

The USVI Bureau of Economic Research

A LIVING WAGE FOR THE U.S. VIRGIN ISLANDS

The living wage is an alternative measure of a family's basic needs while also maintaining self-sufficiency that:

- Employs real costs for necessities, including housing, food, transportation, health care, household and personal care items, and taxes,
- Calculates a no-frills budget, not accounting for savings, the monthly cost of debt, or an emergency that would draw on financial resources,
- It is geographically and family composition specific.

EXECUTIVE SUMMARY






A living wage is the minimum income necessary for families to make ends meet without public or private assistance by using the actual costs of basic needs, considering family composition, ages of children, and geographic differences in costs. The standard benchmark of the Federal poverty line (FPL) is usually an inadequate indicator of how much a family needs to survive in each place. The FPL measure is based only on the cost of food and does not consider costs like childcare and healthcare or geographic differences in the cost of essential expenses.



WHAT IS THE SELF-SUFFICIENCY STANDARD?

An analysis of the living wage (as calculated in 2022), compiling local specific expenditure data for food, childcare, health care, housing, transportation, and other necessities, finds that: To make ends meet, a single adult would need to make a minimum of \$13.70 per hour (\$28,496 annually) with benefits or \$21.31 per hour (\$44,325) without benefits and subsidies. An adult with a child would need to make a minimum of \$20.95 per hour with benefits or \$33.38 without benefits and subsidies. If two adults lived together, they would need to make a combined wage of \$20.50 per hour with benefits and \$31.94 without benefits and subsidies. A family of three to four people would need a combined wage between \$30.35 to \$40.27 per hour with benefits or \$44.85 to \$56.98 without benefits and subsidies.

Infographic 1. The Living Wage for Select Family Types without or without employer health benefits

 <p>1 ADULT</p> <p>WITH EMPLOYER HEALTH BENEFITS- \$13.70</p> <p>WITHOUT EMPLOYER HEALTH BENEFITS- \$21.31</p>	 <p>1 ADULT 1 CHILD</p> <p>WITH EMPLOYER HEALTH BENEFITS- \$20.95</p> <p>WITHOUT EMPLOYER HEALTH BENEFITS- \$33.38</p>	 <p>2 ADULTS</p> <p>WITH EMPLOYER HEALTH BENEFITS- \$20.50</p> <p>WITHOUT EMPLOYER HEALTH BENEFITS \$31.94</p>	 <p>2 ADULTS 1 CHILD</p> <p>WITH EMPLOYER HEALTH BENEFITS- \$30.35</p> <p>WITHOUT EMPLOYER HEALTH BENEFITS- \$44.85</p>	 <p>2 ADULTS 2 CHILDREN</p> <p>WITH EMPLOYER HEALTH BENEFITS- \$40.27</p> <p>WITHOUT EMPLOYER HEALTH BENEFITS- \$56.98</p>
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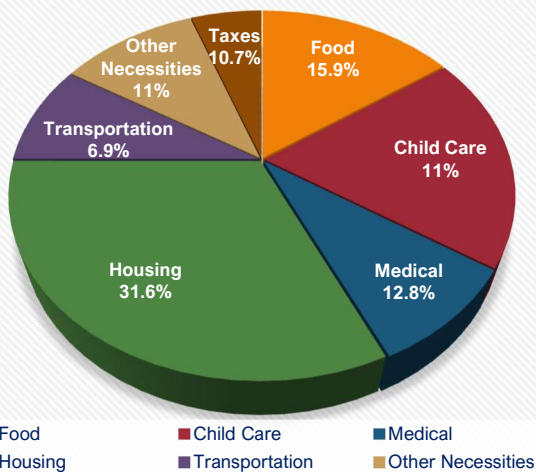
LIVING WAGE BY FAMILY COMPOSITION

The Living Wage varies by family composition, sensitive to how costs vary with different combinations of adults and children of different ages. Table 1 illustrates how expenses vary for five different family types with health insurance in the Territory.

Table 1. Basic Needs Budget & Living Wage with Employee Benefits

Monthly Costs	1 Adult	1 Adult 1 Child	2 Adults	2 Adults 1 Child	2 Adults 2 Children
Food	\$354.00	\$579.00	\$650.00	\$875.00	\$1,238.00
Childcare	\$0.00	\$400.00	\$0.00	\$400.00	\$750.00
Medical	\$263.00	\$466.00	\$466.00	\$466.00	\$466.00
Housing	\$1,004.00	\$1,147.00	\$1,147.00	\$1,421.00	\$1,768.00
Transportation	\$200.00	\$250.00	\$300.00	\$350.00	\$500.00
Other Necessities	\$300.00	\$400.00	\$600.00	\$800.00	\$1,000.00
Monthly Basic Needs	\$2,121.00	\$3,242.00	\$3,163.00	\$4,312.00	\$5,722.00
Annual Basic Needs	\$25,452.00	\$38,904.00	\$37,956.00	\$51,744.00	\$68,664.00
 Federal Income Tax	 \$3,054.24	 \$4,668.48	 \$4,693.14	 \$11,383.68	 \$15,106.08
Annual Livable Income	\$28,506.24	\$43,572.48	\$42,649.14	\$63,127.68	\$83,770.08
Living Wage w/Employer Health	\$13.70	\$20.95	\$20.50	\$30.35	\$40.27

Figure 1: Basic need by percent of income needed for One Adult and One Child



WHERE DOES THE INCOME GO?

Figure 1 is used to illustrate the percentage of income required for each basic need for a single-parent family with one child in the USVI. The monthly expenses are shown as a percentage of the total income necessary for this family to be self-sufficient. In general, a single parent spends one-third (32%) of his or her income on housing, the largest single expense. Food is the second largest expense, accounting for 16%. Childcare accounts for 11%, medical care accounts for 12.8%, transportation accounts for 6.9%, and taxes for 11% of household costs.

Only 11% of the budget is available for clothing, personal items, household items, phone service, and other necessities. Families must make difficult choices due to this small portion of their income available for other expenses.

HOW THE USVI LIVING WAGE CAN BE USED?

EDUCATE

The living wage can be used to educate people about the real costs of living in the territory, as well as the costs to families when wages are insufficient to meet basic needs.

ASSIST POLICY

The living wage standard is a valuable resource for policymakers and program providers to create effective plans for supporting families to attain self-sufficiency.

INCOME SUPPORT

Providers of human services can use the living wage standard to determine eligibility for their services during the restructuring of income support criteria.

JOB TRAINING

The living wage can aid job training and career choice by informing individuals of the wage required to meet their basic needs.

For inquiries and technical questions, please contact The Office of the Governor, Bureau of Economic Research (340-776-7953) or www.usviber.org.

Note: All data are subject to revision.