

## 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.

<i>EXHIBIT I</i>								
<i>TUITION, ROOM &amp; BOARD FY '14-15</i>								
<i>PRIVATE OVERLAP GROUP</i>								
<i>COLLEGE</i>	<i>13-14 TUITION/FEES</i>	<i>13-14 ROOM/BOARD</i>	<i>13-14 TOTAL FEES</i>	<i>14-15 TUITION/FEES</i>	<i>14-15 ROOM/BOARD</i>	<i>14-15 TOTAL FEES</i>	<i>INC %</i>	<i>INC \$</i>
<b>MUHLENBERG COLLEGE</b>	<b>\$42,755</b>	<b>\$10,080</b>	<b>\$52,835</b>	<b>\$44,145</b>	<b>\$10,335</b>	<b>\$54,480</b>	<b>3.1%</b>	<b>\$1,645</b>
<i>Bucknell</i>	<i>\$46,902</i>	<i>\$11,258</i>	<i>\$58,160</i>	<i>\$48,498</i>	<i>\$11,642</i>	<i>\$60,140</i>	<i>3.4%</i>	<i>\$1,980</i>
<i>Dickinson</i>	<i>\$46,094</i>	<i>\$11,568</i>	<i>\$57,662</i>	<i>\$47,692</i>	<i>\$11,972</i>	<i>\$59,664</i>	<i>3.5%</i>	<i>\$2,002</i>
<i>Fordham</i>	<i>\$43,577</i>	<i>\$15,500</i>	<i>\$59,077</i>	<i>\$45,238</i>	<i>\$15,965</i>	<i>\$61,203</i>	<i>3.6%</i>	<i>\$2,126</i>
<i>Franklin &amp; Marshall</i>	<i>\$46,485</i>	<i>\$12,010</i>	<i>\$58,495</i>	<i>\$48,414</i>	<i>\$12,285</i>	<i>\$60,699</i>	<i>3.8%</i>	<i>\$2,204</i>
<i>Gettysburg</i>	<i>\$45,870</i>	<i>\$10,950</i>	<i>\$56,820</i>	<i>\$47,480</i>	<i>\$11,340</i>	<i>\$58,820</i>	<i>3.5%</i>	<i>\$2,000</i>
<i>Ithaca</i>	<i>\$38,400</i>	<i>\$13,900</i>	<i>\$52,300</i>	<i>\$39,532</i>	<i>\$14,332</i>	<i>\$53,864</i>	<i>3.0%</i>	<i>\$1,564</i>
<i>Lafayette</i>	<i>\$43,970</i>	<i>\$13,080</i>	<i>\$57,050</i>	<i>\$45,635</i>	<i>\$13,520</i>	<i>\$59,155</i>	<i>3.7%</i>	<i>\$2,105</i>
<i>Lehigh</i>	<i>\$43,520</i>	<i>\$11,560</i>	<i>\$55,080</i>	<i>\$44,890</i>	<i>\$11,880</i>	<i>\$56,770</i>	<i>3.1%</i>	<i>\$1,690</i>
<i>Skidmore</i>	<i>\$45,724</i>	<i>\$12,802</i>	<i>\$58,526</i>	<i>\$47,314</i>	<i>\$13,228</i>	<i>\$60,542</i>	<i>3.4%</i>	<i>\$2,016</i>
<i>Ursinus</i>	<i>\$44,530</i>	<i>\$11,100</i>	<i>\$55,630</i>	<i>\$46,080</i>	<i>\$11,500</i>	<i>\$57,580</i>	<i>3.5%</i>	<i>\$1,950</i>
<i>Villanova</i>	<i>\$44,140</i>	<i>\$11,856</i>	<i>\$55,996</i>	<i>\$45,676</i>	<i>\$12,278</i>	<i>\$57,954</i>	<i>3.5%</i>	<i>\$1,958</i>
<b>AVERAGE</b>	<b>\$44,474</b>	<b>\$12,326</b>	<b>\$56,800</b>	<b>\$46,041</b>	<b>\$12,722</b>	<b>\$58,763</b>	<b>3.5%</b>	<b>\$1,963</b>
Difference			<b>\$3,965</b>			<b>\$4,283</b>		
			7.5%			7.9%		

**EXHIBIT II - FINANCIAL AID OVERVIEW**

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15		AVERAGE COMPOUNDED INCREASE
<i>Financial Aid \$</i>	\$25,899,549	\$27,607,562	\$29,106,850	\$30,549,596	\$32,148,088	\$35,041,000	E	
<i>Financial Aid % Increases</i>	12.4%	6.6%	5.4%	5.0%	5.2%	9.0%		6.23%
<i>Tuition \$</i>	\$36,730	\$38,110	\$39,630	\$41,225	\$42,470	\$43,860		
<i>Tuition % Increases</i>	4.6%	3.8%	4.0%	4.0%	3.0%	3.3%		3.61%
<i>Student FTE Count</i>	2,193	2,184	2,186	2,178	2,155	2,131	E	
<i>Student FTE % Increases</i>	0.5%	(0.4)%	0.1%	(0.4)%	(1.1)%	(1.1)%		
<i>Freshman Discount Rate</i>	32.6%	32.5%	34.4%	34.4%	37.6%	39.2%		
<i>w/o Study Abroad</i>	2,108	2,080	2,088	2,069	2,052	2,033	E	

E=Estimate

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

*Households, families and persons as of March 2013.*

CHARACTERISTIC	2013		MEDIAN INCOME (in 2013 dollars)	PERCENT CHANGE IN REAL INCOME 2013 to 2012
	Number (Thous)	Median Inc. (\$)	2012	
<b>HOUSEHOLDS</b>				
<i>All Households</i>	122,952	\$51,939	\$51,759	0.3%
<b>Region</b>				
<i>Northeast</i>	22,053	\$56,775	\$55,421	2.4%
<i>Midwest</i>	27,214	\$52,032	\$51,213	1.7%
<i>South</i>	46,499	\$48,128	\$48,731	(1.2)%
<i>West</i>	27,186	\$56,181	\$55,958	0.4%

**MUHLENBERG COLLEGE**  
**STUDENT PAYMENT LOAN HISTORY**

	2014-15 # STUDENTS	\$	2013-14 # STUDENTS	\$	2014-15 VS 2013-14	
					INC (DEC) \$	INC (DEC) %
PAYMENT PLANS	586	\$18,321,176	678	\$19,075,441	(\$754,265)	(3.95)%
DIRECT LOANS	887	\$3,785,388	819	\$3,456,177	\$329,211	9.53%
UNSUBSIDIZED	1,053	\$4,051,082	1,003	\$4,027,016	\$24,066	0.60%
PARENT PLUS	163	\$3,453,686	160	\$3,411,630	\$42,056	1.23%
PERKINS LOANS	115	\$200,000	90	\$162,600	\$37,400	23.00%
OTHER/ACH LOANS	156	\$2,867,577	112	\$1,937,452	\$930,125	48.01%
<b>TOTALS</b>	<b>2,960</b>	<b>\$32,678,909</b>	<b>2,862</b>	<b>\$32,070,316</b>	<b>\$608,593</b>	<b>1.90%</b>

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.

<b>BUDGET COMPARISON</b>						
	<b>PROPOSED FY'15-'16</b>	<b>CURRENT FY'14-'15</b>	<b>DOLLAR DIFFERENCE</b>	<b>PERCENT DIFFERENCE</b>		
<b>I. REVENUES</b>						
<i>TUITION &amp; FEES</i>	\$92,474,820	\$88,516,340	\$3,958,480	4.5%		
<i>AUXILIARY</i>	21,085,873	20,473,367	612,506	3.0%		
<i>ENDOWMENT INCOME</i>	8,622,800	7,290,061	1,332,739	18.3%		
<i>GIFTS</i>	2,351,750	2,300,000	51,750	2.3%		
<i>WESCOE SCHOOL</i>	3,838,439	3,723,110	115,329	3.1%		
<i>OTHER SOURCES</i>	2,604,760	2,529,867	74,893	3.0%		
<b>TOTAL</b>	<b>\$130,978,442</b>	<b>\$124,832,745</b>	<b>\$6,145,697</b>	<b>4.9%</b>		
<b>II. EXPENDITURES</b>						
<i>SALARY</i>	\$39,568,673	\$38,337,848	\$1,230,825	3.2%		
<i>BENEFITS</i>	15,473,194	15,071,467	401,727	2.7%		
<i>OPERATING BUDGETS</i>	24,905,841	24,250,138	655,703	2.7%		
<i>FINANCIAL AID</i>	34,937,358	31,710,042	3,227,316	10.2%		
<i>DEBT SERVICE</i>	4,931,379	4,936,364	(4,985)	(0.1)%		
<i>CONTINGENCY</i>	1,250,000	1,250,000	0	0.0%		
<i>SPECIAL PROJECTS</i>	3,674,348	3,549,348	125,000	3.5%		
<i>EQUIPMENT</i>	1,875,747	1,825,747	50,000	2.7%		
<i>RESERVE</i>	1,589,605	1,542,643	46,962	3.0%		
<i>RESTRICTED</i>	2,672,297	2,259,148	413,149	18.3%		
<i>BAD DEBT</i>	100,000	100,000	0	0.0%		
<b>TOTAL</b>	<b>\$130,978,442</b>	<b>\$124,832,745</b>	<b>\$6,145,697</b>	<b>4.9%</b>		

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.