

## Understanding Poverty

### Budget

Your first step will be to do a little research on the cost of living in the US and in Mercer county. Your group will need to find out the following information and bring it to the next class period. If you don't know this information I suggest contacting your parents or going online and doing research to find averages.

### Estimated Monthly Expenses for a Family of 3. (one adult and two children, age 6 and 2).

Housing/Rent (county average for 1 bd apt)	\$ _____
Food expenses	_____
Child Care (Monthly)	_____
Clothing	_____
Entertainment (ex. Toys)	_____
Household/Misc. items (ex. Diapers, soap)	_____
Electric/Utilities	_____
Phone	_____
Transportation (Bus pass, car etc, make a decision about transportation)	_____
Health Insurance	_____
Other	_____
<b>TOTAL MONTHLY EXPENSES</b>	<b>\$ _____</b>

# Understanding Poverty

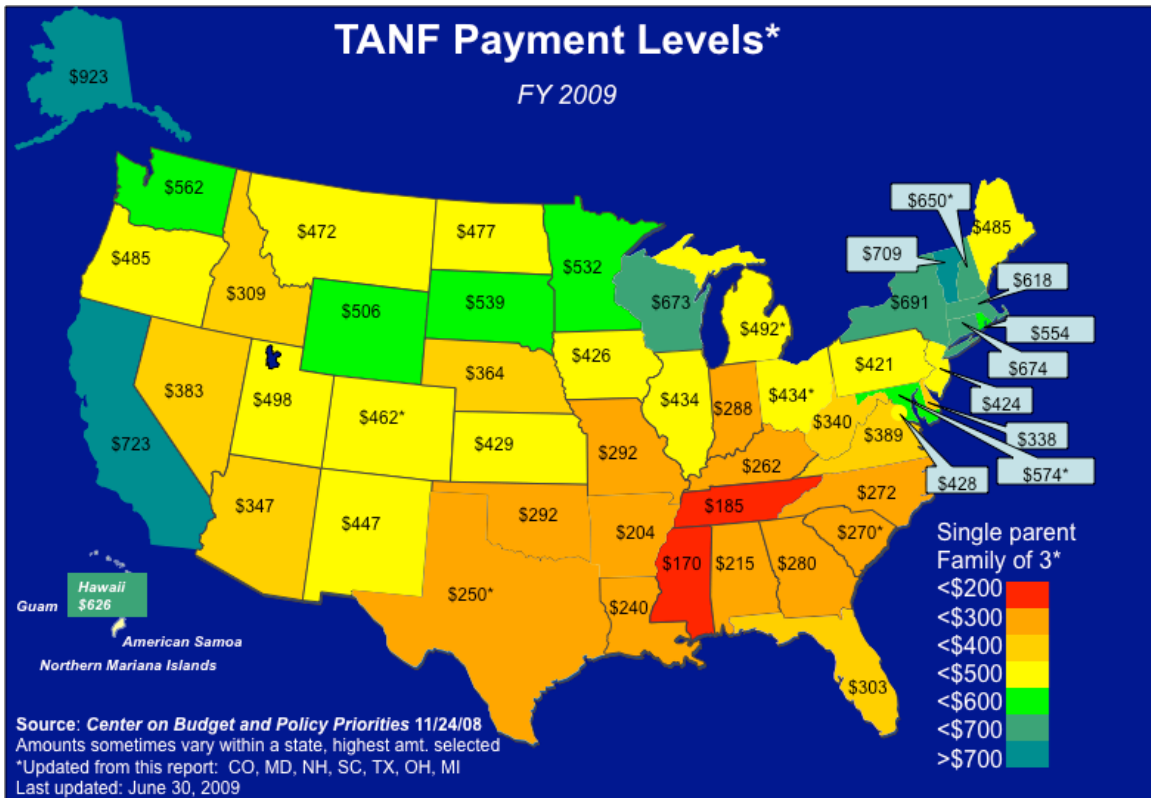
## Social Services and Low Wage Worker Budgeting

### Scenario #1

You are a single parent of two children, a boy age 6 and girl 2. You lost your job a few months ago and lost your apartment for nonpayment of rent. You're staying with a friend, but it is only temporary. You have gone on TANF for the first time and you need an apartment. Only about 25% of eligible families receive housing subsidies and you are not one of them. Lets work out your budget.

First, figure your income.

- In WV, you may receive a maximum of \$340 in Cash Assistance. How does this compare to other states? You may also receive up to \$90 /month in paid labor.
- Federal law requires you participate in work or educational related activities including job searching, community service, unsubsidized employment, job skills training related to work etc. for 20 hrs per week.
- Food stamps eligibility depends on income, and TANF counts as income in calculating food stamp eligibility, making your family eligible for \$408 of food stamps per month. What are the most expensive foods? What are the least expensive? How does that impact nutrition?



## Understanding Poverty

### Expenses

- What is the average cost of rent in a one-bedroom and 2 bedroom apartment? Keep in mind that not providing a at least one bedroom for your children and one for yourself could result in a visit from Child Protective Services, which might result in the loss of custody of your children or a removal of your benefits...So what do you do?
- Less expensive apartments may be available. If you choose to move into one, you may subtract \$50 from your costs. Low cost housing is often in unsafe neighborhoods, what risks do you run in making such a decision?
- You are eligible to receive healthcare via Medicaid for you and your children.
- As a low income WV states residence you are eligible for child care subsidies! You receive a subsidy that cuts your cost in half to help with daycare, provided you send the kids to a licensed daycare. How might you be able to further stretch that budget? (Consider when you participate in approved work activities relative to when your school aged child is in school)
- Include all relevant expenses in your worksheet. For example, school supplies and school clothes, soap, cleaning supplies and hygiene items must be included in the “other” category. Over the counter medicines, band-aids etc.
- Transportation must include getting to and from grocery stores, banks, etc several times a month. Also include costs for getting to and from community service or other work related activities a minimum of 3 days a week. That includes either bus fare (if it is available in your area) or car insurance/gas costs.
- Remember, PRWOA requires that you spend a minimum of 20 hrs per week in state sanctioned work or work preparation activities.
  - Unpaid work experience in the public and not for profit sectors
  - On-the-job training
  - Job search and job readiness assistance
  - Community service programs
  - Vocational educational training
  - Job skills directly related to training
  - Education directly related to employment
  - Satisfactory attendance at high school or high school equivalency program
  - Provision of child care services to another recipient assigned to community service
- Remember you need to manage clothing, transportation and child care for this # of hrs per week.

Understanding Poverty



# MONTHLY BUDGET

**Monthly Income: (Please give all amounts on a monthly basis.)**

TANF (Cash assistance) \$ \_\_\_\_\_

Nutrition Assistance (Food Stamps) \_\_\_\_\_

**Monthly Expenses: (Please give all amounts on a monthly basis.)**

Housing/Rent \$ \_\_\_\_\_

Food expenses \_\_\_\_\_

Child Care (Monthly) \_\_\_\_\_

Clothing \_\_\_\_\_

Entertainment (ex. Toys) \_\_\_\_\_

Household/Misc. items (inc. diapers) \_\_\_\_\_

Electric/Utilities \_\_\_\_\_

Phone \_\_\_\_\_

Transportation \_\_\_\_\_

Medical Insurance Medicaid

Other \_\_\_\_\_

**TOTAL MONTHLY EXPENSES** \$ \_\_\_\_\_

**MONTHLY BALANCE:**

Monthly Income \$ \_\_\_\_\_

-Less Monthly Expenses ( \_\_\_\_\_ )  
(Calculated above)

## Understanding Poverty

Monthly Balance                      \$ \_\_\_\_\_

### Scenario 2.

You have found a job! Congratulations. You are employed at a local business. You make 7.25, federal minimum wage. This means you are no longer eligible for TANF. You work from 10am-7pm, Tuesday-Saturday. Your new place of employment is about a 45 min away from home. You get some paid vacation after 1 year and a few paid sick days. According to the Affordable Healthcare Act and West Virginia law, you should be able to get Medicaid benefits as well. There are no other benefits included with job.

Tax Rate	Married Couples Filing Jointly	Single Filers
10%	Not over \$16,750	Not over \$8,375
15%	\$16,750 – \$68,000	\$8,375 – \$34,000
25%	\$68,000 – \$137,300	\$34,000 – \$82,400
28%	\$137,300 – \$209,250	\$82,400 – \$171,850
33%	\$209,250 – \$373,650	\$171,850 – \$373,650
35%	Over \$373,650	Over \$373,650

Fill out your budget again

- Your rent and utilities are the same.
- You no longer receive food stamps.
- Medicaid (CHIPS) is available for the children, and as a low wage worker you may be eligible for Medicaid in your state.
- You are still eligible for daycare subsidies, but you must now provide before and afterschool daycare for your school aged child and don't forget Saturday! Due to recent budget cuts in WV, your subsidy has declined from  $\frac{1}{2}$  to  $\frac{1}{3}$ . Figure the cost of daycare for both children and subtracts  $\frac{1}{3}$ .
- Note increase in the relevant expenses in your worksheet. For example, work clothes and shoes must be purchased and maintained.
- Transportation must now include getting to and from grocery stores, banks, etc several times a month as well as getting to and from work each day.

What challenges do you face with the first scenario? What about the second scenario? Where is your apartment? What do you know about that area of the city? What cuts did you have to make? How might you make extra income? What were the hardest cuts to make? What are the results of such cuts?



# MONTHLY BUDGET

**Monthly Income: (Please give all amounts on a monthly basis.)**

Income from Work \$ \_\_\_\_\_

Taxes \$ \_\_\_\_\_

**TOTAL NET MONTHLY INCOME \$ \_\_\_\_\_**

**Monthly Expenses: (Please give all amounts on a monthly basis.)**

Housing Rent \$ \_\_\_\_\_

Food expenses \_\_\_\_\_

Child Care (Monthly) \_\_\_\_\_

Clothing \_\_\_\_\_

Entertainment (ex. Toys) \_\_\_\_\_

Household/Misc. items (inc. diapers) \_\_\_\_\_

Electric/Utilities \_\_\_\_\_

Phone \_\_\_\_\_

Transportation \_\_\_\_\_

Medical Insurance \_\_\_\_\_

Other \_\_\_\_\_

**TOTAL MONTHLY EXPENSES \$ \_\_\_\_\_**

**MONTHLY BALANCE:**

Combined Monthly Income \$ \_\_\_\_\_

-Less Monthly Expenses ( \_\_\_\_\_ )  
(Calculated above)

## Understanding Poverty

Monthly Balance                    \$ \_\_\_\_\_

### Some Info

- Average US Poverty rate for a family of 3 \$17,600.
- TANF costs the US about \$16.5 Billion Dollars/year
- About 1/10 person in the US Live in poverty.
- Persons living in poverty in Mercer County, 18% The current unemployment rate is about 7.5%..

Minimum Wage \$7.25

### **Housing**

Mercer County, Average for 1 bd apt \$400

Can you find something cheaper?

### **Food/Utilities**

Total Utilities per month – 100-200/mo (varies by Season

Average food bill for a family of 3 (basic Nutritional requirements)- 400-500/Month

### **Childcare**

Daycare centers- \$600 for an infant,

\$500 for a toddler a

\$700 for a preschooler

Part time \$400/month

### **Transportation**

Bus Pass \$60

Total average cost of owning a car (\$750) car ownership costs in WV are the 5<sup>th</sup> highest in the country

### **Communication**

Cable \$50

Internet \$50

Telephone \$40

## Understanding Poverty

### Challenge Sheet

You are injured when you slip and fall on your way home from work. You are out of work for 2 weeks.

It's summer break! No more school for your oldest child, how does this affect your daycare costs?

Your apartment complex is sold and rent goes up \$100/ month

Your apartment complex is sold and your lease is not renewed, how are you going to pay moving expenses as well as first month's rent and a deposit on a new apartment?