

Life Happens:

Family Budgeting Project

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**(Haley Schultz)**

Our family consists of four members, one adult female, one adult male, a four year old and an eight year old. We live in the city of Richmond in a house that is not yet paid for. Our family owns a small family run pharmacy where our health insurance is provided. Our family's gross annual income is \$49,242.00. After being taxed -\$10,242 annually, our family brings home an annual income of \$39,000.00. Each month we bring home \$3,250.00 and have \$5,000.00 in non-liquid assets.

This year our eight year old's school band won a competition that has given him the opportunity to travel to Europe next month; however, it will cost our family \$1000.00 upfront to send him. As a family we looked at our budget and decided that we could not use \$1000.00 from our monthly paycheck of \$3,250. It would only leaving us with \$356.00 as emergency money for that month. To come to the conclusion to not send him, we had to discuss how this would affect our safety net for this month. Our extra/emergency money for the month would significantly decreased to only be able to cover mild inconveniences, not medical emergencies or home damages. Although it was a hard decision, we decided that due to our finances we could not send him on the trip.

Yesterday the father's car broke down on the highway, resulting in a missed day of work. This leaves only the mother running the pharmacy for the day. The father had to take the car to the repair shop to replace a dead battery in the car. This repair costed the family \$85.00 out of pocket. The car is a necessity for our family, so it had to be repaired immediately. We had no choice but to pay the \$85.00. In our monthly budget we had enough money left over to cover the

repair.

**Haley Schultz:**

Our family cannot afford to send our children to a private school or for our parents to further their education. We decided that it was best if both of our children attend George W Carver Elementary School, their local public school. Our eight year old is old enough to ride the school bus, which is free and provided by the state; however, our 4 year old is not old enough. So we decided it would be best if the father drive both them to school every morning, and have the mother open and run the pharmacy in the morning. The children are then picked up in the afternoon by the father and brought to the pharmacy until close at 7:00pm.

In 2014, the city of Richmond public schools joined a federal program to provide free breakfast and lunch to students. Having free breakfast and lunch five days a week for the children is very helpful when determining our food budget. We only have to budget breakfast and lunch two days a week for four people.

Our budget for school supplies every year is \$110.00, that is \$55 for each child. Their school list includes a pencil box (\$5.00), crayons (\$5.00), colored pencils (\$3.00), markers (\$6.00), pencils (\$6.00), pencil sharpener (\$1.00), erasers (\$00.50), glue sticks (\$2.50), safety scissors (\$3.00), notebook (\$1.00), backpack (\$20.00). We chose to shop at Walmart and/or Dollar Tree for the items on the list because a cheaper priced items.

**Emmelene Rutledge:**

According to the USDA in their Food Plan Report, to satisfy the needs of an average family of four, \$129.60 per week should be spent on groceries adding up to around \$6,757.00 a

year (2018). However, because our children are attending George W. Carver Elementary School, which participates in the aforementioned federal free school lunch program, this will save us the Virginia average public school fee of around \$2.18 per child every day for the cost of lunch. This \$2.18 is based off the average school lunch cost for the state of Virginia found in a report conducted by *Attn.* and compiled by Aaron Macarow ( 2016). Then, Virginia Administrative Code 8VAC20-131-150 states, “the standard school year shall be 180 instructional days”. So, deducting this cost from their days spent in school, now down to \$118.70 per week, our family saves \$784.80 in food expenses for both children bringing our total expense, following the suggestions set by the USDA, to \$5,972.20. Considering, our family budget was based on the food plan the USDA titled the “Thrifty Plan”, our family is not getting the upper-echelon meals that are most conducive to greater health and success nor the opportunity to eat out often. Our family decided upon a final budget of \$5,976.00 annually to cover the family’s food costs. Numerous studies have shown a strong correlation between good nutrition and high academic achievement so our children’s performance at school may be affected by our “Thrifty Plan” for food.

Getting to school everyday, our family is using the car in need of repair previously mentioned. The distance from our home to our children's school is just 2.1 miles away, and considering we already live within the metropolitan area, our business we operate is at a similar distance of around 2 miles away. If our father and mother drive this work route every day of the year, adding on the trips back and forth to the children’s school on the 180 days they attend, and then home, they travel approximately 2,954.5 miles in a year (assuming all errands are made along the way). Our family owns a 2006 Ford Focus that gets 26 mpg in the city with a fuel tank

capacity of 14 gallons. This means on a full tank our family's car is expected to travel around 364 miles. With those estimates, our family will at the *very* least need to fill up around 9 times just to meet their daily driving needs for one year. Using the current average gas price in Richmond standing at \$2.322, our family can expect to spend, at the bare minimum, around \$20.90 for gas. Then, needing car insurance, our quote for two married middle aged drivers with no previous history of accidents, our best option was insurance from The General at \$1,539 a year with \$128.20 as a down payment. This brings our family transportation expense to around \$1,559.90 a year.

**Sean Laychak:**

Our house in Richmond is 2109 Whitcomb street. The property itself is a 7,501 square feet and is priced at \$115,000. The house itself contains 3 beds and 2 baths with an inside square footing of 993. The mortgage we have set is \$466 a month for 30 months. State Farm has our house insurance priced at \$37. Our household is utilizing the Cox bronze bundle at \$89.99, this provides us with on demand and 140 channels and unlimited local calling. State farm has given us a price of home insurance at \$483. We pay the Richmond Utilities, our wastewater bill comes out to \$48.24. That includes our sewer charges, our water, gas, and heating. Our total monthly housing cost is \$1,124.23.

Our overall mental health is poor at the moment. The fact that we could not afford to send our son on the music trip. Along with that paying for education is going to be a problem once the kids start to look into college. We live in a city that is very expensive to live in rather than living outside the city.

**Hailey Brickhouse :**

Budgeting is important when it comes to bills, insurance, and education, but there are other things to budget into a family's annual funds. Entertainment being one of them. Various forms of entertainment our family includes into their budget include holidays, birthdays, field trips and vacations.

Considering our family has two children that are still relatively young, our parents want to continue to provide them with a birthday party each year. In Richmond there are multiple places to host birthday parties, but for our family is just too expensive. So, our family plans to do both of the children's parties at home this year. Although their house is large, they do not want to upset their neighbors with all the extra parking so the family allows 10 invitations per each child. Fortunately, since the family's business has a helium tank and an array of balloon options, they can provide the balloons for both their son and daughter's upcoming parties themselves. The family tries to save as much as they can when it comes to the birthday budget, so they buy a majority of the birthday decor at the Dollar Tree. The total amount from the decor shopping ends up around 20 dollars per each birthday party. The food purchases for the party come from Walmart where the parents purchase a fruit tray, vegetable tray, and two 12-count cupcake trays, and spent a total of \$36.70 per each child. For the main course, the parents purchase 3 large pizzas from Aladdin's Express which totals up to \$35.97.

Yearly, the parents spend 185.54 on party preparation, so monthly the family sets aside 16 dollars. For Christmas, the parents pull 5 gifts from each of their children's holiday wish list. They allow \$400 dollars into their budget for Christmas for the spouses to purchase gifts for each other, and the 5 gift for each of the children. Any extra money left over goes to non immediate family gifts. So monthly the parents put away 34 dollars towards their Holiday fund.

When it comes to the major family vacation, the family chooses to spend a week at the beach every other year so they don't have to break their budget on a beach rental every year. Splitting the years in two, the family sets a firm price range of \$1600 or less on the beach rental, meal preparation, and tourist sights. To allow a minimal payment of around \$800 yearly towards the final vacation total. Monthly, the family will only need to set aside \$68.00 a month towards their week long family vacation. On the year that the family does not participate in the week long vacation, the family plans up to two affordable family trips. In the two planned and affordable trips, the family either plans a weekend trip to the mountains or a day away at a local amusement park, zoo, or aquarium. The family will set aside up to 300 dollars on the small, planned days away. So in total yearly, the family devotes 1,100 dollars to their family vacation fund whether they go on the large family vacation or the shorter trips away.

In total, the yearly overall budget for the entertainment fund totals up to \$1,685.54, and requires the family to set aside a monthly allowance of \$140.46. Unfortunately since the budget only sets aside 1685.54 yearly for family trips, the son's band trip isn't up for debate. It would take up almost all of the family entertainment fund, and due to his age the trip would most likely require a parent chaperone. If the son went on the trip the family would not have the \$1,000 upfront to pay for the trip. Hence the reason the family breaks up the large family vacation fund into payments over the course of 24 months instead of just 12 months to allow more money to be budgeted into smaller family trips, fun family nights out, birthdays, holidays, and other major necessities in other areas of the family's budget.

**Elvira Nunez:**

A family of four living in Richmond can comfortably spend around \$746 monthly and \$8,952 annually on necessities. Given that our family makes \$39,000 annually, that gives us \$3,250 to spend each month throughout the year. Each month we have to pay for our home, food, utilities, insurance, cable etc. which roughly leaves us with \$1900 left to spend on apparel, personal care, household supplies (furnishings, cleaning supplies etc.) not including leisure activities or emergencies.

It is reported that an average American family spends approximately \$1600 - \$1800 annually in clothing, making that \$140 each month. If we split that in four it gives each of our family members \$35 to spend, but apparel is expensive. We decided to seek out an affordable option instead of raising our clothing budget like receiving hand me downs from family for the kids or getting our clothes from thrift stores like goodwill or salvation army.

As for personal care we decided to get our haircuts done at home instead of going to a barber or salon. For personal care products and cleaning supplies we also chose to buy generic instead of name brands to save. In total, we will spend no more than \$550 each month on necessities.

### **Personal Reflection: Haley Schultz**

I enjoyed this project because I was able to experience and see how an actual family would have to plan and budget for things monthly. Since our family brought home a very small income for four people, it was hard to determine how the money should be allotted. Living in a metropolitan area decreased the number of things we can do because of the cost of living. Determining where to cut costs on things was difficult especially when unexpected life things happen. Even though this was not our true family, we still felt the stress of deciding whether not



to send the son on his band trip. I cannot imagine having to tell a child that he or she that they will not be going because it is not in the budget. It makes me uneasy to think about what this family has to go through and decide because of finances.

I have learned that there are many factors that come into play when deciding on where to dedicate certain amounts of money. It was interesting finding and determining things about whether or not there was special transportation for a four and eight year old to elementary school or if it would be safer to transport them via our own vehicle. I normally would not think of things like bus routes, free breakfast and lunch, or if money needs to be put on school account for food. I learned a lot about what goes into budgeting money in a way that covers necessary expenses, still putting money into savings in case of emergency, and still have money left over so the family can still have a life outside of working.

### **Personal Reflection: Emmelene Rutledge**

Working on this project has most certainly educated me on the struggles of modern American families and their expenses. Although we were assigned imaginary households and situations they had to deal with, the project gave me insight on how one might deal with a completely different economic situation than myself. The projected also highlighted inequalities in every aspect of our family's life. Some of the inequalities presented in our situation began with living in our specific district because it was in our affordable range, and having our children forced to attend its school. Though our project focused only on a year of our particular family's life, if you thought deeper into this inequality, were it actually applied, you see an essential downward spiral into more inequality. Because, one's level of education can determine their secondary education, affecting their future job, and then their income from that job, and then the

cycle may repeat should this individual choose to have their own family with lesser means for success.

The inequalities did not stop there however, as even our position in a metropolitan area gave us a higher cost of living which set us at, yet again, another great disadvantage. Even some of our expenses to cover a human being's basic needs were hard to meet. This concern becomes even greater as I reflect upon the, almost, certain nature of our family's circumstances in this assignment. Whereas our lives can bring numerous amounts of surprise expenses, we were only assigned two emergency or Although the project has given me some apprehension for my own future, I feel it has armed me with greater insight as well. "life happens" cards like some negative pseudo-chance cards in the game of Monopoly.

### **Personal Reflection : Hailey Brickhouse**

Overall, the project really opened my eyes to how many little things that people don't talk about when it comes to having a budget. I enjoyed having the responsibility of budgeting out what my family calls the "fun money" which contributed to the physical outcome on the budget or otherwise known as entertainment. I never thought of how my family planned those types of events until now, my mom just kind of made it happen rather than talking about how she planned for it. When the amount started adding up it was stressful, and to see it laid out monthly and spacing it out didn't make it so difficult. Working in a small business in a large metropolitan already limits a lot of opportunities because many larger businesses and taxes can buckle a small run businesses. If an emergency were ever to occur the vacation or entertainment fund could act as backup budget as well. The money could be used in a variety of different ways, and I planned for for hiccups along the way. With all the different expectations of life and trying to

make a living some families do not have the advantage of setting aside money for vacations and holiday arrangements. Money has become a main priority and prices keep going up until the cost of living is unbearable.

Fortunately, our group could take a bit of an allowance and put it towards a family outing. Having both parents work part time doesn't leave much time for children and parents to spend quality time together.

### **Personal Reflection Sean Laychak**

My part in the project was to create the housing budget. This was difficult because of two main factors. We lived in a metropolitan area, or big city. This was a problem because it made almost everything increase in price. From transportation to housing everything was increased. This led to the second problem that was our family did not make a lot of money and had very little liquid funds. We own and operate a family run pharmacy in the town of Richmond. It's nice to be your own boss and own a business but there are factors that I believe the family didn't take into account. Living in such an area was not a smart idea rather than possibly living in a suburb or small town right outside Richmond. This would increase traveling cost however the overall standard of living could potentially increase significantly. Not that it is not possible to live in Richmond with our current budget as we just shown. However it's not enough to be able to live comfortably and we could potentially be in trouble if an unexpected event were to occur like a car crash, or an expensive hospital bill. In conclusion this project has opened my eyes to all the various details that must be taken into account when choosing where and how you live your life.

### **Personal reflection: Elvira Nunez**

This project made me acknowledge my own ignorance of what is out there in the real world outside of being a student and living with my parents. It has motivated me to learn more and to prepare myself for the future. But also, besides myself, it has really captured some topics that we discussed in our unit on the inequalities and where we fall on the social hierarchy. The family we got appeared to be lower middle class and they were not living comfortably but well because they had enough money for minor emergencies but they also had to sacrifice some things like not being able to let their child take a trip or attend a private school which could increase his/her chances in life with that educational attainment.

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