Calculating the Cost of Living

DEED's new Cost of Living tool is providing valuable information to employers, job seekers, policymakers and economic planners in Minnesota.

Understanding the cost of living in Minnesota just got easier with a new tool developed by the Labor Market Information Office at DEED. The Cost of Living tool estimates basic costs for individuals and families — by county, region and state.

The online tool uses federal and state data to examine costs in seven categories: food, housing, health care, transportation, child care, other necessities and net taxes. Total costs are presented as yearly and hourly dollar amounts, while category costs are presented in monthly dollar amounts.



The study was mandated by the Minnesota Legislature. It fills a gap in the state's economic information in the following ways:

- Employers want to set wages that attract and retain good workers. The tool can help gauge whether wages in a certain county will pay the bills and attract workers.
- Job seekers want to know what wages will cover family costs in their county.
- Policymakers want to know if the need for public subsidies is likely to rise or fall. Regional wages that meet or exceed the cost of living can signal reduced need for subsidies.
- Economic planners want to know if consumer expenditures will grow or slow. Regional wages that meet or exceed the cost of living can signal a potential for growth in the consumer economy.

What We Can Learn

The tool shows how family size, work hours, and region can affect costs. Let's look at a statewide average for a two-parent family with one child age four to five, recalling that these are estimates and actual cases can vary.

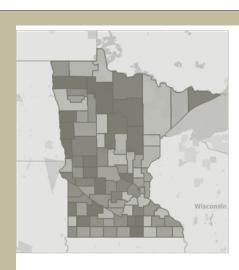
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On one full-time job, the family needs \$19.83 an hour to meet basic needs. On a full-time job for one parent and part-time for the other, they need \$16.25 an hour. On two full-time jobs, they need \$13.81 an hour. The hourly wage falls as family costs are spread across more work hours. The surprise is that the family's yearly costs are rising as the total work hours go beyond 40 a week.

If one parent already works full-time, adding a part-time job for the second parent triggers monthly child care costs of \$433 and adds \$265 in transportation costs. Moving that job from part-time to full-time doubles the monthly child care cost.

The family's yearly costs go from \$41,244 with one fulltime worker, to \$50,688 with a full- and part-time worker, and to \$57,468 with two full-time workers. This includes taxes due on the additional income required for child care and transportation.

The added hours do no more than pay for the added costs of working more hours. To get ahead, the parents would need to make more than these hourly rates or one parent would need to work more than 40 hours a week while the other remains at home.



Region type: County

I am: Single Partnered - 1 full-time worker Partnered - 1 full-time, 1 part-time worker Partnered - 2 full-time workers

How many children?

Family Yearly Cost, Worker Hourly Wage, and Family Monthly Costs

Cost of Living, Minnesota DEED, Labor Market Information

	Yearly Cost	Hourly Wage	Child Care	Food	Health Care	Housing	Transport	Other	Taxes
Aitkin County	\$49,054	\$15.72	302	736	343	722	1,334	233	418
Anoka County	\$56,753	\$18.19	538	740	455	967	1,215	273	541
Becker County	\$44,449	\$14.25	228	737	343	651	1,205	222	318
Beltrami County	\$42,723	\$13.69	232	738	343	689	1,057	228	273
Benton County	\$43,400	\$13.91	218	722	330	769	1,057	239	283
Big Stone Cou	\$40,381	\$12.94	191	751	343	651	988	224	217
Blue Earth Cou	\$39,548	\$12.68	222	734	330	719	870	233	188
Brown County	\$38,409	\$12.31	204	743	343	651	870	223	166
Carlton County	\$42,826	\$13.73	255	734	330	707	1,038	231	274
Carver County	\$55,200	\$17.69	522	751	455	967	1,117	275	513
Cass County	\$45,349	\$14.53	222	737	343	731	1,176	235	335
Chippewa Cou	\$40,318	\$12.92	191	747	343	660	979	225	215
Chisago County	\$57,121	\$18.31	408	732	455	967	1,373	272	554
Clay County	\$41,321	\$13.24	291	741	330	699	919	230	233
Clearwater Cou	\$45,884	\$14.71	189	738	343	651	1,324	222	356
Cook County	\$43,752	\$14.02	287	734	343	809	939	247	286
Cottonwood Co	\$38,783	\$12.43	201	748	343	651	890	224	176
Crow Wing Co	\$45,412	\$14.56	255	732	343	737	1,146	235	336
Dakota County	\$55,901	\$17.92	607	744	455	967	1,087	274	525
Dodge County	\$47,106	\$15.10	253	732	330	882	1,107	258	363
Douglas County	\$40,995	\$13.14	195	736	343	651	1,038	222	232
Faribault County	\$42,341	\$13.57	191	771	343	651	1,077	227	268
Fillmore County	\$46,887	\$15.03	218	738	343	651	1,353	222	382
Freeborn County	\$40,954	\$13.13	217	741	343	651	1,008	223	230
Goodhue Coun	\$47,886	\$15.35	285	737	343	761	1,235	240	389
Grant County	\$44,855	\$14.38	236	750	343	651	1,205	224	329
Hennepin Coun	\$55,778	\$17.88	617	772	455	967	1,038	278	522
Houston County	\$41,939	\$13.44	212	740	330	714	1,018	233	248
Hubbard County	\$44,439	\$14.24	222	742	343	651	1,205	223	318

Average family size in Minnesota: 3 persons

Making a Selection

When using the tool, job seekers might select the family composition that comes closest to their own. Or if planning a family, they might try scenarios for future needs.

Employers, policymakers and researchers might be more likely to select an average family composition. The average family size in Minnesota is three people, and the average work week is less than 35 hours, according to the American Community Survey and the Current Employment Statistics survey.

The category "partnered, one full-time and one part-time worker, one child" provides a standard yearly cost and hourly wage need for a typical Minnesota family, regardless of how the weekly work hours are distributed between the two adults.

A Basic Living

The cost of living represents neither a poverty-level living nor a middle-class living but rather a living that meets basic needs for health and safety.

No money is built in for savings, vacations, entertainment, eating



out, tobacco or alcohol, even though most of these elements are part of a normal healthy life. To meet the mandate of a basicneeds living, the tool excludes these costs.

A New Look at Living Costs

Rather than describing what families spend as the Consumer Expenditure Survey does, the tool estimates the cost of basic needs. We might buy one apple for two children if that is all we can afford, even though we need two apples. That's why spending is not a reliable indicator of needs.

And rather than looking at a change in costs over time as the Consumer Price Index does, the study looks at dollar costs. We don't ask the cashier at the store how many percent higher the apple's price is today than yesterday. We ask: How much does the apple cost?

The online tool shows costs for 24 family compositions in 107 Minnesota regions, for a total of 2,568 results. The full database offers additional family compositions by gender and age.

To request results beyond those represented in the online tool, talk with our experts at the Labor Market Information Office at 651-259-7384. Find the tool at http://mn.gov/deed/ data/data-tools/col/index.jsp.