



# NAVIGATING LIFE ON A TIGHT BUDGET

In Billings, MT

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## **Navigating Life on a Tight Budget in Billings, MT**

Living at or near the poverty line can be a daily struggle for many families, and understanding the financial realities of life at different income levels is crucial. In Billings, Montana, a family of four with children under 10 faces significant challenges in managing basic needs like housing, food, healthcare, childcare, and transportation. This training article takes an in-depth look at what life is like for families living at 100%, 150%, and 200% of the federal poverty level.

For context, we'll consider the federal poverty guidelines for a family of four and apply it to Billings, where the cost of living is influenced by the local economy, housing market, and other factors. We'll break down the monthly and annual gross incomes at each income threshold, along with average costs for necessities like rent, utilities, food, and more.

Beyond simply outlining the challenges, this article also provides practical tips for managing limited budgets, accessing community resources, and strategies to stretch each dollar further. Whether you're working with families in need or seeking a better understanding of what it takes to live in Billings at these income levels, this article offers valuable insights into the realities of financial survival and resilience.

## Average Costs in Billings, MT

### Housing:

The average cost to rent a 3-bedroom, 2-bathroom residence in Billings, MT varies depending on the type of housing:

- **3-bedroom houses:** Approximately \$1,923 per month.
- **3-bedroom apartments:** Around \$1,753 per month.
- There are also options ranging from about \$1,225 to over \$2,800, depending on location and amenities.

This information should help you estimate rental costs based on different housing types and amenities in Billings, MT.

### **Value of House to Buy**

If you can afford \$1,150 per month for a mortgage with a 30-year loan term and a 7% interest rate, the maximum price of a house you could afford in Billings, MT would be approximately **\$172,854**.

This calculation assumes that there are no additional costs such as property taxes, homeowners' insurance, or mortgage insurance, which could increase the monthly payment.

### Transportation:

With a budget of \$350 per month for a car payment, assuming a 5-year loan term and a 4% interest rate, you should consider looking for vehicles priced around **\$19,000**.

This calculation assumes no down payment or trade-in value. If you have a down payment or a trade-in, you could afford a more expensive vehicle.

This leaves \$150 per month for insurance and fuel if you are earning a living wage.

### Utilities

The average cost of utilities for a three-bedroom, two-bathroom home in Billings, MT, can vary based on several factors, including the size and age of the home, the season, and the usage habits of the occupants. However, here is a general breakdown of typical monthly utility costs:

1. **Electricity:** \$100 - \$150
2. **Gas (Heating):** \$50 - \$100 (higher in winter)
3. **Water and Sewer:** \$50 - \$75
4. **Trash and Recycling:** \$15 - \$25
5. **Internet:** \$50 - \$75

## **Estimated Total Monthly Utility Cost:**

Adding these together, the total average cost for utilities for a three-bedroom, two-bathroom home in Billings, MT, typically ranges between **\$265 and \$425** per month.

These costs can vary based on the specific utility rates in Billings, MT, and individual usage patterns.

## **Food/Groceries**

### **1. Groceries:**

- For a family of four with two adults and two children under 10, the average monthly grocery cost is typically between **\$800 and \$1,000**. This estimate assumes a moderate-cost food plan, including a mix of fresh produce, meats, dairy, and other essentials.

### **2. Dining Out:**

- Occasional dining out can add to food expenses. If a family eats out once or twice a week, this could add an additional **\$100 to \$200** per month, depending on the type of restaurants and meals chosen.

## **Estimated Total Monthly Food Cost:**

Combining these estimates, the total average monthly food cost for a family of four in Billings, MT, would range from **\$900 to \$1,200**.

These figures are approximate and can fluctuate based on factors such as dietary restrictions, preference for organic foods, or the frequency of dining out.

## **Health Insurance**

The cost of health insurance for a family of four in Billings, MT, with two adults and two children under 10, can vary widely depending on several factors, such as the type of insurance plan, the level of coverage, the family's health status, and whether the insurance is obtained through an employer or purchased on the private market.

## **General Cost Estimates**

### **1. Employer-Sponsored Health Insurance:**

- **Premiums:** For a family plan, monthly premiums can range from **\$500 to \$1,500**, depending on the employer's contribution and the plan's coverage level. Employees typically pay part of the premium, with the employer covering the remainder.

- **Out-of-Pocket Costs:** These include deductibles, co-pays, and co-insurance, which can add several thousand dollars per year, depending on the plan and healthcare usage.
- 2. **Marketplace/Private Health Insurance:**
  - **Premiums:** For a family of four, monthly premiums can range from **\$1,000 to \$2,000** or more, depending on the plan tier (Bronze, Silver, Gold, or Platinum) and the insurance provider.
  - **Subsidies:** Depending on the family's income, they may qualify for subsidies that reduce the cost of premiums through the Health Insurance Marketplace.
  - **Out-of-Pocket Costs:** Similar to employer-sponsored plans, these can include deductibles, co-pays, and co-insurance, which vary significantly by plan.

## **Estimated Average Monthly Health Insurance Cost**

- **Without Employer Contribution:** **\$1,200 to \$1,800** per month for premiums, assuming a mid-range Silver plan with moderate coverage and no subsidies.
- **With Employer Contribution:** **\$500 to \$1,000** per month for premiums, assuming the employer covers a significant portion of the cost.

## **Other Factors to Consider**

- **Plan Type:** HMOs (Health Maintenance Organizations) often have lower premiums but require using a network of doctors. PPOs (Preferred Provider Organizations) have higher premiums but offer more flexibility.
- **Deductibles and Out-of-Pocket Maximums:** Lower premiums often come with higher deductibles and out-of-pocket costs.
- **State and Federal Programs:** Medicaid or the Children's Health Insurance Program (CHIP) might be options for families with lower incomes.

These estimates are broad averages, and actual costs can vary significantly. For a more accurate assessment, it's best to consult with an insurance provider or look at specific plans available in Billings, MT.

Families may be eligible for a range of federal and state welfare programs designed to provide financial assistance and support. These programs typically have specific income eligibility guidelines, often based on the federal poverty level (FPL). Common thresholds for qualification include being at or below the poverty line, 150% of the poverty level, or 200% of the poverty level. The following sections explore in greater detail the net income and budgeting considerations for a family of four, with children under the age of 10, to provide a clearer understanding of how these assistance programs can impact their financial planning and overall well-being.

## Income at MT Poverty Level

First Let's review a budget for a family of four with an annual income of \$31,200.

### Annual Income

- **Gross Income:** \$31,200
- **Estimated Taxes (Federal, State, Social Security, Medicare):** Let's estimate around 15% of gross income, which is \$4,680.
- **Net Income:** \$31,200 - \$4,680 = **\$26,520**

### Monthly Net Income

- **Monthly Net Income:** \$26,520 / 12 = **\$2,210**

### Adjusted Budget Categories (Monthly)

1. **Housing (30%-35%)**
  - Rent/Mortgage: \$663 - \$774
2. **Utilities (5%-10%)**
  - Electricity, Gas, Water, Internet, Phone: \$111 - \$221
3. **Groceries (15%-20%)**
  - Food and Household Supplies: \$332 - \$442
4. **Transportation (10%-15%)**
  - Gas, Public Transportation, Car Payment, Insurance, Maintenance: \$221 - \$332
5. **Healthcare (5%-10%)**
  - Health Insurance, Medications, Doctor Visits: \$111 - \$221
6. **Debt Payments (5%-10%)**
  - Credit Cards, Loans: \$111 - \$221
7. **Savings (5%-10%)**
  - Emergency Fund, Retirement, Education: \$111 - \$221
8. **Entertainment & Recreation (3%-5%)**
  - Dining Out, Movies, Hobbies: \$66 - \$111
9. **Miscellaneous (5%-10%)**
  - Clothing, Gifts, Unexpected Expenses: \$111 - \$221

## Example Adjusted Budget (Monthly)

| Category                   | Estimated Amount |
|----------------------------|------------------|
| Housing                    | \$700            |
| Utilities                  | \$150            |
| Groceries                  | \$350            |
| Transportation             | \$250            |
| Healthcare                 | \$150            |
| Debt Payments              | \$150            |
| Savings                    | \$150            |
| Entertainment & Recreation | \$75             |
| Miscellaneous              | \$235            |
| <b>Total</b>               | <b>\$2,210</b>   |

## Tips for Adjusting to a Lower Income

1. **Reduce Non-Essential Spending:** Focus on cutting down expenses that are not essential, like entertainment, dining out, or subscriptions.
2. **Seek Affordable Housing:** If possible, find more affordable housing options or negotiate rent to reduce the housing cost.
3. **Utilize Community Resources:** Look for community programs, food banks, and government assistance programs that can help reduce costs.
4. **Shop Smart:** Use coupons, buy in bulk, and look for sales to reduce grocery costs.
5. **Increase Income:** Consider additional sources of income, such as part-time work, freelancing, or selling unused items.

## Income that is 150% of MT Poverty Level

Next, let's review a budget for a family of four with an annual income of \$46,800, or 150% of the poverty level.

### Annual Income

- **Gross Income:** \$46,800
- **Estimated Taxes (Federal, State, Social Security, Medicare):** Let's estimate around 20% of gross income, which is \$9,360.
- **Net Income:** \$46,800 - \$9,360 = **\$37,440**

### Monthly Net Income

- **Monthly Net Income:** \$37,440 / 12 = **\$3,120**

### Budget Categories (Monthly)

1. **Housing (25%-30%)**
  - Rent/Mortgage: \$780 - \$936
2. **Utilities (5%-10%)**
  - Electricity, Gas, Water, Internet, Phone: \$156 - \$312
3. **Groceries (10%-15%)**
  - Food and Household Supplies: \$312 - \$468
4. **Transportation (10%-15%)**
  - Gas, Public Transportation, Car Payment, Insurance, Maintenance: \$312 - \$468
5. **Healthcare (5%-10%)**
  - Health Insurance, Medications, Doctor Visits: \$156 - \$312
6. **Debt Payments (5%-10%)**
  - Credit Cards, Loans: \$156 - \$312
7. **Savings (10%-15%)**
  - Emergency Fund, Retirement, Education: \$312 - \$468
8. **Entertainment & Recreation (5%-10%)**
  - Dining Out, Movies, Hobbies: \$156 - \$312
9. **Miscellaneous (5%-10%)**
  - Clothing, Gifts, Unexpected Expenses: \$156 - \$312



## Example Budget (Monthly)

| Category                   | Estimated Amount |
|----------------------------|------------------|
| Housing                    | \$850            |
| Utilities                  | \$250            |
| Groceries                  | \$400            |
| Transportation             | \$350            |
| Healthcare                 | \$200            |
| Debt Payments              | \$200            |
| Savings                    | \$400            |
| Entertainment & Recreation | \$200            |
| Miscellaneous              | \$270            |
| <b>Total</b>               | <b>\$3,120</b>   |

## Tips for Budgeting

1. **Track Expenses:** Use budgeting tools or apps to track where your money goes and adjust as needed.
2. **Prioritize Needs Over Wants:** Focus on essential expenses first (housing, utilities, groceries) before allocating money to discretionary spending.
3. **Build an Emergency Fund:** Aim to save at least 3-6 months' worth of expenses to cover unexpected costs.
4. **Review Regularly:** Regularly review your budget to adjust for changes in income or expenses.
5. **Look for Savings:** Consider cost-saving measures like using coupons, buying in bulk, or cutting down on non-essential expenses.

## Income at 200% of MT Poverty Level

Finally, let's review a budget for a family of four with an annual income of \$62,400, which is considered a living wage at 200% of the poverty level.

### Annual Income

- **Gross Income:** \$62,400
- **Estimated Taxes (Federal, State, Social Security, Medicare):** Let's estimate around 20% of gross income, which is \$12,480.
- **Net Income:** \$62,400 - \$12,480 = **\$49,920**

### Monthly Net Income

- **Monthly Net Income:** \$49,920 / 12 = **\$4,160**

### Adjusted Budget Categories (Monthly)

1. **Housing (25%-30%)**
  - Rent/Mortgage: \$1,040 - \$1,248
2. **Utilities (5%-10%)**
  - Electricity, Gas, Water, Internet, Phone: \$208 - \$416
3. **Groceries (10%-15%)**
  - Food and Household Supplies: \$416 - \$624
4. **Transportation (10%-15%)**
  - Gas, Public Transportation, Car Payment, Insurance, Maintenance: \$416 - \$624
5. **Healthcare (5%-10%)**
  - Health Insurance, Medications, Doctor Visits: \$208 - \$416
6. **Debt Payments (5%-10%)**
  - Credit Cards, Loans: \$208 - \$416
7. **Savings (10%-15%)**
  - Emergency Fund, Retirement, Education: \$416 - \$624
8. **Entertainment & Recreation (5%-10%)**
  - Dining Out, Movies, Hobbies: \$208 - \$416
9. **Miscellaneous (5%-10%)**
  - Clothing, Gifts, Unexpected Expenses: \$208 - \$416

## Example Adjusted Budget (Monthly)

| Category                   | Estimated Amount |
|----------------------------|------------------|
| Housing                    | \$1,150          |
| Utilities                  | \$300            |
| Groceries                  | \$500            |
| Transportation             | \$500            |
| Healthcare                 | \$300            |
| Debt Payments              | \$250            |
| Savings                    | \$500            |
| Entertainment & Recreation | \$300            |
| Miscellaneous              | \$360            |
| <b>Total</b>               | <b>\$4,160</b>   |

With an increased income level of \$62,400 per year for a family of four, there is more flexibility in the budget to cover essential expenses, save, and allocate some funds for discretionary spending. Or does it? Using the following information could you meet the needs of your family with this income and these prices? What would you have to give up? What parts of the proposed budget would you need to adjust or give up?

## Tips for a Higher Income Budget

1. **Increase Savings:** With more disposable income, consider increasing the percentage allocated to savings. This could include building an emergency fund, saving for retirement, or setting aside money for future education expenses.
2. **Plan for Larger Expenses:** With more room in the budget, plan for larger future expenses, such as a down payment for a home, a new vehicle, or a vacation.
3. **Invest Wisely:** Consider investing some of the additional income in stocks, bonds, or other investment vehicles to grow wealth over time.
4. **Upgrade Essential Items:** Use some of the extra income to replace outdated or less efficient appliances, vehicles, or other household necessities that can save money in the long run.
5. **Balance Discretionary Spending:** While it's good to enjoy the extra income, ensure that increases in discretionary spending (like dining out, entertainment, etc.) are balanced and do not detract from savings or investment goals.

## Income Comparison for Each Income Level

|                            | At Poverty Level | 150% of Poverty Level | 200% of Poverty Level |
|----------------------------|------------------|-----------------------|-----------------------|
| <b>Annual Gross Income</b> | <b>\$31, 200</b> | <b>\$46,800</b>       | <b>\$62, 400</b>      |
| <b>Annual Net Income</b>   | <b>\$26, 520</b> | <b>\$37,440</b>       | <b>\$49,920</b>       |
| <b>Monthly Income</b>      | <b>\$2,210</b>   | <b>\$3,120</b>        | <b>\$4, 160</b>       |
| <b>Category</b>            |                  |                       |                       |
| Housing                    | \$700            | \$850                 | \$1150                |
| Utilities                  | \$150            | \$250                 | \$300                 |
| Groceries                  | \$350            | \$400                 | \$500                 |
| Transportation             | \$250            | \$350                 | \$500                 |
| Healthcare                 | \$150            | \$200                 | \$500                 |
| Debt Payments              | \$150            | \$200                 | \$300                 |
| Savings                    | \$150            | \$400                 | \$250                 |
| Entertainment & Recreation | \$75             | \$200                 | \$300                 |
| Misc..                     | \$235            | \$270                 | \$300                 |
| <b>Total</b>               | <b>\$2,210</b>   | <b>\$3,120</b>        | <b>\$4,160</b>        |