**ARA 396: Professional Practices for Artists and Designers – Fall 2018**

**WORKSHEET/WORKSHOP 6 – BUDGETING FOR EXISTENCE**

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OBJECTIVE

All too often, artists and designers, although talented, do not attend to the business of their practice. Having a basic grasp of the financial tectonics that lay ahead of you will allow you to craft a budgeting tool wherein you can toggle key variables of income and output to assist you in career planning. Consider your personal bare necessities and bottom line. Consider your business structure, expenses, taxes. How much is a “comfortable” yearly salary? How much do you invest back into your business each year? What does growth look like? How much is your time worth?

**Due: November 1, 2018.**

Directions: Answer the following questions, and then create a Studio Budget, or alter the provided Studio Budget Sheet, to reflect the financials of your anticipated business model using the prompts from the questions below.

**Questions to be answered:**

1. Do you identify as a designer, an artist, an arts administrator - what else? What is your specific area of emphasis?

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Artist\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2.) At this point in your practice, which of the following primary opportunities do you see as being your next step after graduation? (you can mark more than one choice):

a.) seeking employment/internship in your field

b.) developing your artistic practice

c.) operating as a freelance creative professional

d.) seek further education

e.) seek employment/internship in a related field

f.) maintain or seek supplemental employment aside of my independent artist/design work

3.) After you graduate, what will be your monthly expenses? List these - rent, utilities, car, phone, insurance (car/ health), food, transportation - gas/transit, wardrobe, school fees, etc. Use the AZET Personal Budget Template as a guide and to provide the answer.

My spending for the month of October was $540.94, I really can’t have an real estimation after I graduate but I would assume it would more than double since I would no longer be dependent on my parents.

1. What income will you need to support yourself on a monthly basis?

A full or part-time job

1. After you graduate, what do you expect your sources of income will be? List all the income sources for yourself (including your family support)

 Income of a job outside of art and parental financial support

1. Imagine a future as an independent artist or freelance designer. What business structure do you feel would best suit your practice?

• Sole proprietorship

• Limited Liability Company (LLC)

• Other:

Why? Provide written rationale describing your choice and how it fits with your professional plans. (If your future plans involve employment at an established company, imagine this choice as if you might create a freelance practice outside of your job.)

Even though I wouldn't need to establish it for a bit of time, I do believe that an LLC will best benefit me because I do want to live off my practice and make a business in my future.

1. Imagine your first year after graduation. Calculate your desired hourly rate, monthly and yearly salary. Be realistic.

• Your desired salary… $**30,000**

Hourly: $15-20

Monthly: $2,400

Annually: **$28,800**

• What percentage of that salary do you hope/plan/expect to earn with your independent practice?

 I would like to make extra money here from my practice, but not expecting it.

• What other employment do you plan to pursue to constitute that salary?

 Consistent Jobs

1. Studio Budget (see provided Studio Budget example): Develop a realistic, initial budget for outfitting an operating studio specific to your beginning practice as an artist. What will you need in your own space to maintain your work, promotional efforts, and communications?

Using the Studio Budget document as a template, categorize your costs into one of three groups:

* One Time-Hard Costs - items that you purchase and use over and over:

*tools, equipment, furniture, computers/printers/scanners, refrigerator*

 $43.83

* Consumable Costs - supply-based items that eventually get used up and need re-stocking: *papers, paints, glue, canvas, snacks, office supplies, business cards, printer ink*

Monthy: $158.63

 *Canvas, wood and hardware to build frames, paint.*

* Recurring Costs: - Costs that regularly recur (monthly, yearly etc.):

*Software fees, rent\*, utilities\*, phone (cell or landline), Document management (HighTail/SmallPDF), Retail fees (Etsy), postage, credit cards, equipment rental, workshop fees (like TechShop membership), Web hosting/domain name, professional organization membership(s), attorney or accountant fees*

 This I’m not sure of because I have had a use for any of these products yet

\*overhead will be a percentage of your rent/utilities unless you plan to have a separate studio space

Add’l Reading/Resource Links:

Sales Tax:

*http://www.sale-tax.com/Arizona https://www.phoenix.gov/finance/plt https://www.azdor.gov/Business/TransactionPrivilegeTax.aspx*

Resource Info:

*http://www.creative-capital.org/pdp/online http://www.aiga.org/Resources/*

Business Structure Info:

*https://www.sba.gov/starting-business/choose-your-business-structure/sole-proprietorship https://www.sba.gov/starting-business/choose-your-business-structure/limited-liability-company*