Finding Flexibility in RISD's Operating Budget
Frequently Asked Questions

"Rethinking the way we budget," is a foundational strategy within our proposed strategic plan, Next: RISD 2020–2027, to help us achieve our long-term goal of becoming less proportionately reliant on tuition and able to provide our students with greater financial access.

To that end, over the spring semester more than 200 RISD faculty, staff and students attended six open forums and town halls to learn more about our current financial situation, ask questions, and offer suggestions for cost savings or revenue generation. The Budget Advisory Group (BAG)—made up of faculty, staff and students—vetted these ideas and put forward 16 recommendations for implementation in fiscal year 2020 for a savings of $2.7 million.

Why is RISD doing this work now? Are we in a crisis?

RISD is in a strong financial position currently — we are not in a crisis. We have strong student demand (record numbers of applicants), a healthy endowment, competitive compensation of faculty and staff, solid bond ratings, and savings to address emergencies. However, we also have increasing costs, a heavy reliance on tuition with a sticker price of over $66,000 next year, increased competition, obligation to maintain our healthy bond ratings, and the need for increased support services for students. As a result, we are seeing costs rise at a rate that exceeds our revenue growth. Our current financial strength affords us time to address this financial challenge in a strategic and thoughtful way. Many institutions do not have this luxury— they are working simply to survive. Through community participation, thorough analysis, commitment to non-student revenue growth, and efficient use of resources, we will secure our financial future to continue to allow RISD to thrive and slow down increasing cost rates so that we can try to slow down tuition increase rates.

How were these final recommendations decided?

Over the spring semester more than 200 RISD faculty, staff and students attended six open forums or town halls to learn more about our current financial situation, ask questions, and offer suggestions for cost savings or revenue generation. In addition, more than 200 unique ideas were submitted via form. These ideas were reviewed by the subgroups of the Budget Advisory Committee, made of up faculty, staff and students. These subgroups studied, researched and debated the many ideas and together, finalized a set of recommendations made to Cabinet and the Deans Council, which were approved for fiscal year 2020.

BAG has also recommended 30 additional ideas suggested by the community to be studied over the course of the next nine months to find further financial flexibility for fiscal year 2021. This work will be continued by the BAG beginning in June with status reports provided to the Cabinet + Deans in September and a final set of recommendations to the Cabinet + Deans in December, 2019. Regular updates to the community will be sent throughout the fall and a final report to the community will be provided in January, 2020.

Many of these cost savings require changes in policy and procedure. When will they be implemented?

Policies and procedures are currently being updated and will be communicated to the community by June 30, 2019.

I'm concerned about how these changes affect my role. Who should I speak with to better understand them?

Faculty may speak directly with their deans and staff with their supervisors to learn more about whether certain of the specific recommendations will affect them and how. As we begin implementing these recommendations, more details will be determined and communicated broadly to the campus.

How does this impact the Strategic Plan?

Funding for the strategic plan will come from a combination of sources—strategic, modest enrollment growth, new revenue opportunities, more effective workflows and processes, increased fundraising capacity and cost reduction efforts. If we want to implement truly transformative initiatives and priorities—such as increased financial aid/scholarships, changes in faculty workload, and investments in health and wellness—we must identify financial resources to fund them.

"Rethinking the way we budget," is a foundational goal of the draft Strategic Plan (found on page 8) and a deep, reflective analysis of where money is being spent is a best practice of any financially-healthy organization.

How is this process different from the one we went through in 2008?

2008 was a time of financial crisis across the nation during which RISD lost $90 million from its endowment and about $5 million in annual endowment draw to support the operating budget. We are in an extremely different situation presently. Not only is the economy strong, but as an institution we have strong student demand (record numbers of applicants), a healthy endowment, competitive compensation of faculty and staff, solid bond ratings, and savings to address emergencies.

Our current financial strength affords us time so that we may address our financial challenges in a strategic and thoughtful way. We must work collectively to change the financial model of RISD for both the short and long-term future as we work to make the cost of attending our institution as affordable as possible.

Can't we just increase fundraising to solve the problem?

Fundraising is a critical part of addressing the challenges we face, and we are currently building the necessary infrastructure to achieve substantial growth. Through the strategic plan and support from our Board of Trustees, we are aggressively investing in Institutional Engagement to establish or re-establish connections with alumni, parents, and friends of RISD. We are already seeing significant fundraising increases and are confident that by FY23 we will see substantial growth in fundraising revenue to RISD. However, fundraising will not address the problem alone. For example, we would have to increase giving to the RISD Fund by 400%, or increase our endowment by over $100 million, to fully meet the $6 million target in financial flexibility by fiscal year 2021. In the interim, it is imperative that we make the investments in Institutional Engagement while growing other non-student revenue streams and ensuring we are operating as cost efficiently as possible.

How can we grow other revenue streams listed and what is the timeline?

We currently have a healthy and successful Continuing Education program which generates approximately $2 million of net revenue for our budget. We have opportunities to expand our work in this area to match the demand. To do this, faculty and staff will need to find ways to accommodate Continuing Education by increasing shared use of space, engaging in teaching, and providing support services. Executive education programs have great potential, but we need to make investments in infrastructure, as well as build capacity for programming and support, for this area to be successful. Through RISD Research, we are engaged in partnerships with Infosys and other companies, and many opportunities for revenue generation in that area exist. However, investments in infrastructure will need to be made, as well as faculty and staff support, to expand beyond current levels of activity.

What is the impact on students?

As a result of our cost reduction efforts, we will maintain the high-quality of our academic programming and work to increase financial aid, enhance facilities, expand pedagogy and create a stronger all-around student experience. This work helps us in our long-term goal of changing the financial structure of RISD so that we are less proportionately reliant on tuition and able to provide our students with greater financial access and support for their development.

Why are we creating a new budget process and how will it differ from our current one?

SVP of Finance and Administration Dave Proulx will work closely with the President, Provost, Cabinet, and Deans' Council to make changes to our budget process with the goal of being more transparent and streamlined, basing funding on changing activity levels, so that we maintain consistent quality, while being equitable and fair to each department. We anticipate full implementation for the FY21 budget, while increasing transparency for the FY20 budget.