

Budgeting 101 for College Students

Budgeting for college students presents unique challenges due to variations of income and expense. It also may be the first time you need to manage money. A traditional approach toward budgeting may not be effective when you need to plan for large expenses such as tuition or books. Combining a cash flow budget with a yearlong monthly financial plan allows planning for the variations of income and expenses that college students may experience.

This factsheet will introduce college students to basic terminology and provide resources for developing and maintaining a budget.

Income - Expenses = Surplus or Deficit

A surplus means you have money left over after paying your expenses. When you have deficit, you spent more money than you brought in. You may have a surplus one week and a deficit the next so you need to plan weekly, monthly, and yearly. It allows you to plan for fluctuations that occur along the way.

There are Many Approaches to Budgeting

Typically, budgeting is done on a monthly basis even if income and expenses are relatively fixed. Fixed means they remain the same month to month, though this is often not the case for college students. For instance, you might work full-time in the summer and go to part time

when the semester starts. You may decide not to work at all during the semester. Variations in income have implications for how you budget your money.

The same occurs with expenses. At the beginning of each semester, for instance, you have large expenses for tuition and related expenses. In addition to maintaining a traditional monthly budget, a cash flow budget allows you to track your income and spending on a weekly basis and roll over any surplus to the following week. Before developing your budget, let's explain a little more about income and expenses.

Income Comes in Many Forms

Some students have paying jobs such as a full-time job in the summer, a part-time job during the semester, or even a work-study job during the school year. Some students receive their income from a parent or guardian, while others rely on a student loan refund check for income. Remember that the student loan refund check will need to be paid back later. Students also apply for scholarships or other government benefits to support them during college.

Just like Income, Expenses may be Fixed or Variable

Your cell phone bill is a fixed monthly payment. You may pay your car insurance every six months. Whatever your situation, you need to be aware of what expenses

Table 1. To start the budgeting process, list your income sources for the year

Sources of Income	Amount Received	How Often? (Weekly, Monthly, Yearly, etc.)	Date Expected
Work			
Scholarships (Directly Received)			
Student Loan Refund			
Parent / Guardian			
Government Benefits			
Other:			

you have and how often you need to pay them. For college students, this also includes tuition, books, and fees.

Table 2. Track Your Expenses

Expenses	How much?	How often? (Weekly, Monthly, Yearly, etc.)	Due Date
Car insurance			
Car payments			
Car maintenance			
Cell phone			
Childcare			
Credit card(s)			
Dining out			
Donations / Charities			
Entertainment			
Food			
Gas			
Gifts			
Health care			
Housing / Rent			
Hobbies			
Loan payments			
Parking / transportation			
Personal care			
Pets			
School supplies			
Sports			
Tuition / Room & board			
Utilities			
Other:			

Create a Yearly Budget

Now that you have the information for developing a budget, you can create a 12-month financial plan. College students need a 12-month budget due to the high variable expenses and/or income. Appendix A is a yearly budget spreadsheet that you can use to develop a budget.

A Cash Flow Budget Will Help You Manage Money Throughout the Semester

Now that you know your expenses for the year, you need to plan how you will spend your money over a 15-week semester. Appendix B is a 15-week Weekly Cash Flow Budget spreadsheet that you can use to manage money throughout the semester. Each week begins with a starting balance and a list of any income and expenses expected for the week. Your ending weekly balance becomes your beginning balance the following week. Using a cash flow approach and some financial discipline will help you stretch your money over the entire semester.

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