



# LEARN HOW TO BUDGET

## For a Travel Study Program

Developing a program budget is an important first step in planning a faculty-led study abroad program. When creating your budget, keep the following basic budget goals in mind.

### Basic Budget Goals

|                                   |  |
|-----------------------------------|--|
| <p><b>Keep Costs Down</b></p>     | <ul style="list-style-type: none"> <li>● All costs associated with faculty-led programs are covered by student program fees, and hence are ultimately borne by students.</li> <li>● We want to keep costs down to make these programs as affordable and accessible as possible to students.</li> <li>● Less expensive choices are often more culturally appropriate. Keep this in mind!</li> </ul>   |
| <p><b>Student Numbers</b></p>     | <p>Your proposal budget should be written for a set number of students that can feasibly be recruited and supported</p> <ul style="list-style-type: none"> <li>● All program costs must be covered using this number of students</li> <li>● If you select fewer or more students, this spending plan may incur a deficit or surplus</li> <li>● Surplus funding may be spent on programs delivering greater value to students</li> <li>● Deficits will need to be reconciled before the program either by using contingency funds, increasing the program cost or making changes to the program to decrease costs.</li> </ul> |
| <p><b>Exchange Rates</b></p>      | <p>Exchange rates constantly change; Protect your budget by budgeting a bit more than you expect to pay</p>  |
| <p><b>Research Prices</b></p>     | <p>Research and get actual prices from vendors in your program location, using local currency whenever possible</p>  |
| <p><b>Economic Conditions</b></p> | <p>Ensure that political and economic conditions will not present barriers to the success of your program. Make sure you will be able to make advance payments and withdraw cash in country</p>  |

|                                       |   |
|---------------------------------------|---|
| <b>Program Staff</b>                  | Budget for two leaders (and extra staff where appropriate)  |
| <b>Allowable/Unallowable Expenses</b> | <p>Know what program funds can and cannot be used to purchase</p> <ul style="list-style-type: none"> <li>● Program funds <b>CANNOT</b> be used to pay for alcohol.</li> <li>● Avoid purchasing <b>durable goods</b> that will have a life after the end of the program. These become property of the program and will be stored by the Center for Global Engagement</li> <li>● Know and abide by MC's Conflict of Interest Policy</li> </ul>                            |
| <b>Contingency Funds</b>              | <p>All budgets must have a 10% contingency fee/student built into the program budget. These funds are <u>often</u> used. Some of the possible expenditures that may require a contingency:</p> <ul style="list-style-type: none"> <li>● Major increases in anticipated airfare or fuel surcharges</li> <li>● Delays or cancellations of flights due to weather/unforeseen circumstances</li> <li>● Currency fluctuation for expenses paid directly overseas.</li> </ul> |

## Program Budget Policies

- At the end of the current program cycle (at the end of May) the program balances are zeroed out, including any surpluses.
- Program funds must be spent in the current fiscal year. Money may not be carried over past May-term.
- Money may not be refunded to students, but may be spent on additional expenses onsite, including meals, extra excursions or emergency expenditures.
- All future program iterations begin and end with a zero balance and will have a separate and independent budget.
- Program directors and program managers will work together to aim for a 'zero balance' of expenses and revenues at the end of every program iteration.
- 

## Vendor Selection

As you plan your program, you should begin to select the companies and individuals who will provide goods and services for your program. Here are some factors you should think about while researching suppliers:

- Have you or a colleague used this vendor before? If not, are you able to find other favorable reviews or ratings? A web presence can indicate a more established company.
- How do their prices compare with other vendors who provide similar services?
- What are their payment terms and how do they accept payment? Note that payment by credit card is by far the fastest method but may incur additional fees.
- See [RFP form](#) and below for more details

Here are some basic best practices for vetting providers. Evaluation of Organization or Company (NAFSA guidelines)

**Mission Alignment:** What is the mission of the organization or company? Does it align with the values and mission of MC? Does the work reflect MC's values and mission?

**Company Age:** What is the age of company or organization?

**Years of Operation:** How many years of experience does the organization or company have in the host country and local community?

**General Liability Insurance:** Does the company or organization have general commercial liability insurance?

**Emergency Response and Crisis Management plans:** We need to know that they will be able to provide

**Duty of Care / Risk Management / Incident Response.**

**Accident Reporting:** What are the accident reporting protocols for serious illness and injuries, vehicular accidents, and death and disappearance?

**Logistical Arrangements:** Can the organization provide good on-location support for students? Clear descriptions of the logistics and services offered by the organization or company.

**Cultural Engagement:** How will the provider provide or connect you to local cultural knowledge and expertise?

**Staff Support:** Does the organization have at least one employee and resources to provide support for students onsite? Details about staff support, including guides, mentors, representatives that will accompany the program and students.

**Accommodations:** Do they provide adequate information on accommodations for students, including location, safety, proximity to worksite. For homestays,

information on how families are solicited, vetted, trained, contracted and evaluated.

Referrals: Referrals from other institutions who have worked with the organization or company in the past.

## Financial and economic climate of your destination

We would also like to mention that it is important to be aware of the financial restrictions of the country. Many countries will have limitations and their own set of rules when it comes to payments and the movement of funds.

We highly encourage you to research these restrictions so that when you are in country, you are equipped to mitigate many of these problems. If your program will need a large cash amount, this may be a stress during your program. It is best to plan early and consider how to either pay your vendors in advance or create an action plan while you are in the country.

### THINGS TO CONSIDER

- Do vendors in your location accept credit cards without chips?
- Are there severe ATM withdrawal limitations? What is the maximum amount that can be withdrawn daily?
- Are there high fees for using ATM machines? Are there ATMs at certain locations or banks that charge lower or no fees?
- Can you pay some of your vendors with U.S. dollars withdrawn in the U.S. before you leave?

### RESOURCES

The [Economist Intelligence Unit](#), provides country-level information and analysis.

## Budget Sheet

Use the MC [Budget Spreadsheet](#) to map out expenses. All program proposals must include a preliminary spending plan created with the Budget Spreadsheet.

## Next steps

- Complete your proposal spending plan using the [Budget Spreadsheet](#)