

---

## Cutting the cost of college

*What have students like you done?*

Many students and their families are concerned about the high costs of college, especially if they are working and taking out loans to cover the cost.

It can be *overwhelming* to think about how much you are paying for your education. It seems as though so much is out of your control.

True, you can't control tuition costs, but your decisions can have a major impact on how much college will cost you.<sup>1</sup> You have to **balance your needs versus your wants**.

**Here are three major places you can cut your costs during college:**

1. Balance **working and taking credits** wisely
2. Significantly **cut your spending**, and
3. Carefully think through some **big ticket items**

The following pages are designed to show you how specific decisions can impact the cost of college. They highlight the importance of decisions you are **already making**. ***But don't use our numbers and assume they fit your situation.*** Maybe you make more money per hour than we calculated, or maybe your set costs are higher/lower for some reason. These scenarios are designed to show you some critical decision points. Figure out what the actual costs are to **you** in each of these scenarios to identify the best ways for you to save money.

**\*\*NOTE: DO NOT do financial planning based on these estimates.**

**They do not include all the costs you may have, and prices change all the time.  
In addition, these estimates are only based on the 2011-2012 academic school year.\*\***

---

<sup>1</sup>Estimates used in this worksheet come from: <http://collegecostestimate.ais.psu.edu/cgi-bin/CollegeCostEstimate.exe/launch/CollegeCC/fullcalc>

## 1. Balance working and taking credits wisely (in-state students)

Whether you decide to take fewer credits and work more during the school year or load up on credits and work less to finish school early, your choices impact the amount of money you will need to borrow in loans. Consider how the following students manage their choices:

In-State Tuition Estimates			
	AMY <i>Decides she needs to work 20 hrs/wk so can only take 12-credits per semester. She stays on track by taking 6 credits in the summer.</i>	JEFF <i>Takes a full 15 credits per semester and works just a few hours/week. He keeps his summers open for 40 hrs/wk of work.</i>	SAMMY <i>Loads up on credits each semester and works only in the summer. But he graduates a semester early.</i>
SCHOOL YR TUITION AND FEES (off-campus) <sup>2</sup>	12 credit hours per semester <b>\$17,708</b>	15 credit hours per semester <b>\$17,708</b>	18 credit hours per semester <b>\$17,708</b>
SCHOOL YR EARNINGS <sup>3</sup>	20 hours/week Spring and Fall semesters <b>\$4,350</b>	10 hours/week Spring and Fall semesters <b>\$2,175</b>	No work
SUMMER TUITION AND FEES (off-campus)	6 credit hours per summer <b>\$4,427</b>	No credit hours	No credit hours
SUMMER EARNINGS	20 hours/week during the summer <b>\$2,320</b>	40 hours/week during the summer <b>\$4,640</b>	40 hours/week during the summer <b>\$4,640</b>
1 YEAR TOTAL			
TOTAL TUITION AND FEES (off-campus)	<b>\$22,135</b>	<b>\$17,708</b>	<b>\$17,708</b>
+ BASIC LIVING EXPENSES <sup>4</sup>	<b>\$9702</b>	<b>\$9702</b>	<b>\$9702</b>
- TOTAL EARNINGS	<b>\$6,670</b>	<b>\$6,815</b>	<b>\$4,640</b>
COST LEFT TO COVER	<b>\$25,167</b>	<b>\$20,595</b>	<b>\$22,770</b>

During his Junior year, **Jeff** took out the **fewest loans**. **Amy** took out nearly **\$4,000 more**. But, when you consider the **4-year totals** below, **Sammy** saves himself a full semester's tuition and starts work full-time a semester early, adding at least \$4,350 to his earnings. His tuition savings make him **better off**.

	AMY	JEFF	SAMMY
TOTAL TUITION AND FEES (off-campus)	<b>\$88,540</b>	<b>\$70,832</b>	<b>\$61,978</b>
+ BASIC LIVING EXPENSES	<b>\$38,808</b>	<b>\$38,808</b>	<b>\$38,808</b>
- TOTAL EARNINGS	<b>\$26,680</b>	<b>\$27,260</b>	<b>\$18,560 + \$4,350</b>
COST LEFT TO COVER	<b>\$100,668</b>	<b>\$82,380</b>	<b>\$77,876</b>

**Amy's** strategy turns out to be **the most expensive** because of her summer tuition.

<sup>2</sup> All tuition estimates use the 2012-2013 tuition rates. The 1-year estimates are based on junior or senior status in HDFS, meaning the individual has completed at least 59.1 credits. Tuition rates differ based on the number of credits you have completed. The 4-year tuition estimates take this fluctuation into account.

<sup>3</sup> All wage estimates are based on minimum wage (\$7.25/hr) and are pre-tax amounts and total earnings include 4 school years and 4 summers

<sup>4</sup> Calculated from Penn State Cost Calculators, includes off-campus rent and meals during the academic year, not books, transportation, and miscellaneous expenses.

## 1. Balance working and taking credits wisely (out-of-state students)

Whether you decide to take fewer credits and work more during the school year or load up on credits and work less to finish school early, your choices impact the amount of money you will need to borrow in loans. Consider how the following students manage their choices:

Out-of-State Tuition Estimates			
	AMY <i>Decides she needs to work 20 hrs/wk so can only take 12-credits per semester. She stays on track by taking 6 credits in the summer.</i>	JEFF <i>Takes a full 15 credits per semester and works just a few hours/week. He keeps his summers open for 40 hrs/wk of work.</i>	SAMMY <i>Loads up on credits each semester and works only in the summer. But he graduates a semester early.</i>
SCHOOL YR TUITION AND FEES (off-campus) <sup>5</sup>	12 credit hours per semester <b>\$30,164</b>	15 credit hours per semester <b>\$30,164</b>	18 credit hours per semester <b>\$30,164</b>
SCHOOL YR EARNINGS <sup>6</sup>	20 hours/week Spring and Fall semesters <b>\$4,350</b>	10 hours/week Spring and Fall semesters <b>\$2,175</b>	No work
SUMMER TUITION AND FEES (off-campus)	6 credit hours per summer <b>\$7,541</b>	No credit hours	No credit hours
SUMMER EARNINGS	20 hours/week during the summer <b>\$2,320</b>	40 hours/week during the summer <b>\$4,640</b>	40 hours/week during the summer <b>\$4,640</b>
1 YEAR TOTAL			
TOTAL TUITION AND FEES (off-campus)	<b>\$37,705</b>	<b>\$30,164</b>	<b>\$30,164</b>
+ BASIC LIVING EXPENSES <sup>7</sup>	<b>\$9,702</b>	<b>\$9,702</b>	<b>\$9,702</b>
- TOTAL EARNINGS	<b>\$6,670</b>	<b>\$6,815</b>	<b>\$4,640</b>
COST LEFT TO COVER	<b>\$40,737</b>	<b>\$33,051</b>	<b>\$35,226</b>

During his Junior year, **Jeff** took out the **fewest loans**. **Amy** took out over **\$7,000 more**. But, when you consider the **4-year totals** below, **Sammy** saves himself a full semester's tuition and starts work full-time a semester early, adding at least \$4,350 to his earnings. His tuition savings make him **better off**.

	AMY	JEFF	SAMMY
TOTAL TUITION AND FEES (off-campus)	<b>\$150,820</b>	<b>\$120,656</b>	<b>\$105,574</b>
+ BASIC LIVING EXPENSES	<b>\$38,808</b>	<b>\$38,808</b>	<b>\$38,808</b>
- TOTAL EARNINGS	<b>\$26,680</b>	<b>\$27,260</b>	<b>\$18,560 + \$4,350</b>
COST LEFT TO COVER	<b>\$162,948</b>	<b>\$132,204</b>	<b>\$121,472</b>

**Amy's** strategy turns out to be **the most expensive** because of her summer tuition.

<sup>5</sup> All tuition estimates use the 2012-2013 tuition rates. The 1-year estimates are based on junior or senior status in HDFS, meaning the individual has completed at least 59.1 credits. Tuition rates differ based on the number of credits you have completed. The 4-year tuition estimates take this fluctuation into account.

<sup>6</sup> All wage estimates are based on minimum wage (\$7.25/hr) and are pre-tax amounts and total earnings include 4 school years and 4 summers

<sup>7</sup> Calculated from Penn State Cost Calculators, includes off-campus rent and meals during the academic year, not books, transportation, and miscellaneous expenses.

## 2. Significantly cut your spending

There are some areas where students often over-spend, but they don't realize just how much it all adds up. Many students can dramatically cut their living expenses by making wiser choices, which allows them to work less or take out fewer loans to cover their expenses. Consider the different spending strategies of Sally and Meg:

	SALLY <i>Has expensive taste. She spends money to keep up with her friends and feels she has to go out all the time to have a social life.</i>		MEG <i>Manages her expenses well. She spends money when she goes out occasionally, but she and her friends find that hanging out without spending money is more rewarding.</i>		What saves you the most (SALLY-MEG=\$ saved)
	What	Yearly Cost	What	Yearly Cost	
COFFEE	Latte (\$3.50) 5 days a wk	<b>\$630</b>	Makes coffee at home	<b>\$16</b>	<b>\$614**</b>
EAT LUNCH OUT	Eats out (\$6/meal) 5 days a wk	<b>\$1,080</b>	Eats out (\$6/meal) twice a mo Packs lunch the other days (\$1.50/meal)	<b>\$351</b>	<b>\$729**</b>
EAT DINNER OUT	Eats out (\$15/meal) 4x a mo	<b>\$540</b>	Eats out (\$15/meal) once a mo	<b>\$135</b>	<b>\$405</b>
PHONE	Smart phone (\$70/mo)	<b>\$630</b>	Standard cell (\$30/mo)	<b>\$270</b>	<b>\$360</b>
ALCOHOL	Goes out 3x a wk and has 3 beers (\$3/beer)	<b>\$972</b>	Goes out once a wk and has 3 beers (\$3 a beer)	<b>\$324</b>	<b>\$648**</b>
SPRING BREAK	Takes trip over break with friends	<b>\$2,000</b>	Does a service trip with friends	<b>\$85</b>	<b>\$1,915**</b>
CLOTHES	Goes shopping (\$100/mo)	<b>\$900</b>	Goes shopping (\$50/mo)	<b>\$450</b>	<b>\$450</b>
PERSONAL CARE	Gets hair cut every other mo (\$60/cut) Manicure (\$20/mo)	<b>\$420</b>	Gets hair cut ever other mo (\$20/cut) Does nails with friends	<b>\$80</b>	<b>\$340</b>
GYM	YMCA member (\$37/mo plus \$50 joining fee)	<b>\$383</b>	Campus gym member	<b>\$103</b>	<b>\$280</b>
MOVIES	Goes to movies once a mo (\$10/mo)	<b>\$90</b>	Borrows DVDs from friends & library	<b>\$0</b>	<b>\$90</b>
FOOTBALL TIX	Student season tickets	<b>\$218</b>	Hangs out with friends at tailgates and watches game on TV	<b>\$0</b>	<b>\$218</b>
NETFLIX	Online & Mail (\$16/mo)	<b>\$144</b>	Red box twice a mo (\$1/day)	<b>\$24</b>	<b>\$120</b>
MAGAZINES	3 yearly subscriptions (\$15/yr)	<b>\$45</b>	Reads articles online	<b>\$0</b>	<b>\$45</b>
CREDIT CARD INTEREST	Pays \$1,000 on credit card for books & makes minimum monthly payment of 4% of bill with 18% interest rate	<b>\$157</b> in interest, <b>\$419</b> in payments, and still owe <b>\$738</b>	Pays \$1,000 on credit card for books but pays off bill immediately when it arrives.	<b>\$1,000</b>	<b>\$314</b>
AMOUNT SPENT IN 1 YR	<b>\$9,366</b>		<b>\$2,838</b>		<b>\$6,528</b>

**\*\*Look how much you can save just by buying fewer lattes, packing lunch, finding a spring break alternative, and/or trimming down your alcohol consumption...!**

Now, try writing out your numbers by creating a budget sheet, or using the budget sheet we created.

### 3. Carefully think through some big-ticket items

#### a. Meal Plan or Not.

While the meal plan is convenient, it is an expensive choice for food. Instead, consider how much money you can save by opting not to have the meal plan your sophomore, junior, and senior years.

	JAY <i>Decides to keep the meal plan all 4 years, despite living off campus.</i>	RACHEL <i>Decides to only have the meal plan the first year of school when on campus.</i>
MEALS	Meal Plan for 4 years: \$532/mo <sup>8</sup> <b>\$19,152</b>	Meal Plan for 1 year: \$532/mo <b>\$4,788</b> No meal plan for 3 years: \$200/mo <b>\$5,400</b>
TOTAL 4 YR COST	<b>\$19,152</b>	<b>\$10,188</b>

Rachel saves about **\$8,500** simply by managing her own groceries and food.

#### b. Car or Not.

If you decide to have a car around town you could spend hundreds of dollars on car related expenses. Consider some of the estimates below:

For what	Yearly Amount
Gas	\$900 (\$100/mo)
Parking at your apartment	\$900 (\$100/mo)
A commuter parking pass	\$90
Emissions/Inspections test	\$70
Car Insurance	\$720 (\$80/mo)

These estimates exclude maintenance and/or actual monthly car payments and still show that having a car can cost at least **\$2,680** an academic year. Rather, it is much cheaper to walk or take the bus.

#### c. Study Abroad or Not.

Because financial aid is adjusted for study abroad, students often don't realize that they could be adding \$5,000 to \$10,000 of additional debt to their total loan amount. While some study abroad opportunities don't add much to your bill, many do (for program details: <http://gpglobalea.gp.psu.edu/index.cfm?FuseAction=Programs.SimpleSearch>).

#### Do you want to go overseas and not pay so much?

- (1) Find a **program** where the tuition and cost of living is similar abroad as at PSU.
- (2) Enroll in an **embedded course** or **faculty-led program**, which tend to offer an abroad experience for a shorter length of time at a lesser cost (search on <http://gpglobalea.gp.psu.edu/> under "programs" for such courses).
- (3) Do an overseas **service project** with some friends through a local service organization or your religious institution.
- (4) Or, go **backpacking** overseas with some friends after graduation—travel to different countries and stay in hostels. Make a budget in advance and stay for as long as you can afford to.

*(revision date: 4/15/13)*

<sup>8</sup> Estimates used in this worksheet come from: <http://collegecostestimate.ais.psu.edu/cgi-bin/CollegeCostEstimate.exe/launch/CollegeCC/fullcalc>