Diane Johnson is a 23 year old woman who has two children, John, 4, and Alicia, 2. Diane’s marriage ended five months ago. Her ex-husband is paying no child support and has moved out of town. She suspects he may have returned to the Midwest, where he has relatives, but she does not know his address. Diane owns her household furnishings (beds for herself and the children, a couch, some tables and chairs, a television, VCR and small CD player). She also owns a very used Plymouth worth about $1,600 (if functioning), which is not currently running because it needs repairs to the cooling system which will cost $450.

After high school, Diane went to her local community college for one semester and worked part-time in a grocery store at minimum wage. When she got married, she dropped out of school and continued to work part time until her son John was born. Just when she planned to return to work, she became pregnant with Alicia. After Alicia was born, Diane did not seek work outside the home for slightly more than one year. When Diane’s marriage ended, she worked in a day care center for a few weeks at minimum wage. She left when she found a job for $6.00 an hour in a store selling imported kitchenware and decorations. She is paid only for time actually worked and she has no health insurance. The store is located three miles from her home. Since her car is not running, she rides a bus to work or gets rides from neighbors and co-workers.

Diane is accustomed to living modestly but she is now having trouble making ends meet. She believes she may have to apply for various types of assistance, but has not yet done so.

Calculate Diane’s budget without food stamps, welfare, housing assistance, medical assistance, or other public financial assistance. As sources of information, use the newspaper, the yellow pages, social service agencies, and your own (and your friends’) knowledge of this area. Determine her approximate take home pay after taxes. Investigate her monthly costs for rent and child care. What type of housing will she be able to rent? What will the deposit be? How many bedrooms will she need? (Be sure to consider landlord policies, housing codes, and your own good sense.) Are there subsidized child care centers she can use (and, if so, how long a waiting period exists before her children can enter)? How much will private child care cost (either at a day care center or in-home child care providers)? How will this change next year, when John is old enough for kindergarten, assuming he qualifies for on-site child care after school? Find out what her approximate costs for basic utilities will be. Determine how much Diane must spend on food, transportation, clothing, and other necessities for herself and her children. Prepare a written budget for Diane.