

Budget Estimate Creation and Dissemination for Study Abroad Programs

This short guide is intended to highlight the basics of, and primary considerations for, preparation of a budget estimate for a study abroad program. It does not cover the mechanics or considerations at play when trying to determine appropriate pricing for programs. Rather, the focus is on the best practices in conveying program costs to students.

This document was created in 2012-13 by the members of the [NAFSA Education Abroad Knowledge Community](#) Subcommittee on Financing Education Abroad.

For further information or questions, please do not hesitate to contact the subcommittee members listed at the end of the resource.

Introduction

A budget estimate is a document that shows the finalized cost for the program for a specific term as well as estimated additional expenses the student is likely to incur. It should be available to students well before the program application deadline, as early as is feasible. Ideally it is available online and in an easily printed format. Once set and publicly posted, the budget estimate for a specific term of the program should not change. The budget estimate will need to be updated and modified each time the program is conducted. Posting the budget estimate in this manner will ensure students have access to accurate, timely information on total program cost so that they may determine if their personal/family contributions, scholarships and/or financial aid package(s) are adequate to pay for the program fee as well as adequately support them onsite for the duration of the program.

What to call it? - Document Naming Conventions

There is no one particular recommendation for the naming of the document. Because onsite costs are estimated on the document, often times the word 'estimate' is included in some way in the title. This is accurate, but can be confusing and lead some students or parents to believe the program fees are not finalized. For this reason some institutions/organizations choose to separate the program fees from the estimated additional expenses and maintain them in two wholly separate documents. This method has the advantage of avoiding the aforementioned confusion, but it comes with its own disadvantage in that students may not comprehend that they need to view and/or print two separate cost-related documents, and take the totals of both to determine what it is they are actually likely to spend. If separate documents relating to a single program's cost are maintained, careful attention should be given to how students will find and digest the information so that the additional onsite costs are not ignored.

What to include on it? - Recommendations for Document Format and Terminology

Regardless of the name of the document, or if there are two separate documents or a single inclusive one, any and all costs the student is likely to incur should be disclosed and included on the Program Budget Estimate(s) so that the student can have a complete and accurate idea of how much they would need to spend on the program. The goal is that the student be able to make an informed choice about what will be financially required of him or her and to be able to make a fair and accurate comparison of costs across programs abroad compared to the costs related to staying on campus. Any costs billed by the program or institution related to participation on an abroad program should be included. For example if an institution charges a 're-admission' or a 're-registration' fee to students upon their return from study abroad, this should be included even though it is not a direct component of the program itself. Individual student expenses, which may be incurred by some students (but not all), such as independent travel, entertainment abroad, partial month's rent on an apartment, or partial payment of a cable television subscription prior to departure should not be included. These items cannot be paid for by federal financial aid, and the amounts vary so widely from student to student that setting a budget for each one is exceedingly difficult. It is, however, a good idea to have a list for students to consider these other possible costs to study abroad and a mechanism to discuss them with students.

Typically program costs will be totaled separately from estimated onsite costs. All costs should be displayed in a line item format, with as much detail as is practical both for the sake of transparency and also so a student can make a determination if they might spend more or less than the estimated amount. Some thought and effort should be given to how the line items themselves will be explained. A note regarding which line items are estimates, and/or which line items may vary based on student selection (like housing type) can be very useful. For instance if a 'meals' line is included but on this particular program 'meals' means breakfast and dinner but not lunches, that information should be explained. In some cases because program options vary widely multiple Program Budget Estimates may be useful for the same term, e.g. for students living in homestays versus living in dormitories with meal plans.

Some examples of line items that may be appropriate to include:

- Application/Admission Fees
- Tuition and/or educational costs including fixed fees
- International health insurance including repatriation and medical evacuation coverage
- Housing
- Meals
- Transportation to and from program site
- Program fee discounts (e.g. consortium membership discounts, automatic student scholarships etc.)
- Institutional/organizational administrative fees
- ISIC (International Student Identity) Card
- Local ground transportation (buses, subways, taxis)
- Passport/visa/required documents
- Required photos
- Required and recommended immunizations
- Textbooks and other course materials
- Housing and/or meals not included in program fee
- Essential daily living expenses (shampoo, toothpaste, bottled water, laundry, required cell phones etc.)

To facilitate comparison of costs between programs and costs between going abroad or staying on campus, it is advantageous when possible to mirror the format and language used by the institution and to strive for one format that is consistent across all program offerings and program types. This isn't always an easy task, but it will greatly aid students in being able to accurately compare costs.

Additional Terminology Caveats

Financial Aid Implications

Federal financial aid, some state aid and most scholarships can be used for all costs related directly to the living expenses necessary to participate on the program – not just the tuition costs of the program.*

Federal financial aid, state aid and most scholarships are not to be used for or calculated into costs related to additional travel or sightseeing the student plans to do (unrelated or not required for the program). These aid sources are not intended to fund anything outside of what is required for program participation, including the purchasing of souvenirs or gifts for family or friends, beverage purchases, upgrades in transport (e.g. taking taxis when buses are safe and available) etc.

*Some institutions prohibit the use of federal or state aid and scholarships for use on some/all study abroad programs. This would of course then preclude use of aid for living expenses on the affected study abroad program. Some institutions charge campus-based tuition to participate on a study abroad program, regardless of actual program cost. In these cases alternate calculations for living expenses may be used.

Use of the word 'Tuition'

The most confusing and occasionally contentious word that commonly appears on a budget estimate is the word 'tuition'. Tuition may be defined as the fees for teaching or instruction. Many US institutions of higher education use a modern interpretation of the definition: teaching and instruction costs include computer labs, libraries, general facilities upkeep and other costs related to the running and maintenance of the institution itself, in addition to direct staff and faculty salaries. Tuition is not meant to include general living expenses a student incurs such as; housing, meal plans, books or student activity fees. Tuition therefore is the best term to describe much of what constitutes study abroad program fees; onsite faculty and staff salaries; guest lecturer fees; classroom rentals; computer labs; heating, cooling, and electricity costs; museum and gallery entrance fees etc. Often, however, terms other than tuition are used even if they are meant to include the same costs. While there are no legal restrictions or ramifications for using the word tuition (daycare facilities, dance studios, summer camps -- all sorts of organizations can and do regularly use the word 'tuition') in study abroad programming it has become common practice for organizations that are not treated as 'eligible educational institutions' under the tax code (those that do not produce 1098-T tax forms) to prohibit themselves from utilizing the word tuition. Often they'll choose a related term or terms such as 'Educational Costs' to express the portion of the program fee that otherwise may be referred to as tuition.

How to Estimate Onsite Expenses? – Guidance and List of Resources

It's a delicate business to estimate the costs a student might incur as a result of participation in a program as so much of the actual costs are determined by the behavior of the participant while onsite. Will they often eat out at restaurants or cook for themselves? If a cell phone is required on the program, which type will they select: a basic model or a smart phone with a data plan?

The goal of estimating and publishing these costs is to answer the question:

What is the cost for living and attending class in a specific place for a specific length of time in a clean, comfortable, safe manner?

The final amounts should be realistic numbers that neither support extravagance, nor necessitate undue risk from unsafe living conditions. As financial aid can be utilized to cover these expenses, it is doubly important to budget appropriately. Under-budgeting might mean a student runs out of money prior to the end of the program, while over-budgeting might lead students to take out more loans than necessary.

There is no one right way to determine appropriate onsite budget amounts. Most study abroad professionals use information from locals and/or returned students to build a daily or weekly budget and then multiply that by the number of weeks the program will be run. However, foreign exchange rates and local market prices change constantly and these can be difficult and time-consuming to track and update.

A way to outsource some of this tracking is to use an established, adjusted rate that is managed by someone else. You still must determine an appropriate onsite budget amount first (there are no rate guides that estimate onsite living costs for students) and then peg your budget to that rate.

For example, you might use the U.S. Department of State's Foreign Per Diem rate in the following way:

Say you establish an onsite budget for students on your London program at \$5000 for a semester (consisting of 105 days). The federal per diem rate (Meals & Incidental Expenses) is \$180 per day, so a total of \$18,900 for 105 days. \$5000 represents 26.5% of \$18,900. So, 26.5% is your pegged rate. If next year the federal per diem rate jumps up to \$19,500 you might consider raising your own budget estimate a bit as well: 26.5% of \$19,500 would be \$5,168.

There is no substitute for firsthand knowledge and experience of prices in a given location. Regularly asking returned students how much they spent and their opinions on if they would have/should have spent more or less is a good way of double checking your budgeting work. Pegging your budget to a federally-recognized rate structure is a way to maintain consistency and adjust for exchange rates and local price fluctuations with ease and a minimum of staff time, but it should not be used in isolation or as a sole means of adjusting budgets. Rates may change for a variety of reasons, some of which will affect students more than others. If you peg your budgets to a rate in this manner, you'll need to take care to ensure the equations used to determine the rates don't change without your knowledge. Large fluctuations up or down in your calculations should be investigated.

Some Resources for Rates:

U.S. Department of State Foreign Per Diem Rates:

http://aoprals.state.gov/content.asp?content_id=184&menu_id=78

U.S. Department of State Allowance Rates:

http://aoprals.state.gov/Web920/default.asp?menu_id=95

Comparative Cost of Living Index:

<http://www.expatistan.com>

SAMPLE 1

**Samford University, Birmingham
Semester Abroad Program, London
Sample budget for one semester**

1. Transportation	\$1,200
2. Housing	\$3,000 – 4,000
3. Meals, Daily Expenses	\$2,175 – 2,500
4. Passport/UK Visa Application (required for internship credit)	\$40 - 515
5. Weekly Transportation	\$750
6. Books and Study Supplies	\$500 – 600
7. Health Insurance	\$170
8. Other Travel/Transportation	\$600 – 1,000
9. Entertainment	\$400 – 800
10. Telephone, Internet	\$100 – 300
11. Miscellaneous Expenses	<u>\$400 – 800</u>
 Total:	 \$9,335 – \$12,635

SAMPLE 2

**University of New Mexico, Albuquerque
Semester exchange program in London
Sample budget for one semester**

1. Room and Board	\$6,000 – 7,500
2. Books and Study Supplies	\$500 – 600
3. Health Insurance	\$360
4. Roundtrip Airfare	\$1,180 – 1,200
5. Other Travel/Transportation	\$600 – 1,000
6. Entertainment	\$400 – 800
7. Telephone, Internet	\$100 – 300
8. Miscellaneous Expenses	<u>\$400 – 800</u>
 Total:	 \$9,540 – \$12,200

SAMPLE 3

**University of New Mexico, Albuquerque
Semester exchange program in Barcelona, Spain
Sample budget for one semester**

Room and Board	\$4,000 – 6,000
Books and study supplies	\$300 – 500
Health Insurance (required)	\$225
Roundtrip airfare	\$1,600 – 1,800
Student Visas	\$160
Other travel	\$1,000 – 1,500
Personal expenses	\$800 – 1,000
Entertainment	\$800 – 1,000
Telephone, Internet	<u>\$200 – 400</u>
Total Expenses	\$9,085 – \$12,425

SAMPLE 4

Budget Estimate

SAMPLE

**Florence, Italy
Fall 2013**

Program Fees (billed through student's U of M account)

The Learning Abroad Center reserves the right to adjust program fees at any time. During the course of program operations, actual figures may vary.

Tuition and Educational Costs.....	\$11,347
International Health Insurance.....	\$132
Housing and/or Meals.....	\$2,881
Transportation (if required and included in program fee).....	\$0
TOTAL Program Fee.....	<u>\$14,360</u>
Program Discount for University of Minnesota & AESOP Students (if applicable).....	\$1,000
TOTAL Program Fee with discount (if applicable).....	<u>\$13,360</u>

Estimated Additional Expenses (not included in Program Fee)

Transportation to and from program site.....	\$1,700
Passport/Visa/Required Documents/Photos/Required Immunizations.....	\$190
Texts/Materials.....	\$100
Housing and/or Meals not included in program fee.....	\$2,700
Essential Daily Living Expenses..... <small>includes cost of required cell phone</small>	\$800
US Health Insurance (recommended).....	\$980
TOTAL Estimated Additional Expenses (without spending money).....	<u>\$6,470</u>
Additional Spending Money & Personal Travel (not included in financial aid calculation).....	\$2,000

The above estimated total expenses are used to help plan and prepare for the program, as well as calculate eligibility for financial aid. Not all students will incur all the expenses above. Note that the last line is not considered a necessary expense and is not included in the total for financial aid purposes. All amounts listed are estimates and subject to change depending on international economic factors, past participant reports, and on-site staff reports. Student expenditures in-country depend greatly on personal spending habits, post- or during-program travel, and available funds.

SAMPLE 5



Study Abroad Financial Worksheet

Name: _____ Email Address: _____

Program Sponsor: Global Exchange: Colegio Universitario de Estudios Financieros (CUNEF) Madrid, Spain

Careful financial planning is an important part of the study abroad experience. Be sure to factor the following considerations into your plan:

- Most of the financial aid and USC scholarships that you use to attend USC can be applied toward studying abroad. If you receive private scholarships, you must ask permission from the donor to use those monies for study abroad. Visit the financial aid office for specific information regarding any aid you receive.
- Working while abroad may be a possibility, depending on the host country and duration of your stay. However, you should have sufficient funds to cover your study abroad experience prior to departure.

Using information from the resource library, program brochures and websites, create a budget for the study abroad program for which you are applying. All information is confidential. Please be as specific as possible.

What is the exchange rate for the country you are going to? _____ (website: www.fxconverter.com)

Please note that costs below are estimates and may vary by student, depending on housing selection and personal spending habits.

Estimated Expenditures: (if known) _____	Financial Resources Available: _____
Tuition or Program Fee: <u>\$5244</u>	Parent/spouse contribution: _____
Room*: <u>\$2600</u>	Friend/relative contribution: _____
Food*: <u>\$1000</u>	Personal Savings: _____
Application Fees: <u>\$0</u>	Student Loans: _____
Insurance*: <u>\$180</u>	Scholarships (include name & amount): _____
Clothing/Laundry: <u>\$400</u>	_____
Airfare*: <u>\$1300</u>	_____
Local Transportation: <u>\$350</u>	Grants (include name & amount): _____
Other Travel: <u>\$500 (for visa process) \$600 (other)</u>	_____
Personal Expenses: <u>\$160 (visa) \$500 (other)</u>	_____
Books: <u>\$100</u>	Other Resources (specify): _____

** If not included in program fee*

TOTAL EXPENDITURES: <u>\$12,934</u>	TOTAL RESOURCES:
COST PER CREDIT: <u>\$327.75</u>	TOTAL MONTHLY EXPENSES AT USC:
COST PER WEEK: <u>\$808.38</u>	

List any additional USC or national study abroad scholarships for which you may be eligible:

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