

**Topic: Money Management
(International Organization for Migration, Overseas Processing Entity, Moscow & Nairobi)**

Activity: Mock Budget (Knowledge of Costs/Budgeting Skills)

Introduction	<p>Many participants come from places where the average per capita income is roughly equivalent to the monthly wages earned by a dishwasher in the U.S. Some participants have never held a "paid" job. Basic necessities in the U.S. are far more expensive than participants ever imagined, and they are confronted with a cornucopia of seductive luxury items. Moreover, methods of payment are more varied and complex than in participants' native lands. Given this situation, it is no wonder that newly arriving participants frequently have trouble prioritizing expenditures and maintaining a stable budget.</p> <p>A survey of monthly costs provides participants with a realistic picture of what they can expect to spend, while at the same time motivating them to find a job immediately. Self sufficiency is stressed over and over again throughout the activity. The primary message to CO participants is to take any job upon arrival to ensure that they gain the necessary on-the-job skills, work history and cultural awareness (not to mention English language skills) to ensure successful integration into U.S. society.</p>
Objectives	<p>Given information about "fixed-monthly" expenses as well as typical salaries for new arrivals, participants will outline a family budget.</p>
Materials	<ul style="list-style-type: none">• 2 Monthly Expense Charts (1 with sample information and 1 blank; sample included)• Guidelines on expenses for trainers, if needed (sample included)
Practice	<ol style="list-style-type: none">1. Trainer provides handout with sample of "fixed expenses" and gives participants an understanding of how much those items will cost in relation to their expected income. For sample expense ranges, see Guidelines on Expenses for Trainers.2. Choose a volunteer and go through the list and identify costs for the sample family of four. Remind the class that expenses will be more or less than those shown in the example, depending upon their site of resettlement. Discuss each expense, reminding all the students that these are monthly (not yearly) expenses!3. If information is available (e.g., letters from refugees or local advertisements), use actual costs for a community.4. Once the class has understood what all of the items and relative costs are, assign each family (or group of 4) to prepare its own budget.5. After the class has finished, ask several volunteers to present their individual budgets to the class. Invite the rest of the class to critique the mock budgets and to decide whether each budget is a realistic one or not.
Follow-Up Activity	<p>Ask each family to come up with a plan that shows just how their monthly expenses will be paid. Their plan may include who in the family will work, what kind of job they will have, what their hourly wage will be, whether or not they will work overtime, and also how much money they plan to save. If a family is able to put aside some money every month,</p>

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ask them to explain what their long-term goals are. This may include buying a house, a car, getting an education, or travel.

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Sample: Monthly Expenses Family of Four

(husband, wife, 2 daughters age 3 and 6)

Income Information

Both parents are working. The husband works full-time doing grounds maintenance for a resort at \$5.60 per hour. The wife is a full time housekeeper at \$6.50 per hour. The husband works Monday-Friday from 8:30-5:30 and some weeks he has 4-5 hours overtime on Saturdays with additional pay per hour (+\$2.90). The wife works Wednesday-Sunday from 7:00-3:00 at a hotel only 15 minutes from the apartment, and gets home in time to meet her daughter at the school bus stop.

Type of Expense	Explanation	Cost in US\$
Rent	2 bedroom apartment	\$615.00
Utilities (gas/electric/other)	Average monthly costs	\$65.00
Food	All meals prepared at home	\$300.00
Transportation	30 round-trip rides on public transportation	\$110.00
Telephone	Domestic and very few long distance calls	\$60.00
Routine/Miscellaneous Expenses	Clothing, household supplies, toiletries, school supplies	\$100.00
Day Care	Per child under the age of 5	\$120.00
Medical Insurance/Health Care	Individual may need to buy their own or supplement existing insurance policies	\$210.00 (family plan)
Travel Loan	The IOM travel loan must be paid back over 36 months; rates are based on where travel originated	\$100.00

Monthly Expenses Family _____

Income Information:

Type of Expense	Explanation	Cost in US\$
Rent	2-3 bedroom apartment	
Utilities (gas/electric/other)	Average monthly costs	
Food	All meals prepared at home	
Transportation	30 round-trip rides on public transportation	
Telephone	Domestic and international calls	
Routine/Miscellaneous Expenses	Clothing, household supplies, toiletries, school supplies	
Day Care	Per child under the age of 5	
Medical Insurance/Health Care	Individual may need to buy their own or supplement existing insurance policies	
Travel Loan	The IOM travel loan must be paid back over 36 months; rates are based on where travel originated	

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Guidelines on Expenses for Trainers

- a. **Rent** is usually a family's largest expense. Although U.S. rental costs vary according to location and type/size of the unit, participants should expect to spend at least \$450 to \$700 per month for a two-bedroom apartment. Rent is even higher in cities and some states like California.
- b. **Utilities** (gas, electric, water, garbage collection) are NOT always included in the rent, so participants may expect to pay between \$50 and \$100 per month.
- c. **Food.** A family of four that shops carefully should expect to pay between \$250 and \$300 per month on food.
- d. **Transportation** costs include travel to and from work, to shops and to other routine places. Although transportation costs vary according to the location in the U.S. and family need, participants should expect to spend between \$75 and \$150 per month on public transportation. In areas where public transportation is unavailable or inaccessible, participants might buy a car the total cost of will include not only the initial cost of the car, but also gas, parking, registration, insurance, maintenance and parking.
- e. **Telephone** bills have two parts—local service and long-distance service. Local services vary, depending on "extras," but the base monthly fee is about \$25. Long-distance charges are dependent on the time of day, number of calls made each month, total number of minutes and location of long-distance calls. Making a minimum number of calls can easily add up to \$50.
- f. **Routine miscellaneous expenses** include costs for clothing, school supplies, laundry, hygiene products, and entertainment. Participants can expect to spend between \$100 and \$150 per month on these routine expenses.
- g. **Day Care** for children under age 5 varies a great deal depending on the location, age of child and number of hours in day care. Participants can apply for subsidized care to keep expenses under \$300-\$400 per month.
- h. **Medical Insurance/Health Care** is very expensive in the U.S. Participants may get Medicaid or RMA (Refugee Medical Assistance) for up to eight months. However, participants should accept an employer sponsored health plan when offered. Employer plans vary a great deal, but the employee usually has a set amount deducted from his/her paycheck and he/she may or may not have to pay an additional amount for each medical visit.
- i. **Travel Loans** should be paid back within three years of arrival. Participants usually start paying on their loans once they have been in the U.S. for three to six months. The loan amount varies considerably, depending on the cost of travel from overseas to the U.S. destination.

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