

CaLARTS

Office of the President

Dear Colleagues,

CalArts is at an inflection point. Like other institutions of higher education, particularly small, private ones, CalArts has been affected by the lingering effects of the pandemic, the changing demographics of the US, inflation, and significant shifts in societal attitudes toward higher education. Yet amid these changes, CalArts' mission—our ongoing educational endeavor grounded in openness, experimentation, critical engagement, and creative freedom—is perhaps more relevant than ever.

In order to sustain this critical mission, CalArts must evolve. We must manage the sociopolitical challenges we face, yes; but more importantly we must find ways to better meet the expectations of our students who demand and deserve a unique educational experience and future-focused curricula—one that will help instill practices and habits of mind to serve them well immediately upon graduation and throughout their creative lives and careers.

To do this, CalArts must take immediate and substantive action to correct our ongoing and increasing operating deficit. The deficit with which we entered this academic year has grown by \$2.9 million from last fall to this spring semester, and is projected to almost double next year absent such action.

The Institute took aggressive steps to counter the deficit through an initial series of measures: We reduced expenditures by \$5.5 million, while the Board of Trustees both authorized an additional endowment distribution of \$6.2 million and approved using a further \$1 million in contingency funds. They asked the Institute to target an additional \$2.3 million in expenditure reductions during the current year to further close the deficit for FY2025. With hard work and creative problem solving from the entire community,

we made progress, but these initial measures were not sufficient to fully mitigate the deficit this year, one that will grow in the year ahead.

It is now clear that CalArts' operating deficit is not short-term, it is structural: one that will repeat year-after-year unless balanced. Simply put, absent significant, substantive changes, the Institute's ongoing expenses will consistently exceed its ongoing revenue. Without significant intervention, the structural deficit is projected to reach \$15 to \$20 million next fiscal year, and is directly related to a reduction in overall tuition revenue. This is due to a number of factors, chiefly an enrollment decline from 1,500 to about 1,200 students, and a lower retention rate for continuing students whose ongoing enrollment constitutes a greater share of our tuition revenue.

Unlike a short-term or one-time budget shortfall, this is a recurring gap that requires long-term solutions, including structural changes in how we operate the Institute. In the coming weeks and months, we will work to design what these changes might entail—and then boldly try them. The changes we attempt must answer the question of how we might better meet the expectations of students today while making our processes and structures more financially sustainable. Some schools and divisions have already started doing this kind of work this year; for example, the music school recently reimaged what their entire undergraduate program structures would be if thought of as a singular cohort.

As we make this journey, we will work with both CalArts' existing and newly recognized labor unions on any changes to existing processes that will affect the conditions of employment for union members. Any changes to the structures of the senior leadership itself will happen through a dialogue between me, members of the Board of Trustees, and with each leadership team member beginning this summer.

While this is a challenging moment for CalArts, it is not without precedent. In 1973, just two years after opening its doors, it became clear that the Institute as originally conceived could not continue on its path due to significant structural deficits. It required a reset. Between 1973 and 1975, CalArts undertook a series of structural changes intended not only to stabilize its financial position, but to focus fully on the students who were coming to CalArts, and to attract other new students. The Institute created new offerings attuned to the moment—including Character Animation and Jazz—and paused and re-envisioned others. And as they say, the rest is

history.

As we continue to write that history, it is important to look broadly toward the long future of CalArts, and not narrowly toward tomorrow alone. Clearly, we cannot continue as we have been doing and expect the structural deficit to resolve itself. Last week, the Student Union launched a series of self-organized “Impact Lunches”—no faculty or staff allowed—to openly and honestly discuss what they want educationally from their CalArts experience—to make note of their priorities, experiences, and hopes for our programs. I look forward to seeing and hearing the results of these sessions.

It’s important to note that when it comes to doing more of what the students want, we are already trying new things. In recent weeks, we’ve announced the new [D.R.E.A.M.S.](#) initiative and the launch of a new [Creative Computing](#) undergraduate degree program. Later this week, we’ll share another exciting initiative that will continue to ensure CalArts’ position as a leader among our peers at the intersection of artists and technology.

In the coming weeks and months, I will share additional information about these changes and how they will impact the Institute. In the meantime, I can promise to our students—and the entire community—that our every action will put our students first to help ensure that CalArts remains a place where what the students make, makes the future.

Sincerely,

Ravi Rajan

President, CalArts

- You can find more detailed information about CalArts’ financial landscape on [the Hub](#).
- If you’d like to share ideas, insights, or questions, [submit them here](#).