

MAKING IT ON A COLLEGE BUDGET

Module Guide

TIME REQUIRED:

This module can be adapted or adjusted for presentations of 30 minutes to one hour.

RECOMMENDED AUDIENCE:

College students or students soon to be entering college.

MAJOR CONCEPTS:

- ③ Values
- ③ Goals
- ③ Needs
- ③ Wants
- ③ Income
- ③ Expenses
- ③ Spending control
- ③ Stimuli
- ③ Decisions
- ③ Response
- ③ Consequences
- ③ Evaluation

RATIONALE FOR THE MODULE:

The average cost to attend a four-year public college increased by 6.5% to \$7,020 last year. The average cost to attend a four-year private college increased by 4.4% to \$26,273* in the last year. Paying for college is one of the most significant costs families encounter. The purpose of this module is to help students to gain skills in managing income and expenses effectively to maximize the money they have for college.

*Source: 2009-10 College Costs at <http://www.collegeboard.com/student/pay/add-it-up/4494.html>

MATERIALS AND EQUIPMENT:

Laptop computer with Microsoft PowerPoint installed or transparencies and overhead projector

HANDOUTS:

- HO #1 Goals
- HO #2 Track Your Spending
- HO #3 Budget/Spending Plan
- HO #4 Sam's Spending Plan
- HO #5 Fill in Spending Plan
- HO #6 Money Management Options: 75 Ways to Save Money
- HO #7 Julia's Financial Situation
- HO #8 Web Resources
- HO #9 Budget Module Evaluation

PROCEDURE:

- I. Decide which handouts you plan to use and make the appropriate number of copies
- II. Introduce yourself and the Peer Financial Counseling Program
- III. Ask the people in the back if they can hear you
- IV. Start presentation
- V. Provide handouts as needed
- VI. Encourage discussion; we **strongly** suggest using activities as time permits
- VII. Thank sponsoring organizations
- VIII. Have participants complete and return evaluations (HO#9)

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SUGGESTED ACTIVITIES

1. Money Messages (Slide #4)

Form small groups to discuss the following: What “messages” about money did you hear (or observe from their behavior) from important people in your life (parents, other relatives, etc.)? What were those messages and how did they affect the way you think about money?

Presenter: Examples of a message about money are “It’s only money” and “every dime counts.”

2. What’s Important to You (Slide #4)

Ask individuals “If you suddenly had \$1,000, what would you do with it? What does your answer say about what’s important to you? Is that really what you care about?” Or, ask small groups to agree on how to spend \$1,000; all spending must benefit the group as a whole. Why is this difficult? Each individual in the group has a different value.

3. Tracking Your Spending (Slide #8)

Ask participants to write down everything they spent yesterday. How many could do it? How aware are we of our spending? Discuss ways to spend less. In a 2006 survey of college students, 75% said they made mistakes with their money when they arrived on campus. The biggest mistakes were overspending on food (21%), entertainment (19%), and putting too many purchases on their credit card (16%). (Key/Bank Harris Interactive poll at <http://www.harrisinteractive.com/news/allnewsbydate.asp?NewsID=1108>.) Advice that college students had for incoming freshmen included:

- Buy used textbooks whenever you can (80%)
- Don’t make fast food a staple of your diet (67%)
- Make sure your bank has a branch on campus or doesn’t charge for using another bank’s ATM (43%)
- Walk or take public transportation instead of driving (36%)
- Limit cell phone usage (19%)

Note: Use HO6 (Money Management Options: 75 Ways to Save Money) for other ideas.

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4. Make A Spending Plan (Slide #15)

Form small groups and give each group the information in HO #7-Julia's Financial Situation (or write one of your own). Give each group a blank sheet of paper and a pen or access to a white board and markers. Each group will have to sort income from expenses, planned from actual, identify categories, and set up a budget. Have each group present their budget. Note the differences, and the importance of individualizing the budget to work for you. Ask students where saving fits in their budget. Expect the group to find this activity difficult!

For Fun: Show the Saturday Night Live skit "Don't Buy Stuff You Can't Afford." Google it; it was available at <http://www.hulu.com/watch/1389/saturday-night-live-dont-buy-stuff> in July 2010 but tends to move from one site to another so you may need to search for it. If you find one you like better or make one of your own, send it to bcude@uga.edu.

5. If Your Audience Is Graduating Seniors

"How to Build Your First Budget" by Liz P. Weston offers good advice on budgeting for new college graduates. She suggests "the 60% solution" in which all of your essential spending comes from the first 60% of your income. The rest goes to retirement savings (10%), emergency savings (or debt repayment) (10%), short-term savings for irregular expenses (such as holidays and car repairs – 10%), and fun (10%). Paying for essentials with 60% of your income is likely not possible for those with a car loan, their own apartment, and those who have student loans and other debts to repay. Check it out at

<http://articles.moneycentral.msn.com/CollegeAndFamily/MoneyInYour20s/HowToBuildYourFirstBudget.aspx>

ANSWERS TO CHECKING KNOWLEDGE QUESTIONS ON EVALUATION

1. B. Everyone needs food (Slide 4).
2. C. An intermediate goal is 6 months to a year (Slide 6).
3. C. All of the other choices are unexpected expenses.
4. D. Everyone can benefit from budgeting.
5. D. All of the choices help with sticking with a budget.