

MINNEAPOLIS COLLEGE OF ART AND DESIGN BUDGET OVERVIEW

August 3, 2020

HOW IS THE BUDGET DEVELOPED EACH YEAR?

The MCAD budget is developed each year with input across campus and review and approval by the board.

- Between February and March each year, the Business Office sends each budget officer (director, manager, chair, supervisor, associate vice president) a copy of their detailed budget and asks them to review their materials, the actual vs. budgeted spending, and send any requests for changes to their vice president.
- Each area vice president submits changes to their budget with a rationale to the vice president of finance and the president for review.
- The changes are discussed with the Executive Leadership Council (ELC) which is comprised of the Vice Presidents, the President's Executive Assistant/Secretary of the Board, and the President. This a process with a lot of discussion since positions may be cut and expenses will be reduced if the revenue is not enough.
- Some increases and changes are not completely in MCAD's control and cause increases in operating expenses. These adjustments result from factors such as but not limited to the following:
 - Minimum wage in the Twin Cities
 - Cost of health care and other benefits
 - Rental/lease rates
 - Utilities and telephone costs
 - Interest rates on loans
 - Cost of living in the Twin Cities area
 - Increase in the cost of software contracts like Adobe, Learning Management Systems, and Jenzabar
 - Increase in the cost of equipment for student, faculty, and staff use
 - Costs of supplies sold in the art cellar or used in the Service Bureau or Media Center
 - Budgeted scholarship expense
- Other changes in the budget are planned for such as replacing outdated or broken tools, equipment, furniture and other items.
- The largest change in expense is usually for personnel wages and salaries and associated taxes and benefits.
- In order to cover that cost, net revenue has to increase each year. The ELC members analyze the net revenue for the year considering factors including:
 - Private gifts and grants from the MCAD board and other donors
 - Government and other grant opportunities
 - Changes in tuition rates from peer institutions
 - Number of students in each program (new, continuing, and graduating)
 - Number of students in the residence apartments
 - Budgeted scholarships (also known as discounts)
 - Any new programs or changes to current programs
- The Vice President for Finance gathers all the information about revenue and expenses and presents a report to the board for review and approval. The Board approves a preliminary budget in May, and a final one in October after enrollment is confirmed for fall.

WHERE DOES THE MONEY GO? WHAT ARE THE KEY CATEGORIES ON THE EXPENSE PIE CHART?

- Instruction includes all the direct expenses for delivering academic programs, including but not limited to:
 - Faculty salaries and benefits
 - Equipment and supplies
 - Activities and events
 - Shops and Labs
- Academic Support includes all the expenses for supporting faculty and students as they participate in academic programming, including but not limited to:
 - Academic Support Services
 - Exhibition Services
 - Service Bureau
 - Media Services
- Student Services includes all the expenses for supporting students' co-curricular life at MCAD, including but not limited to:
 - Counseling and advising
 - Activities
 - Disability services
 - Registrar
 - Orientation
 - Graduation
- Auxiliary includes housing expenses as well as facilities expenses including but not limited to:
 - Resident Assistants
 - Utilities, cleaning, maintenance & repairs
 - Equipment rental and purchase
- Institutional Support includes all general educational, administrative, and advancement expenses including but not limited to:
 - Technology
 - Business office
 - Enrollment
 - Communications, Design Works and Marketing
 - Financial Aid

WHAT WAS THE CHANGE IN RATES FROM FISCAL YEAR ENDING MAY 31 2020 AND FISCAL YEAR ENDING MAY 31 2021?

The increase in tuition and fees from academic year ending May 2020 to academic year ending 2021 was \$1,398, or 3.5%. Activity fees were unchanged. The rebate offered was \$1,100. Had we rescinded the tuition increase instead of offering a rebate, individual student financial aid awards would have decreased proportionally, thereby hurting our most vulnerable students.

- Annual tuition & fees for FYE 2020 was \$39,946. Annual tuition & fees for FYE 2021 is \$41,344.

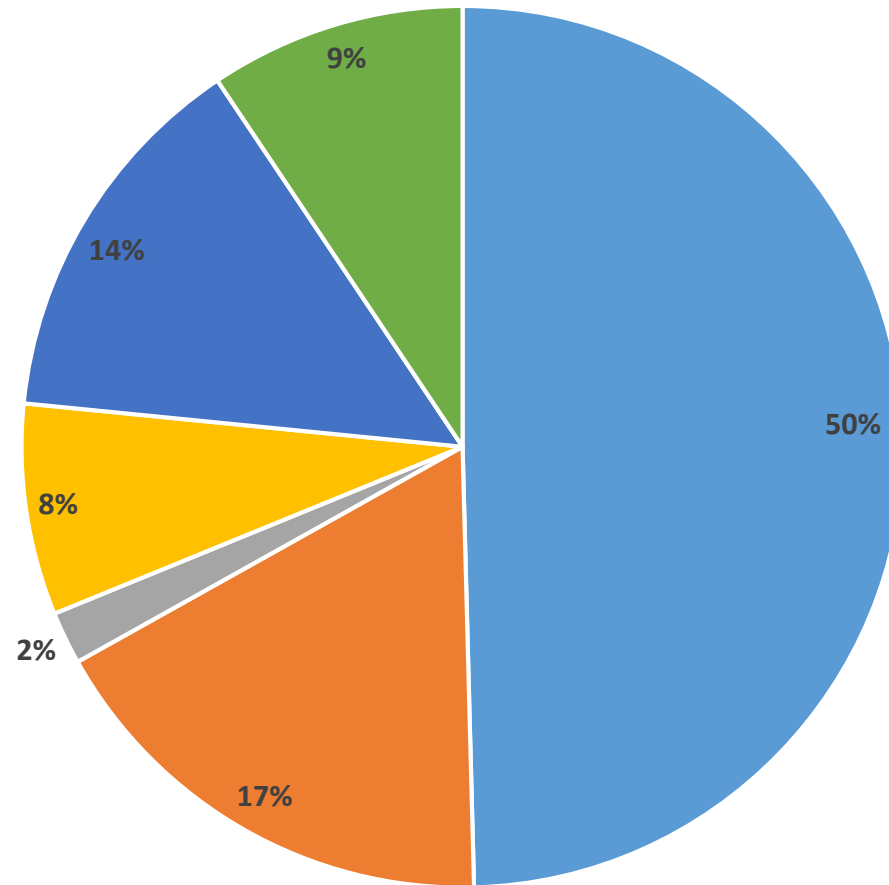
The increase in housing from academic year ending May 2020 to academic year ending 2021 was 3.5%, with an increase ranging from \$125 to \$303 per year depending on the room selection.

- Annual housing rates for FYE 2020 range from \$3,555 to \$8,647 per year. Annual housing rates for FY2021 range from \$3,860 to \$8,950 per year.

WHAT ARE MCAD'S GOALS?

- To serve students and provide an excellent curricular and co-curricular experience
- To ensure long lasting fiscal health so we can continue to serve our students

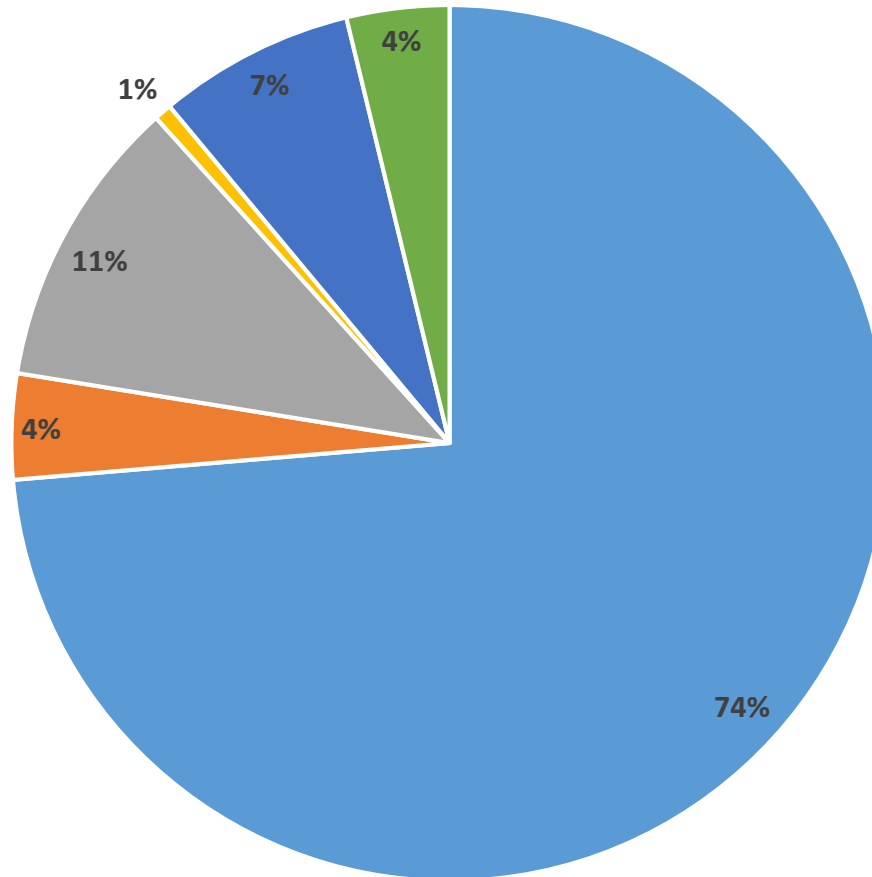
MINNEAPOLIS COLLEGE FOR ART AND DESIGN: EXPENSE COMPOSITION



- Instruction - Curriculum Delivery
- Public Service
- Student Services

- Institutional Support & Fundraising
- Academic Services and Support
- Auxiliary Expenses - including housing, rent, and facilities

MINNEAPOLIS COLLEGE FOR ART AND DESIGN: REVENUE COMPOSITION



- Tuition and Fees (after MCAD Discount/Grants)
- Sales and Services for Educational Activities
- Auxiliary Services (Including Housing)
- Government Grants
- Private Gifts
- Endowment Draws & Returns

**MINNEAPOLIS COLLEGE FOR ART AND DESIGN OPERATING BUDGET
FISCAL YEAR ENDING (FYE) MAY 31 2021**

DESCRIPTION	FYE2021 DRAFT BUDGET
ANNUAL FUND DONOR GIFTS	685,000
ENDOWMENT DRAW FOR OPERATIONS	1,894,070
TRUST INCOME	270,000
TUITION	27,049,482
Less: BUDGETED MCAD SCHOLARSHIPS	(11,620,469)
Less: MCAD TUITION REBATE	(750,000)
STUDENT FEES	360,675
EVENTS ADMISSIONS: ART SALE & AUCTION	90,000
SALES: ART CELLAR, ART SALE, ART AUCTION, COMPUTER STORE, SERVICE BUREAU	1,196,865
HOUSING / RENTAL REVENUE	1,112,500
OTHER REVENUE	620,000
MISCELLANEOUS REVENUE	219,037
TOTAL REVENUE	\$ 21,127,160
PERSONNEL EXPENSES	
SALARIES: BENEFIT ELIGIBLE FACULTY & STAFF	9,985,979
ADJUNCT/ SEMESTER FACULTY; CASUAL AND WORKSTUDY	1,862,852
TAXES, BENEFITS, AND UNEMPLOYMENT	2,539,524
TOTAL PERSONNEL EXPENSES	\$ 14,388,355
OPERATING EXPENSES	
ADVERTISING & PROMOTION & PUBLIC RELATIONS	218,948
CATERING SERVICES	174,286
COPYING AND PRINTING	192,585
DUES & SUBSCRIPTIONS INCLUDING MINNEAPOLIS PRIVATE COLLEGES CONSORTIUM	204,841
EQUIPMENT PURCHASES INCLUDING NEW STUDENT COMPUTERS	755,678
INSURANCE, GENERAL	280,000
LEGAL AND AUDIT	146,500
OTHER PROF. SERVICES, CONSULTING	684,875
OTHER SERVICES INCLUDING ARTIST PAYMENTS	277,400
PAYMENTS FOR LOANS INCLUDING INTEREST EXPENSES	1,418,924
PURCHASE FOR RESALE (ART CELLAR SUPPLIES)	187,940
RENTAL AND MAINTENANCE MFA BUILDING	172,440
SOFTWARE (INCLUDING STUDENT INFORMATION SYSTEM, ACADEMIC, ACCOUNTING)	598,612
TRAVEL	134,096
UTILITIES & TELEPHONE	791,484
OTHER OPERATIONAL EXPENSES INCLUDING:	1,212,917
BUILDING, FURNITURE, EQUIPMENT MAINTANANCE, RENTAL AND REPAIRS	
CLASSROOM/CURRICULAR EQUIPMENT AND MATERIALS	
TRANSFERS INCLUDING TO SCHOLARSHIP FUNDS	
COPYING, PRINTING, POSTAGE & MAILING, SHIPPING & FREIGHT	
TOTAL OPERATING EXPENSES	\$ 21,839,881
NET (REVENUES LESS EXPENSES)	\$ (712,721)