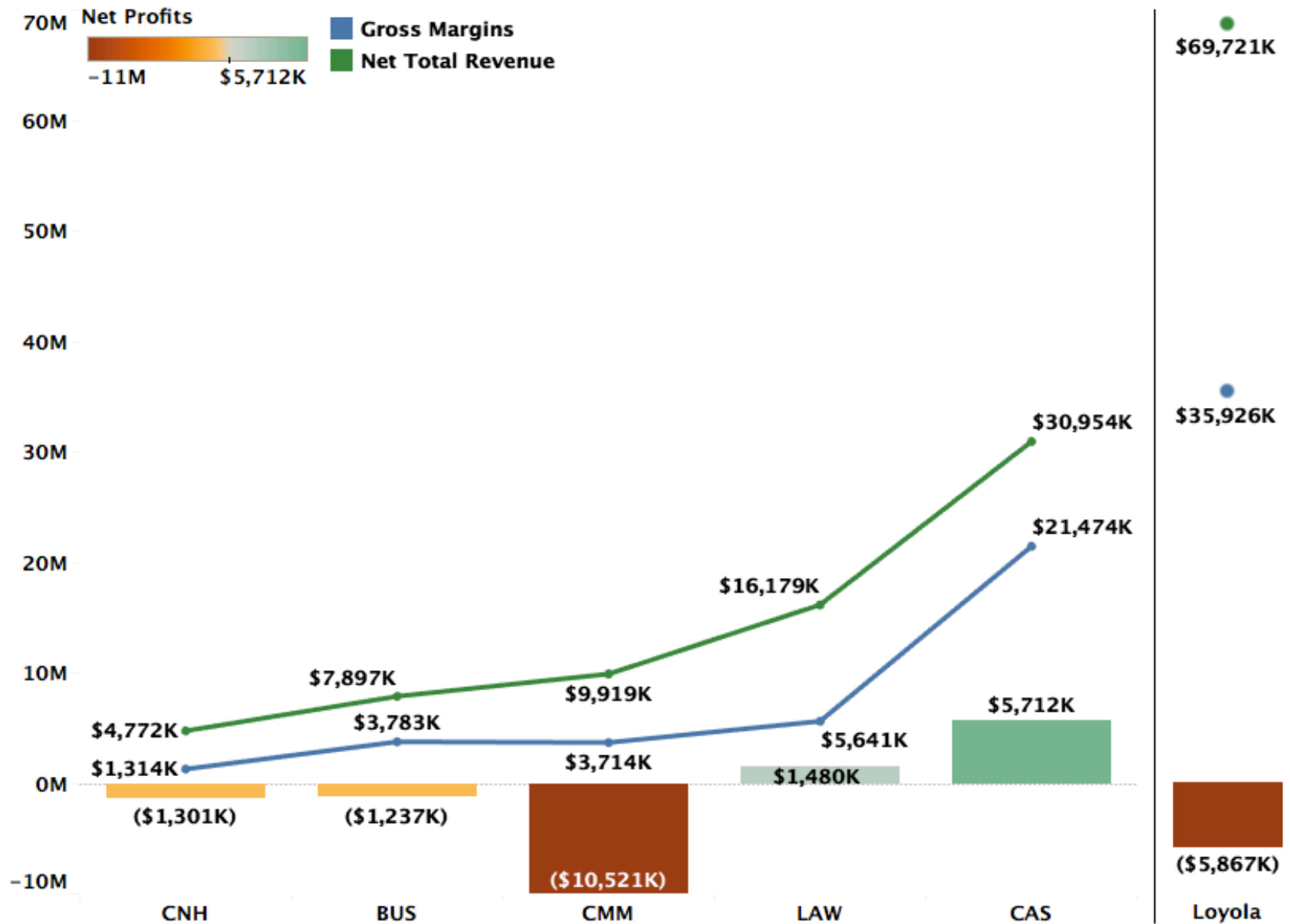


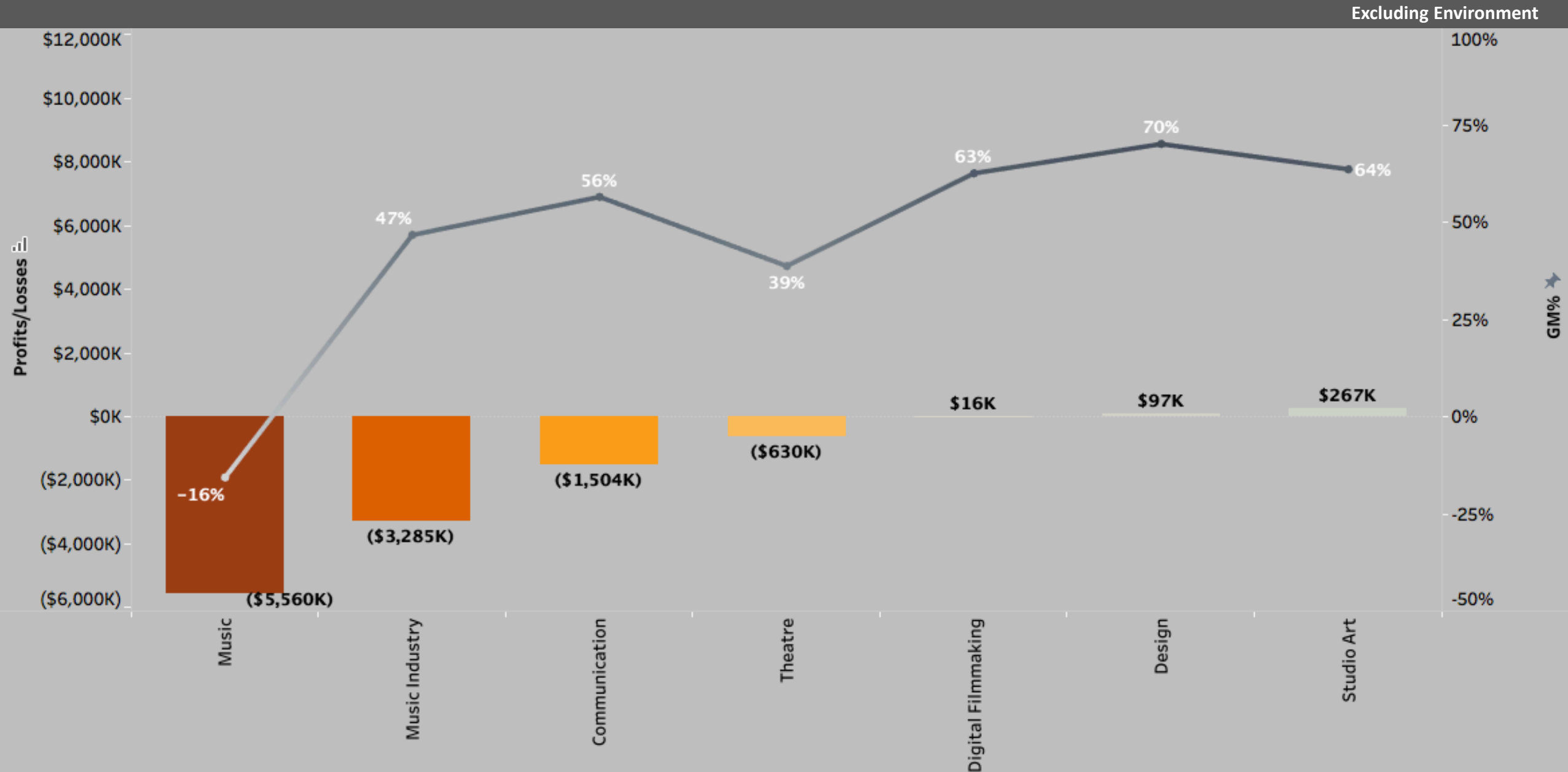
FY21 PROJECTED PROFITABILITY ANALYSIS

**College of Music and Media,
LOYOLA UNIVERSITY, NEW ORLEANS**

Profitability by College FY21 Projections



Profitability and GM% by Department (FY21 Projections)



DEFINITIONS

Total Revenue (TR): TR includes revenue for courses taught by the faculty of a department across all three terms, distributed revenue for courses that do not belong to a specific department, and distribution of revenues from courses of programs like Study Abroad that do not have any assigned faculty.

Avg. TR per credit (FY20) for Fall and Spring semesters is \$577

Gross Margins (GM): $GM = TR - \text{Direct Costs}$. Direct costs include salaries, operating costs, and fringe benefits.

Avg. GM% for FY20 = 54%

Profitability = $GM - \text{Indirect Costs} + \text{Indirect Revenues}$. Indirect costs refer to administration costs, auxiliary costs, or college level costs distributed over departments of the specific college. Indirect revenues include auxiliary revenues, dorm revenues, and revenue from other sources.

Methodology FY21 Projections

FY21 Revenue Projections: Revenue projections are based on Fall 2020 enrollments and projected Spring retention rate. FY20 summer revenues are used as proxy for the FY21 summer term.

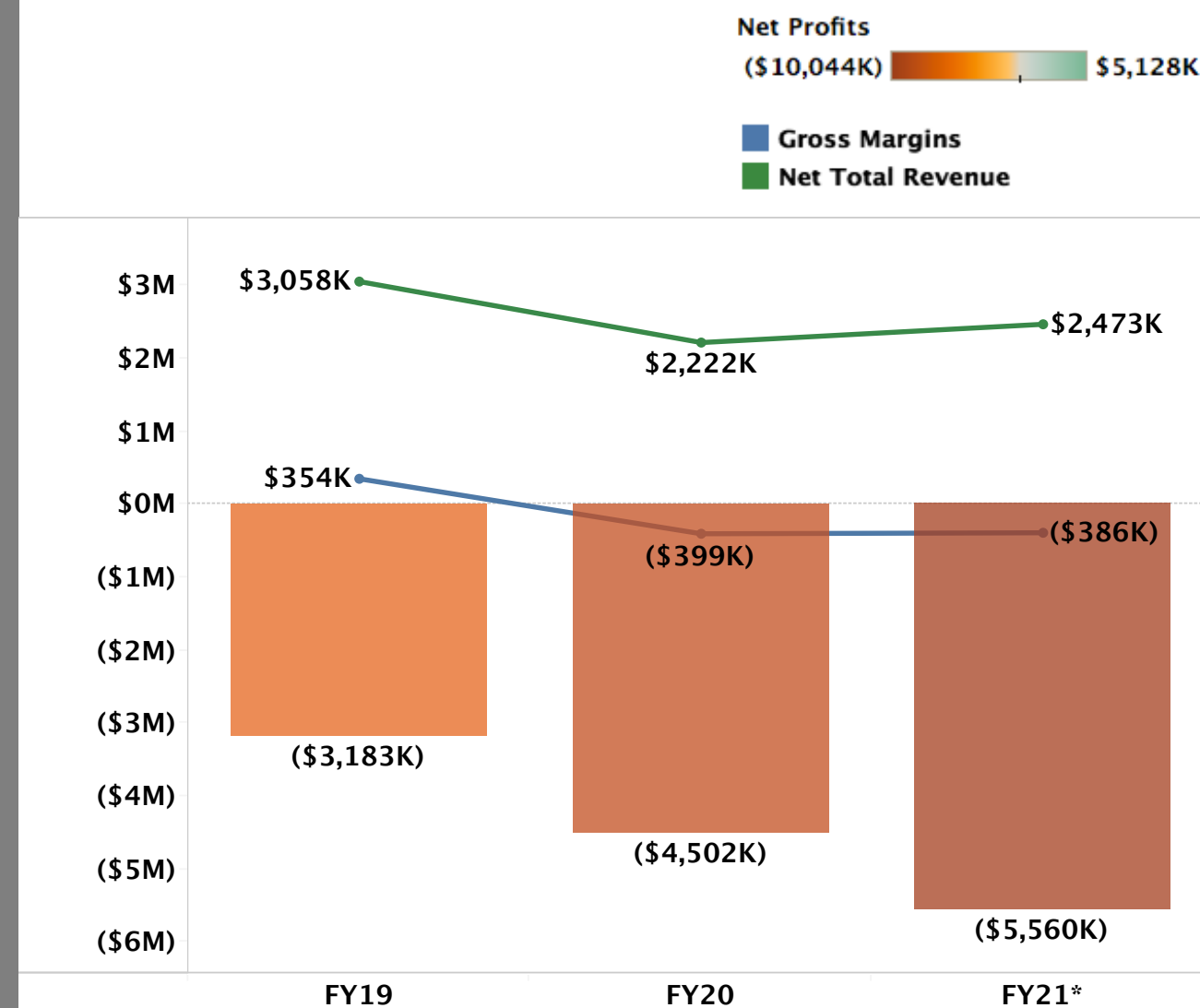
Direct Costs: Direct costs include salaries and operating costs from department budgets. FY20 fringe benefits are used as a proxy for FY21 fringe benefits.

Indirect Costs: Indirect costs in FY20 and FY21 have been higher than previous years and is reflected in department-level profitability. FY21 is also estimated to bring in lower Auxiliary revenues.

DEPARTMENTS WITH WORSENING FINANCIAL PERFORMANCE

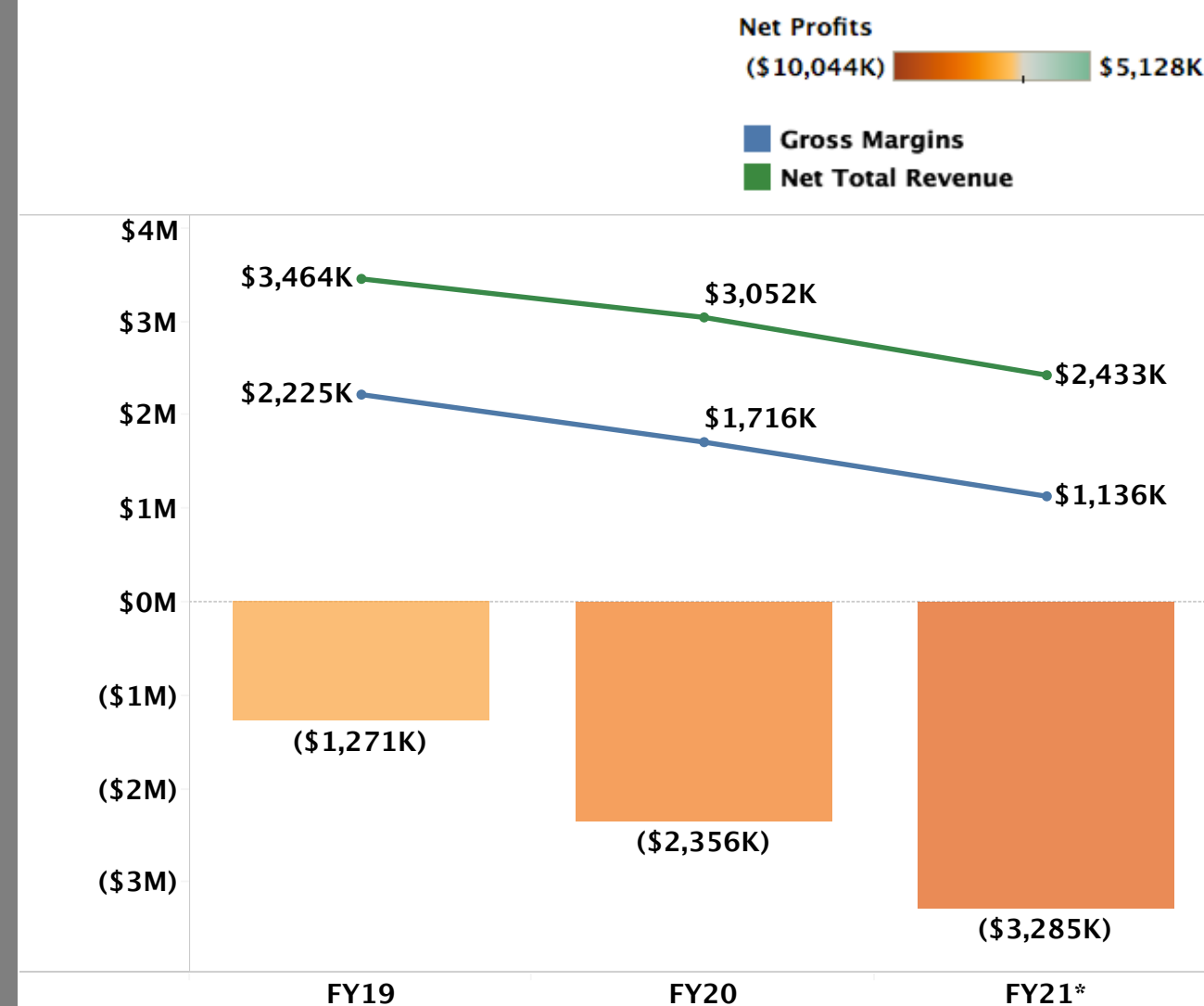
Music

- Music has high enrollment but **also a historically high discount rate which suppresses their TR.**
- Music also has twice the directs costs of an average department which further suppresses their GM% to -18% (FY20) and -16% (FY21).
- GM% for Music was negative in FY20 due to a steep decline in TR without proportional cuts in direct costs. The steep decline in TR was driven by high discount rate as evidenced by TR/Credit of \$387 compared to university average of \$577 and is only seeing a slight recovery in FY21.



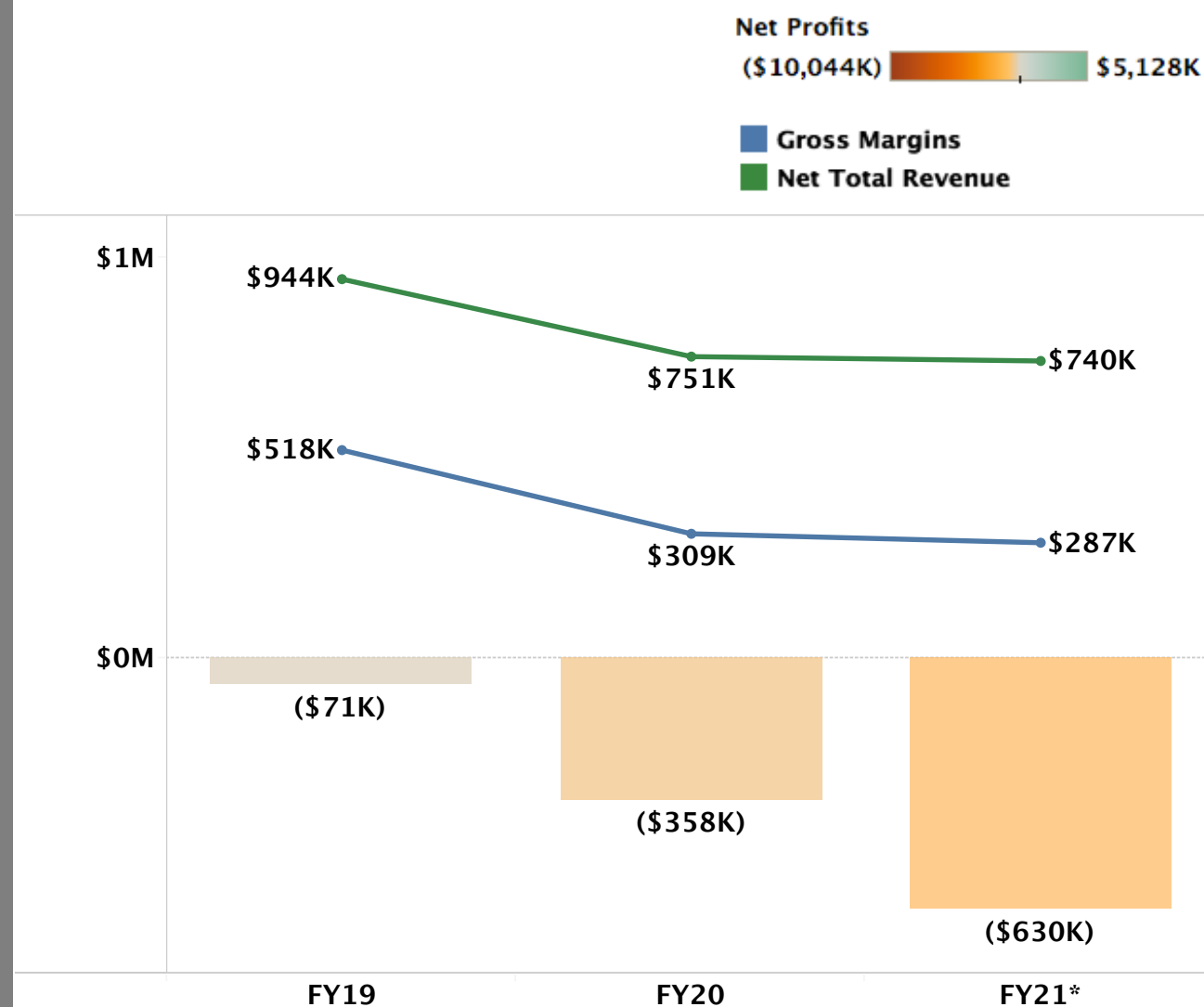
Music Industry

- The TR/Credit for Music Industry decreased from \$698 in FY19 to \$519 in FY20 signifying high discount rates as drivers of low revenues, despite increase in # credits from FY19 to FY20
- The FY21 GM for **Music Industry** is **47%** compared to the university average of 55%
- Increased auxiliary costs and reduced auxiliary revenues because of COVID-19 add to the projected losses in FY21 but the structural issues of high discount rates that have driven losses historically persist



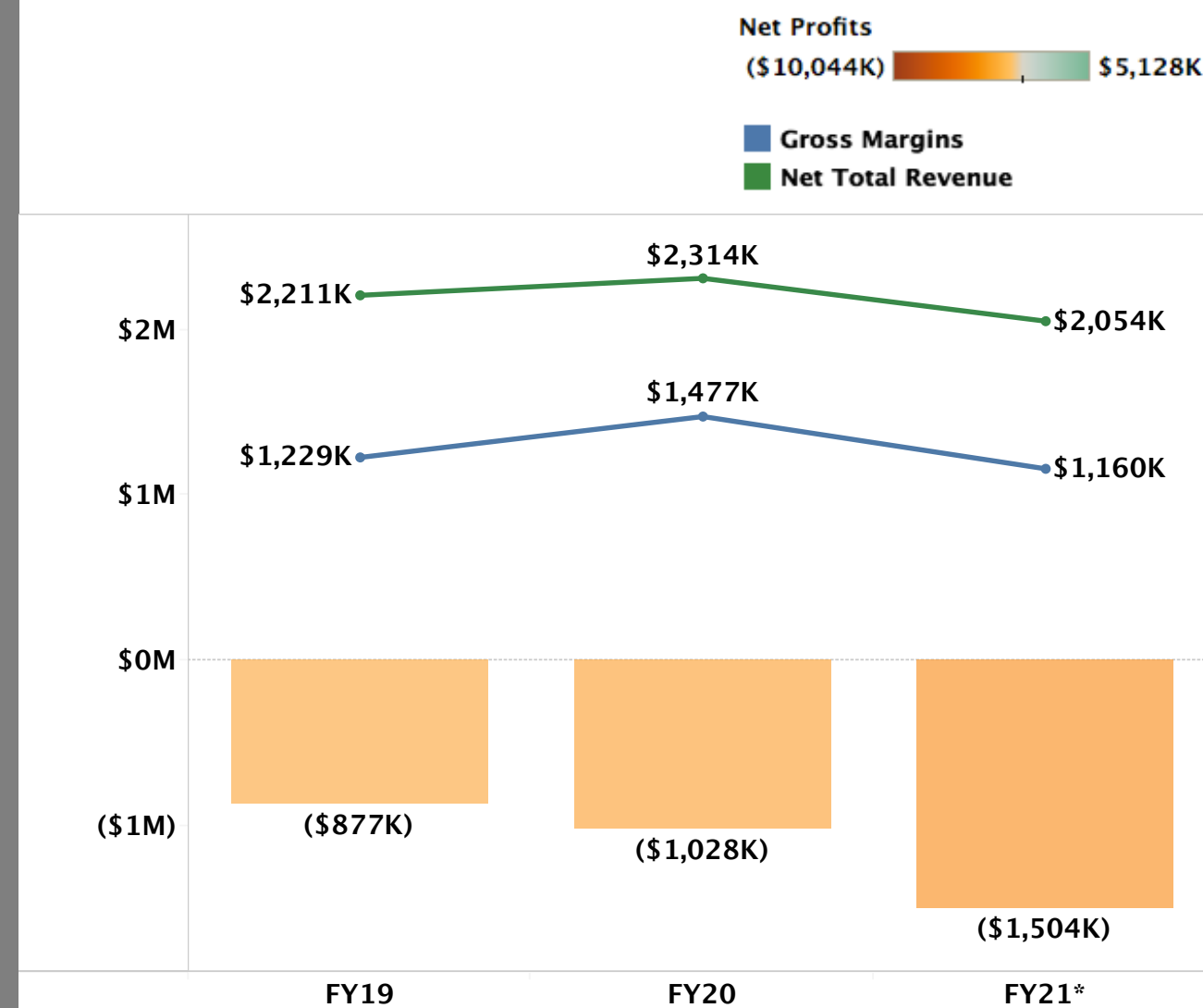
Theatre

- The projected GM for Theatre is 39%, 15 percentage points lower than the university average
- Theatre's low GM is being driven by high discount rates. TR/Credit of \$471 in FY19 and \$425 in FY20 compared to the university average of \$594 and \$577 in both years respectively
- Projected increases in auxiliary costs and simultaneously declining auxiliary revenues because of COVID-19 add to the department's losses



Communication

- Communication had an a slight increase in NTR from FY19 to FY20 but is projected to see a ~11% decline in FY21 due to lower enrollment
- GM of 56% is only slightly higher than the avg of 54%, but is weighed down by indirect costs given the department's size

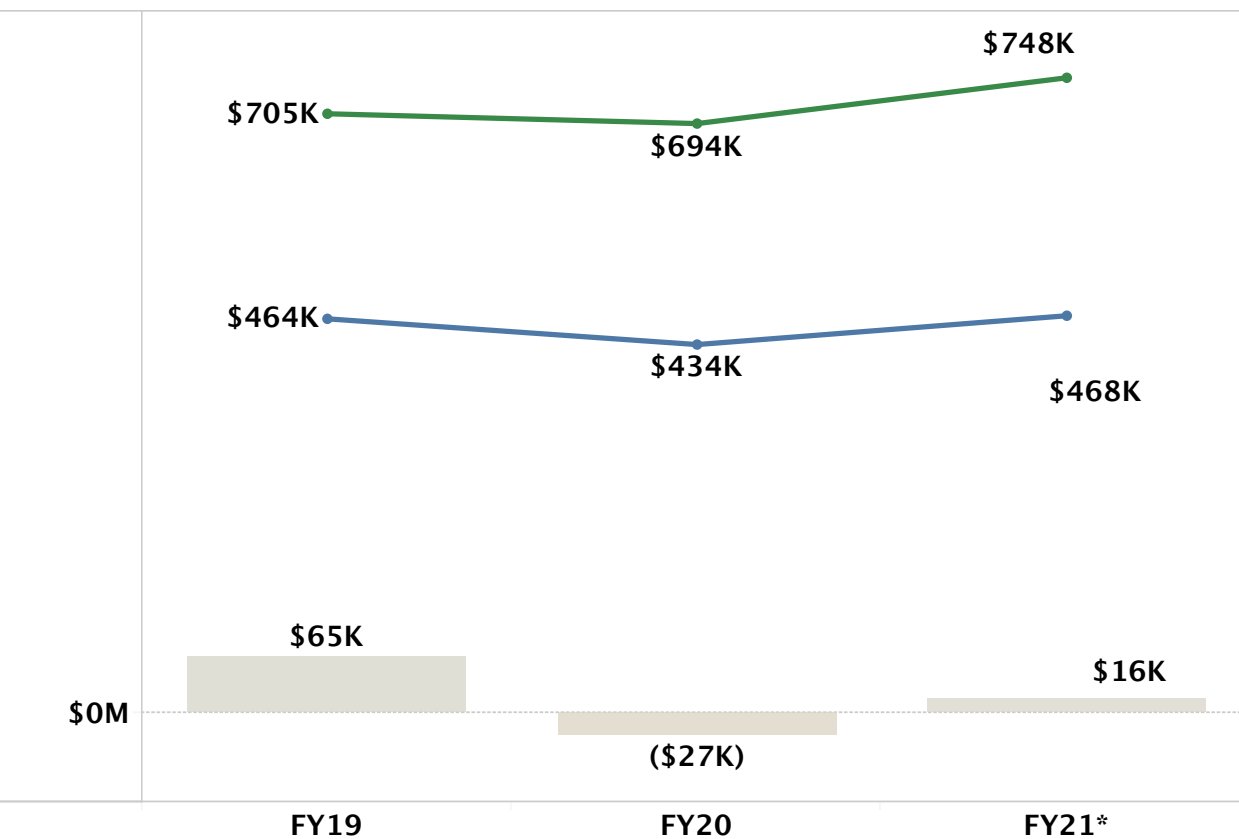


PROFITABLE DEPARTMENTS

Digital Filmmaking and Studio Art

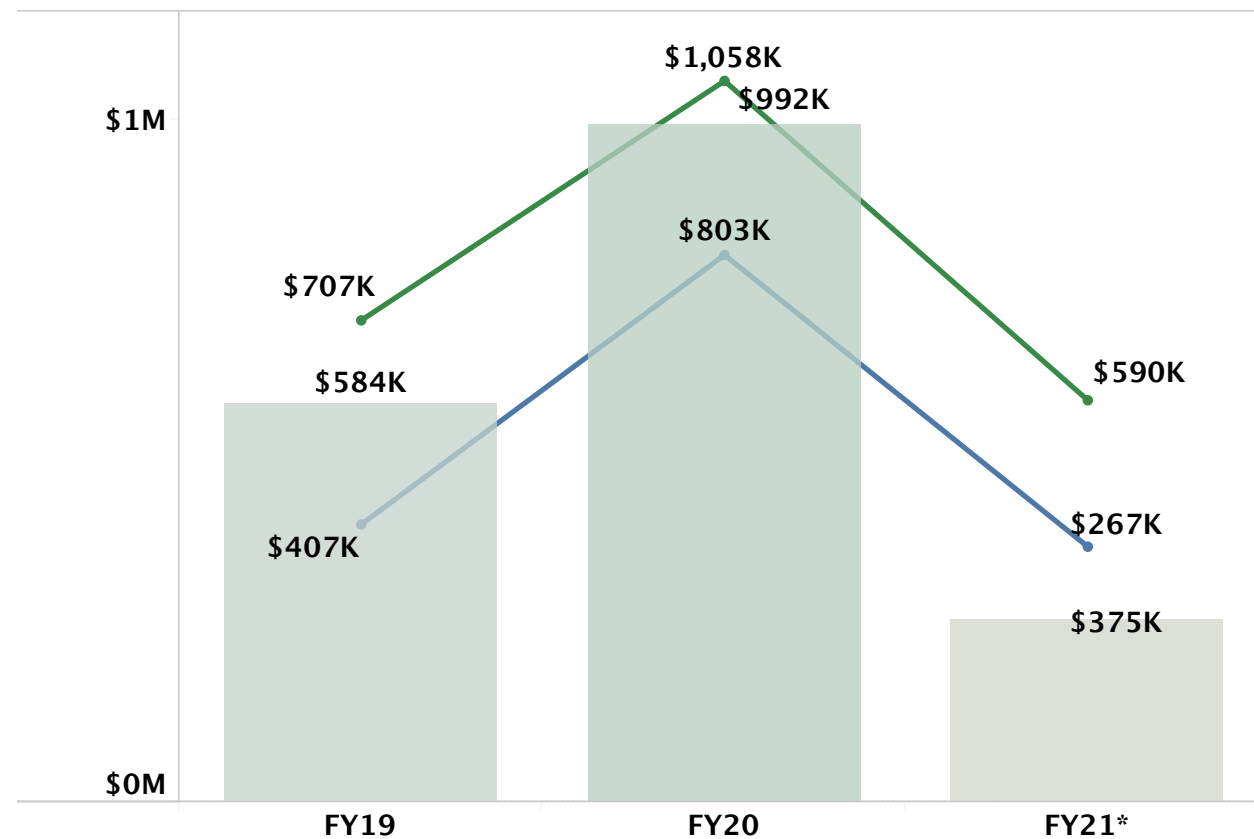
Digital Filmmaking

■ Total Revenue
■ Gross Margins

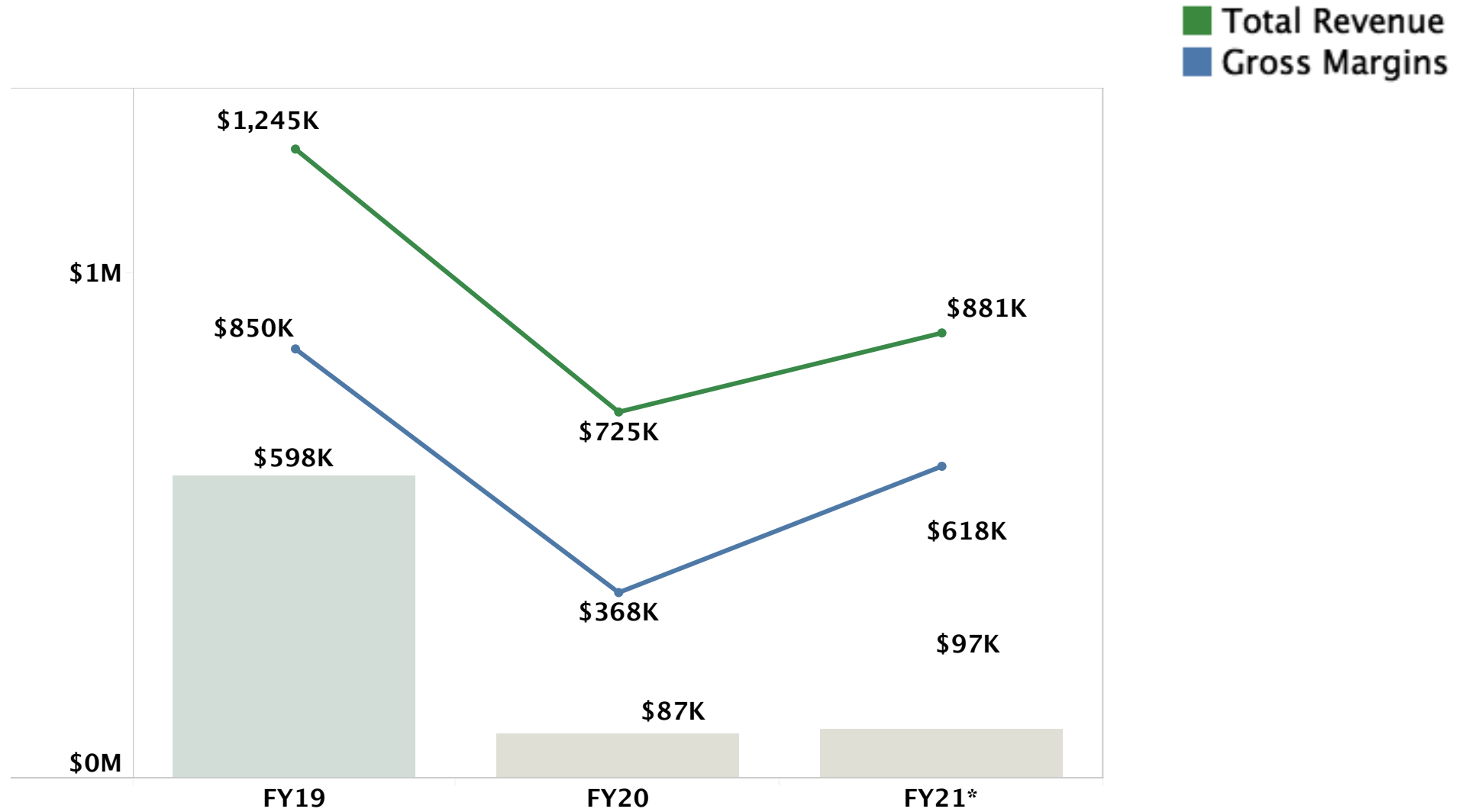


Studio Art

■ Total Revenue
■ Gross Margins



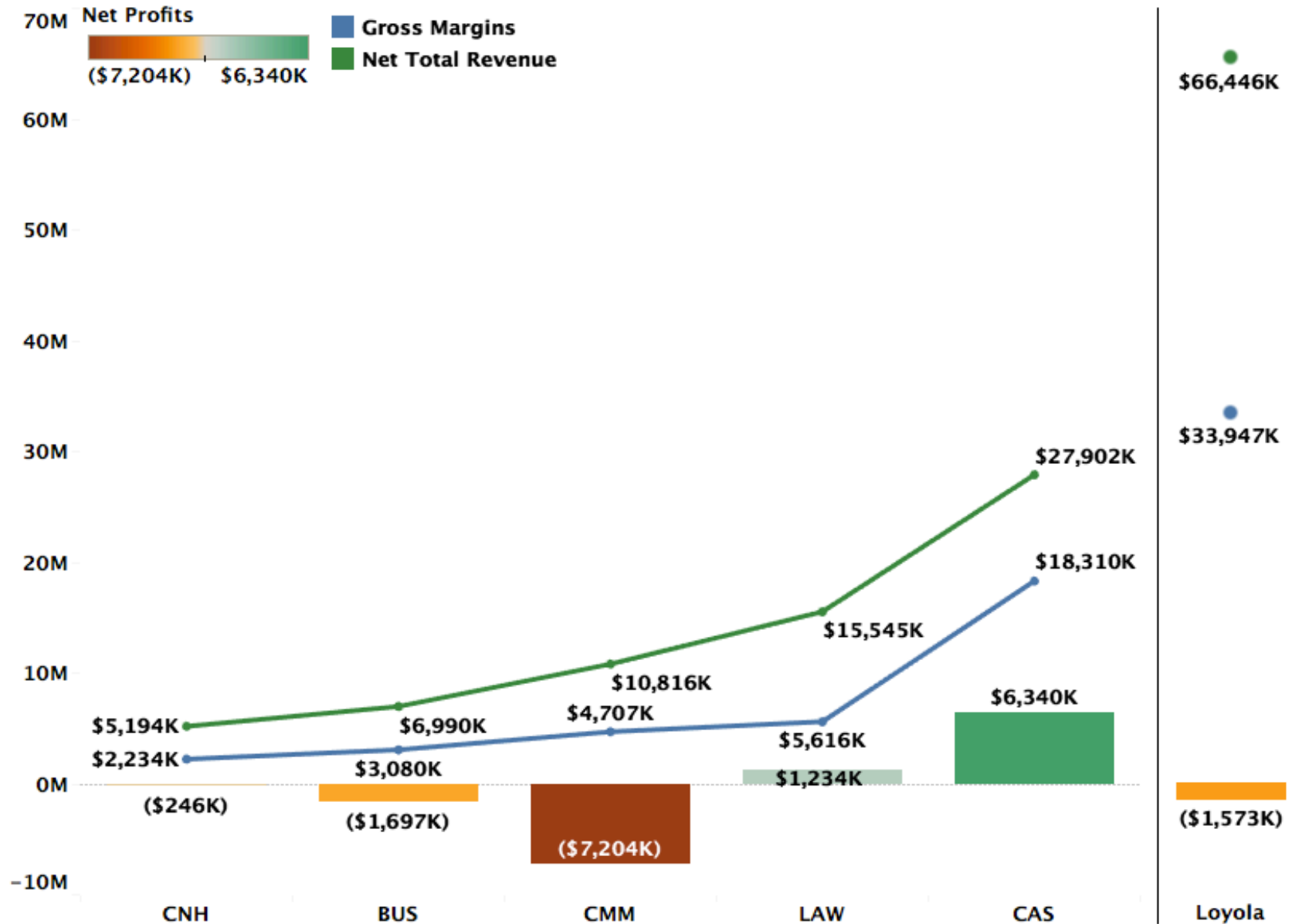
Design



Appendix

(FY19 and FY20)

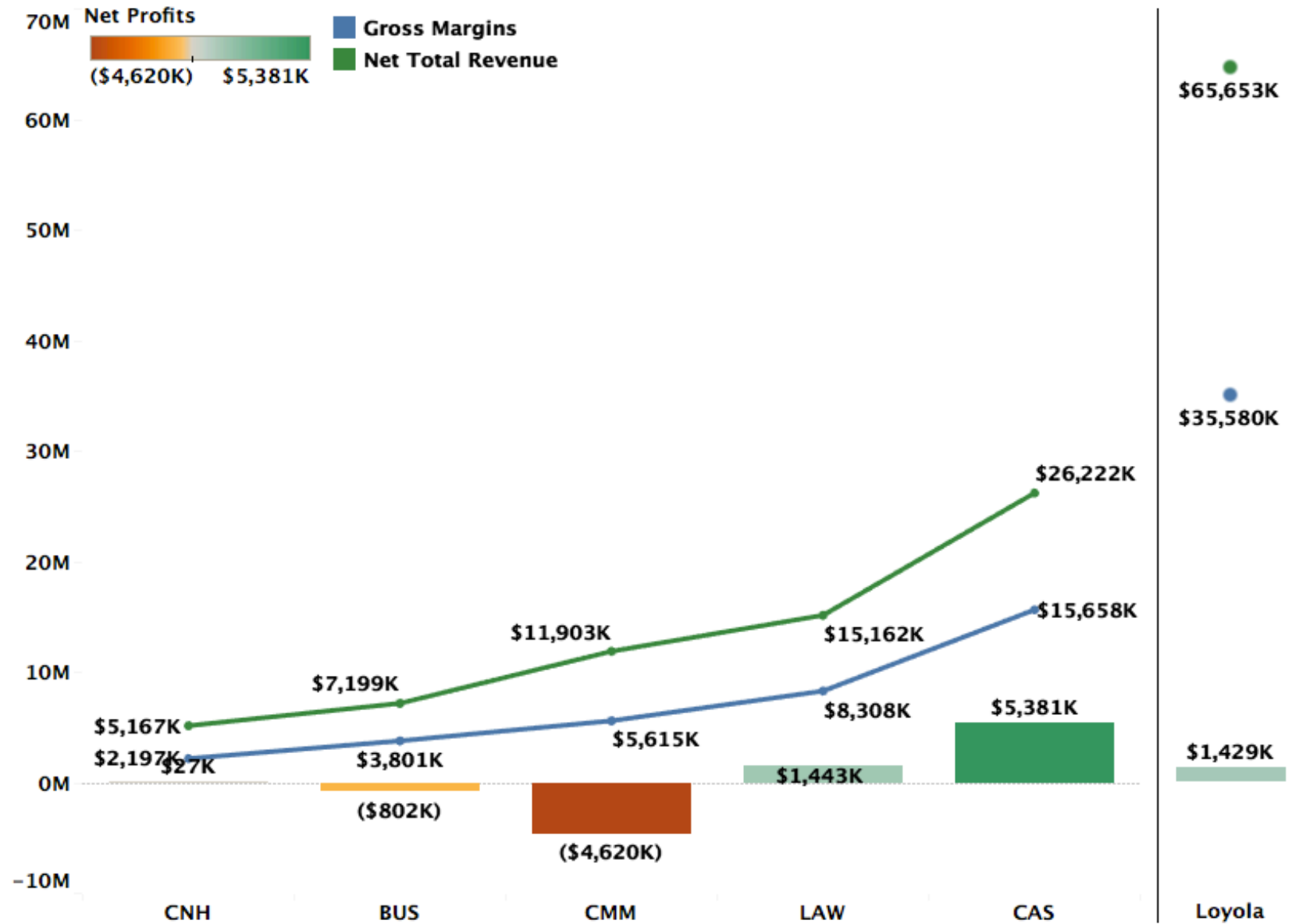
Profitability by College FY20 Actuals



Profitability and GM% by Department (FY20 Actuals)



Profitability by College FY19 Actuals



Profitability and GM% by Department (FY19 Actuals)

