

Establishing a College Budget

for link and support information, link to: www.OfftoCollege.com/budget



Download the School Budgeting Worksheet

Students and parents should work together to setup a budgeting plan for college. We invite you to use these quick steps:

Download the School Budgeting Worksheet: www.OfftoCollege.com/budget

The worksheet is segmented into three sections:

1. Budgeting Worksheet:

input cells for entering available financial aid and cost budgets for each academic year

2. School Years 1-4

monthly budget and net cash position for each academic year.

3. Tracking sheets

recording sheets for tracking scholarships, loans and other aid



Budget Your Financial Aid for the Academic Year

Move to the tab "Budget Worksheet" and enter all of the available or expected financial aid you will receive for the academic year (either Year 1, Year 2, etc.)

Enter available financial aid amounts for:

- grants
- scholarships
- student stafford loans
- PLUS loans
- private student loans
- college and state aid
- investment savings
- work salary
- other financial aid

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Understand that your fixed aid includes:

- grants and scholarships
- stafford student loans
- PLUS loans
- other one-time aid

These aid positions are usually fixed and awarded only once each academic year. You are not likely going to get any more money from these sources during the year.

Understand your variable aid sources include:

- private student loans
- work wages
- other flexible aid

These aid positions are "variable sources" — meaning that you can turn to these aid sources if needed when your cash position becomes low. This is important information to know when you manage your budget throughout the year.



Estimate How Much You Can Spend Each Month

Move to the tab "Budget Worksheet" and scroll down the worksheet to cell number: A30.

Now budget the expected costs for the academic year. Your college is required to send you costs upon acceptance of your application. Make a best estimate on what you expect to spend for:

- tuition and fees
- books
- academic supplies
- electronics - laptop, printer, etc
- housing
- food
- entertainment
- transportation (around the campus and town)
- travel home
- other

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Understand that your fixed expenses, such as:

- tuition and fees
- monthly housing
- monthly insurance payments
- books

are fixed expense -- meaning, that there is nothing you can do to cut these fees. Your financial aid must cover these expenses.

Understand your flexible payments, such as:

- food and home living supplies
- clothing
- transportation (fuel, repairs)
- recreation and entertainment
- travel home

are "variable" expenses. These expenses can be reduced and in some cases eliminated in months where your cash position is low.



Check the Financing Gap

Move to the tab "Budget Worksheet" and scroll down the worksheet to cell number: A49.

This area shows any financing gap that you may have by subtracting the cost of education from total financial aid. If it shows a negative number, you need to 1 of 2 things:

1. **You need to look for additional aid** such as borrowing money using private student loans or by earning wages or by other

2. **You need to decrease some of your budgeted expenses** such as food, entertainment, transportation or other

or do both

You need to generate a positive cash position for the academic year.

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Manage Your Budget

Now it's time to view and manage your budget for the year. Move to the tab "School Year 1 " (for student attending their first year, and so forth).

The worksheet has allocated your aid and expense budget by month. Your net cash position at the start of your academic year should be positive and equal to your total financial aid (since no money has been spent).

Now move down to Cell: A49

This section shows your budgeted costs allocated by month and by category. This is how much money you have to spend for each category during the academic year. As you start school, you will enter the total money spent under each month for each category.

For example, let's say your tuition bill for the year was \$5,000 and paid in full in September. You will enter \$5,000 in the "yellow" input cell under September for the category: Tuition and Fees (Cell: G55).

Since you budgeted \$5,000 for tuition, the net annual spend position should be \$0 (Cell D57). This means that your annual spend equals your budgeted expense. Any additional spend for tuition will put you in a negative spend position.



Record Your Expenses

You must enter "actual spends" each month for each category. Your actual spends include credit card charges, cash payments, checks, and other. You need to keep tabs on everything you expense to make sure you stay within budget.

We have suggestions on how to manage and record your daily spend:

- **TIP 1:** use our budgeting tally sheets to record your daily spend. Carry these sheets in your notebook to record daily spend.
- **TIP 2:** if you have a electronic hand-held, record your daily spend in the expense area. You can download these expenses to an Excel worksheet.
- **TIP 3:** use a pre-paid credit card to load monthly budget amounts. Your card charges can be tracked online to give you a daily spend for each category.

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Watch Your Net Spend Position

You need to watch the "your annual net spend position" for each category. It must remain at \$0 or more. Anything less than \$0 puts you in a negative cash position (based on your budget).

Unless you find additional aid or reduce other expenses, you will run out of money before your academic year is over.

That takes us back to our earlier discussion about "fixed" and "variable" financial aid and expenses.

Since most federal aid programs and scholarships are fixed, you are not likely going to find any additional aid from these sources.

Likewise, most tuition, room and board, books and fees are fixed expenses. You won't be able to reduce these expenses.

You will need to look at "variable" financial aid resources and "variable" expense items to bring your cash position back to positive:

1. You can increase aid by:

- borrowing money using private student loans
- earning wages (see student income ideas)
- getting family contributions
- looking at other financial aid options

2. You may decrease some of your variable expenses such as food, entertainment, transportation or other

- link to our "Lower Monthly Bills" web site for tips on reducing expenses

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What if You Run Short

If you find that cash is running low, you have the option of applying for Private Student Loans to help fill the gap.

You can borrow up to full cost of education each academic year as certified by your school. You can use the funds for tuition, housing, books, supplies and more.



Other budgeting tips

reduce college costs

view our 10 tips on what you can do to lower your college costs ...
lower monthly tips

view our tips on lowering your monthly spending bills for parents and students ...
control your spending

use pre-paid cards as your money card to avoid getting into debt ...
prevent ID theft

students are easy targets since many students are tied to the parents credit ...