

Case Study: Jenny's College Budget

Jenny's Story

Jenny will be a freshman in college at CUNY and is excited about her success and her new adventure. However, she wants to make sure that she has enough money to cover her expenses and also to enjoy college. Jenny knows that she should put together a budget for the school year. She gathers her information.

Jenny has worked with her parents and her college counselor. She expects to receive scholarships and grants that will cover her tuition and other school expenses. She will be living at home and she intends to work and contribute to the household expenses while attending college.

Jenny's Income

Jenny has received a letter from her college listing the grants and scholarships that she will receive (\$8,500) and the loans that she qualifies for (\$2,000 each year). Jenny has a summer job and expects to put aside \$1,500 of her savings to use for college expenses. Graduation gifts from family and friends totaled \$300 and a computer for use while in college. She also qualifies for an on campus job (work study) that can pay \$1,500 each year. Her parents intend to contribute \$500 a year for each year that she is in college.

Jenny's Expenses for a 9-month School Year

Jenny knows that her tuition and fees will be \$6,165 a year, and her books and supplies will cost about \$1,251 a year. She needs to pay \$1,800 a year to her family for room and board. She will need to buy lunch and some other meals away from home for about \$130 a month.

Her personal expenses each month are her cell phone service plan for \$50, personal care and toiletries for \$25 a month, laundry for \$20 a month, and clothes for \$75 a month.

Her Metro card will cost about \$125 a month. Jenny loves to have fun so she wants her entertainment expenses for movies, concerts, sports, and eating out to be \$150 a month.

Jenny also knows that it is important to save money for unexpected expenses. She wants to save \$600 a year from her grants at the beginning of the year.

Help Jenny prepare her budget. Fill in blanks on attached worksheet as follows:

- a) Using Jenny's story, fill in her expenses paying attention to monthly vs. 9-month expenses.
- b) Calculate Total Expenses – monthly and 9-month.
- c) Calculate Net Balance – monthly and 9-month.
- d) Does Jenny's income cover her expected expenses?
- e) Will she be able to save as much as she would like?
- f) Discuss which expenses are a "need" vs. "want."
- g) Discuss where she can cut back her expenses.
- h) What is the benefit of looking at one-month amounts?

Discussion Questions. Present your team answers to one of the following questions:

1. Once at college, Jenny finds that her budget for entertainment doesn't cover everything she wants to do. Many of her new friends seem to have an endless supply of money for fun. Name some ways to reduce or stretch Jenny's entertainment budget while at college. How should she handle hanging out with friends with bigger budgets?
2. Once at college, Jenny starts to receive many credit card offers by email and snail mail. How many applications should she complete? Does she need a credit card? What should she use it for?
3. Jenny received a gift of her own computer for college. The second week, it freezes and she needs to take it in to the computer repair office on campus. How will she pay the \$50 repair bill? What should she do in the future?
4. Jenny would like to move away from home and share an apartment with a friend while going to college. What does Jenny need to consider before she makes a decision to live in an apartment? How much is she now paying for room and board at home?
5. Her new college friends want to take a trip during spring break. With her current budget, can Jenny afford a vacation? How could she plan to afford a vacation in the future?
6. There is an amazing study abroad program during her junior year. However, it would cost an additional fee of \$3,500 above tuition. How can Jenny plan for this additional expense? Are there other hidden costs to a semester abroad?
7. There is a possibility that Jenny's school year is a 10-month year (instead of a 9-month year), so she may be on campus a month earlier or a month later than usual. What difference would this make in the budget that you prepared for her?
8. Jenny needs to include a summer budget in her planning. So far, she has planned for a 9-month period while she is in school. What would her summer budget look like? Be sure to include opportunity to work more hours to save for college expenses.
9. Put yourself in Jenny's place. Is there a scenario that you are worried about? Do you have any special concerns?