

BUDGETING YOUR FINANCES SKILL MODULE

Description:

As freshman here at the University, many of your parents, who now have little control over what you spend your money on, expect you to limit yourself to a particular amount of money. Some of you, on the other hand, may already track and budget your finances. This module is meant to help each of you learn how to track, monitor, and adjust your spending habits to avoid breaking the bank.

What you must do:

1. Over the course of 1-2 weeks, keep track of everything that you spend money on. Track your expenses in an organized fashion, always making sure to note where money was spent, how much, and when. Act as if every dollar you spend is actually a check that you have to make out, and record these expenses as a long list of checks. (Note: when you turn this in with your inquiry, hand-written documents will not be accepted. Use Excel to turn your rough-draft checkbook into a legible table. This should not be a bank statement, but a detailed list of what you spend your money on).
2. After recording your expenses for a couple of weeks, group your expenses into categories. For instance, when I do this, I usually go along the lines of “food, drink, transportation, school, recreation, leisure” and things that would go in each category would be something like “Mac and Cheese, Gatorade, gas, books, yoga class, pedicure”. I expect each of your categories to be creative and unique. You should not all use the categories I just described. If you find that the majority of your expenses go towards one category, split the category up into sub-categories to better understand where your money is going.
3. Next, using your grouped expenses, create a graphical representation of where you spend your money using Excel. A Pie Chart will probably make the most sense, but I encourage creativity. Hand written poster boards with glue dripping and glitter everywhere are not acceptable, however. Maintain professionalism.
4. This graph should give you a better picture of where the majority of your money is going. Pinpoint which category sucks up the most of your expenses. Brainstorm on what you might do to lower those expenses. This is the budgeting portion. Look at your expenses, and decide which are unnecessary, then find ways to cut down on those costs. For instance, my grocery bill was too high, so instead of buying cases of water bottles, I reused my water bottles with water from the sink.
5. Once you come up with a few ways to save money, test out some of your creative, cost-cutting techniques over the next week or two, keeping track of your expenses with your checkbook report mentioned in step 1. Repeat steps 2 and 3, and calculate whether or not you saved money by comparing your original expense report with your second expense report.

After you complete the module, you should turn in your checkbook reports, your first and second graphs, and an analysis of why or why not your cost-cutting ideas worked. Creative ideas that cut costs will be applauded. Analyses that seem unrealistic or faulty will not.