

Component Methodology Review and Follow Up

Basic Needs Budget Technical Advisory Committee

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Items for discussion

- Transportation
- Childcare Subsidies
- Clothing and Household Expenses
- Personal Care Products
- Urban vs Rural
- Two adult households without children
- Other Considerations



Transportation



Transportation Option 1

- Continue using the existing methodology knowing that the NHTS used for VMT will be updated every two years moving forward.
 - This means using the Vermont total VMT results and adjusting them based on the US total results per family configuration.
 - The IRS and AAA mileage rates which cover costs of ownership and operation would be multiplied by VMT to calculate transportation expenses.



Transportation Option 2

- Purchase an “add-on” to the NHTS which would provide a more robust sample size and ensure the results are as specific to Vermont as possible.
 - JFO would not have to use the US total results to adjust the Vermont results with a larger sample size.
 - “Add-ons” are something the FHWA provides as a pooled-funding opportunity and in the last report there were 13 entities that purchased “add-ons.”
 - There is a \$5,000 membership fee to be in the pooled funding group.



Transportation Option 2

- FHWA requires a minimum add-on size of 1,000 or 400 per region.
 - If the committee wanted to survey urban and rural areas or divide the state into quadrants this means each region would require at least 400 households.
- The cost per household in the “add-on” is \$275 so at minimum the cost for this data would be \$275,000 not including the membership fee.
 - This cost would apply to all add-ons requested in the future also.
- The pooled fund for the upcoming 2024 survey is closed and the next opportunity will come for the 2026 survey, the results of which will be available in 2027 which means that for the next two reports JFO would not have the enhanced samples and would need to maintain the existing methodology.



Transportation Option 3

- Changing the data source to the Consumer Expenditure Report (CES).
- The table below shows the CES tables JFO would propose using if this methodology were adopted and the corresponding income ranges that would be targeted.
 - JFO would use the same table and income ranges currently used for Clothing and household expenses.

Family Configuration	CES Table	Target Income
Single	3404	\$40,000 to \$49,000
Single, 1 Child	3414	\$50,000 to \$69,000
Single, 2 Children	3414	\$70,000 to \$99,000
2 Adults, no Children	3424	\$50,000 to \$69,000
2 Adults, one wage earner, 2 children	3444	\$50,000 to \$69,000
2 Adults, 2 Children	3444	\$70,000 to \$99,000



Transportation Option 3

- Because the proposed CES tables are estimates for average national spending for those family configurations and income levels, JFO would propose making a regional adjustment using the CES to reflect Northeast spending.
- This would be the same process used to adjust the Food spending component, but would compare spending on transportation in the Northeast to the nation.
- JFO would use the average differential over the past 5 years.
 - The same methodology is used when calculating the food component.



Transportation Option 3

- The table below is a snapshot from the 2022 CES table for a two-person household.
- This shows average spending by income on transportation including ownership and operating costs

Table 3424. Consumer units of two people by income before taxes: Average annual expenditures and characteristics, Consumer Expenditure Surveys, 2020-2021

Item	Total two people	Less than \$15,000	\$15,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 to \$69,999	\$70,000 to \$99,999	\$100,000 to \$149,999	\$150,000 and more
Number of consumer units (in thousands) a/	43,638	2,779	5,127	4,800	4,216	6,111	7,122	6,851	6,632
Transportation	10,390	6,373	6,461	8,073	8,869	9,952	10,541	12,740	15,569
Vehicle purchases (net outlay)	4,602	2,890	2,645	3,631	3,960	4,570	4,446	5,617	7,091
Cars and trucks, new	2,354	d/ 713	1,127	1,362	1,382	2,246	2,281	2,813	5,031
Cars and trucks, used	2,171	2,041	1,410	2,265	2,527	2,281	2,070	2,739	1,936
Other vehicles	77	d/ 136	d/ 108	d/ 4	d/ 52	d/ 43	d/ 94	d/ 65	d/ 125
Gasoline, other fuels, and motor oil	1,808	1,165	1,309	1,496	1,739	1,798	2,016	2,190	2,122
Other vehicle expenses	3,617	2,150	2,358	2,838	3,032	3,318	3,849	4,434	5,324
Vehicle finance charges	267	145	134	180	221	216	272	401	413
Maintenance and repairs	988	538	645	767	792	856	1,088	1,272	1,442
Vehicle rental, leases, licenses, and other charges	821	452	412	560	572	748	722	1,034	1,593
Vehicle insurance	1,542	1,014	1,165	1,331	1,448	1,498	1,767	1,727	1,875
Public and other transportation	363	168	148	108	138	266	230	499	1,032

Source: Consumer Expenditure Surveys, U.S. Bureau of Labor Statistics, September, 2022



Discussion and Decision Point

Which transportation option should be recommended in the report?



Childcare



Childcare

- The Vermont Agency of Human Services (AHS), Department for Children and Families (DCF) conducts ongoing market surveys.
- This information includes childcare rates by age and type of childcare (registered home in licensed center) for each county in Vermont.
- The BNB report averages registered home based providers and licensed child care centers.
- The rates for Chittenden County are used for urban childcare costs and an average of all other counties is used for rural costs.



Childcare

- Assumptions:
 - Families with one child, the child is assumed to be age 4.
 - Families with two children, the children are assumed to be ages 4 and 6.
 - 4-year-olds are assumed to require 52 weeks of full-time care.
 - 6-year-olds are assumed to require 15 weeks of full-time care and 37 weeks of part-time care.
 - In a two-adult household with children where only one adult is a wage earner, the other adult is assumed to provide childcare.
 - Prior to Act 76 passed in 2023 none of these families would have qualified for a childcare subsidy.



Childcare

- Previously none of the BNB households were eligible for a state subsidy.
- Act 76 of 2023, An act relating to childcare, early education, workers' compensation, and unemployment insurance will raise eligibility for CCFAP subsidies to 575% of the federal poverty level by October 1, 2024.
 - JFO will be writing the next Basic Needs Budget report when this happens.



Childcare

- Under the new law each family configuration with children in the BNB report will be eligible to receive CCFAP subsidies.
- Should these subsidies be considered when calculating the BNB? Should they be considered a public good or public assistance?

Basic Needs Budgets			
Household Configuration	Annual Income		
	Urban	Rural	575% of FPL (2023)
Single	\$41,653	\$39,107	N/A
Single, 1 Child	\$73,850	\$64,484	\$113,390
Single, 2 Children	\$95,512	\$82,090	\$142,945
2 Adults, no Children	\$62,863	\$64,681	N/A
2 Adults, one wage earner, 2 children	\$77,860	\$76,360	N/A
2 Adults, 2 Children	\$108,030	\$101,190	\$172,500



Childcare

- The table below shows what the different in livable wages would have been in the 2022 report if the childcare subsidies had been in place and were factored into the calculations.

Family Configuration	Current Hourly Wage		Hourly Wage With Subsidies		Difference	
	Urban	Rural	Urban	Rural	Urban	Rural
Single, 1 Child	\$35.50	\$31.00	\$31.92	\$27.96	-\$3.59	-\$3.04
Single, 2 Children	\$45.92	\$39.47	\$40.37	\$34.45	-\$5.55	-\$5.01
2 Adults, 2 Children (total)	\$51.94	\$48.65	\$45.76	\$44.26	-\$6.18	-\$4.39
2 Adults, 2 Children (per earner)	\$25.97	\$24.32	\$22.88	\$22.13	-\$3.09	-\$2.19



Discussion and Decision Point

Should new childcare subsidies be included in the basis needs budget?



Clothing and Household Expenses



Clothing and Household Expenses

- The existing methodology removes miscellaneous household equipment from the calculation.
- However, the cost of owning a computer is also within the miscellaneous household equipment category and it may not be the committee's intention to not consider a computer a basic need.



Clothing and Household Expenses

- If the committee would like to include the cost of a computer, the cost of a basic computer could be included and amortized over a three- to five-year period.
- As an example, an \$800 computer amortized over three years would be about \$22 monthly and over 5 years it would be about \$13 monthly.



Discussion and Decision Point

Should the cost of a computer be added given that miscellaneous household equipment is excluded?



Personal Care Products



Personal Care Products

- The basic needs budget does not include expenses for personal care products.
- Personal care products include:
 - Hygiene products,
 - shaving needs,
 - cosmetics and bath products,
 - electric personal care products, and
 - other personal care products
- The Consumer Expenditure Survey includes personal care products and services.



Personal Care Products

- If the committee wanted to add personal care products to the basic needs budget then the portion of the CES estimate that is allocated to services could be removed.
- JFO would propose using the same tables and income ranges as seen previously and include a 5-year regional adjustment using the CES national estimates compared to the Northeast.

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Discussion and Decision Point

Should Personal Care products be part of the basic needs budget calculation?



Urban vs Rural



Urban vs Rural

- Current statute requires JFO to estimate expenses for both urban areas (Chittenden County) and rural areas (the rest of the state).
- The official livable wage is the average between the wages calculated for a two-adult household in the urban and rural areas.
- This means that the official livable wage does not directly apply to those living in urban or rural areas.
- The committee could recommend making only one of these the official livable wage



Urban vs Rural

- There are only three spending categories that differ between urban and rural, but they are three of the largest:
 - Housing
 - Transportation
 - Childcare
- The other spending categories do not differentiate between urban and rural, with the exception of food, the remaining categories make up a relatively small portion of the budgets.



Discussion and Decision Point

Should the livable wage be an average between the urban and rural budgets or just one or the other?



Two Adult Households without Children



Two Adult Households without Children

- To identify this population the 2021 5-year American Community Survey microdata available through IPUMS was used.
- Only two adult households without children were used from the sample.
- Households where the householders were over the age of 64 were removed from the sample.
- Households earning more than \$75,000 in combined wages were removed from the sample.
- Households living in group quarters were removed from the sample.
- Variables for marital status and the number of couples present in the household were used to determine which were married or cohabitating and those who were living with another adult who is not a spouse or partner (i.e. roommates).



Two Adult Households without Children

Two Adult Households	
Number Married or Cohabiting	Number Living with a Roomate
25,240	5,076

Average Age	
Married or Cohabiting	Roomates
45.8	38.0

- There are an estimated 25,000 VT married or cohabiting households without children, under the age of 65, and have combined wages below \$75,000.
- Using the same parameters there are approximately 5,100 households with two adults who are not spouses/partners.



Other considerations



Other Considerations

- Does the committee still want to assume a mix of cellphone only, landline only, and a combination for calculating telephone costs?
 - According to the CDC 68% of Vermonters rely solely on a cellphone and this figure continues to rise.
 - Cellphone expenses are higher than landline expenses so including landlines in the average brings the budget for this category down.
- Are there any family configurations that the committee views as unnecessary and should be removed from the report?



Other Considerations

- Should tax credits be included in the basic needs budget tax calculations?

	Single, One Kid	
	Urban	Rural
Annual Expenses	\$64,147	\$56,935
Federal and State Taxes	\$9,703	\$7,548
Annual Income with Tax Credits	\$73,850	\$64,483
Less Credits	\$1,432	\$1,432
Annual Income without Tax Credits	\$75,282	\$65,915
Livable Wage with Tax Credits	\$35.50	\$31.00
Livable Wage without Tax Credits	\$36.19	\$31.69
	Single, Two Kids	
	Urban	Rural
Annual Expenses	\$81,478	\$72,921
Federal and State Taxes	\$14,034	\$9,169
Annual Income with Tax Credits	\$95,512	\$82,090
Less Credits	\$1,864	\$1,864
Annual Income without Tax Credits	\$97,376	\$83,954
Livable Wage with Tax Credits	\$45.92	\$39.47
Livable Wage without Tax Credits	\$46.82	\$40.36

	Two Adults, Two Kids (One Wage Earner)	
	Urban	Rural
Annual Expenses	\$69,512	\$68,356
Federal and State Taxes	\$88,349	\$8,004
Annual Income with Tax Credits	\$157,861	\$76,360
Less Credits	\$1,000	\$1,000
Annual Income without Tax Credits	\$158,861	\$77,360
Livable Wage with Tax Credits	\$75.89	\$36.71
Livable Wage without Tax Credits	\$76.38	\$37.19
	Two Adults, Two Kids (Two Wage Earners)	
	Urban	Rural
Annual Expenses	\$94,594	\$89,540
Federal and State Taxes	\$13,436	\$11,651
Annual Income with Tax Credits	\$108,030	\$101,191
Less Credits	\$1,864	\$1,864
Annual Income without Tax Credits	\$109,894	\$103,055
Livable Wage with Tax Credits	\$25.97	\$24.32
Livable Wage without Tax Credits	\$26.42	\$24.77

