

# Cost of Living Documentation

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AUGUST 31, 2021

## **Methodology and Documentation:**

Cost of living calculations primarily uses methodology and data sources used by the Massachusetts Institute of Technology (MIT) [cost of living calculator](#). For this model we have only implemented the annual cost of childcare, housing, and transportation for a one adult household, two adults (one working), and two adults (both working) household with zero to three children. The annual cost is then compared to the median household income, poverty wage and the minimum wage annual income. Median income and minimum wage income data is based on the number of earners in a household. A one adult household and two adult (one working) household uses data for a one-earner household. Two adult households with both adults working uses data for a two-earner household. The minimum wage comparison uses the current Montana minimum wage, which is set at \$8.75 and assumes an individual works a full-time 40-hour work week schedule. The [poverty wage threshold](#) is determined by the Department of Health and Human Services as of January 13, 2021 and used to establish federal guidelines to establish financial eligibility for certain federal programs. The poverty wage threshold is estimated by the total number of persons in a family/household rather than the number of earners. Additionally, it is assumed that in a two-adult household with one adult working that the adult that does not work provides childcare, thus that household does not incur childcare costs.

Median income is reported by the American Census Survey (ACS) under the “median income in the past 12 months (in 2019 inflation-adjusted dollars)” 2019 ACS 5-year estimate, [table S1903](#). For this model, we report median income in 2021 inflation adjusted dollars calculated using the [Consumer Price Index inflation calculator](#) from the U.S. Bureau of Labor Statistics. Median income is reported by age, family size, family type, number of earners, and race by each county in Montana. Additionally, this data shows the total number of households this data is derived from. Age includes categories 15 to 24-year-olds, 25 to 44-year-olds, 45 to 64-year-olds, and 65 years and older. Family categories include female household with no spouse – with and without children, male household with no spouse – with and without children, and married-couple families – with and without children. Family size data includes two-person families up to seven or more person families. Number of earners include data on families with no earners, one earner, two earners, and three or more earners, which is used in the cost of living calculation. Lastly, data is reported by race and ethnicity.

Housing sales data is reported by the Department of Revenue actual sales data. This data provides total number of sales each year, median sales price, and the appraised value of median sales price for single family homes and condo/town houses in each county. It should be noted if there are too few sales the data is removed or grouped with neighboring counties for confidentiality purposes.

[Fair Market Rents](#) (FMR) are provided by the Department of Housing and Urban Development (HUD). HUD releases fair market rent estimates each fiscal year to establish cost information used for federal housing assistance programs including the Housing Choice Voucher program, Section 8 contracts, housing assistance payment (HAP) contracts in the Moderate Rehabilitation Single Room Occupancy program, as well as to establish price ceilings for rental units in the HOME Investment Partnerships program and the Emergency Solution Grants program. HUD estimates are calculated using the five-year data from the ACS and reported at the 40<sup>th</sup> percentile of rental costs, meaning the rental amount

below which 40 percent of standard-quality rental units are being rented. These estimates are provided for studio, one-bedroom, two-bedroom, three-bedroom, and four-bedroom apartments.

The Department of Public Health and Human Services (DPHHS) provides data on the total licensed childcare facilities in Montana. This data is provided by childcare licensing type including group day-care homes, childcare centers, family day-care home, relative care exempt (RCE), and family, friend, and neighbor (FFN). A description of each licensing type is provided below.

- Childcare Center – an out-of-home day care facility that provides care to 13 or more children. For infants, the facility must maintain a one caregiver to four infant ratio.
- Group day-care home – a private residence or other structure that provides care to 7 to 12 children on a regular basis. If providing exclusive care to infants younger than two years, then no more than eight children may be cared for with two childcare providers.
- Family day-care home – a residence that provides care to three to six children with no more than three children under the age of two unless providing exclusive care to children under age two on a regular basis. If an exclusive facility for children under age two, no more than four children.
- FFN – provides care to no more than two children from separate families or all children from a “sibling group” in the child’s home of the provider’s home
- RCE – relative who provides care to no more than two children. Similar requirements of the FFN. However, less restrictive requirements are used for RCE qualifications. For a complete list of licensing rules please see 37-95-103, MCA.

DPHHS is required to provide a market rate analysis of Montana’s childcare industry every five years. The market rate analysis provides regional data on current childcare rates at the 75<sup>th</sup> percentile of the current market. These estimates are provided for childcare centers, group day-care homes, and family day-care homes for ages zero-one (infant), one-two (toddler), three-four (preschool), and five plus (school age).

Mean commute time is reported by the American Census Survey (ACS) five-year estimates, [table S0801](#). These estimates are provided for male, female, and total population at the county level. On average, Montanan’s commute about 18 minutes one way to get to work with males commuting slightly more than females. Broadwater County has the highest average commute time of 28 minutes.

The Center for Neighborhood Technology (CNT) produces typical regional transportation cost estimates using their [transportation cost model](#). The CNT transportation cost model combines three components to estimate costs: auto ownership, auto use, and transit use. Additionally, this estimate takes into consideration the typical family size, number of vehicles owned, and miles traveled within each county. For this calculation we assume gas prices would be on average \$3.00 per gallon.

### **Observations:**

Housing Sales Data: Overall, the median price for a single-family home in Montana is \$202,648, a 9.2% increase from the median home value in 2020. Many counties in Montana have seen a substantial

increase in the demand for housing including Gallatin, Missoula, Flathead, and Yellowstone Counties. For example, Gallatin Counties median single-family home price has risen to \$479,950, an 11.6% increase from the previous year. Housing sales have continued to increase in the last eight years, but the rate of increase has slowed down. In 2020, the state of Montana had 14,775 single-family home sales, up from the 14,089 sales in the previous year. This data also provides information on condo and townhouse sales, which indicates a 66.2% increase in the median price from 2019 to 2020. This increase is primarily driven by increased sales prices and total sales for condos and town homes in Madison County, which is home to Big Sky Ski Resort and the Yellowstone Club.

**Fair Market Rents:** On average, fair market rents have been increasing in Montana. For a one-bedroom apartment the FMR is \$627, a \$59 dollar increase from 2019's estimate. A four-bedroom apartment FMR is estimated to be \$1,247.5, an increase of \$76.5 from 2019.

**Number of Childcare Facilities:** From 2019 to 2020 there was an overall increase of 32 licensed childcare providers. Group childcare homes and childcare centers saw an increase in providers. However, family day-care and FFN licensed providers declined. Yellowstone County has the highest number of licensed providers (204), despite seeing an overall decline in total licensed childcare providers (30 providers) from 2019 to 2020.

**Childcare Cost:** Daily childcare costs have risen from 2015 to 2020 with family day-care providers seeing the largest daily increase on average. The Flathead region shows the most expensive childcare costs with as high as \$48.0 a day for infant care at a childcare center.

**Transportation Cost:** Data is provided for average annual transportation costs for Montanan's split out by auto ownership costs (car cost payments, insurance payments, seasonal repair and maintenance) and gas costs. Auto ownership makes up the majority of transportation costs at \$11,362 annually. It is important to note that for most Montana counties families have at least two vehicles which is taken into consideration with this estimate. Gas costs are estimated to be approximately \$3,000 annually.