Muhlenberg College Operating Budget Process

The process for developing the College’s annual operating budget involves several steps and includes input from various members of the College community. The Treasurer’s Office facilitates the process which begins in the Fall semester with the formation of a Budget Advisory Committee (BAC).

BAC is a representative committee comprised of both faculty and staff. Current year BAC members included Kent Dyer, Marten Edwards, Jason Feiertag, Karen Green, Margo Hobbs, John Ramsay and Mark Sciutto. The BAC typically meets three-to-four times during the Fall semester. BAC reviews and discusses various data including changes in household income, AAUP faculty salary averages, tuition and fee rates of competitors, financial aid discount rate, student loan history, and relevant ad hoc articles. The following tables depict some of the data typically reviewed.

<table>
<thead>
<tr>
<th>EXHIBIT I</th>
<th>TUITION, ROOM &amp; BOARD FY '14-15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PRIVATE OVERLAP GROUP</td>
</tr>
<tr>
<td>COLLEGE</td>
<td>13-14 TUTION/FEES</td>
</tr>
<tr>
<td>MUHLENBERG COLLEGE</td>
<td>$42,755</td>
</tr>
<tr>
<td>Bucknell</td>
<td>$46,802</td>
</tr>
<tr>
<td>Dickinson</td>
<td>$46,094</td>
</tr>
<tr>
<td>FordsHam</td>
<td>$45,377</td>
</tr>
<tr>
<td>Franklin &amp; Marshall</td>
<td>$48,456</td>
</tr>
<tr>
<td>Gettysburg</td>
<td>$49,870</td>
</tr>
<tr>
<td>Ithaca</td>
<td>$58,400</td>
</tr>
<tr>
<td>Lafayette</td>
<td>$43,970</td>
</tr>
<tr>
<td>Lehigh</td>
<td>$43,520</td>
</tr>
<tr>
<td>Skidmore</td>
<td>$45,724</td>
</tr>
<tr>
<td>Ursinus</td>
<td>$44,530</td>
</tr>
<tr>
<td>Villanova</td>
<td>$44,140</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>$44,474</td>
</tr>
<tr>
<td>Difference</td>
<td>$3,965</td>
</tr>
</tbody>
</table>
## EXHIBIT II - FINANCIAL AID OVERVIEW

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Aid $</strong></td>
<td>$25,899,349</td>
<td>$27,607,562</td>
<td>$29,166,850</td>
<td>$30,549,968</td>
<td>$32,148,088</td>
<td>$33,941,000</td>
<td></td>
</tr>
<tr>
<td><strong>Financial Aid % Increase</strong></td>
<td>12.4%</td>
<td>6.6%</td>
<td>5.4%</td>
<td>5.0%</td>
<td>5.2%</td>
<td>9.0%</td>
<td>6.23%</td>
</tr>
<tr>
<td><strong>Tuition $</strong></td>
<td>$36,730</td>
<td>$38,110</td>
<td>$39,930</td>
<td>$41,223</td>
<td>$42,470</td>
<td>$43,860</td>
<td></td>
</tr>
<tr>
<td><strong>Tuition % Increase</strong></td>
<td>4.6%</td>
<td>3.8%</td>
<td>4.0%</td>
<td>4.0%</td>
<td>3.0%</td>
<td>3.3%</td>
<td>3.61%</td>
</tr>
<tr>
<td><strong>Student FTE Count</strong></td>
<td>2,193</td>
<td>2,184</td>
<td>2,166</td>
<td>2,178</td>
<td>2,155</td>
<td>2,131</td>
<td></td>
</tr>
<tr>
<td><strong>Student FTE % Increase</strong></td>
<td>0.5%</td>
<td>(0.4)%</td>
<td>0.1%</td>
<td>(0.4)%</td>
<td>(1.1)%</td>
<td>(1.1)%</td>
<td></td>
</tr>
<tr>
<td><strong>Freshman Discount Rate</strong></td>
<td>32.6%</td>
<td>32.3%</td>
<td>34.4%</td>
<td>34.4%</td>
<td>37.6%</td>
<td>39.2%</td>
<td></td>
</tr>
<tr>
<td>w/o Study Abroad</td>
<td>2,108</td>
<td>2,080</td>
<td>2,068</td>
<td>2,069</td>
<td>2,052</td>
<td>2,033</td>
<td></td>
</tr>
</tbody>
</table>

K = Estimate

## TABLE A - COMPARISON OF INCOME SUMMARY MEASURES BY SELECTED CHARACTERISTICS: 2013 and 2012

Households, families and persons as of March 2013.

<table>
<thead>
<tr>
<th>CHARACTERISTIC</th>
<th>2013</th>
<th>MEDIAN INCOME (in 2013 dollars)</th>
<th>PERCENT CHANGE IN REAL INCOME 2013 to 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number (Thous)</td>
<td>Median Inc. ($)</td>
<td>2012</td>
</tr>
<tr>
<td>HOUSEHOLDS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Households</td>
<td>122,932</td>
<td>$51,939</td>
<td>$31,759</td>
</tr>
<tr>
<td>Region</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northeast</td>
<td>22,033</td>
<td>$56,773</td>
<td>$55,421</td>
</tr>
<tr>
<td>Midwest</td>
<td>27,214</td>
<td>$52,032</td>
<td>$51,213</td>
</tr>
<tr>
<td>South</td>
<td>46,499</td>
<td>$48,128</td>
<td>$48,731</td>
</tr>
<tr>
<td>West</td>
<td>27,186</td>
<td>$56,181</td>
<td>$53,958</td>
</tr>
</tbody>
</table>
BAC compares data and trends to the College’s Strategic Plan Budget Model and, ultimately, makes a Macro Budget recommendation to the President. The Macro Budget recommendation contains recommended figures for student charges, miscellaneous income, and a number of broad expense categories. BAC’s recommendation to the President has recently been expressed in the form of ranges for increasing tuition and fees, financial aid discount rate, as well as salary and operating pools. The President then reviews the BAC recommendation and a summary document is prepared for presentation to the Finance & Investment Committee (F&I) of the Board of Trustees. F&I reviews the recommendation with discretion to make changes to the recommended budget. F&I approves and then forwards to the full Board of Trustees for review and final approval at the January Board meeting. The following is an example of the recently approved Macro Budget.
The next phase of the budget process involves the preparation of a tentative detailed operating budget. This phase begins in February with the distribution of budget information to all Vice Presidents, Deans, Budget Directors and Department Heads. Budget Directors submit their requests for operating budgets, new and/or expanded positions, equipment and special projects to their respective Dean or Vice President. Deans and Vice Presidents have discretion to accept, reject and modify all budget requests for their division. The Treasurer’s Office then compiles all of the requests from each Division for review by the President. Final detailed operating, salary, equipment and special projects budgets are not finalized until early May when the incoming freshmen discount rate is nearly finalized.