



# Guide to Budgeting

Budgeting helps you understand how your income affects the choices and priorities you will face when you begin your career. An important part of that knowledge is related to the kinds of expenses you think you will have when you live on your own. For example:

- Will you live alone? With your parents? With roommates?
- What will it cost to live where you'd like? Do you plan to rent an apartment or buy a house?
- Is college a part of your plan? If so, how much money will you need to attend college?
- How much money will you need for food and clothing?
- How will you get around? Will you have a car or use public transportation?
- What kind of social life do you want? What will you do for entertainment?
- How will you save money for emergencies and future retirement?

The *Budget Calculator* helps you identify future expenses and estimate the income you'll need for your lifestyle. Enter your projected expenses in the 12 categories and see your *Target Salary* like the example shown here:



## Estimating Your Monthly Expenses

Generally, the level of education you achieve can affect your earning potential. The sample costs below show the average monthly expenses for different levels of education.

Level of Education	Median Income for Young Adults
No High School Diploma or equivalent	\$22,910
High School Diploma or equivalent	\$29,960
2-Year, Associate Degree	\$35,720
4-Year, Bachelor's Degree	\$46,900

Source: National Center for Education Statistics, *2012 Digest of Education Statistics*, Table 502.30, [https://nces.ed.gov/programs/digest/d13/tables/dt13\\_502.30.asp](https://nces.ed.gov/programs/digest/d13/tables/dt13_502.30.asp)

## Typical Monthly Living Expenses (2012)

Expense Item	Monthly Expenses					Factors that decrease cost	Factors that increase cost
	Education Level				Family Avg OH		
	No HS	HS	2-Year	4-Year			
Housing	460	572	762	1008	824	Share apartment with others; live with parents; get smaller apartment or house; shop for better interest rates or rental terms.	Bigger yard/property; more rooms or living space; apartment with prime location or lots of amenities (garage, lounge, club memberships, etc.).

Utilities (see table below)							
Expense Item	Monthly Expenses					Factors that decrease cost	Factors that increase cost
	Education Level				Family Avg OH		
	No HS	HS	2-Year	4-Year			
Food	326	412	554	660	538	Buy and cook only what you need; take your lunch to work; use a shopping list; use coupons; buy store brands.	Eat in restaurants frequently; buy kitchen gadgets you rarely/never use; buy luxury food items and beverages.
Transportation	319	518	861	901	537	Buy a used car; compare lease agreements; ride a bicycle; carpool; keep your car well maintained.	Buy luxury or sports car; parking or traffic tickets; frequent unnecessary trips.
Clothes	86	90	132	185	145	Buy clothes that mix-and-match; watch for sales after season; limit clothes that require dry cleaning.	Buy designer label clothes; buy new shoes you rarely wear; expensive accessories and jewelry.
Health Care	167	235	296	349	276	Shop and compare plans; consider a Health Savings Account; schedule preventative physical/dental/ eye exams; buy generic brand medicines.	Unnecessary cosmetic procedures; buy brand names medicine; emergency room visits.
Entertainment	94	135	214	268	214	Find specials or reduced fees for events and activities; rent a game or movie instead of buy; have friends over instead of going out.	Go on several vacations; go to concerts and movies; take up expensive hobbies.
Personal Care	24	32	52	64	53	Create your own fitness routine at home; buy discount personal items; style or cut your own hair.	Hiring a personal trainer or join a gym; regular visits to the spa or barber; name brand cologne or perfumes.
Miscellaneous	25	57	58	77	65	Plan for birthdays and other gifts; save up for large purchases.	Host an expensive party or get together; impulse purchases; owning a pet.
Savings						Determine a percentage of your income to save each month (2-10%).	
Training/School Expenses	10	17	79	149	100	Apply for scholarships and grants; buy used textbooks; compare tuition costs between schools.	Take unnecessary classes; excessive supplies or equipment; repeating courses that you didn't pass.
Loans						Avoid too much of debt by planning purchases, limiting credit card use and saving for emergencies.	

## Typical Monthly Utility Expenses

Item	Monthly			Factors that decrease cost	Factors that increase cost
	Low	Average	High		
Utilities					
Electricity	60	92	125	Limit air conditioner use; use a ceiling fan; buy energy efficient appliances; unplug adapters and surge protectors when not in use.	Leave on lights, appliances and electronics.
Heating	80	100	120	Lower thermostat and water heater temperature.	Keeping your home warm when you aren't there.
Communications					
Phone	15	37	60	Eliminate a landline by using a cell phone or internet-based phone service.	Add on options or features you rarely use.
Cable	40	60	80	Order basic cable; use streaming services or rent movies.	Order full premium channel plans; watch pay-per-view programs.
Internet	20	47	75	Bundle services; shop yearly for better plans; evaluate if you need internet at home if you have cell phone with data package.	Pay extra for high-speed service.
Cell Phone	7	33	60	Reduce data plan or Internet speed; eliminate land line; use prepaid cell phone plans; decide if you can use Wi-Fi instead of a data plan.	Purchase apps and ringtones; exceed data plan limits with streaming video and gaming; buying unlimited plans or more data than you need.

## Resources for Additional Information

- *A report by the Staff of the Public Utilities Commission of Ohio: Ohio Utility Rate Survey, April 15, 2014*, Ohio Public Utilities Commission <http://www.puco.ohio.gov/emplibrary/files/util/UtilityRateSurvey/Apr14.pdf>.
- *Annual Earnings of Young Adults*, National Center for Education Statistics [https://nces.ed.gov/programs/coe/indicator\\_cba.asp](https://nces.ed.gov/programs/coe/indicator_cba.asp)
- Burt, Erin. "Cost-of-Living Reality Check," *Kiplinger*, last modified April 5, 2007 <http://www.kiplinger.com/article/spending/T050-C006-S001-cost-of-living-reality-check.html>
- *Compare Financial Aid and College Cost*, U.S. Consumer Financial Protection Bureau <http://www.consumerfinance.gov/paying-for-college/compare-financial-aid-and-college-cost/>
- *Consumer Expenditure Survey*, U.S. Bureau of Labor Statistics <http://www.bls.gov/cex/>
- *Zillow* <http://www.zillow.com/blog/rules-of-thumb-for-estimating-apartment-utility-costs-100024/>
- *National Standards: Food, Clothing and Other Items (March, 2014)*, U.S. Internal Revenue Service <http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/National-Standards-Food-Clothing-and-Other-Items>
- *Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, January 2014*, U.S. Department of Agriculture Center for Nutrition Policy and Promotion <http://www.cnpp.usda.gov/Publications/FoodPlans/2014/CostofFoodJan2014.pdf>

## OhioMeansJobs Budget Worksheet

Expense Item	Monthly Cost	Notes
Housing	\$	
Utilities	\$	
Food	\$	
Transportation	\$	
Clothes	\$	
Health Care	\$	
Entertainment	\$	
Personal Care	\$	
Miscellaneous	\$	
Savings	\$	
Training/School Expense	\$	
Loans	\$	