

Living with a living wage

2017 Living Wage Study Notes

Alternatives released the first Living Wage Study in 1994 and has updated the study biennially. The study was originally done for internal use by Alternatives, but its release to the public was encouraged by Alternatives' Board of Directors. It has stimulated important discussion about the meaning of earning a Living Wage and provided a benchmark for others in the county to use. The Tompkins County Workers' Center certifies businesses as Living Wage employers and encourages the community to support those organizations and businesses. Their website tcworkerscenter.org lists 106 certified Living Wage employers (up from 86 since 2013).

On the principle of using the most up-to-date and most local publications and data, these notes include the sources of the publications and data referred in the 2017 Living Wage Study. All percentage increases/decreases marked in parenthesis indicate the change from the same numbers used or obtained in the 2015 Living Wage Study and other previous studies for comparative purposes.

1. Rent

\$937/month one-bedroom x 12 months = \$11,244/year (-0.64%)

Other options:

Efficiency = \$817 (+6.24%)

2 bedroom = \$1,084 (-4.07%)

3 bedroom = \$1,406 (-10.16%)

4 bedroom = \$1,607 (2.29%)

Sources

- US Department of Housing and Urban Development: Final FY 2016 Fair Market Rent Documentation System, https://www.huduser.gov/portal/datasets/fmr/fmr_il_history/data_summary.odn (Select NY State Tompkins County or Ithaca,
- NY MSA, same data). Includes "CPI rent and utility inflation indexes."

2. Food

\$222.75/month x 12 months = \$2,673 (-1.0%)

Low-cost Official USDA Food Plan: Average of male and female ages 19-50

Monthly cost of food on low-cost plan

Men 19-50 years = \$238.80 (-1.0%)

Women 19-50 years = \$206.70 (-1.0%)

Average of men and women = \$222.75 (-1.0%)

Sources

- Official USDA Food Plans: Cost of Food at Home at Four Levels, US Average, June 2016. (June statistics are used to represent the annual average.)

<https://www.cnpp.usda.gov/sites/default/files/CostofFoodJun2016.pdf>

3. Transportation

$\$168.37 + \$12.03 + \$2.48 + \$0.09 + \$0 = \$182.97/\text{month} \times 12 = \$2,195.64/\text{year} (-4.7\%)$

Population of Tompkins County: 104,871 (US Census Bureau 2015)

Drive alone 63%, carpool 9%, public transportation 6%, bike 1%, walk 15%, work at home 6%

Drive alone = $\$3,207/12 \times .63 = \$168.37 (-2.4\%)$

Cost of driving alone, according to BLS Customer Expenditure Survey Mid-Year Tables, 7/01/2015 - 6/30/2016 (second 20% mean) = \$1,418 (gasoline/motor oil, down 23.4%) + \$1,789 (other expenses, including insurance, maintenance and repairs, vehicle finance charges, licenses, up 0.4%) = \$3,207/year (-11.7%)

Carpool = $\$1,603.50/12 \times .09 = \$12.03 (-27.8\%)$

Share the cost of driving alone - divide by 2 = \$1,603.50 (-11.7%)

Public transportation = $\$495.75/12 \times .06 = \$2.48/\text{month} (-7.0\%)$

Cost of public transportation (annual bus pass on TCAT) = \$450 (Zone 1) or \$600 (Zone 2)

Per TCAT 2016 bus pass sales, 69.5% buy Zone 1, 30.5% buy Zone 2.

Average cost of TCAT bus pass = $(\$450 \times 69.5\%) + (\$600 \times 30.5\%) = \$312.75 + 183.00 = \495.75

Bike = $\$106.13/12 \times 0.01 = \$0.09/\text{month} (-50.0\%)$

Cost of a bike \$60 (\$300 over 5 years) + \$46.13 annual maintenance = \$106.13 (+1.0%)

Annual maintenance such as tuning, changing of tires, brakes and tubes.

Cost of maintenance of existing bicycle based on Living Wage Study 2000

(obtained from Claritas Consumer Spending Patterns data) = \$33/year adjusted for inflation = \$46.13

Cost of bike based on: mid-range quality bikes cost \$300 to \$1,000 (costhelper.com). Average sales price at chain sports stores = \$255 (statista.com)

Walking = \$0

These categories are collectively assumed to have no or very little cost.

Sources

- TCAT bus fare <https://www.tcatbus.com/ride/fare-pass-options/>
- Ithaca-Tompkins County Transportation Council (ITCTC) – Statistics – Easy to Read Mode-to-Work Charts for Tompkins County https://tompkinscountyny.gov/files/itctc/statistics/Journey-to-Work/JTW%20by%20Muni_2015.pdf
- Consumer Expenditures Survey, Mid-Year Tables, 7/01/2015 – 6/30/2016
- Quintiles of income before taxes, Table 1101, second 20% quintile <https://www.bls.gov/cex/tables.htm#midyear>
- Inflation calculation – US Department of Labor Bureau of Labor Statistics CPI Inflation Calculator, https://www.bls.gov/data/inflation_calculator.htm
- TCAT 2016 bus, cards, ridership statistics obtained from TCAT

References

Tompkins County, NY Quick Facts, US Census Bureau, <https://www.census.gov/quickfacts/table/PST045216/3610900>

4. Communication

$(\$46.74 + \$30)/\text{month} = \$76.74/\text{month} \times 12 \text{ months} = \$920.88/\text{year} (+11.6\%)$

Internet

Access to the internet is a critical necessity to almost every individual. Based on the service availability throughout Tompkins County, below internet plans have been selected from Verizon and Spectrum to calculate the average cost of internet. Taxes and fees are assumed to be 10% of cost before tax.

Verizon basic internet (no annual contract) = \$39.99 + taxes and fees = \$43.98/month
Speeds .5 to 1 Mbps. Includes a required phone service with Regional Essentials, a regional calling plan and three services.

Spectrum (Time Warner Cable) high speed internet (no annual contract) = \$44.99 + taxes and fees = \$49.50/month

HSI claimed speeds of 60 Mbps

<https://www.timewarnercable.com/residential/>

Average Verizon and Spectrum = \$46.74/month (Internet increased 30.7%)

Telephone

As the popularity of mobile phones continues to increase, fewer households maintain the use of a landline phone. According to the US Census Bureau 2015 American Community Survey, the household internet connection through

broadband is 76.7%. People need internet access through their PCs as well as their smartphones. The calculations below are based on the assumption that an individual can purchase a basic prepaid cell phone without a contract and a moderate extra monthly spending on internet browsing. Taxes and fees are generally assumed to be 10% of cost before tax, however this plan has no tax or fees.

Prepaid mobile phone (Verizon) = \$25 + 5 = \$30/month (-9.0%)

Includes unlimited talk and text. There are no taxes and fees. There is a \$5 savings factored in for autopay. (Plan would be \$30 without \$5 autopay discount). Data can be purchased as follows:

- \$5 for 250MB

Sources

- US Census Bureau 2015 American Community Survey https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_15_1YR_DP02&prodType=table
- <https://www.att.com/shop/wireless/gophone-plans.html?gclid=CKzx967Z99MCFcWlswod9Jslvw>
- <https://www.verizon.com/home/services/#Shop>

5. Healthcare

With employer-provided health insurance: \$123.76 + \$90.33 = \$214.09/month x 12 = \$2569.08/year (+6%)

5a. Health insurance at Alternatives

This calculation is based on the 2016 staff per-payroll contribution under the full time – more than two years category, employee only. Calculation based on the percentage of staff using the co-pay plan and two high deductible plans then averaging the results. Alternatives pays 75% of individual health insurance premiums as soon as insurance starts for full-time staff. 29% of staff who receive health insurance through Alternatives use the Platinum or Co-Pay Plan and contribute \$77.12 per pay period (26 pay periods). 48% of staff have the Silver, High Deductible Plan and contribute \$53.86 per pay period. 23% have the Bronze, Highest Deductible Plan and contribute \$38.79.

$(\$77.12 \times 29\% = \$22.36) + (\$53.86 \times 48\% = \$25.85) + (\$38.79 \times 23\% = \$8.92) = \$57.13$
per payroll x 26 payrolls = \$1485.38/12 months = \$123.78 per month

Out of pocket expenses based on Consumer Expenditures Survey, Mid-Year Tables, 7/01/2015 – 6/30/2016, Quintiles of income before taxes, Table 1101, second 20% quintile <https://www.bls.gov/cex/tables.htm#midyear>

Medical services = \$572

Drugs = \$406

Medical supplies = \$106

Total: \$1084.00/12 = \$90.33/month

5b. Health Insurance (from NYS Health Insurance Exchange/Marketplace)
Tompkins County Worker's Center

The new community Living Wage figure is \$15.11/hour if a person receives no health insurance through their work.

To identify the healthcare cost for a worker without employer-sponsored insurance, we evaluated the median cost of insurance plans available to the public at the "silver metal level" through New York State of Health marketplace. Individuals may receive subsidies that reduce the cost of premiums based on their total income. To calculate real healthcare cost for the Living Wage; we identified the income level that provides the same subsidy for insurance premiums as the insurance cost that results in that income level, with no money left over or owed by the worker.

– Pete Meyers

6. Recreation

\$111.74/month x 12 = \$1,340.88/year (+1.5%)

Recreation activities are important to a healthy work/life style. Based on prior studies, minimum \$100 spending to drive work/life balance has been adjusted for inflation. \$100 in 2009 has the same buying power as \$111.74 in 2016. \$110.06 (2014) increased by 1.5% when adjusted for inflation to reflect 2016 buying power.

Sources

- US Bureau of Labor Statistics CPI Inflation Calculator, https://www.bls.gov/data/inflation_calculator.htm.

- Living Wage Study Notes 2009, <https://www.alternatives.org/livingwage2009notes.html>.

7. Savings

\$66.57/month x 12 = \$798.84/year (+1.1%)

As a credit union, we think a savings habit is an important component of any budget.

Sources

- US Bureau of Labor Statistics CPI Inflation Calculator, https://www.bls.gov/data/inflation_calculator.htm
- Living Wage Study Notes 2005 (first year BLS Inflation Calculator was used), <http://www.alternatives.org/livingwagenotes2005.html>

8. Miscellaneous

\$1,613.50/12 months = \$134.46/month (+10.6%)

Based on average annual figures from Consumer Expenditures Survey, Mid-Year Tables

Housekeeping supplies = \$519

Apparel cost (average of men and women, ages 16+) = \$297.50

Apparel cost (men, ages 16+) = \$184

Apparel cost (women, ages 16+) = \$411

Footwear = \$205

Other apparel products and services = \$131

Personal care and services = \$461

Sources

- Consumer Expenditures Survey, Mid-Year Tables, 7/01/2015 – 6/30/2016
- Quintiles of income before taxes, Table 1101, second 20% quintile <https://www.bls.gov/cex/tables.htm#midyear>

9. Taxes

\$5,555.78/12 months = \$462.98/month (+1.1%)

Federal Income Tax = \$2310.55/year = \$192.54/month. (+.5%)

NY State Taxes = \$1033.47/year = \$86.12/month. (+2.7%)

Payroll Taxes (SS and Medicare) = \$2211.76/year = \$184.31/month. (+.9%)

(Tax calculation includes Federal and State standard deductions for an individual.)

Sources

- Tax Rate Calculator http://www.tax-rates.org/income-tax-calculator/?ref=nav_calcs (Find gross income that results in net income as calculated by categories 1 through 8.)

10. Addendum

Childcare: Although this data is not included in the determination of a Living Wage for a single-household individual, it is provided here for reference.

Infant: \$1,201.06/month x 12 months = \$14,412.72/year (+6.2%)

Toddler: \$1,130/month x 12 months = \$13,560/year (-0.7%)

Pre-school: \$1,074.40/month x 12 months = \$12,892.80/year (+6%)

Monthly (4 weeks) tuition rates are based on published rate schedules of registered local childcare centers and service providers. As close as possible, the data selected for registered daycare centers providing full-day services for five days per week.

Infant

Drop-in Children's Center (full day) = \$1,208

Bright Horizons/Cornell University Childcare Center (full day) = \$1,758

NYS Self-Sufficiency Report 2010 (adjusted for inflation) = \$802.23

NYS Office of Family and Children's Services Survey 2016 = \$1,036

Average = \$1,201.06/month

Toddler

Drop-in Children's Center (full day) = \$1,168

Bright Horizons/Cornell University Childcare Center (full day) = \$1,524

NYS Self-Sufficiency Report 2010 (adjusted for inflation) = \$860 (calculated)

NYS Office of Family and Children's Services Survey 2016 = \$968

Average = \$1,130/month

Pre-school

Drop-in Children's Center (full day) = \$1,088

Bright Horizons/Cornell University Childcare Center (full day) = \$1,392

NYS Self-Sufficiency Report 2010 (adjusted for inflation) = \$917.61

NYS Office of Family and Children's Services Survey 2016 = \$900

Average = \$1,074.40/month

Sources

- US Bureau of Labor Statistics CPI Inflation Calculator, https://www.bls.gov/data/inflation_calculator.htm

- Monthly Tuition Schedule, Cornell University Child Center, Eff 8/2016, https://hr.cornell.edu/sites/default/files/c4_rates.pdf

- Drop-in Children's Center, <http://www.dicc.org/> rate sheet, eff. 9/2016

- Child Care Market Rates, prepared by NYS Office of Children and Family Services, http://ocfs.ny.gov/main/policies/external/OCFS_2016/LCMs/16-OCFS-LCM-18.pdf

- Child Care Costs and Financial Assistance, Child Development Council, <http://www.childdevelopmentcouncil.org/content/view/financial-assistance.htm>

Notes

1. In the transportation calculation a significant increase in the drive-alone percentage caused the overall transportation amount to be 0.7% over 2014. However, the actual cost to drive alone decreased by 7% over 2014.

2. In the 2014 study, the assumption “Per TCAT, 95.9% buy Zone 1, 4.1% buy Zone 2” was used to derive a cost for the TCAT bus pass. In the 2016 the TCAT bus pass sales shifted dramatically to 69.5% Zone 1 and 30.5% Zone 2. It is unclear from the 2014 statement what the statistic used for the percentages in 2014 was. We note this year’s statistic as TCAT bus pass sales.

3. This cost is an average of infant and pre-school rates for this provider as the provider does not offer a toddler rate. This was done so that the average for the toddler category would reflect the average of four rates like the infant and pre-school averages do. When the average was for three, it raised the toddler average above the pre-school average which is inaccurate. All of the individual Infant rates are higher than any of the toddler rates.

This study released on August 18, 2017 at a Press Conference held by Alternatives Federal Credit Union at The Space at GreenStar 700 W Buffalo St, Ithaca, NY 14850

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