Filer</b>	
AGI	34,978	31,689
Standard Deduction	(5,700)	(5,700)
Personal Exemption(s)	(3,650)	(3,650)
Taxable Income	25,628	22,339
Federal Tax (before credits)	3,425	2,932
Child Credit	-	-
Dependent Care Credit	-	-
<b>Net Federal Tax</b>	<b>3,425</b>	<b>2,932</b>
State Tax (before credits)	910	793
Dependent Care Credit	-	-
Renter Rebate (part 1)	(435)	(109)
Renter Rebate	-	-
<b>Net State Tax</b>	<b>910</b>	<b>793</b>
FICA/Medicare	2,676	2,424
<b>Total</b>	<b>7,011 -</b>	<b>6,149</b>

## 2010 Vermont Basic Needs Budget

### Single Parent with One Child

Category	Urban	Rural
	<i>cost estimates are per month</i>	
Food	451	451
Housing	1,177	861
Transportation	532	547
Health Care	314	314
Dental Care	35	35
Child Care	712	610
Clothing & Household Expenses	177	177
Telecommunications	199	199
Rental Insurance	10	14
Term Life Insurance	22	22
Savings	181	161
<b>Total Monthly Expenses</b>	<b>3,810</b>	<b>3,390</b>
Annual Expenses	45,724	40,684
Federal & State Taxes	9,114	7,638
Annual Income	54,837	48,322
<b>Hourly "Livable" Wage</b>	<b>\$ 26.36</b>	<b>\$ 23.23</b>
<i>Average Wage PER Earner</i>		
Tax Calculations	2010 Tax Year - Head of Household	
AGI	54,837	48,322
Standard Deduction	(8,400)	(8,400)
Personal Exemption(s)	(7,300)	(7,300)
Taxable Income	39,137	32,622
Federal Tax (before credits)	5,273	4,296
Child Credit	(1,000)	(1,000)
Dependent Care Credit	(600)	(600)
<b>Net Federal Tax</b>	<b>3,673</b>	<b>2,696</b>
State Tax (before credits)	1,389	1,389
Dependent Care Credit	(144)	(144)
Renter Rebate (part 1)	-	-
Renter Rebate	-	-
<b>Net State Tax</b>	<b>1,245</b>	<b>1,245</b>
FICA/Medicare	4,195	3,697
<b>Total</b>	<b>9,114</b>	<b>7,638</b>

## 2010 Vermont Basic Needs Budget

### Single Parent with Two Children

Category	Urban	Rural
	<i>cost estimates are per month</i>	
Food	662	662
Housing	1,177	861
Transportation	532	547
Health Care	427	427
Dental Care	90	90
Child Care	1,180	1,028
Clothing & Household Expenses	184	184
Telecommunications	278	278
Rental Insurance	10	14
Term Life Insurance	26	26
Savings	228	206
<b>Total Monthly Expenses</b>	<b>4,795</b>	<b>4,323</b>
Annual Expenses	57,538	51,874
Federal & State Taxes	8,986	7,118
Annual Income	66,525	58,992
<b>Hourly "Livable" Wage</b>	<b>\$ 31.98</b>	<b>\$ 28.36</b>
<i>Average Wage PER Earner</i>		
Tax Calculations	2010 Tax Year - Head of Household	
AGI	66,525	58,992
Standard Deduction	(8,400)	(8,400)
Personal Exemption(s)	10,950	(10,950)
Taxable Income	47,175	39,642
Federal Tax (before credits)	6,641	5,349
Child Credit	(2,000)	(2,000)
Dependent Care Credit	(600)	(600)
<b>Net Federal Tax</b>	<b>4,041</b>	<b>2,749</b>
State Tax (before credits)		
Dependent Care Credit	(144)	(144)
Renter Rebate (part 1)	-	-
Renter Rebate	-	-
<b>Net State Tax</b>	<b>(144)</b>	<b>(144)</b>
FICA/Medicare	5,089	4,513
<b>Total</b>	<b>8,986 -</b>	<b>7,118</b>

## 2010 Vermont Basic Needs Budget

### Two Adults with Two Children (one wage earner)

<b>Category</b>	<b>Urban</b>	<b>Rural</b>
	<i>cost estimates are per month</i>	
Food	919	919
Housing	1,177	861
Transportation	1,017	1,181
Health Care	460	460
Dental Care	94	94
Child Care	0	0
Clothing & Household Expenses	202	202
Telecommunications	358	358
Rental Insurance	10	14
Term Life Insurance	26	26
Savings	213	206
<b>Total Monthly Expenses</b>	<b>4,475</b>	<b>4,320</b>
Annual Expenses	53,705	51,837
Federal & State Taxes	8,686	8,023
Annual Income	62,390	59,859
<b>Hourly "Livable" Wage</b>	<b>\$ 30.00</b>	<b>\$ 28.78</b>
<i>Average Wage PER Earner</i>		
<b>Tax Calculations</b>	<b>2010 Tax Year - Married Filing Jointly</b>	
AGI	62,390	59,859
Standard Deduction	(11,400)	(11,400)
Personal Exemption(s)	(14,600)	(14,600)
Taxable Income	36,390	33,859
Federal Tax (before credits)	4,621	4,241
Child Credit	(2,000)	(2,000)
Dependent Care Credit	-	-
<b>Net Federal Tax</b>	<b>2,621</b>	<b>2,241</b>
State Tax (before credits)	1,292	1,202
Dependent Care Credit	-	-
Renter Rebate (part 1)	-	-
Renter Rebate	-	-
<b>Net State Tax</b>	<b>1,292</b>	<b>1,202</b>
FICA/Medicare	4,773	4,579
<b>Total</b>	<b>8,686 -</b>	<b>8,023</b>

## 2010 Vermont Basic Needs Budget

### Two Adults with Two Children (two wage earners)

Category	Urban	Rural
	<i>cost estimates are per month</i>	
Food	919	919
Housing	1,177	861
Transportation	1,017	1,181
Health Care	460	460
Dental Care	94	94
Child Care	1,180	1,028
Clothing & Household Expenses	202	202
Telecommunications	358	358
Rental Insurance	10	14
Term Life Insurance	31	31
Savings	272	257
<b>Total Monthly Expenses</b>	5,719	5,404
Annual Expenses	68,631	64,848
Federal & State Taxes	12,977	11,634
Annual Income	81,608	76,481
<b>Hourly "Livable" Wage</b>	<b>\$ 19.62</b>	<b>\$ 18.38</b>
<i>Average Wage PER Earner</i>		
Tax Calculations	2010 Tax Year - Married Filing Jointly	
AGI	81,608	76,481
Standard Deduction	(11,400)	(11,400)
Personal Exemption(s)	(14,600)	(14,600)
Taxable Income	55,608	50,481
Federal Tax (before credits)	7,504	6,735
Child Credit	(2,000)	(2,000)
Dependent Care Credit	(600)	(600)
<b>Net Federal Tax</b>	<b>4,904</b>	<b>4,135</b>
State Tax (before credits)	1,974	1,792
Dependent Care Credit	(144)	(144)
Renter Rebate (part 1)	-	-
Renter Rebate	-	-
<b>Net State Tax</b>	<b>1,830</b>	<b>1,648</b>
FICA/Medicare	6,243	5,851
<b>Total</b>	<b>12,977 -</b>	<b>11,634</b>



### Part III – Comparisons with Other Income Measures

The Vermont Basic Needs Budgets is one type of income benchmark. 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 1960s. These figures are issued each year in the *Federal Register* by the 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. Often programs use a multiple of the federal poverty level to measure need because it is generally recognized that many families with incomes above these guidelines lack sufficient resources to meet basic needs.

#### **2010 Health and Human Services (HHS) Federal Poverty Guidelines**

(48 Contiguous States and Washington D.C.)

Yearly Rates with Percentage Multiples								
Size of Family Unit	100%	120%	150%	175%	185%	200%	225%	300%
1	\$10,830	12,996	16,245	18,953	20,036	21,660	24,368	32,490
2	14,570	17,484	21,855	25,498	26,955	29,140	32,783	43,710
3	18,310	21,972	27,465	32,043	33,874	36,620	41,198	54,930
4	22,050	26,460	33,075	38,588	40,793	44,100	49,613	66,150
5	25,790	30,948	38,685	45,133	47,712	51,580	58,028	77,370
6	29,530	35,436	44,295	51,678	54,631	59,060	66,443	88,590
7	33,270	39,924	49,905	58,223	61,550	66,540	74,858	99,810
8	37,010	44,412	55,515	64,768	68,469	74,020	83,273	111,030
For each additional person add:	3,740	4,488	5,610	6,545	6,919	7,480	8,415	11,220

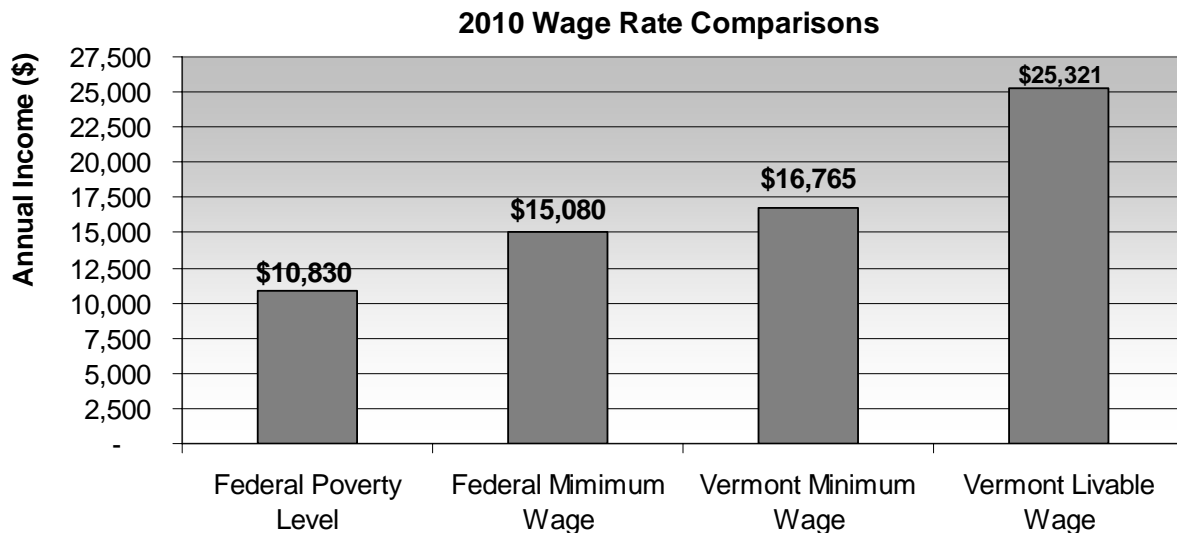
**SOURCE:** <http://aspe.hhs.gov/poverty/10poverty.shtml>

#### *Minimum Wage*

The 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 is currently \$7.25 per hour effective July 24, 2009. States also mandate minimum wage rates, and employees are entitled to the higher of the two minimum wages. The Vermont minimum wage is \$8.15 as of January 1, 2011. The Vermont minimum wage rate is increased by five percent or the percentage increase of the Consumer Price Index, or city average, not seasonally adjusted each year. More data on the minimum wage are in Appendix C.

## Comparisons

The first comparison is between the Vermont Livable Wage rate and the federal poverty guideline, as well as federal and state minimum wage rates. This shows that the Vermont Livable Wage calculation for 2010 is slightly more than two times the federal poverty level (FPL) established for a single person. The federal minimum wage is only 59% of the Vermont Livable Wage, and the state (Vermont) minimum wage is 66% of the Livable Wage.



In addition, two family configurations are used for comparison with the federal poverty guidelines, full-time minimum wage earnings and median family incomes: 1) the single parent with one child, and 2) two working parents with two children in rural Vermont.

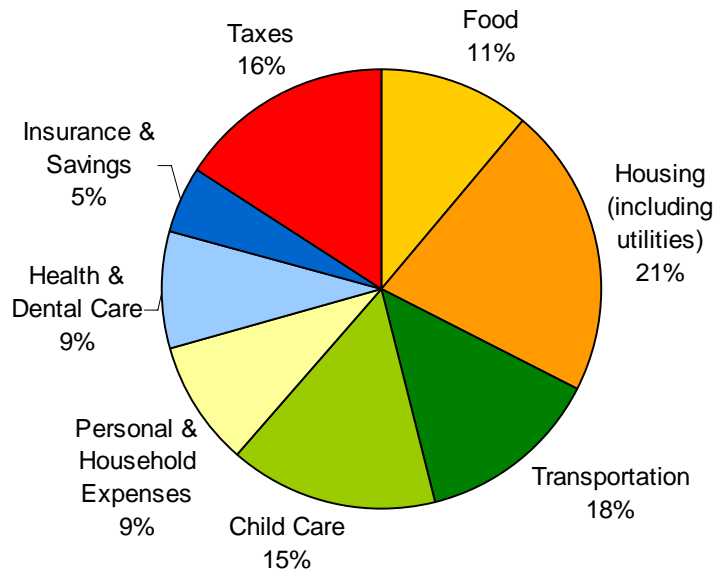
The first table and pie chart for each illustrate the breakdown of the major expense components of the family budget both pre-tax and within the overall budget. For the single-parent family, housing is the largest component of the budget at 21%, followed by child care and transportation. Transportation is the largest component of the two-parent family budget, followed by child care, food, and housing. The health and dental care costs for both families are between 6 and 7%. Federal and state taxes (including FICA and Medicaid) combined for both families are between 13 and 16%.

The Basic Needs Budget for the single-parent family is about \$8,690 or 15% less than the median family income for a two-person family from the most recent Census data. The Budgets are well above both the federal poverty level and the equivalent of working full-time for the Vermont state minimum wage. The Basic Needs Budget for the family with two working adults with two children very similar to the median four-person family income in Vermont in 2009. Again, the Budget for this family is well above both the FPL and the minimum wage.

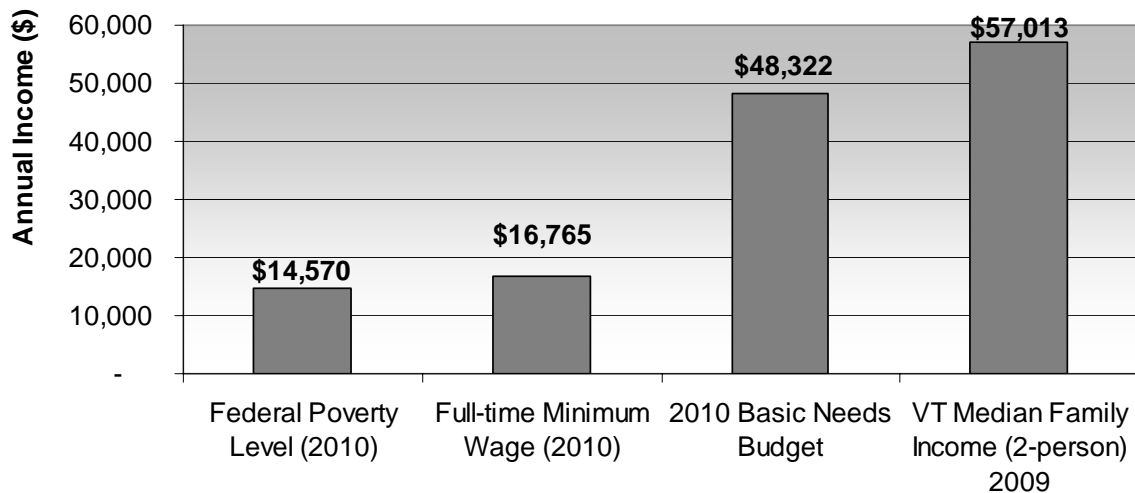
### Single Parent with One Child (Rural)

Expense	Monthly	Annual	% of Budget
Food	451	5,407	11.2%
Housing (including utilities)	861	10,331	21.4%
Transportation	547	6,564	13.6%
Child Care	610	7,319	15.1%
Personal & Household Expenses	376	4,512	9.3%
Health & Dental Care	349	4,184	8.7%
Insurance & Savings	197	2,368	4.9%
<b>Expense Budget</b>	<b>3,390</b>	<b>40,684</b>	<b>84.2%</b>
Taxes	636	7,638	15.8%
<b>Overall Budget</b>	<b>4,027</b>	<b>48,322</b>	

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



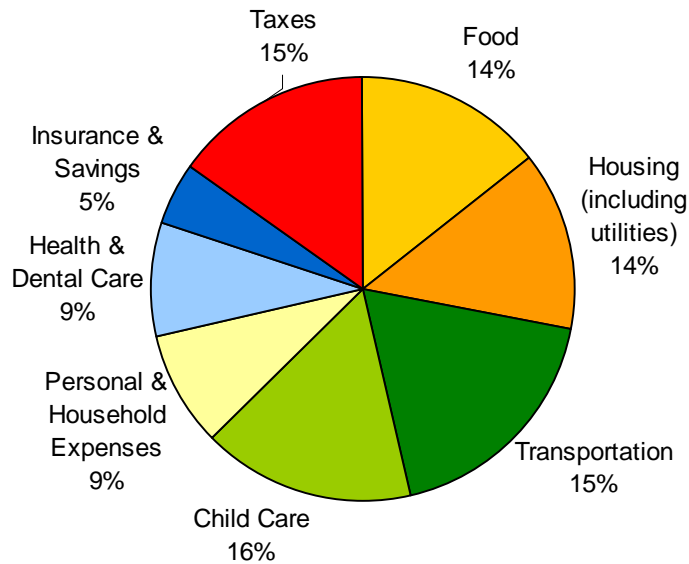
### Vermont Basic Needs Income Compared to Other Benchmarks



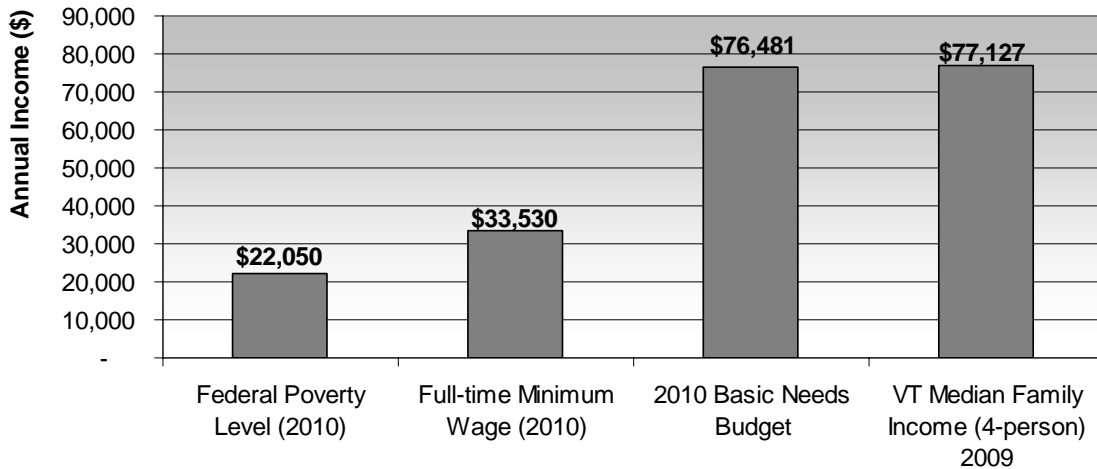
### Two Working Parents with Two Children (Rural)

Expense	Monthly	Annual	% of Budget	
Food	919	11,032	14.4%	
Housing (including utilities)	861	10,331	13.5%	
Transportation	1,181	14,176	18.5%	
Child Care	1,028	12,331	16.1%	
Personal & Household Expenses	560	6,716	8.8%	
Health & Dental Care	554	6,644	8.7%	
Insurance & Savings	301	3,617	4.7%	
	<b>Expense Budget</b>	<b>5,404</b>	<b>64,848</b>	<b>84.8%</b>
Taxes	969	11,634	15.2%	
	<b>Overall Budget</b>	<b>6,373</b>	<b>76,481</b>	

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



### Vermont Basic Needs Income Compared to Other Benchmarks



## Part IV – Methodology and Sources

### 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 (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 1 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 and rural is the rest of the state

### Food

USDA has four levels of food plans for the cost of food at home: thrifty, low-cost, moderate, and liberal plans. The Vermont Basic Needs Budgets use the moderate cost food plans.

<b>Select USDA Monthly Food Plans: June 2010</b>	
<b>Age/Gender Group</b>	<b>Moderate (\$)</b>
Child 3 – 5 years	152.00
Child 6 – 8 years	206.70
Adult Male 20 – 50 years	270.80
Adult Female 20 – 50 years	231.70

In addition, a percentage adjustment is applied to the 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	No adjustment

Lastly, these figures are adjusted for regional variation by the 10-year differential between the amount spent for food in the Northeast compared to the United States as a whole on 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 HUD's Fair Market Rents (FMR) survey. The FY 2011 data were finalized in October 2010. FMRs are established for units of varying size (0 – 4 bedrooms) for every county in Vermont. The FMR for the Burlington Metropolitan Statistical Area (MSA) is used for the urban housing estimate. For the rural estimate, a population-weighted average of the remaining counties is used. Housing estimates are for rental units with 1 bedroom for the single person and the two adult with no children households, and two bedrooms for all other family configurations.

<b>FY 2009 HUD Fair Market Rents (Monthly)</b>		
<b>County</b>	<b>1 Bedroom (\$)</b>	<b>2 Bedrooms (\$)</b>
Addison	764	919
Bennington	764	889
Caledonia	598	750
Chittenden	667	811
Essex	722	841
Franklin	725	844
Grand Isle	599	669
Lamoille	720	837
Orange	708	886
Orleans	747	981
Rutland	756	889
Washington	764	919
Windham	764	889
Windsor	598	750
Burlington, VT MSA	938	1177

Utilities are included in the HUD data. In order to calculate the Vermont renter rebate, the rent alone must be separate from utility costs. Utilities are estimated to be 15% of the FMRs.

### *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, an estimate of vehicle miles traveled (VMT) per household, multiplied by a mileage rate which encompasses all the fixed and operational costs of owning a vehicle. The VMT figures are from the new, Vermont-specific, 2009 National Household Transportation Survey (NHTS), while the mileage rate is from the most recent IRS reimbursement rates for business travel. The IRS mileage rate is adjusted using AAA mileage rate data to reflect the slightly lower cost-per-mile of driving greater miles. Annual vehicle mileage per driver is estimated using a cross-tabulation of survey data. The following data sets were used: Vermont, Urban and Rural, and Household Lifecycle

2009 NHTS Average Annual Vehicle Miles of Travel (VMT) Per Driver		
Vermont Household Life Cycle	Annual VMT / Driver (Mean)	
	Urban	Rural
one adult, no children	12,846	14,341
2+ adults, no children	12,827	15,093
one adult, youngest child 0-5	11,223	10,727
2+ adults, youngest child 0-5	10,731	18,728
one adult, youngest child 6-15	11,125	10,848
2+ adults, youngest child 6-15	10,620	15,297
one adult, youngest child 16-21	10,184	11,523
2+ adults, youngest child 16-21	9,327	12,232
one adult, retired, no children	4,794	8,802
2+ adults, retired, no children	7,936	10,439

*Data Sources:*

U.S. Department of Transportation, 2009 National Household Transportation Survey, <http://nhts.ornl.gov/>  
Internal Revenue Service, (IRS) Standard Mileage Rates, <http://www.irs.gov/newsroom/article/0,,id=216048,00.html>

Child Care

The Vermont Agency of Human Services, Department of Children and Families 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 estimates are an average of all the counties except Chittenden and the two types of child care. The urban estimate is the average of the two types of care in Chittenden County.

The four-year-old child (single-child configurations) is assumed to require 52 weeks of full-time child care, while the 6-year-old child (two-child configurations) is assumed to require 15 weeks of full-time care and 37 weeks of part-time care. The single-adult household and the two-parent one-wage-earner households are the only family configurations without any child care costs. None of these families qualify for a child care subsidy from the State of Vermont.

*Data Sources:*

Vermont Agency of Human Services, Department for Children and Families

Clothing and Household

These figures are from the 2009 Consumer Expenditure Survey. This category includes housekeeping supplies, household furnishings and equipment, and apparel and services. Major appliances and misc. household equipment have been subtracted from the totals because these are renter households. There is no urban/rural distinction for these costs. .

*Data Sources:*

U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey, [www.bls.gov/cex/Telecommunications Expenses](http://www.bls.gov/cex/Telecommunications%20Expenses)

This category includes the “personal expenses” which began at \$2 per person per day in 1999 and has since been indexed by the CPI, and basic “telephone” expenses (Verizon Standard Use Measured Service, or SUMS, FCC line changes and taxes) plus \$10 per month per household of long distance expenses also increased by the CPI. This category is intended to provide telephone, cable, internet, cell phone service, or some limited combination of these services as part of the household budget.

*Data Sources:*

Verizon and

U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, [www.bls.gov/CPI/](http://www.bls.gov/CPI/)

### Rental Insurance

Insurance rates are from Smith, Bell & Thompson in Burlington. Coverage includes \$20,000 replacement value, \$1,000 medical, \$500,000 liability, and a \$250 deductible. The estimates distinguish between urban (Chittenden County – Class 3) and rural (Orleans County – Class 9) coverage costs. Rural premiums are higher than those in urban areas mainly because rural fire protection is predominantly done by volunteers.

### Health Care

Health care costs have two components: insurance premiums and out-of-pocket (OOP) costs which is spending for care not covered by insurance, including deductibles and co-insurance. Previous studies also included a column for those without employer-sponsored health insurance, but this was discontinued in the 2008 study.

This report uses Vermont-specific information on employer-sponsored insurance, collected as part of the federal Medical Expenditure Panel Survey (MEPS), which is compiled and maintained by the Agency for Healthcare Research and Quality (AHRQ).<sup>1</sup> There is usually a lag in the availability of data, therefore information on employee premium costs uses 2007 data and was trended forward.

Out-of-pocket costs were also estimated employing MEPS data. The study uses median OOP costs, by age cohorts (under 18 and 18-64) for everyone (not just those who had an expense) with private insurance. This MEPS data for OOP costs also has a lag, so a regression analysis was used to trend the data forward through 2011. Also, these data are national data (not Vermont-specific) since MEPS does not have state-specific OOP costs to the level of detailed preferred.

In March 2010, Congress passed and the president signed the Patient Protection and Affordable Care Act of 2010 (PPACA). While the law has several provisions that have immediate impacts on health insurance, the biggest changes will come in 2014 when Medicaid expands and states create exchanges or market places for health insurance. The Joint Fiscal

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<sup>1</sup> AHRQ is part of the U.S. Department of Health & Human Services.



Office and the Administration are currently working together to fully comprehend the impacts of the law. However, at this time federal government is still drafting rules and as such this analysis for 2010 may not fully capture the short term effects of PPACA.

### Dental Care

There are two important changes to the dental methodology beginning in 2009. First, an attempt was made to address cost-sharing. More than one-half of Vermont employers offer dental insurance, and of those more than 75% pay some or all of the dental premium.<sup>2</sup> Second, median out-of-pocket costs were added.

The study used the Northeast Delta Dental plan as the premise for premiums. NE Delta Dental has a significant market share in Vermont with over 65,000 subscribers covering almost 137,000 enrollees.<sup>3</sup> Using “Option 3” is the equivalent of the former “Preventer 1” plan used in previous years.

At least half of private-sector employees are offered dental insurance through their employer, and about a third are enrolled. Of these employers, approximately 48% and 36% pay the full premium for single coverage and family coverage, respectively.<sup>4</sup> In the absence of systemwide data concerning the overall average cost-sharing, this study utilized the Vermont Education Health Initiative (VEHI) as a model for determining cost-sharing.<sup>5</sup> Although each school district participating in VEHI varies, the average employer share is approximately 90% for single coverage, 70% for two-person coverage, and 50% for family coverage.

Out-of-pocket costs were to the study in 2008. Again, median OOP costs were used and trended forward through 2011 using a regression analysis. As with the health care data, these OOP costs are national data (not Vermont-specific).

### Life Insurance

National Life of Vermont continues to supply annual advice on the average term life insurance policies and premiums. There are no changes in either the recommended amounts of coverage or the cost from the last study. Insurers recommend eight times annual earnings as a proxy for the amount of coverage a family should have. In order to remain conservative, six times annual income was used for these calculations. The average annual income across a family profile, for example, a single parent with one child in both urban and rural areas is used to estimate the coverage amount. For premium pricing, the “rule of thumb” is \$0.59 per \$1,000 of coverage plus an annual \$75 policy fee. This report assumes that single persons do not have life insurance coverage.

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<sup>2</sup> Vermont Department of Labor. Fringe Benefits in Vermont, 2005.

<sup>3</sup> Data provided by NE Delta Dental (as of 6/30/10).

<sup>4</sup> These numbers are based on the 2005 Vermont Department of Labor Fringe Benefits Report. It is recognized that given the state of the economy over the past several years, these percentages likely changed. The Vermont DOL may put out a new fringe benefit report in the next couple of years.

<sup>5</sup> VEHI is a large, nonprofit purchaser of health care for Vermont Public Schools, covering over 19,000 employees and retirees.

## Savings

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

## Federal and State Income Taxes and FICA/Medicare

The tax estimates included as part of the Basic Needs Budgets are for tax year 2010. The federal tax liability is calculated using standard deduction and exemption amounts for the various filing statuses (single, married filing joint, and head of household for single parent families). The federal tax liability is net of any earned income tax credit (EITC), child tax credit, and dependent tax care credits. These calculations do not assume other forms of tax savings such as medical or dependent care savings accounts. The state tax liability is also net of the state earned income credit which is 32% of the federal amount, and the dependent care tax credit at 24% of the federal amount, and finally the Vermont renter rebate program. None of the families in the 2008 study qualify for either the federal or state earned income tax credit because the budgets are well above the federal income phase-out thresholds.

The FICA and Medicare calculations are the amounts that would be withheld for Social Security and Medicare from an individual's paycheck. In 2010, the FICA rate is 6.2% on the first \$106,8000 of wage and salary income, while Medicare is 1.45% of all income. This is for the employee share only and does not include the employer's matching amount. For 2011, the FICA rate is reduced to 4.2%.

# Appendices



## Appendix A – Statute

### 2 V.S.A. § 505. Basic needs budget and livable wage; report

§ 505. 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 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.

(b) On or before January 15 of each new legislative biennium, beginning in 2009, the joint fiscal office shall report the calculated basic needs budgets of various representative household configurations and the calculated livable wage 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.

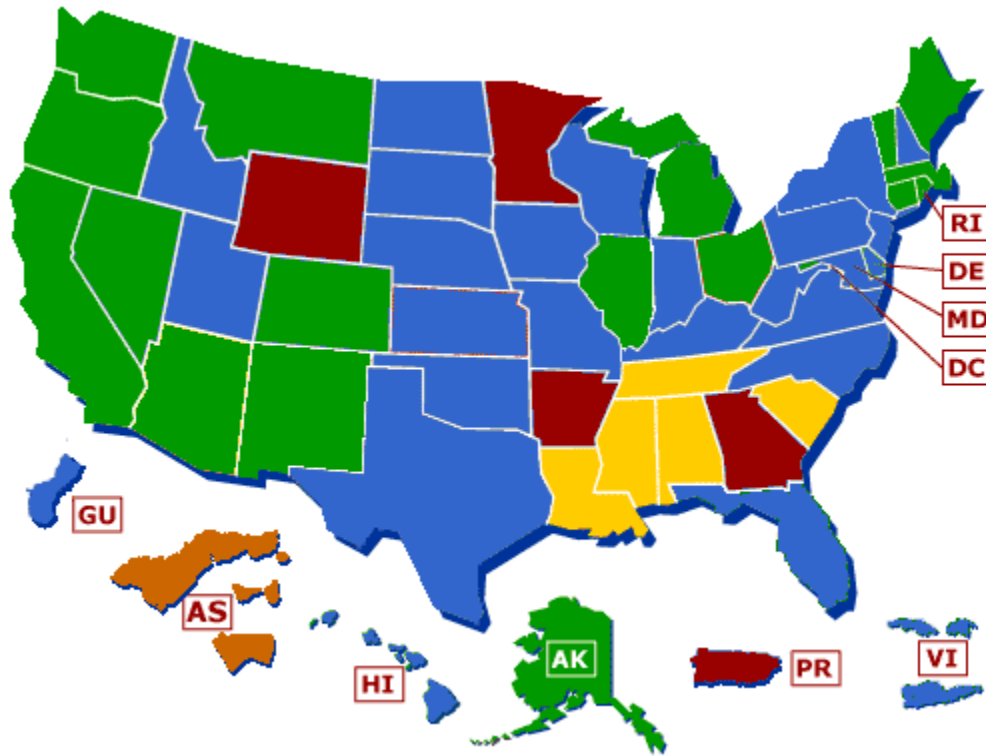
(c) The methodology for calculating basic needs budgets shall be built on methodology described in the November 9, 1999 livable income study committee report, modified as appropriate by any statutory changes made by the general assembly and subsequent modifications adopted by the joint fiscal committee 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. (Added 2005, No. 59, § 1; amended 2007, No. 202 (Adj. Sess.), § 1.)

**Appendix B – Minimum Wage Data**  
**Minimum Wage Laws in the States**

January 1, 2011

Note: Where Federal and state law have different minimum wage rates, the higher standard applies.



- States with minimum wage rates higher than the Federal
- States with minimum wage rates the same as the Federal
- American Samoa has [special minimum wage rates](#)
- States with no minimum wage law
- States with minimum wage rates lower than the Federal

Source: U.S. Department of Labor (<http://www.dol.gov/esa/minwage/america.htm>)

## Appendix C – Wage Data

### Comparison of Vermont and Federal Minimum Wage Rates 1991 to 2008

Year	Federal	Vermont	Difference
1991	4.25	3.95	-0.30
1992	4.25	3.95	-0.30
1993	4.25	3.95	-0.30
1994	4.25	3.95	-0.30
1995	4.25	4.50	0.25
1996	4.75	4.75	0.00
1997	5.15	5.00	-0.15
1998	5.15	5.25	0.10
1999	5.15	5.75	0.60
2000	5.15	6.25	1.10
2001	5.15	6.25	1.10
2002	5.15	6.25	1.10
2003	5.15	6.25	1.10
2004	5.15	6.75	1.60
2005	5.15	7.00	1.85
2006	5.15	7.25	2.10
2007	5.85	7.53	1.68
2008	6.55	7.68	1.13
2009	7.25	8.06	0.81
2010	7.25	8.06	0.81
2011	7.25	8.15	0.90

Beginning January 1, 2007, and on each subsequent January 1, the minimum wage rate in Vermont is increased by five percent or the percentage increase of the Consumer Price Index, or city average, not seasonally adjusted.

### Comparison of New England States as of January 1, 2011

State	(\$) Effective 1/01/2011	% Difference from Federal
Connecticut	8.25	14%
Maine	7.50	3%
Massachusetts	8.00	10%
New Hampshire	7.25	0%
New York	7.25	0%
Rhode Island	7.40	2%
Vermont	8.15	12%
NE Average	7.69	
Federal	7.25	





## Appendix D – Comparisons

### *Food Plan Comparisons*

<b>Moderate</b>	<b>1999</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2007</b>	<b>Restated</b>	
								<b>2008</b>	<b>2010</b>
Single	206	213	229	230	233	253	266	295	297
Single + 1 Child	315	325	350	350	356	387	404	449	451
Single + 2 Children	462	477	512	513	520	566	593	658	662
Two Adults + 0	410	423	456	458	464	503	530	587	590
Two Adults + 2	641	662	710	713	723	785	825	914	919

### *Housing (rent & utilities)*

<b>Urban</b>	<b>1999</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2007</b>	<b>Restated</b>	
								<b>2008</b>	<b>2010</b>
1 Bedroom	519	402	454	469	482	638	783	883	938
2 Bedrooms	692	549	620	641	658	850	983	1108	1177

<b>Rural</b>	<b>1999</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2007</b>	<b>Restated</b>	
								<b>2008</b>	<b>2010</b>
1 Bedroom	455	358	373	389	401	520	606	674	717
2 Bedrooms	570	450	470	490	504	651	732	811	861

### *Transportation*

<b>Urban</b>	<b>1999</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2007</b>	<b>Restated</b>	
								<b>2008</b>	<b>2010</b>
Single	223	233	284	304	323	331	409	599	541
Single + 1 Child	224	233	284	304	404	250	309	698	532
Single + 2 Children	224	233	284	304	403	250	309	698	532
Two Adults + 0	591	617	568	609	707	765	946	1,196	1,081
Two Adults + 2 (1 wkg)	520	543	471	505	603	592	732	1,170	1,017
Two Adults + 2 (both)	591	617	568	609	743	790	976	1,170	1,017

<b>Rural</b>	<b>1999</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2007</b>	<b>Restated</b>	
								<b>2008</b>	<b>2010</b>
Single	255	266	360	386	323	516	638	631	567
Single + 1 Child	255	266	360	386	389	459	568	557	547
Single + 2 Children	255	266	360	386	404	459	568	557	547
Two Adults + 0	693	723	720	772	681	1,053	1,302	1,250	1,114
Two Adults + 2 (1 wkg)	614	641	582	624	605	772	954	1,350	1,181
Two Adults + 2 (both)	693	723	720	772	731	1,029	1,272	1,350	1,181

## Appendix D – Comparisons

### ***Child Care***

<b>Urban</b>	<b>1999</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2007</b>	<b>2008</b>	<b>2010</b>
1 Child (4 yr old)	414	496	496	496	532	549	581	689	712
2 Children (4 & 6 yrs old)	607	686	686	686	733	758	1062	1127	1180

<b>Rural</b>	<b>1999</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2007</b>	<b>2008</b>	<b>2010</b>
1 Child (4 yr old)	387	418	418	418	471	493	528	580	610
2 Children (4 & 6 yrs old)	568	576	576	576	650	681	880	953	1028

### ***Clothing / Household***

	<b>1999</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2007</b>	<b>2008</b>	<b>2010</b>
Single	196	145	138	179	192	159	175	189	173
Single + 1 Child	219	225	302	267	281	216	239	194	177
Single + 2 Children	285	281	378	400	422	216	239	200	184
Two Adults + 0	219	225	302	349	354	287	287	207	190
Two Adults + 2 (1 wkg)	285	281	378	476	525	339	369	218	202
Two Adults + 2 (both)	285	281	378	476	525	359	369	218	202

### ***Telecommunications***

<b>All</b>	<b>1999</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2007</b>	<b>2008</b>	<b>2010</b>
Single								119	119
Two								183	199
Three				Not comparable				255	278
Four								326	358

### ***Rental Insurance***

	<b>1999</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2007</b>	<b>2008</b>	<b>2010</b>
All (Urban beginning 2005)	10	12	12	11	12	14	12	11	10
Rural						18	16	14	14

## Appendix D – Comparisons

### *Health Care (Employer Assisted)*

	<b>1999</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2007</b>	<b>2008</b>	<b>2010</b>
Single	109	57	59	69	71	73	71	99	132
Single + 1 Child	164	107	109	119	121	143	203	221	314
Single + 2 Children	209	157	159	169	171	143	272	313	427
Two Adults + 0	169	186	178	204	213	218	190	239	335
Two Adults + 2	269	286	278	304	313	288	260	342	460

### *Dental Care (No Dr. D.)*

	<b>1999</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2007</b>	<b>2008</b>	<b>2010</b>
Single	36	38	38	41	44	47	51	8	9
Single + 1 Child	62	66	66	70	76	79	86	31	35
Single + 2 Children	105	111	111	118	128	134	146	80	90
Two Adults + 0	62	66	66	70	76	79	86	32	36
Two Adults + 2	105	111	111	118	128	134	146	83	94

## Appendix D – Comparisons

### Livable Wage Rates

*Urban*, with Employer Assisted Health Care, and Moderate Cost Food Plan

	1999	2001	2002	2003	2004	2005	2007	2008	2010
Single	10.57	9.90	10.93	11.67	11.92	12.02	13.94	16.74	16.82
Single + 1 Child	16.37	16.75	18.75	18.72	19.94	18.55	21.57	26.26	26.36
Single + 2 Children	19.61	19.89	22.03	22.40	23.87	20.80	27.23	32.88	31.98
Two Adults + 0 (each)	8.10	8.38	8.85	9.39	9.75	9.89	11.19	12.43	12.55
Two Adults + 2 (1 wkg)	20.08	20.46	21.60	23.04	24.16	21.97	24.99	29.61	30.00
Two Adults + 2 (both)	12.47	13.00	13.66	14.31	15.31	14.48	17.79	19.21	19.62

*Rural*, with Employer Assisted Health Care, and Moderate Cost Food Plan

	1999	2001	2002	2003	2004	2005	2007	2008	2010
Single	10.37	9.70	10.70	11.48	11.05	12.71	14.57	15.32	15.23
Single + 1 Child	15.40	15.37	17.17	17.18	17.72	18.22	21.23	21.79	23.23
Single + 2 Children	18.54	18.24	20.19	20.59	21.60	20.25	23.95	27.33	28.36
Two Adults + 0	8.26	8.55	9.02	9.60	9.18	10.61	11.94	11.81	11.79
Two Adults + 2 (1 wkg)	20.16	20.25	20.96	22.45	22.58	21.97	24.79	28.68	28.78
Two Adults + 2 (both)	12.23	12.47	13.05	13.74	14.13	14.55	17.24	18.03	18.38