

Basic Needs Budgets and the Livable Wage

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REVISIONS TO THE 2007 STUDY

Several revisions have been made to the 2007 study including:

1. The IRS mileage rate used for the transportation estimates has been updated. The previous rate was \$0.405 for the first eight months 2005. The updated IRS 2006 mileage rate is \$0.445.
2. The Term Life Insurance amounts use the average annual income across a family profile. Then the amount of six times family earnings was used to calculate the amount of coverage, multiplied by \$0.80 cents per hundred plus a \$75 processing fee.
3. An error in the health care figure for the Two Adults with Two Children (two wage earners) for the rural family with employer assisted health care was corrected.
4. The second table in Appendix D, Vermont Median Household Income, Three-Year Moving Averages has been updated.
5. Updated chart of Livable Wage figures from surrounding states including the most recent New Hampshire study and figures from Economic Policy Institute for Vermont.

These changes have generally increased the livable wage amounts for all of the family configurations.

Part I – 2005 Basic Needs Budgets Update

Introduction

This is the sixth edition of the Vermont Basic Needs Budgets, which is now a biennial publication. A basic needs budget is a market-based analysis that accounts for estimated monthly living expenses. This study includes food, rent and utilities, transportation, child care, clothing and household expenses, telephone charges, a personal expense allowance, health care, dental care, renter's insurance, life insurance, and savings. Using the basic needs methodology (established in 1999 and modified in the intervening years), and including tax obligations, an hourly "livable wage" is calculated by dividing total annual expenses by the number of hours that make up a year of full-time work.

"Livable wages" are produced for six possible family configurations in both urban and rural areas:

- 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

Budget Components

A majority of the component data of the study is updated each year and reflects modest inflationary price changes annually – such as food costs, fair market rents, clothing and household expenses, telephone charges and renter's insurance. Some of the component data are only released periodically – such as the transportation data from the National Household Transportation Survey, which is conducted once every five years. While these data are adjusted between surveys in an attempt to reflect annual increases, the results may change considerably when new data are released. Finally, the health care component of the budgets, a significant and driving factor in the outcome of the annual study, has changed significantly each year, and the differences are due to changes in the Vermont health care market. This year, only three of the 24 possible families profiles qualified to have the children enrolled in the state's Dr. Dynasaur health care program. It is important to note that data from various years are combined to produce the annual Basic Needs Budgets, thereby making year-to-year comparisons difficult.

Tax Calculations

For each family configuration, the 2006 federal and state tax obligation is estimated and included in the annual budget. The federal tax liability is calculated using standard deduction and exemption amounts for 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 credit, child tax credit, and dependent care tax credits. The state tax liability is also net of the state earned-income credit which is 32% of the federal amount, dependent care tax credit which is 24% of the federal amount, and the renter rebate program. None of the families qualify for either the federal or state earned-income credit because these incomes are well above the federal phase-out thresholds.

Changes to the 2007 Study

JFO staff reviewed the report methodology, compared the results with neighboring states, and discussed issues with interested parties over the fall of 2006. The result of this process was the recommendation of four immediate changes to the report methodology. These changes (described below) were approved by the Joint Fiscal Committee on November 9, 2006 and were included in this January 2007 report. In addition, the committees of jurisdiction, the House General, Housing and Military Affairs Committee and the Senate Economic Development, Housing and General Affairs Committee are requested conduct a more comprehensive review of the report methodology during the session that could be incorporated into any future reports. The four immediate modifications to the methodology for the 2007 study are:

1. Health care methodology changes

There has been substantial change in the individual health insurance market (for those without access to insurance through their employer). The report assumes that families in the individual market will purchase an indemnity product sold by a subsidiary of MVP Health Plan. This product, which includes a \$3,500 deductible, 30% coinsurance, and no out-of-pocket maximum, is the most affordable product in the individual market at the lowest available deductible. Because the price of this product varies by the age of the subscriber, the average of the price for a 29-year-old and the price for a 45-year-old was used.

In previous versions of this report, the health insurance product used had a cap on out-of-pocket liability (the amount paid by the family for deductibles, coinsurance, and co-pays). The MVP product does not have a cap, so estimation of out-of-pocket costs under this plan assumes that the family is at the 50th percentile of health care spending, and would apply specified insurance benefits to that level of total spending. The spending distribution comes from the Medical Expenditure Panel Survey (MEPS), done by the federal Agency for Healthcare Research and Quality.

For those families with access to employer-sponsored health insurance, a new approach for estimating costs for families is used. Previous reports used a product available in Vermont's small group market. The 2006 report has Vermont-specific information on all employer-sponsored insurance, collected as part of the federal Medical Expenditure Panel Survey (MEPS). Information on average employee premium costs was collected in 2004. This information is inflated by 9.2% per year for two years (annual trend, 2005 Kaiser Family Foundation survey of employer-sponsored insurance). This change in approach results in a lower but more representative estimate of family health insurance costs. This approach, basing costs on a "typical" product, is similar to the approach taken for Catamount Health.

- 2. Food plan change** The USDA publishes four food plans; thrifty, low-cost, moderate, and liberal. The original Livable Income Study in 1999 showed information for both low-cost and moderate food plans, which has been continued in all subsequent studies. By publishing the study with one food plan, the results are simplified.
- 3. Tax year calculation change** In past reports, the tax year used for calculations has been the one prior to the most recent tax year. A good portion of the data, such as food, rents, insurance, telephone, and health care, is from the most recent, not the previous, year. Switching to the most recent tax year rather than the previous practice of using the prior tax year will make the data more consistent, and make the study as up-to-date as possible.

4. **Child care cost change** Past studies have assumed that children do not attend child care for two weeks of the year. In practice, child care centers charge tuition for time that children are not attending for vacations, holidays, etc. By including 52 weeks of child care expenses, the study would reflect reality and therefore be more accurate.

Details of the Basic Needs Budgets components are available in Appendix B – Methodology and Sources. Any year-to-year comparisons of the Basic Needs Budgets results should be done with care because of these changes.

Areas for Review

In the course of discussion a number of ideas for future methodology changes were identified that could be reviewed by the legislature during the upcoming session:

Health Care

- Is there a better methodology for the non-employer sponsored health care plan?
 - Is the current health care plan adequate?
- How would the next study include Catamount Health?
- Should the Dr. Dynasaur program be used for all children in the study?
 - What about families whose incomes preclude them from joining Dr. D?
- Should out-of-pocket expenses be included for dental care?

Housing

- Is there a better source for housing data in Vermont?
- How could rent and utilities be separated?
- Should homeownership be considered for some families?

Child Care

- Is this data weighted toward more expensive care because only providers that accept state subsidies respond to the survey?
- Should some amount of child care be included for the family of four with one working parent?

Review the “incidentals” included in the study

- What is assumed in the 5% savings? (retirement, savings for college, debt, etc.)
- Are the personal expense amounts appropriate?
- Are the life insurance and renter’s insurance amounts appropriate?

Transportation

- Is there a better methodology?
- Should the IRS business traveler reimbursement rate be used?
- How should the figures be increased during the 5+ study interim years?

Should any of the family configurations be eliminated?

What is the definition of “Basic Needs” or adequate?

Is Vermont’s methodology justifiably different from those in other states producing similar studies? A comparison of livable wage figures among the four northern New England states is available in Appendix H.

Part II – Basic Needs Budgets Comparisons

The Vermont Basic Needs Budgets or “livable wage” is one type of income benchmark. To put the livable wage measure in context, it is helpful to compare it 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 and 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.

2006 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	9,800	11,760	14,700	17,150	18,130	19,600	22,050	29,400
2	13,200	15,840	19,800	23,100	24,420	26,400	29,700	39,600
3	16,600	19,920	24,900	29,050	30,710	33,200	37,350	49,800
4	20,000	24,000	30,000	35,000	37,000	40,000	45,000	60,000
5	23,400	28,080	35,100	40,950	43,290	46,800	52,650	70,200
6	26,800	32,160	40,200	46,900	49,580	53,600	60,300	80,400
7	30,200	36,240	45,300	52,850	55,870	60,400	67,950	90,600
8	33,600	40,320	50,400	58,800	62,160	67,200	75,600	100,800
For each additional person add:	3,400	4,080	5,100	5,950	6,290	6,800	7,650	10,200

SOURCE: *Federal Register*, Vol. 71, No. 15, January 24, 2006, pp. 3848-3849.

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 have not kept pace with inflation. The last federal minimum wage increase was in 1997 and is currently \$5.15 per hour for all covered nonexempt workers. States also mandate minimum wage rates, and employees are entitled to the higher of the two minimum wages. The Vermont minimum wage is \$7.53 as of January 1, 2007. For the first time this year, 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. More data on the minimum wage is in Appendix C.

Comparisons

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. Each family is rural, with an employer-assisted health care plan and the low-cost food plan.

The first table and pie chart 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 7 and 8%. Neither of these families qualify for the Dr. Dynasaur health care program for children. Federal and state taxes combined for both families are between 14 and 15%.

The Vermont livable wage is almost three times the federal poverty level and the full-time minimum wage earnings. The Basic Needs Budgets are growing faster than these other measures, although the Vermont minimum wage is indexed with the CPI beginning January 1, 2007. The 2005 Census median family income is also shown for comparison purposes, although it is one year behind the other figures. The Single Parent with One Child family livable wage is 86% of the median two-person family income in Vermont. The Two Working Parents with Two Children family livable wage is, for the first time, higher than the median four-person family income in Vermont.

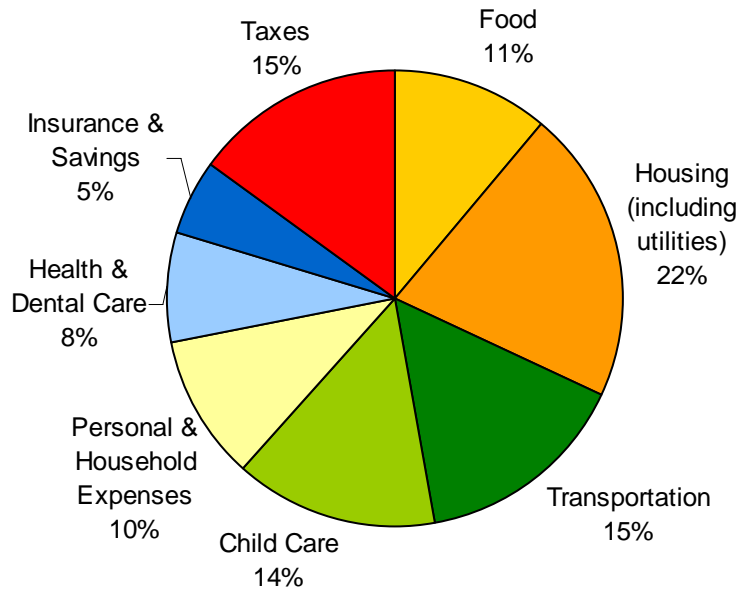
Single Parent with One Child

Rural, w/ Employer Assisted Health Care

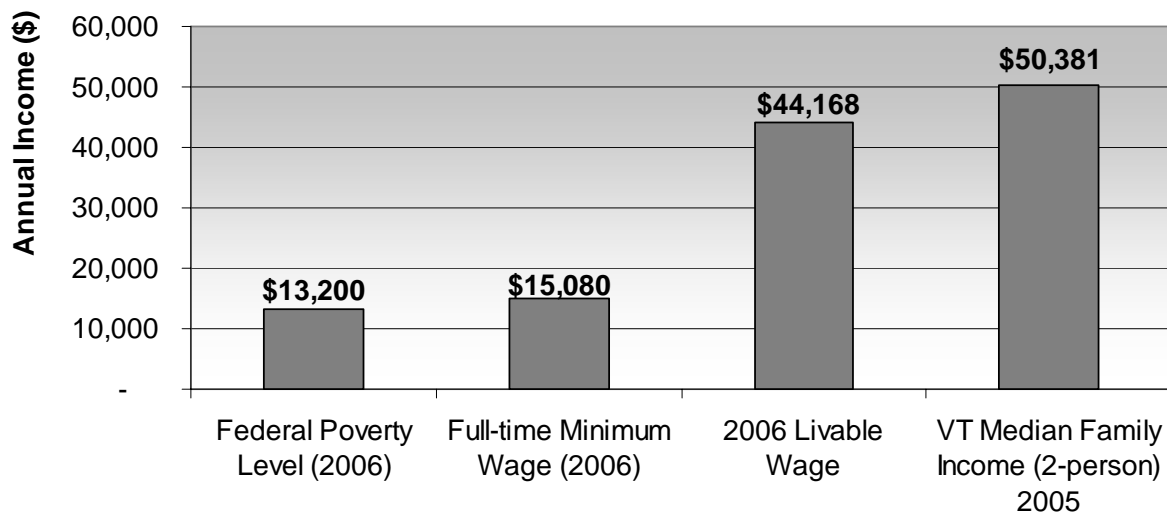
<u>Expense</u>	<u>Monthly</u>	<u>Annual</u>	<u>% of Budget</u>
Food	404	4,848	11.0%
Housing (including utilities)	769	9,232	20.9%
Transportation	568	6,813	15.4%
Child Care	528	6,331	14.3%
Personal & Household Expenses [1]	377	4,522	10.2%
Health & Dental Care	288	3,461	7.8%
Insurance & Savings [2]	190	2,281	5.2%
Expense Budget	3,124	37,487	84.9%
Taxes	557	6,681	15.1%
Overall Budget	3,681	\$ 44,168	

[1] Personal, Household & Clothing expenses [2] Rental Insurance, Term Life Insurance, and 5% Savings

Percentage of Income Needed to Meet Basic Needs in Vermont



Vermont Livable Income Compared to Other Benchmarks



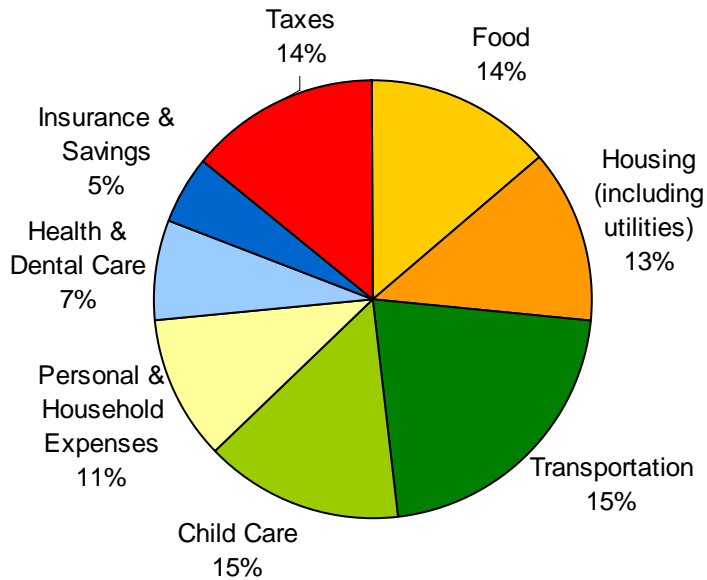
Two Working Parents with Two Children

Rural, w/ Employer Assisted Health Care

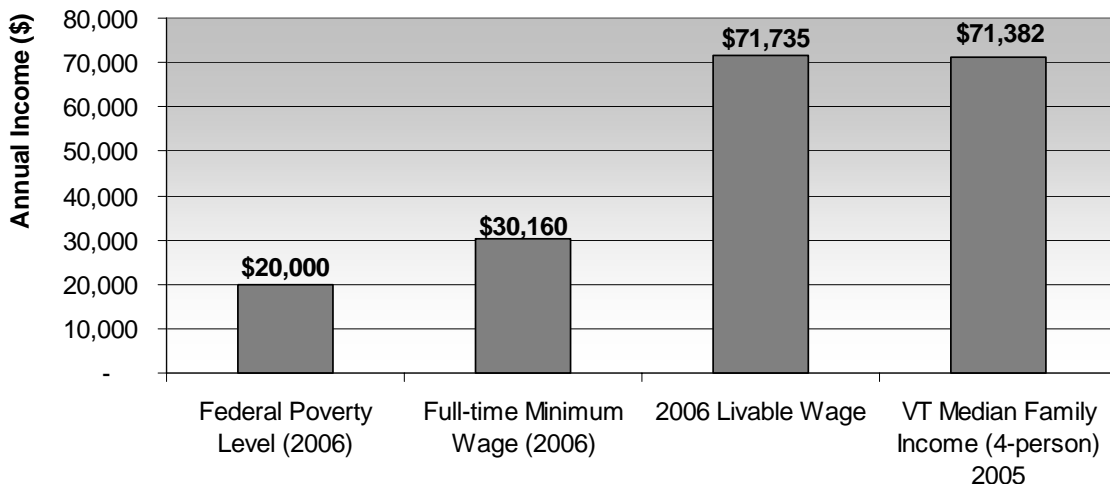
	<u>Monthly</u>	<u>Annual</u>	<u>% of Budget</u>
Food	825	9,894	13.8%
Housing (including utilities)	769	9,232	12.9%
Transportation	1,272	15,265	21.3%
Child Care	880	10,566	14.7%
Personal & Household Expenses [1]	645	7,736	10.8%
Health & Dental Care	438	5,252	7.3%
Insurance & Savings [2]	298	3,574	5.0%
Expense Budget	5,127	61,519	85.8%
Taxes	851	10,217	14.2%
Overall Budget	5,978	\$ 71,735	

[1] Personal, Household & Clothing expenses [2] Rental Insurance, Term Life Insurance, and 5% Savings

Percentage of Income Needed to Meet Basic Needs in Vermont



Vermont Livable Income Compared to Other Benchmarks



Part III – Basic Needs Budgets Data

Following are tables showing the Basic Needs Budget data by family configuration. The top half of the table shows the cost per month for the various categories of expenses, then total monthly expenses, annual expenses, federal and state taxes, and annual income which is used to calculate the equivalent hourly wage. The federal and state tax calculations are shown on the bottom half of the page. Following are summary tables showing the various components of the study between 1999 and 2007.

Single Person

Category	Urban		Rural	
	A	B	A	B
	No Employer Assisted Health Care	With Employer Assisted Health Care	No Employer Assisted Health Care	With Employer Assisted Health Care
	cost estimates are per month		cost estimates are per month	
Food (moderate cost plan)	266	266	266	266
Housing (rent & utilities)	783	783	606	606
Transportation	409	409	638	638
Child Care	0	0	0	0
Clothing / Household	175	175	175	175
Telephone	37	37	37	37
Personal Expenses	69	69	69	69
Rental Insurance	12	12	16	16
Health Care [1]	286	71	286	71
Dental Care [2]	51	51	51	51
Term Life Insurance	0	0	0	0
Savings (5%)	104	94	107	96
Total Monthly Expenses	2,192	1,967	2,250	2,025
Annual Expenses	26,305	23,602	27,005	24,301
Federal & State Taxes	6,625	5,396	6,969	6,006
Annual Income	32,930	28,998	33,974	30,307
Hourly "Livable" Wage	\$ 15.83	\$ 13.94	\$ 16.33	\$ 14.57
<i>Average Wage per Earner</i>				

Tax Calculations	2006 Tax Year - Single Taxpayer			
AGI	32,930	28,998	33,974	30,307
Standard Deduction	(5,150)	(5,150)	(5,150)	(5,150)
Personal Exemption(s)	(3,300)	(3,300)	(3,300)	(3,300)
Taxable Income	24,480	20,548	25,524	21,857
Federal Tax (before credits)	3,295	2,705	3,451	2,901
Child Credit	-	-	-	-
Dependent Care Credit	-	-	-	-
Net Federal Tax	3,295	2,705	3,451	2,901
State Tax (before credits)	881	740	919	787
Dependent Care Credit	-	-	-	-
Renter Rebate	(70)	(267)	-	-
Net State Tax	811	473	919	787
FICA/Medicare	2,519	2,218	2,599	2,319
Total	6,625	5,396	6,969	6,006

[1] & [2] Bold indicates that coverage for children is through Dr. Dynasaur for both health and dental care.

Single Parent with One Child

Category	Urban		Rural	
	A	B	A	B
	No Employer Assisted Health Care	With Employer Assisted Health Care	No Employer Assisted Health Care	With Employer Assisted Health Care
	<i>cost estimates are per month</i>		<i>cost estimates are per month</i>	
Food (moderate cost plan)	404	404	404	404
Housing (rent & utilities)	983	983	732	732
Transportation	309	309	568	568
Child Care	581	581	528	528
Clothing / Household	239	239	239	239
Telephone	37	37	37	37
Personal Expenses	138	138	138	138
Rental Insurance	12	12	16	16
Health Care [1]	571	203	571	203
Dental Care [2]	86	86	86	86
Term Life Insurance	25	25	25	25
Savings (5%)	169	151	167	149
Total Monthly Expenses	3,554	3,167	3,511	3,124
Annual Expenses	42,648	38,004	42,131	37,487
Federal & State Taxes	8,518	6,865	8,334	6,681
Annual Income	51,166	44,869	50,465	44,168
Hourly "Livable" Wage	\$ 24.60	\$ 21.57	\$ 24.26	\$ 21.23
<i>Average Wage per Earner</i>				

Tax Calculations	2006 Tax Year - Head of Household			
	Urban A	Urban B	Rural A	Rural B
AGI	51,166	44,869	50,465	44,168
Standard Deduction	(7,550)	(7,550)	(7,550)	(7,550)
Personal Exemption(s)	(6,600)	(6,600)	(6,600)	(6,600)
Taxable Income	37,016	30,719	36,315	30,018
Federal Tax (before credits)	5,015	4,070	4,910	3,965
Child Credit	(1,000)	(1,000)	(1,000)	(1,000)
Dependent Care Credit	(600)	(600)	(600)	(600)
Net Federal Tax	3,415	2,470	3,310	2,365
State Tax (before credits)	1,333	1,106	1,307	1,081
Dependent Care Credit	(144)	(144)	(144)	(144)
Renter Rebate	-	-	-	-
Net State Tax	1,189	962	1,163	937
FICA/Medicare	3,914	3,432	3,861	3,379
Total	8,518	6,865	8,334	6,681

Single Parent with Two Children

Category	Urban		Rural	
	A	B	A	B
	No Employer Assisted Health Care	With Employer Assisted Health Care	No Employer Assisted Health Care	With Employer Assisted Health Care
	<i>cost estimates are per month</i>		<i>cost estimates are per month</i>	
Food (moderate cost plan)	593	593	593	593
Housing (rent & utilities)	983	983	732	732
Transportation	309	309	568	568
Child Care	1,062	1,062	880	880
Clothing / Household	239	239	239	239
Telephone	37	37	37	37
Personal Expenses	207	207	207	207
Rental Insurance	12	12	16	16
Health Care [1]	641	272	641	141
Dental Care [2]	146	146	146	51
Term Life Insurance	29	29	29	29
Savings (5%)	213	194	204	175
Total Monthly Expenses	4,472	4,084	4,293	3,668
Annual Expenses	53,659	49,002	51,518	44,013
Federal & State Taxes	10,414	7,638	8,996	5,806
Annual Income	64,073	56,640	60,514	49,820
Hourly "Livable" Wage	\$ 30.80	\$ 27.23	\$ 29.09	\$ 23.95
<i>Average Wage per Earner</i>				

Tax Calculations	2006 Tax Year - Head of Household			
	Urban A	Urban B	Rural A	Rural B
AGI	64,073	56,640	60,514	49,820
Standard Deduction	(7,550)	(7,550)	(7,550)	(7,550)
Personal Exemption(s)	(9,900)	(9,900)	(9,900)	(9,900)
Taxable Income	46,623	39,190	43,064	32,370
Federal Tax (before credits)	7,013	5,341	6,123	4,318
Child Credit	(2,000)	(2,000)	(2,000)	(2,000)
Dependent Care Credit	(1,200)	(1,200)	(1,200)	(1,200)
Net Federal Tax	3,813	2,141	2,923	1,118
State Tax (before credits)	1,987	1,452	1,731	1,165
Dependent Care Credit	(288)	(288)	(288)	(288)
Renter Rebate	-	-	-	-
Net State Tax	1,699	1,164	1,443	877
FICA/Medicare	4,902	4,333	4,629	3,811
Total	10,414	7,638	8,996	5,806

Two Adults with No Children (2 wage earners)

Category	Urban		Rural	
	A	B	A	B
	No Employer Assisted Health Care	With Employer Assisted Health Care	No Employer Assisted Health Care	With Employer Assisted Health Care
	<i>cost estimates are per month</i>		<i>cost estimates are per month</i>	
Food (moderate cost plan)	530	530	530	530
Housing (rent & utilities)	783	783	606	606
Transportation	946	946	1302	1302
Child Care	0	0	0	0
Clothing / Household	287	287	287	287
Telephone	37	37	37	37
Personal Expenses	138	138	138	138
Rental Insurance	12	12	16	16
Health Care [1]	571	190	571	190
Dental Care [2]	86	86	86	86
Term Life Insurance	27	27	27	27
Savings (5%)	171	152	180	161
Total Monthly Expenses	3,587	3,187	3,779	3,378
Annual Expenses	43,046	38,240	45,347	40,541
Federal & State Taxes	10,036	8,325	10,855	9,144
Annual Income	53,082	46,565	56,202	49,685
Hourly "Livable" Wage	\$ 25.52	\$ 22.39	\$ 27.02	\$ 23.89
<i>Average Wage per Earner</i>	<i>12.76</i>	<i>11.19</i>	<i>13.51</i>	<i>11.94</i>
Tax Calculations	2006 Tax Year - Married Filing Jointly			
AGI	53,082	46,565	56,202	49,685
Standard Deduction	(10,300)	(10,300)	(10,300)	(10,300)
Personal Exemption(s)	(6,600)	(6,600)	(6,600)	(6,600)
Taxable Income	36,182	29,665	39,302	32,785
Federal Tax (before credits)	4,672	3,695	5,140	4,163
Child Credit	-	-	-	-
Dependent Care Credit	-	-	-	-
Net Federal Tax	4,672	3,695	5,140	4,163
State Tax (before credits)	1,303	1,068	1,415	1,180
Dependent Care Credit	-	-	-	-
Renter Rebate	-	-	-	-
Net State Tax	1,303	1,068	1,415	1,180
FICA/Medicare	4,061	3,562	4,299	3,801
Total	10,036	8,325	10,855	9,144

Two Adults with Two Children (one wage earner)

Category	Urban		Rural	
	A	B	A	B
	No Employer Assisted Health Care	With Employer Assisted Health Care	No Employer Assisted Health Care	With Employer Assisted Health Care
	<i>cost estimates are per month</i>		<i>cost estimates are per month</i>	
Food (moderate cost plan)	825	825	825	825
Housing (rent & utilities)	983	983	732	732
Transportation	732	732	954	954
Child Care	0	0	0	0
Clothing / Household	369	369	369	369
Telephone	37	37	37	37
Personal Expenses	276	276	276	276
Rental Insurance	12	12	16	16
Health Care [1]	927	260	927	260
Dental Care [2]	146	86	146	86
Term Life Insurance	29	29	29	29
Savings (5%)	217	180	216	179
Total Monthly Expenses	4,553	3,789	4,526	3,763
Annual Expenses	54,631	45,466	54,318	45,153
Federal & State Taxes	9,783	6,520	9,671	6,409
Annual Income	64,413	51,986	63,989	51,562
Hourly "Livable" Wage	\$ 30.97	\$ 24.99	\$ 30.76	\$ 24.79
<i>Average Wage per Earner</i>				

Tax Calculations	2006 Tax Year - Married Filing Jointly			
	Urban A	Urban B	Rural A	Rural B
AGI	64,413	51,986	63,989	51,562
Standard Deduction	(10,300)	(10,300)	(10,300)	(10,300)
Personal Exemption(s)	(13,200)	(13,200)	(13,200)	(13,200)
Taxable Income	40,913	28,486	40,489	28,062
Federal Tax (before credits)	5,382	3,518	5,318	3,454
Child Credit	(2,000)	(2,000)	(2,000)	(2,000)
Dependent Care Credit	-	-	-	-
Net Federal Tax	3,382	1,518	3,318	1,454
State Tax (before credits)	1,473	1,025	1,458	1,010
Dependent Care Credit	-	-	-	-
Renter Rebate	-	-	-	-
Net State Tax	1,473	1,025	1,458	1,010
FICA/Medicare	4,928	3,977	4,895	3,944
Total	9,783	6,520	9,671	6,409

Two Adults with Two Children (two wage earners)

Category	Urban		Rural	
	A	B	A	B
	No Employer Assisted Health Care	With Employer Assisted Health Care	No Employer Assisted Health Care	With Employer Assisted Health Care
	<i>cost estimates are per month</i>		<i>cost estimates are per month</i>	
Food (moderate cost plan)	825	825	825	825
Housing (rent & utilities)	983	983	732	732
Transportation	976	976	1272	1272
Child Care	1,062	1,062	880	880
Clothing / Household	369	369	369	369
Telephone	37	37	37	37
Personal Expenses	276	276	276	276
Rental Insurance	12	12	16	16
Health Care [1]	927	292	927	292
Dental Care [2]	146	146	146	146
Term Life Insurance	38	38	38	38
Savings (5%)	283	251	276	244
Total Monthly Expenses	5,933	5,266	5,794	5,127
Annual Expenses	71,197	63,193	69,523	61,519
Federal & State Taxes	14,279	10,812	13,470	10,217
Annual Income	85,475	74,005	82,992	71,735
Hourly "Livable" Wage	\$ 41.09	\$ 35.58	\$ 39.90	\$ 34.49
<i>Average Wage per Earner</i>	<i>20.55</i>	<i>17.79</i>	<i>19.95</i>	<i>17.24</i>
Tax Calculations	2006 Tax Year - Married Filing Jointly			
AGI	85,475	74,005	82,992	71,735
Standard Deduction	(10,300)	(10,300)	(10,300)	(10,300)
Personal Exemption(s)	(13,200)	(13,200)	(13,200)	(13,200)
Taxable Income	61,975	50,505	59,492	48,235
Federal Tax (before credits)	8,609	6,821	8,169	6,480
Child Credit	(2,000)	(2,000)	(2,000)	(2,000)
Dependent Care Credit	(1,200)	(1,200)	(1,200)	(1,200)
Net Federal Tax	5,409	3,621	4,969	3,280
State Tax (before credits)	2,619	1,818	2,440	1,736
Dependent Care Credit	(288)	(288)	(288)	(288)
Renter Rebate	-	-	-	-
Net State Tax	2,331	1,530	2,152	1,448
FICA/Medicare	6,539	5,661	6,349	5,488
Total	14,279	10,812	13,470	10,217

Basic Needs Budgets Historical Information
1999 - 2007

Food Plan Comparisons

Moderate	1999	2001	2002	2003	2004	2005	2007
Single	206	213	229	230	233	253	266
Single + 1 Child	315	325	350	350	356	387	404
Single + 2 Children	462	477	512	513	520	566	593
Two Adults + 0	410	423	456	458	464	503	530
Two Adults + 2	641	662	710	713	723	785	825

Percent Change

1999	2001	2002	2003	2004	2005	2007
N/A	3.4%	7.5%	0.4%	1.3%	8.6%	2.6%
N/A	3.2%	7.7%	0.0%	1.7%	8.7%	2.2%
N/A	3.2%	7.3%	0.2%	1.4%	8.8%	2.4%
N/A	3.2%	7.8%	0.4%	1.3%	8.4%	2.7%
N/A	3.3%	7.3%	0.4%	1.4%	8.6%	2.5%

Housing (rent & utilities)

Urban	1999	2001	2002	2003	2004	2005	2007
1 Bedroom	519	402	454	469	482	638	783
2 Bedrooms	692	549	620	641	658	850	983

Percent Change

1999	2001	2002	2003	2004	2005	2007
N/A	-22.5%	12.9%	3.3%	2.8%	32.4%	11.4%
N/A	-20.7%	12.9%	3.4%	2.7%	29.2%	7.8%

Rural	1999	2001	2002	2003	2004	2005	2007
1 Bedroom	455	358	373	389	401	520	606
2 Bedrooms	570	450	470	490	504	651	732

1999	2001	2002	2003	2004	2005	2007
N/A	-21.3%	4.2%	4.3%	3.1%	29.7%	8.3%
N/A	-21.1%	4.4%	4.3%	2.9%	29.2%	6.2%

Transportation

Urban	1999	2001	2002	2003	2004	2005	2007
Single	223	233	284	304	323	331	409
Single + 1 Child	224	233	284	304	404	250	309
Single + 2 Children	224	233	284	304	403	250	309
Two Adults + 0	591	617	568	609	707	765	946
Two Adults + 2 (1 wkg)	520	543	471	505	603	592	732
Two Adults + 2 (both)	591	617	568	609	743	790	976

Percent Change

1999	2001	2002	2003	2004	2005	2007
N/A	4.5%	21.9%	7.0%	6.3%	2.5%	11.8%
N/A	4.0%	21.9%	7.0%	32.9%	-38.1%	11.8%
N/A	4.0%	21.9%	7.0%	32.6%	-38.0%	11.8%
N/A	4.4%	-7.9%	7.2%	16.1%	8.2%	11.8%
N/A	4.4%	-13.3%	7.2%	19.4%	-1.8%	11.9%
N/A	4.4%	-7.9%	7.2%	22.0%	6.3%	11.8%

Rural	1999	2001	2002	2003	2004	2005	2007
Single	255	266	360	386	323	516	638
Single + 1 Child	255	266	360	386	389	459	568
Single + 2 Children	255	266	360	386	404	459	568
Two Adults + 0	693	723	720	772	681	1,053	1,302
Two Adults + 2 (1 wkg)	614	641	582	624	605	772	954
Two Adults + 2 (both)	693	723	720	772	731	1,029	1,272

1999	2001	2002	2003	2004	2005	2007
N/A	4.3%	35.3%	7.2%	-16.3%	59.8%	11.8%
N/A	4.3%	35.3%	7.2%	0.8%	18.0%	11.8%
N/A	4.3%	35.3%	7.2%	4.7%	13.6%	11.8%
N/A	4.3%	-0.4%	7.2%	-11.8%	54.6%	11.8%
N/A	4.4%	-9.2%	7.2%	-3.0%	27.6%	11.8%
N/A	4.3%	-0.4%	7.2%	-5.3%	40.8%	11.8%

Child Care

Urban	1999	2001	2002	2003	2004	2005	2007
1 Child (4 yr old)	414	496	496	496	532	549	581
2 Children (4 & 6 yrs old)	607	686	686	686	733	758	1062

Percent Change

1999	2001	2002	2003	2004	2005	2007
N/A	19.8%	0.0%	0.0%	7.3%	3.2%	2.9%
N/A	13.0%	0.0%	0.0%	6.9%	3.4%	20.1%

Rural	1999	2001	2002	2003	2004	2005	2007
1 Child (4 yr old)	387	418	418	418	471	493	528
2 Children (4 & 6 yrs old)	568	576	576	576	650	681	880

1999	2001	2002	2003	2004	2005	2007
N/A	8.0%	0.0%	0.0%	12.7%	4.7%	3.5%
N/A	1.4%	0.0%	0.0%	12.8%	4.8%	14.6%

Basic Needs Budgets Historical Information
1999 - 2007

Clothing / Household

	1999	2001	2002	2003	2004	2005	2007
Single	196	145	138	179	192	159	175
Single + 1 Child	219	225	302	267	281	216	239
Single + 2 Children	285	281	378	400	422	216	239
Two Adults + 0	219	225	302	349	354	287	287
Two Adults + 2 (1 wkg)	285	281	378	476	525	339	369
Two Adults + 2 (both)	285	281	378	476	525	359	369

Percent Change

	1999	2001	2002	2003	2004	2005	2007
Single	N/A	-26.0%	-4.8%	29.7%	7.3%	-17.2%	5.0%
Single + 1 Child	N/A	2.7%	34.2%	-11.6%	5.2%	-23.1%	5.3%
Single + 2 Children	N/A	-1.4%	34.5%	5.8%	5.5%	-48.8%	5.3%
Two Adults + 0	N/A	2.7%	34.2%	15.6%	1.4%	-18.9%	0.0%
Two Adults + 2 (1 wkg)	N/A	-1.4%	34.5%	25.9%	10.3%	-35.4%	4.4%
Two Adults + 2 (both)	N/A	-1.4%	34.5%	25.9%	10.3%	-31.6%	1.4%

Telephone

All	1999	2001	2002	2003	2004	2005	2007
Telephone Service	36	34	36	34	35	37	37

Percent Change

All	1999	2001	2002	2003	2004	2005	2007
Telephone Service	N/A	-6.6%	7.5%	-5.0%	0.8%	6.2%	0.3%

Personal Expenses

All	1999	2001	2002	2003	2004	2005	2007
Per Day	2.00	2.00	2.00	2.00	2.00	2.25	2.30

Percent Change

All	1999	2001	2002	2003	2004	2005	2007
Per Day	N/A	0.0%	0.0%	0.0%	0.0%	12.5%	1.1%

Rental Insurance

	1999	2001	2002	2003	2004	2005	2007
All (Urban beginning 2005)	10	12	12	11	12	14	N/A
Rural						18	N/A

Percent Change

	1999	2001	2002	2003	2004	2005	2007
All (Urban beginning 2005)	N/A	20.0%	0.0%	-8.3%	9.1%	16.7%	N/A
Rural							

Health Care (No-Employer Assisted)

	1999	2001	2002	2003	2004	2005	2007
Single	233	266	263	283	440	240	286
Single + 1 Child	465	533	605	646	955	310	571
Single + 2 Children	634	726	825	881	1302	310	641
Two Adults + 0	465	533	605	646	955	479	571
Two Adults + 2 (both)	679	728	921	977	1383	549	927

Percent Change

	1999	2001	2002	2003	2004	2005	2007
Single	N/A	14.2%	-1.1%	7.6%	55.5%	-45.5%	9.6%
Single + 1 Child	N/A	14.6%	13.5%	6.8%	47.8%	-67.5%	42.1%
Single + 2 Children	N/A	14.5%	13.6%	6.8%	47.8%	-76.2%	53.4%
Two Adults + 0	N/A	14.6%	13.5%	6.8%	47.8%	-49.8%	9.6%
Two Adults + 2 (both)	N/A	7.2%	26.5%	6.1%	41.6%	-60.3%	34.4%

Health Care (Employer Assisted)

	1999	2001	2002	2003	2004	2005	2007
Single	109	57	59	69	71	73	71
Single + 1 Child	164	107	109	119	121	143	203
Single + 2 Children	209	157	159	169	171	143	272
Two Adults + 0	169	186	178	204	213	218	190
Two Adults + 2	269	286	278	304	313	288	260

Percent Change

	1999	2001	2002	2003	2004	2005	2007
Single	N/A	-47.7%	3.5%	16.9%	2.9%	2.8%	-1.4%
Single + 1 Child	N/A	-34.8%	1.9%	9.2%	1.7%	18.2%	21.0%
Single + 2 Children	N/A	-24.9%	1.3%	6.3%	1.2%	-16.4%	45.1%
Two Adults + 0	N/A	10.1%	-4.3%	14.6%	4.4%	2.3%	-6.4%
Two Adults + 2	N/A	6.3%	-2.8%	9.4%	3.0%	-8.0%	-4.9%

Dental Care (No Dr. D.)

	1999	2001	2002	2003	2004	2005	2007
Single	36	38	38	41	44	47	51
Single + 1 Child	62	66	66	70	76	79	86
Single + 2 Children	105	111	111	118	128	134	146
Two Adults + 0	62	66	66	70	76	79	86
Two Adults + 2	105	111	111	118	128	134	146

Percent Change

	1999	2001	2002	2003	2004	2005	2007
Single	N/A	5.6%	0.0%	7.9%	7.3%	6.8%	4.3%
Single + 1 Child	N/A	6.5%	0.0%	6.1%	8.6%	3.9%	8.9%
Single + 2 Children	N/A	5.7%	0.0%	6.3%	8.5%	4.7%	9.0%
Two Adults + 0	N/A	6.5%	0.0%	6.1%	8.6%	3.9%	8.9%
Two Adults + 2	N/A	5.7%	0.0%	6.3%	8.5%	4.7%	9.0%

Basic Needs Budgets Historical Information
1999 - 2007

Livable Wage Rates

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

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

Percent Change

	1999	2001	2002	2003	2004	2005	2007
	N/A	-6.3%	10.4%	6.8%	2.1%	0.8%	8.0%
	N/A	2.3%	11.9%	-0.2%	6.5%	-7.0%	8.1%
	N/A	1.4%	10.8%	1.7%	6.6%	-12.9%	15.5%
	N/A	3.5%	5.6%	6.1%	3.8%	1.4%	6.6%
	N/A	1.9%	5.6%	6.7%	4.9%	-9.1%	6.9%
	N/A	4.3%	5.1%	4.8%	7.0%	-5.4%	11.4%

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

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

Percent Change

	1999	2001	2002	2003	2004	2005	2007
	N/A	-6.5%	10.3%	7.3%	-3.7%	15.0%	7.3%
	N/A	-0.2%	11.7%	0.1%	3.1%	2.8%	8.3%
	N/A	-1.6%	10.7%	2.0%	4.9%	-6.3%	9.1%
	N/A	3.5%	5.5%	6.4%	-4.4%	15.6%	6.3%
	N/A	0.4%	3.5%	7.1%	0.6%	-2.7%	6.4%
	N/A	2.0%	4.7%	5.3%	2.8%	3.0%	9.3%

Livable Wage Salaries

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

	1999	2001	2002	2003	2004	2005	2007
Single	21,987	20,599	22,727	24,278	24,796	25,000	28,998
Single + 1 Child	34,055	34,842	38,991	38,932	41,466	38,590	44,869
Single + 2 Children	40,791	41,376	45,819	46,591	49,643	43,273	56,640
Two Adults + 0 (each)	33,708	34,852	36,835	39,057	40,577	41,132	46,565
Two Adults + 2 (1 wkg)	41,774	42,555	44,924	47,926	50,252	45,706	51,986
Two Adults + 2 (both)	51,888	54,061	56,827	59,528	63,695	60,251	74,005

Percent Change

	1999	2001	2002	2003	2004	2005	2007
	N/A	-6.3%	10.3%	6.8%	2.1%	0.8%	8.0%
	N/A	2.3%	11.9%	-0.2%	6.5%	-6.9%	8.1%
	N/A	1.4%	10.7%	1.7%	6.6%	-12.8%	15.4%
	N/A	3.4%	5.7%	6.0%	3.9%	1.4%	6.6%
	N/A	1.9%	5.6%	6.7%	4.9%	-9.0%	6.9%
	N/A	4.2%	5.1%	4.8%	7.0%	-5.4%	11.4%

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

	1999	2001	2002	2003	2004	2005	2007
Single	21,564	20,170	22,261	23,885	22,982	26,430	30,307
Single + 1 Child	32,035	31,974	35,721	35,732	36,860	37,896	44,168
Single + 2 Children	38,566	37,947	41,991	42,833	44,925	42,116	49,820
Two Adults + 0	34,359	35,553	37,504	39,934	38,177	44,117	49,685
Two Adults + 2 (1 wkg)	41,925	42,114	43,586	46,702	46,972	45,705	51,562
Two Adults + 2 (both)	50,877	51,881	54,298	57,163	58,763	60,523	71,735

Percent Change

	1999	2001	2002	2003	2004	2005	2007
	N/A	-6.5%	10.4%	7.3%	-3.8%	15.0%	7.3%
	N/A	-0.2%	11.7%	0.0%	3.2%	2.8%	8.3%
	N/A	-1.6%	10.7%	2.0%	4.9%	-6.3%	9.1%
	N/A	3.5%	5.5%	6.5%	-4.4%	15.6%	6.3%
	N/A	0.5%	3.5%	7.1%	0.6%	-2.7%	6.4%
	N/A	2.0%	4.7%	5.3%	2.8%	3.0%	9.3%

Appendix A – Statutory History

2005 Act No. 71 Sec. 48a. REPEAL

(a) Sec. 4 of No. 119 of the Acts of 2000 is repealed. No further report on the basic needs budget calculation pursuant to this section shall be required. However, the report shall be updated as needed on or before January 1 of the interim year, 2006, to reflect any significant economic, policy, or statutory changes that substantially affect the information in the report issued the previous January 15.

2005 Act No. 59

An Act Relating to Basic Needs Budget Calculations to Determine Livable Wages (H.403)

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 2 V.S.A. § 505 is added to read:

§ 505. LIVABLE WAGE ANALYSIS; BASIC NEEDS BUDGET CALCULATION; REPORT

(a) Every other year beginning January 1, 2007, the joint fiscal office shall issue a report on or before January 15. The report shall be updated as needed on or before January 1 of the interim year to reflect any significant economic, policy, or statutory changes that substantially affect the information in the report issued the previous January 15. The report shall include a computation of baseline data of the cost of living in Vermont and the current wage levels within various sectors of the economy using the methodology used by the livable income study committee in its report issued on November 9, 1999. The report shall include:

(1) A set of “basic needs budgets” for various household configurations for the previous year. The “basic needs budgets” are calculations of the amount of money needed by various households to maintain a decent standard of living in Vermont, using current state and federal data sources for determining such basic monthly expenses as food, housing, transportation, child care, utilities, tax burden assessment, personal expenses, and health care.

(2) Any changes in the federal minimum wage and in the minimum wage rates of surrounding and comparable states.

(b) Recommendations for changes or revisions in the methodology used to determine the basic needs budget calculations as needed shall be approved by the joint fiscal committee.

(c) The report and any revisions shall be presented to the house committee on general, housing and military affairs and the senate committee on economic development, housing and general affairs.

Approved: June 14, 2005

2003 Act No. 66 Sec. 4.

BASIC NEEDS BUDGET CALCULATIONS; JOINT FISCAL OFFICE

The joint fiscal office shall issue a report on or before January 15 of each year until January 15, ~~2004~~ 2006 that includes a computation of base line data of the cost of living in Vermont and the current wage levels within various sectors of the economy, using the methodology of the report prepared for the livable income study committee issued on November 9, 1999. The report shall include:

(1) A set of “basic needs budgets” for various household configurations for the previous year. The “basic needs budgets” are calculations of the amount of money needed by various

household configurations to maintain a decent standard of living in Vermont, using current state and federal data sources for determining such basic monthly expenses as food, housing, transportation, child care, utilities, personal expenses and health care.

(2) A review of current state wage distributions.

(3) Changes in the federal minimum wage and in the minimum wage rates of surrounding and comparable states.

2000 Act. No. 119 Sec. 4.

BASIC NEEDS BUDGET CALCULATIONS; JOINT FISCAL OFFICE

The joint fiscal office shall issue a report on or before January 15 of each year until January 15, 2004 that includes a computation of base line data of the cost of living in Vermont and the current wage levels within various sectors of the economy, using the methodology of the report prepared for the livable income study committee issued on November 9, 1999. The report shall include:

(1) A set of "basic needs budgets" for various household configurations for the previous year. The "basic needs budgets" are calculations of the amount of money needed by various household configurations to maintain a decent standard of living in Vermont, using current state and federal data sources for determining such basic monthly expenses as food, housing, transportation, child care, utilities, personal expenses and health care.

(2) A review of current state wage distributions.

(3) Changes in the federal minimum wage and in the minimum wage rates of surrounding and comparable states.

1999 Act No. 21 Sec. 2.

LIVABLE WAGE RATE STUDY COMMITTEE; REPORT

(a) A committee is created to study the issues related to minimum wage and providing livable compensation to Vermont wage earners and to submit a report to the General Assembly on or before December 17, 1999, outlining findings, conclusions and recommendations. The committee shall consist of 10 members: three members from the House Committee on General, Housing and Military Affairs, one member each from the House Committee on Commerce and the House Committee on Health and Welfare appointed by the speaker; and three members from the Senate Committee on General Affairs and Housing and one member each from the Senate Committee on Finance and the Senate Committee on Health and Welfare appointed by the committee on committees. The members of the committee shall be entitled to compensation and reimbursement of expenses as provided in 2 V.S.A. § 406 for six meetings to be held during adjournment of the General Assembly, with the intention that at least one organization and planning meeting will be held before adjournment of the 1999 session. The committee shall have the assistance of the staff of the joint fiscal office, the legislative council and the departments of taxes, labor and industry, employment and training and social welfare. The committee shall also enlist the participation of Vermont business and labor organizations and other entities in gathering data and providing input. The committee may contract for additional professional research to provide data and analysis.

(b) The committee shall:

(1) Determine the amount of a minimum livable wage rate with recommendations for achieving it in a reasonable time, a system for maintaining a livable minimum wage in light of inflation and any other economic factors that may affect buying power.

(2) Consider the impact of a livable wage on public assistance payments and other employee benefits, including the cost to the state and employers of providing those benefits.

(3) Consider how wage increases may affect the economy and propose innovative methods to assure the economic viability of businesses if the minimum wage is increased.

- (4) Consider the effects of the increasing use of temporary and part-time employees not receiving benefits.
- (5) Consider the effect of multi-state employers on the ability of Vermont businesses to pay a living wage and be competitive.
- (c) The committee shall issue a report that includes, at a minimum, all the following:
- (1) A profile, including age, gender, educational and training level and location of the full and part-time workers at various wage rate levels, beginning at minimum wage with 50-cent increments to a livable wage.
 - (2) A profile of the numbers, types and percentage of jobs that pay less than a livable wage. The profile shall include the types of businesses or occupations, the economic sector of these jobs, the turnover rate and the level of education and training required for each job.
 - (3) An analysis of how increased earnings might affect taxes and public assistance, including food stamps, LIHEAP, Dr. Dynasaur, TANF, Medicaid and any other relevant income-sensitive public assistance benefits.
 - (4) An analysis, using historic data available in Vermont and other states and countries, of the impact of minimum wage increases on the number of jobs, the buying power of workers, wage compression, costs of goods and services, business closures and growth, economic development and any other factors deemed relevant.
 - (5) A methodology to track, to the extent possible, the factors listed in subdivision (4) of this subsection to provide data for future policy making.
 - (6) Proposals for effective and realistic preferential policies, including procedures and criteria, for awarding state service contracts and state construction contracts to Vermont-based employers who pay all employees at livable wage rates.
 - (7) An analysis of the correlation between workforce training efforts and increased wages, including the impact on workers who participate in those training programs. This analysis shall integrate available data from the human resources investment council and other related data.
 - (8) Proposals for tax credit plans and other similar programs that would assist Vermont businesses to compete with multi-state companies as wages increase.
 - (9) A comparison of the cash value of employment to basic needs as identified in studies such as the Vermont Job Gap Study and an assessment of the availability, type and amount of public assistance that has been provided to low-wage workers during the past ten years and projected public assistance expenditures during the next five years.
 - (10) An analysis of the advisability of implementing a probationary, training or apprentice wage that is lower than the minimum wage and, if advisable, the rate and criteria of such a wage.

Appendix B – 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
- Housing estimates are for rental units with 1 bedroom for singles and 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. Prior studies showed budgets with both the low-cost and moderate cost food plan options. Beginning with this 2007 study, only the moderate cost food plan will use used.

Select USDA Monthly Food Plans: June 2006¹	
<u>Age/Gender Group</u>	<u>Moderate</u>
Child 3 – 5 years	\$132.00
Child 6 – 8 years	\$179.10
Adult Male 20 – 50 years	\$236.00
Adult Female 20 – 50 years	\$201.40

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

Family Size Adjustments	
<u>Family size</u>	<u>Percentage adjustment</u>
1-person	20%
2-person	10%
3-person	5%
4-person	No adjustment

Lastly, these figures are adjusted for Vermont based on a regional variation of 10% more than the national average for food consumed at home according to the 2004 Consumer Expenditure Survey. As in past Basic Needs Budgets, there is no difference between the urban and rural food costs.

¹ Source: USDA Food Plans <http://www.usda.gov/cnpp/>

Rent and Utilities

The Housing data are from HUD's Fair Market Rents (FMR) survey.² The 2006 data are finalized in October 2006. FMR's 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 singles and two bedrooms for all other family configurations.

HUD Fair Market Rents		
County	1 Bedroom	2 Bedrooms
Addison	621	747
Bennington	620	722
Caledonia	487	611
Chittenden	783	983
Essex	542	658
Franklin	783	983
Grand Isle	783	983
Lamoille	588	684
Orange	588	685
Orleans	485	542
Rutland	585	680
Washington	574	716
Windham	607	797
Windsor	614	722
Burlington, VT MSA	783	983

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 13% of the FMRs.

Transportation

The US Department of Transportation (DOT) conducts a National Household Transportation Survey every five years.³ The last survey was in 2001 and these "new" transportation data were first used in the 2004 Basic Needs Budgets. The same data are the basis of this year's transportation figures as well.

Annual vehicle mileage per driver is estimated using a cross-tabulation of survey data. The following datasets were used: Northeast, Urban and Rural, and Household Lifecycle. After a determination of annual mileage, the base DOT mileage data are multiplied by the most recent Internal Revenue Service mileage reimbursement rate (2006 is \$0.445 per mile). In past Basic Needs Budgets – since the 2001 NHTS data were released – the household income was the only factor used to determine annual vehicle mileage, which was then adjusted by the

² Source: HUD /www.huduser.org/datasets/fmr.html

³ NHTS Source: <http://nhts.ornl.gov/2001/index.shtml>

Consumer Expenditure Survey differential between transportation costs in the Northeast compared to the rest of the country as well as drivers per household.

2001 NHTS Average Annual Vehicle Miles of Travel (VMT) Per Driver		
	Annual VMT / Driver (Mean)	
Household Life Cycle	Northeast	
	Urban	Rural
HH life cycle one adult, no children	11,030	17,201
HH life cycle 2+ adults, no children	12,755	17,555
HH life cycle one adult, youngest child 0-5	8,334	15,309
HH life cycle 2+ adults, youngest child 0-5	13,165	17,152
HH life cycle one adult, youngest child 6-15	10,118	16,264
HH life cycle 2+ adults, youngest child 6-15	12,522	15,234
HH life cycle one adult, youngest child 16-21	10,928	11,164
HH life cycle 2+ adults, youngest child 16-21	13,189	13,224
HH life cycle one adult, retired, no children	6,007	8,419
HH life cycle 2+ adults, retired, no children	8,532	9,853

Child Care

The Vermont Agency of Human Services, Department of Children and Families conducted 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.

Clothing and Household

These figures are from the 2004 Consumer Expenditure Survey by consumer units (Table 5 Composition of consumer unit: Average annual expenditures and characteristics). 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.

Telephone

This includes the Verizon Standard Use Measured Services (SUMS), the FCC Line Charge, applicable state and federal taxes and \$10.00 per month for long distance charges.

Personal Expenses

This year's personal expenses (increased by the CPI) are \$2.30 per person per day.

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 (for these 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

There are two factors that make the calculation of family health care costs particularly challenging. The first is that the individual health insurance market (where those without access to employer-sponsored coverage must buy their insurance) is extremely volatile. The second is the calculation of estimated out-of-pocket (OOP) liability (spending for care not covered by insurance, including deductibles and coinsurance).

When employer-sponsored insurance is not available, selection of health insurance is a highly individual decision. Individuals and families with higher anticipated health care costs are likely to purchase richer coverage (less cost-sharing), while those who do not anticipate much health care use will select products with higher cost-sharing, but lower premiums.

This report assumes that families with no access to employer-sponsored insurance will purchase an indemnity product sold by a subsidiary of MVP Health Plan. This product, which includes a \$3,500 deductible, 30% coinsurance, and no out-of-pocket maximum, is the most affordable product in the individual market at the lowest available deductible. Because the price of this product varies by age, the average of the price for a 29 year old and the price for a 45 year old was used.

Estimation of out-of-pocket costs under this plan follows the approach introduced last year – application of specified insurance benefits to an underlying total expenditure distribution.

This report uses a new approach for estimating costs for families with coverage through an employer plan. Previous reports used a product available in Vermont's small group market. This report uses Vermont-specific information on ALL employer-sponsored insurance, collected as part of the federal Medical Expenditure Panel Survey (MEPS). Information on employee premium costs was collected in 2004. This information was trended forward two years at 9.2% per year (annual trend, 2005 Kaiser Family Foundation survey of employer-sponsored insurance).

Dental Care

Northeast Delta Dental restructured its dental plans. The new "Option 3" is the equivalent of the former "Preventer 1" plan (see Appendix E for plan details). Monthly premiums are \$50.55 for a single person, \$85.65 for two people, and \$146.15 for a family.

Life Insurance

Jim Handy of National Life 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. People are choosing near eight times annual earnings. In order to remain conservative, six times annual income was used for these calculations using the average annual income across a family profile. For premium pricing the "rule of thumb" is \$0.80 per \$1,000 of coverage plus an annual \$75 policy fee. This report assumes that single persons do not have life insurance coverage.

Savings

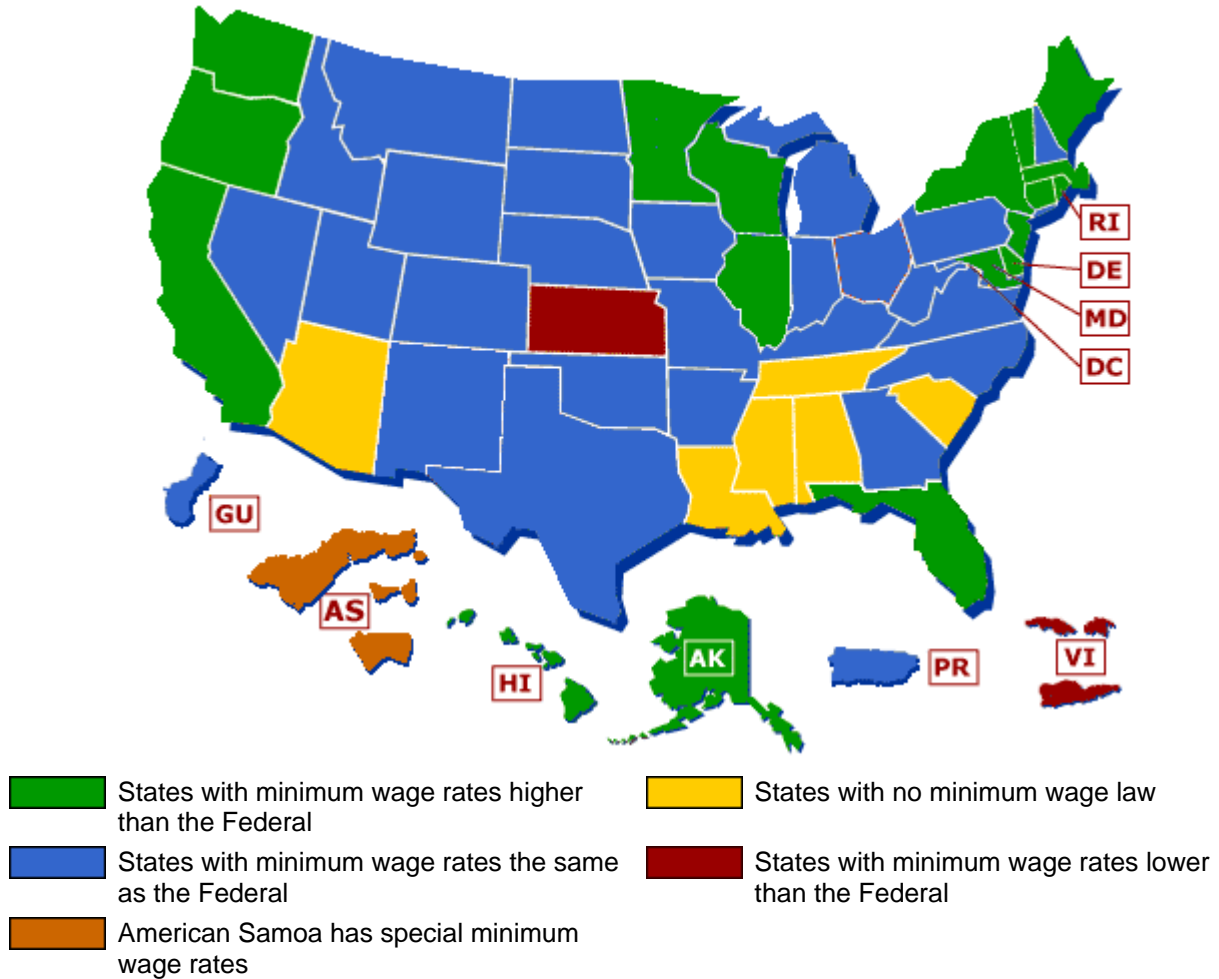
All family configurations savings amounts are 5% of before-tax income.

Data Sources

Budget Category	Data Source (s)	Date and Frequency
Food	U.S. Department of Agriculture (USDA), Center for Nutrition Policy and Promotion http://www.usda.gov/cnpp/	June 2006 - monthly
Housing	U.S. Department of Housing and Urban Development (HUD) "Fair Market Rents" http://www.huduser.org/datasets/fmr.html U.S. Census Bureau – County level population data http://www.ers.usda.gov/Data/Population/PopList.asp?ST=VT&LongName=Vermont	October 2006 – annual 200
Transportation	U.S. Department of Transportation, National Household Transportation Survey, 2001 National Household Transportation Survey http://www.bls.gov/cex/home.htm#tables Internal Revenue Service (IRS) Standard Mileage Rate - cost per mile http://www.irs.gov/faqs/faq-kw216.html	2001 – updated every 5 years 2005 - annual
Child Care	Vermont Agency of Human Services, Department for Children and Families, Child Development Division – <i>Child Care Programs in Vermont: A Survey of Market Rates and Capacity</i> http://www.state.vt.us/srs/childcare/research/index.htm	Ongoing survey of market rates – data provided 12/21/2006
Clothing / Household	U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey, 2004 Table 5 and Table 8 http://www.bls.gov/cex/home.htm#tables	2004 - annual
Telephone	Verizon, Standard Use Measured Service	2006 - annual
Personal Expenses	CPI used to increase \$2.30 per day from 2004	annual
Renters Insurance	Smith Bell & Thompson, Burlington, VT	annual
Health Care	Vermont Department of Banking, Insurance, Health Care Administration	July 2006
Dental Care	Northeast Delta Dental – Option 3 Plan	2006
Term Life Insurance	National Life of Vermont, Montpelier, VT	annual
Savings	5% of before tax income	
Tax Sources	Federal and Vermont Income Tax Publications	2006 Tax Year

Appendix C – Minimum Wage Data

Minimum Wage Laws in the States April 3, 2006



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

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

**Comparison of Vermont and Federal Minimum Wage Rates
1991 to 2006**

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

Beginning January 1, 2007, and on each subsequent January 1, the minimum wage rate in Vermont will be 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, 2006**

State	Effective 1/1/2006	% Difference from Federal
Connecticut	7.40	44%
Maine	6.50	26%
Massachusetts	6.75	31%
New Hampshire	5.15	0%
New York	6.75	31%
Rhode Island	7.10	38%
Vermont	7.25	41%
NE Average	6.44	
Federal	5.15	

Appendix D – State Wage Distribution

Average Annual Wage by Vermont County

County	1999	2000	2001	2002	2003	2004	2005
Addison	26,032	27,015	28,502	29,556	30,576	31,827	32,453
Bennington	24,628	25,457	27,037	27,919	28,704	30,174	30,939
Caledonia	22,631	23,617	24,385	25,536	26,272	27,514	28,773
Chittenden	32,896	34,301	35,583	36,370	37,432	38,433	39,766
Essex	24,815	24,694	25,510	25,976	25,500	27,824	29,141
Franklin	25,017	26,390	27,362	28,711	30,102	31,442	32,566
Grand Isle	19,317	20,624	21,395	21,507	22,396	24,299	24,846
Lamoille	20,833	21,829	23,562	24,516	25,421	27,003	27,638
Orange	22,606	23,240	24,775	25,524	26,479	27,513	28,662
Orleans	21,956	23,177	23,971	24,539	26,114	26,637	27,613
Rutland	25,202	26,570	27,894	28,717	30,074	31,445	32,194
Washington	26,825	28,306	29,820	30,531	31,902	33,331	34,530
Windham	26,782	27,888	29,229	30,939	31,883	32,919	33,060
Windsor	25,829	27,421	28,047	29,167	30,083	31,445	32,240

Source: VT Department of Labor and Industry, UI Covered Employment and Wages
(<http://www.vtmi.info/indareanaics.cfm?areatype=04>)

Vermont Median Household Income Three-Year Moving Averages

Years	Income
2003 – 2005	\$48,508
2002 - 2004	\$45,692
2001 - 2003	\$43,212
2000 - 2002	\$41,929
1999 - 2001	\$41,888
1998 - 2000	\$40,908
1997 - 1999	\$39,419
1996 - 1998	\$36,196

Source: U.S. Census Bureau
 (2003 – 2005) <http://www.census.gov/hhes/www/income/income05/statemhi.html>
 (2002 – 2004) <http://www.census.gov/hhes/www/income/income04/statemhi.html>
 (2001 – 2003) <http://www.census.gov/hhes/www/income/income03/statemhi.html>
 (2000 – 2002) <http://www.census.gov/hhes/www/income/income02/statemhi.html>
 (1999 – 2001) <http://www.census.gov/hhes/www/income/income01/statemhi.html>
 (1998 – 2000) <http://www.census.gov/hhes/www/income/income00/statemhi.html>
 (1997 – 1999) <http://www.census.gov/hhes/www/income/income99/99tabled.html>
 (1996 – 1998) <http://www.census.gov/hhes/www/income/income98/in98med.html>

Voluntary Dental Benefit Option Chart - Vermont

Rates are guaranteed for one year from the initial effective date of coverage for groups effective **July 2006 through June 2007**.

Employers have a choice of nine benefit options. Only one option may be offered to all employees. Employers may change options only on the anniversary of the original effective date each year.



This is a brief description of features and benefits. Coverage is subject to the terms, conditions, limitations, and exclusions of the Group Contract for Dental Benefits and the Dental Plan Description booklet.

Diagnostic and Preventive – Coverage A (No Waiting Period) Diagnostic: Evaluations once in a 6-month period; Full mouth/panorex X-rays once in a 3-year period; Bitewing X-rays once each 12-month period; X-rays of individual teeth as necessary Preventive: Cleanings once in a 6-month period; Fluoride once in a 12-month period to age 19; Space maintainers to age 16; Sealants for children to age 15 on permanent molars	100%			100%			100%		
Basic – Coverage B (After a 6-Month Waiting Period¹) Restorative: Fillings–amalgam (silver) and composite (white–anterior teeth only) Oral Surgery: Extractions and other surgical procedures Endodontics: Root canal therapy Periodontics: Treatment of gum disease; Periodontal maintenance (cleaning) Denture Repair: Repair of removable dentures Emergency Treatment	80%			60%			60%		
Major – Coverage C (After a 12-Month Waiting Period¹) Prosthodontics: Removable and fixed partial dentures; (bridge); complete denture; Rebase and reline (denture); Crowns; Onlays, Implants ²	50%			50%			not covered		
Lifetime Deductible per person/per family (Applies to Basic and Major services)	\$100/\$300			\$75/\$225			\$50/\$150		
Orthodontics – Coverage D (After a 24-Month Waiting Period¹) Orthodontics: Correction of crooked teeth for adults and children	50%			not covered			not covered		
OPTION NUMBER (Choose Your Maximum Levels):	OPTION 1	OPTION 2	OPTION 3	OPTION 4	OPTION 5	OPTION 6	OPTION 7	OPTION 8	OPTION 9
Coverage A, B, and C Calendar Year Maximum Per Person: Coverage D Lifetime Maximum Per Person:	\$ 2,000 \$ 2,000	\$ 1,500 \$ 1,500	\$ 1,000 \$ 1,000	\$ 2,000 N/A	\$ 1,500 N/A	\$ 1,000 N/A	\$ 1,500 N/A	\$ 1,000 N/A	\$ 750 N/A
Monthly Rates Subscriber Only Subscriber/Spouse or Subscriber/Child Subscriber/Family or Subscriber/Children	\$ 53.75 \$ 92.65 \$ 168.55	\$ 52.50 \$ 89.50 \$ 155.80	\$ 50.55 \$ 85.65 \$ 146.15	\$ 45.15 \$ 75.50 \$ 119.95	\$ 44.55 \$ 74.50 \$ 118.55	\$ 43.20 \$ 72.25 \$ 115.25	\$ 35.15 \$ 59.40 \$ 103.70	\$ 34.40 \$ 58.10 \$ 101.30	\$ 33.65 \$ 56.85 \$ 99.35

Benefit percentages shown are based upon the actual charge submitted to a maximum of the participating dentist's approved fees, or Northeast Delta Dental's allowance for non-participating dentists.

¹ **Waiting Periods** apply from the effective date of each employee. If your business had group dental coverage in force with another carrier immediately prior to the effective date of this Northeast Delta Dental program, each employee and their dependents' waiting periods for Coverage B, C, and D will be waived. This applies only to those individuals who enroll on the original effective date of this voluntary dental program, and whose coverage was active under the prior dental carrier. There must be no lapse in coverage between carriers. Dental services received prior to the satisfaction of applicable waiting periods do not apply toward satisfaction of the lifetime deductible.

² **Dental Implant** coverage is included in options 1, 2, 4, and 5

Appendix F

State Child Care Subsidy Information
Child Care Subsidy Based on Gross Monthly Income and Family Size

% of Subsidy Paid by State	Income Eligibility					
	Family Size 3 or fewer	Annual Income	Family Size 4	Annual Income	Family Size 5	Family Size 6 or more
100%	\$1,157.00	\$13,884	\$1,392.00	\$16,704	\$1,627.00	\$1,862.00
99%	\$1,193.00	\$14,316	\$1,436.00	\$17,232	\$1,678.00	\$1,921.00
98%	\$1,230.00	\$14,760	\$1,480.00	\$17,760	\$1,730.00	\$1,980.00
97%	\$1,267.00	\$15,204	\$1,524.00	\$18,288	\$1,782.00	\$2,040.00
96%	\$1,303.00	\$15,636	\$1,568.00	\$18,816	\$1,834.00	\$2,099.00
95%	\$1,352.00	\$16,224	\$1,628.00	\$19,536	\$1,903.00	\$2,179.00
90%	\$1,419.00	\$17,028	\$1,709.00	\$20,508	\$1,998.00	\$2,288.00
85%	\$1,487.00	\$17,844	\$1,789.00	\$21,468	\$2,092.00	\$2,396.00
80%	\$1,560.00	\$18,720	\$1,878.00	\$22,536	\$2,196.00	\$2,515.00
75%	\$1,633.00	\$19,596	\$1,966.00	\$23,592	\$2,299.00	\$2,633.00
70%	\$1,706.00	\$20,472	\$2,055.00	\$24,660	\$2,403.00	\$2,752.00
65%	\$1,780.00	\$21,360	\$2,143.00	\$25,716	\$2,506.00	\$2,871.00
60%	\$1,853.00	\$22,236	\$2,231.00	\$26,772	\$2,610.00	\$2,989.00
55%	\$1,926.00	\$23,112	\$2,320.00	\$27,840	\$2,713.00	\$3,108.00
50%	\$2,000.00	\$24,000	\$2,408.00	\$28,896	\$2,817.00	\$3,227.00
45%	\$2,073.00	\$24,876	\$2,497.00	\$29,964	\$2,920.00	\$3,345.00
40%	\$2,146.00	\$25,752	\$2,585.00	\$31,020	\$3,024.00	\$3,464.00
35%	\$2,220.00	\$26,640	\$2,673.00	\$32,076	\$3,127.00	\$3,583.00
30%	\$2,293.00	\$27,516	\$2,762.00	\$33,144	\$3,231.00	\$3,702.00
25%	\$2,366.00	\$28,392	\$2,850.00	\$34,200	\$3,334.00	\$3,820.00
20%	\$2,439.00	\$29,268	\$2,939.00	\$35,268	\$3,438.00	\$3,939.00
15%	\$2,513.00	\$30,156	\$3,027.00	\$36,324	\$3,541.00	\$4,058.00
10%	\$2,586.00	\$31,032	\$3,115.00	\$37,380	\$3,645.00	\$4,176.00

SOURCE: <http://www.brightfutures.dcf.state.vt.us>

Appendix G

2005 Basic Needs Budget Survey Results

The 2005 Basic Needs Budget contained a short survey to evaluate the use of the Basic Needs Budget study and how it could be improved.

- There were 19 respondents to the survey, and most were long-time users of the report, many since it was first published in 1999.
- Many types of organizations; government, not-for-profit; and businesses use the study for a variety of purposes, often as a resource tool, but also for contract negotiations, as a baseline for salaries, as an educational or reference material, and a model for other studies.
- Most respondents, 89%, found the information to be clearly organized. All who utilized the methodology and data sources were able to find answers to their questions easily.
- Most users of the study refer to it annually, 94%, excluding those for whom the 2005 study was the first listed.
- The minimum wage information was also used by most respondents, 84% reported referencing this data.

Appendix H

New England Livable Wage Comparisons

State Studies	Single Adult		Single Parent w/ 1 Child		4 Person Family[1]	
	Hourly Wage	Annual	Hourly Wage	Annual	Hourly Wage [2]	Annual
2004 Maine	\$ 9.23	\$ 19,195	\$ 14.84	\$ 30,865	\$ 11.51	\$ 47,862
2003 Massachusetts						
Boston	\$ 10.11	\$ 21,362	\$ 20.85	\$ 44,046	\$ 12.93	\$ 54,612
North Adams	\$ 6.90	\$ 14,583	\$ 14.08	\$ 29,744	\$ 9.68	\$ 40,909
2005 New Hampshire	\$ 10.42	\$ 21,683	\$ 16.95	\$ 35,264	\$ 11.69	\$ 48,625
2005 Vermont - EPI Analysis						
Rural	\$ N/A	\$ N/A	\$ 13.23	\$ 27,516	\$ 9.15	\$ 38,076
Burlington	\$ N/A	\$ N/A	\$ 15.12	\$ 31,440	\$ 9.93	\$ 41,316
2007 Vermont - JFO REVISED						
Urban w/ Employer HC	\$ 13.94	\$ 28,998	\$ 21.57	\$ 44,869	\$ 17.79	\$ 74,005
Urban w/out Employer HC	\$ 15.83	\$ 32,930	\$ 24.60	\$ 51,166	\$ 20.55	\$ 85,475
Rural w/ Employer HC	\$ 14.57	\$ 30,307	\$ 21.23	\$ 44,168	\$ 17.24	\$ 71,735
Rural w/out Employer HC	\$ 16.33	\$ 33,974	\$ 24.26	\$ 50,465	\$ 19.95	\$ 82,992

[1] 2 working parents, 2 children

[2] wage for each parent

[3] all use the moderate cost food plan

Studies:

Getting By: Maine Livable Wages in 2004, Maine Center for Economic Policy

The Self-Sufficiency Standard for Massachusetts, Citizen's Housing and Planning Association

New Hampshire Basic Needs and Livable Wage, UNH Office of Economic Initiatives, North Country Council and D.A. Kenyon Associates

EPI Basic Family Budget Calculator (http://www.epi.org/content.cfm/datazone_fambud_budget)

Basic Needs Budgets and a Livable Wage, Legislative Joint Fiscal Office

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