



STATE OF VERMONT
GENERAL ASSEMBLY

BASIC NEEDS BUDGET TECHNICAL ADVISORY COUNCIL
MINUTES

Thursday, October 2, 2008
APPROVED 10/21/08

Members Present: Rep. Helen Head, Co-chair; Sen. Bill Carris; Ellen Kahler, Director, Vermont Sustainable Jobs Fund; Steve Paddock, Director, Agriculture Program, Vermont Small Business Development Center; David Murphey, Senior Policy Analyst, Planning Division, Agency of Human Services; Andrew Condon, Director, Research and Analysis, Economic and Labor Market Information, Department of Labor

Members Absent: Sen. Vince Illuzzi; Katherine Cheney, Vermont Chapter of the Society for Human Resource Management, Technical Connection, Inc.

Also Present: Joint Fiscal and Legislative staff, and the public

Recording: CD 2008 – 6, 7, 8, 9

Convene, Review and Approve 9/18/08 Meeting Minutes

At 10:10 a.m. Rep. Head convened the meeting and asked members to introduce themselves. She said Sen. Illuzzi had a prior commitment and had to be in Court, and Katherine Cheney Taft said she had to fill in for her boss who was out of the office and apologized she could not attend the meeting.

Rep. Head asked if there was any discussion regarding the meeting minutes. Andrew Condon noted he had different facts than John Fairbanks concerning the Vermont workforce. Andrew Condon said John Fairbanks' characterization that most of the new jobs being created were low wage was not accurate according to the information at the Vermont Department of Labor. He did not ask for the minutes to be changed, but asked that his comment be noted.

Sen. Carris made a motion to accept the 9/18/08 meeting minutes. The motion passed unanimously on a voice vote.

Existing Methodology and Components

Documents Distributed

- *Basic Needs Budget Components, Summary of Recommendations, Sara Teachout, JFO, 10/2/08*

Sara Teachout, Joint Fiscal Office (JFO), reviewed the Food component recommendation to continue to use the USDA moderate cost food plan, adjusted for family size. She said she

would review the rest of the document after the morning's witnesses had an opportunity to testify.

Basic Needs Budgets: Employers, Economic Development and “Benefits Cliffs”

Beth Kuhn, Project Director, United Way of Chittenden County; and Bethany Johnson, Human Resources and Training Manager, Recycle North, Burlington testified. Beth Kuhn said current state (and federal) policy regarding low-wage workers does not support their efforts to increase wages and gain more lucrative and responsible employment. This disincentive to work is not only harmful to the individual and to the state, but also to employers who are trying to manage their businesses effectively and profitably.

The United Way of Chittenden County is working with a group of employers who are developing new approaches to improve attendance, retention, and advancement of lower wage workers. In that context, employers are becoming increasingly aware of and concerned about the disincentives to work built into the current system.

Bethany Johnson said Recycle North employs numerous individuals attempting to emerge from poverty and move to self-sufficiency. Giving raises and promotions to such individuals should be a good thing. Right now, it makes their lives more difficult. And that makes managing the business at Recycle North more difficult too.

They both said they were hopeful that work being done in the state right now to help Vermonters meet basic needs incorporates a thorough review of such policies as well as asks for input and ideas from our business community, which clearly has a stake in the issue.

Documents Distributed

- *Testimony, Dorigen Keeney, M.S., Director, Public Policy and Research, Vermont Campaign to End Childhood Hunger, 10/2/08*
- *The Paradox of Hunger and Obesity, Dorigen Keeney, M.S., Director, Public Policy and Research, Vermont Campaign to End Childhood Hunger, 12/06*

Dorigen Keeney, M.S., Director, Public Policy and Research, Vermont Campaign to End Childhood Hunger, said her main points were: (1) the “Thrifty” food plan is not realistic for many low-income Vermonters; (2) the “Thrifty” food plan market basket cannot be purchased in Vermont for the estimated cost, and people need at least the cost estimate of the “Moderate” cost food plan to meet basic nutritional needs; (3) a nutritious diet is important for good health and to prevent obesity.

Components Review

Sara Teachout, JFO; and Tom Kavet, Economist, Consultant, JFO, reviewed the remainder of the component recommendations with the Council.

At 12:10 p.m. the Council recessed for lunch and reconvened at 1:10 p.m.

Public Comment

There was no public comment.

Health Care

Documents Distributed

- *Memo to Sen. Illuzzi and Rep. Head from Nolan Langweil, Fiscal Analyst, JFO, regarding Health Care Methodology, 10/2/08*
- *Premiums and Out-of-Pocket Health Care Costs 1999 – 2008; Basic Needs Budget Comparison of Health Care Methodologies, Nolan Langweil, Fiscal Analyst, JFO, 10/2/08*

Nolan Langweil, Fiscal Analyst, JFO, reviewed the above documents with the Council. For employer-sponsored insurance, he said the majority of Vermonters are employed by and receive health insurance through their employer. He said the premium cost recommended methodology for this component, as well as the out-of-pocket costs, was based on data from the Medical Expenditure Panel Survey (MEPS).

For no employer-sponsored insurance, he said previous basic needs studies have included the health care costs of those who were privately insured but do not have insurance through their employer, often referred to as the non-group or individual market. Nolan Langweil recommended the Council consider using Catamount Health in its place. He said it may not be an exact substitute for those people with no employer-sponsored insurance, but there has been interest in both the costs and the impacts of Catamount Health, and it could be a useful relative comprehensive proxy for non-employer sponsored health costs.

Dental Care

Nolan Langweil said for the dental premium, the same methodology is being used as in previous years. For out-of-pocket expenses, previous basic needs studies did not capture out-of-pocket dental costs. He said this year's out-of-pocket costs for those with dental coverage were incorporated, as well as applied retroactively to 1999 for consistency.

Nolan Langweil then addressed a question Sen. Illuzzi had requested be researched at the last meeting regarding what the court uses for child support guidelines. He said the difference is the court knows what the individual's income is, and the basic needs budgets are trying to determine what the income needs to be. He said the methodology used in determining the health care portion of child support is consistent with JFO's numbers and is premised using the same source of data (MEPS).

Ellen Kahler requested that if methodology is changed, that the changes are made clear in the basic needs budgets report, noting the previous and current methodology and how it impacts the historical information. She said also it would be advantageous to note that JFO uses the best data they have access to at the time and that there are limitations.

Components Options Review, Proposed Staff Recommendations, Council Discussion and Decisions

Doug Hoffer, Independent Policy Analyst; Job Gap Study Author, Phase 1 (Jan. 1997); 1999 Joint Legislative Study on a Livable Income Consulting Team, said he was pleased everyone was working together cooperatively and agreed with most of the recommendations from JFO. He said there is a significant question related to home ownership. He said home ownership is the norm for families.

Tom Kavet, Economist, Consultant, JFO, commented throughout the meeting on the current methodology and proposed recommendations which he had worked on with Sara Teachout, Doug Hoffer, and others.

Colin Robinson, Director, Livable Wage Campaign, Peace and Justice Center, Burlington, discussed the value of having employer-sponsored health insurance compared to having no health insurance. He mentioned the Burlington School District as an example.

Sara Teachout, JFO, discussed the Council's process and said she would have a draft of the Council's recommendations for the next meeting and then prepare for a presentation to the November meeting of the Joint Fiscal Committee for consideration of the Committee's approval. She said she would then draft the Council's report and circulate it to Council members for their comments. David Murphey requested the report mention the value of non-wage contributions to well-being.

Council members commended the Joint Fiscal Office for their good work and said they would make any other final decisions at their next meeting.

Sara Teachout then summarized the decisions made at the meeting.

FOOD

- Continue to use the USDA moderate cost food plan, adjusted for family size. Change adjustment for the Northeast food prices (from the Consumer Expenditure Survey differential between All Consumers and Northeast consumers). Instead of using one-year data, use a long-term average (maybe 10 years or more).

HOUSING

- Continue to use HUD FMRs for rental housing. Monitor availability of better data in the future. Switch from 13% to 15% assumption for utilities because this is the calculation used by the Tax Department in calculating the renter rebate. (Only purpose for separating out utilities from gross rent in the BNB study.)
- *Homeownership issue*: request homeownership information from Deb Brighton by income level. Explore homeownership as a component of the BNB in the future.

TRANSPORTATION

- Continue to use 2001 NHTS vehicle miles traveled (VMT) data IRS mileage rate. NHTS variables are 1) Northeast 2) Urban/Rural 3) household lifecycle. Explore adjusting VMT traveled with updated data.
- Wait until 2008 NHTS data is available for new VMT data specific to Vermont.

CHILD CARE

- No changes recommended. Continue to use child care market rate data by county. Population weighted average for rural budgets. Averaged between licensed centers and registered homes.

CLOTHING & HOUSEHOLD

- No changes recommended. Review whether the amounts are averages or medians across all household income levels.

RENTAL INSURANCE

- No changes recommended.

TERM LIFE INSURANCE

- .59 per thousand coverage (rates have decreased); \$75 policy fee; use 6 x annual earnings for amount of coverage.

SAVINGS

- No changes recommended. 5% of BUDGET (*for education, retirement, emergencies*).

TELECOM/PERSONAL EXPENSES - New Category

- former "Personal Expenses" \$2 per person per day indexed by CPI (\$2.58 in 2008)
- Long Distance Charges \$10 per household indexed by CPI (\$12.88 in 2008)
- SUMS Telephone Service and Taxes per household
- Will index household amount in future studies

HEALTH INSURANCE

- Employer-sponsored insurance
 - Premium + Out-of-pocket = Health costs
 - Premium determined using Vermont-specific average insurance premium costs for Single, Family, and Single + 1, from MEPS
 - Out-of-pocket costs from MEPS data to determine age-specific median OOP costs (using National data since no Vermont specific data available)
- No-Employer sponsored insurance
 - Eliminate "No employer-assisted health care" columns
 - Use Catamount Health (no premium assistance) as example of a comprehensive non-group product.

- Calculation added at bottom of “urban” and “rural” sections rather than having its own column.

Dental

- Use similar methodology as in previous years utilizing a standard plan offered by NE Delta Dental, adding median OOP dental costs (MEPS data).
- JFO will look to see if there is data concerning average employee contribution of dental premiums.

Future Meeting Planning

The Council agreed to meet October 21 to finalize its recommendations for the November Joint Fiscal Committee meeting.

The Council adjourned at approximately 2:55 p.m.

Respectfully submitted,

/s/ Rachel Levin, Legislative Council