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Minority Graduate Scholarship Programs 2015 Webinar Series

How to Make Your Money Work for You: Budgeting & Managing Funding for Your Doctoral Degree

Presenters:

Dr. Edwin J. Barea-Rodriguez
Professor of Neurobiology
Chair, Department of Biology
University of Texas at San Antonio

Dr. Erick C. Jones
Professor, Industrial, Manufacturing & Systems Engineering
University of Texas, Arlington

UNIVERSITY OF TEXAS ARLINGTON

UTSA

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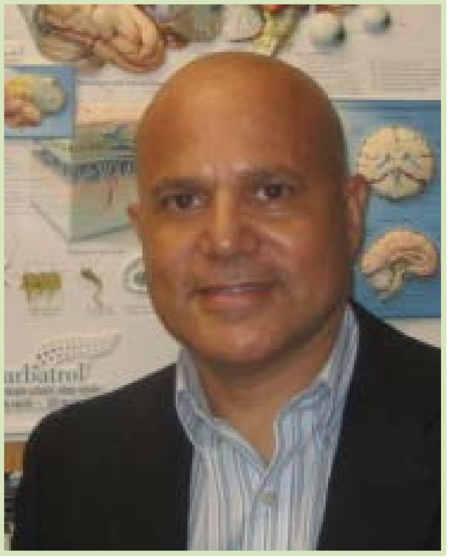
Webinar Presenters



- Dr. Edwin J. Barea-Rodriguez
- Professor of Neurobiology
- Chair, Department of Biology, UTSA
- Director of Sloan MPHD, MARC and RISE programs
- 2014 Sloan Mentor of the Year
- Teaches principles of leadership and financial freedom

Webinar Presenters

- Dr. Erick C. Jones
- Professor of Industrial Engineering, UTA
- Director of RAID and Sloan MPHD programs
- Former Alfred P. Sloan MPHD Scholar
- Fulbright Fellow (Mexico)
- Advises research students on sponsored research projects; presents at financial planning seminars

Webinar Outline

- Objectives
- Expected Outcomes
- Why is Funding Important?
- Types of Funding
- The Risks of Losing Funding
- Budgeting, Savings and Investments as a Hedge Against Funding Risks
- Summary & Questions

Objectives

- Identify Available Funding Sources
- How to Establish a Budget
- Identify Strategies for
  - Managing Funds
  - Maintaining and Increasing Funding Opportunities

Expected Outcomes

Students will be able to

- Identify available funding sources
- Establish a budget
- Identify strategies for managing funding
- Work with faculty to support research

Why Funding is Important

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Why Is Funding Important?

Funding

- Reduces student loan debt
- Limited ability to get loans
- Funding is prestigious and looks good on a resume
- Connection to faculty mentors and advisors
  - Critical to faculty advising and project engagement

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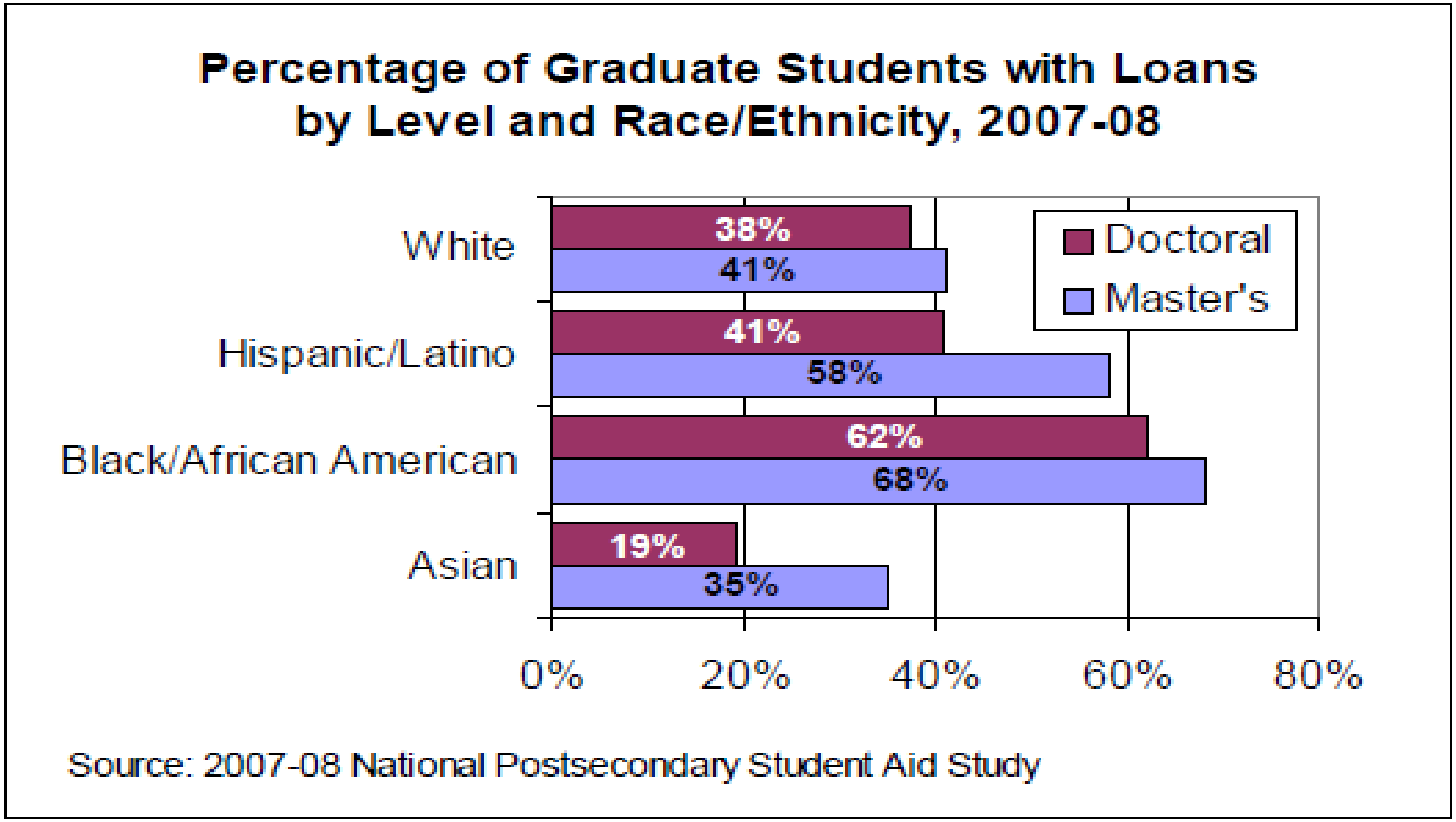
Graduate Student Debt

http://www.cgsnet.org/sites/default/files/CGSFederalRelationsBriefing_1_27_10.pdf



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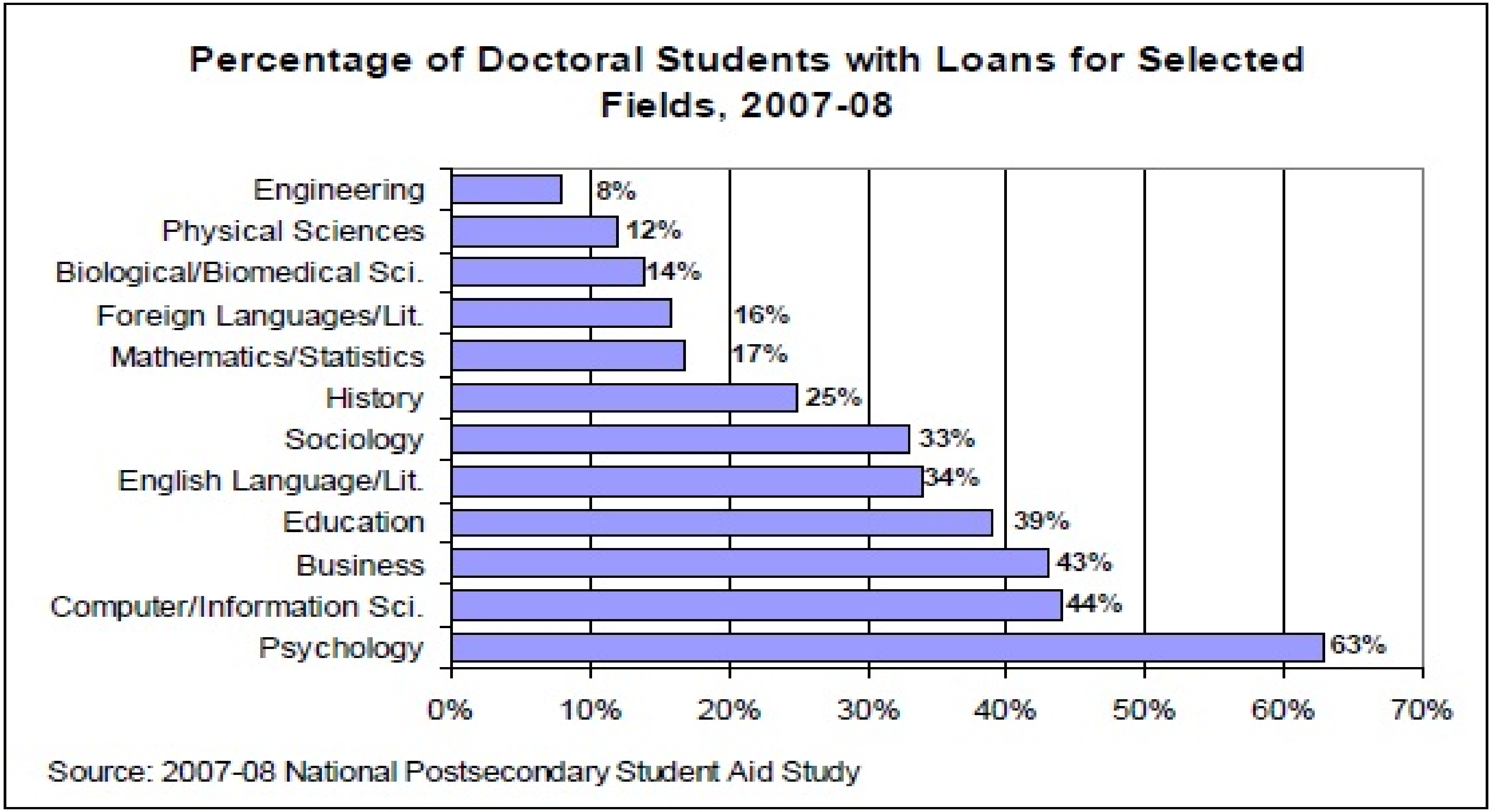
Graduate Borrowing by Field

http://www.cgsnet.org/sites/default/files/CGSFederalRelationsBriefing_1_27_10.pdf



Graduate Debt Burden

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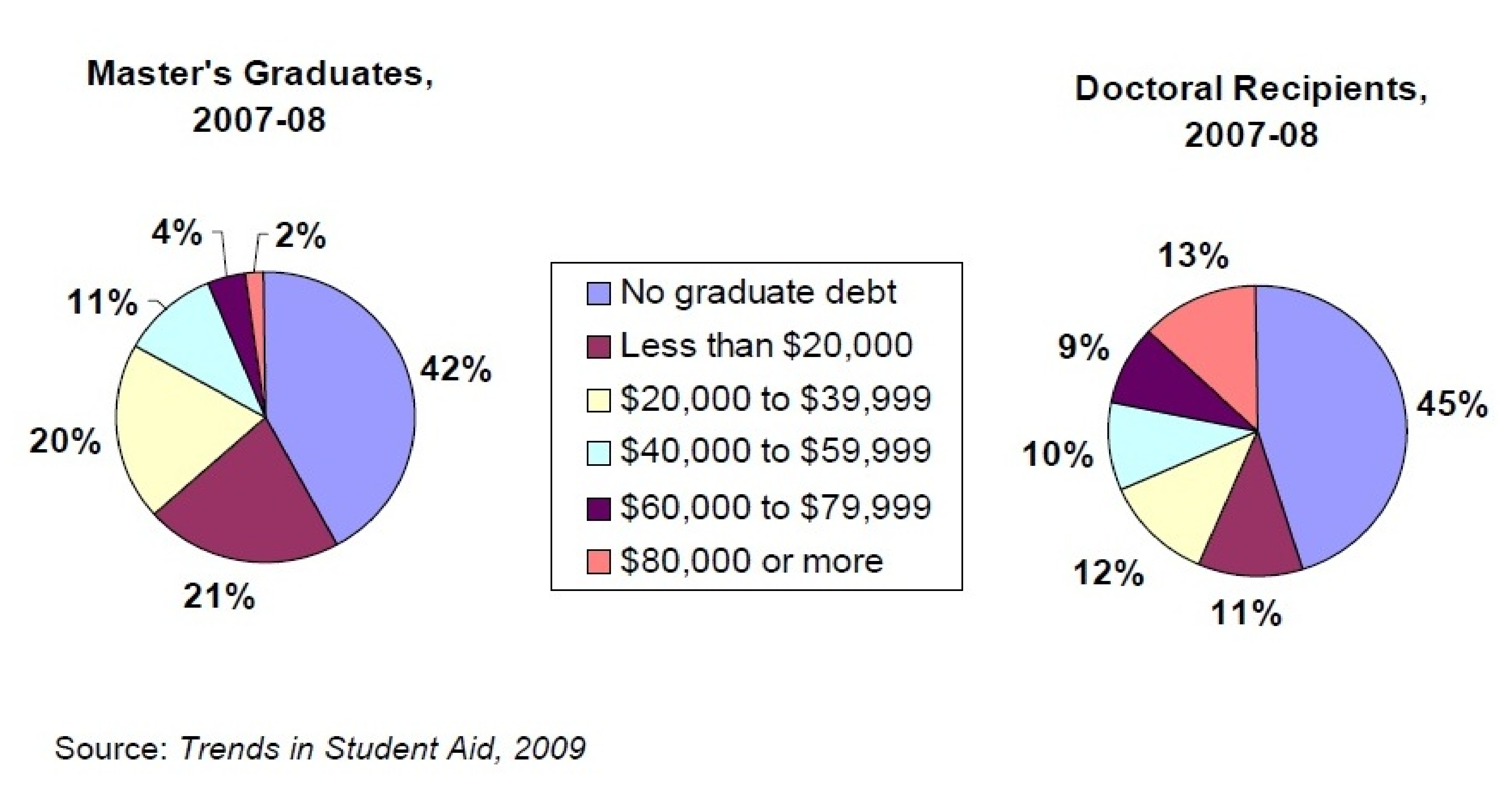

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Graduate Debt Burden

http://www.cgsnet.org/sites/default/files/CGSFederalRelationsBriefing_1_27_10.pdf

- Average cumulative undergraduate and graduate debt burden for graduates

Degree	Amount of Debt
Masters	$51,950
Collective Owing	$22,943,717,500
Doctoral	$77,580
Collective Owing	$3,170,694,600

- Debt burden is highest for African-Americans and Hispanics

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What are Some Types of Funding?

Types of Funding

- Grants
- Scholarships
- Fellowships
  - Recruitment
  - Special needs
  - Faculty associated
- Teaching Assistantships
- Research Assistantships

Grants

- Grants are gifts that you do not need to repay
- Students may receive grants from the
  - Government
  - Private sources of funding
- Grants may require students to maintain GPA throughout academic career
- In graduate school, grants can be used towards travel, research, experiments or projects

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Scholarships

- Scholarships are awards given based on
  - Academic excellence and/or talent
  - Ethnic background or field of study
  - Financial need
- Scholarships vary in amounts and number of years given aid
- There is no need to pay back the money awarded
- Sources of scholarships are
  - School
  - Private funders

Fellowships

- There are 3 types:
  - Recruitment
    - 1st year funding to recruit students
    - Only for one semester or year
  - Special Needs
    - Can be associated with college, department or state
    - Has limited time period
  - Faculty Associated
    - May be required that you work with the faculty member

Fellowships

- Awarded by private organizations, institutions or through the government to graduate and post-graduate students
- Based on merit, need and the institution's or faculty's grant
  - Awarded by schools to students who have been recommended by a faculty member
  - 1 to 4 year stipend with or without tuition waiver

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Teaching Assistantships

- Offers students opportunities to learn
  - How to teach
  - To develop excellent understanding of course material
- Student receives
  - Annual stipend between $6,000 and $15,000
  - Free tuition
  - Experience in and out of the classroom
  - Opportunity to interact closely with faculty members

Teaching Assistantships

- Duties of the TA vary; expect to be responsible for
  - Teaching or assisting with one or more sections of a course
  - Running laboratory sessions
  - Grading undergraduate student papers and exams
  - Holding regular office hours and meeting with students
  - Conducting study and review sessions

Research Assistantships

- Why become a Research Assistant?
- What Does a Research Assistant Do?
- How to get involved as Research Assistant
- Benefits for Faculty

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What are the Risks of Losing Funding?

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Risks of Losing Funding

- Not meeting renewal guidelines or performance requirements
  - GPA
  - Publication record
  - Teaching reviews
- Agency program ending
- Changing faculty researchers
  - Voluntarily and involuntarily

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Budgeting, Saving and Investing as a Hedge Against Funding Risks

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Hedging Against Fund Risks

- Basics of Budgeting
- Saving for a Bad Semester
- Investment
- Common mistakes

Budget Basics

- Develop a theoretical budget vs a real budget (spending plan)
- Zero based budgeting
  - All expenses must be justified every month
- Understand the difference between your monthly budget and the Sloan spending plan
  - Your budget is how you will spend your money
  - The Sloan spending plan is how Sloan will distribute your scholarship funds

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Quickie Budget	
Earnings/Income Per Month	
Salary # 1 (net take-home)	1800
Salary # 2 (net take-home)	1000
Other (less taxes)	
Total Monthly Income	**2800**
1. Giving	
Contributions	
2. Saving (Guide: 5-10%)	**280**
Emergency	100
Replacement	180
Long Term	
3. Debt (Guide: 0-10%)	**450**
Credit Cards:	
VISA	100
Mastercard	100
Discover	
American Express	
Gas Cards	
Department Stores	50
Education Loans	200
Other Loans:	
Bank Loans	
Credit Union	
Family/Friends	
Other	
4. Housing (Guide: 25-38%)	**1100**
Mortgage/Taxes/Rent	1000
Maintenance/Repairs	

Utilities:	
Electric	
Gas	
Water	
Trash	
Telephone/Internet	100
Cable TV	
Other	
5. Auto/Transp. (Guide: 12-15%)	**400**
Car Payments	300
Gas & Bus/Train/Parking	100
Oil/Lube/Maintenance	
6. Insurance (Guide: 5%)	**$ -**
(Paid by You)	
Auto	
Homeowners	
Life	
Medical/Dental	150
Other	
7. Household/Personal (Guide: 15-25%)	**250**
Groceries	200
Clothes/Dry Cleaning	
Gifts	
Household Items	
Personal:	50
Liquor/Tobacco	
Cosmetics	
Other:	
Books/Magazines	
Allowances	

Personal Technology	
Education	
Pets	
Miscellaneous	
8. Entertainment (Guide: 5-10%)	**130**
Going Out:	
Meals	60
Movies/Events	50
Baby-sitting	
Travel (Vacations/Trips)	
Other:	
Fitness/Sports	20
Hobbies	
Media Rental	
Other (Sloan expenses)	500
9. Prof. Services (Guide: 5-15%)	**400**
Child Care	400
Medical/Dental/Presc.	
Other	
Legal	
Counseling	
Professional Dues	
10. Miscellaneous (Guide: 2-3%)	**85**
Small Cash Expenditures	85
TOTAL EXPENSES	**$3,745**
Total Monthly Income	**$2,800**
Less Total Expenses	**$3,745**
Income Over/(Under) Expenses	**($945)**

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SLOAN SCHOLAR MULTI-YEAR SPENDING PLAN
For Academic Year ______________________

Name________________________________ Scholarship Award: ________________
UCEM________________________________ Outstanding Balance: _______________

I will require distribution of my scholarship funds as indicated below:

Academic Year 2014-2015	Stipend	Professional Dev.	**Total**
Fall	$	$	**$**
Spring	$	$	**$**
Summer	$	$	**$**

Academic Year 2015-2016	Stipend	Professional Dev.	**Total**
Fall	$	$	**$**
Spring	$	$	**$**
Summer	$	$	**$**

Academic Year 2016-2017	Stipend	Professional Dev.	**Total**
Fall	$	$	**$**
Spring	$	$	**$**
Summer	$	$	**$**

Academic Year 2017-2018	Stipend	Professional Dev.	**Total**
Fall	$	$	**$**
Spring	$	$	**$**
Summer	$	$	**$**

Total Amount **$**

Saving for a Bad Semester

- A common budgeting mistake for graduate students
  - ➢ Not planning on losing funding
    - Loss of stipend or parental support
    - 1-year stipend or fellowship ends
    - Unplanned expenses
      - ✓ Babies
      - ✓ Car accidents
    - Life happens

Saving for a Bad Semester

- Make saving a habit. Rule of thumb:
  - Save one semester of funding
    Example: stipend = $1500/month
    Semester 5 months
    You should save $1500 x 5 = $7500

- Generally you can live off a half of your income in an emergency
  - You should at least save
    $1500 x 2.5 = $3250

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Saving for a Bad Semester

- Strategies for saving
  - Apply for multiple sources of funding for the year
  - Pay yourself first
    - Put 10% of your funding into a savings account until you reach your emergency goal amount
  - Cover expenses with assistantship only
    - save your 1-year fellowships, scholarships and other short-term funds
  - Understand your tax situation
    - Estimate your tax refund
    - Adjust withholding accordingly

Investment

- Pay off all debt before investing
  - Best investment is to reduce credit card debt
- Avoid risky investments
  - Do not invest in stocks, gold, etc. Your money is easily lost
  - Invest in short-term/liquid instruments
    - Bank savings account
    - Short-term certificates of deposit (up to 1-year)
    - There are fees associated with liquidating instruments before maturity date
    - Stagger maturity dates of short term CDs so one matures every semester

Common Mistakes

- Not saving for emergencies
- Losing money in risky investments
- Incurring a lot of school debt
- Not understanding the differences between funding sources
- Changing or not changing advisors without considering funding

Summary

- Weigh benefits of different types of funding
- Link to research faculty
- Stack your funding
  - Apply to multiple sources
    - Be aware of conflicts
- Graduate with minimal debt

Action Plan

https://www.daveramsey.com/new/baby-steps/

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Baby Step 1

$1,000 to start an Emergency Fund

- An emergency fund is for those unexpected events in life that you can't plan for: the loss of a job, an unexpected pregnancy, a faulty car transmission, and the list goes on and on. It's not a matter of *if* these events will happen; it's simply a matter of *when* they will happen.

Baby Step 2

[Pay off all debt using the Debt Snowball]

- List your debts, excluding the house, in order. The smallest balance should be your number one priority. Don't worry about interest rates unless two debts have similar payoffs. If that's the case, then list the higher interest rate debt first.

Baby Step 3

3 to 6 months of expenses in savings

- Once you complete the first two baby steps, you will have built serious momentum. But don’t start throwing all your “extra” money into investments quite yet. It’s time to build your full emergency fund.

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Baby Step 4

Invest 15% of household income into Roth IRAs and pre-tax retirement

- When you reach this step, you’ll have no payments—except the house—and a fully funded emergency fund. Now it’s time to get serious about building wealth.

Baby Step 5

College funding for children

- By this point, you should have already started Baby Step 4—investing 15% of your income—*before* saving for college. Whether you are saving for you or your child to go to college, you need to start *now*.

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Baby Step 6

Pay off home early

- Now it’s time to begin chunking all of your extra money toward the mortgage. You are getting closer to realizing the dream of a life with no house payments.

Baby Step 7

[**Build wealth and give!**]

- It’s time to build wealth and give like never before. Leave an inheritance for future generations, and bless others now with your excess. It's really the only way to live!

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