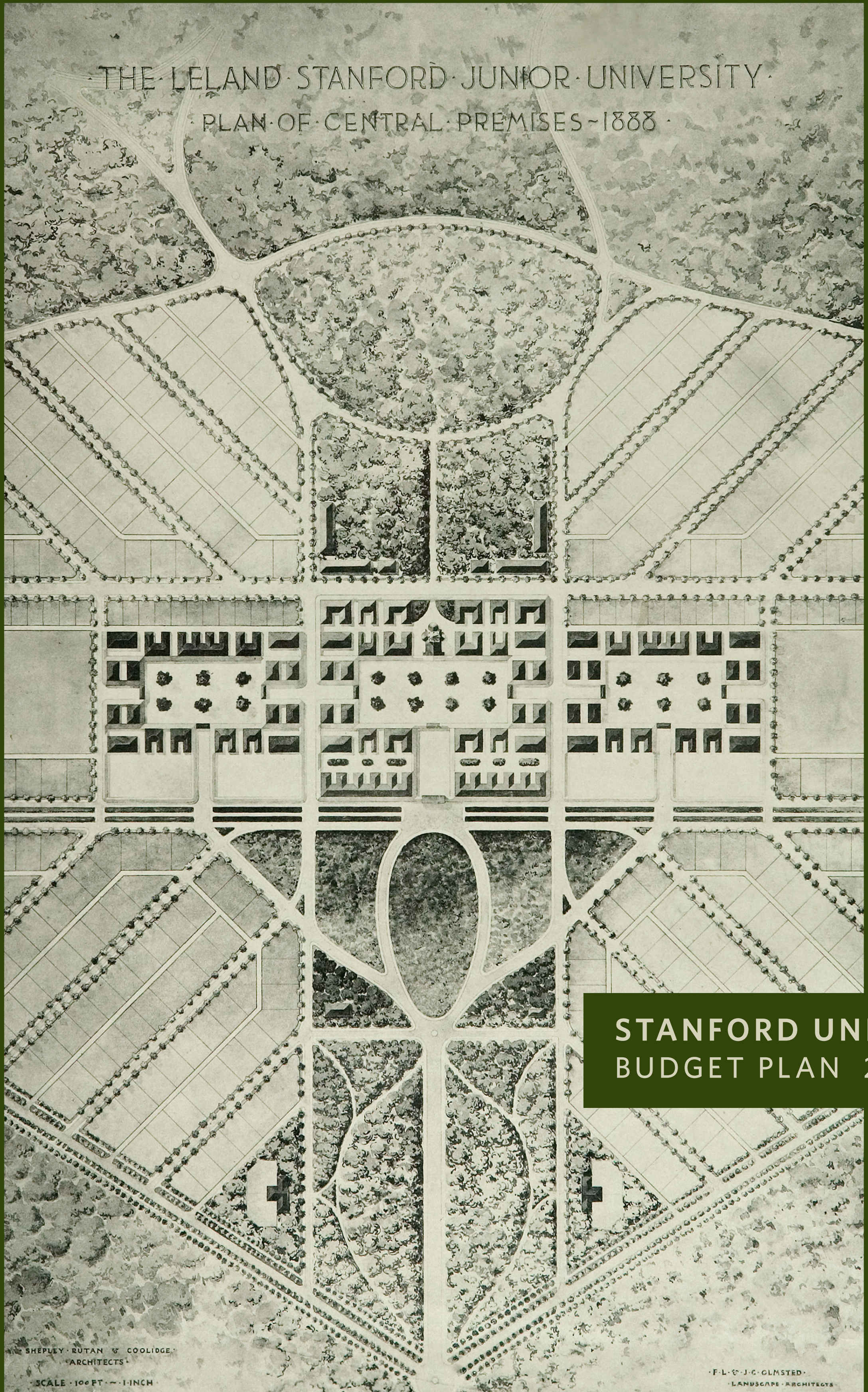


STANFORD UNIVERSITY
BUDGET PLAN 2013/14

Approved:

This Budget Plan was approved by the Stanford University Board of Trustees June 12–13, 2013.

This publication can be found at:
http://www.stanford.edu/dept/pres-provost/budget/plans/plan14.html

Front Cover:

1888 plan of Stanford by landscape architect Frederick Law Olmsted and architects Shepley, Rutan, and Coolidge, presented to the University in 1937 by Mary Coolidge Rentschler, daughter of architect Charles Coolidge. She gave it to Board of Trustees president Leland Cutler in a gold-tooled, calfskin portfolio lined with red silk. The plan emphasizes vistas through a succession of spaces, on a north-south access through Memorial Court and on an east-west axis through arched ends to quadrangles that were planned but never built.

STANFORD UNIVERSITY

BUDGET PLAN 2013/14

EXECUTIVE SUMMARY

To The Board of Trustees:

The challenge of budgeting in tight times is apparent, but budgeting in relatively flush but uncertain times presents challenges as well. We are fortunate to be constructing the 2013/14 budget from a position of significant programmatic and financial strength. Our academic and research programs are world leaders in many fields and our overall financial position continues to be the envy of our peer institutions. Despite this strength, we have taken a cautious approach in planning for next year. Given uncertainties around federal research funding, in particular, we have made only limited and highly strategic general funds allocations in order to maintain surpluses in both the Consolidated Budget and its general funds component. In addition, two of our largest general funds allocations are largely defensive, in anticipation of continued constriction of the federal research budget: we have increased the percentage of tuition for graduate research assistants paid by Stanford (rather than charged to grants) and we have increased the university's general funds reserve as a further hedge against possible research shortfalls.

This document presents Stanford's 2013/14 Budget Plan for Trustee approval. The Budget Plan has two parts. The first is the Consolidated Budget for Operations, which includes all of Stanford's anticipated operating revenue and expense for next year. The second is the Capital Budget, which is set in the context of a multi-year Capital Plan. The budgets for the Stanford Hospital and Clinics and the Lucile Packard Children's Hospital, both separate corporations, are not included in this Budget Plan, although they are included in the university's annual financial report.

Some highlights of the Budget Plan:

- The Consolidated Budget for Operations projects a surplus of $173 million on $4.8 billion of revenues, $4.5 billion in expenditures, and $140 million in transfers. We anticipate a revenue increase of 7.0% over the projected 2012/13 year-end results. This is principally due to a 12.4% growth in investment income partly offset by a low, 1.6% growth in sponsored research (exclusive of SLAC). SLAC revenue is expected to be up by 21%, due to several major construction projects at the facility, which by federal accounting rules must be fully expensed in the year of construction. We expect expenses to increase 6.2% due mainly to the impact of a 5.8% increase in total compensation and a 7.9% increase in other operating expenses, again driven largely by the SLAC construction. Exclusive of SLAC, revenues are projected to increase by 5.8% and expenses are projected to increase 4.8%.
- The Consolidated Budget includes $1.2 billion in general funds, of which $171.5 million flows to the Graduate School of Business, the School of Medicine, and the Continuing Studies and Summer Session Programs in accordance with previously agreed upon formulas. We anticipate a general funds surplus of $25.5 million, due to cautious allocations of incremental funding and careful management of expenses.
- This Budget Plan also presents the projected 2013/14 results in a format consistent with Generally Accepted Accounting Principles, as reported in the university's annual financial report. The projected Statement of Activities shows an $85.9 million surplus.

- The Capital Budget calls for $659 million in expenditures in 2013/14. These expenditures are in support of a Capital Plan whose projects, when fully completed, will require approximately $2.5 billion in total project expenditures. Principal expenditures in 2013/14 will be directed toward:
  - Continued work on the Stanford Energy System Innovations (SESI) project
  - Completion of Comstock Graduate Housing
  - The repurposing of the GSB South building as the replacement for Meyer Library
  - Initial work on the McMurtry Art and Art History building
  - Completion of the Bioengineering/Chemical Engineering building

STRATEGIC CONTEXT

Following the significant reductions made in 2010/11, Stanford's budget has experienced solid revenue growth. For 2013/14, however, we anticipate very slow growth in what has traditionally been our largest revenue source: federal sponsored research. (Because Department of Energy funding of SLAC's capital projects distorts the picture, this year we have separated SLAC funding from other university sponsored research.) Since the federal budget outlook shows few signs of improvement, we must assume this trend will continue for several years.

We are also concerned about growth in staff, which is very hard to control centrally. In 2011/12, staff headcount grew by about 5%. We are a people-driven organization, and so most growth in revenue both requires and results in additional staff. Nevertheless, the physical and regulatory constraints under which we operate make it difficult to sustain such growth rates on the central campus. Consequently, as we increase the size and scope of our education and research programs, we must find ways to increase our campus productivity, as well as develop alternative work sites away from the core campus.

In light of these constraints, our budget decisions were guided by the following goals:

- to provide a competitive salary and benefits program for faculty and staff;
- to reduce the annual growth rate of staff to the longer-term historical growth rate of 2-3%;
- to reserve budget capacity to respond to shortfalls in government sponsored research and graduate student support;
- to support only the highest priority needs from the schools and administrative units, and use general funds only after local funding has been considered; and
- to maintain a surplus to protect against future budgetary uncertainties.

Some specific budget decisions follow:

Salary Program

Maintaining a highly competitive merit salary program for faculty and staff is essential to Stanford's continued success. During the past several years, we have made extensive efforts to ensure that departments have competitive salaries within their respective markets. We believe we are currently in an excellent salary position in most units, and so for 2013/14, we plan a salary program that will simply maintain that position. That said, given recent increases in local housing prices, we are less sanguine about the ability of our housing programs to offset regional differences in housing costs, which is also crucial to faculty recruitment. We will continue to assess the effectiveness of these programs and stand ready to make modifications if needed.

Undergraduate Financial Aid

Stanford's highly competitive need-based financial aid program will continue in 2013/14. As always, financial aid expenditures increase to fully cover tuition, room and board increases for any students on financial aid. The Stanford resources directed to undergraduate need-based scholarships have increased from $75.2 million in 2007/08, before the recession and before substantial enhancements to the program, to $131.7 million budgeted for 2013/14. For 2013/14, we will allocate another $7.3 million in base general funds to support financial aid. These funds eliminate the need to continue supporting financial aid from the Tier II Buffer, which we have tapped since the downturn to cover the financial aid shortfall. Next year, general funds will cover $31.4 million, or 24%, of the need-based undergraduate financial aid program.

Academic Initiatives

We were able to fund the highest priority general funds requests in the schools and academic program areas. Notably, this included an $800,000 increase to the School of Engineering teaching assistant budget, to accommodate remarkable growth in Computer Science enrollments, and a comparable allocation to support instruction in the Creative Writing Program, another area of booming enrollments. We also increased general funds support for Earth Systems lecturers, the Stanford Technology Ventures Program, and the Student Model Shop.

Facilities

The cost of maintaining Stanford's facilities has a significant impact in the 2013/14 budget. We expect operations, maintenance, and utilities on new and existing facilities across the campus to increase by $12.1 million, from $206.8 to $218.9 million. Almost all of the increase, $11 million, is for utility costs (up 14.8%), which are driven by the debt amortization associated with completed portions of our new, more efficient energy facility. Total operations and maintenance expenses are budgeted to increase only 0.8%, an increase of $3.4 million for new facilities, offset by a reduction in off-campus lease expense.

Research Support

In this year of uncertainty around research funding, we have allocated a total of $14.7 million in incremental general funds to support research. This includes a $10 million increase in the university reserve as a buffer in the event that school and department reserves are unable to compensate for shortfalls in federal research and graduate student support. In addition, we have increased the central university contribution for RA tuition from 35% to 40%, at a cost of $2.3 million. We also allocated incremental funds for scientific equipment, staffing new shared nanoscience facilities, and research compliance costs.

FINANCIAL RESERVES

Stanford has four principal categories of financial reserves. The first consists of thousands of funds held across the university, largely controlled by individual faculty, departments, programs and deans. The remaining three reserves are controlled centrally.

Expendable reserves – We project Stanford's expendable reserves will stand at $3.4 billion at the end of 2013/14. Of that amount, $2.6 billion is a combination of restricted and unrestricted expendable funds or unspent restricted endowment payout. The remaining $800 million is split between plant funds ($600 million) and pending funds ($200 million).

University reserve – For many years we have maintained a $20 million general funds reserve. This reserve is replenished annually with base budget funds and then is used during the year to support various one-time expenditures. As noted above, beginning in 2013/14 we are increasing this reserve to $30 million.

Tier I Buffer – We project the Tier I Buffer will stand at $1.0 billion by the end of 2013/14. The buffer's funds are generated by the investment returns on a subset of our expendable reserves. The money is invested as funds functioning as endowment, the payout from which supports the general funds component of the Consolidated Budget. The Tier I Buffer acts as a backstop to maintain the value of those expendable funds, which are invested in the merged pool.

Tier II Buffer – Our estimate of the Tier II Buffer is $860 million by the end of 2013/14, still substantially below its peak of $1.1 billion in 2006/07. Like the Tier I Buffer, this fund is generated from excess investment returns from expendable reserves, and is invested as funds functioning as endowment. The payout is used at the discretion of the president. (Further detail on the buffers may be found in Chapter 1 in the Other Investment Income section.)

CONSOLIDATED BUDGET FOR OPERATIONS

The table on the next page shows the main revenue and expense line items for 2013/14 and compares those numbers to our current projection of final results for 2012/13. Some highlights of both income and expense follow.

Revenue

Student Income – This figure is the sum of tuition and room and board income, and is expected to grow by 3.7%. Tuition income is projected to grow 3.8% over the projected 2012/13 actuals as the result of a 3.5% increase in the general undergraduate and graduate tuition rates and a slight growth in the number of students. Room and board income is projected to increase 3.2%.

University Sponsored Research – Sponsored research (excluding SLAC) is expected to increase by 1.6% over 2012/13 projected year-end results. Given federal budget issues, we expect government research to be flat in nominal terms next year, while non-federal research is anticipated to grow by 3.7%.

SLAC – Total research activity at SLAC will increase by 21% next year, driven by an increase of $73 million in anticipated construction costs. Facilities at SLAC are owned by the U.S. government and therefore are not capitalized on Stanford's books. As a result, construction costs are shown as an operating expense for Stanford budget purposes. Non-construction activity at SLAC is expected to increase by just 1.7% in 2013/14.

Health Care Services Income – Revenue from health care services is projected to increase 5.2% in 2013/14. This revenue consists principally of payments from the hospitals to the Medical School for faculty physician services, which are expected to grow by 5.8%. This is offset by slower growth in the Blood Center, a unit run by the Department of Pathology.

Expendable Gifts – We are budgeting a 3% increase in expendable gifts, bringing that total to $185 million. Note that this figure does not include gifts to endowment or gifts for capital projects, which do not appear in the Consolidated Budget for Operations. In addition, net assets released from restrictions — payments made on prior year pledges and prior year gifts released for current use — are expected to increase by 5%.

CONSOLIDATED BUDGET FOR OPERATIONS, 2013/14

[IN MILLIONS OF DOLLARS]

2011/12 ACTUALS	2012/13 BUDGET JUNE 2012	2012/13 PROJECTED ACTUALS		2013/14 CONSOLIDATED BUDGET	CHANGE FROM PROJECTED ACTUALS
			Revenues		
721	745	751	Student Income	779	3.7%
866	894	885	University Sponsored Research	899	1.6%
368	378	373	SLAC	452	21.0%
601	599	665	Health Care Services	700	5.2%
178	200	180	Gifts In Support of Operations	185	3.0%
110	110	100	Net Assets Released from Restrictions	105	5.0%
1,022	1,087	1,046	Investment Income	1,176	12.4%
437	430	464	Special Program Fees and Other Income	483	4.2%
4,303	**4,443**	**4,464**	**Total Revenues**	**4,779**	**7.0%**
			Expenses		
2,364	2,439	2,511	Compensation	2,655	5.8%
241	250	246	Financial Aid	254	3.3%
142	168	165	Debt Service	171	4.1%
1,205	1,239	1,283	Other Operating Expense	1,384	7.9%
3,951	**4,096**	**4,204**	**Total Expenses**	**4,465**	**6.2%**
351	**347**	**260**	**Operating Results**	**313**	
(250)	(128)	(236)	Transfers	(140)	
101	**220**	**24**	**Operating Results after Transfers**	**173**	
2,298	2,517	2,399	Beginning Fund Balances	2,423	
2,399	2,736	2,423	Ending Fund Balances	2,596	

Investment Income – This category consists of income paid out to operations from the endowment ($982.3 million) and from other investment income ($193.6 million), the majority of which is payout from the expendable funds pool (EFP). Overall, investment income is expected to be up by 12.4% in 2013/14. Endowment payout is projected to increase by 6.6%, based on our Trustee-approved payout rate and our forecast of $475 million in new gifts and additions to endowment. Other investment income is expected to be up by 55%. This significant increase is governed by the approved EFP policy, which uses the prior year's investment return to set most of the payout in the subsequent year. As a result of low returns in 2011/12, the payout for 2012/13 was well below budget. With current strong market performance, we project healthy returns this year. This will result in the large increase in payout for 2013/14 over the disappointing results for 2012/13.

Expense

Salaries and Benefits – We anticipate total compensation to increase 5.8% over 2012/13 year-end results. The increase is the result of our salary increase program and a modest growth in headcount. Fringe benefits expense is expected to increase by 5.7%. The cost of health insurance, on a per capita basis, is expected to increase by about 7%.

Financial Aid – The costs for need-based financial aid, athletic aid, and graduate student aid will increase by 3.3%. This increase allows Stanford to maintain its generous need-based aid program for undergraduates, consistent with our tuition increase. It also reflects our assumption of a slight improvement in the financial circumstances of some of our families on need-based aid.

Other Operating Expenses – This line item is the amalgam of graduate stipends, operations and maintenance, utilities, capital equipment, materials and supplies, travel, library materials, subcontracts and professional services. We are budgeting growth of 7.9% for these expenses. This large increase is driven by the $73 million increase in construction projects at SLAC. Excluding those projects, Other Operating Expense is anticipated to grow minimally at 2.3%.

School Initiatives

Stanford's principal academic units, the seven schools, will continue advancing their research and teaching missions via ambitious agendas for 2013/14. A few highlights of their plans are:

Graduate School of Business – The school has three key strategic directions, focused on Global Strategy, the Stanford Institute for Innovation in Developing Economies (SEED), and an expansion of its distance learning capabilities. The GSB is also working with the School of Engineering to develop an exciting new series of joint degrees.

Earth Sciences – The school's mission and ambition continue to expand with planning underway for a new research facility. In addition, the school is expanding its capacity to communicate the depth and breadth of its research discoveries and accomplishments.

Graduate School of Education – Having completed a year-long strategic planning process, the school will increase its attention on the implications of technological advances for learning, and on improving ways to deliver effective education to low income students.

Engineering – The school's executive committee has identified four strategic directions that will help to drive programs and research in the coming years. These directions are: expansion of on-line learning, developing sustainable urban systems, the creation of an "innovation foundry" within the school, and establishing the capacity to use and develop tools for large data sets.

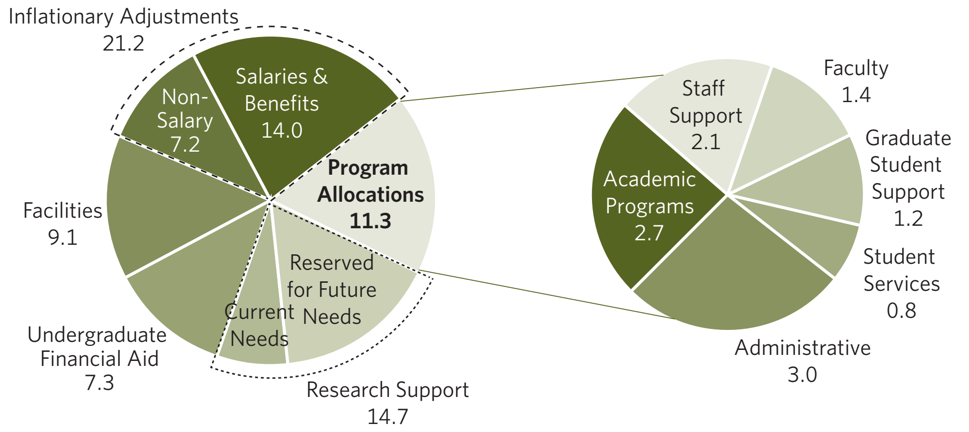
Humanities and Sciences – The school now boasts the strongest collection of arts and sciences programs in the country. To advance H&S even further, the school plans to develop a strong financial foundation for the arts, to help launch the initiatives in neuroscience and chemical biology, and to support changes in undergraduate teaching necessitated by the recommendations of the Study of Undergraduate Education at Stanford (SUES).

Law – Under first year Dean Elizabeth Magill, the Law School is assessing current challenges and identifying future needs. Emerging focal points include competitive faculty recruitment and compensation packages, curricular initiatives in global economic law and policy studies, and ensuring an adequate financial aid program to support a student population with diverse career interests.

Medicine – After experiencing annual growth averaging 6.2% over the past five years, Medicine expects that rate to slow to approximately 4% in 2013/14, due to projected flattening of federal research funding and a slower growth in clinical revenues from the hospitals. In spite of that, the school's new dean, Lloyd Minor, has set out an ambitious agenda for enhancing the school's three key priorities: advancing innovation, training leaders, and transforming patient care.

2013/14 INCREMENTAL GENERAL FUNDS ALLOCATIONS: $63.7 MILLION

[IN MILLIONS OF DOLLARS]



GENERAL FUNDS BUDGET

A focal point of the budgeting process is the development of the general funds component of the Consolidated Budget. The $1.2 billion in general funds can be used for any university purpose and supports many of the core academic and support functions of the university.

The budget approved by the board for the current year, 2012/13, included a general funds surplus of $43 million and a forecasted surplus of $50 million for 2013/14. The 2013/14 forecast included funding for a competitive salary program and for the operations of new facilities expected to come on line that year. The general funds forecast for 2013/14 continued to improve further, allowing us to allocate additional funds for financial aid, taking this burden off one-time, presidential funds, and for research, as a largely defensive measure. In addition, we provided $11.3 million in incremental program support to the academic and administrative units. This was about half the amount allocated last year, reflecting our caution in the face of an uncertain financial outlook. Also, as noted above, an important priority in this year's process was to slow the growth of staff at the university. We hope this limited funding will slow the growth at least of staff supported by general funds.

Some examples of incremental program support are:

- Academic Programs: operational funding for the new Chemical Biology Institute; on-going funding for creative writing lecturers; additional funding for the Library Materials Budget to maintain its purchasing power; curatorial support for the Archive of Recorded Sound and the Chinese library collections; lecturer support for introductory math and computer science courses.
- Administrative: increased funding for information security; expansion of prospect management and analytics in the Development Office; increased funding for Public Safety to expand security patrols and provide security for high profile events.
- Student Services: additional staffing in Counseling and Psychological Services; increased support to the Career Resources Center at the Graduate School of Education.

The pie chart above reflects all of the incremental allocations. After making the incremental program allocations described above we anticipate a general funds surplus of $25.5 million.

CAPITAL BUDGET AND PLAN

The Capital Budget and three-year Capital Plan are based on a projection of the major capital projects that the university intends to pursue to further its academic mission. The three-year Capital Plan spans 2013/14 through 2015/16; the Capital Budget represents anticipated capital expenditures in the first year of the plan. The three-year plan includes projects that were initiated prior to 2013/14, as well as projects that will commence within the rolling three-year period through 2015/16. The Capital Budget and Capital Plan are subject to change based on funding availability, budget affordability, and evolving university priorities.

The 2013/14 Capital Budget is projected at $658.7 million. The major projects within the Capital Budget include the completion of work on the Bioengineering/Chemical Engineering building, Comstock Graduate Housing, renovation of GSB South as the Meyer Library replacement, and the Anderson Collection building. It also includes continued work on the Stanford Energy System Innovations (SESI) and the McMurtry Art and Art History Building, and initial work on the Mayfield California Avenue faculty housing project. The projects listed here represent approximately 60% of the total capital budget for 2013/14.

The three-year Capital Plan includes $2.5 billion in construction and infrastructure projects and programs. Over half of the three-year Capital Plan consists of five significant projects: the SESI (underway) project; Bio-medical Innovation building 1; Bioengineering/Chemical Engineering (underway); Chemical Biology/Neurosciences building; and the Biology Research and Teaching facilities. The projects included in the plan can be readily accommodated within the constraints of the General Use Permit, given Santa Clara County's approval of Stanford's Sustainable Development Study in April 2009. When complete, the plan will add $54.9 million in annual debt service (over half for SESI, which will be funded out of utility rates) and $29.1 million in incremental operations and maintenance costs to the Consolidated Budget. All of these costs are included in our long-term budget forecasts.

ACKNOWLEDGEMENTS

The budget plan is the product of a great deal of work on the part of managers and budget officers at every level of the university. I would like to begin by acknowledging the budget officers and leadership in the schools and administrative units for their efforts in support of the budget process. I am particularly grateful to the leadership of the schools for making a concerted effort to fund new initiatives first out of restricted, school-controlled funds, and only secondarily asking for general funds supplementation when these funds fall short.

As always, I am extremely grateful to two hardworking advisory groups that assist me in formulating the general funds budget and capital plan. The University Budget Group consists of Margaret Brandeau, Adam Daniel, Harry Elam, Andrea Goldsmith, Patti Gumport, Neil Hamilton, Rosemary Knight, Randy Livingston, Maureen McNichols, Dana Shelley, Bob Simoni, Buzz Thompson and Tim Warner. This group met from early October through March, often twice a week, to review submissions and requests from the various budget units and to advise me on the final allocations of general funds. Staff support for the Budget Group, and for the creation of this document, is provided by the budget office staff, consisting of Neil Hamilton, Andrew Harker, Betsy Lewis, Serena Rao, and Dana Shelley, under the able leadership of Tim Warner.

The Capital Planning Group consists of Jack Cleary, Megan Davis, Alise Johnson, Stephanie Kalfayan, David Lenox, Bob Reidy, Craig Tanaka, Bob Tatum and Tim Warner. Craig guides the capital planning process with remarkable efficiency, while Megan tracks all financial aspects of the plan and supervises the final write-up in Chapter 4 of this document.

REQUESTED APPROVAL AND ORGANIZATION OF THIS DOCUMENT

The budget plan provides a university-level perspective on Stanford's programmatic and financial plans for 2013/14. We seek approval of the planning directions, the principal assumptions, and the high-level supporting budgets contained herein. As the year unfolds, we will provide periodic variance reports on the progress of actual expenses against the budget. In addition, we will bring forward individual capital projects for approval under normal Board of Trustees guidelines.

This document contains four chapters and two appendices. Following the overview of budgeting at Stanford, Chapter 1 describes the financial elements of the plan, including details of the Consolidated Budget for Operations and the projected Statement of Activities for 2013/14. Chapter 2 addresses program directions in the academic areas of the university. Chapter 3 provides a similar view of the administrative and auxiliary units. Chapter 4 contains details on the Capital Budget for 2013/14 and the Capital Plan for 2013/14–2015/16. The appendices include budgets for the major academic units and supplementary financial information.

John W. Etchemendy
Provost
June 2013

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INTRODUCTION: BUDGETING AT STANFORD

Budgeting at Stanford is a continuous process that takes place throughout the year and occurs at nearly every level within the university. The cycle starts with planning that considers programmatic needs and initiatives, continues with the establishment of cost drivers such as the approved salary program and fringe benefits rates, and is tempered by available funding sources. Stanford's "budget" is an amalgamation of thousands of smaller budgets, including everything from an individual faculty member's budget for a sponsored grant from the National Institutes of Health, to the budget for the Department of Psychology, to the budget for the School of Engineering, to the total of the Consolidated Budget for Operations. These budgets are created and managed by the areas that are governed by them, with oversight by the provost, the chief budget officer of the university. There are general principles and guidelines to which the budgets must adhere, but schools and other units are allowed tremendous freedom in the development and execution of their budgets.

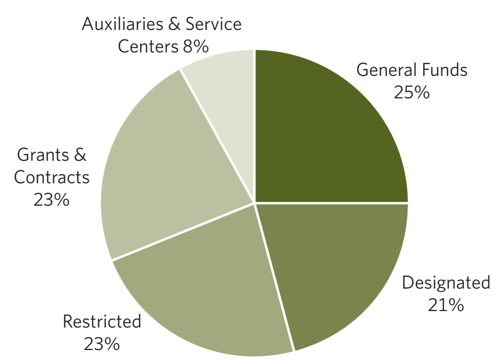
Fund Accounting

Stanford's budgets are developed and managed according to the principles of fund accounting. Revenue is segregated into a variety of fund types, and the use of the revenue is governed by the restrictions of the fund. For example, each expendable gift is put into an individual fund, and the recipient must use the funds in accordance with the wishes of the donor. Gifts of endowment are also put into separate funds, but the corpus itself is not usually spent. An annual payout on the endowment fund is spent, and as with gift funds, only in accordance with the restrictions imposed by the donor. The segregation of each gift allows the university to ensure that the funds are spent appropriately and to report to donors on the activities that their funds support. Monies received from government agencies, foundations, or other outside sponsors are also deposited in separate, individual funds to ensure strict adherence to the terms of the grants and/or contracts that govern the use of the funds. Non-gift and non-sponsored research revenue also reside in funds, but this type of revenue may be commingled in a single fund. Departments may choose to combine unrestricted monies into separate funds for a particular program, for a capital project, or to create a reserve. Stanford's consolidated revenues by fund type are shown at the right.

Budget Management

So how does Stanford budget and manage its roughly 15,000 expendable funds (with balances) and 7,000 endowment funds? It goes without saying that the university uses a sophisticated financial accounting system to set up the individual funds, to record each financial transaction, and to track fund balances. But nearly all of the decision-making for the use of Stanford's funds is made at the local level, consistent with the decentralized and entrepreneurial spirit of the university. Unlike a corporation, Stanford is

2013/14 CONSOLIDATED REVENUES BY FUND TYPE



closer to a collection of disparate, autonomous businesses with widely varying cost structures and resources. As such, each principal investigator is accountable for the responsible use of his/her grant funding, each gift recipient must ensure that the gift funds are used in accordance with the donor's wishes, and each school must fulfill the expectations for teaching and scholarship within its available resources. Schedule 21 in Appendix B shows expendable fund balances by academic unit and by level of control.

Budget Control

The primary control on local unit budgets at Stanford is available funding. Except for general oversight and policies governing the appropriate and prudent use of university funds, the central administration does not place additional limits on spending. For example, if a faculty member needs to hire a postdoctoral fellow to help carry out a particular research project, and if grant funding is secured to cover this expense, the university does not second-guess this decision. Conversely, two important budget matters are controlled centrally: faculty billets and space.

Because the majority of Stanford's funding is under the direct control of a faculty member, a department, or a school, these entities are able to support programs as long as they maintain a positive fund balance. This, however, does not mean that the programs must operate with a surplus during any particular fiscal year. In fact, a "deficit" is usually reflective of a planned use of prior year fund balances. A simple example of this is when a department receives a gift of $5.0 million to be spent over five years. If the funds are spent evenly over the time period, the program will show a surplus of $4.0 million in the first year and will generate an ending fund balance of $4.0 million. In each of the next four years, this program will receive no revenue, will expend $1.0 million dollars, and will thus generate an annual deficit of $1.0 million while drawing down the fund balance of the gift.

The Consolidated Budget for Operations, the aggregate of all of Stanford's smaller budgets, is therefore not centrally managed in the corporate sense. Nonetheless, a great deal of planning goes into the development of the individual unit budgets that aggregate into the Consolidated Budget of the university.

Development of the Consolidated Budget & the Role of General Funds

Another key element in the development of the units' budgets and the Consolidated Budget are university general funds, which are funds that can be used for any university purpose. General funds play a particularly important role in the overall budget, because they cover many expenses for which it is difficult to raise restricted funds, such as administration and campus maintenance. The main sources of general funds are tuition income, indirect cost recovery, unrestricted endowment income, and income from the expendable funds pool.

Each school and administrative unit receives general funds in support of both academic and administrative functions. The process for allocating general funds is controlled by the provost and aided by the Budget Group, which includes representation from both faculty and administration. The critical elements of the process are a forecast of available general funds, a thorough review of each unit's programmatic plans and available local funding, and an assessment of central university obligations such as building maintenance and debt service. Balancing the needs and the resources is the ultimate goal of the Budget Group. The general funds allocation process is described in more depth in Chapter 1.

CHAPTER 1

CONSOLIDATED BUDGET FOR OPERATIONS

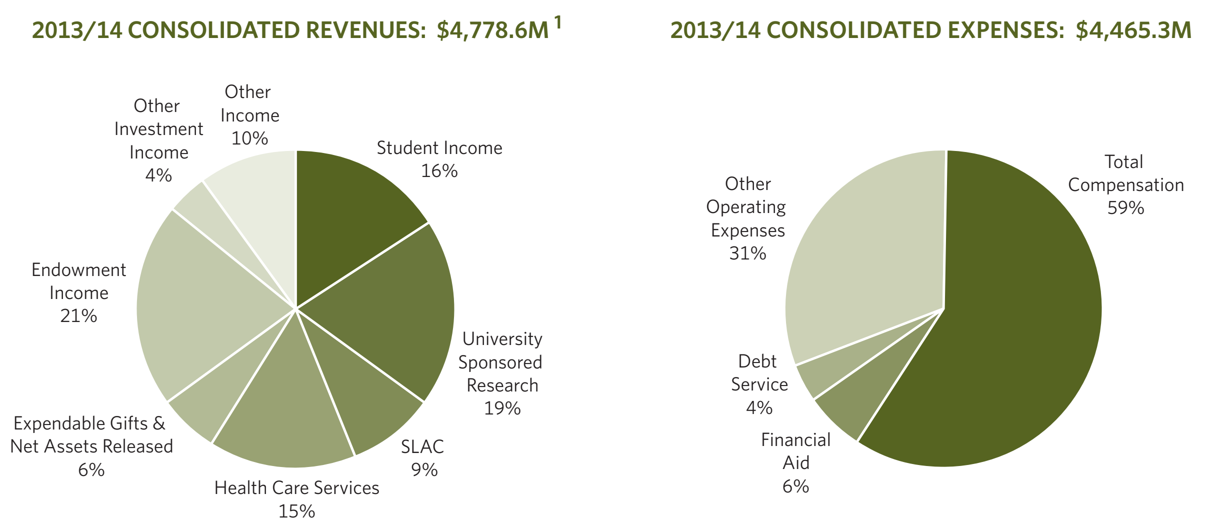
In this chapter we review the details of the 2013/14 Consolidated Budget for Operations, describe the general funds allocation process and results, and present a forecasted Statement of Activities.

CONSOLIDATED BUDGET FOR OPERATIONS

The Consolidated Budget for Operations provides a management-oriented overview of all non-capital revenues and expenditures for Stanford University in the fiscal year. It is based on forecasts from the schools and administrative areas. These forecasts are then merged with the general funds budget forecast and adjusted by the University Budget Office for consistency. The Consolidated Budget includes only those revenues and expenses available for current operations. It does not include plant funds, student loan funds, or endowment principal funds, although it does reflect endowment payout.

The 2013/14 Consolidated Budget for Operations shows total revenues of $4,778.6 million and expenses of $4,465.3 million, resulting in a net operating surplus of $313.2 million. However, after estimated transfers of $140.0 million, primarily to plant funds, the Consolidated Budget shows a surplus of $173.3 million.

Total revenues in 2013/14 are projected to increase 7.0% over the expected 2012/13 levels, increasing by $314.1 million. Two sources of revenue in particular are pushing up the rate of increase: activity at the SLAC National Accelerator Laboratory and investment income. SLAC is projecting an increase of $78.5 million over the 2012/13 year-end projection of $373.4 million, a 21.0% increase,



[1] Net Revenues after Transfers: $4,638.6M

CONSOLIDATED BUDGET FOR OPERATIONS, 2013/14

[IN MILLIONS OF DOLLARS]

2011/12 ACTUALS	2012/13 BUDGET JUNE 2012	2012/13 PROJECTED ACTUALS		GENERAL FUNDS	DESIGNATED	RESTRICTED	GRANTS AND CONTRACTS	AUXILIARY & SERVICE CENTER ACTIVITIES	TOTAL
			Revenues and Other Additions						
298.1	307.5	309.9	Undergraduate Programs	320.2	0.5				320.7
287.2	299.6	298.3	Graduate Programs	305.7	4.6				310.4
135.9	138.2	143.0	Room and Board					147.6	147.6
721.2	745.4	751.2	Total Student Income	626.0	5.1			147.6	778.7
639.3	667.2	655.3	Direct Costs–University				663.8		663.8
226.4	226.8	230.1	Indirect Costs	235.4					235.4
865.7	894.1	885.4	University Sponsored Research	235.4			663.8		899.2
368.0	378.0	373.4	SLAC				451.9		451.9
600.5	599.2	664.7	Health Care Services	29.0	583.8	6.2		80.5	699.6
177.8	200.0	180.0	Gifts In Support of Operations	2.2		183.1			185.3
110.0	109.8	100.0	Net Assets Released from Restrictions	5.8		99.2			105.0
861.7	925.5	921.7	Endowment Income	191.8		790.5			982.3
160.6	161.6	124.7	Other Investment Income	90.4	100.2	2.2	0.5	0.3	193.6
1,022.3	1,087.1	1,046.3	Investment Income	282.2	100.2	792.7	0.5	0.3	1,175.9
437.0	429.8	463.5	Special Program Fees and Other Income	13.6	312.3	2.5		154.6	483.0
4,302.5	**4,443.4**	**4,464.5**	**Total Revenues**	**1,194.2**	**1,001.5**	**1,083.6**	**1,116.2**	**383.1**	**4,778.6**
			Expenses						
2,364.1	2,439.4	2,510.7	Compensation	685.6	646.5	456.6	601.6	265.2	2,655.4
240.7	250.0	246.1	Financial Aid	54.8	4.4	177.9	17.0		254.1
141.8	168.2	164.7	Internal Debt Service	57.9	20.8	1.8		90.9	171.4
1,204.6	1,238.6	1,282.8	Other Operating Expenses	244.0	241.2	195.7	463.5	240.0	1,384.4
3,951.2	**4,096.3**	**4,204.4**	**Total Expenses**	**1,042.3**	**912.9**	**832.0**	**1,082.0**	**596.1**	**4,465.3**
351.3	**347.1**	**260.1**	**Operating Results**	**151.9**	**88.6**	**251.6**	**34.1**	**(213.0)**	**313.2**
			Transfers						
(88.6)	(47.3)	(56.1)	Transfers from (to) Endowment Principal	(3.9)	(20.2)	(6.2)		1.0	(29.3)
(174.5)	(124.3)	(214.6)	Transfers from (to) Plant	(11.4)	(123.1)	(14.1)		(0.3)	(148.9)
13.2	44.1	34.4	Other Internal Transfers	(111.1)	95.1	(127.1)	(34.1)	215.5	38.2
(249.9)	**(127.5)**	**(236.3)**	**Total Transfers**	**(126.4)**	**(48.2)**	**(147.4)**	**(34.1)**	**216.2**	**(140.0)**
101.4	**219.6**	**23.8**	**Operating Results and Transfers**	**25.5**	**40.3**	**104.3**	**0**	**3.2**	**173.3**
2,297.5	2,516.6	2,398.9	Beginning Fund Balances	398.1	970.0	1,042.2		12.4	2,422.7
2,398.9	2,736.2	2,422.7	Ending Fund Balances	423.5	1,010.3	1,146.5		15.6	2,596.0

the majority of which is due to increased construction expenses. Exclusive of SLAC, total revenues are projected to increase by 5.8% in 2013/14, driven largely by the 55.3% expected increase in other investment income. This extraordinary change is the result of lower than expected expendable funds pool (EFP) payout in 2012/13, which is determined by the Board approved policy that sets payout based on the prior year investment returns. Since 2011/12 investment returns were only 2.9%, payout in 2012/13 will be almost $40 million less than budgeted. However, we expect that the full 5.5% EFP payout will be restored in 2013/14. In addition, endowment income will rise 6.6%, due to gifts and other additions to endowment principal, most notably an estimated contribution to the Tier I Buffer of over $200 million.

Total expenses are expected to grow by 6.2% over the projected year-end results for 2012/13, or 4.8% excluding SLAC. Non-research compensation expenses are expected to continue to increase faster than the approved salary program due to increasing headcount for both faculty and staff. General operating expenses will grow faster than inflation due to increases in utilities and SLAC construction. The table on the facing page shows the projected consolidated revenues and expenses for 2013/14. For comparison purposes, it also shows the actual revenues and expenses for 2011/12 and both the budget and the year-end projections for the current fiscal year, 2012/13. Definitions of key terms are provided below.

The Consolidated Budget by Principal Revenue and Expense Categories

Revenues

Student Income

Student income is expected to increase by 3.7% in 2013/14 to $778.7 million. Increases in student charges for next year were guided by a number of considerations: our programmatic needs, the effectiveness of our financial aid program, the impact of the economy on the families of our students, and our pricing position relative to our peers.

Tuition and Fees – Stanford expects to generate $631.1 million in tuition and fee revenue in 2013/14, a 3.8% increase over 2012/13, slightly higher than the general tuition rate increase due to modest enrollment increases in both the School of Medicine and the Graduate School of Business and a slightly higher tuition rate increase for first-year MBA students. While total tuition and fees represent only 13% of Stanford's total revenue, it is 52% of general funds. As such, it is a particularly important source of rev-

KEY TERMS

General Funds: Unrestricted funds that can be used for any university purpose. The largest sources are tuition, unrestricted endowment income, and indirect cost recovery.

Designated Funds: Funds that come to the university as unrestricted but are directed to particular schools and departments, or for specific purposes by management agreement.

Restricted Funds: Include expendable and endowment income funds that can only be spent in accordance with donor restrictions.

Grants and Contracts: The direct component of sponsored research, both federal and non-federal. Individual principal investigators control these funds.

Auxiliaries: Self-contained entities such as Residential & Dining Enterprises and Intercollegiate Athletics that generate income and charge directly for their services. These entities usually pay the university for central services provided.

Service Centers: Entities that provide services primarily for internal clients for which they charge rates to recover expenses.

Net Assets Released from Restrictions: Under GAAP, gifts and pledges that contain specific donor restrictions preventing their spending in the current fiscal year are classified as "temporarily restricted," and are not included in the Consolidated Budget for Operations. When the restrictions are released, these funds become available for use and are included as part of the Consolidated Budget on the line Net Assets Released from Restrictions. These funds include cash payments on prior year pledges and funds transferred from pending funds to gift funds.

Financial Aid: Includes expenses for undergraduate and graduate student aid. Student salaries, stipends, and tuition allowances are not considered to be financial aid and are included in other lines in the Consolidated Budget.

Formula Areas: Budget units whose allocations of general funds are predetermined by a formula agreed to by the provost and the unit. Principal formula units include the Graduate School of Business, the School of Medicine, and Continuing Studies/Summer Session.

enue. In addition to supporting faculty and staff salaries and other direct academic program needs, tuition plays a crucial role in funding infrastructure, support services, and other operational activities.

The general tuition rate increase for 2013/14, approved by the Board of Trustees in February, is 3.5%, which results in a rate of $42,690 for undergraduates and most graduate students. As always, the rate increase was set after careful consideration of the current economic circumstances weighed against the budgetary needs. After a 3.0% tuition increase in 2012/13, Stanford continues to be, along with its peers MIT, Harvard, Yale, and Princeton, among the lowest priced universities among the highly selective private universities that comprise the Consortium on Financing Higher Education (COFHE). The COFHE university median tuition increased 4.2% for 2012/13, substantially faster than Stanford's increase of 3.0%. Stanford's tuition currently ranks 15th out of 17, down one position from the 2011/12 rankings.

The approved 3.5% tuition increase applies to the undergraduate tuition rate, the general graduate tuition rate, and the graduate tuition rates for the School of Engineering, the School of Law, the School of Medicine, and students paying the terminal graduate registration fee. The Graduate School of Business will increase the rate of tuition for entering MBAs by 3.9%.

Room and Board – Total room and board income is expected to be $147.6 million in 2013/14, an increase of 3.2%, which is slightly lower than the approved increase of 3.5% in the room and board rate. The lower growth is the result of the loss of 74 graduate bed spaces for the entire year due to the demolition of the "low-rise" Escondido Village apartments where 425 new beds will be constructed but not available until September of 2014. In addition, the number of voluntary meal plan purchases is expected to remain flat over the current year's high level. In February, the Trustees approved a combined undergraduate room and board rate increase of 3.5% for 2013/14, bringing the undergraduate rate to $13,166. The room rate will increase by 4.5%, and the 19-meal board plan will increase by only 2.2%. We expect that these rates will maintain Stanford's room and board rate ranking at or near the median of the COFHE universities. The 2013/14 recommended rate increases will allow Residential and Dining Enterprises (R&DE) to have a balanced budget that includes the inflationary impacts on operating costs, including labor, food, and expendable materials and supplies, as well as debt service expense in support of critical deferred maintenance and capital improvement projects.

Sponsored Research and Indirect Cost Recovery

The budget for university sponsored research is projected to be $899.2 million in 2013/14 (excluding SLAC). This figure includes the direct revenue from externally supported grants and contracts ($663.8 million) as well as reimbursement for indirect costs ($235.4 million) incurred by the university in support of sponsored activities.

University sponsored research activity in both 2012/13 and 2013/14 will be strongly influenced by sequestration, the budget policy that requires 5%-8% across-the-board reductions in federal discretionary spending in 2012/13 and less-than-inflationary growth in future years. The precise amount of that impact, however, is difficult to assess. For instance, the three agencies that provide over 90% of Stanford's federal research dollars (Health & Human Services-National Institutes of Health [NIH], Department of Defense [DoD], and National Science Foundation [NSF]) have released only preliminary general guidance on how they will respond to sequestration. This guidance, in turn, indicates that each of the agencies will likely employ different strategies, with NIH already implementing reductions to existing awards, NSF intending to honor existing commitments while reducing the number of new grants made, and DoD simply stating the amount of research funding that will need to be cut but excluding any details on how reductions will be made. Further unknowns are whether Stanford's faculty will be able to out-compete faculty at other institutions for dwindling federal dollars and whether they will be able to replace any reduced federal funding with non-federal sources, such as from foundations or corporations.

While most schools have experienced strong research growth halfway through the current fiscal year, most have also tempered their 2012/13 year-end research forecast to account for anticipated sequestration impacts. Along with lowered current-year forecasts, nearly all schools are projecting less-than-inflationary growth or outright declines in federal activity in 2013/14. Federal direct research is projected to grow only 1.3% in 2012/13, which is two percentage points lower than year-to-date volume would indicate. Federal growth in 2013/14 is forecasted to be even lower, at 0.4%, several percentage points less than inflation. Included in the meager 2013/14 growth is an assumption of research generated by new faculty in the School of Medicine. Without that incremental activity, 2013/14 federal research growth would be zero. Whether the federal forecast has been reduced enough to account for the ultimate effects of sequestration will not be known for some time. As a precaution, however, significant general funds have been set aside to deal with those effects, details of which are laid out in the general funds section on page 16.

Strong non-federal support for research is expected to continue in 2012/13, up 5.9%, but that activity, too, is expected to slow in 2013/14 to a growth rate of 3.7%. Two units that had been experiencing robust non-federal growth in recent years are the biggest contributors to this slow-down. School of Medicine funding from the California Institute for Regenerative Medicine is expected to plateau in 2012/13, and the Graduate School of Education expects several large grants to expire in 2012/13, with no new grants in the pipeline to replace them. Weak growth in total direct research activity will result in weak growth in indirect cost recovery in 2013/14, although that indirect recovery will be a little better than the research volume would indicate because the indirect cost rate is projected to increase from 57.0% to 59.0% (neither of these rates has been finalized with the federal government). New research facilities coming online, such as the Bioengineering/Chemical Engineering building, are the primary reasons for the increased indirect rate.

SPONSORED RESEARCH EXPENSES
(Excluding SLAC)
[IN MILLIONS OF DOLLARS]

	2012/13	2013/14	PERCENT CHANGE
Federal Directs	479	481	0.4%
Non-Federal Directs	177	183	3.7%
Total Directs	**655**	**664**	**1.3%**
Total Indirects	230	235	2.3%

SLAC

SLAC revenue and expense are each budgeted to be $451.9 million in 2013/14, a 21.0% increase over the projection for 2012/13. This large increase is distorted by the significant construction activity expected to happen at SLAC in 2013/14 ($109.0 million compared to $36.2 million projected for 2012/13). A goal of the Department of Energy's Office of Science is to modernize the infrastructure of its labs. SLAC received funding for the construction of two new buildings and the remodeling of two existing buildings. In 2009, SLAC began the Research Support Building project, which involved the design of a new 64,000 square foot modern office building and the renovation of 64,000 square feet of existing space in two major buildings. Approximately 35 trailers and substandard buildings will be demolished. The project is estimated to cost $97 million and will be completed in 2014.

In addition, the Office of Science has approved a $65 million, 65,000 square foot Science and User Support Building. This project received initial funding in early 2012 and is expected to be completed in 2015.

The non-construction activity at SLAC is expected to increase minimally, by 1.7% in 2013/14. Given the large U.S. budget deficit and its implications on government discretionary spending, SLAC management continues to make contingency plans for absorbing potential budget reductions.

Health Care Services

Health Care Services income is budgeted to be $699.6 million in 2013/14, a 5.2% increase over the projection for 2012/13. The majority of Health Care Services income ($628.5 million) is in the School of Medicine, including $547.3 million paid by Stanford Hospital and Clinics and Lucile Packard Children's Hospital related to the clinical practices of the faculty. The 2013/14 clinical revenue growth rate over the 2012/13 year-end projection is somewhat lower than in recent years. The blood center's revenues of $47.0 million reflect a modest increase of 3.5% over the projection for 2012/13. The School of Medicine also receives $34.2 million of hospital payments for rent and use of the library and other non-clinical programs and services. In addition, the hospitals pay the university for a number of university provided services, including: $23.3 million to Business Affairs and Business Affairs IT, primarily for communications services; $8.0 million to the Office of the General Counsel for legal services; $16.9 million to Land, Buildings and Real Estate for operations and maintenance and utilities; $8.6 million to the Office of Development for hospital fundraising support; and $14.3 million to the central administration and other units for parking structure debt service and general support.

Expendable Gifts

Expendable gifts are those immediately available for purposes specified by the donor and do not include gifts to endowment principal, gifts for capital projects, gifts pending

Health Care Services and the Affordable Care Act (ACA)

The Health Care Services component of the 2013/14 Consolidated budget for Operations is $700 million and comprises 15% of Stanford total revenue and more than a third of the revenue of the School of Medicine. It represents the fastest growing line item in Stanford's budget since 2007, increasing at a compound annual rate of 8.8%. These revenues are passed from Stanford Hospital and Clinics (SHC) and Lucile Packard Children's Hospital (LPCH) primarily to the School of Medicine for services provided by clinical faculty. These clinical revenues are governed by hospital-school contracts. Additionally, and significantly for the school's education and research missions, the hospitals are the primary training site for medical students, residents and clinical fellows, and the primary site for clinical and translational research.

Many of the Affordable Care Act (ACA) provisions will impact aspects of Stanford Medicine (hospitals, clinics, and school) as well as the flow of funds from the hospitals to the school. While the complete implications of the ACA won't be known for some time, it is clear that there will be less reimbursement for hospitals and health care providers at the same time the population is aging and making greater demands on the system.

The key impacts of the ACA on the hospitals and clinical care provided by Stanford faculty physicians include the following:

- A larger proportion of health care spending will be controlled by government or corporate entities seeking to reduce spending levels, including by reducing utilization. This reduced utilization, resulting in reduced revenues for hospital and physician services, will likely be greater for complex services like much of the care provided at Stanford, compared to primary care.
- Employers and payers will likely shift costs paid directly by patients for more costly hospitals like SHC or LPCH, potentially depressing hospital volume.
- Medicare and other payers will have an increased focus on keeping patients out of the hospital, and will penalize providers for excess hospital utilization and/or unnecessary readmissions.
- Payments to hospitals and physicians will be based increasingly on quality and outcome metrics and will require continued excellence and improvement in quality performance to remain competitive and to avoid reductions in payments.
- Local health care systems, such as Kaiser, may compete successfully to control larger patient populations and also to expand their specialty services to retain and control their tertiary health care spending within their own organizations.
- Starting in 2018, the prospect of an excise tax on high cost employer plans (called the "Cadillac tax") may drive employers and insurers to place more emphasis on lowering costs. While many of the local high-tech companies may deem the tax as a necessary expense of providing competitive benefit plans for hard-to-retain employees, smaller employers may opt out of the health care benefit entirely, shifting their employees to the government coordinated insurance exchanges.

Reducing the cost of care and providing care that focuses on quality, outcomes, and the prevention and avoidance of unnecessary services are key to being successful in the future reform environment. We already see examples in Stanford Medicine where building programs of exceptional excellence and value lead to dramatic increases in referrals from throughout the region and around the country. These include, for example, our total joint replacement programs and the pediatric cardiac surgery program.

Even before the ACA takes full effect in 2014, the hospitals and the school have initiated a number of key programs that focus on patient care quality and outcomes, improving the patient experience and satisfaction, and reducing costs. These initiatives are beginning to demonstrate results.

Also important in the reform environment is the provision of a continuum of care necessary for managing population health. In the past three years, SHC, LPCH and the School of Medicine established community-based physician foundations (University Healthcare Alliance and Packard Healthcare Alliance) in the East and South bay regions. These community physician groups will help to extend the continuum of care to a broader geographic region in which a majority of Stanford's patients reside. Another recent initiative is the Stanford Center for Coordinated Care — a program providing state-of-the-art care management for patients who have chronic and acute illness and account for the larger share of health care spending.

The leaders of Stanford Medicine are already well underway in preparing for these health care reforms. Appropriate cost and utilization controls, high quality care, new facilities, expanded patient population networks, and improved patient experience will be key to our continued financial strength.

designation, or non-government grants. Expendable gift income in support of operations is forecast to be $185.3 million in 2013/14, a 3.0% increase over the level expected for 2012/13. Gift revenue in the current year is projected to be $180.0 million, $20 million lower than 2011/12, following the conclusion of the Stanford Challenge.

Net Assets Released from Restrictions

This category represents funds previously classified as temporarily restricted that become available for spending as specific donor restrictions are satisfied. There are two types of revenue flows in this category. The first is cash payments on pledges made in prior years, and the second is pending gifts whose designation has been determined. Net assets released from restrictions took a big jump in 2010/11, going from $78.3 million the year before to $106.1 million. In 2011/12 it increased slightly to $110.0 million. In the first full post-campaign year, it is expected that net assets released from restrictions will decrease to $100.0 million in 2012/13 and then increase by 5% to $105.0 million in 2013/14.

Investment Income

Total investment income, Stanford's second largest source of revenue after all sponsored research, is expected to increase by 12.4% in 2013/14 to $1,175.9 million. This total includes endowment payout to operations as well as other investment income.

Endowment Income – Endowment payout to operations in 2013/14 is expected to be $982.3 million, an increase of 6.6% over 2012/13. Total endowment income includes payout from individual funds invested in the merged pool as well as specifically invested endowments (e.g., oil and mineral rights), and rental income from the Stanford Research Park and other endowed lands. Total endowment income is also impacted by new gifts to endowment and other transfers in and/or out of endowment principal.

The expected payout from an individual endowment fund in 2013/14 will increase by 3.1%, an increase that adequately matches ongoing expense increases. However, total merged pool payout is expected to increase by 6.8% due to several factors: gifts to endowment principal are expected to reach $225 million; schools and departments are expected to transfer $29 million from expendable funds to funds functioning as endowment; and $219 million is estimated to be added to funds functioning as endowment in the Tier I Buffer as a result of excess expendable funds pool (EFP) earnings in 2012/13. Together these additions contribute roughly $26 million to endowment payout in 2013/14. The EFP payout policy and the impact on the budget is described in the Other Investment Income section below.

The estimate of endowment payout from the merged pool is a product of a forecast of the endowment market value on November 30, 2013 and a smoothed payout rate. Stanford uses an established smoothing rule to dampen the impact on the budget of large annual fluctuations in the market value, thereby providing stability to budget planning. The smoothing rule sets the coming year's payout rate to be a weighted average of the current year's payout rate and the target rate of 5.5%. The smoothed payout rate trends up when the market declines, and it goes down when the market value increases. As reported at the December 2012 Board of Trustees meeting, the university plans to monitor the results of the smoothing rule and recommend adjustments when the smoothed rate falls outside the range of 4.0% to 6.0%. The projected smoothed payout rate for 2013/14 of 5.6% is within the target range.

Of the total endowment income, $191.8 million, or 19.5%, is unrestricted. The unrestricted endowment income includes payout from unrestricted merged pool funds, most of the income generated from Stanford endowed lands, and a small amount of other specifically invested endowment income. The unrestricted portion of endowment payout is expected to increase substantially (11.1%) in 2013/14, driven mostly by the expected $219 million addition to the Tier I Buffer. The Tier I Buffer, a collection of unrestricted funds functioning as endowment, serves as a buffer against shortfalls in investment returns on Stanford's expendable reserves. The Tier I Buffer is expected to reach $1,023.2 million by the end of 2013/14, 29.8% of the total projected expendable funds pool balance. The Tier I Buffer will continue to receive contributions from excess EFP returns until it reaches 35% of the total EFP balance, at which point excess returns will be invested in the Tier II Buffer, controlled by the president. Another important component of unrestricted endowment income is the rental income from Stanford endowed lands, which is expected to be $73.9 million in 2013/14.

Other Investment Income – Total other investment income is expected to increase dramatically from $124.7 million in 2012/13 to $193.6 million in 2013/14, a 55.3% increase.

Other investment income is generated from four main sources:

- Payout on the expendable funds pool ($123.8 million) and income earned on unexpended endowment payout separately invested in the endowment income funds pool ($2.0 million),
- Investment income distributed to support the operations of the Stanford Management Company, the real estate division of Land, Buildings and Real Estate, and a portion of investment accounting activities in the Controller's Office ($36.0 million),
- Interest income on the Stanford Housing Assistance Center (SHAC) portfolio ($15.3 million), and
- Miscellaneous other investment income including rents, security lending, and other interest income ($16.5 million).

The largest of these sources is the payout on the expendable funds pool (EFP), which is expected to have a 2013/14 year-end balance of $3.4 billion. Most of the $2.6 billion of ending fund balances in the consolidated budget for operations are included in the EFP balance, including the university's general operating funds, non-government grants, expendable gifts and designated funds; $350 million of the $2.6 billion in ending fund balances in the consolidated budget are accumulated unspent endowment payout held in the separate endowment income funds pool. The remaining balance of the EFP, not included in the consolidated budget, is comprised of approximately $600 million in plant and debt pool funds, $350 million in student loan funds, and $100 million each in clearing and pending funds.

Investment and payout from the EFP is governed by a trustee policy that was revised effective June 2012. Under the policy, all but approximately $100 million of the EFP is cross-invested in the merged pool, with the remaining portion invested by the Stanford Management Company in cash vehicles. Approximately 75% of the funds in the EFP receive no payout directly to the fund. Rather, a variable payout of 0% to 5.5% on these zero-return accounts is paid to general funds, both centrally and in the formula schools. The rate paid is based on the actual EFP investment returns during the prior fiscal year. The remaining funds invested in the EFP receive an annual payout equal to a money-market return. These money-market funds include the debt recycling pool, insurance and benefits reserves, student loan funds, certain plant funds, agency funds, gifts pending designation, and certain restricted gifts. The Tier I and Tier II Buffers backstop differences between the stipulated payout and actual investment returns.

Because the total return on the EFP in 2011/12 was 2.9%, payout to the zero-return accounts will be nearly $40 million less than the Budget Plan amount for EFP payout in 2012/13. However, returns on the EFP in the current year are projected to be near ten percent, resulting in the full 5.5% payout to the zero-return portion of the EFP in 2013/14. These payout rate differences are the reason that other investment income is increasing so dramatically in 2013/14.

The non-EFP portion of other investment income is projected to increase 7.6% to $67.8 million, due to staff increases in both the Stanford Management Company and in the real estate division of Land, Buildings and Real Estate.

Special Program Fees and Other Income

This category includes the revenues from several different types of activities, such as technology licensing income, conference and symposium revenues, fees from the executive education programs in the Graduate School of Business and the Stanford Center for Professional Development, fees from travel/study programs, and revenues from corporate affiliates, mostly in the schools of Earth Sciences and Engineering. Another major component of this category is the revenue in auxiliary units for activities other than student room and board fees. This includes revenues from conference activity, concessions, rent, and other operating income in Residential & Dining Enterprises, athletic event ticket sales and television income in Athletics, and revenues in HighWire Press, the University Press, Stanford West Apartments, and several other smaller auxiliaries. This category of revenue, much of which is based on outside demand for programs like executive education and travel study programs, has rebounded significantly over the past two years. Total special program fees and other income is budgeted at $483.0 million in 2013/14, an increase of 4.2% over the expected level in 2012/13.

Expenses

Total Compensation

Total Compensation in the Consolidated Budget for Operations includes academic, staff, and bargaining unit salaries, fringe benefits, tuition benefits for research and teaching assistants, and other non-salary compensation such as bonuses and incentive pay. Total compensation in 2013/14 is budgeted to be $2,655.4 million, a 5.8% increase over the 2012/13 year-end projection of $2,510.7 million. This increase is driven by the approved merit programs for faculty and staff, as well as anticipated headcount growth. The overall growth in total compensation expenses is mitigated somewhat by minimal growth in sponsored research.

Salaries – Total salary expense, including SLAC, is expected to grow by 5.6% in 2013/14 to $1,887.7 million. When SLAC is excluded, the growth rate for salary expense increases to 6.1%. Overall, projected salary expense in 2013/14 is the result of the approved salary program, some incremental funding to increase the competitiveness of our faculty salary program, a 1.5% projected increase in the number of faculty and a 3.0% projected increase in total staff headcount, including those supporting research. Staff headcount grew in 2011/12 by roughly 5%; many units added staff as financial resources grew and stabilized post recession. In the first seven months of 2012/13, the annualized rate of increase has slowed to 4.2%. Staff salary growth is projected to slow further in 2013/14.

Similar to past years, the approved salary program takes into consideration the financial condition of the university as well as the current labor market status. Once again the annual salary program was guided by the university's compensation philosophy, which is to set faculty salaries at a level that will maintain Stanford's competitive position both nationally and internationally for the very best faculty; and to set staff salaries to be competitive within the local employment market. After careful review of survey salary data in several local markets, it was determined that staff salaries were at or slightly higher than market median salaries in September 2012. The approved merit program for 2013/14 was set with the intention of maintaining this position.

Fringe Benefits – Fringe benefits expense is expected to increase by 5.3% in 2013/14 to $540.8 million, slightly lower than the growth in overall salary expense due to a slightly lower fringe rate for regular benefits-eligible employees.

The university tracks the benefits costs separately for four distinct employee groups and charges a different rate for each group based on the types of benefits that each is eligible to receive. These federally negotiated rates are calculated as a ratio of total benefit costs to total payroll for each group:

- Regular benefits-eligible employees
- Post-Doctoral research affiliates
- Casual/temporary employees
- Graduate RAs and TAs

In addition, the university applies a fifth rate to eligible salaries to recover the costs of the Tuition Grant Program (TGP), which provides undergraduate college tuition benefits to eligible faculty and staff. The government does not allow these charges, so the TGP rate is applied only to faculty and staff salaries that are not charged to sponsored projects or academic service centers. The TGP rate will increase from 1.75% in 2012/13 to 1.85% in 2013/14 and adds roughly $24 million to the university's total fringe benefit expense in 2013/14.

Ninety-four percent of all fringe benefits expense is incurred for regular benefits-eligible employees, and the proposed rate for this group in 2013/14 is expected to decrease slightly compared to the negotiated rate for 2012/13. The fringe benefits rates for post-doctoral research affiliates and casual or temporary employees are expected to increase in 2013/14, while the rate for graduate research and teaching assistants will be unchanged. The primary factors impacting total fringe benefit expenses in 2013/14 are discussed below.

FRINGE BENEFITS RATES

	2012/13 NEGOTIATED BUDGET	2013/14 PROPOSED RATES
Regular Benefits-Eligible Employees	29.5%	29.2%
Post-Doctoral Research Affiliates	28.4%	29.5%
Casual/Temporary Employees	8.2%	8.4%
Graduate RAs and TAs	5.0%	5.0%
Tuition Grant Program	1.75%	1.85%

Overall, the rate for regular benefits-eligible (RBE) employees will decrease by 0.3 rate points in 2013/14 over the rate negotiated for 2012/13. Although the RBE fringe rate remains relatively stable, several important regulation and program changes are noteworthy:

- A pension stabilization act, the Moving Ahead for Progress in the 21st Century Act, was signed into law in July 2012. Under the new law, the university is not required to make a contribution to its defined benefit pension plan, Stanford Retirement Annuity Plan, in 2013/14, causing the RBE rate to drop by 0.3 points.
- Costs for the Stanford Contributory Retirement Program (SCRP) are increasing by 9.2%, reflecting both projected headcount growth and a change in how employees will be enrolled in the program as of September 1, 2013. Specifically, the program will change from an opt-in

model (in which employees must take action to make contributions from their paycheck, generating matching contributions from the university) to an opt-out model (in which employee contributions will start automatically upon eligibility, again generating matching contributions unless employees take action to cease contributions from their paycheck). This program change is expected to add $5.8 million to the cost of SCRP.

- In order to maintain the workers' compensation insurance premium at the 2011/12 level, the deductibles per occurrence will double from $250,000 to $500,000. To accommodate this change, the university will make a one-time incremental contribution to the worker's compensation reserve in 2013/14.
- Health plan costs are expected to increase 7.7% from the 2012/13 budget. The Blue Shield plans are experiencing unexpected high dollar claim costs this year. As a result, the university is taking active actions to review and redesign the existing health plans in order to control these costs in 2013/14.

The benefits rate for postdoctoral research affiliates will increase again in the coming year, from 28.4% to 29.5%, on the heels of the 5.9% increase in 2012/13 over the previous year. The significant insurance premium increase in calendar 2012, subsequent to negotiating the 2011/12 rate, caused a large under-recovery, which will be added to 2013/14 costs and increase the rate by over one point.

The fringe rate for casual or temporary employees will increase 0.2 points due to the impact of net under-recoveries in recent years. The rate for graduate teaching and research assistants will remain constant at 5.0% in 2013/14.

Financial Aid

Stanford expects to spend a total of $254.1 million on student financial aid for undergraduate and graduate students in 2013/14, $54.8 million of which will come from general funds. Designated and restricted funds ($182.3 million) and grants and contracts ($17.0 million) will support the remainder. Total budgeted financial aid is 3.25% above the projected total for 2012/13, as discussed below.

Undergraduate Aid – Stanford has long been committed to need-blind admissions supported by a financial aid program that meets the demonstrated financial need of all admitted undergraduate students. It is estimated that in 2013/14 Stanford students will receive $137.1 million in need-based scholarships, of which $131.7 million will be from Stanford resources, an increase of 2.6% over the projected 2012/13 year-end, a somewhat lower increase than Stanford's student budget, due to the expectation of thirty fewer students on need-based aid in 2013/14 as the general economy improves. The remaining $5.4 million will come from federal grants, mostly Pell and SEOG grants, a declining amount from historical levels. Cal Grants, which are not reflected in the Consolidated Budget for Operations, will provide $3.3 million, a slight decline over the current year.

UNDERGRADUATE NEED-BASED SCHOLARSHIP AID

[IN MILLIONS OF DOLLARS]

SOURCE OF AID	2007/08 ACTUALS	2008/09 ACTUALS	2009/10 ACTUALS	2010/11 ACTUALS	2011/12 ACTUALS	2012/13 PROJECTED	2013/14 PLAN
Department Funds and Expendable Gifts	2.0	2.2	2.1	2.2	2.5	2.1	2.5
Endowment Income	67.9	80.4	72.4	66.3	71.8	76.1	80.7
President's Funds - The Tier II Buffer		3.0	24.5	24.9	19.2	9.5	
President's Funds - The Stanford Fund	5.3	17.4	15.0	15.6	19.0	16.6	17.1
General Funds			1.5	10.4	14.3	24.1	31.4
Subtotal Stanford Funded Scholarship Aid	75.2	103.0	115.5	119.4	126.7	128.4	131.7
Federal Grants	4.5	5.0	6.9	7.1	6.0	5.4	5.4*
Total Undergraduate Scholarship Aid	**79.7**	**108.0**	**122.4**	**126.4**	**132.7**	**133.8**	**137.1**
General Funds as a Share of Stanford Funding	0%	0%	1%	9%	11%	19%	24%
President's Funds as a Share of Stanford Funding	7%	20%	34%	34%	30%	20%	13%
Endowment funds as a Share of Stanford Funding	90%	78%	63%	56%	57%	59%	61%
Number of Students	2,811	3,136	3,401	3,396	3,464	3,410	3,380

* Excludes $300,000 in work study funds.

The main features of Stanford's financial aid program remain unchanged in 2013/14. However, the relative share of funding sources supporting this critical program is shifting. While president's funds have been an important source of funding for undergraduate aid for many years, significant support from the Tier II Buffer was only added in 2009/10, when a sharp decline in endowment payout coincided with a jump in the number of students on aid due to the major recession. Support from the Tier II Buffer was always considered a short-term solution, and incremental base general funds allocations for need-based aid have been made in each year since that time. In 2013/14 an additional $7.3 million in general funds finally will allow us to eliminate support from the president's Tier II Buffer. The table on the facing page shows that the total general funds supporting financial aid will provide a full 24% of Stanford's total funding supporting need-based aid, while the fraction supported by president's funds will drop from a high of 34% to only 13% in 2013/14. As new endowments are raised to support need-based aid, we hope to reduce general funds support over time.

The table on the facing page shows the detail of undergraduate need-based scholarship aid. Schedules 8 and 9 in Appendix B provide supplemental information on undergraduate financial aid.

Athletic scholarships, which are not need-based, will be awarded to undergraduate students in the amount of $21.1 million, an increase consistent with the rise in tuition.

Graduate Aid – Stanford provides several kinds of financial support to graduate students that are expected to total $330.7 million in 2013/14. As the table below indicates, this includes the tuition component of fellowships in the amount of $95.6 million, which is reflected in the Financial Aid line of the Consolidated Budget. Financial aid for graduate students is expected to increase by 4.0%, consistent with the planned increases in tuition in the various graduate programs and additional funds allocated for graduate support. The table also includes funding, not shown in the Financial Aid line of the budget, for stipends, tuition allowance, and RA and TA salaries of $235.1 million. Consistent with the presentation of Stanford's financial statements, tuition allowance (tuition benefits for RAs and TAs) and RA and TA salary expenses are in the Compensation line, and the stipend amount is in the Other Operating Expenses line of the Consolidated Budget for Operations on page 4. The minimum rate for TA and RA salaries and stipends will increase by 3.25% in 2013/14; tuition allowance expense is expected to increase by 6.7%. The increase above the change in the tuition rate is due to additional general funds for National Science Foundation (NSF) tuition support, and to a $2.3 million increase in the university's contribution toward research assistants' tuition charges from 35% to 40%. This decreases the amount of tuition faculty must charge to their grants or gift funds.

Graduate student support is funded by all of Stanford's various fund types, with the exception of auxiliary funds.

2013/14 FINANCIAL AID AND OTHER GRADUATE STUDENT SUPPORT FROM STANFORD RESOURCES

[IN MILLIONS OF DOLLARS]

PROJECTED 2012/13 YEAR-END		GENERAL FUNDS	DESIGNATED AND RESTRICTED	GRANTS & CONTRACTS	TOTAL
	Student Financial Aid				
134.1	Undergraduate	31.4	100.3	5.7	137.4
20.0	UG Athletic		21.1		21.1
92.0	Graduate	23.4	60.9	11.3	95.6
246.1	Total	54.8	182.3	17.0	254.1
	Other Graduate Support				
72.7	Stipends & Health Insurance Surcharge	18.3	36.1	20.4	74.8
64.1	Tuition Allowance	35.5	15.4	16.5	67.4
89.9	RA/TA S&B	21.2	33.8	37.8	92.8
226.7	Total	74.9	85.5	74.7	235.1
104.6	Postdoc Support	2.9	27.2	78.0	108.1
577.4	**Total Student Support**	**132.6**	**295.0**	**169.7**	**597.3**

In aggregate, unrestricted funds (general funds and designated funds) contribute around 37%, restricted funds also support 37%, and grants and contracts supply the remaining 26%. However, the patterns of funding vary substantially within the schools. Not surprisingly, grants and contracts provide a significantly higher proportion of graduate student funding in the research-intensive schools like Medicine and Engineering. The professional schools rely almost exclusively on restricted funds.

While not matriculated as graduate students, Stanford also provides support to postdoctoral researchers. Roughly two-thirds of these individuals work in the School of Medicine, and the vast majority of their support (72%) is provided by sponsored research projects. Postdocs are charged a tuition fee of $125 per quarter, which is covered by school funds as well as general funds. They receive a salary or a stipend and health benefits in exchange for their work. The total expense for postdocs is expected to be $108.1 million in 2013/14, an increase of 3.4% over 2012/13.

Total direct student support of all kinds is expected to be $597.3 million in 2013/14, a 3.5% increase over the projected level for 2012/13.

Schedule 5 in Appendix B details graduate student and postdoc support by source of funds.

Internal Debt Service

Stanford issues debt securities in the capital markets to finance capital projects and to bridge-finance the receipt of gifts for capital projects. Internal loans are advanced to projects and amortized over the useful life of the assets being financed in equal installments. Internal loans are assessed the Budgeted Interest Rate (BIR), which is the weighted average rate of the debt issued to finance capital projects and includes bond issuance and administrative costs. The BIR has been set at 4.25% for 2013/14, a 0.25% decrease from the current year rate.

Internal debt service covered by the Consolidated Budget for Operations in 2013/14 is projected to be $171.4 million, a 4.1% increase over 2012/13. It includes debt service incurred to bridge finance the receipt of gifts, and excludes $9.6 million of debt service for Rosewood/Sand Hill Road and $26.8 million of annual lease payments. The year-over-year increase of $6.7 million is due to new projects and bridge financing for several projects finishing out the Science and Engineering Quad, as well as additional costs related to the Stanford Energy System Innovations (SESI) project.

Other Operating Expenses

This expense category includes all non-salary expenditures in the Consolidated Budget for Operations except financial aid and internal debt service, which are detailed separately above. This category comprises over 30% of the total expenditures in the Consolidated Budget and is projected to increase 7.9% to nearly $1.4 billion in 2013/14. The overall growth in non-compensation expenses is significantly distorted due to the large amount of construction expense at SLAC, funded by the federal government. (As part of the Department of Energy's Office of Science's goal of modernizing the infrastructure of its labs, SLAC received funding for the construction of two new buildings and the remodeling of two existing buildings.) Unlike university construction expenditures, which are capitalized and depreciated over time, construction costs at SLAC are reflected as Other Operating Expense, as the government, not Stanford, retains title to these assets. Removing the impact of the SLAC activity, Other Operating Expenses are expected to increase modestly, at an increase of 2.3% over 2012/13 levels.

In addition to the SLAC construction costs ($109.0 million), the principal components in other operating expenses include: materials and supplies ($217.1 million, of which about 40% is laboratory supplies); outside professional, printing, and general services ($71.5 million in research subcontracts and $208.5 million in other services); capital equipment and library materials purchases ($79.0 million); graduate student and postdoc stipends and other non-tuition student support ($115.3 million); food, entertainment, and travel ($120.2 million); external payments for facilities and equipment operations and maintenance ($93.1 million); external payments for telecommunications and utilities commodities for campus buildings ($51.0 million); services purchased from the hospitals ($38.7 million); and rentals and leases ($37.6 million).

Utilities – The delivery of utilities to the campus involves three significant components: 1) purchased utilities from outside of the university, 2) debt amortization on capital expenditures, and 3) operations and maintenance (O&M) in support of the delivery of utilities.

Purchased utilities include electricity and natural gas from Cardinal Cogen for generating steam, chilled water and electricity. Domestic water is purchased from the San

Francisco Water District. For 2013/14 purchased utilities represent approximately 43% of the total utilities cost. Capital expenditures are necessary for system expansion, replacement, controls and regulatory requirements and currently include the completing components of the new $438 million Stanford Energy System Innovations (SESI) project that is currently underway. SESI includes three significant sub-projects: the replacement central energy facility ($230 million); the piping, building conversions and process steam plant ($165.7 million); and the new electrical substation ($42.3 million). (See page 69 in Chapter 4 for detailed information on SESI.) These capital expenditures are debt funded, and the related amortization represents 35% of the total utility costs. O&M includes maintenance, materials, supplies and staff labor costs necessary to operate the utility systems and represents 22% of the utilities costs.

Campus utilities costs are projected to increase by $11.1 million or 14.8% to $86.0 million in 2013/14. Roughly half of the cost increase is higher debt amortization expense ($5.6 million) resulting from SESI piping and building conversion projects, which begin to amortize as segments are completed. The remaining half of the increase is the result of price increases in the purchased price for both natural gas and electricity from our energy provider Cardinal Cogen, increases in operations and maintenance costs, and the costs of providing utilities to new buildings completing in 2013/14, the largest of which is the new Bioengineering/Chemical Engineering building.

Operations & Maintenance – Operations and Maintenance (O&M) includes grounds maintenance, custodial, trash, recycling, elevator repair, gutter maintenance, re-lamping, and other services along with preventive and reactive maintenance on buildings, roads, and infrastructure. Total budgeted O&M for the university, including the labor costs to provide these services, is projected to be $132.8 million in 2013/14.

Several areas oversee O&M campus-wide. Land, Buildings and Real Estate (LBRE) provides most of the grounds services for the campus, approximately 50% of the building maintenance and 100% of the infrastructure maintenance (e.g., storm drains and roads). Residential & Dining Enterprises (R&DE) provides the operations and maintenance for approximately 33% of the campus; School of Medicine (SoM) for about 11%; and the Department of Athletics, Physical Education and Recreation (DAPER) for approximately 6% of the campus.

The university will incur incremental O&M costs in 2013/14 of $3.4 million, driven by the Bioengineering/Chemical Engineering building, the Stanford Research Computing Facility, and the repurposing of the GSB South building for use by Stanford University Libraries. These increases will be offset by a reduction in off-campus lease expenses.

Transfers

In order to determine the change in fund balances expected in each fund type and for the Consolidated Budget for Operations as a whole, we must account for the transfer of funds between units, between fund types, and out of the Consolidated Budget for Operations altogether. Overall, transfers result in a net reduction from operating results of $140.0 million.

The schools, administrative departments, and central administration authorize movements of funds out of operations to create other types of assets. These assets include student loan funds, funds functioning as endowment (FFE), capital plant projects or reserves, and funds held in trust for independent agencies such as the Howard Hughes Medical Institute, the Carnegie Institution, and the Associated Students of Stanford University. These transfers to and from assets vary widely from year to year, and a single transaction can greatly affect these numbers. Using information provided by budget units, and combining that information with central administration commitments, the Consolidated Budget for Operations adds or subtracts these transfers from the operating results (revenues less expenses).

- Transfers to Endowment Principal: This line includes transfers of either expendable funds to endowment principal, which creates funds functioning as endowment (FFE), or withdrawals of FFE to support operations. In 2013/14 we are projecting that a net $29.3 million will be transferred to FFE from current operating funds. This reflects continued school investments of expendable fund balances in FFE ($5.3 million for Humanities & Sciences; $6.2 million for Engineering; $10.1 million for Medicine; $3.2 million for Hoover; and $2.5 million for Earth Sciences), as well as an anticipated $10.1 million investment of designated funds by the president for challenge matches. The transfer for 2013/14 compares to a projected $56.1 million transfer from current funds to FFE in 2012/13, a decrease of $26.8 million; most of the decrease is due to lower transfers by the School of

Medicine and by the President and Provost in 2013/14 than in 2012/13.

- Transfers to Plant: The transfers in this category are primarily to plant for capital projects. Total transfers of $148.9 million to plant and other assets are planned for 2013/14. Included in this is $66.7 million in anticipated transfers from the Capital Facilities Fund (CFF) to support plant projects (see more on the CFF in Chapter 4). Additionally, Land, Buildings and Real Estate will transfer $11.2 million from the Planned Maintenance Program into plant improvement projects; the School of Humanities and Sciences will transfer $25.5 million for McMurtry Art and Art History Building and the renovation of Old Chemistry; and the School of Medicine expects to transfer $13.0 million in funds for a variety of capital projects. The remainder is made up of smaller amounts distributed throughout the remaining units. These transfers will decrease significantly (by $65.7 million) from the amount of $214.6 million projected for 2012/13. The largest driver of this decrease is the exceptionally large transfer from the CFF in 2012/13 of $48.5 million for the renovation of the old GSB south building for library use.
- Other Internal Transfers: There is other financial activity which affects the net results of the consolidated budget. Primarily, internal revenue and internal expense are generated from those charges that are made between departments within the university for services provided through charge-out mechanisms. Communication services provided by Business Affairs IT to university departments are one type of internal revenue and expense. Another is the charge that the Department of Project Management (the group that manages construction projects on campus) allocates to capital projects that use their services. These charges contribute to the revenue and expense of individual departments and fund types but, ultimately, are netted against each other in the presentation of the Consolidated Budget to avoid double counting. There is, however, a net $42.4 million of internal revenue flowing into the Consolidated Budget, primarily from capital plant funds, which are outside the Consolidated Budget, into service centers and other funds within the Consolidated Budget. Additionally, this line represents transfers of current funds to student loan funds, such as the loan forgiveness programs in Education and Law.

GENERAL FUNDS

The general funds budget is an essential element of the Consolidated Budget because general funds can be used for any university purpose, and they support the necessary administration and infrastructure for all core activities at the university. The main sources of these funds are student tuition, indirect cost recovery from sponsored activity, unrestricted endowment income, and income from the expendable funds pool (EFP). Each school receives an allocation of general funds, which support both academic and administrative functions; administrative units are supported mostly by general funds.

General funds revenue in 2013/14 is projected to increase by 8.5% to $1,194.2 million, a $93.4 million increase over the expected level for 2012/13. Student tuition will increase 3.8%, or $22.9 million, reflecting increased tuition rates. Smaller growth, totaling $6.5 million, is projected for indirect costs, healthcare services, and other income. The primary driver of general funds growth is investment income, which is increasing 29.4%, or $64.1 million. This growth is partly due to the increasing balance of and payout from the Tier I Buffer, but it is mostly due to a $44.9 million increase in other investment income. These last two items are described more fully in the earlier section on investment income.

2013/14 Non-Formula General Funds

Per negotiated formula arrangements, $171.5 million of the total general funds revenue will flow to the School of Medicine, the Graduate School of Business, and the Continuing Studies and Summer Session unit. The remaining general funds revenue is controlled and allocated by the provost. The total general funds available to allocate to the non-formula units in 2013/14 is $976.5 million. This includes annual adjustments made for transfers to the university facilities and housing reserves, along with funds generated by the infrastructure charge. These adjustments are reflected in the Transfers section of the Consolidated Budget.

During the annual general funds budgeting process, each budget unit met with the Budget Group, the provost's advisory body comprised of senior faculty and administrators, to 1) review the financial status and fund balances of the organization; 2) report on the relatively large increase in staff headcount over the past year; 3) forecast graduate

SUMMARY OF 2013/14 BASE GENERAL FUNDS ALLOCATIONS

[IN MILLIONS OF DOLLARS]

2013/14 Projected General Funds Revenue		**1,194.2**
Allocations to Formula Units		(171.5)
Transfers Out - Facilities and Housing Reserves		(41.7)
Other Transfers		(4.5)
2013/14 Non-Formula Base General Funds		**976.5**
2012/13 Non-Formula Base General Funds Allocations		814.9
Non-Discretionary Allocations		
Capital Facilities Fund	72.4	
Incremental Facilities Costs	9.1	
Subtotal		81.5
2013/14 Incremental Base General Funds Allocations		
Salary Program and Inflationary Adjustments	21.2	
Undergraduate Financial Aid	7.3	
Research Support	14.7	
Other Programmatic Allocations	11.3	
Subtotal		54.6
2013/14 Unallocated Surplus		25.5
2013/14 Non-Formula Base General Funds		**976.5**

student and faculty growth plans; 4) discuss contingency plans in anticipation of a slowdown in federal research funding; and, 5) submit requests for incremental general funds. At the end of the process, the provost made allocation decisions based on the units' presentations, consultation with the Budget Group, and a final forecast of available general funds. Those decisions were especially influenced this year by the dual concerns about recent staff growth and a potential decline in federal research support. While significant resources were allocated to the research enterprise, less than half of the incremental staff positions requested by units were funded.

The table above shows how the $976.5 million in non-formula general funds will be allocated in 2013/14. As noted in the table, funds are set aside for the Capital Facilities Fund and incremental facilities costs to arrive at the $895.0 million available to allocate to non-formula general units and to an unallocated surplus reserved for future needs.

The university's budgeting practice is to keep units' prior year general funds allocations in place and then make further additions or reductions based on programmatic necessity. The incremental allocations made for 2013/14 are detailed below and are reflected in the pie chart on the following page:

Salary Programs and Inflationary Adjustments: $21.2 million

To maintain the university's competitive positions in faculty and staff salaries, $14.0 million was allocated to fund a salary program and the attendant increase in benefits expense. General non-salary expenditures received an increase of 2.5% for 2013/14, with larger increases granted for graduate financial aid and student health care expenses. Total inflationary adjustments for non-salary expenditures were $7.2 million.

Research Support: $14.7 million

Concern about the ability of the federal government to sustain its historic levels of support for university research was a driving factor in this year's general funds decisions, and a substantial amount of money has been allocated to bolster the university's research efforts. First, $2.3 million will be used to increase the university's contribution toward graduate research assistants' tuition charges from 35% to 40%, decreasing the amount of tuition faculty must charge to their limited sponsored research dollars. Second, $2.2 million was allocated to support shared research facility expenses, the largest portion of which will be used to operate the Stanford Research Computing Facility currently under construction. An additional $200,000 will be used for research compliance needs. Still unknown are the ultimate magnitude of federal research reductions and which areas of the university will feel the greatest impact. Because of these uncertainties, the existing University Reserve of base general funds has been increased from $20 million to $30 million as a hedge against possible research shortfalls.

Facilities Costs: $9.1 million

Utilities and O&M expenses for existing facilities will increase by $6.1 million in 2013/14. The costs associated with the steam-to-hot-water conversion - a subset of the Stanford Energy System Innovations project - are a significant factor in that increase. New facilities opening during 2013/14, among them the Bioengineering/Chemical Engineering building, the Stanford University Libraries North renovation, and the Arrillaga Outdoor Education & Recreation Center, will add another $5.1 million to facilities costs. These higher costs will be partially be offset by a $2.6 million decrease in insurance costs and debt service expenses, the savings mostly due to better claims experience and lower interest rates, respectively.

Undergraduate Financial Aid: $7.3 million

Existing general funds support for undergraduate financial aid will increase $842,000 in 2013/14 to keep up with the increased tuition rate. Also, more progress will be made toward reducing reliance on one-time funds for undergraduate aid with a further investment of $6.5 million in general funds. With that investment, support from the Tier II Buffer should no longer be required.

Administrative Operations: $3.0 million

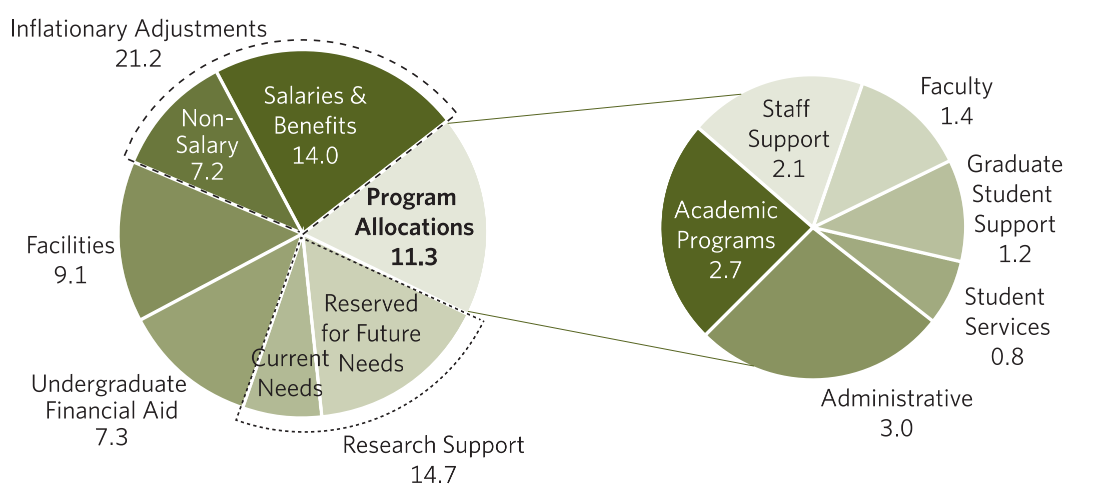
The largest allocation in this area, $1.7 million, went to Business Affairs, most of which will be used for compliance efforts, required fees to operate facilities within China, and information security needs. Security of the more physical nature will be enhanced by the $423,000 allocation to Public Safety, including funds for an additional deputy and a public safety officer. A number of units sought support for communications and outreach efforts; a combined total of $508,000 was allocated to the Graduate School of Education and the Offices of Development and Public Affairs for that purpose. Remaining administrative allocations were focused on IT systems and staff in a number of units.

Academic Programs: $2.7 million

The two largest allocations in this area were to the Libraries and H&S, at about $850,000 each. Half of the Libraries' funding will go toward facilities and library materials, and half will go toward librarians, curators and technical staff who provide direct support to researchers. All of the H&S funds will provide stable base funding for the increasingly popular Creative Writing program. Another $705,000 will be split by Earth Sciences, Engineering, and VPUE for direct support of students in programs such as Earth Systems, the Model Shop, and Stanford Technology Ventures. Finally, the new Chemical Biology Institute within the Dean of Research area will receive $250,000 of operational support.

2013/14 INCREMENTAL GENERAL FUNDS ALLOCATIONS: $63.7 MILLION

[IN MILLIONS OF DOLLARS]



Staff Support: $2.1 million

While the Budget Group showed restraint in funding new staff positions, significant allocations were made to develop the university's existing employees. Specifically, $1.3 million will be used to provide base funding for the leadership development programs offered by the university, and another $378,000 will be used to enhance university training services and develop new ones in Land, Buildings and Real Estate. The remaining allocations will be used to make targeted market adjustments to certain staff salaries.

Faculty Support: $1.4 million

The university continues to support the Faculty Development Initiative and Faculty Incentive Fund — established programs that encourage the recruitment of underrepresented minorities to the faculty — and $764,000 was allocated for these purposes. While most non-formula schools received significant allocations last year to make competitive faculty salary adjustments, the Law School took more time to review data and develop a plan. The remaining funds in this area will go to Law, mostly to implement their faculty salary plan but also to fully fund recent hires whose salaries could not be entirely covered by school resources.

Graduate Student Support: $1.2 million

As recently as 2007/08, engineering degrees constituted 19% of all undergraduate degrees granted, while in 2011/12, they were nearly 27% of the total. The school has, unsurprisingly, experienced a commensurate increase in teaching assistant needs, and $800,000 was allocated to partially address those needs. Engineering received additional one-time funds for the same purpose, and those one-time funds may need to be converted to a base allocation in future years if demand holds. Similarly strong increases in the number of graduate students receiving National Science Foundation (NSF) fellowships clearly indicate the strength of the university's graduate programs, but the university is required to cover the portion of tuition not covered by NSF, and an additional $400,000 was allocated for that purpose.

Student Services: $0.8 million

An additional $503,000 was allocated to the Vaden Health Center, partly to account for medical inflation and partly to add a psychologist to the Counseling and Psychological Services center. Other allocations were made to the Graduate School of Education ($143,000), to expand its student career resources office, and to the Haas Center for Public Service ($200,000), to provide stable base funding for several programs that provide students service opportunities directly tied to academic course work.

PROJECTED STATEMENT OF ACTIVITIES

Stanford University, as a not-for-profit institution and a recipient of restricted donations, manages itself internally according to the principles of fund accounting. Stanford also presents a Statement of Activities, prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Statement of Activities summarizes all changes in net assets during the year (both operating and non-operating).

The table on the following page compares the Consolidated Budget for Operations with the projected operating results section of the Statement of Activities. Cash resources are classified into fund groups, which are subject to different legal and management constraints.

There are four different categories of funds:

1) Current Funds, which include revenue to be used for operating activities — e.g., tuition revenue, sponsored research support, endowment payout, and other investment income;
2) Endowment Principal Funds, which include all of Stanford's endowment funds, both those restricted by the donor, and those designated as endowment funds by university management;
3) Plant Funds, which include all funds to be used for capital projects, such as construction of new facilities or debt service; and
4) Student Loan Funds, which include those funds to be lent to students.

The Consolidated Budget for Operations includes only current funds, and reflects the sources and uses of those funds on a modified cash basis that more closely matches the way the university is managed internally. Within these current funds, funds are further classified by their purpose and level of restriction. The Consolidated Budget for Operations also reflects the transfer of current funds for investment in other fund groups: funds functioning as endowment, student loan funds, and plant funds. For example, a school may choose to transfer operating revenue to fund a future capital project. Similarly, a department may decide to move unspent current funds to the endowment, either to build capital for a

COMPARISON OF CONSOLIDATED BUDGET AND STATEMENT OF ACTIVITIES, 2013/14

Unrestricted Net Assets

[IN MILLIONS OF DOLLARS]

STATEMENT OF ACTIVITIES				FISCAL YEAR 2013/14		
2011/12 ACTUALS	2012/13 JUNE 2012 BUDGET	2012/13 PROJECTED YEAR-END		PROJECTED CONSOLIDATED BUDGET	ADJUSTMENTS	PROJECTED STATEMENT OF ACTIVITIES
			Revenues and Other Additions			
			Student Income:			
298.0	307.5	309.9	Undergraduate Programs	320.7		320.7
287.2	299.6	298.3	Graduate Programs	310.4		310.4
135.9	138.2	143.0	Room and Board	147.6		147.6
(240.6)	(250.0)	(246.1)	Student Financial Aid[e]		(254.1)	(254.1)
480.5	495.3	505.1	Total Student Income	778.7	(254.1)	524.6
			University Sponsored Research:			
639.6	667.2	655.3	Direct Costs–University	663.8		663.8
226.4	226.8	230.1	Indirect Costs	235.4		235.4
866.1	894.0	885.4	Total University Sponsored Research	899.2		899.2
368.2	378.0	373.4	SLAC	451.9		451.9
544.9	541.8	592.6	Health Care Services[f,k]	699.6	(71.0)	628.6
178.2	200.0	180.0	Expendable Gifts In Support of Operations	185.3		185.3
108.2	109.8	100.0	Net Assets Released from Restrictions	105.0		105.0
			Investment Income:			
871.1	925.5	921.7	Endowment Income	982.3		982.3
131.3	126.8	93.7	Other Investment Income[g]	193.6	(34.9)	158.7
1,002.4	1,052.3	1,015.4	Total Investment Income	1,175.9	(34.9)	1,141.0
428.7	434.8	468.4	Special Program Fees and Other Income[j]	483.0	5.1	488.1
3,977.2	**4,106.0**	**4,120.3**	**Total Revenues**	**4,778.6**	**(354.9)**	**4,423.7**
			Expenses			
2,334.4	2,482.1	2,564.3	Salaries and Benefits[d,g,j]	2,655.4	40.0	2,695.4
64.7	75.4	77.6	Debt Service[h]	171.4	(100.2)	71.2
			Capital Equipment Expense[b]	79.0	(79.0)	0.0
277.5	297.2	295.1	Depreciation[c]		311.5	311.5
			Financial Aid[e]	254.1	(254.1)	0.0
1,089.8	1,099.5	1,153.9	Other Operating Expenses[f,g,j]	1,305.4	(45.7)	1,259.7
3,766.3	**3,954.2**	**4,090.9**	**Total Expenses**	**4,465.3**	**(127.5)**	**4,337.8**
210.9	**151.8**	**29.4**	**Revenues less Expenses**	**313.2**	**(227.4)**	**85.9**
			Transfers			
			Additions to Endowment Principal[a]	(29.3)	29.3	
			Other Transfers to Assets[a]	(148.9)	148.9	
			Net Internal Revenue/Expense[i]	38.2	(38.2)	
0.0	**0.0**	**0.0**	**Total Transfers**	**(140.0)**	**140.0**	**0.0**
210.9	**151.8**	**29.4**	**Excess of Revenues Over Expenses After Transfers**	**173.2**	**(87.4)**	**85.9**

particular purpose, or to maximize the return on those funds as a long-term investment. In both these instances, these funds are no longer available to support operations, so they decrease the Consolidated Budget for Operations operating results. These transfers, however, have no impact on the Statement of Activities operating results, as the net assets of the university have not changed.

Converting the Consolidated Budget into the Statement of Activities

To convert the Consolidated Budget to the Statement of Activities under GAAP, certain revenue and expense reclassifications, transfers, and adjustments are necessary.

The following adjustments are made to the Consolidated Budget to align it more with the GAAP basis Statement of Activities:

a) Eliminate Fund Transfers. The Consolidated Budget includes transfers of $178.2 million of current funds to other fund groups, including plant, student loans, and funds functioning as endowment. The transfers out are added back.

b) Remove Capital Equipment purchases. The Consolidated Budget includes the projected current year's purchases of capital equipment as expense. For GAAP purposes, the cost of capital equipment is recorded as an asset on the Statement of Financial Position. As a result, $79.0 million is eliminated from Consolidated Budget expenses.

c) Record Depreciation expense for the current year's asset use. The Statement of Activities includes the current year's depreciation expense related to capital assets being depreciated over their useful lives. Depreciation expense includes the depreciation of capital equipment and other capital assets, such as buildings and land improvements. This adjustment adds $311.5 million of expense.

d) Adjust Fringe Benefit expenses. The Consolidated Budget reports the fringe benefits cost based on the fringe benefits rate charged on all salaries; the rate may include over- or under-recovery from prior years. The Statement of Activities reflects actual expenses for fringe benefits, so the over- or under-recovery amount has to be removed from Salaries and Benefits. The Statement of Activities also includes accruals for certain benefits, such as pension and post-retirement benefits that are required by GAAP to be shown as expense in the period the employee earns the benefit. For 2013/14, the net results of these differences that occur in the Statement of Activities are $63.8 million higher than the Consolidated Budget.

e) Reclassify Financial Aid. GAAP requires that the tuition portion of student financial aid be shown as a reduction of student revenue. In the Consolidated Budget, financial aid is reported as an operating expense. Accordingly, $254.1 million of student financial aid expense is reclassified as a reduction of student revenues in the Statement of Activities.

f) Adjust for Health Care Services. For GAAP purposes, Health Care Services revenues received from the hospitals are reported net of expenses that the hospitals charge the university. The Consolidated Budget presents these revenues and expenses on a gross basis. This adjustment results in a reduction of $39.7 million in both Other Operating Expenses and Health Care Services revenues, with no net change to the bottom line.

g) Adjust for Internal Investment Management Expenses. Included in the Consolidated Budget revenues and expenses are $34.9 million of internal expenses of the Stanford Management Company, Real Estate Operations, and the Investment Accounting department. For GAAP purposes, these expenses, incurred as part of the generation of investment returns, are netted against investment earnings. This adjustment reduces Other Investment Income, as well as reducing $26.6 million from compensation and $8.3 million from non-compensation expenses, with no net change in the bottom line.

h) Adjust for Debt Service. The Consolidated Budget includes all internal debt service. It reflects the use of funds to amortize principal and interest. On a GAAP basis, interest expense is reported in the Statement of Activities and repayment of debt principal is reported as reductions in Notes and Bonds Payable in the Statement of Financial Position. It also includes debt service for Rosewood/Sand Hill Road, which is not included in the Consolidated Budget for Operations. Therefore, Internal Debt Service expense must be reduced by the amount of internal principal amortization. In addition, adjustments must be made to account for the difference between internal and external interest payments. These combined adjustments reduce internal debt service expense by $100.2 million.

i) Eliminate Net Internal Revenue/Expense. The Statement of Activities excludes all internal revenues and expenses. However, the Statement of Activities includes the activity of all fund types, while the Consolidated Budget does not include plant funds. Therefore, the net inflow of $38.2 million from plant funds into the Consolidated Budget for purchases of internal services must be eliminated.

j) Include Stanford Sierra Camp. The Statement of Activities includes the revenues and expenses of the Sierra Camp that the Alumni Association runs as a separate limited liability corporation. $5.1 million in revenues and expenses is added ($2.8 million in Salaries and Benefits and $2.3 million in Other Operating Expenses) to the Consolidated Budget for Operations.

k) Eliminate Hospital Equity transfers: Payments received from the hospitals for which no services are required to be provided by the University are considered transfers of equity between the University and the Hospitals and are not included in operating revenue in the Statement of Activities. In the Consolidated Budget, these show as health care services income. This adjustment removes $31.3 million of revenue.

In summary, the impact of these adjustments decreases the Consolidated Budget's projected $173.3 million surplus by $87.4 million, resulting in a projected surplus of $85.9 million in the Statement of Activities.

CHAPTER 2

ACADEMIC UNITS

Overview of Academic Units

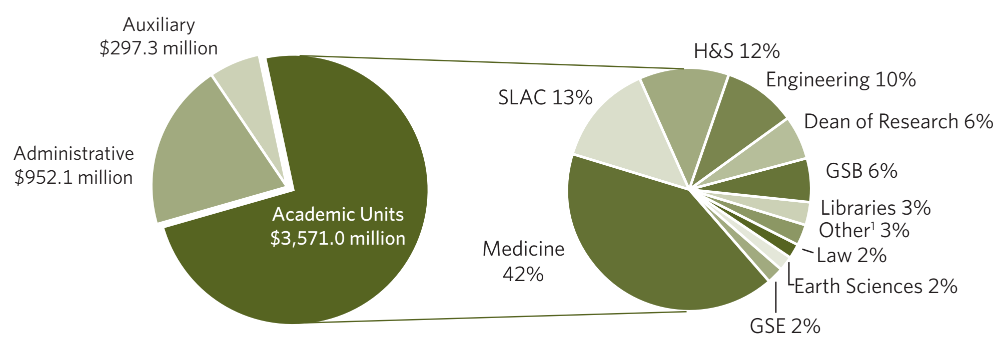
This chapter summarizes programmatic and financial activity for each academic unit. The revenue expectation in 2013/14 for these academic units comprises over 74% of the university total revenue. Overall, the academic units project an operating surplus of $115.4 million. After transfers to facilities and endowment, the unit budgets overall will be virtually balanced with a $32.6 million surplus.

CONSOLIDATED BUDGET FOR OPERATIONS, 2013/14: ACADEMIC UNITS

[IN MILLIONS OF DOLLARS]

	TOTAL REVENUES AND TRANSFERS	TOTAL EXPENSES	RESULT OF CURRENT OPERATIONS	TRANSFERS (TO)/FROM ASSETS	CHANGE IN EXPENDABLE FUND BALANCE
Academic Units:					
Graduate School of Business	209.2	197.9	11.3	(11.3)	(0.0)
School of Earth Sciences	61.2	57.6	3.7	(3.5)	0.2
Graduate School of Education	57.1	56.8	0.3	(0.6)	(0.3)
School of Engineering	377.3	358.3	19.0	(12.1)	6.8
School of Humanities and Sciences	445.6	430.1	15.5	(30.8)	(15.3)
School of Law	78.4	74.3	4.1	(4.0)	0.1
School of Medicine	1,589.9	1,517.1	72.8	(23.1)	49.7
Vice Provost and Dean of Research	198.3	205.5	(7.2)	5.0	(2.1)
Vice Provost for Undergraduate Education	43.4	43.3	0.1		0.1
Vice Provost for Graduate Education	3.6	7.1	(3.5)	(0.2)	(3.7)
Hoover Institution	51.4	49.2	2.2	(3.2)	(1.0)
Stanford University Libraries	108.6	111.0	(2.4)	1.0	(1.5)
SLAC	462.4	462.8	(0.4)		(0.4)
Total Academic Units	**3,686.4**	**3,571.0**	**115.4**	**(82.9)**	**32.6**

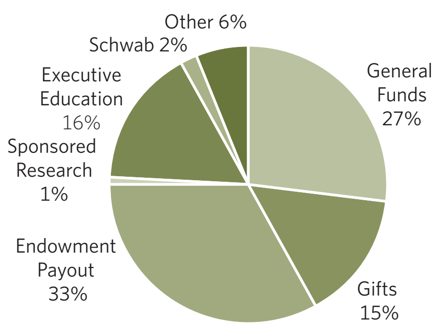
2013/14 Consolidated Expenses by Academic Units



[1] Other is Hoover, VP for Undergraduate Education, and VP for Graduate Education.

GRADUATE SCHOOL OF BUSINESS

2013/14 Consolidated Revenues
$209.2 Million



[IN MILLIONS OF DOLLARS]

	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN TOTAL
Total Revenues	193.8	198.9	209.2
Expenses			
Salaries and Benefits	98.5	109.4	114.8
Non-Salary	69.3	77.4	83.1
Total Expenses	167.8	186.8	197.9
Operating Results	**26.0**	**12.1**	**11.3**
Transfers From (to) Endowment & Other Assets	(12.7)	0.0	0.0
Transfers From (to) Plant	0.0	(4.4)	(11.3)
Surplus / (Deficit)	**13.3**	**7.8**	**0.0**
Beginning Fund Balances	65.7	79.0	86.8
Ending Fund Balances	79.0	86.8	86.7

Programmatic Directions

The Graduate School of Business (GSB) has built a global reputation based on its management and leadership programs, including the two-year MBA; the one-year MS in Management, which will grow by 10% in the next two years; the PhD program; Stanford Ignite, a part-time program in innovation and entrepreneurship; and Executive Education, which also continues to grow annually. Each creates an experience that transforms people and prepares them to change lives, change organizations, and change the world. Programs engage the highest-quality students with world-class faculty across Stanford University's seven schools, as well as alumni, Silicon Valley professionals, global executives, and the broader world community. The state-of-the-art Knight Management Center offers flexible classroom spaces for hands-on experiential learning, small-group leadership labs, and team-based learning. It also serves as a convening space for major forums and discussions.

The school met its goal of increasing the number of tenure-line faculty members to 110 in 2011/12. Subsequent program growth and a number of new research initiatives created the need for additional faculty, and an aggressive recruiting effort resulted in 116 tenure-line faculty members for 2012/13. This number suffices to support the GSB's current teaching and research requirements. Based on present needs, the school intends to maintain the tenure-line faculty number under 120. Although in the past two years few faculty have departed, the school generally loses some faculty members each year. Therefore, to maintain current levels, the school continually recruits in all disciplines. It also continues recruitment related to the Stanford Institute for Innovation in Developing Economies (known as SEED).

The GSB is also working with the university to develop joint degrees with the School of Engineering to add to those already offered in education, environment and resources, political science, and law. By combining academic disciplines, the school aspires to graduate students prepared to pursue professional interests and become agents of change. The GSB aims to increase the number of students who earn joint degrees from one in six today to one in four by 2020.

Through a comprehensive planning exercise, the GSB developed the GSB 2020 strategy, with an objective of strengthening its core and increasing reach and impact. Many of the resulting initiatives focus on global strategy, SEED, and distance learning/education technology.

A new department, the Global Innovations Program, is charged with creating GSB programs globally. These include Stanford Ignite, a multiweek program that teaches entrepreneurs, graduate students, and technical professionals how to bring their research and ideas to market. Stanford Ignite is offered at Stanford, in Europe, and in India, and it is to be developed for China in 2014.

The GSB will also leverage Stanford University's center at Peking University in Beijing as a base to facilitate faculty research, develop case studies, and scale programs on innovation and entrepreneurship. Two staff members are located in China to manage these efforts. The GSB continues to provide a robust selection of opportunities for MBAs to fulfill their global experiences requirement through study trips and immersion projects.

The GSB launched SEED in November 2011 with a mission to stimulate creation of economic opportunities through innovation, entrepreneurship, and the growth of businesses that change the lives of people who live in poverty around the world. SEED is exploring innovation hubs, first in Ghana and then in other developing countries, to create a sustained physical presence locally and provide direct engagement. With a critical focus on barriers to entrepreneurship and business growth, SEED will concentrate on sectors such as health care, food and nutrition, education, water, and energy to maximize its impact.

The GSB is developing new ways to leverage technology in education. In fall 2012, the school partnered with the Stanford Center for Professional Development to offer a joint online Certificate Program in Innovation and Entrepreneurship. The eight-course program can be accessed from anywhere in the world. The GSB also has invested in new digital equipment and studios to create online content. Technology specialists will support faculty in delivering the most effective and hands-on learning experience, using "flipped classroom" techniques that allow classes to move faster and cover more material. For example, faculty member Sridhar Narayanan's Marketing Analytics course has been transformed by creation of tutorial videos that help students learn how to use software tools, analyze data, and develop plans of action. Students view videos before they tackle problem sets, allowing the professor to spend more class time examining real-world cases. The school is also developing virtual classroom experience technology with high-end teleconferencing to allow seamless classes for groups meeting simultaneously at Stanford and other parts of the world.

Consolidated Budget Overview

The 2013/14 GSB Consolidated Budget for Operations shows total revenues and operating transfers of $209.2 million and expenses of $197.9 million, yielding an operating surplus of $11.3 million. This surplus will be transferred to a plant account and used for the concept and design approval phases of the GSB student housing expansion, resulting in a balanced budget after transfers.

GSB revenues and transfers for 2013/14 are projected to grow by about $10.3 million, or 5.2%, over the current year-end projection, largely due to growth in tuition and instructional fees, Executive Education revenue, and endowment payout. Tuition for first-year MBAs is planned to increase 3.9% to $59,550. Tuition for the MS program (previously known as Sloan) is planned to increase 3.8% to $112,100, and the number of students is projected to increase 10% to 88. The PhD tuition increase is estimated at 3.5%. Instructional fees for Global Innovations programs will increase 37%, from $3.5 million to $4.8 million, due to deployment of additional global locations. Executive Education revenues are projected to be $33.3 million in 2013/14 and to reach $48 million by 2020.

Endowment payout and interest income are projected to increase by 5.8% over the current-year projection as a result of growth in principal and new gifts. They are expected to provide 33% of overall funding for the GSB, particularly for teaching, research, and fellowships. The GSB projects expendable gifts to be $31 million, roughly the same as the forecast for 2012/13.

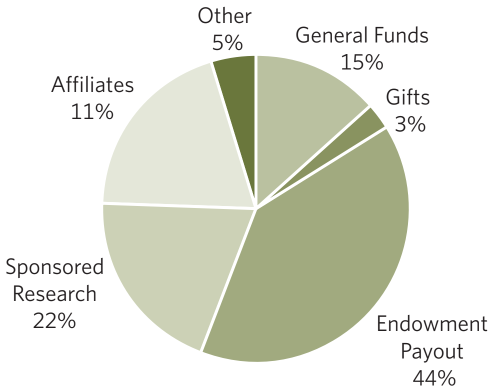
GSB expenses are projected to increase by 5.9% over 2012/13. Teaching and research costs will grow due to an increase in salaries, net growth of one faculty member and four lecturers, and inflationary growth in research expenses. Executive Education expenses will grow to support both custom and open-enrollment program growth through 2020. SEED and Global Innovation expenses will increase to support programmatic initiatives around the world.

Capital Plan

The GSB anticipates a $66.7 million capital outlay over five years to build an additional housing facility so that all first-year MBA students (excluding families with children) can be accommodated with on-campus housing if desired. The facility is planned to provide a minimum of 150 net new beds and to have academic facilities and collaborative work areas. The housing expansion is in the early planning stages and is expected to be operational by summer 2017.

SCHOOL OF EARTH SCIENCES

2013/14 Consolidated Revenues
$61.2 Million



[IN MILLIONS OF DOLLARS]

	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN TOTAL
Total Revenues	59.6	58.8	61.2
Expenses			
Salaries and Benefits	36.6	39.2	40.9
Non-Salary	19.1	16.7	16.6
Total Expenses	55.7	55.9	57.6
Operating Results	**3.9**	**2.9**	**3.7**
Transfers From (to) Endowment & Other Assets	(2.5)	(2.5)	(2.5)
Transfers From (to) Plant	0.0	(1.0)	(1.0)
Surplus / (Deficit)	**1.4**	**(0.6)**	**0.2**
Beginning Fund Balances	46.8	48.2	47.7
Ending Fund Balances	48.2	47.7	47.8

Programmatic Directions

The School of Earth Sciences has evolved substantially over the past fifteen years and now finds itself at a crossroads. Looking towards 2014, the school will focus on four issues: expanding its academic program, planning for a new Earth Sciences building, developing a stronger communications presence, and continuing its commitment to diversity.

The school's changes over the past decade or more have been targeted at improving its ability to engage in "use-inspired" research and educate future leaders in the significant sustainability challenges related to Earth's resources, hazards, and environment. The question Earth Sciences now grapples with is, "What's next?" There is tremendous need and opportunity to expand the role of the school to address the challenges facing the planet and its growing population. In the past, the school has focused almost exclusively on the biophysical system. Earth Sciences feels it is now critical to expand that focus to include the coupled human-environmental system, where interactions between human decision making and the environment and resources are key.

Through research collaborations across campus, Earth Sciences has made progress in understanding and solving problems around these complex sustainability challenges. And yet critical gaps in expertise impede Stanford's progress in addressing these challenges as they relate to the human-environmental system. Resource policy analysis, geography and planning, governance, and risk and decision analysis related to resource and environmental issues are some examples of these critical gaps.

The school's experience in education over the last decade has identified a similar problem. As student demand for Earth Sciences' interdisciplinary programs continues to expand, having increased some 60% since 2007, significant gaps in teaching and mentoring have emerged, especially in the environmental social sciences. The school believes it can help address these needs by expanding its faculty in critical areas not already present within the university. Areas such as resource economics, land use, urban planning, and food production and security—as they relate to the human-environmental system—are all of great interest to Stanford students. Given the school's focus on earth-related concerns, the School of Earth Sciences has a responsibility to lead the way in developing solutions and educating leaders who can address society's most demanding sustainability problems.

To support this evolving mission, Earth Sciences needs a new research building. The Mitchell Building can no longer meet the demands of modern research. In 2012 the school developed a master plan for a 21st-century Earth Sciences district, integrating the school's existing buildings of Green, Geology Corner, and the Yang and Yamazaki Environment & Energy Building with a new building to replace Mitchell. The plan calls for a large facility of approximately 150,000 gross square feet to serve as the school's home base; raising funds for a building of that size, however, may be too ambitious an undertaking. Therefore, in 2013, Earth Sciences will explore alternatives, including a smaller new building, a substantial remodel of Mitchell, and ways to integrate these buildings, with Green and Geology Corner, into a more cohesive whole.

While the School of Earth Sciences has evolved to be a school of earth, resources, and the environment, whose teaching and research encompass a broad range of the biophysical sciences and engineering, and even social science, it is not widely recognized as such. Part of the problem is the name; "Earth Sciences" denotes solid earth sciences and implies a narrow and outdated focus that does not reflect what the school is today. This lack of understanding limits the school in many ways, challenging its ability to garner support from a broad pool of donors, or recognition for its excellence and breadth by those outside the scientific community. To address this, the school is engaged in a branding project to develop a more polished and accurate image that effectively reflects what the school is today. In the coming year this project will focus on crafting messages, building capacity, and bringing the Earth Sciences story to a broad range of friends, alumni, donors, and trustees, as well as raising its profile with the media.

Finally, efforts to diversify the school's population remain strong. Through a number of programs under the auspices of the school's Office of Multicultural Affairs, steady, measurable progress has been made in bringing diversity to both the student and the faculty populations. In early 2013, Earth Sciences welcomed its first female underrepresented minority faculty member. Through the Faculty Incentive Fund, Earth Sciences continues to encourage efforts to recruit faculty who would add diversity. The school will also continue to earmark resources for its Diversity Incentive Fellowships, which have helped bring more underrepresented groups to the school's graduate student population.

Looking ahead, 2013/14 promises to be an exciting year, one in which the future direction of the school will be clarified, a new building brought closer to reality, a new school identity launched, and, it is hoped, continued progress made on expanding the diversity of the school community.

Consolidated Budget Overview

The 2013/14 consolidated budget shows total revenues and operating transfers of $61.2 million and expenses of $57.6 million, yielding an operating surplus of $3.7 million. After transferring $3.5 million to endowment principal and plant funds, the school will end the year with a projected surplus of $157,000.

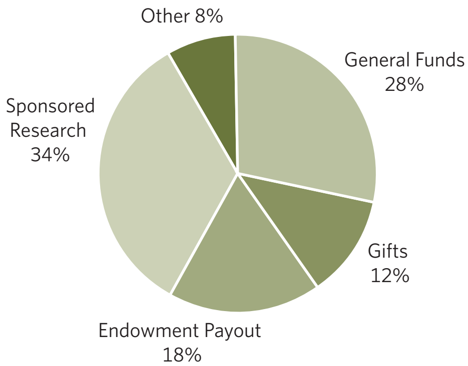
Restricted revenues in 2013/14 are projected to increase 2.6% over the estimated 2012/13 levels, growing by a combined $1.2 million. Endowment income is expected to increase by 4.1%, or $974,000, of which $250,000 will come from payout on new gifts and pledge payments. Sponsored research revenue is projected to grow by 2.0%, or $240,000, a slight reduction in real terms. All other types of restricted revenue are expected to remain flat.

Total expenses are expected to grow by $1.7 million, or 3.0%, almost exclusively due to the projected 4.4% growth in compensation. In addition to the impact of the salary program, a modest planned increase in the number of staff and faculty contributes to the rising costs. Faculty hires are anticipated in geobiology, geophysics, and strategic minerals and policy. To support the growing demands of planning for a new facility and the continued need to renovate existing ones, a facilities director position will be added in 2013/14. A Geospatial Information System (GIS) lecturer position will also be added to respond to increased demand by undergraduate and graduate students desiring advanced GIS instruction. Non-compensation expenses are projected to decrease by 0.3%, or $43,000. Cost rise is offset by a projected decrease in capital equipment expenditures over 2012/13, in part due to atypically high capital equipment spending on several medium-sized lab renovation projects in 2012/13.

Accumulated balances are projected to increase very slightly, by $157,000, during 2013/14. While designated fund balances will increase in the upcoming year as start-up funding for anticipated new faculty hires is received from the university, the school will draw on its healthy accumulated endowment balance to support program growth.

GRADUATE SCHOOL OF EDUCATION

2013/14 Consolidated Revenues
$57.1 Million



[IN MILLIONS OF DOLLARS]

	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN TOTAL
Total Revenues	56.8	56.5	57.1
Expenses			
Salaries and Benefits	36.3	37.7	37.9
Non-Salary	19.2	18.7	18.9
Total Expenses	55.5	56.4	56.8
Operating Results	**1.3**	**0.1**	**0.3**
Transfers From (to) Endowment & Other Assets	(1.7)	(0.2)	(0.6)
Transfers From (to) Plant	0.0	(0.9)	0.0
Surplus / (Deficit)	**(0.3)**	**(1.0)**	**(0.3)**
Beginning Fund Balances	38.5	38.1	37.1
Ending Fund Balances	38.1	37.1	36.8

Programmatic Directions

On January 14, 2013, the School of Education officially changed its name to the Stanford Graduate School of Education (GSE). While many of the nation's education schools are devoted solely to preparing undergraduates to become teachers, GSE focuses on preparing graduate students to be leaders in education as professors and researchers; as teachers, principals, and superintendents; and as policy makers, entrepreneurs, and executives in the private, public, and nonprofit education sectors. The name change accentuates the distinctly graduate nature of the research and training provided by the school.

The name change was one small, yet highly symbolic, outcome of a yearlong visioning and strategic planning effort that is close to completion. The resulting strategic plan focuses on four overarching values-driven goals:

- Excellence and leadership in education research and scholarship,
- The highest-quality professional development programs for teachers and school leaders,
- An increased focus on the production of practical knowledge, and
- A stronger intellectual community within the GSE.

One way that the school seeks to achieve these goals is to more closely connect and align its many research centers, which have increased significantly in number and size during recent years. The GSE is exploring various organizational models that will encourage academic cross-fertilization between groups that already have intersecting academic missions. One option of particular interest is establishing an overarching Institute for Educational Innovation that would house many of the school's existing centers. Advantages of such an institute include economies of scale, increased visibility of the GSE's problem-solving focus, and greater dissemination of the work of GSE faculty. It would capitalize on strengths already in the school and bring together the elements of a great intellectual community focused on problem solving and innovation in education.

The school's mission continues to emphasize the importance of academic leadership in cross-disciplinary research on global problems in education, and the provision of exemplary professional training for teachers, researchers, as well as educational leaders within its graduate programs. The school has embraced an even greater focus on collaborative research with educational practitioners that has useful, generalizable findings for institutional reform at the K–12 and postsecondary levels.

Of the many challenges facing educators today, the GSE has identified two particularly pressing issues that demand immediate increased attention from its faculty:

- Technological advances and their implication for learning and cost models in both K–12 and higher education, and
- Delivery of opportunity-generating education to low-income students.

As faculty billets become available, the GSE will seek opportunities to expand its expertise in these areas, and efforts are already under way to engage the broader academic and professional communities in addressing these critical issues. In fall 2012, the GSE launched a new course, coupled with a yearlong colloquium series, entitled Education's Digital Future (EDF). EDF brings Stanford students, faculty, and professionals together with local K–12 teachers, software developers, venture capitalists, and policy experts to study how digital education works and which models work best. Students work on team projects, with EDF functioning as an incubator of ideas. The course also addresses equity issues surrounding the digital revolution.

The school is planning to launch an analogous course and colloquium series in 2013/14 that focuses on issues related to poverty and education.

Another element of the strategic plan is the establishment of a GSE clinical practice. During the past decade, the GSE has greatly expanded its involvement in local schools. In addition to its decade long partnership with the East Palo Alto Academy Charter School, the GSE runs about two dozen research programs in the San Francisco Unified School District and has relationships with roughly 100 districts throughout the country. However, these relationships are typically with individual faculty members, and there is a pressing need to better coordinate such activities to address issues affecting schools. The GSE seeks to pilot a clinical practice that brings together faculty and professional leaders in collective problem solving, as well as increasing the production of practical knowledge.

In support of its new strategic direction, the school recently launched a robust and ambitious communications program. To improve dissemination of, and exposure to, the work of its faculty, the school hired its first communications director and is investing funds in support of this new office. The goal of the communications office is to reinforce the GSE's standing as a unique professional graduate school of education that is producing scholarship to transform education today while training the education leaders of tomorrow. It also seeks to raise awareness of the work that is occurring at the GSE—its research, policy making, educator training, and education innovation and entrepreneurship—and the effect it is having on how people teach and learn.

Consolidated Budget Overview

The 2013/14 GSE consolidated budget shows total revenues and operating transfers of $57.1 million and expenses of $56.8 million, with operating results of $323,000. After projected transfers of $1.1 million from endowment income to student loan funds, offset somewhat by an estimated $500,000 of transfers from other assets for gift pledge payments, the school projects a deficit of about $300,000. This slight deficit will be funded by accumulated reserves and represents an improvement over the $1.0 million deficit projected for 2012/13. The GSE has recently launched several initiatives that were seed funded with school reserves. In 2013/14, additional revenues and transfers will cover many of those costs, but the school will continue to use reserves to fund some facilities renovations and to backstop shortfalls in graduate aid funding.

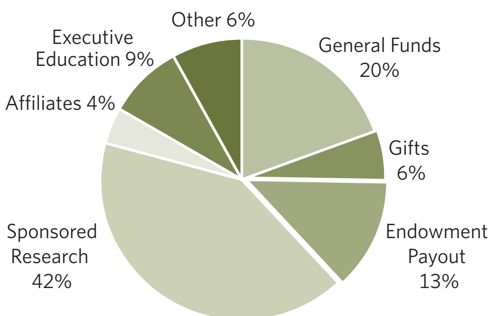
Designated, gift, and endowment revenues are all projected to increase moderately in 2013/14. Some new endowed gifts and pledge installments will boost endowment payout. Expendable gift income is expected to continue at the elevated level of the past couple of years.

Sponsored research revenue is projected to be flat in 2013/14. The school submitted a large number of federal proposals in late 2012; it's anticipated that some of these will come through, which hopefully will offset the impact of potential sequestration cuts.

Total expenses are expected to be flat in 2013/14, primarily due to the projected flat sponsored research. In addition, a significant increase in the number of faculty scheduled to be on sabbatical will affect the academic salary budget and the net general funds transfers to the school, as sabbatical salary savings are returned to the provost.

SCHOOL OF ENGINEERING

2013/14 Consolidated Revenues $377.3 Million



[IN MILLIONS OF DOLLARS]

	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN TOTAL
Total Revenues	351.7	362.6	377.3
Expenses			
Salaries and Benefits	180.2	189.5	198.4
Non-Salary	149.4	154.3	159.9
Total Expenses	329.5	343.8	358.3
Operating Results	**22.2**	**18.8**	**19.0**
Transfers From (to) Endowment & Other Assets	(8.9)	(7.6)	(6.3)
Transfers From (to) Plant	0.0	(0.5)	(5.8)
Surplus / (Deficit)	**13.2**	**10.8**	**6.8**
Beginning Fund Balances	219.6	232.8	243.6
Ending Fund Balances	232.8	243.6	250.4

Programmatic Directions

In 2012/13, the School of Engineering (SoE) began developing strategic plans to drive its direction over the next decade.

Online learning is an exciting component of these plans, and the school has been investing significant resources to further this opportunity. One department has begun exploring how to leverage online technology to offer some of its most popular classes each quarter, rather than just once a year, leading to smaller class sizes and more time for direct student-faculty interaction. Several professors are experimenting with the "flipped classroom" concept of mastery learning, where faculty knowledge transfer occurs outside of class time, providing opportunities to use class time to interactively engage students in reasoning and problem-solving exercises. Online courses also enable students to learn from afar, making it feasible for graduate students to take advantage of internships and for undergraduates to participate in Bing Overseas Studies programs.

Although other components of SoE's new strategic plans are still in flux, some are gaining considerable traction. One idea is building a broad-based research and teaching program in sustainable urban systems, possibly including a new graduate program to educate the next generation of architects, engineers, and city builders. Given that a majority of the world's citizens will live in megacities within a few decades, SoE has a huge opportunity to think about how to create, operate, and sustain such cities.

One of the strategic directions is the creation of an "innovation foundry", which combines nanofabrication, computational design of new materials and structures, and a design-thinking approach to tackle important problems that require new materials for their solution.

Another focus of the strategic planning process is to establish the capacity to develop and use tools for large data sets, including large-scale socioeconomic data and genetic transcripts from huge public medical databases.

The school's practice has been to support as many strategic opportunities as possible using restricted or designated funds. Federal sponsors continue to commit incremental funds to support SoE research. Faculty and department leaders are also highly productive and resourceful in securing non-sponsored gift funds in support of their research initiatives. One of the great strengths of Engineering's research portfolio is the broad range of external funding agencies. This diversity gives the school some immunity from short-term ups and downs in specific government agencies, corporate sources, and individual gifts.

On the teaching front, the undergraduate Computer Science (CS) curriculum was completely revamped a few years ago, and the results are striking. Undergraduate CS majors have since doubled, and CS is now the second largest undergraduate major at Stanford, the first time any Engineering major has held that distinction. The percentage of women in our undergraduate CS program has likewise increased dramatically, and 90% of all Stanford undergraduates now take an introductory programming course.

The huge growth in the undergraduate CS major has been part of more general growth in undergraduate Engineering majors at Stanford. Engineering has seen a significant increase in the past four years, from 20% of Stanford undergraduates to 33%. While SoE is truly excited about this level of interest, this pace of growth challenges the school's operations in several ways. Classroom space is at capacity, administrative support is thin, teaching faculty loads are stretched, and teaching assistant budgets are exceeded.

Consolidated Budget Overview

The 2013/14 consolidated budget forecast shows total revenues and operating transfers of $377.3 million and expenses of $358.3 million, with operating results of $19.0 million. Reinvestment of unused payout in endowment principal and transfers to other assets, including plant, of $12.1 million leave a projected surplus of $6.8 million.

Revenue and expense in 2013/14 are projected to grow by roughly 4%, compared to the projections for 2012/13. These increases will principally be driven by growth in SoE's general funds allocation and sponsored research funding. The additional general funds will support teaching assistants' salaries and tuition, instrumentation in and start-up costs for the Bioengineering/Chemical Engineering (BioE/ChemE) building in the Science and Engineering Quad 2 (SEQ 2), online learning initiatives, and several core academic programs such as the Student Model Shop, Stanford Technology Venture Program, and the Architectural Design Program. Sponsored research growth is projected at 4%, a figure adjusted downwards from earlier projections to factor in the negative impacts of sequestration. Transfers to plant include the school's remaining $5.1 million share for instrumentation in the BioE/ChemE building.

Faculty, divisions, laboratories, and departments continue to control 44% of the designated fund and 74% of expendable gift balances. Substantial percentages of these funds are earmarked for research. Endowment income fund purposes mainly focus on faculty and student support.

Separate from SoE's consolidated budget is an estimated $68.4 million in reserves in SoE's venture capital investment fund, which was established more than 20 years ago. These funds are used for capital projects and matching gifts to endowment principal for endowed chair and graduate fellowships.

Capital Plan

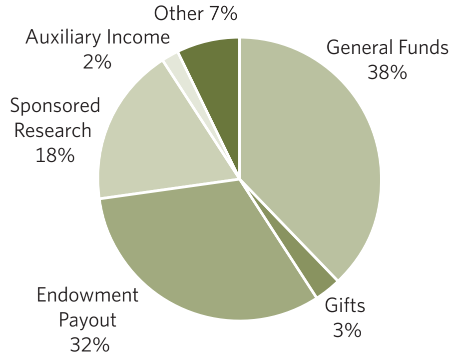
The new BioE/Chem building, the fourth and final building in SEQ 2, will be complete and ready for occupancy in the summer of 2014. Total costs for construction (including the building, connective elements and future fit-ups) are $215.5 million of which SoE will be responsible for $39 million. The school remains optimistic in terms of fundraising. BioE/ChemE will be the future home for two currently dispersed and space-impacted departments: Chemical Engineering and Bioengineering. The lab-intensive structure facilitates the school's efforts to attract top faculty through the availability of modern teaching and research facilities; fosters SoE's strategic focus on interdisciplinary work; opens up space in the Clark Center so that new programs can be developed there; and vacates old buildings (Keck and Stauffer) so that other facilities in the university's master plan can be constructed. The School of Medicine will occupy 30% of the building when it is built.

The school is renovating Buildings 520/524 in the Panama Mall. Building 520, one of the 1900 era buildings on campus, originally served as the university's powerhouse. Building 524 was added in 1912. The goal is to return these historic buildings to their original open-space, interior architecture and to create a stimulating and collaborative environment. When complete, the project will co-locate and improve collaborations among three groups in Mechanical Engineering: BioMechanical, Mechanics and Computations, and Thermosciences.

The school is undertaking a major initiative to reinvent PhD student space. For years, SoE has furnished student space 'traditionally,' with cubes or small-shared offices that are not heavily utilized. The school has engaged the Steelcase Research Group and is conducting many student-led experiments in order to identify options that will result in optimal utilization of over 100,000 square feet of space for current and future PhD students.

SCHOOL OF HUMANITIES AND SCIENCES

2013/14 Consolidated Revenues
$445.6 Million



[IN MILLIONS OF DOLLARS]

	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN TOTAL
Total Revenues	411.9	430.8	445.6
Expenses			
Salaries and Benefits	249.4	268.8	279.0
Non-Salary	144.4	147.6	151.1
Total Expenses	393.8	416.5	430.1
Operating Results	**18.1**	**14.3**	**15.5**
Transfers From (to) Endowment & Other Assets	(17.4)	(4.3)	(5.3)
Transfers From (to) Plant	0.0	(18.1)	(25.5)
Surplus / (Deficit)	**0.7**	**(8.0)**	**(15.3)**
Beginning Fund Balances	284.4	285.1	277.1
Ending Fund Balances	285.1	277.1	261.8

Programmatic Directions

The School of Humanities & Sciences (H&S) has recovered from the recent economic crisis and continues to be in a strong financial and competitive position. During the past several years, the school has focused on strengthening faculty, improving graduate student selectivity, transforming arts programming, and creating more comprehensive global programs. H&S has moved aggressively to recruit a large number of faculty, reversing the net losses from the past few years and rebuilding strength in key programmatic areas, including senior experimental science positions that have been open for several years.

Yields on searches continue to be higher than normal, due in part to reduced competition from other universities still working through fallout from the economic crisis. Retention cases continue to be low, as do faculty exits. These combined factors have resulted in a 7% increase in faculty over the past two years, and faculty FTEs now total 541—the highest number ever. Faculty numbers may continue to grow somewhat from yields on searches already under way, but H&S plans to authorize new searches at replacement rates. This growth has created significant increases in one-time research commitments to new faculty (totaling $30 million), which will create additional draws on Dean's Office reserves during the next five years. Faculty growth has also increased burdens on administrative infrastructure and particularly space and facilities.

In the upcoming year, H&S will continue to focus on enhancing several key strategic areas. With the opening of the Bing Concert Hall, there are additional opportunities to grow fine arts programming. The school will continue with efforts to globalize the curriculum and to create opportunities for collaborative research across departments and schools. Most of this growth will be supported through additional fundraising.

The federal grant funding environment continues to be a major concern for the school. Grant and contract support has only kept pace with inflation for the past ten years, with small increases in academic salary support but decreases in graduate student support. H&S forecasts a 2.8% decline in federal support next year. The school will use Dean's Office, department, and faculty-controlled reserves to cover this increasing gap in the short term, prioritizing support for graduate student funding and non-salary research expenditures. Over the longer term, a more comprehensive and sustainable solution will be needed. Scientific infrastructure has had the largest decrease in grant and contract support for the past several years, and faculty have increasingly requested funding from the Dean's Office. Beginning in 2013/14, the provost will provide $500,000 of incremental base support for scientific infrastructure. Over the near term, this new funding, combined with matching Dean's Office resources, should help meet this growing need.

Support of graduate students also continues to be a concern for the school. Graduate enrollments have increased 8% during the past decade (decreasing 2% in the humanities, while increasing 12% in the natural sciences and 15% in the social sciences). Growth has been driven largely by new programs, such as International Policy Studies and Public Policy, and increased popularity of existing programs, such as East Asian Studies. Department-controlled graduate funding is unevenly spread across departments, creating surpluses in some areas while other departments have difficulty funding a minimum cohort. During the past two years the Dean's Office has taken increasingly aggressive action, withholding or reallocating cost rise for programs with large and growing balances. These reserved funds will be used to create a more flexible funding pool controlled by the Dean's Office.

Consolidated Budget Overview

For 2013/14, H&S projects revenues and operating transfers of $445.6 million and expenses of $430.1 million, resulting in an operating surplus of $15.5 million. After $30.8 million of transfers to plant and capitalization of endowment payout, the school projects a $15.3 million net use of accumulated balances. Dean's Office unrestricted reserves are projected to decrease by $18.8 million to a total of $37.0 million while restricted Dean's Office fund balances will reach $50.1 million. Total department, program, and faculty fund balances are projected to increase by $3.8 million to a total of $174.7 million. It is important to note that the school continues to project small aggregate surpluses from ongoing inflows/outflows. The net use of reserves during 2013/14 represents a planned use of one-time accumulated reserves to support one-time capital projects.

The use of school reserves is primarily for the McMurtry building construction project. This project will use $15 million of reserves, and an additional $30 million will serve as temporary bridge funding until donor gift payments are received. In 2012/13, some $6 million of reserves will be expended and an additional $12 million temporarily used. In 2013/14, another $18 million will be temporarily used. The school has also committed an additional $15 million of reserves to the upcoming Biology Research Building construction project; the 2013/14 projection reflects $7.5 million of this. These projects will create a significant draw on school reserves during the near term, but if fundraising goals are met, the school projects that the $30 million of bridge funding will be returned to reserves by the close of 2017/18.

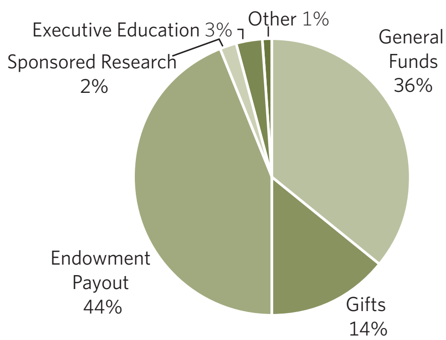
The forecasted 2013/14 decline in federal grant and contract volume is projected to reduce revenues by $2 million. Of this total, the decline in graduate student funding is approximately $650,000 in real terms. Funding the student support gap will be a priority for the school, and reserves will be the primary funding source in the short term.

Capital Plan

H&S is embarking on the largest capital construction program since the school's founding in 1948. Following the recent completion of the Bing Concert Hall, the next project is the 100,000 square foot McMurtry Building. McMurtry will house the Art and Art History Department along with associated art teaching classrooms. Construction has commenced and has a projected opening date of summer 2015. In addition, H&S will begin design work on the 108,500-square-foot Biology Research Building and the 74,000-square-foot Teaching Labs & Learning Center (Old Chemistry) renovation. The project includes instructional labs, lecture rooms and science library space. The two new science buildings will anchor a revitalized Biology/Chemistry Science Quad. In addition, H&S was selected as the recipient of the Solar Decathlon house to be located at Jasper Ridge. Finally, H&S will begin the full renovation of Roble Gym to accommodate drama, dance, and other programs.

SCHOOL OF LAW

2013/14 Consolidated Revenues $78.4 Million



[IN MILLIONS OF DOLLARS]

	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN TOTAL
Total Revenues	72.7	75.1	78.4
Expenses			
Salaries and Benefits	43.5	48.9	52.0
Non-Salary	20.8	21.2	22.3
Total Expenses	64.3	70.1	74.3
Operating Results	**8.4**	**5.0**	**4.1**
Transfers From (to) Endowment & Other Assets	(8.0)	(4.5)	(3.3)
Transfers From (to) Plant	0.0	(0.4)	(0.7)
Surplus / (Deficit)	**0.4**	**0.1**	**0.1**
Beginning Fund Balances	21.6	21.9	22.0
Ending Fund Balances	21.9	22.0	22.1

Programmatic Directions

The priorities for Stanford Law School (SLS) for 2013/14 are recruiting and retaining faculty, helping its students navigate the public-sector job market, ensuring its curriculum keeps pace with changing market needs, and continuing to raise funds to support academic programs and initiatives.

Faculty recruitment and retention continues to be an important focus. To attract and retain talented faculty, SLS must have the necessary resources to offer packages competitive with those of peer schools. Additional general funds have been allocated to the law school in 2013/14 to address this issue.

SLS students who seek legal work in government or nonprofits face a very difficult market. Federal and state governments remain cash strapped, and the nonprofit sector continues to suffer as a result of decreased funding. SLS is providing additional assistance, such as career counseling and job-seeking services from its John and Terry Levin Center for Public Service and Public Interest Law. In addition, SLS provides financial aid to students who want to pursue public interest careers and provides graduates with loan forgiveness through the Miles and Nancy Rubin Loan Repayment Assistance Program.

SLS faculty members are considering two new curricular initiatives. The first is to improve the academic program to better prepare students for the practice of global economic law. Nearly all SLS graduates who practice in the private sector will be involved in global practice, and providing an academic program that prepares students for this reality is a challenge for every law school. The second initiative is aimed at increasing opportunities for law students to work with faculty on policy-relevant projects. Many SLS graduates will, throughout their careers, advocate for, design, analyze, or implement public policy. SLS is exploring this model through pilot projects directed by faculty. The school is also seeking ways to involve other parts of the university in this effort.

Fundraising continues to focus on clinical education and financial aid. Clinical education is a crown jewel of the academic program, and the school is committed to increasing endowment funds to assure its long-term strength. For the past three years in the budget process, SLS has expressed concern about its ability to continue to offer generous and competitive financial aid and has received additional general funds to support that need. The combination of incremental base general fund support, successful fundraising, and carefully vetted policy changes have placed the law school's financial aid program on solid footing going forward.

Consolidated Budget Overview

The SLS 2013/14 consolidated budget shows total revenues and operating transfers of $78.4 million and expenses of $74.3 million, yielding an operating result of $4.1 million. After projected transfers to assets of $4.0 million ($2.5 million transferred to student loan funds to cover SLS Loan Repayment Assistance Program obligations, $750,000 reinvested into funds functioning as endowment, and $750,000 transferred to plant for the Crown Quadrangle renovation), the school projects a net consolidated surplus of $100,000.

Endowment income is scheduled to increase by approximately 5%, to $34.7 million. This increase is due to previous years' fundraising success and the school's ability to reinvest funds into funds functioning as endowment. Grants and contracts revenue will grow by more than 20%, to $1.7 million, as a result of the law school's largest-ever sponsored project award: a $7.2 million, multiyear grant by the Department of State to support the Afghanistan Legal Education Project (ALEP). As a result of the collaboration with SLS, ALEP has developed a curriculum, including textbooks, for a new legal studies certificate that will be granted by the American University in Afghanistan.

In 2013/14, consolidated expenses are projected to grow by almost 6%. Compensation and non-compensation expense growth rates will be similar. Like sonsored revenue, sponsored research expenses will grow by 20%. Other contributing factors in expense growth are additions to the SLS faculty, increased academic activities in the legal clinics and research centers, and the filling of vacant staff positions.

SLS consolidated fund balances will grow by $100,000 to $22.1 million. Of this balance, $12.1 million is classified as non-cash investments (and therefore not available for use). The $10 million available balance comprises $7 million for restricted purposes, such as academic programs, centers, and financial aid, and $3 million for unrestricted purposes.

Capital Plan

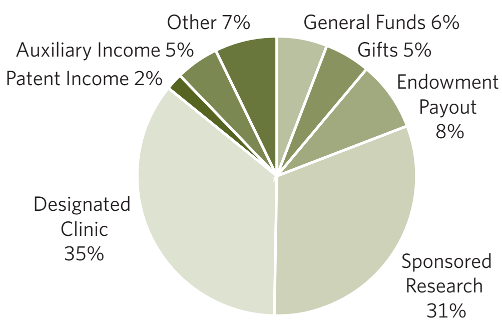
Over the past year, SLS capital planning efforts have focused primarily on the final piece of the law school buildings master plan, the Crown Quadrangle. SLS has developed a phased strategy that will meet the school's academic and administrative needs.

The Crown renovation is expected to cost $22.0 million and encompass all four floors. It will be completed in three phases. Phase One ($15 million; 34,000 square feet) will include the entire third floor and the lobby connecting all four floors. Construction is scheduled to commence in June 2013. A major challenge of this project will be to continue uninterrupted operations of the law school; this will mean curtailing construction during critical times of the academic year.

SLS is also undertaking a smaller capital project. Its Community Law Clinic is located in rented space in East Palo Alto. This location is critical because the clinic's client base lives in or near that community. In recent years, growth in this clinic's profile and significance has resulted in larger enrollment. Space intended to hold ten part-time law students now is accommodating an additional fifteen full-time students. The existing space is not adequate for the current population of faculty, staff, students, and clients. It will be remodeled in the summer of 2013, at an estimated cost of $100,000.

SCHOOL OF MEDICINE

2013/14 Consolidated Revenues
$1,589.9 Million



[IN MILLIONS OF DOLLARS]

	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN TOTAL
Total Revenues	1,472.4	1,533.3	1,589.9
Expenses			
Salaries and Benefits	821.1	863.4	921.3
Non-Salary	581.9	598.7	595.8
Total Expenses	1,403.0	1,462.1	1,517.1
Operating Results	**69.3**	**71.2**	**72.8**
Transfers From (to) Endowment & Other Assets	(9.9)	(21.2)	(10.1)
Transfers From (to) Plant	(18.6)	(10.2)	(13.0)
Surplus / (Deficit)	**40.8**	**39.8**	**49.7**
Beginning Fund Balances	572.8	613.5	653.3
Ending Fund Balances	613.5	653.3	703.0

Programmatic Directions

The School of Medicine is engaged in a lively discourse about the future of Stanford Medicine. The challenges in academic medicine today are daunting. Society is demanding more—more value in health care, more scientific breakthroughs, more physicians ready for a rapidly changing health care delivery and discovery environment. And yet these growing challenges must be faced with fewer and fewer resources. While many in academic medicine are hunkering down, the school's faculty and students are passionately pressing forward.

Dean Lloyd Minor officially took over as dean of the School of Medicine on December 1, 2012. The new dean spent the fall months at Stanford before his appointment date getting acquainted with the people and issues in the school.

The evolution of excellence in education, research, and patient care to better serve Stanford Medicine's communities, locally and globally, continues. As the school considers its future, it is guided by three key priorities, shared by the dean with a school Town Hall audience in February 2013: advancing innovation, training leaders, and transforming patient care.

Innovation is about the good ideas that change the world. The school's scientists are exceptionally creative. Last fall, when the National Institutes of Health announced funding for its High Risk-High Reward program, researchers at Stanford received more awards than those at any other institution. But in a tough funding climate, all have to work harder to attract and retain the most innovative faculty and students and give them the time and freedom they need to pursue the visionary science that can transform lives. The school is also beginning the design of a state-of-the-art facility that will foster creativity and collaboration and will bring genetics, neurology, and other research programs together to fully support the vision and talent of leading scientists in these fields.

If advancing innovation is in the blood of the school, training leaders is the legacy to future generations. At Stanford, the educational experience should be the best it can be, with integrated training opportunities for medical students, graduate students, postdoctoral fellows, residents, and clinical fellows. As leaders in online education, the school will share its interactive tools broadly with its peers so that both medical education and continuing medical education can be transformed, not just at Stanford but at schools across the country.

Last, but not least, patient care will be transformed by bringing the very best science to the treatment and prevention of disease, by focusing on the health and well-being of each patient who receives care through the Stanford Medicine system, and by communicating the knowledge and advances the school has garnered to others so that Stanford Medicine is a leader in the transformation of health care. One program for transforming patient care is the Clinical Excellence Research Center, which brings together world-class leaders from fields including medicine, bioscience, computer science, engineering, design, law, and business to develop the most efficient, economical, and equitable approaches to health care delivery. Future investments in bioinformatics will deliver new treatments and cures, involve patients as full partners in their health care, and reimagine the limits of medicine.

Consolidated Budget Overview

The school projects total revenues and operating transfers of $1,589.9 million in 2013/14 and expenses of $1,517.1 million, yielding a surplus from operations of $72.8 million. After transfers of $23.1 million to endowment principal and plant funds, the school projects a net change in current funds of $49.7 million.

Revenues

Revenues and operating transfers are projected to increase from $1,533.3 million in 2012/13 to $1,589.9 million in 2013/14 (3.7%). Key drivers include the following:

- Healthcare services revenue will increase by 5.8%, primarily driven by funds flow agreements between the school and the two hospitals, Stanford Hospital and Clinics (SHC) and Lucile Packard Children's Hospital (LPCH). Stanford faculty provide approximately 84% of patient care at SHC and 96% of pediatric (non-OB/GYN) care at LPCH. The hospital payments for these efforts are based on the national median benchmark for specialty-specific compensation rates per work Relative Value Unit (RVU). Work RVUs are measurements of clinical activity by the school's faculty at each hospital. For 2013/14, the national benchmark survey from Medical Group Management Association projects flat or slightly declining compensation rates per work RVU.
- The expendable funds pool is projected to pay out $28.2 million at 5.5% in 2013/14, compared to $16.1 million in 2012/13, when the prior-year return was only 2.9%.
- Incremental faculty and higher trending in non-federal research drive a slight 1.6% sponsored research increase.
- Gift and endowment income are projected to grow 2.9% and 4.1%, respectively, reflecting a modest influx of new gifts.

Expenses

Expenses are projected to increase 3.8%, or $55.0 million, from 2012/13 to 2013/14. Major components of the increase are:

- The projected net recruitment of 32 faculty: 15 in the university tenure line, 15 in the medical center line, and 2 in the non-tenure line. This leads to a $29.6 million increase in annual compensation for faculty, other clinicians, and staff, primarily due to the salary program, incremental recruitments, and clinical program growth;
- Increases in operation, maintenance, and utilities expenses, primarily driven by double-digit percentage rate increases for chilled water and steam, additional leased properties, and occupancy of the Comparative Medicine Pavilion;
- Increases in debt service because of debt-funded leased properties, the Jill and John Freidenrich Center for Translational Research, and the Comparative Medicine Pavilion; and

Transfers to Plant, Endowment, and Other Assets

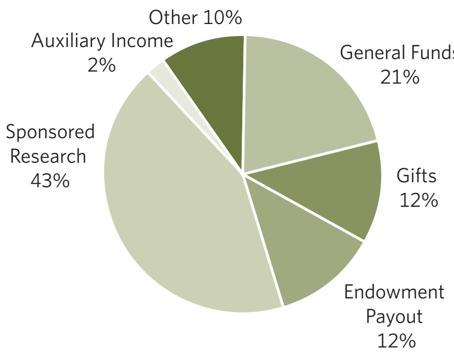
The projected transfers to plant of $13.0 million include $2.6 million for research animal facilities rehabilitation projects, $1.6 million for site planning for off-campus leased properties at Porter Drive, and $6.2 million for strategic and maintenance capital projects. Transfers to other assets include departments' projected $10.1 million transfer to funds functioning as endowment.

Capital Plan

The 31,000 gross-square-foot C.J. Huang Building (future home of the Asian Liver Center) at 780 Welch Road is planned to begin construction in spring 2013. It is estimated to cost $23.2 million and to open in fall 2014. Beginning in November 2013, two research animal facilities will be rehabilitated with new flooring and electrical distribution to support ventilated cages and HVAC system replacement. The 80,000 gross-square-foot renovation work will be completed in December 2014 with occupancy in February 2015 .

VICE PROVOST AND DEAN OF RESEARCH

2013/14 Consolidated Revenues $198.3 Million



[IN MILLIONS OF DOLLARS]

	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN TOTAL
Total Revenues	196.8	190.6	198.3
Expenses			
Salaries and Benefits	100.8	105.4	111.0
Non-Salary	89.4	90.5	94.5
Total Expenses	190.2	195.9	205.5
Operating Results	**6.6**	**(5.3)**	**(7.2)**
Transfers From (to) Endowment & Other Assets	8.1	3.8	5.0
Transfers From (to) Plant	0.0	0.0	0.0
Surplus / (Deficit)	**14.7**	**(1.5)**	**(2.1)**
Beginning Fund Balances	118.5	133.2	131.7
Ending Fund Balances	133.2	131.7	129.6

The Office of the Vice Provost and Dean of Research (DoR) is responsible for research policies and facilitation of faculty research and scholarship across all of the schools and departments. It has oversight of eighteen independent laboratories, institutes, and centers and manages the compliance and administrative offices that support research. DoR also oversees major shared facilities that support a broad range of research and scholarly activities.

Programmatic Directions

The primary strategic goal of DoR is to support faculty competitiveness in research and scholarship, which is particularly important as obtaining extramural funding becomes more challenging. This goal will be pursued through three program objectives in 2013/14:

- Creating opportunities for interdisciplinary research through the independent laboratories, institutes, and centers
- Providing state-of-the-art shared facilities
- Minimizing burdens of compliance and administration for faculty and staff

The eighteen independent laboratories, institutes, and centers complement the departments and schools by providing intellectual and physical environments for research that invite scientific and scholarly dialogue and enhance collaborations among faculty from many disciplines.

DoR facilitates the advancement of new research areas and invests in critical infrastructure to ensure research competitiveness. The following are four of DoR's 2013/14 program priorities.

- One emerging area is research at the intersection of the physical sciences and biology and biomedical sciences. In this context, a new Stanford Institute for Chemical Biology has been created in partnership with the Schools of Medicine, Engineering, and Humanities & Sciences. Its mission is to strengthen the chemical foundations of biomedical science and accelerate molecular discoveries that can transform human health.
- DoR is developing a university-wide neurosciences institute. It will serve as the interdisciplinary focal point for the estimated 400 faculty members who are working to unlock the secrets of the brain, including faculty in behavioral neuroscience, biology, business, chemistry, medicine, neuroeconomics, neurology, psychiatry, and psychology.
- The SLAC-related independent institutes remain a high priority. Maintaining and enhancing interactions between the main campus and SLAC National Accelerator Laboratory is very important for research competitive-

ness, allowing access to remarkable scientific tools, graduate student research opportunities, and joint recruitment of faculty.

- Launching the $41.2 million Stanford Research Computing Facility, to be completed in early 2014, is an important program goal. Advances in the theoretical and computational sciences are revolutionizing all fields of research, and the availability of high performance computing infrastructure is essential for individual faculty and university competitiveness.

DoR is continuing to explore new initiatives to connect researchers to each other, the larger research community, and the world. The Community Academic Profile (CAP), developed at the School of Medicine, is being expanded university-wide. CAP will create a consistent framework for Stanford faculty and staff profiles, with the capacity for automated publication updates, and enhance collaborations through secure social networking capacities. The Worldview at Stanford program, to be launched in 2013/14, will engage decision makers in companies, governments, and nonprofit organizations with Stanford's thought leaders. This program will use online content and campus-based experiences to engage professionals grappling with emerging strategic challenges such as climate change, new insights about the brain and decision making, and the ramifications of a globalized world.

Faculty research programs in the sciences require extremely costly and highly specialized instruments and facilities that cannot be funded or maintained by individual investigators. Such facilities are critical for faculty competitiveness, especially as federal research budgets decline. DoR works with faculty leaders in prioritizing the purchase of instruments to optimize use of capital funds and arrange their colocation for efficiencies of access by faculty and students, maintenance, and space use. Stanford investigators now have state-of-the-art shared facilities for science at the nanoscale due to recent investments in equipment and new and renovated space. Optimizing management of all shared facilities, including broadening the user base, is a DoR priority. One of DoR's strategies is to provide seed funding for proof-of-concept experiments that can enable faculty to compete for extramural grants. This is particularly beneficial to new and junior faculty. In 2013/14 seed funding will be distributed to encourage researchers in varying disciplines to use the Stanford Nano Shared Facilities, the Stanford University Mass Spectrometry facility, and the Center for Cognitive and Neurobiological Imaging.

Regulations that govern research are increasingly burdensome. DoR strives to maintain the high-quality compliance programs necessary to protect faculty, students, and staff who use university facilities and to manage institutional risk. DoR is pursuing several initiatives to mitigate impacts on research productivity, including a review of Stanford's research administration policies to find ways of reducing faculty and staff burden while maintaining compliance with federal regulations. DoR, along with other university offices, will continue to actively participate in national initiatives and organizations that strive to simplify federal research regulations in 2013/14.

Consolidated Budget Overview

The 2013/14 consolidated budget for DoR shows total revenues and operating transfer of $198.3 million and expenses of $205.5 million, resulting in an operating deficit of $7.2 million. However, after estimated transfers of $5 million from endowment, primarily for the Woods Institute for the Environment's Center for Ocean Solutions, the net deficit will be $2.1 million. This is a planned use of reserves in the Precourt Institute for Energy, Freeman Spogli Institute for International Studies, and Environmental Health and Safety.

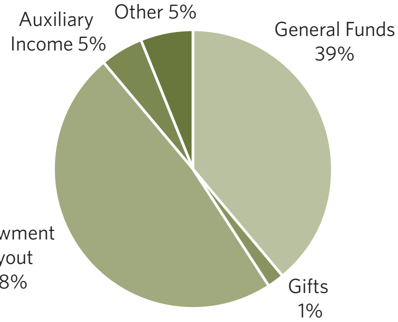
Total revenues in 2013/14 are projected to increase by $7.7 million, or 4.0%, from 2012/13, due principally to a 3.6% increase in sponsored research funding. Despite the concern over federal funding sequestration, the independent laboratories, institutes, and centers continue to receive extramural funding. Other internal income is expected to increase 5.7% over 2012/13, primarily due to continued growth in use of the shared facilities and increased activity at the Stanford Center at Peking University.

Total expenses in 2013/14 are projected to increase by $9.6 million, or 4.9%, due to the launching of the Stanford Institute for Chemical Biology, the Neurosciences Institute, and Worldview at Stanford. The shared facilities also project program growth as they improve access to costly scientific instruments and provide education about their use in the research community.

Faculty and the independent labs, institutes, and centers control 85% of DoR fund balances. Endowment and expendable funds are mainly focused on multiyear, multidisciplinary research programs, and some of these funds are expected to provide bridge funds for research programs if sponsored research funding declines due to sequestration.

VICE PROVOST FOR UNDERGRADUATE EDUCATION

2013/14 Consolidated Revenues
$56.9 Million



[IN MILLIONS OF DOLLARS]

	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN TOTAL
Total Revenues	54.6	54.4	56.9
Expenses			
Salaries and Benefits	29.7	32.3	36.2
Non-Salary	20.9	19.8	20.6
Total Expenses	50.6	52.1	56.8
Operating Results	**4.0**	**2.3**	**0.1**
Transfers From (to) Endowment & Other Assets	(3.3)	0.0	0.0
Transfers From (to) Plant	0.0	(2.8)	0.0
Surplus / (Deficit)	**0.7**	**(0.5)**	**0.1**
Beginning Fund Balances	22.1	22.8	22.3
Ending Fund Balances	22.8	22.3	22.4

Revenues and expenses in this chart and table include $13.6 million of activity that is accounted for as operating transfers in Appendix A.

Programmatic Directions

Implementation of the Study of Undergraduate Education at Stanford (SUES) recommendations continues to drive much of the activity in the Office of the Vice Provost for Undergraduate Education (VPUE), and this work progresses in stages. The two significant changes to the undergraduate general education requirements mandated by the Faculty Senate in the spring of 2012 laid out a critical set of deadlines for VPUE. After two quarters, the Thinking Matters program appears to be off to a strong start, although significant refinements are anticipated based on assessments of this first year. Beginning in autumn 2013, the class of 2017 will fall under the new Ways of Thinking, Ways of Doing (WAYS) breadth requirements, and a VPUE-sponsored, faculty-led committee has begun reviewing the curriculum in partnership with departments to ensure this system is in place in time. VPUE is committed to aligning program design and implementation, policies, and communications to help effect the shifts in student and faculty culture necessary to realize fully the vision of undergraduate education articulated in the SUES report.

The most immediate and obvious impacts of the SUES recommendations are the redefined general education requirements, including Thinking Matters and the WAYS breadth system. In addition, the report urged Stanford to think carefully about how to best structure and scaffold students' college experience, beginning with the freshman year. These emphases dovetail with VPUE's long-standing interest in partnering with departments to support introductory courses in a variety of fields, some of which become de facto general education courses because they serve such a large portion of the undergraduate population.

In 2013/14, VPUE will reduce the number of Thinking Matters courses from 35 to 27 to achieve a targeted minimum of 60 students per course. At the same time, the number of introductory seminars available exclusively to freshmen will increase by eleven in some of the most high-demand areas, including the sciences and social sciences. VPUE will also partner with departments to support service courses that serve broad segments of undergraduates. The Mathematics Department will receive additional support because of the increased enrollments in one of the introductory calculus series, and the Computer Science Department will get support for the first time to manage the high enrollments in introductory computer science courses.

The transition from the disciplinary-based breadth model to the WAYS capacity-based breadth model is under way in strong partnership with departments and the registrar's office. The class of 2017 will begin to satisfy some of these requirements in 2013/14 and will have four years to complete eleven courses in the eight WAYS categories. For the three years until the class of 2016 graduates, the two systems will coexist. For courses to fulfill a WAY, they must be certified, and VPUE was charged with creating and maintaining a governance structure to approve courses as meeting the aims of each WAY. The resulting Breadth Governance Board launched its efforts in fall 2012; these include articulating descriptions and learning goals for the WAYS, communicating with faculty and departments, and developing and implementing a review process for courses. The board anticipates having over 800 courses certified to begin the autumn 2013 quarter.

Although existing courses are available to students in each WAY, faculty leadership anticipates capacity constraints in the Ethical Reasoning and Creative Expression categories. To help build capacity in Creative Expression, VPUE is partnering with Music, Art, Creative Writing, and Theater and Performance Studies to increase the supply of courses in high-demand areas. Similarly, VPUE is partnering with the Ethics in Society program to help faculty develop new applied ethics courses in a variety of disciplines to meet demand in Ethical Reasoning.

Moving beyond required courses, VPUE is piloting several new programs conceived of by SUES or in subsequent campus discussions about the report. These include two new yearlong Integrated Learning Environments (ILEs), which are residentially based programs for freshmen. These two ILEs, Immersion in the Arts, Living in Culture (ITALIC) and Science in the Making Integrated Learning Environment (SIMILE), will be options for incoming students beginning in autumn 2013. In addition, VPUE is partnering with the design program to offer sophomores a new course entitled Designing Your Stanford that is derived from the highly successful Designing Your Life course. In collaboration with the School of Humanities & Sciences and the Haas Center, VPUE will hire three directors of community-engaged learning who will help faculty integrate community-based learning into their courses. Based on another SUES recommendation, VPUE will encourage student-initiated capstone experiences by offering senior synthesis grants to students who propose projects that integrate more than one element of their undergraduate studies.

SUES prescribed an evolution of Stanford's undergraduate education, not a wholesale reconstruction. Still, the changes will substantially affect the campus well beyond VPUE. Implementation has been rapid on some fronts and more deliberate on others, but it has been thoughtful and collaborative in all cases. While the class of 2017 will be the first to experience the full breadth of the new requirements, all classes will continue to enjoy the results of Stanford's education innovations.

Consolidated Budget Overview

VPUE projects a balanced budget with revenues and operating transfers of $56.9 million and expenses of $56.8 million in 2013/14. Revenue increases of $2.5 million, or 4.6%, are from endowment payout as well as support for several pilot programs from the university budget group and the Stanford Fund. Expense increases of $4.8 million, or 9.1%, are due to the program expansions described previously and program development costs stemming from changes recommended by SUES, but programmatic savings have mitigated this growth. VPUE realized over $1 million in savings in the transition from the three-quarter Introduction to the Humanities requirement to the one-quarter Thinking Matters requirement and reallocated those savings over several new programs.

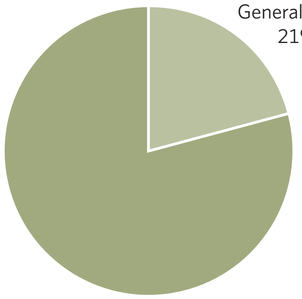
VPUE remains exposed to currency exchange rate risk because most of the Bing Overseas Study Program (BOSP) overseas centers' activities are carried out in local currency that is subject to varying exchange rates. With a large capital project scheduled to begin in 2013/14 in England, VPUE will have additional currency risk with relation to the pound sterling.

Capital Plan

The BOSP center in Oxford, England, is located in Stanford House. The building houses up to 45 students each quarter and also includes staff office space, housing for Stanford faculty in residence, and classroom and programmatic space. VPUE plans a significant $4 million renovation that will upgrade student living spaces and improve other programmatic aspects of the house, including making the facilities accessible for those who are mobility impaired. Design and permitting for this historically listed building will take place during academic year 2013/14, and construction is scheduled to begin in the summer of 2014 and continue into the following fiscal year. BOSP is evaluating options to continue or suspend the program during construction.

VICE PROVOST FOR GRADUATE EDUCATION

2013/14 Consolidated Revenues
$34.3 Million



[IN MILLIONS OF DOLLARS]

	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN TOTAL
Total Revenues	32.3	34.3	34.3
Expenses			
Salaries and Benefits	2.0	2.5	2.6
Graduate Student Support	25.2	28.6	33.9
Non-Salary	0.9	1.3	1.4
Total Expenses	28.1	32.4	37.8
Operating Results	**4.2**	**1.9**	**(3.5)**
Transfers From (to) Endowment & Other Assets	(0.5)	(0.3)	(0.2)
Transfers From (to) Plant	0.0	0.0	0.0
Surplus / (Deficit)	**3.7**	**1.6**	**(3.7)**
Beginning Fund Balances	46.2	49.8	51.4
Ending Fund Balances	49.8	51.4	47.7

Revenues and expenses in this chart and table include $30.7 million of activity that is accounted for as operating transfers in Appendix A

Programmatic Directions

The Vice Provost for Graduate Education (VPGE) continues to play a key leadership role, working collaboratively across the university's seven schools, to enhance the quality of graduate education for almost 9,000 students pursuing degrees in 90 degree programs and departments. VPGE's top priority is to address three critical university priorities: advancing diversity, facilitating cross-school learning, and fostering innovation to strengthen the quality of graduate programs.

Stability in funding sources for graduate students remains a major priority across the university. The total funds for graduate student financial support reached a high of $309 million in 2011/12, with 27% coming from external grants and contracts, 43% from designated and restricted funds, and 30% from general and school funds.

VPGE contributes about 10% of the above total, mostly in the form of doctoral fellowships (full tuition and stipend) paid from one of six VPGE-administered fellowship programs. The largest of these is the Stanford Graduate Fellowships (SGF) Program in Science and Engineering, used to attract the best students in the world to doctoral study at Stanford. The Stanford Interdisciplinary Graduate Fellowships (SIGFs) are awarded to students who pursue groundbreaking research questions that span several disciplines, serving as intellectual magnets drawing together faculty from across the university. The program has gained momentum, as 54 of an intended 100 fellowships have been raised to date. SIGFs are often preparing for uncharted career paths, since their interests span research that is done in academia, industry, government, and nonprofit arenas. Fellows who have recently graduated are securing prestigious appointments as postdoctoral fellows, assistant professors, or policy analysts. Their impact is likely to be far-reaching, as they advance new lines of inquiry and inspire others who work alongside them.

With the goal of diversifying the academic pipeline, VPGE supplements school activities and develops university-wide programs for recruiting, enhancing the educational experience of current students, and cultivating interest in academic careers. The largest investment in this priority area goes to the direct funding of doctoral students through Diversifying Academia, Recruiting Excellence (DARE) fellowships, Center for Comparative Studies in Race and Ethnicity fellowships, and small research opportunity grants for the study of diversity. The most visible change this past year is the expansion of the DARE Doctoral Fellowship Program to a new cohort size of 20 fellows, for a total of 78 since DARE's 2008 inception and over 100 faculty involved in mentoring. This program awards two-year fellowship to Stanford doctoral students in their final two years who want to investigate and prepare for academic careers and whose presence will help diversity, broadly defined, in the professoriate. DARE survey results demonstrate that the program is positively impacting fellows' knowledge, skills, and confidence.

The most visible interdisciplinary program is the Stanford Graduate Summer Institute (SGSI), which offers free, non-credit courses in September. Now in its seventh year, SGSI has expanded beyond academic subjects to offer skills-based courses. Last summer 282 students participated in eight SGSI courses. Another opportunity is 12@12 faculty-led monthly lunches with diverse groups of students. These programs foster cross-disciplinary learning, help students build networks, reduce isolation, and better prepare them for work in interdisciplinary teams.

VPGE expands the opportunities for graduate students to explore beyond their disciplines to better prepare for their careers after graduation. These programs enable students to engage in cross-disciplinary dialogues and establish more extensive intellectual ties across schools as well as professional networks beyond their academic specializations.

A second director of educational programs was hired last year to further broaden the impact of the programs in the Graduate Professional Development portfolio. Programs cover a broad array of topics (time management, self-management, presentation skills) in a wide range of formats (workshops, lectures, short courses, dinners). Programs and activities are designed with utmost respect for students' time, so as not to detract from their academic commitments. Whether attending a one-hour Quick Bytes session at lunch or a one-week interdisciplinary course in September, students report a renewed sense of purpose, greater ability to focus and manage their time, increased confidence that they can achieve their academic goals, and reduced stress.

VPGE continues to provide resources to faculty and students in graduate degree programs for academic innovation and improvement in educational practices. The SCORE (Strengthening the Core) Innovation Fund helps departments respond to changes within their disciplines and in the emerging educational needs of their graduate students. SCORE projects have been expanded to include course development. Past faculty projects range from support for teaching assistants to whole-department curriculum redesign. Student Projects for Intellectual Community Enhancement is an innovation fund enabling students to undertake projects to expand and sustain the intellectual community of their department or field of study.

Consolidated Budget Overview

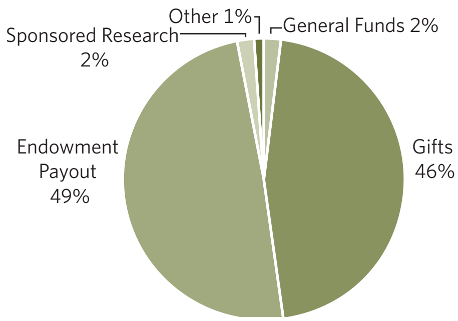
VPGE projects revenues of $34.3 million for 2013/14. Expenses and funds transferred to schools for graduate student funding are expected to be $37.8 million, for a deficit of $3.5 million. This planned use of reserves for SGF fellowships decreases the overall fund balance to $47.7 million for 2013/14 from $51.4 million in 2012/13.

Of the $47.7 million fund balance, $30 million is endowment income restricted to graduate student funding. The greatest portion is restricted to the SGF program. Since 2008/09, the number of fellows has increased, and since 2010/11, expenses have been greater than payout income. While the larger SGF program has been decreasing its fund balance over the last few years, SIGF program income has increased and held the total endowment balance constant. That will end in 2013/14. The number of fellows has been and will continue to be increased with the intent to draw down the endowment fund balance to $15 million by 2015/16. Expenses for 2013/14 will increase by 15% and the number of fellows by 7% over 2012/13. The goal is to fund a steady-state number of fellowships through the yearly payout and maintain a reserve to cover unanticipated fluctuations. The remainder of the fund balance is less restricted and will be used to expand pilot programs in priority areas and to maintain a reserve for responding to emerging needs.

The 2013/14 consolidated expense budget for VPGE comprises 90% direct graduate student support, 7% compensation and benefits, and 3% programmatic non-compensation expenses. As VPGE's graduate student funding increases from $26.3 million in 2012/13 to $30.7 million in 2013/14, compensation and non-compensation expenses remain steady at $2.6 million and $1.4 million, respectively. Over the next few years, VPGE's operational expense rate will remain stable and funding to graduate students will continue to increase.

HOOVER INSTITUTION

2013/14 Consolidated Revenues
$51.4 Million



[IN MILLIONS OF DOLLARS]

	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN TOTAL
Total Revenues	45.6	48.1	51.4
Expenses			
Salaries and Benefits	29.8	31.0	33.0
Non-Salary	15.2	15.5	16.2
Total Expenses	45.0	46.5	49.2
Operating Results	**0.6**	**1.6**	**2.2**
Transfers From (to) Endowment & Other Assets	(2.2)	(2.5)	(3.2)
Transfers From (to) Plant	0.0	(1.3)	0.0
Surplus / (Deficit)	**(1.6)**	**(2.2)**	**(1.0)**
Beginning Fund Balances	40.2	38.6	36.4
Ending Fund Balances	38.6	36.4	35.4

Programmatic Directions

The Hoover Institution, a public policy research center with a prestigious library and archives, is a unique contributor to the marketplace of ideas. It focuses on the principles of individual, economic, and political freedom, as well as private enterprise and representative government. In short, the Hoover Institution generates ideas defining a free society.

The institution is well positioned for fiscal year 2013/14 and will continue to invest in strategic priorities. Recruiting senior scholars is a top priority. Hoover aims to add one to two new senior fellows each year, supplemented with term and visiting appointments to facilitate collaboration on projects and topics aligned with the priorities of the existing resident fellowship.

New scholars are expected to engage collaboratively. Hoover has developed a number of scholarly teams that focus on synthesizing current thinking, offering new perspectives, and conveying research results to a broad constituency within defined areas of public policy. The teams consist of scholars from Hoover, other academic units within Stanford, and the broader community of public intellectuals, focused on specific policy topics. The collaborative nature of the work leverages the resident fellowship and multiplies research output in a relevant and timely fashion. To complement existing groups working in areas such as education, economic policy, health care policy, national security and law, property rights, and energy policy, Hoover has added new initiatives that will focus on immigration policy as well as military history and contemporary conflict.

Following the recent appointment of a new director of its library and archives, Hoover continues to evaluate the library and archives' contribution to the research and educational mission of the institution and the university as well as their role as an archive for important historical material. The library and archives collect material broadly, focused on the themes of war, revolution, and peace. Collecting activities continue to shift from ephemera to digital media, and preservation norms are shifting towards digital formats as well. These trends necessitate further evaluation of the collecting scope and philosophy, which will be a priority of the new director of the library and archives. Digital collecting will also require accelerated investments in digital storage and information technology, and Hoover includes these additional expenses as part of its budget plan for the coming year.

In addition to its role as a research center, Hoover seeks to serve as an educator on public policy, disseminating the ideas and research of its scholars to the public at large. Hoover will expand its efforts to disseminate material through a variety of channels in 2013/14 and plans to redesign its website, providing a consolidated repository for its research, online journals, blogs, and podcasts.

Hoover fellows have shown increasing interest in promoting the educational and research mission of Hoover more broadly. Individuals actively engaged in the formulation of policy at both federal and state levels have long sought the advice of Hoover fellows. Hoover's Leadership Forum now coordinates these activities and inquiries, inviting policy leaders to spend time with Hoover scholars to discuss specific policy challenges. This program will continue to grow in 2013/14 with roundtable discussions with individual leaders, as well as organized colloquiums involving leaders from different branches of government.

With the growing interest of fellows in interacting with policy experts in the U.S. capital and scholars based on the east coast, Hoover anticipates an expansion of its existing operations and new office space in Washington, D.C. The expansion is not envisioned as a means of supporting D.C. resident fellows; rather, it will support fellows visiting the capital by providing offices and facilities for meetings, small workshops, and policy briefings. Public affairs staff will be available to coordinate the activities of the scholars and provide liaison with the local policy and scholarly communities as well as the media.

Hoover will also be investing in a couple of new approaches to online education. The Numbers Game is a "chartcast" series combining animated charts, tables, graphics, and cartoons with audio intended to render complex economic concepts more easily understandable and accessible to a broad audience. Over the next several years, the compilation of Numbers Game episodes will be viewed as a multi-chapter media-rich "online economics textbook."

Strategika is a new online platform focusing on issues of national security and current crises. It will aim to provide educators with prepackaged lessons complete with discussion questions, suggestions for further reading, background history, and current analyses with alternative points of view.

Consolidated Budget Overview

For 2013/14, the Hoover Institution projects total revenues and operating transfers of $51.4 million and total expenses of $49.2 million, yielding an operating surplus of $2.2 million. After a planned $3.2 million transfer to the capital facilities fund, fund balances will decline by $1 million to $35.4 million.

Revenues are projected to increase $3.3 million, or 6.9%, from 2012/13 to 2013/14. Endowment income is expected to grow 3.7%, including the payout on new endowment gifts and transfers. Ongoing expendable giving is expected to grow 4%. However, anticipated one-time pledged gifts of more than $1.5 million to support initiatives listed above such as the Washington, D.C. expansion will result in total gift growth of 10.8%.

Tracking with revenue growth, expenses are expected to grow by $2.7 million, or 5.7%. One new FTE senior fellow appointment is anticipated next year, with additional appointments expected in future fiscal years. New staff hires are also expected to provide research and administrative support. Hoover plans to draw on reserves in the short term to support new fellow appointments, with the anticipation that long-term funding will be forthcoming. The institution will add new staff and associated program expenses for the Washington, D.C. office, with increased facility costs coming in future years. New activities in the library and archives and outreach, highlighted above, will be accomplished by reallocating existing resources.

The institution plans to transfer $3.2 million to the facilities reserve account, bringing the balance of the facilities reserve to approximately $21.8 million by the end of 2013/14. After this transfer, Hoover expects a modest drawdown on fund balances to support fellow appointments, less than 0.5% of the total budget. The remainder of the current funds decline is due to the drawdown of restricted funds raised for specific projects of limited duration.

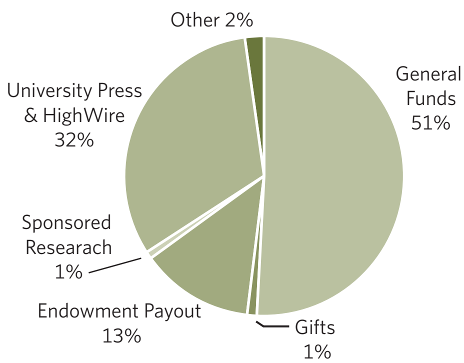
Capital Plan

Plans for the new Hoover Office Building on the site of the Cummings Art Building will be implemented over the next three years. This fourth building is needed as a result of steady growth in the institution since the opening of the Herbert Hoover Memorial Building in 1978, as well as anticipated growth in the future. The new building will provide 50,000 square feet of both offices and conference facilities. Fundraising for the $45.6 million project is currently under way.

The following two facilities projects are expected to be completed in 2013/14: a renovation of the archival reading room in the Hoover Memorial Building; and a tenant improvement associated with new office lease in Washington D.C.

STANFORD UNIVERSITY LIBRARIES

2013/14 Consolidated Revenues
$108.6 Million



[IN MILLIONS OF DOLLARS]

	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN TOTAL
Total Revenues	105.4	107.2	108.6
Expenses			
Salaries and Benefits	65.7	65.9	69.0
Non-Salary	44.1	44.4	42.0
Total Expenses	109.8	110.3	111.0
Operating Results	**(4.4)**	**(3.1)**	**(2.4)**
Transfers From (to) Endowment & Other Assets	0.6	1.0	1.0
Transfers From (to) Plant	0.0	(0.1)	0.0
Surplus / (Deficit)	**(3.7)**	**(2.2)**	**(1.5)**
Beginning Fund Balances	18.9	15.2	13.0
Ending Fund Balances	15.2	13.0	11.5

Programmatic Directions

Stanford University Libraries (SUL) is actively expanding and refining its services to address student and faculty needs in a rapidly changing educational environment. These services are increasingly digital and virtual, such as provision of data management services and tools, support for geographic information systems (GIS), and maintenance of a course management system. A strategic priority for SUL is ensuring that users understand the full suite of services that constitutes the library. Nevertheless, the traditional library functions of providing access to information resources, reference services, and secure and supported space for research and study continue to be highly valued, and SUL continues to purchase and license both print and digital resources for its patrons. Because of current capital projects and a focus on the build-out of the digital library, 2013/14 is expected to bring significant changes to both the physical and the virtual services of SUL.

In 2012/13, SUL has focused on enhancing research support. A new head for the East Asia Library was brought on board, along with a Japanese Studies librarian, in support of the expanding programs of the faculty within the Center for East Asian Studies. In addition, SUL worked with the History Department to bring in an academic technology specialist to support its programs. SUL also rolled out the data management plan tool that walks Stanford's principal investigators through the steps of developing a data management plan tailored to the requirements of their specific federal funding agency. This online tool also provides descriptive text that can be included in a grant proposal.

For 2013/14, SUL anticipates further advancing its support for research by moving five positions that were funded with one-time sources in previous years to incremental base funds. These positions support the Archive of Recorded Sound, GIS, Chinese Studies, Digital Humanities, and SUL's off-campus, high-density storage facility, known as SAL3. In addition, with presidential funding, SUL will initiate phase two of the digital library build-out (DLB2). Objectives of this project, which is expected to span four years, include continued digitization, particularly of nonprint materials; improved web archiving; expansion of the Stanford Digital Repository (SDR); and development of digital services enabling scholars to exploit digital content in innovative ways. As part of the expansion of the SDR, SUL will continue to expand support for archiving and distribution of research data sets. This program, developed in coordination with the Vice Provost and Dean of Research, has proved to be of great interest to significant numbers of faculty across disciplines.

SUL continues to support about 1,200 courses per quarter in the campus's largest course management system, CourseWork, and has revamped its team to ensure that it provides the functions, options, tools, and support that users need. In 2013/14, SUL will expand its support for CourseWork, including modules to support new pedagogical models often associated with MOOC (massive open online course) platforms, such as flipped classrooms.

Consolidated Budget

SUL's consolidated budget includes three auxiliaries: HighWire Press, Stanford University Press, and LOCKSS (Lots of Copies Keep Stuff Safe), representing one-third of the total consolidated budget. Consolidated revenue and operating transfers are expected to total $108.6 million. They consist of $55.6 million in general funds, $34.3 million in auxiliary revenue, and $18.7 million in restricted funds. Consolidated expenses are projected to total $111.0 million, resulting in a planned operating deficit of $2.4 million. Compensation expenses are budgeted at $69.0 million, operating expenses at $20.0 million, and library materials acquisitions at $22.0 million. Included in the expenses are an additional $250,000 for e-books and $1.0 million for facility efforts related to opening the Rumsey Map Center. The operating deficit will be covered by $1.4 million in restricted fund balances and a transfer of $1.0 million from the Stanford University Press Research Fund endowment principal.

SUL's base operating budget is projected to grow 4.4% from the 2012/13 level, but budgeted decreases in auxiliary and sponsored research spending are projected to reduce overall growth to 2.6%. Both 2012/13 and 2013/14 budgets include $2.6 million in one-time presidential funds to continue DLB2.

Fund balances at the end of 2013/14 are expected to be $11.5 million. SUL projects balances of $1.8 million in restricted expendable funds, $4.6 million in restricted endowed funds, $1.8 million in library designated funds, $2.2 million in LOCKSS designated reserves, and $1.1 million in LOCKSS auxiliary funds. The transfer of $1.0 million from the Press Research Fund principal will deplete that fund. The Press began a fundraising effort in 2012/13 to replace that source of operational support.

Capital Plan

As noted above, SUL is actively engaged in several capital projects that will significantly improve services, particularly in departmental library spaces. Each of these moves brings with it a review of patron needs and a corresponding shift in library collections.

In 2012/13, SUL completed phase two of its off-campus, high-density storage facility: Stanford Auxiliary Library III (SAL III), in Livermore, California. This facility provides secure storage in a climate-controlled, preservation-focused environment, with easy paging service back to campus. Completion of this project enables collections to be shifted off-campus, thus enabling library moves, relocations, and renovations.

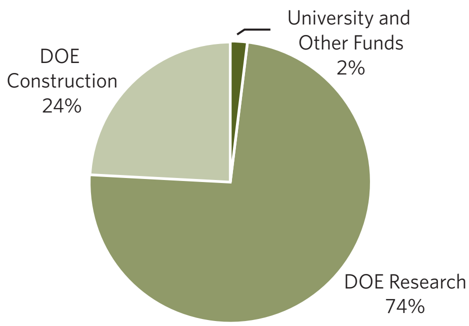
Renovation of the former GSB South building for SUL is under way. By the end of 2013/14, SUL expects to move all service points currently housed in Meyer Library to this new facility. The East Asia Library, Academic Computing Services, the Digital Language Lab, and the 24-hour study room, along with SUL's Technical Services and Library Technology teams, will all be moving into modern spaces in that building.

In 2014/15, the Art Library will be relocating as part of the Department of Art & Art History's move to the new McMurtry Building. SUL has received one-time support for moving the collection to RFID (radio frequency identification) as a part of that move. The Rumsey Map Center is also expected to open in Green Library. This new facility will dramatically improve access to SUL's remarkable collection of digital and physical maps and will highlight the donations of David Rumsey.

In 2015/16, the Math, Biology, and Chemistry libraries will be brought together in a Combined Sciences library within the Teaching Labs & Learning Center planned for the Old Chemistry building.

SLAC NATIONAL ACCELERATOR LABORATORY

2013/14 Consolidated Revenues $462.4 Million



[IN MILLIONS OF DOLLARS]

	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN TOTAL
Total Revenues	379.3	384.4	462.4
Expenses			
Salaries and Benefits	233.2	226.9	230.8
Non-Salary	104.5	122.5	123.0
SLAC Construction	40.8	36.2	109.0
Total Expenses	378.5	385.6	462.8
Operating Results	**0.8**	**(1.2)**	**(0.4)**
Transfers From (to) Endowment & Other Assets	0.0	0.0	0.0
Transfers From (to) Plant	0.0	0.0	0.0
Surplus / (Deficit)	**0.9**	**(1.2)**	**(0.4)**
Beginning Fund Balances	3.5	4.4	3.2
Ending Fund Balances	4.4	3.2	2.8

Programmatic Directions

SLAC is a multiprogram national laboratory operated through a management and operating contract by Stanford University for the Department of Energy (DOE) Office of Science. This contract has been renewed through September 30, 2017. In 2010, the DOE renewed the land lease at SLAC through September 30, 2043. This lease extension guarantees the full usage of the Office of Science's Linac Coherent Light Source (LCLS) facility.

SLAC hosts DOE scientific user facilities that provide world-class, state-of-the-art electron accelerators and related experimental facilities used annually by 3,000 scientists from all over the world to conduct research in photon science, astrophysics, particle physics, and accelerator science. The major programs SLAC currently undertakes to achieve its vision are described below.

Scientific User Facilities

SLAC operates two major DOE Basic Energy Sciences user facilities: Stanford Synchrotron Radiation Lightsource (SSRL) and LCLS. SLAC also operates the Facility for Advanced Accelerator Experimental Tests (FACET) for advanced accelerator R&D funded by DOE High-Energy Physics (HEP).

SSRL provides X-ray beams and advanced instrumentation for research in many areas of science, engineering, and technology. Applications range from energy storage and environmental remediation to drug discovery and magnetism in thin films. In 2013, roughly 1,600 unique scientific users are scheduled to perform research using SSRL's X-ray beam lines. In 2013, the synchrotron achieved routing of 500 milliamperes of current, which is among the highest operating currents of an intermediate energy light source. The increased current makes SSRL's X-ray beam lines brighter, providing clearer experimental results and reducing the time needed for data collection.

LCLS is the world's first hard X-ray free electron laser and is one of only two in the world. Experimental operations began in late 2009, and all six instruments are in operation. LCLS has attracted over 550 unique users. LCLS probes the structure and dynamics of matter at nanometer-to-atomic dimensions and on femtosecond time scales. This is opening new frontiers of discovery in areas including atomic physics, imaging of nonperiodic nanoscale materials, nanocrystallography, ultra-fast structural and electrodynamics, and matter under extreme conditions.

Based on the success of LCLS, the DOE approved planning for LCLS-II in April 2010. This expansion of LCLS is expected to be complete in 2019 and will significantly enhance its scientific capability and capacity. LCLS and LCLS-II will maintain SLAC's position as a world leader in the emerging field of ultrafast X-ray science, an area expected to see significant growth and impact in 2013 and beyond.

FACET, funded by the American Recovery and Reinvestment Act of 2009, brings an important complementary capability for advanced accelerator R&D. FACET is key to sustaining SLAC's core capabilities in advanced accelerators and serving a national need for access to a unique test bed for developing new acceleration concepts.

Photon Science Program

SLAC's photon science program is growing in the chemical and materials science areas. In addition to the Photon Ultrafast Laser Science and Engineering Center (PULSE) and the Stanford Institute for Materials and Energy Science (SIMES), SLAC coordinates with Stanford's Department of Chemical Engineering on SUNCAT, the Center for Sustainable Energy through Catalysis. SUNCAT focuses on creating better catalysts for use in alternative energy industries. Planning is under way to begin a new initiative in the biosciences, in partnership with the Schools of Medicine and Humanities & Sciences.

High-Energy Physics Program

SLAC's multifaceted program in particle physics and astrophysics operates experiments in space, on the Earth's surface, and deep underground to explore frontier questions about the nature and origin of the universe.

SLAC has begun user operations of FACET, which uses two-thirds of the iconic SLAC linear accelerator to study plasma wakefield acceleration. It has the potential to accelerate subatomic particles 1,000 times faster over a given distance than existing accelerators, thus shrinking the size and cost of accelerators for scientific research, medicine, and industry.

SLAC is a major partner in the ATLAS experiment at the Large Hadron Collider at the European Organization for Nuclear Research (known as CERN), which announced discovery of a Higgs-like particle last summer. SLAC is also a leading contributor of R&D for the International Linear Collider's accelerator and detector. The Enriched Xenon Observatory continues its search for some of the rarest processes in nature as signatures for whether the neutrino is its own anti-particle or not.

SLAC's cosmic frontier program includes the Fermi Gamma-ray Space Telescope, R&D efforts for the next-generation dark-energy experiment, the ground-based Large Synoptic Survey Telescope (LSST), and the Super Cryogenic Dark Matter Search (CDMS) experiment. SLAC hosts the Instrument Science Operations Center for Fermi's main instrument, the Large Area Telescope. The LSST is designed to determine the properties of dark energy with higher precision, and SLAC will lead the construction of the DOE-funded, 3.2-gigapixel camera for the project. Super CDMS will be the next-generation underground experiment seeking to directly observe relic dark matter from the Big Bang. The Kavli Institute for Particle Astrophysics and Cosmology provides the intellectual center for these activities and a vital link to Stanford campus researchers in these fields.

Consolidated Budget Overview

The 2013/14 SLAC budget is expected to increase by 20% in 2013/14 due to a $73 million increase in construction costs for DOE funded buildings. The majority of the SLAC budget, $451.9 million, is funded by the DOE Office of Science, including $342.9 million for direct research and $109.0 million for construction costs. The research component of the budget is expected to increase by only 1.7% over the 2012/13 levels due to federal budget constraints. Nonetheless, DOE has made a strong commitment to construction funding at SLAC, and the Research Support Building and the Science and User Support Building are moving forward on schedule. However, the funding and schedule for SLAC's major scientific project, LCLS-II, will be impacted as a result of the "no new start" restriction under the federal government's 2012/13 Continuing Resolution bill, a reduction of $23 million from previous estimates. Given the large U.S. budget deficit and its implications on government discretionary spending, SLAC management continues to make contingency plans for absorbing potential budget reductions

The DOE's Office of Science is the major source of funding for SLAC. About 97% of SLAC's annual funding comes from DOE's offices of Basic Energy Sciences and High Energy Physics. As SLAC continues to transition to a multi-program laboratory, it has seen a shift in DOE funding from

High Energy Physics to other scientific areas such as Fusion Energy Sciences and Energy Efficiency and Renewable Energy. In addition to DOE funded direct research and construction, there is roughly $11 million in the SLAC consolidated budget that comes from university general funds and other research grants and contracts.

Capital Plan

In February 2011, SLAC completed its Long-Range Development Plan with its vision to consolidate research activities, upgrade infrastructure, and/or demolish and renovate facilities. This plan helps to identify which SLAC capital projects require university Board of Trustees approval for Concept, Site and Design.

In 2008/09, the $97 million DOE-funded Research Support Building and Infrastructure Modernization Project commenced and is planned to be complete in late 2014. The project includes a new 64,000-square-foot building (B052) to house accelerator research staff, a new 12,000-square-foot lab/office building (B056) to accommodate biochemical engineering, biophysics and material science researchers, the renovation of two (B28 and B41) mission-support buildings (64,000 square foot) and the demolition of sub-standard buildings and trailers (64,000 square foot).

Additional projects within the Long-Range Development Plan include three DOE-funded projects — the $65 million Science and User Support Building (SUSB B053) project, the $55 million Photon Sciences Laboratory Building (PSLB), and the $405 million Linac Coherent Light Source II (LCLS-II) Experimental Complex, whose facilities primarily consist of underground tunnels, above ground tunnel access structures, and an underground experimental hall to house technical and experimental apparatus. Based on the success of LCLS, the DOE approved planning for LCLS-II. This phase will significantly enhance the scientific capability and capacity of the LCLS and is expected to be ready for operational use in 2018.

The SUSB project includes the demolition of the Panofsky Auditorium and SLAC's cafeteria and replacement with a new auditorium, cafeteria and user center, creating a new "front door" that will be the first stop for SLAC researchers and visitors. The SUSB will break ground in July 2013 with occupancy planned for 2015. The PSLB project will construct new environmentally sustainable facilities that will include laboratory space, offices and collaboration space to support SLAC's photon science mission. The PSLB is in the planning phase with DOE, with a tentative ground breaking in 2016 and occupancy in 2018.

CHAPTER 3

ADMINISTRATIVE & AUXILIARY UNITS

ADMINISTRATIVE UNITS

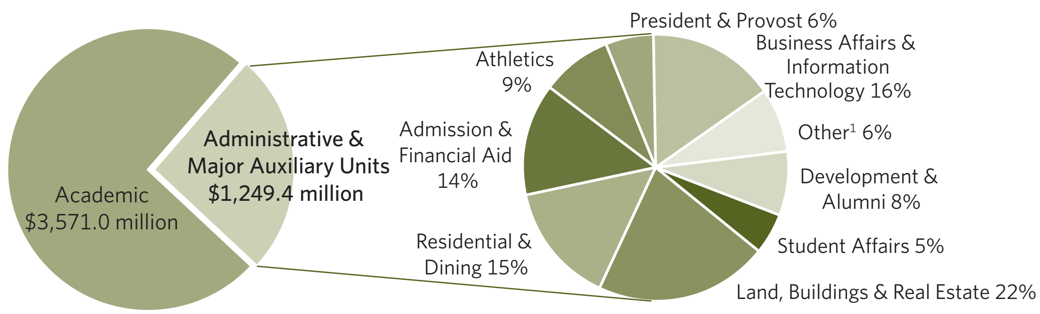
This chapter focuses on initiatives and priorities in the administrative and auxiliary units of the university.

CONSOLIDATED BUDGET FOR OPERATIONS, 2013/14: ADMINISTRATIVE & MAJOR AUXILIARY UNITS

[IN MILLIONS OF DOLLARS]

	TOTAL REVENUES AND TRANSFERS	TOTAL EXPENSES	RESULT OF CURRENT OPERATIONS	TRANSFERS (TO)/FROM ASSETS	CHANGE IN EXPENDABLE FUND BALANCE
Administrative Units					
Business Affairs	198.7	203.8	(5.1)	(4.4)	(9.5)
Development	60.4	60.4			0.0
General Counsel & Public Safety	32.3	33.9	(1.6)		(1.6)
Land, Buildings and Real Estate	278.3	269.0	9.3	(11.2)	(1.9)
President and Provost Office	78.8	78.7	0.1	0.5	0.6
Public Affairs	10.1	10.2	(0.2)		(0.2)
Stanford Alumni Association	40.1	40.4	(0.3)	0.1	(0.2)
Stanford Management Company	27.1	27.1			0.0
Student Affairs	57.5	58.6	(1.1)		(1.1)
Undergraduate Admission and Financial Aid	168.7	170.1	(1.4)	(0.1)	(1.5)
Major Auxiliary Units					
Athletics (Operations and Financial Aid)	107.8	107.9	(0.1)	1.7	1.7
Residential & Dining Enterprises	188.1	189.4	(1.3)		(1.3)
Total Administrative & Auxiliary Units	**1,247.8**	**1,249.4**	**(1.6)**	**(13.4)**	**(15.0)**

2013/14 Consolidated Expenses by Administrative & Major Auxiliary Units



[1] Other is Stanford Management Company, General Counsel & Public Safety, and Public Affairs.

BUSINESS AFFAIRS

The Business Affairs organization provides administrative infrastructure, systems, services, and support for the benefit of the university community. Business Affairs units include Financial Management Services; Information Technology Services; Administrative Systems; University Human Resources (UHR); Office of Sponsored Research; Research Financial Compliance and Services; Internal Audit, Institutional Compliance and Privacy; Information Security; Risk Management and Business Development.

The 2013/14 consolidated budget for Business Affairs shows revenues and operating transfers of $198.7 million and expenses of $203.8 million. Approximately $4.5 million of reserves will be used to partially fund construction of the NW Data Center and Communications Hub, to purchase equipment for the Stanford Research Computing Facility at SLAC, to complete the legacy door access conversion projects, and to fund one-time requests from operations. Fund balances are projected at approximately $28.7 million at the end of 2013/14, a reduction of $15.9 million from 2011/12. Business Affairs is investing its reserves in strategic priorities, including IT infrastructure improvements and completion of Phase One of the Stanford Electronic Research Administration (SeRA) system project. Of the $28.7 million in projected reserve funds at 2013/14 year-end, over half are held for IT systems and related projects. Commitments are made to systems projects that span fiscal years, resulting in growth or depletion of reserve funds each year, depending on the projects undertaken in a given period.

Expenses are projected to be 4.8% higher in 2013/14 than in 2012/13. Nearly all of the increase is in compensation, and 42% of that is due to headcount growth. Business Affairs headcount increased 6% last year, due to success in filling vacant positions and continued growth in UHR. UHR is undertaking several base and one-time funded initiatives, including new staff leadership and training programs, learning management systems improvements, centralization of HR transaction processing, and restructuring of university jobs classification and compensation. Business Affairs will add fourteen staff members in 2013/14 to strengthen key compliance and service areas, including information security; privacy; international payroll, benefits, and governance; central financial consulting for schools and departments; and the IT help desk. These positions are funded with a mix of base and one-time general funds and other funding sources.

Each year, Business Affairs focuses on a specific group of principal initiatives, many of which span multiple years, with annual milestones and deliverables. These initiatives are focused on continuously improving the delivery of excellent service to clients, making Business Affairs more efficient, and addressing new compliance requirements.

Significant current Business Affairs initiatives include the following:

- UHR transformation—Launch the new manager academy and graduate initial cohorts; implement a new system for job applicant recruiting and staff performance management; and improve the user experience and profile management associated with the university's learning management system.
- Research administration transformation—Achieve major SeRA system milestones, including enhancements to the existing modules; complete PTA manager rollout for sponsored accounts; and complete requirements for award closeout. In addition, the team has supported development of the new DoResearch website.
- Procurement transformation—Implement strategic sourcing, new payment solutions, and improved e-commerce processes.
- Evolution and consolidation of financial planning and reporting—Consolidate and update tools for financial management reporting, with the ultimate goal of moving financial reporting content to Oracle Business Intelligence Enterprise Edition (OBIEE). Initial new reports cover the labor and payroll business functions.
- Payroll distribution reporting and certification—Design and implement processes in support of this new compliance requirement, with completion in early 2014.
- Endowment payout—Complete redesign of endowment payout processes to improve efficiency, transparency, predictability, and consistency. Implementation is targeted for the beginning of 2013/14.
- Research computing—Open the Research Computing Facility at Forsythe; hire a director of computational research; and get several large clusters installed and operated online.
- Campus-wide encryption—Support encryption of all School of Medicine laptops with access to protected health information; complete evaluation of mobile encryption solutions; and pilot encryption initiatives internally in preparation for campus-wide rollout.

OFFICE OF DEVELOPMENT

The Office of Development (OOD) projects total revenues and operating transfers of $60.4 million and expenses. The main funding sources remain general funds and support from the School of Medicine and Stanford Hospital & Clinics for costs associated with Medical Center Development (MCD). Fund balances will remain largely unchanged at $2.9 million at 2013/14 year end.

The total expenses for 2013/14 are 6.3% higher than the 2012/13 year-end projection of $56.9 million. OOD received incremental general funds for its highest priorities. In addition, MCD expenses are increasing. In May 2012, MCD launched the $1.0 billion campaign for Stanford Medicine, which focuses on priorities in the School of Medicine and Stanford Hospital & Clinics. Program spending will increase in 2013/14, due to costs associated with the campaign. In addition, MCD increased its staff in 2012/13, but many positions were not filled during the year. Compensation costs for MCD will keep increasing as more positions are filled in 2013/14. Given the additional general funds for OOD and the anticipated full staff in MCD, compensation costs will rise 7.4%.

In February 2013, the Council for Aid to Education released the fundraising results for colleges and universities during 2011/12. It recognized Stanford as the first and only university to ever secure $1 billion in gift revenue during a single year. Looking ahead to 2013/14, OOD will continue fundraising for key university and hospital priorities and will invest incremental general funds (as well as its own reserves) in a few key areas, as described below. The targeted investments are intended to increase OOD's capacity to engage donors and prospects and to sustain the high level of fundraising success attained in the past several years while keeping staff growth to a minimum.

- Information technology—Technology plays a key role in OOD's ability to raise philanthropic support for academic priorities. Its current database is nearly 20 years old, and OOD will be launching a functional review to plan for its eventual replacement or significant overhaul. With incremental one-time funds, OOD plans to hire two additional staff to augment the team and to increase its capacity to support new projects and system enhancements. OOD will use reserves to start evaluating new technologies to replace or overhaul the existing database.
- Prospect management and analytics—OOD will expand its emerging analytics team, adding a new position to focus on predictive data modeling to better identify prospects. The new role will support development efforts campus-wide and will make recommendations to inform business strategies.
- Integrated marketing services—OOD plans to expand its direct-appeal staff by two positions to provide a higher level of personalized content to prospects. One position will focus on data analysis, consolidating annual fund reporting across campus and creating more sophisticated donor segmentation populations. The other will focus on personalized content for qualified prospects.
- Stewardship—Stewardship is a key emphasis for OOD, and the success of the Stanford Challenge secured many more scholarship, fellowship, professorship, and other endowed funds requiring regular reports to donors. OOD surveyed donors at the end of the Stanford Challenge about how stewardship efforts are perceived. Areas of opportunity were also identified, and plans are in place to implement the highest priorities. The central stewardship team will expand by 1.2 FTE, providing more staff to manage the expanding portfolio of funds in the university and school-based programs.

In addition, OOD expects to carefully review compensation of its field staff to ensure that development officers are paid at an appropriate market rate. This will enable the university to attract and retain a talented team. The review will likely lead to incremental investments in compensation beyond the annual merit program.

GENERAL COUNSEL AND PUBLIC SAFETY

The Office of General Counsel (OGC) projects a balanced consolidated budget of $13.3 million in 2013/14, a 1.8% increase over the 2012/13 year-end projection. OGC projects a $454,000 consolidated surplus in 2012/13. OGC does not anticipate any significant increase in operational costs in 2013/14 other than increased rates for outside counsel. OGC will try to limit the firm rate increases and reduce law firm utilization if necessary to balance the budget. The proposed level of general funds along with anticipated client retainers is expected to cover operating expenses absent any unanticipated or extraordinary matters in 2013/14.

OGC will continue to focus on its main strategic priorities: (1) proactively trying to constrain costs by increasing efficiency; (2) identifying risk; (3) implementing mitigation strategies, including preventative counseling and more comprehensive client training; and (4) resolving disputes early. OGC will continue its effort to maintain an optimal balance between inside and outside counsel to provide efficient, high-quality service, although internal operating costs are already lean, and there is not much opportunity for further cost reduction.

OGC anticipates providing legal services at the required level, though prioritizing risks; it may not provide some services so long as this does not increase risk too much. OGC expects that it has adequate reserves to backstop a shortfall should one occur. It would like to allocate at least part of any surplus to the Public Safety building fund.

The 2013/14 consolidated revenues for Public Safety—which includes the Stanford Department of Public Safety and the contract for fire protection and emergency communications services with the City of Palo Alto—are expected to be $18.9 million, which is $890,000 lower than the 2012/13 year-end budget projection. Consolidated expenses for 2013/14 are expected to be $20.5 million, resulting in a deficit of $1.6 million. The deficit is the direct result of the projected fire contract expenses, which are expected to exceed general funds base operations support under the current contract terms. Budget projections for the 2013/14 fire contract are based on the 2012/13 adopted budget for the City of Palo Alto with anticipated growth. The university is presently reviewing the current fire contract, and changes to the service model are expected; however, the specific nature of those changes and the timing of their implementation are uncertain. Should the year end without any changes, general funds will likely cover the deficit.

Key initiatives for Public Safety operations in 2013/14 include bicycle safety and theft prevention, safety in the student residences, community outreach and education, employee training and development, a multiagency partial-scale emergency response exercise, and domestic and international Clery compliance efforts. Additionally, the department is undertaking several projects to improve efficiency in work processes, with a specific focus on using technology to gain efficiency.

LAND, BUILDINGS AND REAL ESTATE

Land, Buildings and Real Estate (LBRE) is responsible for developing and implementing the university's capital plan; managing commercial real estate on endowed lands; managing campus utilities, grounds, and parking & transportation; providing stewardship for 8,180 acres of land; and managing operations and maintenance (O&M) for 267 academic buildings totaling over nine million square feet, Hopkins Marine Station, and other off-campus facilities.

During 2013/14, LBRE estimates total revenues and transfers of $278.3 million and total expenses of $269 million, yielding operating results of $9.3 million. After an expected transfer of $11.2 million for capital renewal projects, LBRE forecasts a planned deficit of $1.9 million, which will result in a drawdown of capital renewal reserves.

Total expenses in 2013/14 are expected to increase by $20.3 million, or 8.2% over 2012/13. The majority of this increase is due to higher utilities expenses of $11.1 million. This increase is largely due to increases in purchased utilities and higher debt amortization expenses resulting from the Piping and Building Conversions (a component of the Stanford Energy System Innovations (SESI) project), which begin to amortize as segments are completed. Incremental O&M costs of $3.4 million are the result of new campus structures, with the remaining year-over-year variance due to general increases in compensation and materials.

In addition to the responsibilities described above, LBRE leads numerous initiatives which typically span years from concept to completion. The following significant initiatives are currently active:

- Conversion to New Energy Platform - SESI is the single most important project under LBRE management. The capital cost is estimated at $438.0 million and involves three unique components: a new central energy plant estimated at $230.0 million, 20 miles of underground pipe distribution and building conversions totaling $165.7 million, and a replacement electrical substation for the remaining $42.3 million.
- Once SESI is complete, the campus will utilize about 70% of its current waste heat to meet 80% of campus heating demand. It will also reduce campus water consumption by 18% and greenhouse gas emissions to less than 50% of current levels. For more information on SESI, please see page 69 in the Capital Budget and Three-Year Capital Plan.

- Stanford in Redwood City Campus – LBRE is currently working with Redwood City to draft a detailed 30-year development agreement, to which significant deal points have been agreed. This property is part of a strategic initiative that allows core campus lands to be used for the highest academic priorities by locating administrative functions to a new (nearby) campus.
- Faculty Housing – In conjunction with the Faculty/Staff Housing office, LBRE commissioned a faculty survey to better understand demand for housing on or near the Stanford campus. This faculty housing needs assessment was designed to inform planning staff about more specific demand characteristics that could be factored into both near term and future faculty development plans. The demand data has meaningfully contributed to planning and design efforts around the Mayfield housing project. More information on the Mayfield project can be found on page 74 in the Capital Budget and Three-Year Capital Plan.
- Real Estate Commercial Development – In addition to the faculty housing projects, LBRE will be leading two Research Park developments totaling 190,000 gross square feet (gsf). Upon completion and occupancy, net operating income is projected to be $11.5 million per year (stabilized in 2015) that will directly benefit general funds.

The construction and development of academic and real estate properties continue at a fast pace. Ongoing challenges include both internal resource management and campus disruption, the latter of which is further compounded by the SESI project and the expansion of the hospitals. Though LBRE is mitigating these constraints to the extent possible, it is reaching the point of diminishing returns and may have to prioritize the capital plan further. Additionally, Stanford's 2,035,000 gsf General Use Permit (GUP) entitlement, which governs growth on campus, is now 50% expended. We estimate that our remaining square footage will last until 2020, which in entitlement and planning terms, is nearly around the corner. A solution to address regional and local transportation concerns may need to be identified as part of the next GUP, to avoid a limit on future campus growth.

PRESIDENT AND PROVOST OFFICE

The Office of the President and Provost (PPO) projects total revenues and operating transfers of $78.8 million and expenses of $78.7 million. After a transfer in from plant funds of $505,000, a surplus of $600,000 is projected for 2013/14. PPO comprises the President and Provost Office, the Board of Trustees, Continuing Studies and Summer Session, Stanford Pre-Collegiate Studies (SPCS—formerly the Education Program for Gifted Youth, EPGY), Institutional Research and Decision Support, the University Budget Office, Diversity and Access, Faculty Development and Diversity, Faculty Affairs, the Academic Secretary, the Office of Religious Life, Faculty/Staff Housing, and, new for 2013/14, the Vice Provost for Online Learning (VPOL).

PPO will continue to use reserves to support various staff development programs, cover unanticipated expenses throughout its organization, and support the reinstated Springfest multicultural event. A small amount of incremental general funds has been added in 2013/14 to support growth in University Budget Office staffing and systems. Over the past thirteen years PPO has built reserves to assist units with special requests and unbudgeted expenses, with 2012/13 showing a projected $2.0 million surplus to add to these reserves.

The restructuring of SPCS provided a basis for growth for a number of programs. The Online High School (OHS) budget grew to over $4 million and should exceed $5 million in 2013/14. Led by the addition of the Stanford Humanities Summer Institute, the residential programs component of SPCS had a budget of $6 million in 2013/14, and with the addition of the Stanford Youth Orchestra program the revenue for 2013/14 will approach $7 million. The planned licensing of the older online EPGY courses in mathematics and language arts has taken longer than anticipated but should be concluded in calendar year 2013. While the departure of those courses will have a short-term negative impact on revenue for the unit, new initiatives building on OHS methodologies will be rolled out in 2013/14, and the unit anticipates these will return the program to its long-term growth trajectory.

In 2012/13, VPOL plans to develop a collection of online teaching and learning material, leverage the material to improve on-campus teaching and learning, license content to other colleges and universities, and publicly enhance the reputation of faculty and programs. These goals will be accomplished through broad faculty engagement, partnerships around the open-source platform, the media, a web presence, and community activities. In 2013/14 and beyond, VPOL's objectives are to produce exemplary online materials of increasing quality and visibility; solidify platform strategies with continuity, stability, and leadership for the open-source platform; and experiment with new revenue or delivery options by licensing courses to other universities and evaluating revenue sharing. Other initiatives will include the creation of a cross-campus center or institute to research and disseminate findings on the most effective practices for online learning. This will start as a joint effort with the Graduate School of Education. Staff will also be needed to support a new industrial affiliates program to facilitate transfer of knowledge into society and enhance dialogue between academia and industry.

PUBLIC AFFAIRS

The Office of Public Affairs (OPA) projects total revenues of $10.1 million and expenses of $10.2 million, resulting in a net operating deficit of $151,000. This planned deficit reflects a project funded in 2012/13 that will be continued in 2013/14, using the remaining balance of the initial funds.

Total revenues are budgeted to increase 2.2% from $9.8 million in 2012/13, while total expenses are expected to increase 3.9% from $9.8 million. Incremental base general funds allocated to OPA include funding for one new position and conversion of a current part-time position to full time. Revenue will be relatively flat from 2012/13 to 2013/14 after the dramatic increase in Stanford Video's revenue in 2011/12.

OPA forecasts an ending balance of $471,000, of which approximately $150,000 is restricted to specific project and endowment-related expenditures. The remaining unrestricted balance will be used to maintain a modest reserve and to support OPA events, such as the Roundtable and TedX at Stanford, and other internal and external programs.

OPA is a group of organizations dedicated to protecting and advancing Stanford University's mission and reputation as one of the world's leading research and educational institutions. Its three major departments—Government and Community Relations, the Office of Special Events & Protocol (formerly known as Stanford Events), and University Communications—work together to accomplish this mission by building and fostering relationships with local, state, and federal officials; planning and producing Stanford's highest-profile events and ceremonies; and managing and coordinating internal/external communications through all appropriate platforms.

A significant and sustained increase in demand for communications and public affairs support over the last decade has accelerated in the last five years. While some of this increase has resulted from the Stanford Challenge and the opening of the Bing Concert Hall, much of it is due to the advent of multiple new media platforms, the establishment of many new institutes and initiatives across the university, and the overall rising profile of Stanford around the nation and the world.

OPA is meeting this increased need for support by:

- Further developing Stanford's digital media footprint through social media efforts, mobile technology, the web, and electronic publications, such as the Stanford Report and the Arts Weekly and Stanford for You newsletters. These efforts create more content, cover more stories, and increase readership and outreach.
- Harmonizing and strengthening content platforms across the university, thus allowing the university to present itself more effectively and more coherently to the outside world.
- Collaborating more with the various schools and institutes, thereby identifying problems and issues earlier and coordinating better when opportunities present themselves.

The higher level of global media exposure at Stanford has substantially increased the number of high-profile issues that affect the university's reputation and require specific media relations and management experience. Keeping up with this rising demand while maintaining current service levels and continuing to be a leader in digital communications is OPA's biggest challenge in 2013/14. With limited resources for new staff, OPA looks to leverage new technologies, digital media consultants, and student interns to meet this challenge.

More specifically, OPA plans to:

- Convert the part-time digital media strategist position to full time to provide additional social media output and more effective coordination and management of digital media interns and other internal communication teams.
- Redefine the digital media program to provide a more comprehensive strategy for use of videos across all university communications platforms.

- Engage a digital strategy consultant to provide insight and guidance on the successful application of emerging new media communications toward key university objectives.

Through these endeavors and more, OPA will continue to focus on new media strategies, social media, digital innovation, and mobile platforms, while also strengthening its core public relations efforts to keep Stanford at the forefront of university leadership in the rapidly evolving field of communications.

STANFORD ALUMNI ASSOCIATION

The Stanford Alumni Association (SAA) projects $40.1 million in gross revenue and operating transfers and $40.4 million in total expenses in 2013/14, resulting in a reduction of $241,000 in its consolidated fund balance after asset transfers. Reserve balances are projected to stand at $3.0 million at the end of 2013/14.

Business and program revenues, coupled with income from life membership, building, and other endowment fund payouts, generate roughly 70% of SAA's gross revenue. The remaining 30% will come from base and one-time general funds and one-time presidential funds. Gross revenue and expense will be higher than 2012/13 levels by 4% ($1.5 million) and 2% ($0.7 million), respectively, excluding the one-time costs in 2012/13 of the Rose Bowl. These increases are fueled by a ramp-up in Stanford+Connects, a multiyear alumni outreach program; expansion of SAA's alumni education offerings; enhancement of SAA's mobile platform capabilities; and additional investment in critical technology resources shared with the Office of Development (OOD).

In 2012/13 SAA used one-time general funds to facilitate and enhance volunteer engagement with the university. SAA launched a new volunteer gateway on its website, a volunteer-friendly online event module, and a pilot program bringing alumni perspectives to strategic issues across campus. These offerings facilitate alumni navigation of meaningful campus-wide volunteer opportunities, the creation and execution of alumni-led events, and alumni partnership on strategic challenges and opportunities with groups across the university.

SAA also used one-time general funds in 2012/13 to enhance its student-focused programming, services, and networking opportunities. One-time funding of $200,000 in 2013/14 allows SAA to continue these efforts, thereby growing and strengthening the connection and engagement between students and alumni. One-time general funds also supported Rose Bowl–related events in 2012/13.

Stanford+Connects is an outreach program designed to energize alumni in eighteen cities around the world over the next four years by delivering content (both online and in person), building community (physical and virtual), and strengthening alumni connections to the university and to each other. This program, launched in 2012/13 in Phoenix and Minneapolis, will travel to five cities in the United States and Europe in 2013/14, supported by presidential funds.

SAA's ability to leverage technology is proving to be a significant and critical underpinning for many offerings and services. A total of $307,500 in continuing one-time and new base general funds in 2013/14 will partially fund seven billets shared by SAA and OOD. This funding will allow for ongoing delivery of technology solutions that support almost every alumni-facing area of SAA's portfolio of products and services.

In 2013/14, a new strategic initiative will focus on leveraging SAA's most unique asset—the ability to provide alumni with access to a wide range of meaningful, topical, and thought-provoking Stanford academic and intellectual content. Directly through Stanford faculty, and indirectly through their scholarship and research, many of SAA's current programs and service offerings include an alumni education component. With additional one-time funds of $125,000 in 2013/14, SAA will further its investment in this area with content curation and delivery using a variety of media and formats.

A second new strategic initiative will focus on enhancing SAA's mobile platform capabilities. SAA will use $75,000 of new one-time general funds to support efforts to incorporate mobile functionality into existing key online services and to explore new mobile offerings with beta testing and pilot programs that leverage the broader potential to build alumni community through social-local-mobile functionality.

SAA's greatest challenge is to keep itself—and Stanford—relevant and value-creating to over 210,000 alumni while staying mindful of its financial realities. SAA looks to the strategic investments discussed above to deliver a significant return to the university in terms of heightened connection, active engagement, and a stronger community of alumni—all leading to increased levels of goodwill and support.

Meanwhile, SAA remains focused on cost management, revenue enhancement, and process improvements across its operations. SAA staff at all levels are enlisted to aid in these efforts, which ultimately allow the organization to better realize its mission to reach, serve, and engage all alumni and students; to foster a lifelong intellectual and emotional connection between the university and its graduates; and to provide the university with goodwill and support.

VICE PROVOST FOR STUDENT AFFAIRS

Student Affairs' primary mission is to promote student learning and development as an essential component of the student experience, and as a complement to learning that occurs in academic settings. In 2013/14, Student Affairs will pursue strategic initiatives to sustain and enhance program quality and capacity, advance student learning and development, and fulfill compliance and risk management mandates.

For 2013/14, Student Affairs projects total revenues and operating transfers of $57.5 million and total expenses of $58.6 million, resulting in a net operating deficit of $1.1 million. Anticipated consolidated fund balances will be $21.6 million at year end.

Major contributors to the net 2013/14 operating deficit will include drawdowns against prior-year operating budget carryforwards and against accumulated restricted funds balances. In the operating budget, an anticipated 2013/14 beginning balance of $869,000 is expected to be almost entirely expended to support programs and other operating needs. Accumulated gift fund balances, projected to be $4.4 million at the start of 2013/14, will be drawn down by $711,000 during the year, primarily to support expansion of public service/service learning programs in the Haas Center for Public Service, including resumption of the Stanford College Prep Program, which had been put on hold for a year due to funding uncertainties.

Consolidated revenues and transfers for 2013/14 are expected to exceed those projected for 2012/13 by $1.1 million, or 1.9%. Most of the difference is attributable to increases in base general funds. Other major revenue streams, including designated, restricted, and auxiliary incomes, will remain at about the same levels as projected for 2012/13.

Total 2013/14 expenses will exceed 2012/13 expenses also by about $1.1 million (1.8%), with standard cost rise accounting for the majority of the projected growth. Student Affairs units received incremental base and/or one-time funding to support needs in the following areas:

- Sustaining/enhancing program quality and capacity
    - The Student Affairs Information Technology unit received incremental base general funds to support 1.0 FTE database programmer (funded for the last two years by a combination of one-time general funds and division reserves) and IT infrastructure expenses.
    - Vaden Health Center will use incremental base to add a part-time clinical educator/staff psychiatrist in the Counseling and Psychological Services unit.
    - The position of assistant dean in the Office of Student Life, which is the primary liaison with the Stanford Band and the Frosh Council and oversees student recognition awards and an online voluntary student group registration/management system, will be extended for an additional year with one-time funds.
- Advancing student learning and development
    - The Haas Center for Public Service was allocated incremental base to help stabilize long-term staffing needs in well-established, gift-funded community service programs.
    - The six community centers and the Bechtel International Center received one-time funds to help meet emergent needs of the increasingly diverse undergraduate and graduate student populations, including international students.

Also in the coming year, Student Affairs will continue to regularly assess and evaluate programs and operations through a comprehensive plan. These reviews, funded with division reserves, provide the vice provost, his leadership team, and unit staff with critical information that shapes strategic decisions. The Office of Student Activities and Leadership and the Office of Judicial Affairs (now called the Office of Community Standards) recently completed their reviews. Currently, the six community centers and Fraternity/Sorority Life Office are under review. Assessments of the Office of Sexual Assault & Relationship Abuse Education & Response and of the Office of Alcohol Policy and Education are scheduled to take place in 2013/14.

UNDERGRADUATE ADMISSION, FINANCIAL AID, AND VISITOR INFORMATION SERVICES

Undergraduate Admission & Financial Aid projects total consolidated revenues and operating transfers of $168.7 million and expenses of $170.1 million, resulting in an operating deficit of $1.4 million and 2013/14 ending fund balances of $4.3 million. The consolidated budget is divided between the student aid and administrative budgets as follows:

- The budget for student aid includes revenues of $159.2 million and expenses of $159.6 million. The majority is need-based undergraduate student aid, representing about 88% of the budget. The remainder is graduate aid, including roughly $17 million for the National Science Foundation Graduate Research Fellowships Program, and emergency grant-in-aid funding for students in financial hardship. The net operating deficit for 2013/14, $400,000, derives chiefly from the use of endowment income that had no qualifying recipients in prior years. Ending student aid fund balances for 2013/14 are projected at $1.2 million.
- The administrative budget projects revenues of $9.4 million and expenses of $10.5 million, resulting in a net operating deficit of $1.0 million. This deficit will bring the projected 2013/14 administrative ending fund balances to $3.0 million.

The following information pertains exclusively to the administrative operations of Undergraduate Admission. Details of the undergraduate aid budget are found in Chapter 1.

Total 2013/14 expenses are budgeted to be 18.9% higher than the $8.8 million projected for year-end 2012/13, or $1.7 million. Compensation costs are expected to increase in line with trend growth, while non-salary costs are expected to spike.

Undergraduate Admission is funded almost entirely from general funds. Gifts, campus tour fees, and the sale of related merchandise generate minimal additional revenue. Undergraduate Admission is not requesting any incremental funding beyond its base funding allocation. All potential special projects with costs exceeding the base allocation will be paid for out of accumulated reserves.

In recent years, Undergraduate Admission's reserves have increased significantly, from $861,000 in August 2006 to $3.0 million in August 2012. Much of this increase stems from position vacancies. Outreach activities that Undergraduate Admission tabled to pursue at a later date were also a contributing factor.

Undergraduate Admission has plans to use these reserves over the coming two to four years. Planned 2013/14 uses of reserves include implementation of a new staffing structure, which will increase salary costs; additional updates to print collaterals, promotional videos, expansion of social media presence, and other marketing measures; ramped-up outreach activities, including domestic and international travel and targeted marketing; and expansion of the number of Outreach Volunteer Alumni Link interview cities, which will require additional travel and training of alumni volunteers to interview prospective applicants.

Undergraduate Admission has developed a premier organization to attract and yield the brightest undergraduate students. Despite scaled-back outreach since 2008 (to address the economic downturn), the university received 38,828 applications in 2012/13, the largest number in its history and 5.5% more than in 2011/12. This success brings additional needs, however, as Undergraduate Admission must maintain its careful attention to the proper processing, screening, and review of an ever-increasing volume of undergraduate applications.

MAJOR AUXILIARY UNITS

The budget lines for the School of Medicine, the Graduate School of Business (GSB), Humanities & Sciences (H&S), VPUE, and Libraries and Academic Information Resources (SULAIR) include auxiliary revenues and expenses. These auxiliary operations include the Blood Center at the School of Medicine, the Schwab Center of the GSB, HighWire Press and Stanford University Press in SULAIR, Bing Overseas Studies in VPUE, and Stanford in Washington and Bing Nursery School in H&S. These items are separately identified in the schools' consolidated forecasts in Appendix A. Due to their size, HighWire Press and Stanford University Press are also discussed in this chapter. The major independent auxiliaries are Athletics and Residential & Dining Enterprises (R&DE).

ATHLETICS

The fiscal outlook for the Department of Athletics, PE, and Recreation (DAPER) has improved for 2013/14, although challenges remain due to uncertainty in several revenue streams. DAPER's consolidated budget covers three distinct sets of activities: auxiliary operations ($81.8 million in revenue), financial aid ($21.1 million in revenue), and designated activities (e.g. Camps: $6.6 million in revenue). In 2013/14, DAPER projects a consolidated surplus of approximately $1.7 million based on projected revenues and operating transfers of $107.8 million, $1.7 million of transfers from other assets, and expenses of $107.9 million. Significant incremental revenues are anticipated in key areas, with overall revenues and transfers exceeding the projection for 2012/13 by 9.6%. New expenses accompany some of these new revenues, so overall expenses are expected to exceed the 2012/13 projection by 8.1%.

Auxiliary Operations

The projected revenues and transfers for auxiliary operations in 2013/14 are $81.8 million, 11.3% higher than the $73.5 million projected for 2012/13. Projected expenses are $80.3 million, 9.3% higher than the $73.5 million for 2012/13. The $1.5 million surplus will be used to reduce the accumulated deficit in the auxiliary of $7.9 million. As in most years, DAPER's actual revenues will largely be determined by the success of football ticket sales and annual fundraising efforts. In 2013/14 there is also a potentially significant but uncertain new revenue source—the newly created Pac-12 television network, which will be in its second year of operations. However, no significant incremental revenue from the network is projected in 2013/14 due to the uncertainty in this area.

There are several other key changes on the revenue side. Intercollegiate revenues show a significant increase of 22.1% primarily due to increased projections for football ticket sales as a result of a very favorable home schedule. University funds are up 22.2% due to funding for the operations of the new Arrillaga Outdoor Education and Recreation Center (AOERC), scheduled to open exclusively for recreational usage in September 2013. Expenses are up across the board over the projection for 2012/13 due to AOERC staffing and operating expenses. Other expenses show relatively small changes as DAPER continues to hold expense growth down.

Financial Aid

DAPER's financial aid endowment continues to be a huge asset. For several years its payout significantly overfunded financial aid needs. This allowed the department to work with donors to transfer the surplus to help with operating expenses. However, the decline in endowment payout for 2009/10 and 2010/11, combined with continued increases in tuition costs, created financial aid expenses that exceeded endowment payout. Despite a rebound in the endowment and significant new gifts in this area, this problem will continue in 2013/14, and DAPER projects a need for a transfer of approximately $1.6 million from operating revenues to balance the financial aid budget. For 2013/14, projected revenues (including this transfer) and expenses are $21.1 million, for a balanced financial aid budget; in comparison, projected 2012/13 revenues and expenses are $20.0 million. This budget provides approximately 340 scholarships that benefit over 500 students.

Designated Activities

DAPER's designated activities consist primarily of summer camps, which are mainly pass-through operations not actively managed by the department. The remaining activities include incoming revenues that are transferred to support auxiliary operations each year. Significant changes are not expected in any designated activities in 2013/14. Revenues and expenses from designated activities are projected to be $6.6 million, only slightly higher than the $6.5 million projected for 2012/13.

RESIDENTIAL & DINING ENTERPRISES

Residential & Dining Enterprises (R&DE) is a university auxiliary generating revenues primarily through room and board, conferences, cafés, catering, guest houses, and other enterprises. R&DE houses over 11,000 undergraduate and graduate students and serves approximately 18,000 meals per day, while providing stewardship for five million square feet of physical plant. R&DE supports the University's academic mission by providing high-quality services to students and the Stanford community in a sustainable and fiscally responsible manner. R&DE ensures critical facility needs for life safety and code compliance are met while maintaining safe, comfortable, and contemporary living and dining spaces.

The 2013/14 auxiliary budget plan projects total revenues and net transfers of $189.3 million with off-setting expenses that result in a break-even auxiliary budget. The consolidated budget plan includes a planned use of reserves for maintenance and capital projects. Consequently, fund balances are projected to decline by $1.3 million.

The 2013/14 combined undergraduate room and board rate increase is 3.5% (4.47% room and 2.19% board). When combined with increases in other revenues, the R&DE total auxiliary revenue for 2013/14 is projected to increase by 3.0% over the prior year projection. R&DE plans to address inflationary impacts on operating costs and anticipated escalation in asset renewal, debt service and emerging projects with the projected revenue increases as well as continuous business optimization. The 2013/14 operating expenditures reflect the projected impact on utility costs stemming from the Stanford Energy System Innovations (SESI) project. In addition, expenses include $4 million of emerging projects to be funded with a combination of $2.6 million in auxiliary operational funds and $1.4 million in reserve funds.

R&DE provides ongoing funding support to Residential Education, Residential Computing and the Graduate Life Office. R&DE collaborates with the Vice Provost for Undergraduate Education (VPUE) to implement the findings of the Study of Undergraduate Education at Stanford (SUES), including the Integrated Learning Environment (ILE) program.

R&DE is also making significant investments in its physical plant. Accordingly, R&DE has developed an ongoing long-range capital plan to address its facility renewal needs, with expenditures of $38.2 million in 2012/13, $49.6 million during 2013/14, and additional costs in future years on a variety of capital renovation projects. In 2012, R&DE also initiated a plan to address a backlog of deferred maintenance across residential and dining facilities and invested roughly $27 million to complete the first phase. The deferred maintenance backlog plan and the long-range capital plan both address life-safety system upgrades to meet current code, interior and exterior restorations; and window, roof, plumbing, mechanical and electrical replacements across the student housing and dining system. The R&DE Initiative for New Housing, commenced in 2012/13, will result in 764 new graduate and undergraduate bed spaces by 2015. This initiative will also help meet the General Use Permit (GUP) housing linkage requirements to academic building growth, improve the future campus-wide GUP position, support the SUES, and address over-crowding in the student residences.

In addition to the Initiative for New Housing, the 2013/14 capital project plan will mainly focus on: Row House renovations and kitchen replacements; Escondido Village apartment kitchen renovations, heating system upgrade, fire sprinkler installations, and roof replacement; Governor's Corner utility systems, bathroom plumbing, mechanical systems, as well as program and bed space upgrades; and Manzanita refurbishment of existing living, programming, and dining space.

R&DE operates in a dynamic and changing environment; therefore, it is essential to plan for uncertainties by building reserves. R&DE's continued commitment to business optimization results in a sustained trend of generating positive operating outcomes that enable the growth of R&DE's reserves. This is achieved by a constant pursuit of excellence, diversifying revenue sources, managing costs, mitigating risk, increasing internal controls, enhancing accountability, and driving business results.

HIGHWIRE PRESS

HighWire Press projects revenues of $27.0 million and expenses of $27.0 million for 2013/14, an operational break-even for the year. HighWire's revenue projection of $26.0 million for 2012/13 reflects a 2.7% increase over 2011/12; the preliminary projection of $27.0 million for 2013/14 reflects an additional 3.8% increase. Recent market wins and the beginnings of a shift in market conditions that are favorable to HighWire signal an uptick to returns beginning in 2014/15.

HighWire Press remains at the forefront of strategic scholarly publishing, providing digital content development and hosting solutions to the scholarly publishing community. It produces definitive online versions of high-impact, peer-reviewed journals such as Science, the Proceedings of the National Academy of Sciences, and the British Medical Journal, as well as books, reference works, and related scholarly content.

In March 2011, HighWire embarked upon a major revitalization initiative encompassing investments in management and staff, technology, customer satisfaction and retention, and market positioning. This initiative was undertaken in response to new competitors and new technology drivers in the market space, and was enabled by funds received from both Stanford University Libraries and the provost. The continuing goals of the initiative are to accelerate innovation in key areas, improve operational efficiency across HighWire's systems and processes, and return HighWire to a position of growth and profitability.

HighWire has progressed dramatically with its revitalization plans and completed a multiyear project to migrate more than 1,400 websites to its new HighWire Open Platform. This platform allows publishers, and HighWire, to leverage technology advances. HighWire now hosts over 1,750 sites, of which 1,250 have been optimized for mobile computing.

HighWire's operational highlights include the following:

- The management team has been strengthened and restructured and the core staffing model has been shifted. Two executive positions have been eliminated, and several employees have been promoted into new roles, providing pivotal industry knowledge. In addition, HighWire now employs an onshore-offshore model, especially in production and engineering. The combination approach has provided greater around-the-clock technical support, a lower-cost resource blended rate, and flexible capacity.
- A Product Development Roadmap has been established and is delivering great returns. It targeted 70 items for delivery during the last quarter of 2012, and 69 were delivered as projected, a 98.5% success rate. The Roadmap has continued to evolve as a strategic initiative, leading to integrated strategic roadmaps with several key clients.
- The investment in technology has enabled HighWire to recapture a highly visible innovative position in the marketplace. The use of Drupal technology, leveraging the HighWire Open Platform, has clearly demonstrated a leadership position for HighWire. In addition, retiring aged servers, investing in current platforms such as VMWare, and reducing/eliminating single points of failure have resulted in system uptime of 99.91% for calendar year 2012.
- HighWire has created and rolled out an iOS and Android mobile application that is currently being sold and adopted by its customer base.
- HighWire has introduced a rigorous operational excellence program, using SalesForce to track customer requests. The system has effectively tracked more than 16,000 requests in 2012/13.
- Lastly, HighWire has implemented integrated account management for its top 30 clients. The program has resulted in the successful renewal of several top publishers.

STANFORD UNIVERSITY PRESS

The Stanford University Press consolidated budget for 2013/14 projects revenue and transfers of $6.5 million and expenses of $7.5 million. The Press will close the funding gap by withdrawing $1.0 million from the Press Research Fund principal. This withdrawal will significantly deplete the Research Fund, and a fundraising effort was approved early in 2013 to replace this source of support for Press operations. Sales revenue reflects growth of 3% over the anticipated 2012/13 year-end total. Gross margin on sales (the remaining income after deduction of production costs, royalties, and write-down) is expected to improve, despite a fractional increase in operational costs. Through continuing margin improvement and cost control, the Press will keep its operating loss comparable to the 2012/13 year-end figure.

Despite several market shifts and acquisitions, there remains no market leader in digital sales of scholarly book content, outside of consumer sales through Amazon (which retains more than 75% of the marketplace for digital content). As with the large majority of university presses, print sales still represent 90% of the revenue stream, with overall sales to individuals of e-books showing signs of greatly reduced growth. At the same time, new sales models are maturing, and the Press will see the launch of Stanford Scholarship Online in July 2013. There has been strong pre-launch interest in this collection-based platform, which will allow libraries to purchase entire lists of Press publications in areas such as history, literary studies, and philosophy. Predictions of the likely income stream, however, remain understandably cautious. Entry into this platform, hosted by Oxford University Press, has required a significant reorganization of the workflow to include full chapter-level abstracts and keywords, but these additional metadata are intended to be reused within an updated and completely retooled Press website, which will launch in early fall 2013. This rebranded site will offer a range of free content and tie into a broader push in social media marketing.

In 2012, the Press launched Stanford Briefs, the line of short-form scholarship across the full range of disciplines, priced at $9.99 in the digital format and also available in print-on-demand paperback. Modeled on the essay style, this product line stands out in the field of short-form publishing as the only original-content model—competitors from all other university presses at present repurpose content from existing books. Early titles have been in business, philosophy, healthcare policy, and Middle East studies. Early sales have been very strong, matched by keen author interest. Meanwhile, the Press continues to experiment with rental-based e-textbook models and is partnering with various market leaders in the digital textbook space. The Press has also established a trackable digital system of distributing review copies for the media and for class adoption consideration, providing robust access analytics that will increase usage and efficiency.

The accelerated write-down plan has resulted in dramatically reduced inventory. The write-down for 2013/14 is down more than 30% over 2012/13, for a cumulative reduction in the Press' key inventory ratio of over 50%. The move toward on-demand printing continues, although aspirations remain slightly ahead of the available technology. The new print model will be rolled out in the spring of 2013, with full implementation by fall. A competitive marketplace has greatly reduced the costs, but the internal infrastructure necessary to support this shift will likely result in a drop in the gross margin and thus affect the bottom line during the transitional period.

CHAPTER 4

CAPITAL BUDGET AND THREE-YEAR CAPITAL PLAN

Stanford's Capital Budget and three-year Capital Plan are based on a projection of the major capital projects that the university will pursue in support of the academic mission. The Capital Budget represents the anticipated capital expenditures in the first year of the rolling three-year Capital Plan. The Capital Plan includes projects that are in progress or are expected to commence during that three-year period. Both the Capital Budget and the Capital Plan are subject to change based on funding availability, budget affordability, and university priorities.

At $2.5 billion, the Capital Plan reflects the significant investment Stanford continues to make in its facilities, driven by the academic priorities for teaching, research, and related activities described in Chapter 2, and the initiatives of the administrative and auxiliary units that support the academic mission, described in Chapter 3.

With the 2012/13 project completions, Stanford will have invested $4 billion in its facilities, infrastructure and commercial real estate since 2000. The campus has been transformed with state-of-the-art facilities supporting science, engineering, medicine, business, athletics, law and the arts. Additionally, the Rosewood Sand Hill hotel and office complex, and other off-campus commercial development projects have provided additional income to the university.

In addition to the many projects currently under way and previously forecasted, this year's plan includes the following new projects: the Stanford Institute for Chemical Biology/Neurosciences building ($196.9 million), Mayfield California Avenue Faculty Staff Housing ($128 million), a 1000-stall underground parking structure at Roble field ($40.9 million), 408 Panama Mall office building ($35.4 million), 1651 Page Mill Road Tenant Improvements ($23.8 million), renovation of the Stanford House in Oxford ($4 million) and a new Dean's residence and program space for the future Crother's College ($3 million). Additionally, the following projects have been reactivated: Encina Renovation ($67.2 million), Public Safety building ($17 million), and the final phase of the Durand Building renovation ($6.8 million).

The following five significant projects comprise roughly half of Stanford's Capital Plan: the Stanford Energy System Innovations (SESI) project ($438 million), Bio Medical Innovation building 1 (BMI 1; formerly Foundations in Medicine 1 (FIM 1)) ($266.4 million), Bioengineering/Chemical Engineering building (BioE/ChemE) ($215.5 million), Chemical Biology/Neurosciences building ($196.9 million), and the Biology Research and Teaching project ($179.3 million). The remaining half of the plan includes 30 additional projects and 8 infrastructure programs. For a detailed listing of all Capital Plan projects and programs, see the tables on pages 79–81.

This chapter will include a discussion of the 2013/14 Capital Budget, provide an overview of the capital planning process, describe current strategic initiatives, and present the 2013/14 – 2015/16 Capital Plan and related constraints.

THE CAPITAL BUDGET, 2013/14

The 2013/14 Capital Budget at $658.7 million reflects the university's significant capital projects including SESI, BioE/ChemE, Mayfield California Avenue Faculty Staff Housing, Comstock Graduate Housing, McMurtry Building, Building 08-350 Renovation for SUL North, Anderson Collection at Stanford University, C.J. Huang Building, RAF 1 and RAF 2 Rehabilitation and Retrofit, Crown Quadrangle Renovation, Northwest Data Center and Communications Hub (NDCCH), and various infrastructure projects and programs. The projected 2013/14 expenditures reflect only

MAJOR CAPITAL PROJECTS – PERCENT OF COMPLETION 2013/14[1]

[IN MILLIONS OF DOLLARS]

	CAPITAL BUDGET 2013/14	ESTIMATED PROJECT COST	ESTIMATED PERCENT COMPLETE 2013/14
Stanford Energy System Innovations (SESI)			
Replacement Central Energy Facility	116.6	230.0	53%
Piping, Building Conversions and Process Steam Plant	69.9	165.7	60%
New Electrical Substation	21.4	42.3	53%
Bioengineering / Chemical Engineering (Building and Connective Elements)	28.0	196.6	100%
Mayfield California Avenue Faculty Staff Housing (180 units)	12.8	128.0	13%
Comstock Graduate Housing (362 net new beds)	63.6	110.0	100%
McMurtry Building	31.2	87.0	67%
Building 08-350 Renovation for SUL North	33.0	57.0	100%
Anderson Collection at Stanford University	16.7	36.0	100%
C.J. Huang Building	13.4	23.2	100%
RAF 1 and RAF 2 Rehabilitation & Retrofit	16.6	20.6	75%
Crown Quadrangle Renovation	10.6	15.0	100%
Northwest Data Center and Communications Hub	11.3	14.9	90%
	445.1	**1,126.3**	

[1] Includes projects scheduled to be in construction and with forecasted expenditures greater than $10 million in 2013/14.

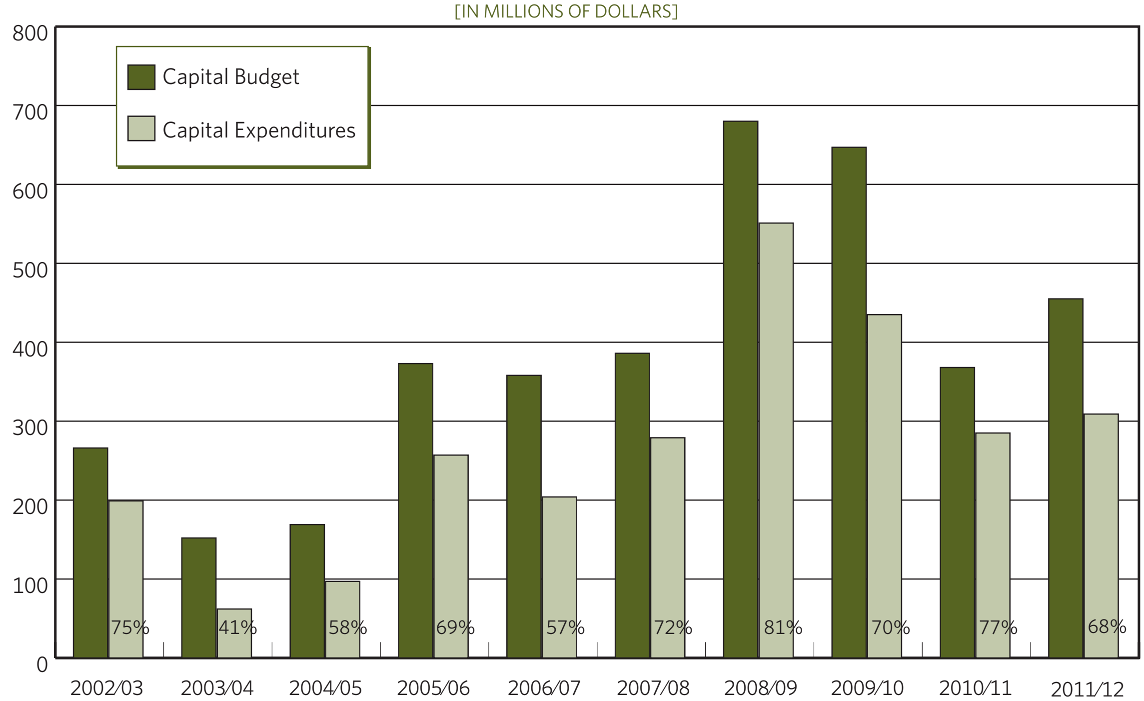
a portion of the total costs of the capital projects, as most projects span more than one year. The table highlights major capital projects with significant expenditures that will be incurred in the 2013/14 Capital Budget, as well as the percentage of each project expected to be complete by the end of 2013/14.

The size of the Capital Budget is based on the assumption that funding availability will align with approved project schedules. Historically, the Capital Budget has been substantially higher than actual spending due to project deferrals caused by funding gaps. In fact, the last decade's actual expenditures were 70% of the total budgeted. Over the past five years, the percentage improved to 74% because the number of projects in recent Capital Budgets that have all funding identified, staff assigned, and Board of Trustees approval increased.

Sources and Uses

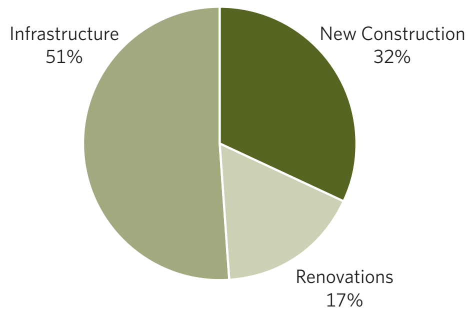
Sources of funds for the Capital Budget will be a combination of current funds (which include the Capital Facilities Fund (CFF), funds from university and school reserves, General Use Permit (GUP) and Stanford Infrastructure Program (SIP) fees), gifts, and debt. The university typically allocates CFF or debt funding to projects in the absence

CAPITAL BUDGET VS. EXPENDITURES
2002/03 to 2011/12
[IN MILLIONS OF DOLLARS]

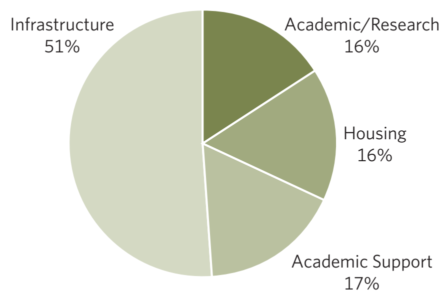


THE CAPITAL BUDGET 2013/14
$658.7 MILLION

Uses of Funds by Project Type



Uses of Funds by Program Category



of other available funding. The mix of project funding will be impacted by the timing of gift receipts, which may be bridge financed.

The uses of funds by project type and program category for the $658.7 million Capital Budget are shown in the pie charts above. Infrastructure investment of $336 million in 2013/14 (51%) includes the SESI and NDCCH projects, Investment in Plant (Planned Maintenance), and Residential & Dining Enterprises (R&DE) Capital Plan Projects (CPP; formerly R&DE's Capital Improvement Program (CIP)). Academic support projects forecasted at $109.4 million (17%) include Building 08-350 Renovation for SUL North, Anderson Collection at Stanford University, C.J. Huang Building, and RAF 1 and RAF 2 Rehabilitation and Retrofit. Academic/Research projects forecasted at $107 million (16%) include BioE/ChemE, McMurtry Building, and Crown Quadrangle Renovation. Investment of $106.3 million for housing projects (16%) is primarily for Mayfield California Avenue Faculty Staff Housing and Comstock Graduate Housing.

Capital Facilities Fund

In June 2007, the Board of Trustees approved an increase in the target endowment payout rate from 5.0% to 5.5%. The additional 0.5% payout releases unrestricted funds, which are held in the CFF to support major facilities projects.

Annual transfers to the CFF are projected to be $54.0 million in 2012/13 and $99.5 million in 2013/14 with commitments of $122.9 million in 2012/13 and $66.7 million in 2013/14, as shown in the table on the next page, along with a detailed listing of projects that have received or will receive these funds.

In general, non-formula CFF funds are allocated to projects that are difficult to support through restricted sources, and thus reduce the call for debt serviced by general funds. The formula units determine uses of their CFF funds according to their highest priorities.

Capital Budget Impact on 2013/14 Operations

The 2013/14 Consolidated Budget for Operations includes incremental debt service and operations and maintenance (O&M) expenses for projects completing in 2013/14. Additionally, this budget includes an incremental increase in internal debt service and O&M expenses for projects completing in 2012/13 that are operational for less than 12 months.

Capital projects requiring debt are funded from internal loans that are amortized over the asset life in equal installments (principal and interest). The budgeted interest rate (BIR) used to calculate the internal debt service is a blended rate of interest expense on debt issued for capital projects, bond issuance and administrative costs. The BIR for 2013/14 is 4.25%.

The projected incremental internal debt service funded by unrestricted funds, including formula units, in 2013/14 is $6.7 million. This amount includes additional debt service on BioE/ChemE, the Stanford Research Computing Facility, the School of Medicine's (SoM) tenant improvements at Porter Drive locations, and other smaller capital projects and programs. It is offset by decreases in bridge financing as scheduled payments or gift pledges are made for several university buildings. This additional debt service brings the total annual internal debt service in 2013/14 to $171.4 million, $57.9 million of which is borne by unrestricted funds.

CAPITAL FACILITIES FUND (CFF)

Funding Sources and Committed Uses of Funding

[IN MILLIONS OF DOLLARS]

	2012/13	2013/14
Sources of Funding		
Formula Units		
School of Medicine	13.3	13.6
Hoover Institution	3.8	3.9
President's Funds	9.4	9.7
Non-Formula	27.5	72.2
Total Funding	**54.0**	**99.5**
Committed Uses of Funding		
Building Maintenance - School of Medicine	4.5	6.0
RAF 1 and RAF 2 Rehabilitation and Retrofit	2.9	2.6
Stone Complex Seismic Bracing Projects	1.3	
C.J. Huang Building	0.8	
Porter Drive Site Planning - School of Medicine	0.8	1.6
Various School of Medicine Projects	4.0	1.2
Hoover Institution Projects	3.8	3.9
Various Projects Funded by President's Funds	9.4	9.7
Building 08-350 Renovation for SUL North	48.5	
Arrillaga Outdoor Education and Recreation Center	13.0	
Crown Quadrangle Renovation	5.0	
Institute for Chemical-Biology (Fit-up for Professor Kholsa)	3.0	
Searsville Alternatives Study	3.0	
Anderson Collection at Stanford University	2.9	
BioE/ChemE (bridge financing for gifts to be raised)	2.8	
Emergency Generators and Management Programs	2.7	0.7
Northwest Data Center and Communications Hub	2.5	
McMurtry Building	2.0	
Forsythe Data Center Phase 4 Power and Cooling Upgrade	1.4	
Biology Research Building	0.5	3.1
Teaching Labs & Learning Center (Old Chem)	1.3	10.1
Ground Source Heat Exchange Study	1.3	1.8
408 Panama Mall Office Building	1.0	10.0
Stanford House in Oxford	1.0	3.0
Registrar Classroom Renovations	0.9	
Roble Gym Renovation	0.8	4.2
Stanford Nanofabrication Facility/CIS	0.6	0.9
Knight and Littlefield Repurposing	0.4	
Meyer Library Demolition		6.7
Campus Center Canopy		1.0
Other Projects	1.0	0.2
Total Commitments	**122.9**	**66.7**
Net Annual Activity	(68.9)	32.8
Balance at Beginning of Year	81.6	12.7
Uncommitted Balance	12.7	45.5

Consolidated internal debt service, including that borne by formula units, auxiliaries, service centers, Faculty Staff Housing, and real estate investment is projected to increase from $164.7 million to $171.4 million. In addition, annual lease payments for rental properties, largely occupied by the SoM, are projected to be $26.8 million in 2013/14.

The university will incur incremental O&M costs in 2013/14 of $5.4 million, which includes $3.2 million for the BioE/ChemE Building, $1.3 million for 3160 Porter Drive, and $935,000 for the Stanford Research Computing Facility.

CAPITAL PLANNING OVERVIEW

Capital Planning at Stanford

Stanford's Capital Plan is a three-year rolling plan with budget commitments made for the first year and only for projects with fully identified and approved funding. Cash flow expenditure forecasts for these projects extend beyond the three-year period, and budget impacts for operations, maintenance, and debt service commence at construction completion. The plan includes forecasts of both cash flow and budget impacts by year and demonstrates the impact of projects beyond the three-year plan (see table on page 76).

The Capital Plan is set in the context of a longer-term capital forecast for the university. The details of this longer-term forecast, particularly funding sources and schedules, are less clear than those of the three-year plan, as the needs and funding sources that may emerge over the long-term horizon are difficult to anticipate. Over the longer-term forecast, plans tend to evolve as various projects prove more feasible than others based upon shifting funding realities and academic priorities.

Strategic Initiatives

The following university strategic initiatives, detailed below, are integral to this year's Capital Plan:

- Stanford Energy System Innovations (SESI)
- Science, Engineering, and Medical Campus (SEMC)
- Arts Initiative
- New Housing
- Off-Site School and Administrative Facilities

Stanford Energy System Innovations

Included in the Capital Plan is the SESI project, which at $438 million represents 17% of the plan. SESI will replace the existing central energy plant and related infrastructure.

Stanford currently receives most of its thermal (heating and cooling) and electrical energy from the Cardinal Cogeneration plant (Cogen). Cogen operations are based on an operation and maintenance agreement with General Electric that expires in April 2015. At that time, the plant will be 28 years old and at the end of its useful life. Other central energy plant equipment is or will be at or near the end of its useful life. Since 2007, nearly $130 million of maintenance and system upgrade projects have been deferred pending consideration and selection of a Cogen replacement.

Campus growth projections and the expansion of the Stanford Hospital and Clinics and Lucile Packard Children's Hospital will require a 20% increase in both thermal and electrical energy capacity by 2020. Approximately half of this increased demand in thermal energy is due to campus development and half is attributed to the hospitals' growth, while all of the electrical growth is due to the campus since the hospitals are on the City of Palo Alto electrical grid.

After a rigorous review of many options by external engineering firms, financial consultants, faculty, senior university management, and the Board of Trustees, SESI was approved in December 2011 and is scheduled to be complete by April 2015. SESI includes the following components:

- Procurement of electricity through Direct Access (effective March 2011);
- Replacement of Central Energy Facility (RCEF) and campus electrical substation on the west side of campus. The RCEF recovers waste heat from the campus chilled water system (which is currently discharged out of cooling towers) to meet the bulk of campus heating needs;
- Conversion of the existing central steam system to a more efficient hot water system; and
- Decommissioning and demolition of the existing plant and electrical substation.

SESI is one of the most efficient and innovative central district thermal energy system designs in the world and will further advance Stanford's leadership in engineering and environmental excellence while also "greening the bottom line" in the truest sense. Once SESI is complete, the campus will utilize 70% of the waste heat currently expelled from cooling towers to meet 80% of campus heat demands; reduce campus water consumption by more than 18%; and reduce greenhouse gas emissions to less than half of current levels and well below 1990 levels.

Science, Engineering, and Medical Campus

Over the course of the SEMC initiative, the university has invested in the replacement of aging facilities for the science, engineering, and medical programs with the construction of the following projects:

Active

- Bioengineering/Chemical Engineering Building (to be completed in 2014)
- Biology Research and Teaching Project (both buildings to be completed in 2016)

Completed

- Astrophysics Building (2006)
- Jerry Yang and Akiko Yamazaki Environment and Energy Building (2007)
- Lorry I. Lokey Stem Cell Research Building (2010)
- Jen-Hsun Huang Engineering Center (2010)
- James and Anna Marie Spilker Engineering and Applied Sciences Building (formerly Nano) (2010)
- Li Ka Shing Center for Learning and Knowledge (2010)

This year's Capital Plan includes both the BioE/ChemE building and the Biology Research and Teaching project, the remaining SEMC projects.

Bioengineering/Chemical Engineering Building

At $215.5 million, the BioE/ChemE project is the final component of the Science and Engineering Quad 2 (SEQ 2). This building and its associated connective elements and fit-ups will facilitate interdisciplinary study through the placement of two related programs — Bioengineering and Chemical Engineering — in one location. The building will include wet laboratories and associated support spaces designed for teaching and intensive research in each of the departments. Included also in the building scope are classrooms, faculty offices, and conference spaces.

The 227,000 gross square feet (gsf) BioE/ChemE building will be consistent with the architectural character of the SEQ 2 Quad. Construction is in progress.

Biology Research and Teaching Project

The Biology Research and Teaching project consists of two separate facilities that represent the eighth and last component of the SEMC. These facilities include the following:

Biology Research Building

The Biology Research building is intended to replace the existing Herrin Hall and Herrin Laboratory buildings, which will ultimately be removed. The proposed $96.1 million building will provide laboratory space for approximately half of the department's faculty, plus the corresponding research staff of graduate students, post-docs, and technicians. The 108,500 gsf building will be located north of the Gates Computer Science building and front onto Campus Drive; four stories above grade and one below are planned. Included in the building scope are laboratory support spaces, faculty offices, and conference areas. The new building will encourage collaboration and interdisciplinary work, allowing faculty with research in molecular biology, cell biology, neurobiology, biophysics, and molecular evolution to conduct their research across departmental and school boundaries. Construction is anticipated to begin in 2015.

Teaching Labs & Learning Center

In conjunction with the Biology Research Building, the Capital Plan includes the renovation of the Old Chemistry (Old Chem) building into an undergraduate student learning center. The $66.7 million renovated facility will house Biology and Chemistry teaching laboratories, a combined sciences library for Biology, Chemistry, and Math, as well as classrooms, auditoria, and student collaboration areas. Architectural programming has begun and design work is anticipated to begin later this year. Due to the historic status of Old Chem, the renovation will fully retain the building's exterior character and select interior features. Construction is anticipated to begin in 2014.

Arts Initiative

The Arts Initiative, a key component of the Stanford Challenge, established a university commitment to the following:

- Engage the arts and creativity;
- Improve arts in undergraduate life;
- Strengthen the academic programs in the arts; and
- Develop world class facilities to support the arts.

The development of a long range vision to create an Arts District established a physical plan to support this initiative. This district, which flanks Palm Drive and the Oval at the main entrance into campus, leverages the following Stanford venues — the Cantor Arts Center, Frost Amphitheater, Memorial Auditorium, the Art Gallery and the recently completed Bing Concert Hall. The Bing Concert Hall is an 844-seat acoustically exceptional vineyard-style hall that held its first performance in January 2013. Two additional key building components of the Arts District — Anderson Collection at Stanford University and McMurtry Building — are under construction and when complete, will provide additional exhibit and academic space.

Anderson Collection at Stanford University

This $36 million, 33,000 gsf building will house the Anderson Collection at Stanford — 121 works by 86 artists that include some of the foremost examples of post-World War II American art. The collection marks a major milestone in the Stanford Arts Initiative, a university-wide campaign to integrate the arts fully into the life of the Stanford campus. The site is located north of the Cantor Arts Center on the corner of Lomita and Campus Drive. Construction has commenced and is scheduled to complete in 2014.

McMurtry Building

The $87 million McMurtry Building will serve as an interdisciplinary hub for the arts at Stanford. The 100,000 gsf building will be the future home of the Art and Art History Department's programs in Art Practice, Art History, Film and Media Studies, and Documentary Film. The building is located on Roth Way between the Cantor Arts Center and Parking Structure 1 on the site of the now demolished Old Anatomy building. Construction has commenced and is scheduled to complete in 2015.

Connections in the landscape between the Bing Concert Hall, the Anderson Collection at Stanford University, the McMurtry Building, and the Cantor Arts Center are planned to highlight Stanford's existing collection of outdoor art, as well as to provide future opportunities for newly commissioned art.

New Housing

Stanford University prides itself in having a housing program that provides a wide range of choices for its students, faculty, and staff. The vision for academic housing builds upon this program by providing the physical framework that offers a variety of living options.

Construction of the Comstock Graduate Housing project ($110 million) has recently commenced and will include the demolition of nine existing low-rise residences. Once complete, 362 net new graduate beds will be added to the housing inventory. Additionally, two undergraduate housing projects are planned at Lagunita ($35 million) and Manzanita ($20 million) for an additional 328 new beds.

The Graduate School of Business (GSB) also plans to expand their current housing stock by building 150 new graduate beds ($66.7 million), with construction commencing in 2015.

In addition to student housing, the university plans to build 180 residential units for faculty and staff on California Avenue in Palo Alto ($128 million). Along with providing much needed housing, this project will also meet compliance requirements under the Mayfield Development Agreement.

Off-Site School and Administrative Facilities

Several departments within Stanford's School of Medicine along with various university administrative units have moved or will move to the Porter Drive area of the Stanford Research Park. Once all the tenant improvements are complete, these Stanford entities will partially or fully occupy seven buildings with a population of approximately 2,000 faculty and staff. The moves are the result of academic space needs that currently cannot be accommodated on campus and the strategic initiative that allows core campus lands to be used for the highest academic priorities by locating administrative functions to nearby locations. Currently this location is the Stanford Research Park.

In 2005 and 2008, Stanford purchased a total of 35 acres in Redwood City to develop an administrative university campus. Stanford is currently working with Redwood City to draft a detailed 30-year development agreement, to which significant points have been agreed. Redwood City's approval to allow for 1.5 million square feet of new development for administrative office space is expected to be received in 2013.

THE CAPITAL PLAN, 2013/14–2015/16

Stanford's academic campus, including the School of Medicine but excluding the hospitals, has approximately 700 facilities providing over 16 million square feet of physical space. The physical plant has an historical cost of $6.9 billion and an estimated replacement cost in excess of $10 billion.

The Capital Plan includes a forecast of Stanford's annual programs designed to restore, maintain, and improve campus facilities for teaching, research, housing, and related activities and outlines Stanford's needs for new facilities. The Capital Plan is compiled, reviewed, and approved in a coordinated manner across the university. The plan carefully balances institutional needs for new and renovated facilities with the challenging constraints of limited development entitlements, available funding, and budget affordability.

Projects listed in the Capital Plan are those approved by the provost. Many of the projects are under the purview of the Board of Trustees. Board-level approvals are required for any of the following:

- Total project cost of $10 million and above
- New building construction
- Projects that use 5,000 or more new square feet within the Academic Growth Boundary
- Changes in land use
- Projects with major exterior design changes

Expenditures in the 2013/14–2015/16 Capital Plan, which include major construction projects in various stages of development and numerous infrastructure projects and programs, total $2.5 billion. The table below provides a comparison of the last three Capital Plans.

COMPARATIVE CAPITAL PLANS

[IN MILLIONS OF DOLLARS]

	2011/12	2012/13	2013/14
Design/Construction	495.3	1,030.6	1,200.9
Forecasted	1,106.1	840.3	1,096.4
Infrastructure	275.8	262.3	249.4
Total	**1,877.2**	**2,133.2**	**2,546.7**

Projects in Design and Construction

Projects in Design and Construction total $1.2 billion (47% of the plan). Construction of these projects is contingent upon fundraising of $101.1 million (8%). Sixteen projects are listed in this category, as shown in the related table on page 79.

The cost of projects in Design and Construction increased by $170.3 million from 2012/13 as a result of projects moving from the Forecasted category and the addition of new projects, partially offset by the completion of certain projects. Projects moving from Forecasted to Design and Construction include Comstock Graduate Housing ($110 million), C.J. Huang Building ($23.2 million), RAF 1 and RAF 2 Rehabilitation and Retrofit ($20.6 million), Buildings 02-520 and 02-524 Renovation ($20.5 million), Crown Quadrangle Renovation ($15 million), and Northwest Data Center and Communications Hub ($14.9 million). The Mayfield California Avenue Faculty Staff Housing project ($128 million) and Crothers Hall/Crothers College Dean's Residence ($3 million) are two new projects to the Capital Plan. Projects scheduled to be completed in 2012/13 include the 3155 and 3165 Porter Drive Lab Renovations ($42.4 million), Stanford Research Computing Facility ($41.2 million), Arrillaga Outdoor Education and Recreation Center ($35.5 million), Comparative Medicine Pavilion (formerly Satellite RAF) ($26.5 million), Arrillaga Family Sports Center Addition ($17 million), and Stanford Auxiliary Library III Phase 2 ($14.8 million). The Durand Renovation - Phase 4 ($6.8 million) project has been reactivated and is included in this Capital Plan.

Forecasted Projects

Forecasted Projects are those anticipated to receive Board of Trustees approval over the next three years. These projects total $1.1 billion (43% of the plan) and are listed on page 80. As with the projects in Design and Construction described above, these projects are contingent upon funding. For this group of projects, a total of $308.5 million (28%) remains to be fundraised and $246.6 million (22%) in funds have yet to be identified.

Project costs within this category have increased by $256.1 million from 2012/13, as a number of new and reactivated projects have been added to the Capital Plan. The new and reactivated projects include the Stanford Institute for Chemical Biology/Neurosciences building ($196.9 million), Encina Renovation ($67.2 million), Roble Field Parking Structure ($40.9 million), 408 Panama Mall office building ($35.4 million), 1651 Page Mill Road Tenant Improvements ($23.8 million), Public Safety building ($17 million), Meyer Library Demolition ($6.7 million), and Stanford House in Oxford ($4 million).

Infrastructure

Stanford's ongoing efforts to renew its infrastructure are reflected in a budget of $249.4 million (10% of the plan) and are listed on page 81. Infrastructure costs have decreased from last year's Capital Plan by $12.9 million. Infrastructure programs include the Investment in Plant Program (Planned Maintenance), R&DE's Capital Plan Projects (formerly CIP Program), Capital Utilities Program (CUP), Stanford Infrastructure Program (SIP), Information Technology & Communications Systems, Whole Building Energy Retrofit Program Group 2, General Use Permit (GUP) Mitigation Program, and Storm Drain projects. GUP mitigation and SIP projects are funded through construction project surcharges. The other categories of projects are funded by central funds or debt.

Investment in Plant – Planned Maintenance Program

Annual Investment in Plant assets represents the maintenance funds planned to be invested to preserve and optimize Stanford's existing facilities and infrastructure (e.g., pathways, outdoor structures, and grounds). These projections are based on the life cycle planning methodology, the key concept being that life expectancies of facility subsystems are known and, as a result, maintenance schedules can be predicted. The three-year estimated program cost is $149.5 million.

R&DE Capital Plan Projects

R&DE's CPP initiative is intended to address health and safety issues, seismic upgrades, code compliance, energy conservation and sustainability measures, and major programmatic improvements in the student housing and dining physical plant. CPP projects anticipated over the next three years total $41.9 million. CPP includes continuation of the code compliance upgrades of various Row Houses, repairs to the Escondido Village slab heating system and infrastructure, as well as bathroom and kitchen renovations and the remaining projects of the Deferred Maintenance Backlog Reduction (Phase 1 and 2) program. Completed CPP projects will be maintained through the Stanford Housing Asset Renewal Program (SHARP), the Dining Asset Renewal Program (DARP), and Hospitality Asset Renewal Program (HARP).

Capital Utilities Program

The $24.4 million three-year plan improves electrical, steam, water, chilled water, and wastewater utility systems. The annual CUP program covers the areas of system expansion ($15.2 million) and system replacement, ($9.2 million), expanding systems as required by campus growth and replacing systems that are near the end of their useful life.

Stanford Infrastructure Program

SIP consists of campus and transportation projects and programs for the improvement and general support of the university's academic community, hospitals, and physical plant. SIP expenditures are expected to total $13.3 million over the next three years (excluding SIP funding for replacement parking spaces). SIP projects include campus transit improvements, parking lot infrastructure improvements, site improvements, landscape design and enhancements, bicycle, cart and pedestrian paths construction, and various lighting, signage, and outdoor art installation.

Information Technology and Communications Systems

The university's computing and communications systems provide comprehensive data, voice, and video services to the campus community. Over time, these systems must be improved and/or replaced so that a consistently high level of service can be maintained. Additionally, new technologies are implemented that provide more efficient, faster, and/or more cost-effective solutions. This program totals $11.5 million for upgrades to these critical university systems, and includes $2.8 million for a network backbone refresh that is required every five years and $850,000 for enhanced IT network connections from campus to university buildings at Porter Drive.

Whole Building Energy Retrofit Program Group 2

This retrofit program seeks to reduce energy consumption in Stanford's largest energy-intensive buildings. The program began in 2003/04 with studies of the top 12 energy-consuming buildings, representing $15.9 million of energy expenses per year, or nearly 36% of the total campus energy expense. It has since been expanded to offer cost-effective, capital-intensive energy retrofit opportunities to additional large energy-consuming buildings. The retrofits completed thus far have delivered annual energy cost savings of $3.3 million, a discounted payback of about 4 years, and Pacific Gas and Electric rebates of $2 million.

WHOLE BUILDING ENERGY RETROFIT PROGRAM

PROJECT	RETROFIT STATUS	ESTIMATED ANNUAL CONSUMPTION SAVINGS	EARLY RESULTS
Stauffer I - Chemistry	Complete	38%	46%
Gordon & Betty Moore Materials Research[1]	Complete	32%	10%
Paul Allen Center for Integrated Systems (CIS)	Complete	15%	14%
Forsythe (George) Hall	Complete	8%	8%
Stauffer II - Physical Chemistry	Complete	38%	43%
Gates Computer Science	Complete	29%	27%
Beckman Center for Molecular and Genetic Medicine	Complete	46%	32%
Gilbert Biological Sciences	Complete	35%	32%
Cantor Center for Visual Arts	Complete	13%	14%
Bing Wing (Green Library West)	Complete	16%	50%
Packard Electrical Engineering	Complete	26%	
Mitchell Earth Sciences	Design	50%	
Green Earth Sciences	Design	15%	
Clark Center	Design	26%	
Arrillaga Alumni Center	Design	27%	
Varian Physics Laboratory	Study		
Mechanical Engineering Laboratory	Study		
Lucas Center	Delayed to 2014/15		
Center for Clinical Sciences Research (CCSR)	Delayed to 2016/17		
Herrin Hall - Biology[2]	Cancelled		

[1] Construction scope reduced from original survey.

[2] Planned for demolition.

The table on the previous page summarizes the status of these projects, expected annual savings, and actual savings achieved. Each project goes through a one-year tuning and monitoring period following completion of construction to ensure the building is performing to design expectations, followed by ongoing monitoring. As such, early results may not be indicative of expected long-term improvements due to the time needed for the changes to take full effect.

General Use Permit Mitigation

Funding for GUP mitigations is generated by an internal fee levied on capital projects that increase school/department campus space allocations. The fee provides funding necessary for implementation of Santa Clara County GUP requirements and recommendations including trails, storm water management, transportation demand management, protection of biological resources, and other programs. Also included are projects related to water conservation, water allocation (i.e., alternative supplies), and wastewater collection expansion, whose three-year estimated cost is $1.7 million. Additionally, GUP fees fund new parking spaces.

Storm Drains

The ongoing storm drainage program includes projects for improving and expanding the capacity of the campus storm drainage system, replacing deteriorated pipes, and improving drainage around buildings. In addition, stringent storm water quality regulations are necessitating new storm water treatment approaches such as bioswales, bioretention, and storm water capture to minimize contamination conveyed to natural water bodies from common storms. These treatment approaches will be incorporated on new building sites, where feasible. This program covers campus-wide storm water treatment facilities that meet these requirements beyond those met by new building projects. The three-year estimated program cost is $1.5 million.

Other Stanford Entities

In an effort to present a comprehensive view of university planned construction, the capital planning process has included real estate investments, Stanford Hospital and Clinics (SHC), Lucile Packard Children's Hospital (LPCH), and SLAC National Accelerator Laboratory. Although the Capital Plan tables at the end of this chapter do not include these entities, brief descriptions of their capital programs follow. The SLAC capital programs are addressed in Chapter 2, page 50.

Real Estate Investments

Real Estate is managing three major investment projects totaling $186 million in various stages of development on Stanford lands. Two new commercial offices of 194,000 square feet will be developed in the Research Park at a cost of $110.9 million, replacing 135,000 square feet of functionally obsolete buildings. In addition to the 180 units faculty staff housing in the Capital Plan, 220 new housing units will be built, 70 of which will be below market-rate units developed in Palo Alto as part of the Mayfield Development Agreement, with the remaining 150 units planned to be developed as a multifamily apartment project in Menlo Park and rented to the open market. The 142,000 square foot market-rate apartment project is budgeted at $75 million. Once rents from all projects are stabilized, $16 million of additional annual gross revenue is expected to be generated.

Stanford Hospital and Clinics and Lucile Packard Children's Hospital

Since receiving development entitlements for the Stanford University Medical Center (SUMC) Renewal Project in July 2011, construction activity has begun on the SUMC sites, and significant project milestones have been reached. The renovation of the historic Hoover Pavilion was completed in December 2012, housing a number of patient services as well as the practices of several community physicians. On the main SUMC campus, site clearing activity to make way for the New Stanford Hospital is in progress, and mass excavation is under way for the Lucile Packard Children's Hospital Expansion. Utility upgrades to serve the new medical facilities are currently in progress along Welch and Quarry Roads, and are expected to complete in fall 2013. The estimated project costs of SHC and LPCH are $2 billion and $1.1 billion, respectively.

Overall Summary

A summary table of the 2013/14–2015/16 three-year Capital Plan appears on page 76. Included are projects and programs in Design and Construction, Forecasted, and Infrastructure categories that are currently active or are anticipated to commence in the next three years.

To differentiate between the estimated costs of the three-year Capital Plan and the forecasted spending to complete its projects and programs, an additional table (Capital Plan Cash Flows) is included along with the Capital Plan Summary. This table forecasts the expenditure outflow of the Capital Plan based on project and program schedules. These cash expenditures are anticipated to be spent over a period extending beyond 2015/16.

Operating (including utilities), maintenance, and debt service costs will impact the university's operating budget once the construction is substantially complete. Although the Capital Plan Summary shows the full budget impact of all completed projects, it is important to note that this impact aligns with the project completion schedule and will be absorbed by the university budget over a period beyond the three-year plan based on actual project completion dates. A table entitled Capital Plan Impact on Budget is included with the Capital Plan Summary and Capital Plan Cash Flows table to forecast the budget impact by area of responsibility (e.g., general funds, formula schools, etc.).

The tables at the end of this chapter provide a detailed list of the projects included in the Capital Plan. The accompanying text summarizes these projects in order to present a comprehensive view of all major planned construction on Stanford lands.

The following sections address the Capital Plan funding sources and uses, along with resource constraints.

Capital Plan Funding Sources

As the chart shows, Stanford's Capital Plan relies on several funding sources including Current Funds, Gifts, and Debt. Depending upon fundraising realities and time frames, some projects will prove more difficult than others to undertake. As a result, it is possible that projects in the Capital Plan will have to be cancelled, delayed, or scaled back in scope.

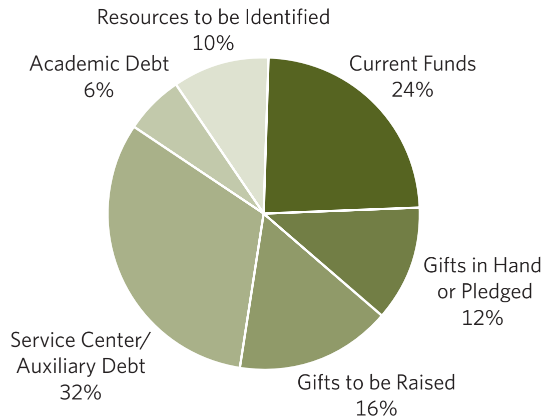
For any projects relying on Gifts to be Raised, the Office of Development has determined that fundraising plans are feasible, although the time frames for the receipt of gifts are subject to change. Resources to be identified includes funds yet to be fully identified, with the expectation that funds will come from a combination of school, department, and university reserves, and other sources.

Uses of Funds by Program Category and Project Type

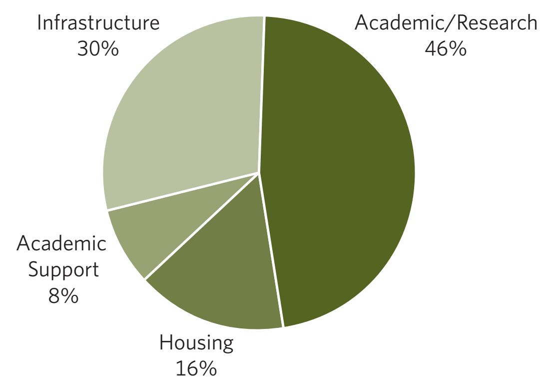
The middle chart divides the Capital Plan activity into program categories — Academic/Research, Infrastructure, Housing, and Academic Support — with the largest categories being Academic/Research and Infrastructure at 46% and 30% of the Capital Plan, respectively. The last chart breaks out the same activity into project types — New Construction, Infrastructure, and Renovations — with them comprising 54%, 30%, and 16% of the plan, respectively.

THE CAPITAL PLAN 2013/14–2015/16: $2.5 BILLION

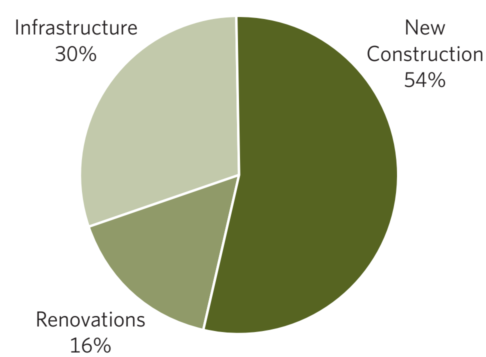
Sources of Funds



Uses of Funds by Program Category



Uses of Funds by Project Type



SUMMARY OF THREE-YEAR CAPITAL PLAN 2013/14–2015/16

[IN MILLIONS OF DOLLARS]

			PROJECT FUNDING SOURCE						ANNUAL CONTINUING COSTS	
				GIFTS		UNIVERSITY DEBT				
	ESTIMATED PROJECT COST	CAPITAL BUDGET 2013/14	CURRENT FUNDS[1]	IN HAND OR PLEDGED	TO BE RAISED	SERVICE CENTER/ AUXILIARY DEBT	ACADEMIC DEBT	RESOURCES TO BE IDENTIFIED[2]	DEBT SERVICE	OPERATIONS & MAINTENANCE[3]
Projects in Design & Construction	1,200.9	469.5	191.2	183.7	101.1	672.0	52.9		39.4	25.0
Forecasted Projects	1,096.4	85.7	259.2	126.2	308.5	74.9	81.0	246.6	9.6	3.6
Total Construction Plan	2,297.3	555.2	450.4	309.9	409.6	746.9	133.9	246.6	49.0	28.6
Infrastructure Programs	249.4	103.5	164.5			69.3	15.6		5.9	0.5
Total Three-Year Capital Plan 2013/14-2015/16	**2,546.7**	**658.7**	**614.9**	**309.9**	**409.6**	**816.2**	**149.5**	**246.6**	**54.9**	**29.1**

[1] Includes funds from university and school reserves and the GUP and SIP programs. Also includes the $20 million Hoover subvention for the McMurtry Building.

[2] Anticipated funding for this category is through a combination of school, department, university reserves, and other sources.

[3] Operations & Maintenance includes planned and reactive/preventative maintenance, zone management, utilities, contracts, grounds, and outdoor lighting.

CAPITAL PLAN CASH FLOWS

[IN MILLIONS OF DOLLARS]

	2012/13 & PRIOR	2013/14	2014/15	2015/16	2016/17 & THEREAFTER	TOTAL
Projects in Design & Construction	437.4	469.5	198.7	64.9	30.4	1,200.9
Forecasted Projects	15.7	85.7	219.7	260.3	515.0	1,096.4
Total Construction Plan	453.1	555.2	418.4	325.2	545.4	2,297.3
Infrastructure Programs		103.5	64.8	81.2		249.4
Total Three-Year Capital Plan 2013/14-2015/16	**453.1**	**658.7**	**483.1**	**406.4**	**545.4**	**2,546.7**

CAPITAL PLAN IMPACT ON BUDGET

[IN MILLIONS OF DOLLARS]

	2014/15	2015/16	2016/17 & THEREAFTER	TOTAL
Debt Service				
General Funds	2.6	13.0	1.6	17.2
Formula and Other Schools	0.1	9.9	2.6	12.6
Auxiliary	6.5	5.5	5.6	17.6
Other[1]	0.1	7.3	0.2	7.6
Incremental Internal Debt Service	**9.3**	**35.7**	**9.9**	**54.9**
Operations and Maintenance				
General Funds	4.6	8.1	1.7	14.3
Formula and Other Schools	2.1	3.6	2.0	7.7
Auxiliary	0.7	0.9	2.2	3.8
Other[1]		3.1	0.1	3.2
Incremental Operations and Maintenance	**7.4**	**15.7**	**6.0**	**29.1**

[1] Primarily the hospitals along with Forsythe facility, Faculty Staff Housing, and outside entities.

Capital Plan Constraints

Affordability

The incremental internal debt service expected at the completion of all projects commencing in the three-year plan period (completion dates range from 2013/14 to 2017/18) totals $54.9 million annually (excluding debt service for bridge financing the receipt of gifts and operating lease payments). Of this amount, $17.2 million will be serviced by general funds, $12.6 million directly by formula schools (the GSB and SoM), and $25.1 million by auxiliary and other operations. Service center debt is funded through rates paid by customers and has been allocated and included in the totals for general funds, formula schools, auxiliary, and other operations.

The additional O&M costs expected at the completion of all projects commencing in the three-year period total $29.1 million per year. Of this amount, $14.3 million will be serviced by general funds, $7.7 million by the formula schools, and $7.1 million by auxiliary and other operations. O&M and debt service on capital projects compete directly with other academic program initiatives.

Debt Capacity

As of May 15, 2013, debt available to finance capital projects and faculty mortgages is estimated at $953 million, including $351 million of taxable commercial paper, $207 million of tax-exempt commercial paper, $341 million of unexpended tax-exempt bond proceeds, and $54 million of unexpended taxable bond proceeds. By the end of June 2013, $99 million of the unexpended tax-exempt bond proceeds will be used to finance projects on taxable commercial paper. In addition, through year-end 2012/13 and 2013/14, $122 million internal amortization proceeds on debt-funded projects will become available to lend to projects, and $116 million in forecasted pledge payments will retire debt issued to bridge finance the receipt of gifts.

The Capital Plan will require a total of $1,098 million of debt:

- $688 million to complete projects already approved or under construction;
- $260 million for projects forecast to be approved in 2013/14; and
- $151 million to bridge finance the receipt of gift pledges for projects under construction.

Additional debt may be required to finance the Faculty Staff Housing program. As of May 1, 2013, the portfolio of debt-subsidized mortgages had decreased by $17.1 million to $372 million.

Projects identified in the three-year Capital Plan commencing after 2014/15 will require an additional $172 million in debt. Debt for these projects has not been committed and allocations will be evaluated in the context of debt capacity, affordability, viability of the funding plan, and GUP limitations.

Entitlements

The Stanford campus encompasses 8,180 acres, which fall within six jurisdictions. Of this total, 4,017 acres, including most of the central campus, are within unincorporated Santa Clara County.

In December 2000, Santa Clara County approved a General Use Permit (GUP) that allows Stanford to construct up to 2,035,000 additional gross square feet of academic-related buildings on the core campus. The GUP also allows the construction of up to 2,000 new student housing units and over 1,000 units of housing for postdoctoral fellows, medical residents, faculty, and staff, though Stanford is currently working with Santa Clara County to amend the GUP housing provisions to allow more student units.

Conditions of approval included the following:

- Creation of an academic growth boundary to limit the buildable area to the core campus for a minimum of 25 years;
- Approval of a sustainable development study (SDS) before new construction is developed beyond one million gross square feet. (The SDS was approved by Santa Clara County in April 2009.); and
- Construction of 605 units of housing for each 500,000 gross square feet of new academic building.

Given the stringent requirements imposed by the GUP and the increasingly difficult entitlement environment, Stanford carefully manages the allocation of new growth. The total GUP square footage allocation was originally projected to be expended over 15 years at an average rate of approximately 135,000 gsf per year. Subsequent experience has lengthened this projection. This year's Capital Plan utilizes net 312,486 of GUP square feet, after demolitions. This square footage, along with gross square feet previously allocated, brings the total GUP 2000 gsf expended or planned to over one million.

With the amended GUP housing provisions and the completion of planned housing projects, including Comstock Graduate Housing, GSB Housing Expansion, and Lagunita and Manzanita Undergraduate Housing, Stanford will have added 2,361 net new housing linkage units since approval of the GUP. The completion of these units will enable the university to construct nearly 2 million gsf of new academic and academic support space under the GUP.

CAPITAL PLAN PROJECT DETAIL

The tables on the following three pages show projects grouped within three categories: Projects in Design and Construction, Forecasted Construction Projects, and Infrastructure Projects and Programs.

2013/14–2015/16 CAPITAL PLAN
PROJECTS IN DESIGN & CONSTRUCTION

[IN MILLIONS OF DOLLARS]

					PROJECT FUNDING SOURCE						ANNUAL CONTINUING COSTS	
						GIFTS		UNIVERSITY DEBT				
	SCHOOL/ DEPARTMENT	FISCAL YEAR PROJECT SCHEDULE	ESTIMATED PROJECT COST	CAPITAL BUDGET 2013/14	CURRENT FUNDS[1]	IN HAND OR PLEDGED	TO BE RAISED	SERVICE CENTER/ AUXILIARY DEBT	ACADEMIC DEBT	RESOURCES TO BE IDENTIFIED[2]	DEBT SERVICE	OPERATIONS & MAINTENANCE[3]
Stanford Energy System Innovations (SESI)												
Replacement Central Energy Facility	LBRE	2012–15	230.0	116.6				230.0			15.9	12.0
Piping, Building Conversions, and Process Steam Plant[4]	LBRE	2012–15	165.7	69.9				165.7			10.6	
New Electrical Substation	LBRE	2012–15	42.3	21.4				42.3			3.2	
Bioengineering/Chemical Engineering												
Base Building	SOE/SOM	2005–14	187.8	26.8	5.0	112.9	40.1		29.8		1.8	5.8
Connective Elements	SOE/SOM	2005–14	8.8	1.2		8.8						
Future Fit-up	SOE/SOM	2005–18	18.9	2.4			18.9					
Mayfield California Avenue Faculty Staff Housing (180 units)	LBRE	2013–18	128.0	12.8				128.0				
Comstock Graduate Housing (362 net new beds)	R&DE	2012–14	110.0	63.6	20.0			90.0			5.3	0.7
McMurtry Building	H&S	2012–15	87.0	31.2	37.0	37.2	12.8					2.3
Building 08-350 Renovation for SUL North	SUL	2012–14	57.0	33.0	57.0							2.1
Anderson Collection at Stanford University	PRES/PROV	2012–14	36.0	16.7	18.2	4.1	13.7					0.9
C.J. Huang Building	SOM	2012–14	23.2	13.4	2.3	11.5	9.4					0.4
RAF 1 and RAF 2 Rehabilitation and Retrofit	SOM	2013–15	20.6	16.6	5.6				15.0		1.1	
Buildings 02-520 and 02-524 Renovation	SOE	2013–15	20.5	7.9	20.5							
Manzanita Undergraduate Housing (128 new beds)	R&DE	2010–15	20.0	8.3	4.0			16.0			1.0	
Crown Quadrangle Renovation	SLS	2012–14	15.0	10.6	5.0	5.0	5.0					
Northwest Data Center and Communications Hub	ITS/AS	2013–15	14.9	11.3	6.8				8.1		0.5	0.7
Durand Renovation - Phase 4	SOE	2007–16	6.8	0.6	6.8							
Windhover Contemplative Center	VPSA	2012–14	5.4	3.7		4.2	1.2					0.1
Crothers Hall/Crothers College Dean's Residence	R&DE	2013–14	3.0	1.4	3.0							
Subtotal – Projects in Design & Construction			**1,200.9**	**469.5**	**191.2**	**183.7**	**101.1**	**672.0**	**52.9**		**39.4**	**25.0**

[1] Includes funds from university and school reserves and the GUP and SIP programs. Also includes the $20 million Hoover subvention for the McMurtry Building.

[2] Anticipated funding for this category is through a combination of school, department, university reserves, and other sources.

[3] Operations & Maintenance includes planned and reactive/preventive maintenance, zone management, utilities, contracts, grounds, and outdoor lighting.

[4] Current status of Piping, Building Conversions, and Process Steam Plant budget is $40 million more than the $165.7 million.
Revised budget will be completed in fall 2013 after additional engineering and contract negotiations are finalized.

2013/14–2015/16 CAPITAL PLAN
FORECASTED CONSTRUCTION PROJECTS

[IN MILLIONS OF DOLLARS]

					PROJECT FUNDING SOURCE						ANNUAL CONTINUING COSTS	
						GIFTS		UNIVERSITY DEBT				
	SCHOOL/ DEPARTMENT	FISCAL YEAR PROJECT SCHEDULE	ESTIMATED PROJECT COST	CAPITAL BUDGET 2013/14	CURRENT FUNDS[1]	IN HAND OR PLEDGED	TO BE RAISED	SERVICE CENTER/ AUXILIARY DEBT	ACADEMIC DEBT	RESOURCES TO BE IDENTIFIED[2]	DEBT SERVICE	OPERATIONS & MAINTENANCE[3]
Bio Medical Innovation Building 1 (BMI 1) (formerly FIM 1)												
Building	SOM	2015–18	251.4	2.5	25.1		208.7		17.6		1.1	1.1
Tunnel Infrastructure	SOM	2015–18	15.0	0.2	13.5				1.5		0.1	
Stanford Institute for Chemical Biology/Neurosciences Building	DOR	2016–18	196.9							196.9		
Biology Research and Teaching												
Biology Research Building	H&S	2014–16	96.1	7.7	28.6	48.9	7.9		10.7		0.7	3.2
Teaching Labs & Learning Center (Old Chem)	H&S	2013–16	66.7	6.6	28.9	26.5	7.0		4.3		0.3	1.8
Connective Elements	H&S	2013–16	4.5	0.4		4.5						
Demolitions (Herrin Lab/Herrin Hall/Mudd/Org Chem)	H&S	2016–17	12.0		7.2	4.8						(6.1)
Encina Renovation (International Initiative)	DOR	2015–17	67.2	0.7		7.5	22.5			37.2		
GSB Housing Expansion (150 new beds)	GSB	2014–17	66.7	3.0	20.0		20.0		26.7		1.6	2.1
Hoover Office Building												
New Building	HOOVER	2014–17	45.6	1.3		3.2	42.4					0.9
Demolition of Cummings Art	HOOVER	2015	1.7		1.7							(1.0)
Roble Field Parking Structure (1000 spaces)	LBRE	2013–16	40.9	10.4	40.9							1.1
Governor's Corner Renovation - Phases 1-4	R&DE	2014–17	38.8	5.0				38.8			2.4	
408 Panama Mall Office Building	PRES/PROV	2013–15	35.4	17.2	11.0	24.4						1.0
Lagunita Undergraduate Housing (200 new beds)	R&DE	2013–15	35.0	12.2	4.0			31.0			1.8	0.2
Roble Gym Renovation	H&S	2014–16	28.0	2.0	28.0							
1651 Page Mill Road Tenant Improvements	SOM	2014–16	23.8	1.1	23.8							0.7
Stone Complex Seismic Bracing Projects[4]	SOM	2013–18	23.6	2.1	7.6				16.0		1.2	
Public Safety Building	PRES/PROV	2014–16	17.0	1.0	4.5					12.5		0.4
School of Education Building Seismic Renovation Phase 2	GSE	2016–18	8.6		2.2	6.4						
Meyer Library Demolition	PRES/PROV	2014	6.7	6.7	6.7							(2.6)
Forsythe Data Center Phase 4 Power and Cooling Upgrade	ITS/AS	2013–15	5.6	2.5	1.4				4.2		0.3	
High Voltage Intertie	LBRE	2014–16	5.2	0.4	0.1			5.1			0.3	0.8
Stanford House in Oxford	VPUE	2013–15	4.0	3.0	4.0							
Subtotal – Forecasted Projects			**1,096.4**	**85.7**	**259.2**	**126.2**	**308.5**	**74.9**	**81.0**	**246.6**	**9.6**	**3.6**
SUBTOTAL – CONSTRUCTION PLAN			**2,297.3**	**555.2**	**450.4**	**309.9**	**409.6**	**746.9**	**133.9**	**246.6**	**49.0**	**28.6**

1 Includes funds from university and school reserves and the GUP and SIP programs.

2 Anticipated funding for this category is through a combination of school, department, university reserves, and other sources.

3 Operations & Maintenance includes planned and reactive/preventative maintenance, zone management, utilities, contracts, grounds, and outdoor lighting.

4 Excludes the Boswell portion of the project which will be funded by SHC.

2013/14–2015/16 CAPITAL PLAN
INFRASTRUCTURE PROGRAMS

[IN MILLIONS OF DOLLARS]

					Project Funding Source						Annual Continuing Costs	
						Gifts		University Debt				
	School/ Department	Fiscal Year Project Schedule	Estimated Project Cost	Capital Budget 2013/14	Current Funds[1]	In Hand or Pledged	To Be Raised	Service Center/ Auxiliary Debt	Academic Debt	Resources to be Identified[2]	Debt Service	Operations & Maintenance[3]
Investment in Plant (Planned Maintenance)												
Non-Formula/Admin	LBRE	2014–16	56.6	22.8	56.6							
Formula	SOM	2014–16	43.6	26.7	43.6							
R&DE (SHARP/DARP)[4]	R&DE	2014–16	40.1	11.6	40.1							
DAPER	DAPER	2014–16	9.2	5.3	9.2							
Utilities[5]	LBRE	2014–16										
Roads	LBRE	2014–16										
Subtotal-Investment in Plant (Planned Maintenance)			**149.5**	**66.4**	**149.5**							
R&DE Capital Plan Projects (formerly CIP Program)[4]	R&DE	2014–16	41.9	14.1				41.9			3.2	
Capital Utilities Program (CUP)												
System Expansion	LBRE	2014–16	15.2	5.5				15.2			0.9	
System Replacement	LBRE	2014–16	9.2	3.8				9.2			0.6	
Subtotal-CUP			**24.4**	**9.3**				**24.4**			**1.5**	
Stanford Infrastructure Program (SIP)	LBRE	2014–16	13.3	4.3	13.3							
Information Technology and Communications Systems	ITS	2014–16	11.5	4.2				3.0	8.5		0.7	0.5
Whole Building Energy Retrofit Program Group 2	Various	2014–15	5.6	4.2					5.6		0.4	
GUP Mitigation Water-Related Programs	LBRE	2014–16	1.7	0.5	1.7							
Storm Drains	LBRE	2014–16	1.5	0.5					1.5		0.1	
Subtotal - Infrastructure Projects & Programs			**249.4**	**103.5**	**164.5**			**69.3**	**15.6**		**5.9**	**0.5**
Total Capital Plan			**2,546.7**	**658.7**	**614.9**	**309.9**	**409.6**	**816.2**	**149.5**	**246.6**	**54.9**	**29.1**

[1] Includes funds from university and school reserves and the GUP and SIP programs.

[2] Anticipated funding for this category is through a combination of school, department, university reserves, and other sources.

[3] Operations & Maintenance includes planned and reactive/preventive maintenance, zone management, utilities, contracts, grounds, and outdoor lighting.

[4] R&DE Capital Plan Projects generally includes program and code upgrades vs. Planned Maintenance which includes subsystem replacement.

[5] Included under CUP - System Replacement below.

APPENDIX A

CONSOLIDATED BUDGETS FOR SELECTED UNITS

Consolidated Budget for Operations by Selected Units, 2013/14

Academic Units

- Graduate School of Business
- School of Earth Sciences
- Graduate School of Education
- School of Engineering
- School of Humanities and Sciences
- School of Law
- School of Medicine
- Vice Provost and Dean of Research
- Vice Provost for Undergraduate Education
- Vice Provost for Graduate Education
- Hoover Institution
- Stanford University Libraries and Academic Information Resources

Auxiliary Units

- Athletics
- Residential & Dining Enterprises

CONSOLIDATED BUDGET FOR OPERATIONS BY UNIT, 2013/14

[IN MILLIONS OF DOLLARS]

	TOTAL REVENUES AND TRANSFERS	TOTAL EXPENSES	RESULT OF CURRENT OPERATIONS	TRANSFERS (TO)/FROM ASSETS	CHANGE IN EXPENDABLE FUND BALANCE
Academic Units:					
Graduate School of Business[1]	209.2	197.9	11.3	(11.3)	(0.0)
School of Earth Sciences	61.2	57.6	3.7	(3.5)	0.2
Graduate School of Education	57.1	56.8	0.3	(0.6)	(0.3)
School of Engineering	377.3	358.3	19.0	(12.1)	6.8
School of Humanities and Sciences[1]	445.6	430.1	15.5	(30.8)	(15.3)
School of Law	78.4	74.3	4.1	(4.0)	0.1
School of Medicine[1]	1,589.9	1,517.1	72.8	(23.1)	49.7
Vice Provost and Dean of Research	198.3	205.5	(7.2)	5.0	(2.1)
Vice Provost for Undergraduate Education[1]	43.4	43.3	0.1		0.1
Vice Provost for Graduate Education	3.6	7.1	(3.5)	(0.2)	(3.7)
Hoover Institution	51.4	49.2	2.2	(3.2)	(1.0)
Stanford University Libraries[1]	108.6	111.0	(2.4)	1.0	(1.5)
SLAC	462.4	462.8	(0.4)		(0.4)
Total Academic Units	**3,686.4**	**3,571.0**	**115.4**	**(82.9)**	**32.6**
Administrative Units					
Business Affairs	198.7	203.8	(5.1)	(4.4)	(9.5)
Development	60.4	60.4			0.0
General Counsel & Public Safety	32.3	33.9	(1.6)		(1.6)
Land, Buildings and Real Estate	278.3	269.0	9.3	(11.2)	(1.9)
President and Provost Office	78.8	78.7	0.1	0.5	0.6
Public Affairs	10.1	10.2	(0.2)		(0.2)
Stanford Alumni Association	40.1	40.4	(0.3)	0.1	(0.2)
Stanford Management Company	27.1	27.1			0.0
Student Affairs[1]	57.5	58.6	(1.1)		(1.1)
Undergraduate Admission and Financial Aid	168.7	170.1	(1.4)	(0.1)	(1.5)
Major Auxiliary Units					
Athletics (Operations and Financial Aid)	107.8	107.9	(0.1)	1.7	1.7
Residential & Dining Enterprises	188.1	189.4	(1.3)		(1.3)
Total Administrative & Auxiliary Units	**1,247.8**	**1,249.4**	**(1.6)**	**(13.4)**	**(15.0)**
Internal Transaction Adjustment[2]	(344.8)	(310.3)	(34.5)	43.6	9.1
Indirect Cost Adjustment[3]	(235.4)	(235.4)			0.0
Grand Total from Units	**4,354.0**	**4,274.7**	**79.3**	**(52.7)**	**26.7**
Central Accounts[4]	308.4	120.0	188.4	(87.3)	101.1
Central Adjustment[5]	116.2	70.6	45.6		45.6
Total Consolidated Budget	**4,778.6**	**4,465.3**	**313.2**	**(140.0)**	**173.3**

Notes:

1 The budgets for these units include auxiliary operations, which are separately identified in the units' consolidated forecast in Appendix A.

2 Internal revenues and expenses are included in the unit budgets. This adjustment backs out these internal activities from the Consolidated Budget to avoid double counting them. There is a net $9.1 million balance in internal activity due to payments from Plant funds.

3 The academic unit budgets include both direct and indirect sponsored income and expenditures. Indirect cost funding passes through the schools and is transferred to the university as expenditures occur. At that point, indirect cost recovery becomes part of unrestricted income for the university. In order not to double count, indirect cost recovery of $235.4 million received by the schools is taken out in the "Indirect Cost Adjustment" line.

4 Central Accounts encompass funds not belonging to any particular budget unit that are used for university-wide activities, such as academic debt service payments, research assistant and Stanford Graduate Fellowship tuition allowance payments, and miscellaneous university expense; Presidential and Provostial discretionary funds; and the general funds surplus.

5 Additional central adjustments for revenue and expenses are made to bring the sum of the unit projections in line with the overall projection. The net $45.6 million of revenue is based on historical experience and reflects the expectation that the university will receive additional unrestricted and/or restricted income that cannot be specifically identified by unit at this time.

SUMMARY OF 2013/14 BASE GENERAL FUNDS ALLOCATIONS (EXCLUDES FORMULA UNITS)

[IN THOUSANDS OF DOLLARS]

	2012/13 GF ALLOCATION	PRICE & SALARY INFLATION	PROGRAMMATIC ADDITIONS	2013/14 GF ALLOCATION	2012/13 TO 2013/14 CHANGE	PERCENT CHANGE
School of Earth Sciences	7,973	272	198	8,443	470	5.9%
Graduate School of Education	14,815	505	308	15,629	813	5.5%
School of Engineering	66,015	2,234	1,100	69,349	3,334	5.1%
School of Humanities & Sciences	155,365	5,316	1,350	162,031	6,666	4.3%
School of Law	24,503	841	745	26,089	1,587	6.5%
Vice Provost and Dean of Research	36,517	1,195	750	38,462	1,945	5.3%
Vice Provost for Graduate Education	6,830	242		7,072	242	3.5%
Vice Provost for Undergraduate Education	20,503	666	290	21,459	956	4.7%
Stanford University Libraries	46,510	1,545	852	48,908	2,397	5.2%
Total - Academic[1]	**379,031**	**12,817**	**5,594**	**397,442**	**18,410**	**4.9%**
Admission and Financial Aid Operations	9,655	325		9,980	325	3.4%
Student Affairs	27,703	1,027	556	29,287	1,584	5.7%
Office of the President & Provost	12,149	408	332	12,889	740	6.1%
Office of Public Affairs	6,557	221	175	6,952	396	6.0%
Business Affairs and Information Technology[2]	107,596	3,522	2,628	113,746	6,150	5.7%
Office of Development	36,725	1,263	600	38,588	1,863	5.1%
Alumni Association	9,700	283	50	10,033	333	3.4%
Land, Buildings and Real Estate[3]	15,701	339	815	16,855	1,154	7.3%
Other Administrative Units[4]	23,514	718	968	25,200	1,686	7.2%
Central Obligations[5]	29,630	(270)	4,967	34,327	4,697	15.9%
Total - Administrative	**278,930**	**7,837**	**11,091**	**297,857**	**18,927**	**6.8%**
Undergraduate Financial Aid	24,068	842	6,500	31,410	7,342	30.5%
O&M and Utilities	78,860	6,123	4,576	89,559	10,699	13.6%
Debt Service	34,029	(1,702)		32,328	(1,702)	−5.0%
University Reserve	20,000		10,000	30,000	10,000	50.0%
Total - Other Allocations	**156,957**	**5,264**	**21,076**	**183,296**	**26,340**	**16.8%**
Total Non-Formula Allocations	**814,918**	**25,917**	**37,760**	**878,595**	**63,677**	**7.8%**
Unallocated Surplus	43,387			25,544	(17,842)	−41.1%
Capital Facilities Fund[6]	27,473			72,406	44,933	163.5%
Total Non-Formula General Funds	**885,778**	**25,917**	**37,760**	**976,545**	**90,767**	**10.2%**

Notes:

1 For this table, the TA tuition allowance expense budgeted centrally and distributed annually on a one-time basis has been redistributed to the Academic units according to their individual allocations.

2 For this table, property and general insurance allocations have been moved from Business Affairs to Central Obligations.

3 For this table, Operations and Maintenance (O&M) and Utilities allocations have been moved from Land, Buildings and Real Estate to Other Allocations.

4 Other Administrative Units include general funds allocations for General Counsel, Hoover, SLAC National Laboratory, Athletics, Stanford University Press, and the Stanford Faculty Club. However, the fire contract allocation has been moved from this line to Central Obligations.

5 Central Obligations include RA tuition allowance and miscellaneous university expenses. In addition, for this table, property insurance, general insurance, fire contract, and Stanford Research Computing Facility allocations have been included in this line, while TA tuition allowance allocations have been moved to academic units.

6 The Capital Facilities Fund (CFF) allocation in 2012/13 was reduced by $39.5 million as the CFF was called upon to backstop payout to general funds from the Expendable Funds Pool (EFP). This backstop happens in any year in which the previous-year EFP earnings are less than 5.5%, which was the case in 2011/12.

GRADUATE SCHOOL OF BUSINESS
2013/14 Consolidated Budget Plan
[IN THOUSANDS OF DOLLARS]

2011/12 ACTUALS	2012/13 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2013/14 TOTAL
		Revenues							
51,184	52,263	General Funds Allocation	55,645						55,645
135,533	142,488	Restricted Revenues	712	43,939	31,000	69,594	1,244	3,221	149,711
6,831	3,738	Internal Revenue	1,704	367				1,767	3,838
213	428	Operating Transfers	94,317	(15,271)	(27,896)	(51,150)			
193,762	**198,917**	**Total Revenues**	**152,378**	**29,035**	**3,104**	**18,445**	**1,244**	**4,988**	**209,193**
		Expenses							
41,813	45,165	Academic Salaries	41,551	6,093			103		47,747
32,118	37,229	Staff Salaries	32,383	4,887			274	970	38,514
24,554	27,022	Benefits & Other Compensation	24,411	3,464	185		145	316	28,522
48,954	61,039	Non-Salary Expenses	34,215	10,175	2,350	18,340	719	1,091	66,889
20,327	16,343	Internal Expenses	8,504	4,727	611	105	2	2,282	16,231
167,765	**186,798**	**Total Expenses**	**141,063**	**29,346**	**3,146**	**18,445**	**1,244**	**4,659**	**197,903**
25,997	**12,120**	**Operating Results**	**11,315**	**(312)**	**(43)**	**0**	**0**	**329**	**11,290**
(12,669)		Transfers From (to) Endowment & Other Assets							
	(4,358)	Transfers From (to) Plant	(11,000)					(329)	(11,329)
13,328	**7,761**	**Surplus / (Deficit)**	**315**	**(312)**	**(43)**	**0**	**0**	**0**	**(39)**
65,662	78,990	Beginning Fund Balances	2,116	25,479	47,156	12,000			86,751
78,990	86,751	Ending Fund Balances	2,431	25,167	47,114	12,000			86,712

Notes:
- This schedule does not include endowment principal, student loan funds, and plant funds.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

SCHOOL OF EARTH SCIENCES
2013/14 Consolidated Budget Plan
[IN THOUSANDS OF DOLLARS]

2011/12 ACTUALS	2012/13 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2013/14 TOTAL
		Revenues							
6,662	8,775	General Funds Allocation	9,100						9,100
46,593	46,298	Restricted Revenues		6,500	1,750	26,978	12,283		47,512
(53)	(130)	Internal Revenue		(130)					(130)
6,395	3,883	Operating Transfers	23,568	929	2,991	(24,096)	1,350		4,742
59,599	**58,826**	**Total Revenues**	**32,667**	**7,299**	**4,741**	**2,882**	**13,633**		**61,223**
		Expenses							
20,697	21,703	Academic Salaries	13,433	2,447	1,130	314	5,000		22,325
5,503	5,861	Staff Salaries	5,678	447	110		215		6,450
10,409	11,643	Benefits & Other Compensation	8,007	1,260	498	260	2,124		12,148
16,796	14,554	Non-Salary Expenses	4,407	1,787	1,545	627	6,100		14,466
2,260	2,133	Internal Expenses	1,173	356	360	93	194		2,177
55,665	**55,892**	**Total Expenses**	**32,698**	**6,297**	**3,643**	**1,294**	**13,633**		**57,566**
3,934	**2,934**	**Operating Results**	**(31)**	**1,002**	**1,098**	**1,589**	**0**		**3,657**
(2,494)	(2,500)	Transfers From (to) Endowment & Other Assets				(2,500)			(2,500)
	(1,000)	Transfers From (to) Plant			(1,000)				(1,000)
1,440	**(566)**	**Surplus / (Deficit)**	**(31)**	**1,002**	**98**	**(911)**	**0**		**157**
46,780	48,219	Beginning Fund Balances	302	14,717	17,438	15,194			47,653
48,219	47,653	Ending Fund Balances	271	15,719	17,536	14,282			47,810

Notes:

- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 85.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

GRADUATE SCHOOL OF EDUCATION
2013/14 Consolidated Budget Plan
[IN THOUSANDS OF DOLLARS]

2011/12 ACTUALS	2012/13 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2013/14 TOTAL
		Revenues							
13,650	15,818	General Funds Allocation	16,141						16,141
39,214	39,039	Restricted Revenues		3,532	7,015	10,294	19,189		40,031
(44)	(272)	Internal Revenue		(283)					(283)
4,004	1,897	Operating Transfers	10,624	803	(2,609)	(7,612)			1,205
56,824	**56,482**	**Total Revenues**	**26,765**	**4,052**	**4,406**	**2,682**	**19,189**		**57,095**
		Expenses							
15,448	15,879	Academic Salaries	10,140	641	407	268	4,269		15,725
11,618	12,126	Staff Salaries	5,646	1,199	1,024	666	3,820		12,354
9,250	9,713	Benefits & Other Compensation	5,590	736	481	355	2,627		9,788
17,784	17,316	Non-Salary Expenses	5,029	1,182	1,877	974	8,449		17,511
1,400	1,356	Internal Expenses	393	346	477	151	24		1,393
55,500	**56,389**	**Total Expenses**	**26,798**	**4,105**	**4,265**	**2,415**	**19,189**		**56,772**
1,324	**93**	**Operating Results**	**(33)**	**(52)**	**140**	**268**	**0**		**323**
(1,669)	(238)	Transfers From (to) Endowment & Other Assets			500	(1,122)			(622)
	(875)	Transfers From (to) Plant							
(344)	**(1,020)**	**Surplus / (Deficit)**	**(33)**	**(52)**	**640**	**(854)**	**0**		**(299)**
38,473	38,129	Beginning Fund Balances	1,479	16,938	14,040	4,606			37,109
38,129	37,109	Ending Fund Balances	1,446	16,885	14,680	3,752			36,810

Notes:

- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 85.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

SCHOOL OF ENGINEERING

2013/14 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2011/12 ACTUALS	2012/13 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2013/14 TOTAL
		Revenues							
57,497	69,765	General Funds Allocation	75,909						75,909
261,930	270,516	Restricted Revenues		55,020	22,000	49,500	152,202		278,722
651	392	Internal Revenue		(1,008)				1,400	392
31,611	21,922	Operating Transfers	32,899	4,745	3,903	(24,777)	5,500		22,270
351,690	**362,595**	**Total Revenues**	**108,808**	**58,757**	**25,903**	**24,723**	**157,702**	**1,400**	**377,294**
		Expenses							
98,742	101,072	Academic Salaries	39,429	12,714	6,653	2,316	44,609		105,721
30,624	33,595	Staff Salaries	18,795	7,491	1,162	798	5,219	908	34,373
50,803	54,873	Benefits & Other Compensation	27,019	6,589	3,395	1,160	19,876	286	58,326
134,326	138,647	Non-Salary Expenses	17,512	19,085	6,729	17,023	83,378	100	143,825
15,037	15,610	Internal Expenses	4,500	3,606	2,376	968	4,620	15	16,086
329,532	**343,797**	**Total Expenses**	**107,255**	**49,485**	**20,315**	**22,265**	**157,702**	**1,309**	**358,331**
22,158	**18,798**	**Operating Results**	**1,553**	**9,272**	**5,588**	**2,458**	**0**	**91**	**18,962**
(8,937)	(7,552)	Transfers From (to) Endowment & Other Assets		(75)		(6,225)			(6,300)
	(461)	Transfers From (to) Plant	(1,553)		(2,000)	(2,285)			(5,838)
13,221	**10,785**	**Surplus / (Deficit)**	**0**	**9,197**	**3,588**	**(6,052)**	**0**	**91**	**6,825**
219,598	232,789	Beginning Fund Balances	301	118,613	81,433	43,231		51	243,574
232,789	243,574	Ending Fund Balances	301	127,810	85,021	37,179		141	250,399

Notes:

- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 85.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

SCHOOL OF HUMANITIES AND SCIENCES

2013/14 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2011/12 ACTUALS	2012/13 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2013/14 TOTAL
		Revenues							
146,592	160,516	General Funds Allocation	168,391	410					168,801
225,559	235,767	Restricted Revenues	77	3,812	12,211	141,090	78,759	4,479	240,428
5,222	5,276	Internal Revenue	1	393				5,012	5,407
34,527	29,211	Operating Transfers	118,500	34,947	2,070	(126,714)	1,607	575	30,985
411,900	**430,770**	**Total Revenues**	**286,970**	**39,562**	**14,281**	**14,377**	**80,366**	**10,066**	**445,621**
		Expenses							
139,018	150,588	Academic Salaries	114,517	15,568	1,986	1,699	22,113	100	155,982
43,379	46,509	Staff Salaries	38,061	1,481	503	219	3,789	4,097	48,151
66,968	71,733	Benefits & Other Compensation	56,424	6,505	1,253	642	8,740	1,330	74,893
128,767	131,686	Non-Salary Expenses	63,015	12,446	6,291	4,994	43,580	4,507	134,833
15,677	15,960	Internal Expenses	11,022	1,040	1,312	536	2,144	214	16,268
393,809	**416,476**	**Total Expenses**	**283,039**	**37,040**	**11,344**	**8,090**	**80,366**	**10,248**	**430,127**
18,091	**14,295**	**Operating Results**	**3,931**	**2,522**	**2,937**	**6,286**	**0**	**(182)**	**15,494**
(17,363)	(4,269)	Transfers From (to) Endowment & Other Assets	(3,906)		1,137	(2,500)			(5,269)
	(18,050)	Transfers From (to) Plant		(25,500)					(25,500)
728	**(8,024)**	**Surplus / (Deficit)**	**25**	**(22,978)**	**4,074**	**3,786**	**0**	**(182)**	**(15,274)**
284,366	285,094	Beginning Fund Balances	6,689	138,867	64,153	67,313		29	277,070
285,094	277,070	Ending Fund Balances	6,714	115,890	68,227	71,099		(152)	261,796

Notes:

- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 85.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

SCHOOL OF LAW

2013/14 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2011/12 ACTUALS	2012/13 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2013/14 TOTAL
		Revenues							
23,957	27,350	General Funds Allocation	28,216						28,216
47,123	48,934	Restricted Revenues		4,110	11,040	34,650	1,654		51,454
(136)	(160)	Internal Revenue		(150)					(150)
1,754	(1,020)	Operating Transfers	41,352	(2,670)	(9,720)	(30,102)			(1,140)
72,698	**75,104**	**Total Revenues**	**69,568**	**1,290**	**1,320**	**4,548**	**1,654**		**78,380**
		Expenses							
22,358	25,790	Academic Salaries	26,610	80	110	320	450		27,570
11,038	11,868	Staff Salaries	12,050	33	120	90	148		12,441
10,126	11,287	Benefits & Other Compensation	11,511	53	140	123	176		12,003
17,644	17,759	Non-Salary Expenses	16,295	658	338	555	870		18,716
3,151	3,421	Internal Expenses	3,102	205	100	128	10		3,545
64,317	**70,126**	**Total Expenses**	**69,568**	**1,029**	**808**	**1,216**	**1,654**		**74,275**
8,381	**4,978**	**Operating Results**	**0**	**261**	**512**	**3,332**	**0**		**4,105**
(8,026)	(4,500)	Transfers From (to) Endowment & Other Assets				(3,250)			(3,250)
	(400)	Transfers From (to) Plant		(250)	(500)				(750)
355	**78**	**Surplus / (Deficit)**	**0**	**11**	**12**	**82**	**0**		**105**
21,581	21,944	Beginning Fund Balances	437	2,036	18,186	1,363			22,022
21,944	22,022	Ending Fund Balances	437	2,047	18,198	1,445			22,127

Notes:

- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 85.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

SCHOOL OF MEDICINE

2013/14 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2011/12 ACTUALS	2012/13 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	DESIGNATED CLINIC	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2013/14 TOTAL
		Revenues								
92,628	102,042	General Funds Allocation	101,955							101,955
1,304,624	1,350,594	Restricted Revenues		108,375	547,624	77,441	133,173	487,360	57,768	1,411,742
66,534	68,750	Internal Revenue		38,062	50	510			33,868	72,489
8,568	11,899	Operating Transfers	108,826	25,841	(86,418)	(1,362)	(37,734)		(5,422)	3,732
1,472,354	**1,533,285**	**Total Revenues**	**210,781**	**172,278**	**461,257**	**76,590**	**95,439**	**487,360**	**86,214**	**1,589,919**
		Expenses								
397,274	420,831	Academic Salaries	18,569	33,626	203,415	21,858	28,008	130,157	9,561	445,194
157,614	163,203	Staff Salaries	52,274	17,196	33,686	6,954	5,215	25,866	27,280	168,471
266,261	279,413	Benefits & Other Compensation	26,495	22,525	177,681	9,850	12,344	46,634	12,079	307,607
468,075	488,608	Non-Salary Expenses	74,143	44,436	21,135	27,180	18,667	263,725	34,223	483,510
113,807	110,064	Internal Expenses	39,300	9,436	25,340	10,151	4,700	20,978	2,411	112,315
1,403,032	**1,462,119**	**Total Expenses**	**210,781**	**127,217**	**461,257**	**75,993**	**68,935**	**487,360**	**85,554**	**1,517,098**
69,322	**71,167**	**Operating Results**	**0**	**45,061**	**0**	**597**	**26,504**	**0**	**659**	**72,821**
(9,928)	(21,195)	Transfers From (to) Endowment & Other Assets		(10,137)						(10,137)
(18,612)	(10,180)	Transfers From (to) Plant		(12,970)						(12,970)
40,782	**39,792**	**Surplus / (Deficit)**	**0**	**21,953**	**0**	**597**	**26,504**	**0**	**659**	**49,714**
572,756	613,538	Beginning Fund Balances	312	277,894	23,725	189,340	163,756	0	(1,333)	653,330
613,538	653,330	Ending Fund Balances	312	299,847	23,725	189,937	190,260	0	(674)	703,044

Notes:

- This schedule does not include endowment principal, student loan funds, and plant funds.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

VICE PROVOST AND DEAN OF RESEARCH

2013/14 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2011/12 ACTUALS	2012/13 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2013/14 TOTAL
		Revenues							
36,758	38,461	General Funds Allocation	40,595	600					41,195
151,332	146,813	Restricted Revenues	1,929	7,080	23,429	24,011	94,886	405	151,741
6,424	6,810	Internal Revenue	3,342	344	40			3,471	7,196
2,259	(1,451)	Operating Transfers	18,221	9,955	(8,006)	(12,754)	(9,342)	100	(1,826)
196,773	**190,634**	**Total Revenues**	**64,086**	**17,979**	**15,463**	**11,257**	**85,545**	**3,975**	**198,306**
		Expenses							
38,899	39,410	Academic Salaries	7,051	2,773	5,520	4,853	20,729	1,744	42,670
37,071	39,750	Staff Salaries	28,902	2,754	2,536	2,270	4,249	190	40,901
24,826	26,239	Benefits & Other Compensation	11,953	1,887	2,510	2,017	8,494	605	27,466
78,045	81,638	Non-Salary Expenses	13,289	7,816	7,708	3,962	49,545	1,091	83,411
11,357	8,900	Internal Expenses	2,993	1,595	2,340	1,402	2,526	194	11,050
190,196	**195,937**	**Total Expenses**	**64,188**	**16,825**	**20,613**	**14,504**	**85,545**	**3,823**	**205,498**
6,576	**(5,303)**	**Operating Results**	**(102)**	**1,154**	**(5,149)**	**(3,246)**	**0**	**152**	**(7,192)**
8,100	3,772	Transfers From (to) Endowment & Other Assets			3,250	1,792			5,042
		Transfers From (to) Plant							
14,676	**(1,531)**	**Surplus / (Deficit)**	**(102)**	**1,154**	**(1,899)**	**(1,454)**	**0**	**152**	**(2,149)**
118,550	133,226	Beginning Fund Balances	2,696	60,163	47,147	22,022	(51)	(237)	131,695
133,226	131,695	Ending Fund Balances	2,594	61,317	45,248	20,568	(51)	(85)	129,546

Notes:

- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 85.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

VICE PROVOST FOR UNDERGRADUATE EDUCATION

2013/14 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2011/12 ACTUALS	2012/13 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2013/14 TOTAL
		Revenues							
14,198	21,415	General Funds Allocation	22,449						22,449
31,863	32,315	Restricted Revenues	747	847	833	27,498		3,267	33,191
(52)	(70)	Internal Revenue		(68)					(68)
(2,171)	(10,874)	Operating Transfers	16,919	(150)	(10)	(28,727)		(248)	(12,216)
43,837	**42,786**	**Total Revenues**	**40,114**	**629**	**823**	**(1,229)**		**3,019**	**43,357**
		Expenses							
6,189	6,426	Academic Salaries	7,229						7,229
11,409	12,508	Staff Salaries	13,493						13,493
5,833	6,226	Benefits & Other Compensation	6,388						6,388
14,697	13,822	Non-Salary Expenses	11,757	45				3,117	14,919
1,711	1,506	Internal Expenses	1,248						1,248
39,839	**40,490**	**Total Expenses**	**40,114**	**45**	**0**	**0**		**3,117**	**43,276**
3,998	**2,296**	**Operating Results**	**0**	**584**	**823**	**(1,229)**		**(98)**	**80**
(3,309)		Transfers From (to) Endowment & Other Assets							
	(2,844)	Transfers From (to) Plant							
689	**(548)**	**Surplus / (Deficit)**	**0**	**584**	**823**	**(1,229)**		**(98)**	**80**
22,133	22,822	Beginning Fund Balances	(1,334)	7,515	3,866	12,213		14	22,274
22,822	22,274	Ending Fund Balances	(1,334)	8,099	4,689	10,984		(85)	22,354

Notes:
- Operating equity represents reserves and balances available for future uses and may include funds that are specifically invested and therefore not available for expenditure in the current period.
- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 85.

VICE PROVOST FOR GRADUATE EDUCATION

2013/14 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2011/13 ACTUALS	2012/13 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2013/14 TOTAL
		Revenues							
6,349	6,830	General Funds Allocation	7,072						7,072
25,181	26,345	Restricted Revenues				27,166			27,166
15	23	Internal Revenue		12					12
(22,017)	(24,545)	Operating Transfers	(3,011)	3,418	(26)	(31,015)			(30,634)
9,528	**8,653**	**Total Revenues**	**4,061**	**3,430**	**(26)**	**(3,848)**			**3,617**
		Expenses							
231	298	Academic Salaries	354						354
1,341	1,664	Staff Salaries	1,598	64	23				1,685
445	548	Benefits & Other Compensation	568	22	7				598
2,907	3,801	Non-Salary Expenses	1,053	2,207	256	546			4,061
426	470	Internal Expenses	115	30	30	270			445
5,349	**6,781**	**Total Expenses**	**3,688**	**2,323**	**316**	**816**			**7,143**
4,179	**1,872**	**Operating Results**	**373**	**1,107**	**(342)**	**(4,664)**			**(3,525)**
(505)	(272)	Transfers From (to) Endowment & Other Assets				(220)			(220)
		Transfers From (to) Plant							0
3,674	**1,600**	**Surplus / (Deficit)**	**373**	**1,107**	**(342)**	**(4,884)**			**(3,746)**
46,155	49,829	Beginning Fund Balances	1,399	15,907	3,804	30,319			51,429
49,829	51,429	Ending Fund Balances	1,772	17,014	3,463	25,435			47,684

Notes:

- 2008/09 is the first year of Vice Provost for Graduate Education Operations.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 85.

HOOVER INSTITUTION
2013/14 Consolidated Budget Plan
[IN THOUSANDS OF DOLLARS]

2011/12 ACTUALS	2012/13 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2013/14 TOTAL
		Revenues							
801	816	General Funds Allocation	850						850
44,698	47,286	Restricted Revenues		444	23,894	24,926	1,283		50,548
42		Internal Revenue							0
63		Operating Transfers	47,030	(444)	(21,510)	(25,076)			0
45,603	**48,102**	**Total Revenues**	**47,880**	**0**	**2,384**	**(150)**	**1,283**	**0**	**51,397**
		Expenses							
14,349	14,666	Academic Salaries	14,815				712		15,527
8,274	8,754	Staff Salaries	9,253				88		9,340
7,173	7,566	Benefits & Other Compensation	7,842				249		8,091
13,608	13,762	Non-Salary Expenses	14,225				172		14,396
1,614	1,765	Internal Expenses	1,746				63		1,809
45,017	**46,513**	**Total Expenses**	**47,880**	**0**	**0**	**0**	**1,283**		**49,163**
586	**1,590**	**Operating Results**	**0**	**0**	**2,384**	**(150)**	**0**	**0**	**2,234**
(2,222)	(2,500)	Transfers From (to) Endowment & Other Assets			(3,200)				(3,200)
	(1,300)	Transfers From (to) Plant							0
(1,636)	**(2,210)**	**Surplus / (Deficit)**	**0**	**0**	**(816)**	**(150)**	**0**	**0**	**(966)**
40,202	38,566	Beginning Fund Balances	17	1,117	33,693	1,529	0	0	36,356
38,566	36,356	Ending Fund Balances	17	1,117	32,877	1,379	0	0	35,390

Notes
- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 85.

STANFORD UNIVERSITY LIBRARIES AND ACADEMIC INFORMATION RESOURCES

2013/14 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2011/12 ACTUALS	2012/13 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2013/14 TOTAL
		Revenues							
46,337	55,213	General Funds Allocation	55,074					521	55,595
49,854	51,097	Restricted Revenues	750	1,500	725	14,325	453	34,340	52,093
263	29	Internal Revenue		4				8	12
8,972	901	Operating Transfers	13,319	(1,934)	(162)	(10,614)		289	898
105,425	**107,240**	**Total Revenues**	**69,143**	**(430)**	**563**	**3,711**	**453**	**35,157**	**108,598**
		Expenses							
8,642	8,431	Academic Salaries	7,392				34	184	7,609
41,155	41,674	Staff Salaries	25,004		380		201	18,857	44,442
15,894	15,826	Benefits & Other Compensation	10,824		120		71	5,981	16,995
38,252	39,584	Non-Salary Expenses	24,124		200	4,000	148	8,772	37,244
5,836	4,834	Internal Expenses	1,800		56	320		2,573	4,749
109,779	**110,349**	**Total Expenses**	**69,143**	**0**	**756**	**4,320**	**453**	**36,367**	**111,040**
(4,353)	**(3,109)**	**Operating Results**	**0**	**(430)**	**(193)**	**(609)**	**0**	**(1,210)**	**(2,442)**
608	980	Transfers From (to) Endowment & Other Assets						980	980
	(85)	Transfers From (to) Plant							
(3,745)	**(2,214)**	**Surplus / (Deficit)**	**0**	**(430)**	**(193)**	**(609)**	**0**	**(230)**	**(1,462)**
18,950	15,205	Beginning Fund Balances		4,450	2,027	5,195		1,319	12,991
15,205	12,991	Ending Fund Balances		4,020	1,835	4,585		1,089	11,529

Notes:

- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 85.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

ATHLETICS
2013/14 Consolidated Budget Plan
[IN THOUSANDS OF DOLLARS]

2011/12 ACTUALS	2012/13 PROJECTION		AUXILIARY	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	ENDOWMENT SCHOLARSHIP	ENDOWMENT OTHER	2013/14 TOTAL
		Revenues						
31,659	31,541	Intercollegiate	38,501					38,501
18,137	18,843	Restricted Revenues - Scholarships				19,517		19,517
18,438	12,776	Restricted Revenues - Other			9,250		3,800	13,050
10,379	11,553	University Funds	14,117					14,117
7,950	8,113	Auxiliaries (e.g., Golf Course)	8,437					8,437
6,874	5,890	Other	4,934	1,875				6,809
7,223	7,195	Camps	876	6,510				7,386
503		Operating Transfers	14,954	(1,750)	(9,250)	1,570	(5,525)	
101,163	**95,911**	**Total Revenues and Transfers**	**81,818**	**6,635**	**0**	**21,087**	**(1,725)**	**107,815**
		Expenses						
38,795	42,201	Compensation	44,271	1,550				45,821
19,065	20,026	Scholarships				21,087		21,087
8,955	8,746	Travel/Entertainment	9,053					9,053
12,142	10,255	Facilities/Maintenance	10,485					10,485
13,364	13,015	General Services/Supplies	10,793	4,940				15,733
4,990	4,791	Other	4,959					4,959
731	599	Debt Service	556					556
390	183	Capital Expenditures	190					190
98,432	**99,816**	**Total Expenses**	**80,306**	**6,490**	**0**	**21,087**	**0**	**107,884**
1,783	4,078	Transfers From Endowment (DAPER Investment Fund)					1,725	1,725
4,514	**173**	**Surplus/(Deficit)**	**1,512**	**145**	**0**	**0**	**0**	**1,657**
(2,897)	1,617	Beginning Fund Balances	(7,940)	3,259	6,081		389	1,790
1,617	1,790	Ending Fund Balances	(6,428)	3,404	6,081		389	3,447

AUXILIARY ACTIVITIES

RESIDENTIAL & DINING ENTERPRISES

2013/14 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN
Revenues			
Student Payments	126,664	131,054	135,359
Student Payments: Off Campus	908	3,180	3,823
Stanford Guest House	3,897	4,021	4,055
Conferences Housing and Dining	13,725	13,453	14,121
Other Operating Income	25,054	25,875	25,431
Interest Income	184	102	187
Total Revenues	**170,432**	**177,685**	**182,976**
Transfers			
Grad Housing Subsidy: Off Campus	2,046	4,050	6,663
Debt Service & Rate Containment Subsidies	4,503	4,955	7,196
Miscellaneous Transfers	307	4,893	1,556
Transfers to ResEd, GLO and ResComp	(8,112)	(8,653)	(9,047)
Total Transfers	**(1,256)**	**5,245**	**6,368**
Total Revenues and Transfers	**169,176**	**182,930**	**189,344**
Expenses			
Salaries and Benefits	47,393	52,191	55,430
Food Cost	12,909	12,721	13,024
Expendable Material and Supplies	23,945	24,807	22,300
Rental and Leases: Off Campus	2,545	6,412	9,239
Utilities and Telephone	9,990	10,980	12,014
Repair and Maintenance	23,583	26,365	26,633
Debt Service	39,598	42,252	43,490
Distribution of G&A Expenses	6,820	7,202	7,214
Total Expenses	**166,783**	**182,930**	**189,344**
Auxiliary Operating Results	**2,393**	**0**	**0**
Use of Reserves to Fund Capital Projects	(209)	(5,776)	(1,278)
Consolidated Surplus/(Planned Deficit)	**2,184**	**(5,776)**	**(1,278)**
Beginning Fund Balance	20,233	22,417	16,641
Ending Fund Balance	22,417	16,641	15,363

APPENDIX B

SUPPLEMENTARY INFORMATION

The tables and graphs in this Appendix provide historical and statistical data on enrollment, tuition and room and board rates, financial aid, faculty, staff, selected expenditures, the endowment, and fund balances. The short summaries below serve as an introduction to the schedules and highlight interesting trends or historical occurrences.

Schedule 1 – Student Enrollment for Autumn Quarter

The total enrollment for both undergraduate and graduate students continued to grow in 2012/13. Undergraduate enrollment increased by 1%, reaching a total of 6,999 students. Graduate student enrollment increased by a small margin to 8,871 students.

Schedule 2 – Freshman Student Apply/ Admit/Enroll Statistics

The number of applicants for the present freshman class increased by 6.6%, reaching 36,632 in 2012/13, the largest pool in Stanford's history. As Stanford has become increasingly selective over the recent years, only 6.6% of applicants were accepted. Furthermore, Stanford's yield rate, at 73.1%, increased to its highest level.

Schedule 3 – New Graduate Student Apply/ Admit/Enroll Statistics

The number of applicants to Stanford's graduate and professional programs showed the biggest increase in the past ten years, rising 8.0%, to 41,855 in 2012/13. The admit rate for Stanford's graduate and professional programs continues to decline, and only 10.6% of all applicants were admitted this year. The yield rate for graduate admits continues to increase and reached 58.2%, the highest level ever.

Schedule 4 – Postdoctoral Scholars by School and by Gender

The postdoctoral scholar population has been trending up in virtually all schools. Of 1,996 postdoctoral scholars In 2012/13, nearly two-thirds reside in the School of Medicine.

Schedule 5 – Graduate Student and Postdoc Support

At Stanford, teaching assistants and research assistants earn salaries as part of their compensation, and most receive an allowance towards their tuition charges. Graduate Fellows receive financial aid that covers some or all of their tuition charges, and most receive stipends that help cover living expenses. Postdoctoral students receive salaries and benefits as part of their appointment, and many also receive tuition allowance and living expense stipends.

Grants and contracts cover 27.4% of graduate student expenses and 72.1% of postdoctoral scholar expenses. University and school unrestricted (or general use) funds, designated funds, and endowment funds restricted specifically to graduate student aid cover the remaining expenses. In 2011/12, the support to graduate students and postdoctoral scholars at Stanford increased 3% and 4.2% respectively. The total support to them reached nearly $408 million.

Schedule 6 – Graduate Enrollment by School and Degree

This table shows the trend of graduate student enrollment within each school and across degree programs. In 2012/13, approximately 64% of all graduate students are enrolled in either H&S or Engineering. Every school's enrollment has increased over the ten year period; Engineering has added the most students (506), and Earth Sciences has had the fastest growth (41.7%).

Schedule 7 – Undergraduate Tuition and Room & Board Rates

The 2013/14 undergraduate tuition rate is projected to increase to $42,690, and the cost of room and board is projected to increase to $13,166, with an average increase of 3.5% from the previous year. In real terms, the average annual increase over the past decade has been only 1.7%.

Schedule 8 – Undergraduate Financial Aid by Source of Funds and Type of Aid

This schedule shows the total amount of all types of financial aid awarded to undergraduate students, including non-need based scholarships. In 2011/12, 4,602 students received Stanford scholarship and external grants totaling $165.9 million. In addition, 1,057 students received approximately $7.9 million in long-term loans, and another 645 students earned $1.3 million from the Federal Work-Study Program. In 2011/12, the external grants from Federal and State supporting the undergraduate financial aid decreased by 2%. This was mitigated by a 5.7% increase in funding from Stanford's own sources.

Schedule 9 – Undergraduate Financial Aid Budget Needs and Sources

This schedule shows the total needs and sources of support for undergraduate students who receive need-based financial aid. The total needs are driven by the growth in the student budget and by the number of students on aid. In 2013/14, the budget for need-based aid will increase by 2.5%. This increase is smaller than the approved 3.5% increase in tuition, room and board rates due to 30 fewer students requiring need-based aid in 2013/14. A significant increase in general funds will allow for a substantial decrease in the use of president's funds in support of undergraduate financial aid.

Schedule 10 – Majors with the Largest Number of Baccalaureate Degrees Conferred

This schedule shows the twenty undergraduate majors that granted the most degrees in 2011/12. Human Biology has consistently been the most popular over the nine year span. Computer Science increased significantly in 2011/12 and outpaced Biology and Economics as the second most popular major. It is interesting to note that the combined majors in the School of Engineering had 426 students in 2011/12, a number that has steadily Increased in recent years.

Schedule 11 – Students Housed on Campus

The percent of undergraduates housed on-campus has been about 90% for the twenty years shown in this table. The graduate on-campus housing program has expanded significantly since 1998/99, and on average 56% of graduate students are housed by Stanford. The subsidized off-campus housing program grew rapidly this year, due to displacement caused by the construction of new graduate housing on campus. This number will likely scale back when the new graduate housing building comes online.

Schedule 12 – Total Professorial Faculty

The total professoriate has increased by 61 (about 3.2%) to a total of 1,995 in 2012/13. The majority of the increase is attributable to 48 new tenure-line faculty members, representing a 3.6% growth from last year. The number of non-tenure line faculty, consisting mostly of the Medical Center Line faculty, inched up by 13 this year. Over the period of ten years, this cohort grew at an annual pace of about 2%.

Schedule 13 – Distribution of Tenured, Non-Tenured, and Non-Tenure Line Faculty

This schedule provides a disaggregated view of the data in Schedule 12 by school over the last three years. It shows that the university-wide faculty cohort has expanded across all three categories. The total number of tenured faculty has increased by 51 (about 5%) in the past two years; the number of non-tenured faculty in the tenure line has increased by 23 (about 8%); and the number of non-tenure line faculty has increased by 18 (about 3%) during the same period. The Schools of Medicine and Humanities and Sciences hold 72% of faculty appointments across the university in 2012/13.

Schedule 14 – Number of Non-Teaching Employees

This schedule shows the number of regular non-teaching employees by academic, administrative, and auxiliary units at Stanford. The number of employees increased by 539 (4.6%) in 2012. In particular, the School of Medicine added 177 employees (4.8%) due to continuing strong clinical research activities; and Business Affairs added 45 employees due to new human resources initiatives that were implemented in 2012. In addition, 37 overseas staff at VPUE were accounted for in the university HR system for the first time in 2012, which explains the 17.2% growth in other academic units.

Schedule 15 – Fringe Benefits Detail

Fringe benefits rates provide a mechanism to support the various components of non-salary compensation provided to employees. Stanford has four distinct fringe benefits rates for (1) regular benefits-eligible employees, which include most faculty and staff; (2) postdoctoral research affiliates; (3) casual/temporary employees; and (4) graduate research and teaching assistants. This schedule shows the programs and costs that contribute to the weighted average of the four individual benefits rates, which was 28.2% in 2011/12. Overall, total fringe benefits program costs increased by 10% in 2011/12 after adjustment from prior years. The retirement program cost increased by 13%, largely driven by the $10.5 million required reserve contribution to the Stanford Retirement Annuity Plan due to underfunded pension obligations. The medical insurance cost rose 19% from 2010/11 due to significant medical cost inflation and enrollment growth.

Schedule 16 – Sponsored Research Expense by Agency and Fund Source

In 2011/12, direct research expenses sponsored by the federal government decreased by $19.9 million (about 4.3%) after two consecutive years of inflows of the federal stimulus (ARRA) funding. In contrast, direct research expenses sponsored by non-federal sources increased by $6.3 million (about 3.0%) over the previous year. Overall, the direct research volume totaling $594.0 million in 2011/12 still outpaced the pre-ARRA years. Federal sponsored research contributed 75% of the total sponsored research expenses in 2011/12.

Schedule 17 – Sponsored Research Contracts and Grants by School

This table presents the sponsored research expenses of the schools and the Dean of Research over a span of seven years. The expenses of the School of Medicine, as a percentage of campus-wide sponsored research projects, stand at 59% in 2011/12. Compared to the prior year, the School of Humanities and Sciences, the School of Medicine, and the Dean of Research all demonstrate a decline in sponsored research volume due to phase-out of the federal stimulus funding. The School of Earth Sciences and the Graduate School of Education show major growth over the past three years.

Schedule 18 – Plant Expenditures by Unit

This schedule shows expenses from plant or borrowed funds for building or infrastructure projects related to various units. Expenditures for equipment are excluded from these figures. Total plant expenditures decreased by $300.2 million (or 61.5%) in 2011/12 after four consecutive years of ramp-up in capital construction and improvement. Among units, significant decreases exist in the Graduate School of Business, which moved into the Knight Manager Center, and the Law School, which completed the new Neukom Building in 2011/12. Residential & Dining Enterprises, with the opening of the Arrillaga Family Dining Commons and maintenance backlog work, more than tripled their plant expenditures over the previous year.

Schedule 19 – Endowment Market Value and Merged Pool Rate of Return

The annual nominal rate of return for the merged pool in 2011/12 was 1.0% for the 12 months ending June 30, 2012. The endowment market value was up to $17.0 billion, only 1% below the pre-recession peak level. The target payout rate is 5.5% in 2011/12.

Schedule 20 – Expendable Fund Balances at Year End

This schedule shows total expendable fund balances (excluding sponsored research) by academic unit over the past decade. The Hoover Institute has the fastest compound annual growth over the period at 10.1%, followed by the Graduate School of Education at 8.9% and the Graduate School of Business at 8.0%. The School of Medicine, which represents about 42% of the total academic unit fund balances (excluding SLAC), projects their ending fund balances to double between 2003/04 and 2013/14, the largest dollar growth over the decade.

Schedule 21 – Academic Unit Expendable Fund Balances at Year End by Level of Control

This schedule shows total fund balances (excluding sponsored research) by level of control within the academic units over the last three years along with the compound annual growth. Level of control indicates where within the school control over the use of funds resides. For example, funds controlled at the faculty/PI level are not available for general school use. The dynamics of fund balance growth has varied by level of control among the schools. Overall, approximately 80% of the fund balances were split between the school/institution and department/program levels in 2011/12. The fund balances at the faculty level remained strong as well and had a three-year compound annual growth of 6.8%.

Schedule 22 – Consolidated Budget for Operations History

This schedule shows past actual results from 2006/07 through 2011/12, plus the 2012/13 year end projection and the 2013/14 forecast for the Consolidated Budget for Operations. It also shows the compound annual growth rate for this time span. Overall, revenues have grown slightly slower (5.2%) than expenses (5.4%), but the operating results continue to be strong in every year. The change in fund balances each year is the difference between operating results and transfers to assets. While transfers to assets vary year to year, total university fund balances have increased by an average of 6.5% per year over the period.

STUDENT ENROLLMENT FOR AUTUMN QUARTER
2003/04 through 2012/13

	UNDERGRADUATE			GRADUATE			TGR[1]			TOTAL	TOTAL
YEAR	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	GRADUATE	ALL
2003/04	3,245	3,409	6,654	2,282	4,220	6,502	511	787	1,298	7,800	14,454
2004/05	3,250	3,503	6,753	2,363	4,408	6,771	529	792	1,321	8,092	14,845
2005/06	3,204	3,501	6,705	2,384	4,424	6,808	543	825	1,368	8,176	14,881
2006/07	3,240	3,449	6,689	2,389	4,492	6,881	522	798	1,320	8,201	14,890
2007/08	3,313	3,446	6,759	2,382	4,439	6,821	550	815	1,365	8,186	14,945
2008/09	3,384	3,428	6,812	2,450	4,509	6,959	548	821	1,369	8,328	15,140
2009/10	3,405	3,473	6,878	2,507	4,529	7,036	558	847	1,405	8,441	15,319
2010/11	3,334	3,553	6,887	2,635	4,678	7,313	597	869	1,466	8,779	15,666
2011/12	3,342	3,585	6,927	2,651	4,675	7,326	571	899	1,470	8,796	15,723
2012/13	3,346	3,653	6,999	2,697	4,690	7,387	600	884	1,484	8,871	15,870

Source: Registrar's Office fall quarter third week enrollment figures

[1] Terminal Graduate Registration (TGR) allows students to register at a reduced tuition rate while they work on a dissertation, thesis, or department project.

SCHEDULE 2

FRESHMAN APPLY/ADMIT/ENROLL STATISTICS
Fall 2003 through Fall 2012

	TOTAL APPLICATIONS		ADMISSIONS		ENROLLMENT	
YEAR	NUMBER	PERCENT CHANGE FROM PREVIOUS YEAR	NUMBER	PERCENT OF APPLICANTS ADMITTED	NUMBER	PERCENT OF ADMITTED APPLICANTS ENROLLING
Fall 2003	18,628	0.2%	2,343	12.6%	1,640	70.0%
Fall 2004	19,172	2.9%	2,486	13.0%	1,648	66.3%
Fall 2005	20,195	5.3%	2,426	12.0%	1,633	67.3%
Fall 2006	22,333	10.6%	2,444	10.9%	1,648	67.4%
Fall 2007	23,958	7.3%	2,464	10.3%	1,723	69.9%
Fall 2008	25,299	5.6%	2,400	9.5%	1,703	71.0%
Fall 2009	30,429	20.3%	2,426	8.0%	1,694	69.8%
Fall 2010	32,022	5.2%	2,340	7.3%	1,674	71.5%
Fall 2011	34,348	7.3%	2,437	7.1%	1,707	70.0%
Fall 2012	36,632	6.6%	2,423	6.6%	1,771	73.1%

NEW GRADUATE STUDENT APPLY/ADMIT/ENROLL STATISTICS
Fall 2003 through Fall 2012

	TOTAL APPLICATIONS		ADMISSIONS		ENROLLMENT	
YEAR ENTERING STANFORD	NUMBER	PERCENT CHANGE FROM PREVIOUS YEAR	NUMBER	PERCENT OF APPLICANTS ADMITTED	NUMBER	PERCENT OF ADMITTED APPLICANTS ENROLLING
Fall 2003	32,503	6.6%	4,443	13.7%	2,300	51.8%
Fall 2004	30,630	−5.8%	4,361	14.2%	2,378	54.5%
Fall 2005	30,381	−0.8%	4,356	14.3%	2,405	55.2%
Fall 2006	31,583	4.0%	4,323	13.7%	2,337	54.1%
Fall 2007	33,623	6.5%	4,352	12.9%	2,400	55.1%
Fall 2008	34,566	2.8%	4,350	12.6%	2,379	54.7%
Fall 2009	36,326	5.1%	4,419	12.2%	2,345	53.1%
Fall 2010	37,983	4.6%	4,580	12.1%	2,608	56.9%
Fall 2011	38,750	2.0%	4,570	11.8%	2,628	57.5%
Fall 2012	41,855	8.0%	4,439	10.6%	2,582	58.2%

SCHEDULE 4

POST-DOCTORAL SCHOLARS BY SCHOOL AND BY GENDER[1]
2003/04 through 2012/13

By School	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Graduate School of Business	0	0	0	0	0	0	2	0	0	0
Earth Sciences	24	27	22	30	32	26	40	44	50	59
Graduate School of Education	8	4	5	10	10	10	11	9	9	12
Engineering	107	129	127	117	144	158	202	212	228	259
Humanities and Sciences	277	297	268	263	283	284	315	392	401	413
Law	1	1	1	0	0	1	1	0	2	1
Medicine	995	1,006	968	1,042	1,037	1,033	1,090	1,231	1,247	1,252
Total	**1,412**	**1,464**	**1,391**	**1,462**	**1,506**	**1,512**	**1,661**	**1,888**	**1,937**	**1,996**

By Gender	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Female	549	573	512	557	581	607	673	754	795	828
Male	863	891	879	905	925	905	988	1,134	1,142	1,168

Data Source: Registrar's Office third week enrollment figures

[1] The post-doctoral scholar population includes medical fellows in the School of Medicine.

GRADUATE STUDENT AND POSTDOC SUPPORT

[IN MILLIONS OF DOLLARS]

	2010/11					2011/12					2010/11 TO 2011/12 CHANGE	
	GENERAL/SCHOOL FUNGIBLE FUNDS[1]	DESIGNATED FUNDS	RESTRICTED STUDENT AID FUNDS	GRANTS & CONTRACTS	TOTAL	GENERAL/SCHOOL FUNGIBLE FUNDS[1]	DESIGNATED FUNDS	RESTRICTED STUDENT AID FUNDS	GRANTS & CONTRACTS	TOTAL	AMOUNT	PERCENT
Graduate Student Support												
Salaries												
Teaching Assistants	10.0	0.5	9.8	0.1	20.4	12.5	0.7	9.0	0.1	22.3	1.8	9.0%
Research Assistants	5.7	5.4	11.3	38.2	60.5	6.0	6.4	12.2	37.9	62.6	2.0	3.3%
Other Salaries	0.2	0.7	0.3	0.4	1.6	0.3	0.5	0.3	0.3	1.4	(0.1)	−9.5%
Benefits	2.7	4.2	5.1	3.5	15.5	3.0	3.6	3.7	2.1	12.5	(3.0)	−19.4%
Total Salaries & Benefits	18.6	10.8	26.4	42.1	98.0	21.8	11.2	25.3	40.4	98.7	0.7	0.7%
Tuition Allowance	34.1	2.7	6.8	19.1	62.6	35.6	3.2	6.8	17.1	62.8	0.2	0.3%
Fellowship Tuition	15.0	3.3	58.2	8.3	84.9	19.8	2.8	56.9	9.6	89.0	4.2	4.9%
Stipends	12.7	2.4	23.7	15.9	54.6	15.2	2.6	23.2	17.5	58.6	4.0	7.3%
Total Graduate Student Support	**80.4**	**19.2**	**115.1**	**85.4**	**300.2**	**92.5**	**19.8**	**112.2**	**84.7**	**309.2**	**9.0**	**3.0%**
Percent of Total	26.8%	6.4%	38.4%	28.5%	100.0%	29.9%	6.4%	36.3%	27.4%	100.0%		
Postdocs												
Salaries	1.6	6.0	7.0	45.9	60.5	1.6	7.4	7.3	46.7	63.0	2.5	4.1%
Benefits	0.3	1.2	1.3	8.8	11.6	0.3	1.6	1.6	10.3	13.7	2.1	18.0%
Tuition	0.4	0.1	0.0	0.0	0.5	0.3	0.1	0.0	0.0	0.4	(0.0)	−7.6%
Stipends	0.3	1.9	5.5	14.0	21.7	0.5	1.8	5.0	14.0	21.2	(0.5)	−2.5%
Total Postdoc Support	**2.6**	**9.2**	**13.8**	**68.8**	**94.4**	**2.7**	**10.8**	**14.0**	**70.9**	**98.4**	**4.0**	**4.2%**
Percent of Total	2.7%	9.7%	14.6%	72.9%	100.0%	2.7%	11.0%	14.2%	72.1%	100.0%		

1 General/School fungible funds are general funds and some Gift and Endowed funds that can be used for any purpose within a school.

SCHEDULE 6

GRADUATE ENROLLMENT BY SCHOOL AND DEGREE[1]

2003/04 through 2012/13

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Graduate School of Business	**919**	**902**	**893**	**906**	**883**	**877**	**895**	**928**	**940**	**961**
Doctorate	114	106	99	101	101	99	97	101	105	103
Masters	54	55	56	57	55	60	57	56	67	82
Professional	751	741	738	748	727	718	741	771	768	776
Earth Sciences	**247**	**256**	**251**	**252**	**242**	**256**	**286**	**309**	**338**	**350**
Doctorate	189	201	197	207	195	202	219	233	270	277
Masters	58	55	54	45	47	54	67	76	68	73
Graduate School of Education	**314**	**335**	**366**	**348**	**333**	**346**	**335**	**365**	**355**	**343**
Doctorate	173	178	175	174	174	178	166	181	171	178
Masters	141	157	191	174	159	168	169	184	184	165
Engineering	**2,912**	**3,055**	**3,126**	**3,153**	**3,133**	**3,267**	**3,289**	**3,452**	**3,452**	**3,418**
Doctorate	1,393	1,427	1,438	1,496	1,474	1,568	1,593	1,604	1,694	1,716
Masters	1,519	1,628	1,688	1,657	1,659	1,699	1,696	1,848	1,758	1,702
Humanities & Sciences	**1,997**	**2,088**	**2,044**	**2,061**	**2,091**	**2,103**	**2,092**	**2,162**	**2,159**	**2,224**
Doctorate	1,712	1,787	1,758	1,731	1,756	1,746	1,748	1,799	1,794	1,845
Masters	285	301	286	330	335	357	344	363	365	379
Law	**577**	**567**	**586**	**600**	**593**	**586**	**590**	**636**	**631**	**641**
Doctorate	29	26	28	30	25	21	17	17	20	23
Masters[2]	34	32	35	38	37	39	35	63	59	63
Professional	514	509	523	532	531	526	538	556	552	555
Medicine	**834**	**889**	**910**	**881**	**911**	**893**	**954**	**927**	**921**	**934**
Doctorate	360	397	404	404	433	422	434	427	428	431
Masters	30	45	47	37	34	35	62	59	64	61
Professional	444	447	459	440	444	436	458	441	429	442
University-wide	**7,800**	**8,092**	**8,176**	**8,201**	**8,186**	**8,328**	**8,441**	**8,779**	**8,796**	**8,871**
Doctorate	3,970	4,122	4,099	4,143	4,158	4,236	4,274	4,362	4,482	4,573
Masters	2,121	2,273	2,357	2,338	2,326	2,412	2,430	2,649	2,565	2,525
Professional	1,709	1,697	1,720	1,720	1,702	1,680	1,737	1,768	1,749	1,773

Data Source: Registrar's Office third week enrollment figures

[1] Includes doctoral (including Terminal Graduate Registration), masters, and professional students (i.e., JDs, MDs, MBAs). Excludes MLAs in Continuing Studies.

[2] LLMs and JSMs are re-classified to masters in this table from 2012/13.

UNDERGRADUATE TUITION AND ROOM & BOARD RATES

1984/85 through 2013/14

[IN DOLLARS]

YEAR	UNDERGRADUATE TUITION	PERCENT CHANGE FROM PREVIOUS YEAR	ROOM & BOARD	PERCENT CHANGE FROM PREVIOUS YEAR	TOTAL COST	PERCENT CHANGE FROM PREVIOUS YEAR
1984/85	9,705	7.5%	4,146	8.8%	13,851	7.9%
1985/86	10,476	7.9%	4,417	6.5%	14,893	7.5%
1986/87	11,208	7.0%	4,700	6.4%	15,908	6.8%
1987/88	11,880	6.0%	4,955	5.4%	16,835	5.8%
1988/89	12,564	5.8%	5,257	6.1%	17,821	5.9%
1989/90	13,569	8.0%	5,595	6.4%	19,164	7.5%
1990/91	14,280	5.2%	5,930	6.0%	20,210	5.5%
1991/92	15,102	5.8%	6,160	3.9%	21,262	5.2%
1992/93	16,536	9.5%	6,314	2.5%	22,850	7.5%
1993/94	17,775	7.5%	6,535	3.5%	24,310	6.4%
1994/95	18,669	5.0%	6,796	4.0%	25,465	4.8%
1995/96	19,695	5.5%	7,054	3.8%	26,749	5.0%
1996/97	20,490	4.0%	7,337	4.0%	27,827	4.0%
1997/98	21,300	4.0%	7,557	3.0%	28,857	3.7%
1998/99	22,110	3.8%	7,768	2.8%	29,878	3.5%
1999/00	23,058	4.3%	7,881	1.5%	30,939	3.6%
2000/01	24,441	6.0%	8,030	1.9%	32,471	5.0%
2001/02	25,917	6.0%	8,304	3.4%	34,221	5.4%
2002/03	27,204	5.0%	8,680	4.5%	35,884	4.9%
2003/04	28,563	5.0%	9,073	4.5%	37,636	4.9%
2004/05	29,847	4.5%	9,500	4.7%	39,347	4.5%
2005/06	31,200	4.5%	9,932	4.5%	41,132	4.5%
2006/07	32,994	5.8%	10,367	4.4%	43,361	5.4%
2007/08	34,800	5.5%	10,808	4.3%	45,608	5.2%
2008/09	36,030	3.5%	11,182	3.5%	47,212	3.5%
2009/10	37,380	3.7%	11,463	2.5%	48,843	3.5%
2010/11	38,700	3.5%	11,876	3.6%	50,576	3.5%
2011/12	40,050	3.5%	12,291	3.5%	52,341	3.5%
2012/13	41,252	3.0%	12,721	3.5%	52,973	3.1%
2013/14	42,690	3.5%	13,166	3.5%	55,856	3.5%

	TUITION	ROOM & BOARD	TOTAL
Compound Annual Increase, 1984/85–2012/13:	5.2%	4.1%	4.9%
Compound Annual Increase, 2003/04–2012/13 (10 years):	4.1%	3.7%	4.0%
Compound Annual Real Increase[1], 1984/85–2012/13:	2.5%	1.3%	2.1%
Compound Annual Real Increase[1], 2003/04–2012/13 (10 years):	1.7%	1.4%	1.7%
Average Annual CPI Increase, 1984/85–2012/13:			2.8%
Average Annual CPI Increase, 2003/04–2012/13 (10 years):			2.3%

[1] Real growth calculated using amounts adjusted to 2012 dollars using U.S. Annual CPI-U (Consumer Price Index) values from U.S. Bureau of Labor Statistics.

SCHEDULE 8

UNDERGRADUATE FINANCIAL AID BY TYPE OF AID AND SOURCE OF FUNDS[1]
2002/03 through 2011/12
[IN THOUSANDS OF DOLLARS]

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Stanford Scholarships										
Need-based Awards[2]										
Stanford Unrestricted Funds	14,010	14,277	14,663	12,927	5,539	997	4,310	26,829	36,269	34,586
Gifts and Endowment Income[3]	38,317	41,357	43,749	47,983	61,026	74,487	99,682	89,180	83,352	92,260
Athletic Awards	11,331	11,809	12,687	13,393	14,999	15,227	15,942	16,756	17,381	18,018
Total Stanford Scholarships	**63,658**	**67,443**	**71,099**	**74,303**	**81,565**	**90,711**	**119,934**	**132,765**	**137,002**	**144,864**
External Grants										
Federal	5,262	5,491	5,041	4,408	5,005	5,285	5,627	7,495	7,581	7,474
State	4,922	5,123	5,291	4,263	3,780	3,860	3,117	3,548	3,811	3,666
Other	10,248	10,747	11,035	9,690	10,317	10,070	10,216	10,304	10,085	9,904
Total External Grants	**20,431**	**21,361**	**21,367**	**18,361**	**19,102**	**19,215**	**18,961**	**21,348**	**21,477**	**21,043**
Loans										
Federal	8,955	9,956	9,815	8,656	7,876	6,545	4,447	5,396	5,083	5,786
Other	2,735	2,611	2,456	2,893	2,885	3,044	3,194	1,610	1,874	2,097
Total Loans	**11,690**	**12,567**	**12,271**	**11,549**	**10,761**	**9,589**	**7,641**	**7,006**	**6,957**	**7,883**
Federal Work-Study Earnings	**648**	**925**	**1,201**	**1,485**	**1,150**	**1,022**	**1,078**	**1,227**	**1,212**	**1,336**
Grand Total	**96,426**	**102,296**	**105,938**	**105,698**	**112,579**	**120,537**	**147,614**	**162,345**	**166,647**	**175,126**

1 Figures are actual expenses and are in thousands of dollars. The data include all funds awarded to undergraduate students administered through the Financial Aid Office, including aid that is not need-based.

2 Includes some endowed funds that are not need-based per donors' wishes. The amount is $192,240 in 2011/12. Thus, the figures in this schedule will not equal the sum of the amounts for Stanford funded need-based awards in Schedule 9.

3 Includes support from the Stanford Fund.

UNDERGRADUATE FINANCIAL AID

Projected 2012/13 and 2013/14 Student Budget Needs and Sources, Including Parental and Student Contributions[1]

[IN THOUSANDS OF DOLLARS]

	2006/07 ACTUALS	2007/08 ACTUALS	2008/09 ACTUALS	2009/10 ACTUALS	2010/11 ACTUALS	2011/12 ACTUALS	2012/13 PROJECTED	2013/14 BUDGET	2012/13 TO 2013/14 CHANGE AMOUNT	PERCENT
Needs										
Tuition, Room & Board	118,009	125,807	145,595	163,055	168,664	177,792	180,563	185,225	4,662	2.6%
Books and Personal Expenses	9,721	10,172	13,878	16,690	17,175	17,755	17,925	18,212	287	1.6%
Travel	1,864	1,947	2,313	2,549	2,553	2,638	2,651	2,703	52	2.0%
Total Student Expenses	**129,595**	**137,926**	**161,785**	**182,295**	**188,392**	**198,184**	**201,140**	**206,141**	**5,001**	**2.5%**
Sources										
Total Family Contribution (Includes parent contribution for aided students, self-help, summer savings, assets, etc.)	50,824	50,294	45,957	51,302	53,025	56,580	58,696	60,518	1,822	3.1%
Endowment Income[2]	49,679	67,866	80,435	72,393	66,265	71,833	76,027	80,658	4,631	6.1%
Expendable Gifts	1,230	1,026	1,311	1,272	1,226	1,276	1,250	1,600	350	28.0%
Stanford Fund/President's Funds	10,040	5,305	20,382	39,468	40,284	38,131	26,181	17,151	(9,030)	−34.5%
Federal Grants	4,233	4,515	5,042	6,899	7,072	6,003	5,400	5,352	(48)	−0.9%
California State Scholarships	3,683	3,827	3,091	3,526	3,738	3,587	3,400	3,320	(80)	−2.4%
Outside Awards	4,366	4,096	4,687	5,077	5,168	5,312	5,242	5,248	6	0.1%
Department Sources	557	997	880	863	954	1,198	875	883	8	0.9%
Unrestricted Funds	4,982	0	0	1,495	10,407	14,264	24,068	31,410	7,343	30.5%
Total Sources	**129,595**	**137,926**	**161,785**	**182,295**	**188,392**	**198,184**	**201,140**	**206,141**	**5,001**	**2.5%**
Number of Students on Need-Based Aid	2,775	2,811	3,136	3,401	3,396	3,464	3,410	3,380	(30)	−0.9%

1 In this table, sources of aid other than the family contribution include only aid awarded to students who are receiving need-based scholarship aid from Stanford. Thus, the sum of the amounts for scholarships and grants will not equal the figures in Schedule 8.

2 Endowment income includes reserve funds and specifically invested funds.

SCHEDULE 10

MAJORS WITH THE LARGEST NUMBER OF BACCALAUREATE DEGREES CONFERRED[1]
2003/04 through 2011/12

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Human Biology	162	184	187	167	193	228	219	191	177
Computer Science	111	108	82	70	66	65	86	87	144
Biology	131	141	156	151	140	121	123	124	106
Economics	171	194	164	143	165	162	141	120	103
Engineering	44	40	50	62	73	93	82	99	99
International Relations	90	97	91	87	107	102	108	103	96
Psychology	93	107	97	102	80	73	79	72	94
Political Science	91	111	113	103	96	71	74	72	72
Management Science and Engineering	65	72	58	56	54	51	59	64	69
English	87	79	88	92	57	75	69	58	68
History	83	63	60	71	50	59	63	56	67
Earth Systems	30	36	21	23	26	24	32	40	53
Science, Technology and Society	33	26	20	22	24	35	40	60	53
Mechanical Engineering	52	61	67	59	55	48	54	56	50
Mathematics	34	48	32	48	36	48	35	37	43
Electrical Engineering	48	65	69	48	37	47	36	43	39
Chemistry	13	15	19	21	19	23	18	13	29
Communication	36	41	29	36	43	41	38	43	29
Materials Science and Engineering	4	8	2	3	14	7	7	10	25
Public Policy	22	25	30	34	14	20	22	26	25

Source: Registrar's Office

[1] This table includes the 20 degrees in which the most undergraduate degrees were awarded in 2011/12.

STUDENTS HOUSED ON CAMPUS

1993/94 through 2012/13

YEAR	UNDERGRADUATES HOUSED ON-CAMPUS	PERCENT OF UNDERGRADUATES HOUSED ON-CAMPUS	GRADUATE STUDENTS HOUSED ON-CAMPUS	GRADUATE STUDENTS HOUSED IN OFF-CAMPUS SUBSIDIZED APARTMENTS	PERCENT OF GRADUATE STUDENTS HOUSED BY STANFORD
1993/94	5,799	88%	3,069		41.3%
1994/95	5,734	87%	3,132		41.9%
1995/96	5,819	88%	3,090		41.4%
1996/97	5,749	88%	2,980		41.0%
1997/98	5,864	88%	3,320		44.6%
1998/99	5,917	90%	3,717	250	52.5%
1999/00	5,955	90%	3,408	584	52.4%
2000/01	5,969	91%	3,887	687	59.4%
2001/02	6,199	93%	3,748	932	62.1%
2002/03	6,138	91%	3,828	932	62.6%
2003/04	6,067	91%	4,013	632	59.6%
2004/05	6,046	90%	4,391	553	61.1%
2005/06	6,116	91%	4,218	430	56.8%
2006/07	6,050	90%	4,255	356	56.2%
2007/08	6,087	90%	4,421	130	55.6%
2008/09	6,160	90%	4,319	138	53.5%
2009/10	6,300	92%	4,650	0	55.1%
2010/11	6,257	91%	4,695	71	54.3%
2011/12	6,302	91%	4,700	68	54.2%
2012/13	6,371	91%	4,776	198	56.1%

SCHEDULE 12

TOTAL PROFESSORIAL FACULTY
1978/79 through 2012/13

	PROFESSORS	ASSOCIATE PROFESSORS	ASSISTANT PROFESSORS[1]	TENURE LINE TOTAL	NON-TENURE LINE PROFESSORS	GRAND TOTAL
1978/79	600	211	292	1,103	91	1,194
1979/80	620	210	286	1,116	94	1,210
1980/81	642	205	279	1,126	104	1,230
1981/82	661	200	294	1,155	103	1,258
1982/83	672	195	284	1,151	116	1,267
1983/84	682	195	286	1,163	129	1,292
1984/85	691	194	272	1,157	135	1,292
1985/86	708	191	261	1,160	135	1,295
1986/87	711	192	262	1,165	150	1,315
1987/88	719	193	274	1,186	149	1,335
1988/89	709	200	268	1,177	147	1,324
1989/90	715	198	265	1,178	146	1,324
1990/91	742	195	278	1,215	161	1,376
1991/92[2]	756	205	263	1,224	182	1,406
1992/93	740	209	245	1,194	214	1,408
1993/94	729	203	241	1,173	225	1,398
1994/95	724	198	252	1,174	256	1,430
1995/96	723	205	241	1,169	287	1,456
1996/97	731	205	239	1,175	313	1,488
1997/98	750	213	231	1,194	341	1,535
1998/99	758	217	237	1,212	383	1,595
1999/00	771	204	255	1,230	411	1,641
2000/01	764	198	268	1,230	440	1,670
2001/02	768	204	274	1,246	455	1,701
2002/03	771	202	259	1,232	481	1,713
2003/04	783	196	269	1,248	498	1,746
2004/05	792	193	280	1,265	514	1,779
2005/06	789	210	263	1,262	511	1,773
2006/07	807	210	261	1,278	529	1,807
2007/08	813	217	261	1,291	538	1,829
2008/09	821	224	267	1,312	564	1,876
2009/10	836	233	270	1,339	571	1,910
2010/11	826	237	261	1,324	579	1,903
2011/12	839	246	265	1,350	584	1,934
2012/13	865	252	281	1,398	597	1,995

Source: Provost's Office September 1st figures

[1] Assistant Professors subject to Ph.D. are included.

[2] Beginning in 1991-92, Medical Center Line and Senior Fellows in policy centers and institutes are included in non-tenure line professors.

DISTRIBUTION OF TENURED, NON-TENURED, AND NON-TENURE LINE PROFESSORIAL FACULTY[1]

2010/11 through 2012/13

	2010/11				2011/12				2012/13			
	TENURED	NON-TENURED	NON-TENURE LINE	TOTAL	TENURED	NON-TENURED	NON-TENURE LINE	TOTAL	TENURED	NON-TENURED	NON-TENURE LINE	TOTAL
Earth Sciences	34	11	5	50	33	12	6	51	35	11	6	52
Graduate School of Education	38	9	6	53	39	9	7	55	41	9	7	57
Engineering	169	45	23	237	169	43	21	233	172	43	23	238
Humanities and Sciences	401	108	16	525	411	112	17	540	421	125	18	564
Humanities	*164*	*49*	*9*	*222*	*170*	*45*	*10*	*225*	*177*	*49*	*11*	*237*
Natural Sciences & Math	*124*	*26*	*4*	*154*	*128*	*29*	*5*	*162*	*129*	*34*	*4*	*167*
Social Sciences	*113*	*33*	*3*	*149*	*113*	*38*	*2*	*153*	*115*	*42*	*3*	*160*
Law	40	5	6	51	42	5	7	54	41	6	8	55
Other	0	0	13	13	0	0	11	11	0	0	11	11
Subtotal	682	178	69	929	694	181	69	944	710	194	73	977
Business	71	32	1	104	73	33	1	107	74	37	1	112
Medicine	250	75	506	831	261	70	511	842	270	77	520	867
SLAC	32	4	3	39	33	5	3	41	32	4	3	39
Total	**1,035**	**289**	**579**	**1,903**	**1,061**	**289**	**584**	**1,934**	**1,086**	**312**	**597**	**1,995**

Source: Provost's Office September 1st figures

[1] Population includes some appointments made part-time, "subject to Ph.D.," and coterminous with the availability of funds.

SCHEDULE 14

NUMBER OF NON-TEACHING EMPLOYEES[1]

As of December 15 Each Year

2004 through 2012

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2011 TO 2012 CHANGE AMOUNT	PERCENT
Academic Units											
Graduate School of Business	309	335	350	384	411	343	338	341	373	32	9.4%
School of Earth Sciences	71	74	82	83	84	85	85	98	101	3	3.1%
Graduate School of Education	85	92	93	97	104	116	120	156	166	10	6.4%
School of Engineering	423	434	439	449	448	425	432	455	479	24	5.3%
School of Humanities & Sciences	632	643	648	678	727	706	705	705	730	25	3.5%
School of Law	120	127	152	165	166	153	154	155	158	3	1.9%
School of Medicine	2,908	2,973	3,020	3,146	3,360	3,419	3,609	3,725	3,902	177	4.8%
Dean of Research	436	464	480	497	531	527	537	569	612	43	7.6%
SLAC	1,496	1,456	1,512	1,604	1,383	1,436	1,539	1,572	1,552	(20)	−1.3%
University Libraries	515	528	541	562	572	537	572	569	582	13	2.3%
Other Academic (Hoover Institution, VPUE & VPGE[2])	242	241	255	277	292	281	270	290	340	50	17.2%
Academic Unit Total	**7,237**	**7,367**	**7,572**	**7,942**	**8,078**	**8,028**	**8,361**	**8,635**	**8,995**	**360**	**4.2%**
Administrative Units											
Business Affairs	831	817	835	872	885	872	854	867	912	45	5.2%
Land, Buildings & Real Estate	392	405	422	467	503	452	452	475	513	38	8.0%
Office of Development	170	196	216	242	280	249	251	314	329	15	4.8%
Offices of the President & Provost	160	138	166	188	198	190	191	195	214	19	9.7%
Student Affairs, Admissions & Financial Aid	261	265	291	294	303	286	282	320	331	11	3.4%
Stanford Alumni Association	104	108	114	116	124	111	114	107	114	7	6.5%
Stanford Management Company	62	66	69	58	61	61	64	72	70	(2)	−2.8%
Other Administrative (Public Affairs, General Counsel and Public Safety)	137	130	150	132	130	129	128	125	134	9	7.2%
Administrative Units Total	**2,117**	**2,125**	**2,263**	**2,369**	**2,484**	**2,350**	**2,336**	**2,475**	**2,617**	**142**	**5.7%**
Auxiliary Units											
Athletics	130	141	147	151	167	153	158	175	173	(2)	−1.1%
Residential & Dining Enterprises	521	508	531	534	538	524	556	550	589	39	7.1%
Auxiliary Unit Total	651	649	678	685	705	677	714	725	762	37	5.1%
Total	**10,005**	**10,141**	**10,513**	**10,996**	**11,267**	**11,055**	**11,411**	**11,835**	**12,374**	**539**	**4.6%**
Annual Percentage Change	4.7%	1.4%	3.7%	4.6%	2.5%	−1.9%	3.2%	3.7%	4.6%		

1. Does not include students, or employees working less than 50% time.
2. VPGE was established in 2006.

FRINGE BENEFITS DETAIL[1]

2005/06 through 2011/12

[IN THOUSANDS OF DOLLARS]

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Retirement Programs							
University Retirement	83,084	89,418	92,656	97,748	99,373	104,407	110,754
Social Security	72,420	82,794	87,460	92,586	93,704	97,920	105,094
Faculty Early Retirement	6,108	8,787	8,270	7,501	24,931	1,301	3,322
Stanford Retirement Annuity Plan/Other[2]	528	558	418	364	468	332	10,613
Total Retirement Programs	**162,140**	**181,557**	**188,804**	**198,199**	**218,476**	**203,960**	**229,783**
Insurance Programs							
Medical Insurance	71,774	71,473	85,206	95,611	101,060	110,018	130,424
Retirement Medical	17,321	11,602	16,585	16,583	14,245	22,710	26,284
Worker's Comp/LTD/ Unemployment Ins	6,646	5,743	17,294	20,338	16,969	15,740	19,499
Dental Insurance	9,874	10,674	11,295	12,150	12,592	12,817	13,552
Group Life Insurance/Other	12,374	12,343	13,225	14,761	15,382	15,431	20,829
Total Insurance Programs	**117,989**	**111,835**	**143,605**	**159,443**	**160,248**	**176,716**	**210,588**
Miscellaneous Programs							
Severance Pay	3,595	3,818	11,839	16,189	2,948	6,096	7,387
Sabbatical Leave	11,943	13,287	14,047	15,689	14,187	14,360	14,810
Other	11,329	11,596	11,697	13,012	12,064	12,489	13,637
Total Miscellaneous Programs	**26,867**	**28,701**	**37,583**	**44,890**	**29,199**	**32,945**	**35,834**
Total Fringe Benefits Programs	**306,996**	**322,093**	**369,992**	**402,532**	**407,923**	**413,621**	**476,205**
Carry-forward/Adjustment from Prior Year(s)	15,577	6,300	(6,702)	(10,841)	985	14,096	(4,220)
Total With Carry-forward/Adjustment	**322,573**	**328,393**	**363,290**	**391,691**	**408,908**	**427,717**	**471,985**
Weighted Average Fringe Benefits Rate	27.2%	25.7%	26.4%	26.8%	27.7%	27.2%	28.2%

Note:

1 The fringe rate at the bottom of the table is the weighted average of the four distinct fringe rates that are charged to (1) regular benefits-eligible employees, which includes all faculty and staff with continuing appointments of half-time or more; (2) post-doctoral scholars; (3) casual or temporary employees; and (4) graduate teaching and research assistants.

2 The Stanford Retirement Annuity Plan had a $10.5 million reserve contribution in 2011/12 due to underfunded pension obligations.

SCHEDULE 16

SPONSORED RESEARCH EXPENSE BY AGENCY AND FUND SOURCE[1]

2005/06 through 2011/12

[IN THOUSANDS OF DOLLARS]

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
US Government[2]							
Health & Human Services	322,937	331,206	324,737	317,534	395,209	446,906	413,713
Department of Defense	60,037	58,600	56,439	58,447	58,153	71,627	84,048
National Science Foundation	58,544	60,874	60,920	59,397	71,645	68,856	67,828
Department of Energy (Excluding SLAC)	25,584	28,102	23,160	16,110	20,458	24,338	21,810
National Aeronautics and Space Administration	61,338	47,704	39,092	24,214	24,988	22,471	20,963
Other US Sponsors	12,596	9,499	5,923	6,922	9,063	7,952	8,551
Department of Education	1,280	1,246	1,359	2,757	2,757	4,921	4,872
Sub-Total for US Government Agencies	542,316	537,232	511,629	485,381	582,274	647,071	622,784
Direct Expense-US	396,225	392,153	373,067	349,089	417,867	463,313	443,430
Indirect Expense-US[3]	146,091	145,089	138,562	136,292	164,407	183,758	179,355
Non-US Government							
Subtotal for Non-US Government	108,254	117,437	132,628	167,115	170,536	180,105	186,416
Direct Expense-Non US	89,086	96,799	108,586	136,551	140,618	146,174	150,566
Indirect Expense-Non US	19,168	20,638	24,042	30,564	29,918	33,931	35,849
Grand Totals-US plus Non-US							
Grand Total	650,570	654,669	644,257	652,496	752,810	827,176	809,200
Grand Total Direct	485,311	488,953	481,653	485,640	558,485	609,487	593,996
Grand Total Indirect	165,259	165,727	162,604	166,856	194,325	217,689	215,204
% of Total from US Government	83.4%	82.1%	79.4%	74.4%	77.3%	78.2%	77.0%

[1] Figures are only for sponsored research; sponsored instruction or other non-research sponsored activity is not included. In addition, SLAC expense is not included in this table.

[2] Agency figures include both direct and indirect expense.

[3] Department of Laboratory Animal Medicine indirects are included in this figure.

SPONSORED RESEARCH CONTRACTS AND GRANTS BY SCHOOL[1]

2005/06 through 2011/12

[IN THOUSANDS OF DOLLARS]

School/Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Graduate School of Business	538	1,539	774	511	925	1,265	1,273
School of Earth Sciences	12,527	13,997	11,708	9,188	10,035	12,675	14,795
Graduate School of Education	10,324	10,811	6,874	9,332	9,291	15,056	16,974
School of Engineering	112,867	110,132	116,039	122,938	136,999	135,921	144,847
School of Humanities and Sciences	68,833	69,382	71,144	72,075	74,733	77,342	74,436
School of Law	176	88	440	414	491	389	410
School of Medicine	347,292	362,295	358,599	365,911	433,863	498,174	475,100
Vice Provost and Dean of Research	93,269	81,801	73,484	67,168	78,637	82,265	77,391
Other[2]	4,743	4,627	5,195	4,958	7,835	4,088	3,974
Total	**650,570**	**654,669**	**644,257**	**652,495**	**752,811**	**827,176**	**809,200**

Source: Research Financial Compliance & Services; Sponsored Projects Report for the Year Ended August 31, 2012, page 3

[1] Figures are only for sponsored research including both direct and indirect costs; sponsored instruction or other non-research sponsored activity is not included. In addition, SLAC expense is not included in this table.

[2] Other Units include Hoover Institution, Stanford University Libraries, Undergraduate Admissions and Financial Aid, Vice Provost for Student Affairs, President and Provost's Office, Business Affairs, Public Affairs, and Continuing Studies and Summer Session.

SCHEDULE 18

PLANT EXPENDITURES BY UNIT[1]

2004/05 through 2011/12

[IN THOUSANDS OF DOLLARS]

UNIT	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Graduate School of Business	129	309	2,023	17,902	69,038	116,731	295,433	25,577
Earth Sciences	227	647	458	771	2,197	2,950	5,117	2,118
Graduate School of Education	583	2,626	1,934	2	2,201	2,955	843	
Engineering	2,873	1,838	6,273	28,169	55,430	55,976	19,198	9,968
H & S	16,774	10,763	7,802	8,796	11,255	14,419	7,930	7,136
Law	1,429	992	19,595	64,256	78,973	43,434	50,185	4,168
Medicine	22,631	13,769	31,908	57,759	134,165	104,880	31,731	32,820
Libraries	332	1,131	219	457	3	280		
Athletics	25,691	83,362	28,875	8,753	22,988	10,963	16,639	9,116
Residential & Dining Enterprises	10,308	14,054	17,568	13,101	31,135	21,773	14,288	47,750
All Other[2]	61,105	165,127	142,782	220,724	105,925	92,761	46,668	49,130
Total	**142,080**	**294,618**	**259,436**	**420,692**	**513,313**	**467,123**	**488,032**	**187,784**

Source: Schedule G-5, Capital Accounting

1 Expenditures are from either plant or borrowed funds, and are for building construction or improvements, or infrastructure.

2 Includes General Plant Improvements expense.

ENDOWMENT MARKET VALUE AND MERGED POOL RATE OF RETURN
1997/98 through 2011/12

		MERGED POOL (FOR 12 MONTHS ENDING JUNE 30)	
YEAR	MARKET VALUE OF THE ENDOWMENT (IN THOUSANDS)[1]	ANNUAL NOMINAL RATE OF RETURN	ANNUAL REAL RATE OF RETURN[2]
1997/98	4,774,888	1.3%	0.3%
1998/99	6,226,695	34.8%	33.3%
1999/00	8,885,905	39.8%	37.9%
2000/01	8,249,551	−7.3%	−9.6%
2001/02	7,612,769	−2.6%	−3.7%
2002/03	8,613,805	8.8%	7.2%
2003/04	9,922,041	18.0%	15.4%
2004/05	12,205,035	19.5%	17.0%
2005/06[3]	14,084,676	19.5%	16.2%
2006/07	17,164,836	23.4%	20.7%
2007/08	17,214,373	6.2%	4.0%
2008/09	12,619,094	−25.9%	−27.1%
2009/10	13,851,115	14.4%	13.4%
2010/11	16,502,606	22.4%	20.0%
2011/12	17,035,804	1.0%	−0.7%

Source: Stanford University Annual Financial Report

[1] In addition to market value changes generated by investment returns, annual market value changes are affected by the transfer of payout to support operations, new gifts, and transfers to other assets such as plant funds.

[2] The real rate of return is the nominal rate less the rate of price increases, as measured by the Gross Domestic Product price deflator.

[3] Beginning in 2005/06, living trusts are no longer included in the reported value of the endowment. The effect is to lower the market value for 2005/06 and beyond. For comparison, the restated value for 2005/06 would have been about $14.7 billion.

SCHEDULE 20

EXPENDABLE FUND BALANCES AT YEAR-END
2003/04 through 2012/13
[IN MILLIONS OF DOLLARS]

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	PROJECTED 2012/13	PLAN 2013/14	2003/04 TO 2013/14 COMPOUND ANNUAL GROWTH
Academic Units:												
Graduate School of Business	40.2	43.5	62.8	62.9	64.0	67.0	82.2	65.7	79.0	86.8	86.7	8.0%
School of Earth Sciences	26.1	26.0	24.1	24.8	30.5	37.9	42.3	46.8	48.2	47.7	47.8	6.2%
Graduate School of Education	15.7	18.3	18.1	22.7	25.1	32.2	35.5	38.2	38.1	37.1	36.8	8.9%
School of Engineering	130.0	149.0	153.9	162.4	184.6	199.7	202.5	219.6	232.8	243.6	250.5	6.8%
School of Humanities & Sciences	140.3	136.8	142.4	174.0	206.4	245.8	264.3	284.4	285.1	277.1	260.8	6.4%
School of Law	18.3	20.7	21.1	21.4	25.3	19.1	20.1	21.6	21.9	22.0	22.1	1.9%
School of Medicine	350.7	372.6	427.3	459.0	443.7	477.4	523.1	572.8	612.9	653.4	703.5	7.2%
VP for Undergraduate Education	10.6	15.0	19.1	17.2	17.3	19.9	22.0	22.1	22.8	22.3	22.4	7.8%
Dean of Research	72.2	84.3	106.4	93.0	105.1	108.2	111.2	119.2	133.3	131.8	129.6	6.0%
VP for Graduate Education				20.0	28.4	39.1	45.1	46.2	49.8	51.4	47.7	
Hoover Institution	13.5	11.3	16.1	19.1	35.5	35.2	38.7	40.2	38.6	36.4	35.4	10.1%
University Libraries	9.5	4.0	10.0	9.0	10.5	17.5	21.6	18.9	14.6	13.0	11.5	1.9%
Total Academic Units (excluding SLAC)	**827.1**	**881.5**	**1,001.4**	**1,085.5**	**1,176.4**	**1,299.0**	**1,408.6**	**1,495.7**	**1,577.1**	**1,622.6**	**1,654.8**	**7.2%**

ACADEMIC UNIT EXPENDABLE FUND BALANCES

By Level of Control

2009/10 through 2011/12

[IN MILLIONS OF DOLLARS]

	2009/10	2010/11	2011/12	3-YEAR COMPOUND ANNUAL GROWTH RATE
Earth Sciences	42.3	46.8	48.2	6.8%
School	*21.4*	*22.6*	*23.7*	*5.1%*
Department/Program	*15.0*	*16.7*	*16.1*	*3.6%*
Faculty/PI	*5.9*	*7.4*	*8.5*	*20.2%*
Graduate School of Education	35.5	38.5	38.1	3.6%
School	*21.7*	*21.3*	*19.7*	*−4.7%*
Department/Program	*9.9*	*12.3*	*13.7*	*17.6%*
Faculty/PI	*3.9*	*4.9*	*4.6*	*9.4%*
Engineering	202.3	219.5	232.8	7.3%
School	*54.5*	*58.4*	*62.0*	*6.6%*
Department/Program	*71.2*	*78.6*	*84.7*	*9.1%*
Faculty/PI	*76.5*	*82.5*	*86.0*	*6.0%*
Humanities & Sciences	265.5	284.3	285.1	3.6%
School	*107.4*	*120.5*	*118.0*	*4.8%*
Department/Program	*101.8*	*108.1*	*107.1*	*2.6%*
Faculty/PI	*56.3*	*55.7*	*59.9*	*3.2%*
Law	20.1	21.6	21.9	4.4%
School	*14.5*	*16.0*	*17.1*	*8.6%*
Department/Program	*5.6*	*5.1*	*4.8*	*−7.1%*
Faculty/PI	*0.0*	*0.4*	*–*	*0.0%*
Medicine	523.0	572.5	612.9	8.3%
School	*179.2*	*202.3*	*208.6*	*7.9%*
Department/Program	*223.7*	*244.7*	*266.4*	*9.1%*
Faculty/PI	*120.1*	*125.5*	*137.9*	*7.2%*
Dean of Research	110.9	118.6	133.3	9.6%
VP/Dean	*16.6*	*19.3*	*20.8*	*11.9%*
Lab/Center/Institute	*82.6*	*85.2*	*99.1*	*9.5%*
Faculty/PI	*11.7*	*14.1*	*13.4*	*7.1%*
Graduate School of Business[1]	82.2	65.7	79.0	−1.9%
Hoover Institution[1]	38.7	40.2	38.6	−0.2%
Vice Provost for Graduate Education[1]	45.1	46.2	49.8	5.1%
Vice Provost for Undergraduate Education[1]	22.0	22.1	22.8	1.9%
University Libraries[1]	21.0	18.4	14.6	−16.7%
All Academic Units (excluding SLAC)				
School/Institution/VP	599.9	632.4	657.0	4.6%
Dept/Prog/Lab/Ctr/Institute	533.8	571.0	609.5	6.9%
Faculty/PI	282.5	301.7	322.5	6.8%
Total All Academic Units (excluding SLAC)	**1,416.2**	**1,505.0**	**1,588.9**	**5.9%**

Source: Fund level of restriction as coded in financial system.

[1] Fund balances in these units are largely under the control of the Dean, Director, or Vice Provost.

SCHEDULE 22

CONSOLIDATED BUDGET FOR OPERATIONS HISTORY

[IN MILLIONS OF DOLLARS]

	2006/07 ACTUALS	2007/08 ACTUALS	2008/09 ACTUALS	2009/10 ACTUALS	2010/11 ACTUALS	2011/12 ACTUALS	2012/13 PROJECTION	2013/14 PLAN	2006/07 TO 2013/14 COMPOUND ANNUAL GROWTH
Revenues									
Undergraduate Programs	225.9	241.3	252.3	274.9	285.6	298.1	309.9	320.7	5.1%
Graduate Programs	222.9	235.1	249.4	260.3	274.8	287.2	298.3	310.4	4.8%
Room and Board	99.9	105.0	110.1	122.5	127.8	135.9	143.0	147.6	5.7%
Student Income	548.7	581.4	611.8	657.7	688.2	721.2	751.2	778.7	5.1%
Direct Costs - University	548.7	526.8	532.7	602.6	650.3	639.3	655.3	663.8	2.8%
Indirect Costs	172.2	169.0	174.1	203.8	225.5	226.4	230.1	235.4	4.6%
University Sponsored Research	720.9	695.8	706.8	806.4	875.8	865.7	885.4	899.2	3.2%
SLAC	345.7	351.0	293.7	332.8	366.4	368.0	373.4	451.9	3.9%
Health Care Services	394.5	418.1	484.3	505.7	558.7	600.5	664.7	699.6	8.5%
Gifts In Support of Operations	197.5	185.0	149.0	155.6	163.7	177.8	180.0	185.3	−0.9%
Net Assets Released From Restrictions	94.6	92.3	74.1	78.3	106.1	110.0	100.0	105.0	1.5%
Endowment Income	606.3	899.2	954.4	854.5	783.4	861.7	921.7	982.3	7.1%
Other Investment Income	120.5	138.8	121.0	49.9	151.7	160.6	124.7	193.6	7.0%
Investment Income	726.8	1,038.0	1,075.4	904.4	935.1	1,022.3	1,046.4	1,175.9	7.1%
Special Program Fees and Other Income	325.3	353.5	350.1	350.5	381.3	437.0	463.5	483.0	5.8%
Total Revenues	**3,354.0**	**3,715.1**	**3,745.2**	**3,791.4**	**4,075.3**	**4,302.5**	**4,464.6**	**4,778.6**	**5.2%**
Expenses									
Compensation	1,782.5	1,900.5	2,009.2	2,074.8	2,205.1	2,364.1	2,510.8	2,655.3	5.9%
Financial Aid	156.0	173.7	210.3	220.7	230.4	240.6	246.1	254.2	7.2%
Internal Debt Service	53.0	62.4	141.0	144.0	159.2	141.8	164.7	171.4	18.3%
Other Operating Expense	1,107.7	1,192.6	1,005.2	1,057.4	1,139.6	1,204.6	1,282.9	1,384.4	3.2%
Total Expenses	**3,099.2**	**3,329.2**	**3,365.7**	**3,496.9**	**3,734.3**	**3,951.2**	**4,204.5**	**4,465.3**	**5.4%**
Operating Results	**254.8**	**385.9**	**379.5**	**294.5**	**341.0**	**351.3**	**260.1**	**313.3**	**3.0%**
Transfers									
Transfers from (to) Endowment Principal	(88.4)	(40.8)	(78.0)	(40.1)	(150.4)	(88.6)	(56.1)	(29.3)	
Transfers from (to) Plant	(82.1)	(256.9)	(141.3)	(121.1)	(44.8)	(172.1)	(216.3)	(154.3)	
Other Internal Transfers	19.9	33.3	10.0	30.6	37.2	10.7	36.1	43.6	
Total Transfers	**(150.6)**	**(264.4)**	**(209.3)**	**(130.6)**	**(158.0)**	**(249.9)**	**(236.3)**	**(140.0)**	
Change in Fund Balances	**104.2**	**121.5**	**170.2**	**163.9**	**183.0**	**101.4**	**23.8**	**173.3**	
Beginning Fund Balance	1,554.7	1,658.9	1,780.4	1,950.6	2,114.5	2,297.5	2,398.9	2,422.7	6.5%
Ending Fund Balance	1,658.9	1,780.4	1,950.6	2,114.5	2,297.5	2,398.9	2,422.7	2,596.0	6.5%

Design & Production: Pat Brito, Design & Print Services

Printed on recycled paper, using soy ink and
chemical free processing.

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