STANFORD UNIVERSITY

BUDGET PLAN 2014/15

Approved:
This Budget Plan was approved by the Stanford University Board of Trustees June 11–12, 2014.

This publication can be found at:
http://www.stanford.edu/dept/pres-provost/budget/plans/plan15.html

STANFORD UNIVERSITY

BUDGET PLAN 2014/15

EXECUTIVE SUMMARY

To The Board of Trustees:

Since recovering from the financial crisis, Stanford has approached the annual budgeting process cautiously. This year is no exception. While our overall financial condition is excellent, we remain concerned about the outlook for federal research and the increasing burden of compliance, information security, and privacy costs. These issues played a significant role in the budget process this year and constrained our capacity to invest in academic program expansion and enhancement. However, growth in other non-sponsored revenue sources, notably investment income, health care services revenue, and philanthropy, has provided the funding to address high priority needs, such as a competitive salary program for faculty and selective strategic investments in student services, research support, and facilities. We are confident that this budget will maintain Stanford's leadership across our many academic fields while positioning us well to take advantage of future opportunities.

This document presents Stanford's 2014/15 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 $160 million on $5.1 billion of revenues, $4.7 billion in expenditures, and $219 million in transfers. We anticipate a revenue increase of 6.0% over the projected 2013/14 year-end results. This is principally due to a 9.5% growth in health care services and an 8.4% increase in investment income, moderated by a 2.7% growth in sponsored research (including SLAC). We are budgeting for a 5.6% increase in expense, driven by a 7.3% growth in compensation expenses. Other expenses are projected to increase by 3.2%.
- The Consolidated Budget includes $1.25 billion in general funds, of which $177 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 $25.6 million, a figure comparable to prior years and one that provides a necessary cushion against revenue fluctuation and gives us the flexibility to address one time needs throughout the year.
- This Budget Plan also presents the projected 2014/15 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 a $147.8 million surplus.
- The Capital Budget calls for $655.4 million in expenditures in 2014/15. These expenditures are in support of a Capital Plan whose projects, when fully completed, will require approximately $2.8 billion in total project expenditures. Principal expenditures in 2014/15 will be directed toward:
    - $110 million of work on the Stanford Energy System Innovations (SESI) project, leading to completion by April, 2015.
    - Completion of the McMurtry Art and Art History Building.

- Continued work on the California Avenue faculty housing project.
- Completion of the Roble Gym renovation and the expansion of the Manzanita undergraduate residential complex.
- Substantial work on the Science Teaching and Learning Center (Old Chemistry).

STRATEGIC CONTEXT

As we look ahead to 2014/15, Stanford will continue to operate from a position of great programmatic and financial strength. Our academic departments and research programs are among the very best in the world, and our financial profile has returned to its pre-recession levels. Despite this positive position, however, one of our largest revenue sources, the direct costs of sponsored research (excluding SLAC), is only expected to grow at 1.3% next year, continuing a trend in place since 2011. We have responded by directing up to $5 million of the university reserve to be used by school deans in assisting faculty to bridge grant shortfalls, particularly to maintain support for graduate students when anticipated grants are delayed or not funded.

By contrast, the other revenue sources in the consolidated budget are growing, particularly investment income, which includes endowment payout and returns on the expendable funds pool. Health care services revenue (payments from the hospitals generated by faculty physicians in the Medical School) is also increasing substantially next year. The health care services revenue line is now the third largest in the consolidated budget, exceeding tuition revenue and nearly matching total tuition, room and board income. General funds (not itself a revenue line, but the unrestricted portion of each revenue line) are expected to grow at 5.3%, which will allow modest incremental allocations for the highest university needs.

The substantially improved economy has been a double-edged sword. On the revenue side, it has helped our investment performance and strengthened our philanthropic results. But on the expense side, it exerts pressure on compensation and local housing costs. Thankfully, we are able to maintain a very competitive faculty and staff salary program for 2014/15, and we continue to assist recruits who are dealing with the very challenging local housing market.

Some of this year's key budget decisions are:

Academic Initiatives

We funded many of the highest priority needs in the schools and academic programs. Among the incremental allocations were increased graduate student support in the Graduate School of Education, support for the Architectural Design program in the School of Engineering, operational resources for the Precourt Institute for Energy, increased support for shared scientific instrumentation and analytical facilities, and funds to maintain the purchasing power of the library materials budget.

Compliance, Privacy, and Security

We have made several significant allocations in the 2014/15 budget to meet continued increases in government regulatory compliance requirements and to enhance the university's computer security and privacy infrastructure.

Student Support

A high priority in this year's budget process was to provide funding for the Career Services Center. Under its new director, Farouk Dey, the Center is significantly expanding its offerings to provide all Stanford students with a superior career counseling experience. (See sidebar on page 19.) In addition, we are providing substantially increased funding for teaching assistants in Engineering and Physics.

Facilities

The cost of maintaining and enhancing Stanford's physical plant is significant. We are budgeting $245.8 million for operations, maintenance, and utilities on new and existing campus facilities in 2014/15, an increase of $17.1 million. Much of the increase, $6.4 million, is due to amortization costs associated with the new energy facility and will be charged through utility rates paid by the units.

FINANCIAL RESERVES

Stanford has three principal categories of financial reserves:

Expendable reserves – We project Stanford's expendable reserves will stand at $4.1 billion at the end of 2014/15. Of that amount, $2.9 billion is a combination of reserves, restricted and unrestricted expendable funds, and unspent restricted endowment payout. The remaining $1.2 billion is split between plant funds ($1.0 billion) and student loan and agency funds ($260 million). These reserves consist of thousands of funds held across the university, largely controlled by individual faculty, departments, programs, and schools.

Tier I Buffer – We project the Tier I buffer will stand at $1.3 billion by the end of 2014/15. 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 $1.0 billion by the end of 2014/15, which is close to its nominal value before the recession. 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 2014/15 and compares those numbers to our current projection of final results for 2013/14. 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 4.2%. Tuition income is projected to grow 3.5% over the projected 2013/14 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 professional school students. Room and board income is projected to increase 7.5%, due principally to the opening of the new Kennedy Graduate Residences.

University Sponsored Research – Given federal budget constraints, we expect the direct costs of university sponsored research (excluding SLAC) to grow by only 1.3%, while indirect cost recovery will increase by 2.1%. When SLAC is included, total sponsored research revenue is expected to increase to $1,328 million, 2.6% over 2013/14 projected year-end results.

CONSOLIDATED BUDGET FOR OPERATIONS, 2014/15

[IN MILLIONS OF DOLLARS]

2012/13 ACTUALS	2013/14 BUDGET JUNE 2013	2013/14 PROJECTED ACTUALS		2014/15 CONSOLIDATED BUDGET	CHANGE FROM PROJECTED ACTUALS
			Revenues		
753	779	786	Student Income	820	4.3%
882	899	902	University Sponsored Research	915	1.5%
351	452	392	SLAC	413	5.5%
715	700	745	Health Care Services	816	9.5%
358	290	295	Gifts and Net Assets Released from Restrictions	315	6.8%
1,040	1,176	1,172	Investment Income	1,270	8.4%
474	483	517	Special Program Fees and Other Income	551	6.5%
4,573	**4,779**	**4,809**	**Total Revenue**	**5,100**	**6.0%**
			Expenses		
2,517	2,655	2,647	Compensation	2,840	7.3%
242	254	248	Financial Aid	256	3.3%
162	171	170	Debt Service	183	7.6%
1,239	1,384	1,405	Other Operating Expense	1,442	2.6%
4,160	**4,465**	**4,469**	**Total Expense**	**4,721**	**5.6%**
413	**313**	**339**	**Operating Results**	**379**	
(229)	(140)	(224)	Transfers	(219)	
184	**173**	**115**	**Operating Results after Transfers**	**160**	
2,403	2,423	2,587	Beginning Fund Balances	2,702	
2,587	2,596	2,702	Ending Fund Balances	2,862	

Health Care Services Income – Revenue from health care services is projected to increase by 9.5% in 2014/15. This revenue consists principally of payments from the hospitals to the School of Medicine for faculty physician services. This continues to be the fastest-growing revenue source in our budget, having increased at 12.1% annually over the past decade.

Expendable Gifts – We are budgeting a 6.8% increase in expendable gifts. 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. Net assets released from restrictions — payments made on prior year pledges and prior year gifts released for current use — are included in this figure.

Investment Income – This category consists of income paid out to operations from the endowment ($1,064.7 million) and from other investment income ($205.0 million), the majority of which is payout from the expendable funds pool (EFP). Overall, investment income is expected to be up by 8.4% in 2014/15. Endowment payout is projected to increase by 8.2%, based on the Trustee-approved payout rate and our forecast of $500 million in new gifts and additions to endowment. Other investment income is expected to be up by 9.3%. This increase is governed by the EFP policy, which uses the prior year's investment return to set most of the payout in the subsequent year. With current strong market performance, we project healthy returns this year.

Expense

Salaries and Benefits – We anticipate total compensation to increase 7.3% over 2013/14 year-end results. The increase is the result of our salary program, an increase in headcount, and a significant increase in benefits costs. Although no new benefits are being added, overall fringe benefits expense is expected to increase by 12%. This is driven by the salary program, anticipated staff growth, and increased health care costs.

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 substantial expense item is the amalgam of graduate stipends, operations and maintenance, utilities, capital equipment, materials and supplies, travel, library materials, subcontracts and professional services. These expenses are projected to grow at 2.6%.

School Initiatives

Stanford's principal academic units, the seven schools, will continue advancing their research and teaching missions with ambitious agendas for 2014/15. A few highlights of their plans are:

Graduate School of Business – As the business school moves into its fourth year of implementing the GSB2020 strategy, it plans to increase the number of doctoral students. It will also expand efforts to develop joint MBA degrees with other schools, and to integrate further the Management for Experienced Managers program (MSx) with the MBA program.

Earth Sciences – The school plans an expansion of master's and co-terminal programs in the upcoming year. It also plans to complete faculty searches in water/land management, end-to-end energy, and coastal ocean science.

Graduate School of Education – The school will continue its strategic focus on enhancing the role of technology in education, as well as on educating low-income students. There are two important searches underway, one for a faculty member specializing in education and poverty and another who will address the education of linguistic minorities.

Engineering – While Engineering transitions to a new dean in the year ahead, it will continue to expand initiatives in on-line learning; it will move the Stanford Data Sciences Initiative into its formative stage; and it will expand the implementation of a joint major model in which students will pursue integrated elements of both a computer science and a less closely related major.

Humanities and Sciences – The school is engaged in several collaborative initiatives with other units at Stanford, including the Institute for Chemical Biology; the Center for Computational, Evolutionary, and Human Genomics; and the Neuroscience Institute. Although these initiatives are unfolding with great promise, H&S continues to be concerned with the future of research funding, which is expected to be flat for the foreseeable future.

Law – As an innovative leader in legal education, the Law School will seek to enhance its Law and Policy Lab, as well as expand the exposure of its students to the practice of law in a global context.

Medicine – As Stanford's largest and fastest growing school, Medicine will accelerate its translational research by expanding its clinical trials infrastructure. Over the next several years the number of MD/PhD students will grow by 50%, and the newly formed Stanford Health Care Alliance will build on its successful launch into the local community.

GENERAL FUNDS BUDGET

A focal point of the budgeting process is the development of the general funds component of the Consolidated Budget. The $1.25 billion in general funds can be used for any university purpose and supports many of the core academic and support functions of the university.

As shown in the chart below, the general funds budget will increase by $70.7 million. About half will cover inflationary adjustments for salaries, benefits, non-salary costs, and the operating costs of existing facilities. Of the remainder, most will go to compliance, security, and necessary administrative activities. We continue to see the burden of such infrastructure and administrative costs increase, diminishing our capacity for academic program investment.

Some examples of incremental program support are:

Security, Privacy, Compliance – In light of recent attacks on our information systems, we are making a large investment to enhance security and infrastructure. We are also funding additional compliance requirements in information privacy, research activities, and federal Title IX compliance.

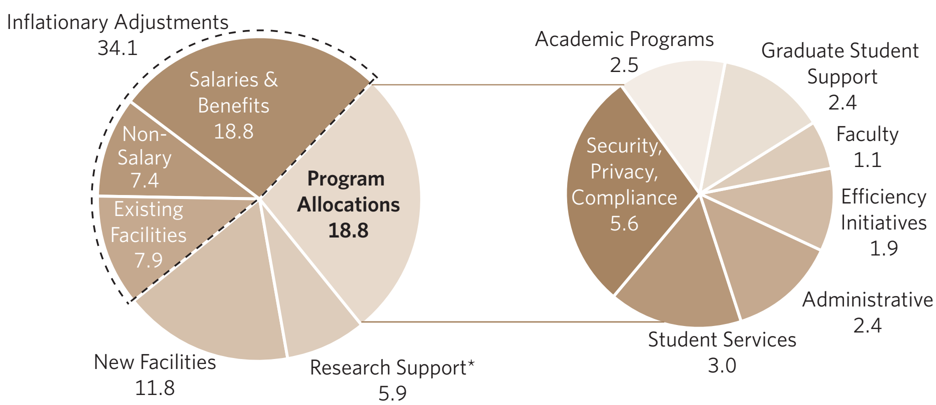
Graduate Student Support – In recent years, Engineering and Physics have experienced significant growth in undergraduate enrollments. To respond, we have allocated $2.2 million to a central teaching assistant pool that will initially go to these two areas but can be shifted to other departments in the future as enrollment trends change.

Efficiency Initiatives – After the 2008 recession Stanford piloted a number of efficiency initiatives, including establishing an internal web services group, thereby saving on more costly external providers; centralizing human resources transactions; and increasing strategic sourcing initiatives in procurement. These trial initiatives have all proven to be effective, so we are providing on-going funding in this budget, subject to regular reviews.

The pie chart below reflects all of the general funds additions. After making the program additions described above we anticipate a general funds surplus of $25.6 million.

2014/15 GENERAL FUNDS ADDITIONS: $70.7 MILLION

[IN MILLIONS OF DOLLARS]



* $5 million research mitigation reserve created from existing University Reserve, not a new general funds allocation.

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 2014/15 through 2016/17; 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 2014/15, as well as projects that will commence within the rolling three-year period through 2016/17. The Capital Budget and Capital Plan are subject to change based on funding availability, budget affordability, and evolving university priorities.

The 2014/15 Capital Budget is projected to be $655.4 million. The major projects within the Capital Budget include infrastructure investments of $253.9 million for the energy facility, Parking Structure 10, and various planned maintenance projects; $197.2 million in academic and research projects, including the McMurtry Building, the Science Teaching and Learning Center (Old Chemistry), and the Bass Biology Research Building; and $109.7 million in housing projects, comprising the California Avenue Faculty Homes, Business School Graduate Residences, and Manzanita Undergraduate Dorm.

The three-year Capital Plan includes $2.8 billion in construction and infrastructure projects and programs. With the completion of the ambitious Science, Engineering, and Medicine Campus plan, strategic directions for capital planning at Stanford are changing. As we look ahead, new initiatives will shape our capital planning process. Most notably, we must address additional facility needs in the Biology/Chemistry/Computer Science precinct. We will be looking at different ways to address issues of transportation, parking, and circulation. The housing needs of students, faculty, and staff continue to be one of our highest strategic priorities, and several new facilities will be added to the campus in the coming years. Finally, Stanford will accelerate its efforts to move more non-academic and administrative functions to a satellite campus in Redwood City.

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, Kam Moler, Dana Shelley, Bob Simoni, Buzz Thompson and Tim Warner. This group met from late September 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. Kam Moler, the group's newest member, brought new insights about the needs of the physical sciences, as well as a thoughtful and analytical perspective that was greatly valued by the entire group. At the end of this year, Bob, Buzz and Maureen will be stepping down after many years of dedicated service. It is an understatement to say that I will sorely miss their wise and experienced counsel. 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 2014/15. 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 2014/15. 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 2014/15 and the Capital Plan for 2014/15–2016/17. The appendices include budgets for the major academic units and supplementary financial information.

John W. Etchemendy
Provost
June 2014

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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.

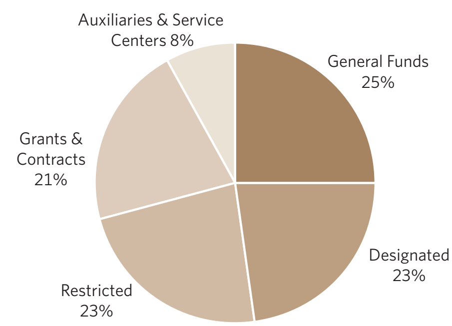
Fund Accounting

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 more than 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

2014/15 CONSOLIDATED REVENUES BY FUND TYPE



corporation, Stanford is 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 2014/15 Consolidated Budget for Operations, describe the general funds allocation process and results, and present a forecasted Statement of Activities.

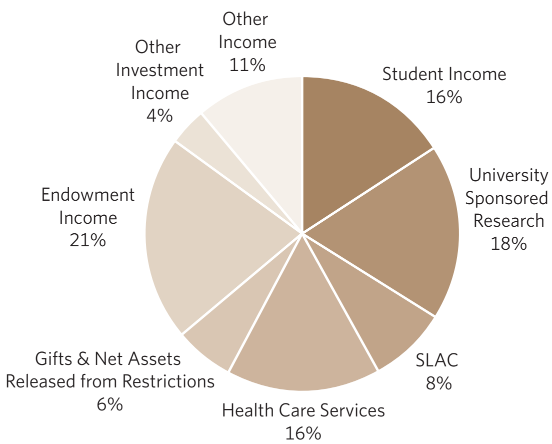
CONSOLIDATED BUDGET FOR OPERATIONS

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.

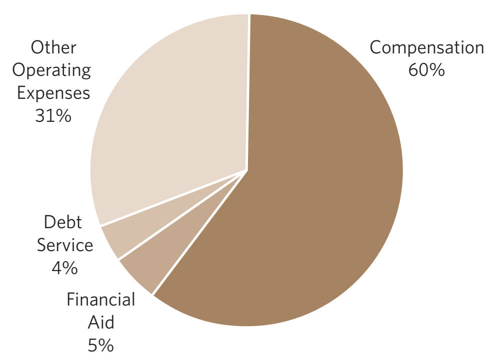
For the first time, in 2014/15, total revenues in the Consolidated Budget for Operations are projected to exceed $5 billion, reaching $5,099.5 million. Total expenses are projected to be $4,720.8 million, resulting in a net operating surplus of $378.8 million. However, after estimated transfers of $218.8 million, primarily to plant funds, the Consolidated Budget shows a surplus of $160.0 million.

Total revenues in 2014/15 are projected to increase $290.8 million or 6.0% over 2013/14 revenues, which have also increased at a strong pace. In fact, the compound average annual growth in Stanford's total revenues from 2009/10 to 2014/15 is projected to be 6.1%. It is interesting to note, however, that the growth rates of the different revenue

2014/15 CONSOLIDATED REVENUES: $5,099.5M [1]



2014/15 CONSOLIDATED EXPENSES: $4,720.8M



[1] Net Revenues after Transfers: $4,880.8M

CONSOLIDATED BUDGET FOR OPERATIONS, 2014/15

[IN MILLIONS OF DOLLARS]

2012/13 ACTUALS	2013/14 BUDGET JUNE 2013	2013/14 PROJECTED ACTUALS		GENERAL FUNDS	DESIGNATED	RESTRICTED	GRANTS AND CONTRACTS	AUXILIARY & SERVICE CENTER ACTIVITIES	TOTAL
			Revenues and Other Additions						
311.0	320.7	320.7	Undergraduate Programs	330.3					330.3
297.0	310.4	314.2	Graduate Programs	321.6	5.1				326.8
144.8	147.6	151.2	Room and Board					162.5	162.5
752.9	778.7	786.1	Student Income	651.9	5.1			162.5	819.5
656.8	663.8	673.9	Direct Costs-University				682.6		682.6
225.5	235.4	227.7	Indirect Costs	232.5					232.5
882.3	899.2	901.5	University Sponsored Research	232.5			682.6		915.2
350.9	451.9	391.8	SLAC				413.2		413.2
714.8	699.6	745.0	Health Care Services	31.4	689.6	11.5		83.6	816.1
358.4	290.3	295.0	Gifts and Net Assets Released from Restrictions	2.0		313.0			315.0
921.7	982.3	984.2	Endowment Income	220.5		844.2			1,064.7
118.3	193.6	187.6	Other Investment Income	96.8	105.3	2.3	0.1	0.4	205.0
1,040.0	1,175.9	1,171.8	Investment Income	317.2	105.3	846.6	0.1	0.4	1,269.7
473.6	483.0	517.5	Special Program Fees and Other Income	15.7	372.2	1.5	0.3	161.2	550.9
4,572.9	**4,778.6**	**4,808.7**	**Total Revenues**	**1,250.8**	**1,172.2**	**1,172.6**	**1,096.3**	**407.7**	**5,099.5**
			Expenses						
2,516.5	2,655.4	2,646.9	Compensation	719.6	719.4	508.2	606.1	287.2	2,840.4
242.5	254.1	247.5	Financial Aid	49.5	5.6	184.4	16.2		255.7
161.8	171.4	170.1	Internal Debt Service	57.7	21.6	0.7		103.1	183.0
1,238.8	1,384.4	1,404.8	Other Operating Expenses	267.2	248.6	225.0	441.5	259.3	1,441.6
4,159.6	**4,465.3**	**4,469.3**	**Total Expenses**	**1,093.9**	**995.1**	**918.3**	**1,063.9**	**649.5**	**4,720.8**
413.2	**313.2**	**339.4**	**Operating Results**	**156.8**	**177.1**	**254.3**	**32.4**	**(241.9)**	**378.8**
			Transfers						
(117.4)	(29.3)	(48.1)	Transfers from (to) Endowment Principal		(30.0)	(45.0)			(75.0)
(154.3)	(148.9)	(208.0)	Transfers from (to) Plant	(58.5)	(94.5)	(5.0)		(0.8)	(158.8)
42.2	38.2	32.0	Other Internal Transfers	(72.7)	22.7	(145.1)	(32.5)	242.7	15.0
(229.5)	**(140.0)**	**(224.0)**	**Total Transfers**	**(131.3)**	**(101.8)**	**(195.1)**	**(32.5)**	**241.9**	**(218.8)**
183.8	**173.3**	**115.4**	**Operating Results and Transfers**	**25.6**	**75.3**	**59.2**	**(0.0)**	**0.0**	**160.0**
2,403.3	2,422.7	2,587.0	Beginning Fund Balances	402.3	1,140.3	1,148.0		11.8	2,702.4
2,587.0	2,596.0	2,702.4	Ending Fund Balances	427.8	1,215.6	1,207.2		11.8	2,862.4

sources vary significantly and that their relative share of the total has changed over the period. While sponsored research (including SLAC) continues to be the single largest revenue source, its average growth is only 3.1%, and its share of the total is expected to drop from 30% in 2009/10 to 26% in 2014/15. Conversely, two somewhat non-traditional sources, health care services and special program fees, together will grow an average of 9.8% over the period, and their combined share of total revenues is expected to increase from 23% in 2009/10 to 27% in 2014/15. Student income has grown slightly faster than the average tuition increase of 3.5% due to a slight increase in total enrollment and is projected to increase by 4.3% in 2014/15. Gift and investment income average annual growth has been robust and is expected to be 7.0% over the five years ending in 2014/15 as a result of generous donors, strong investment returns, and Stanford's prudent reserve policies.

Total expenses are expected to grow by 5.6% in 2014/15, led by a 7.3% increase in compensation expenses. While the general salary program for both faculty and staff is comparable to past years, increased headcount for faculty and staff and a very large jump in fringe benefit expenses will drive up overall compensation expenses. Growth in general operating expenses is expected to slow somewhat compared to the increases of the past several years. The table on the facing page shows the projected consolidated revenues and expenses for 2014/15. For comparison purposes, it also shows the actual revenues and expenses for 2012/13 and both the budget and the year-end projections for the current fiscal year, 2013/14. 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 4.2% in 2014/15 to $819.5 million. Increases in student charges for next year were guided by a number of considerations: programmatic needs, the effectiveness of the financial aid program, the impact of the economy on the families of students, and Stanford's pricing position relative to peers.

Tuition and Fees – Stanford expects to generate $657.1 million in tuition and fee revenue in 2014/15, a 3.5% increase over 2013/14, consistent with the general tuition rate increase. However, tuition from undergraduate programs will grow slightly slower due to a small decrease in undergraduate enrollment planned for 2014/15. Because the campus

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 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.

housing system is at full capacity and fewer students will be studying abroad while the Oxford overseas campus is renovated, total undergraduate enrollment will be reduced slightly in 2014/15 only. Tuition from graduate programs will increase by 4.0% due to modest enrollment increases in both the Law School 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 revenue, it is 52% of general funds. As such, it is a very important source of flexible revenue. 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. In 2014/15, in particular, general funds have been allocated for critical new central security, compliance, and efficiency programs that could not be funded otherwise.

The general tuition rate increase for 2014/15, approved by the Board of Trustees in February, is 3.5%, which results in a rate of $44,184 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. 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 3.9% for 2013/14, somewhat faster than Stanford's increase of 3.5%. Stanford's tuition currently ranks 15th out of 17, unchanged from the 2012/13 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 $162.5 million in 2014/15, an increase of 7.5%, which is substantially higher than the approved increase of 3.5% in the combined room and board rate. The large increase is the result of the opening of the Donald Kennedy Graduate Residences, which will add 436 beds to the graduate housing stock and generate $5.6 million in 2014/15. In February, the Trustees approved a combined undergraduate room and board rate increase of 3.5% for 2014/15, bringing the undergraduate rate to $13,631. 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 2014/15 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

University sponsored research is budgeted to increase 1.5% to $915.2 million in 2014/15. This figure includes the direct revenue from externally supported grants and contracts ($682.6 million) as well as reimbursement for indirect costs ($232.5 million) incurred by the university in support of sponsored activities. SLAC's 2014/15 budget from the Department of Energy (DoE), which includes sponsored research and sponsored capital project activities, is projected to be $413.2 million.

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

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2013/14 TO 2014/15 CHANGE
Federal Directs (non-ARRA)	375.0	407.2	436.1	452.7	470.3	481.0	488.8	1.6%
ARRA Directs	0.0	40.0	56.4	25.8	15.3	5.4	0.0	−100.0%
Non-Federal Directs	184.8	155.3	157.8	160.8	171.2	187.5	193.8	3.4%
Total Directs	**559.8**	**602.6**	**650.3**	**639.3**	**656.8**	**673.9**	**682.6**	**1.3%**
Total Indirects	174.1	203.8	225.5	226.4	225.5	227.7	232.5	2.1%
% Federal	67.0%	74.2%	75.7%	74.9%	73.9%	72.2%	71.6%	

A little more than 70% of university research funding is provided by the federal government and that amount in 2013/14 has been strongly influenced by recent reductions in federal discretionary budgets. For instance, direct research funding from the National Institutes of Health (NIH), Department of Defense (DoD), and National Science Foundation (NSF), the three largest sources of federal research dollars, has increased 6.3% per year on average over the last five fiscal years, excluding the impact of the stimulus funding from the American Recovery and Reinvestment Act (ARRA). By contrast, funding from these three agencies has declined by 1.2% in 2013/14. Overall federal activity in 2013/14 is expected to grow slightly at 2.3%, with slower growth of 1.6% in 2014/15, excluding ARRA activity. Including ARRA activity, growth will be only 0.1% and 0.5% in 2013/14 and 2014/15, respectively, as ARRA funded projects are expected to complete in 2013/14. The current year federal results are quite varied by unit. Medicine and the Dean of Research are projecting a slight increase in volume for 2013/14, but Humanities & Sciences, Engineering, and Earth Sciences are forecasting decreases of 3-5%. In 2014/15, most units expect small positive growth, although generally below the rate of inflation, while the Dean of Research expects a decline of 2%.

Virtually the opposite narrative has taken place with regard to non-federal research support. As foundations and other non-federal sponsors weathered in the recession, their support for research decreased by 1.9% per year over the four years ending in 2012/13. There has been a significant turnaround in 2013/14, however, as year-to-date activity has increased 12.8%. One-half of that growth is due to a 39% increase in activity funded by the California Institute for Regenerative Medicine (CIRM), the state's stem cell research agency. While CIRM and other non-federal growth is expected to slow considerably in 2014/15, non-federal research, nonetheless, is estimated to outpace general inflation, growing at 3.4%. Similar to federal activity, non-federal growth in 2013/14 varies considerably by unit, with double-digit increases expected in Medicine and Education but a small decline forecasted in the Dean of Research and a 4% decline predicted in Humanities & Sciences. In 2014/15 growth is expected in the schools with the exception of Humanities & Sciences, which projects a 8% decline. With the expiration of ARRA activity and stronger non-federal growth on the horizon, non-federal activity will be over 28% of total research volume in 2014/15, a level not seen since 2008/09.

Indirect cost recovery in 2014/15 will slightly outpace growth in direct research volume (2.1% versus 1.3%) for two reasons. First, most older grants and contracts, including most ARRA activity, that conclude in 2013/14 or 2014/15 receive indirect cost recovery at older negotiated rates that are three or more percentage points lower than current rates. Over time the older grants are replaced with activity that recovers at today's higher rates. Second, the School of Medicine projects higher indirect cost recovery of nearly $1 million in the animal care facility, which has its own indirect cost rate.

As noted above, SLAC's DoE funding in 2014/15 is projected to increase 5.5% to $413.2 million, which represents over 97% of SLAC's total funding. Over three-quarters of the DoE funding will support research activity directly, and that activity will grow at about 4%. The remaining $88.9 million of DoE funds are for construction costs for various facilities. SLAC research and construction programs are discussed in more detail in Chapter 2.

Health Care Services

Health care services income is budgeted to be $816.1 million in 2014/15, a 9.5% increase over the projection for 2013/14. Health care service revenue continues to be the fastest growing segment in the Consolidated Budget, growing at an annual average rate of 12.1% for the ten years ending in 2012/13. As the School of Medicine's emphasis on patient care grows in recognition of the central role that care plays in both research and teaching, the clinical programs will continue to expand at a rapid pace.

The majority of Health Care Services income is in the School of Medicine, including $645.1 million paid by Stanford Hospital and Clinics and Lucile Packard Children's Hospital related to the clinical practices of the faculty. The 2014/15 clinical revenue is projected to increase 8.7% over the year-end projection, reflecting incremental faculty and continued growth in Stanford's clinical programs, which drive increases in payments for professional services from the Hospitals. The blood center's revenues of $49.2 million reflect a modest increase of 2.0% over the projection for 2013/14. The School of Medicine also receives $34.8 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: $23.6 million to Business Affairs and Business Affairs IT, primarily for communications services;

$6.9 million to the Office of the General Counsel for legal services; $20.0 million to Land, Buildings and Real Estate for operations and maintenance and utilities; $9.9 million to the Office of Development for hospital fundraising support; and $10.6 million to the central administration for parking structure debt service and general support.

Gifts and Net Assets Released from Restrictions

Revenue from expendable gifts and net assets released from restrictions is forecast to be $315.0 million in 2014/15, a 6.8% increase over the projection for 2013/14. This $20 million increase over 2013/14 is due primarily to anticipated results from the Campaign for Stanford Medicine. 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 designation, or non-government grants. Net assets released from restrictions include cash payments on gift pledges made in prior years as well as pending gifts whose designation has been determined. The distinction between expendable gifts and net assets released is that the latter are funds that were previously classified as temporarily restricted. As donor restrictions are satisfied, they become available for units to use in an equivalent manner to expendable gifts.

Investment Income

Investment income, Stanford's second largest source of revenue, is expected to increase by 8.4% in 2014/15 to $1,269.7 million. This total includes endowment payout to operations as well as other investment income.

Endowment Income – Endowment payout to operations in 2014/15 is expected to be $1,064.7 million, an increase of 8.2% over 2013/14. Total endowment income includes payout from individual funds invested in the merged pool (MP) as well as specifically invested endowments (e.g., oil and mineral rights), and rental income from the Stanford Research Park and other endowed lands.

The expected payout from an individual endowment fund in 2014/15 will increase by 4.3%, while total merged pool payout is expected to increase by 7.8% due to several factors: gifts to endowment principal are expected to reach $225 million; schools and departments are expected to transfer $48 million from expendable funds to funds functioning as endowment; and $226.5 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 2013/14. Together these additions contribute roughly $27 million to endowment payout in 2014/15.

The 2014/15 proposed spending rate for the MP is derived from the application of the university's smoothing rule. The smoothing rule is used to dampen the impact on the budget of annual fluctuations in the market value of the endowment, thereby providing stability to budget planning. Stanford's smoothing rule uses the approved target payout rate of 5.5% to calculate a target payout per share in the current year, 2013/14. A weighted average of the target payout per share and the current year's actual payout per share results in the current year's smoothed payout per share. The payout per share for 2014/15 is derived by increasing the current year's smoothed payout per share by the long-term payout growth factor of 4.5%. Furthermore, the 2014/15 proposed payout per share is expected to provide an overall endowment payout rate that is within the range of 4.0% to 6.0%, consistent with the university's intention, as described at the December 2012 Committee on Finance.

Of the total endowment income, $220.5 million, or 20.7%, is unrestricted and is a source of general funds. 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 at a much faster pace (14.1%) in 2014/15 than the restricted portion, driven largely by the expected $226.5 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 $1,161.5 million by the end of 2013/14, 33.2% 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, a restricted fund functioning as endowment controlled by the president. In 2014/15 an additional $188.8 million of excess EFP returns are projected to be generated, $103.6 million of which will be added to the Tier I Buffer, bringing it to the cap of 35% of the EFP or $1.3 billion. The remaining $85.2 million will be added to the Tier II Buffer, bringing its projected market value to $1.0 billion. The EFP payout policy and its impact on the budget are described in the Other Investment Income section below.

A growing portion of the unrestricted endowment income is the rental income from Stanford endowed lands, which is expected to be $73.9 million in 2014/15, an increase of 13.6%.

Other Investment Income – Other investment income is expected to increase from $187.6 million in 2013/14 to $205.0 million in 2014/15, a 9.3% increase. Other investment income is comprised of two categories of revenue: $137.9 million in payout to operations from the expendable funds pool (EFP) and earnings from the endowment income funds pool (EIFP), and $67.1 million from several smaller sources of investment income, described below.

$136 million of payout on the EFP and $1.9 million earned on unexpended endowment payout separately invested in the EIFP are expected in 2014/15. Thousands of individual funds together form the EFP and the EIFP, which are projected to have 2014/15 year-end balances of $3.7 billion and $377.3 million, respectively. Approximately 77% 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, based on the actual EFP investment returns during the prior fiscal year, is paid to general funds, both centrally and in the formula schools. Investment returns on the EFP in 2013/14 are projected to be near ten percent, resulting in the full 5.5% payout to the zero-return portion of the EFP in 2014/15. 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 some restricted gifts. The Tier I and Tier II Buffers act as a backstop to maintain the value of expendable funds, which are invested in the merged pool.

All of the EIFP is represented in the ending fund balances of the Consolidated Budget for Operations on page 4, but only $2.5 billion, consisting of general operating funds, designated funds, and expendable gifts, of the total $3.7 billion EFP is in the ending fund balances of the Consolidated Budget. The portion of the EFP not included in the Consolidated Budget is comprised of roughly $1.0 billion in plant and debt pool funds and $260.8 million in student loan, pending, and agency funds.

The non-EFP portion of other investment income is comprised of investment income distributed to support the operations of the Stanford Management Company, the real estate division of Land, Buildings and Real Estate, and the investment accounting activities in the Controller's Office; interest income on the Stanford Housing Assistance Center (SHAC) portfolio; and miscellaneous other investment income including rents, security lending, and other interest income. This portion is projected to increase 10.0% to $67.1 million, due to staff increases and higher fringe benefits costs in both the Stanford Management Company and in the real estate division of Land, Buildings and Real Estate.

Special Program Fees and Other Income

The largest components of this category include academic corporate affiliates income; executive education instruction fees; technology licensing income; ticket, admission, and broadcast fees for athletic and other events; conference and symposium revenues; rental income from the Mid-Point Technology Park and the Welch Road and Stanford West Apartments; participation fees collected by the travel/study programs; plus a wide range of other miscellaneous income streams throughout the university, ranging from the sales of the Stanford University Press and HighWire Press to retail revenues in Residential & Dining Enterprises to fees for the use of various athletic facilities such as the golf driving range and summer sports camps.

Special program fees and other income is budgeted at $550.9 million in 2014/15, an increase of 6.5% over the expected level in 2013/14, growth that is slightly lower than the actual 10-year compound annual growth rate of 7.6% ending in 2012/13. Some of the fastest growing components are the PAC-12 network broadcast distribution to Athletics, which increased from a base of $5.5 million in 2011/12 to over $20.0 million in 2012/13, and technology licensing income, which increased from $67.0 million in 2007/08 to over $99.7 million in 2012/13. Continued strong growth in patent income/technology licensing, executive education, and the Stanford Center for Professional Development (SCPD) income in the School of Engineering are primary drivers for the growth expected in 2014/15.

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 2014/15 is budgeted to be $2,840.4 million, a 7.3% increase over the 2013/14 year-end projection of $2,646.9 million. This increase is driven by the approved merit programs for faculty and staff, anticipated headcount growth, and a sizeable increase in fringe benefits expenses.

Salaries – Total salary expense, including SLAC, is expected to grow by 6.4% in 2014/15 to $1,985.9 million. Overall, projected salary expense in 2014/15 is the result of the approved salary program, incremental funding to increase the competitiveness of faculty salaries for selected schools and departments, and total headcount growth of 3.0%, including faculty and staff. Staff headcount grew by only 2.5% in 2012/13, less than half the rate of growth seen in 2011/12. However, staff headcount in the first seven months of 2013/14 has grown 3.2%, led by increases in clinical staff in the School of Medicine, program support staff in the academic areas, and staff needed to manage the new Arrillaga Outdoor Education and Recreation Center.

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. Department level faculty salary data analysis showed that the market-based salary allocations to specific ranks and departments in 2012/13 likely achieved the goal of strengthening Stanford's competitive salary position, with the possible exception of the School of Engineering. As a result, incremental funds were allocated to Engineering to address targeted mid-career faculty salaries. After careful review of salary survey data in several local markets, it was determined that staff salaries were at or slightly higher than market median salaries in September 2013. The approved merit program for 2014/15 was set with the intention of maintaining this position.

Fringe Benefits – Fringe benefits expense is expected to increase by 12.0% in 2014/15 to $593.3 million, and about 5.5% higher than the growth in overall salary expense, due to a sizeable increase in the regular benefits-eligible fringe benefits rate.

The university tracks the fringe 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. The 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 research and teaching assistants

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 be unchanged at 1.85% in 2014/15 and adds roughly $25 million to the university's total fringe benefits expense in 2014/15.

Ninety-five percent of all fringe benefits expense is incurred for regular benefits-eligible (RBE) employees and the proposed rate for this group in 2014/15 is expected to increase significantly compared to the negotiated rate for 2013/14. The fringe benefits rates for casual or temporary employees and for graduate teaching and research assistants are expected to increase somewhat in 2014/15, while the rate for post-doctoral research fellows is expected to decrease. The primary factors impacting total fringe benefit expenses in 2014/15 are discussed below.

FRINGE BENEFITS RATES

	2013/14 NEGOTIATED RATES	2014/15 PROPOSED RATES
Regular Benefits-Eligible Employees	29.2%	30.8%
Post-Doctoral Research Affiliates	27.9%	24.3%
Casual/Temporary Employees	8.4%	8.8%
Graduate RAs and TAs	4.8%	5.2%
Tuition Grant Program	1.85%	1.85%

Overall, the rate for regular benefits-eligible (RBE) employees will increase by 1.6 rate points in 2014/15 over the rate negotiated with the Office of Naval Research for 2013/14. The three major cost components contributing to the rate increase due to program changes and regulations are noted below:

- The university's expenses for employee health plans are expected to increase by 1.0 rate point from the 2013/14 budget as a result of a combination of factors, including enrollment growth and medical cost inflation. The number of employee participants is expected to increase by 6% in 2014/15 partially due to headcount increase and partially due to a projected decrease in the number of employees who waive their medical plan enrollment. Stanford's cost for the average insurance premium per employee in 2014/15 will increase by 12.4% from the 2013/14 negotiated amount, driven by the 8.1% increase from Kaiser and up to 14% in the Blue Shield Plans due to continued increases in high dollar claim costs. A new health plan, Stanford Health Care Alliance, has been available since January, 2014 and offers employees an alternative affordable health insurance plan.
- Costs for the Stanford Contributory Retirement Program (SCRP) are increasing by 0.3 rate points from the 2013/14 budget. The increase is driven by salary and headcount growth as well as the switch from an opt-in to an opt-out program beginning January 2014.
- Workers' Compensation costs are also expected to increase by 0.3 rate points from the 2013/14 budget due to significantly higher claims payout and an increased reserve requirement recommended by the actuary. Stanford's loss experience was significantly worse in the first few months of 2013/14. The university actuary assumes the trend will taper off during the year, resulting in a smooth upward curve over the year. In addition, year over year payouts for similar claims will increase due to medical inflation.

The underlying benefits rate for post-doctoral research affiliates without carry-forward, is relatively flat compared to the 2013/14 budget. However, the claim experience in 2012/13 resulted in less cost than the negotiated amount. The over-recovery in 2012/13 will be captured over the next three years through a downward rate adjustment, resulting in a drop in the post-doctoral research affiliates benefits rate in 2014/15.

The fringe rates for casual or temporary employees and for graduate teaching and research assistants (RAs and TAs) will increase 0.4 points due to the impact of net under-recoveries in recent years.

Financial Aid

Stanford expects to spend a total of $255.7 million on student financial aid for undergraduate and graduate students in 2014/15, $49.5 million of which will come from general funds. Designated and restricted funds ($190.0 million) and grants and contracts ($16.2 million) will support the remainder. Total budgeted financial aid is 3.3% above the projected total for 2013/14, 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 2014/15 Stanford students will receive $137.5 million in need-based scholarships, of which $132.0 million will be from Stanford resources, an increase of 3.2% over the projected 2013/14 year-end, an increase that is slightly lower than the increase in the total student budget, which is projected to be just over $64,000. Stanford expects twenty-five fewer students on need-based aid in 2014/15 as the general economy continues to strengthen. In addition to Stanford resources, $5.5 million will come from federal grants, mostly Pell and Supplemental Educational Opportunity Grant (SEOG) grants, an amount comparable to 2013/14 but slightly less than 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.

The main features of Stanford's financial aid program remain unchanged in 2014/15. However, the relative share of funding sources supporting this critical program continues to shift. While president's funds continue to be an important source of funding for undergraduate aid, Stanford was able to eliminate the need for support from the Tier II Buffer in the current year, 2013/14, reducing the president's overall share of need-based aid to 13%. Furthermore, after peaking at 21% in 2013/14, general funds' support will decline by $1.7 million, reducing its share of the total to 19% in 2014/15. Continued generous gifts to endowment for need-based aid brings its share to two-thirds of the total need.

UNDERGRADUATE NEED-BASED SCHOLARSHIP AID

[IN MILLIONS OF DOLLARS]

SOURCE OF AID	2008/09 ACTUALS	2009/10 ACTUALS	2010/11 ACTUALS	2011/12 ACTUALS	2012/13 ACTUALS	2013/14 PROJECTED	2014/15 PLAN
Department Funds and Expendable Gifts	2.2	2.1	2.2	2.5	3.0	2.8	3.1
Endowment Income	80.4	72.4	66.3	71.8	75.0	81.5	87.2
President's Funds - The Tier II Buffer	3.0	24.5	24.9	19.2	9.3		
President's Funds - The Stanford Fund	17.4	15.0	15.6	19.0	16.6	17.2	16.8
General Funds		1.5	10.4	14.3	23.6	26.5	24.8
Subtotal Stanford Funded Scholarship Aid	103.0	115.5	119.4	126.7	127.4	127.9	132.0
Federal Grants	5.0	6.9	7.1	6.0	5.6	5.5	5.5
Total Undergraduate Scholarship Aid	**108.0**	**122.4**	**126.4**	**132.7**	**133.0**	**133.4**	**137.5**
General Funds as a Share of Stanford Funding	0%	1%	9%	11%	18%	21%	19%
President's Funds as a Share of Stanford Funding	20%	34%	34%	30%	20%	13%	13%
Endowment Funds as a Share of Stanford Funding	78%	63%	56%	57%	59%	64%	66%
Number of Students	3,136	3,401	3,396	3,464	3,417	3,300	3,275

The table above 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 $21.6 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 $349.6 million in 2014/15. As the table below indicates, this includes the tuition component of fellowships in the amount of $96.4 million, which is reflected in the Financial Aid line of the Consolidated Budget. Financial aid for graduate students is expected to increase by 3.7%, 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 $253.2 million. Consistent

2014/15 FINANCIAL AID AND OTHER GRADUATE STUDENT SUPPORT FROM STANFORD RESOURCES

[IN MILLIONS OF DOLLARS]

PROJECTED 2013/14 YEAR-END		GENERAL FUNDS	DESIGNATED AND RESTRICTED	GRANTS & CONTRACTS	TOTAL
	Student Financial Aid				
133.7	Undergraduate	24.8	107.2	5.8	137.8
20.8	UG Athletic		21.6		21.6
93.0	Graduate	24.6	61.3	10.5	96.4
247.6	Total	49.5	190.0	16.2	255.7
	Other Graduate Support				
69.0	Stipends & Health Insurance Surcharge	16.7	35.5	22.1	74.3
70.4	Tuition Allowance	33.0	22.4	18.4	73.8
101.8	RA/TA S&B	21.6	41.4	42.2	105.1
241.3	Total	71.3	99.3	82.6	253.2
118.5	Postdoc Support	3.7	32.7	86.3	122.6
607.3	**Total Student Support**	**124.4**	**322.1**	**185.1**	**631.6**

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 Salaries and Benefits 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 3.0% in 2014/15; tuition allowance expense is expected to increase by 4.8%, higher than the tuition rate increase due to more RAs and TAs, particularly in the school of Engineering.

Graduate student support is funded by all of Stanford's various fund types, with the exception of auxiliary funds. In aggregate, unrestricted funds (general funds and designated funds) contribute around 34%, restricted funds support about 39%, and grants and contracts supply the remaining 27%. 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.

Total direct student support of all kinds is expected to be $508.9 million in 2014/15, a 4.1% increase over the projected level for 2013/14.

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 (70%) is provided by sponsored research projects. Postdocs are charged a tuition fee of $125 per quarter, which is almost always 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 $122.6 million in 2014/15, an increase of 3.0% over 2013/14.

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 2014/15, no change from the current year's rate.

Internal debt service covered by the Consolidated Budget for Operations in 2014/15 is projected to be $183.0 million, a 7.6% increase over 2013/14. It includes debt service incurred to bridge-finance the receipt of gifts and annual lease payments, and excludes $9.6 million of debt service for the Rosewood/Sand Hill Road Hotel and office complex and $46.0 million of annual lease payments. The year-over-year increase of $12.9 million is due to new debt service in Residential & Dining Enterprises for new graduate student housing, in the utility service centers due to the new central energy facility, and the new office building at 408 Panama Mall, as well as a variety of smaller projects.

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 2.6% to over $1.4 billion in 2014/15. This projection is in line with the compound annual growth rate of 2.5% over the past five years, although that includes a significant drop in expense from 2007/08 to 2008/09 as a result of budget cuts during the recession. Since then, certain types of other operating expenses have seen more rapid increase than others: travel, food, and training expenses have increased at a 5-10% rate each year, as departments gain more flexibility in their budgets. Other expenses, such as utilities, rentals and leases, printing, and external communications costs have been increasing only modestly, as cost saving strategies are fully implemented.

Non-compensation expenses for SLAC are in this category and total $193.7 million. This includes SLAC construction costs which are expensed rather than capitalized.

The largest component of this category represents expenses related to services, at $381.0 million. These include professional, property, custodial, printing, and other general services. These expenses have been growing roughly 7% a year since the economy began to rebound. Around 20% of the total is research subcontracts.

THE COST OF COMPLYING WITH GOVERNMENT REGULATIONS

Government regulations affect many aspects of Stanford's activities, and the cost of complying with these regulations is substantial. In 1997 President Gerhard Casper estimated that 7.5% of all general funds dollars went towards regulatory costs, and this estimate did not include faculty salaries for time spent on regulatory matters.

Over the last year, the University Budget Office updated this estimate, and found that today close to 14% of general funds supports regulatory costs and mandated cost sharing on research. The methodology did not allow for an estimate of faculty costs, but these are substantial. In fact, according to a survey conducted by the Federal Demonstration Partnership[1] (FDP), on average, 42% of a principal investigator's time on federally funded projects is spent on administrative responsibilities rather than active research.

According to the recent Budget Office estimate, which involved surveying all schools and administrative units, the university spent over $140 million on compliance in 2010/11. Of this amount, general funds covered $72 million, the federal government reimbursed $40 million through the indirect cost rate, and restricted funds covered about $28 million.

In addition to these direct costs of compliance, several federal agencies mandate various forms of cost sharing on their projects. For example, the National Institutes of Health (NIH) has a salary cap for any individual paid on an NIH contract. Other projects may mandate an amount or percentage of cost sharing. The university pays both the direct and the indirect costs of this cost sharing. Restricted funds may cover direct costs, but indirect costs must be paid by general funds. We estimate these mandated costs at $56 million, of which general funds paid $37 million.

Thus, in 2010/11, the university paid a total of $156 million of its own funds for compliance and mandated cost sharing, $110 million of that being general funds.

It is important to note that Stanford would have performed some of the activities even without a mandate. For example, the university would certainly maintain a healthy environment for faculty, staff, and students regardless of government mandates. Nonetheless, some of the regulations compel Stanford to perform these functions in ways that might not be appropriate or cost-effective for an academic institution. Regulations written to control hazardous substances in an industrial setting might be overkill when applied to small quantities used in a research laboratory.

Together with other universities, in groups like the FDP, the Association of American Universities, and the Council on Governmental Relations, Stanford is working to eliminate duplicative, ineffective, and overly burdensome government regulations, and to harmonize reporting requirements across research agencies. Money saved by reducing unreasonable and ineffective regulatory burdens can be put to good use in performing our research and education mission.

[1] The FDP is a forum for individuals from universities and nonprofits to work collaboratively with federal agency officials to improve the national research enterprise. Its current membership includes 10 federal agencies and 119 institutional recipients of federal funds.

The other components in other operating expenses include: materials and supplies ($203.4 million, of which about half is laboratory supplies); capital equipment and library materials purchases ($86.5 million); graduate student and postdoc stipends and other non-tuition student support ($124.7 million); food, entertainment, and travel ($143.7 million); external payments for facilities and equipment operations and maintenance ($58.6 million); external payments for telecommunications and utilities commodities for campus buildings ($59.0 million); services purchased from the hospitals ($39.8 million); and rentals and leases ($42.6 million). The other $108.6 million includes a wide variety of expenditures, ranging from the cost of food in Residential & Dining Services to unrelated business income taxes to software licensing fees.

Utilities – Since 1987, Stanford's energy supply has been provided under an agreement with General Electric, which owns and operates the Cardinal Cogeneration Plant (Cogen), a gas-fired central energy facility providing electricity and thermal energy to the campus. In April 2015, the current agreement with Cogen expires, and the plant equipment will be at the end of its useful life. To meet future energy needs, Stanford is converting to a new energy platform known as the Stanford Energy System Innovations project (SESI) to provide thermal energy (heating and cooling) to the campus. Electricity demands will be met through a combination of a 4 mega-watt on-campus photovoltaic project and direct procurement of grid electricity from an energy service provider available to Stanford through the Direct Access program.

SESI is a $485 million collection of projects and is the single most important and ambitious capital project under management. It differs from gas-fired Cogen in that it is an electrically powered heat recovery system that reuses waste heat, currently expelled from buildings into the atmosphere, to heat the campus via evaporative cooling towers. Once SESI is activated, the campus will utilize 57% of its waste heat to meet 93% of campus heating demand. It will also reduce campus water consumption by 15% and greenhouse gas emissions to less than 50% of current levels. SESI is scheduled to be complete in time to take over from Cogen on April 1, 2015.

Since 2014/15 is a year of transition, utility budgets will include seven months of Cogen operations and five months of SESI operations. With both Cogen and SESI, the delivery of utilities to the campus involves three significant components: 1) externally purchased utilities, 2) debt amortization on capital expenditures, and 3) operations and maintenance (O&M) in support of the utility delivery.

Campus utilities costs are projected to increase by $10.4 million or 12.9% to $91.4 million in 2014/15. The majority of the cost increase is higher debt amortization expense ($6.4 million) resulting from the SESI project, which includes piping and building conversions, the new central energy facility and new substation.

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 $154.5 million in 2014/15.

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 Graduate School of Business is responsible for operations and maintenance of the Knight Management Center.

The university will incur incremental O&M costs related to new facilities in 2014/15 of $4.4 million: $2.3 million for 3160 Porter Drive (an increase to market lease rates), $1.0 million for the BioE/ChemE building, $867,000 for the McMurtry Building, $727,000 for Lathrop Library (formerly Building 08-350 Renovation for SUL North), $667,000 for the Northwest Data Center and Communications Hub (NDCCH), and $510,000 for the Anderson Collection. These costs will be partially offset by planned demolitions, including Meyer Library and Cummings Art.

Transfers

The transfers section of the Consolidated Budget for Operations accounts for the transfers of funds between units, between fund types, and out of the Consolidated Budget altogether, and yields the change in fund balances expected in each fund type and in the Consolidated Budget as a whole. In 2014/15, transfers result in a net reduction from operating results of $218.8 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 and the resulting bottom line of the Consolidated Budget. 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 FFE, or withdrawals of FFE to support operations. In 2014/15 Stanford is projecting that a net $75.0 million will be transferred to FFE from current operating funds, an increase of $26.9 million over the 2013/14 estimate. The low figure for 2013/14 is uncharacteristic of past history, and thus the units' projections for 2014/15 have been adjusted upward to bring the total more in line with the actual results over the past five years. Often units identify excess funds to invest in FFE in the year-end process, even though they may not "plan" for them a year in advance.

- Transfers to Plant: The transfers in this category are primarily for capital projects. Total transfers of $158.8 million to plant are planned for 2014/15. Included in this is $58.5 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 $5.6 million from the Planned Maintenance Program into plant improvement projects; the School of Humanities and Sciences will transfer $10.9 million for the Bass Biology building, the Science Teaching and Learning Center (Old Chem), and the Roble Gym renovation; and the School of Medicine expects to transfer $3.1 million in funds for a variety of capital projects. The remainder is made up of smaller amounts transferred out of the remaining units. 2014/15 transfers are projected to be $49.2 million lower than the $208.0 million projected for 2013/14. The largest drivers of this decrease are in the School of Humanities & Sciences, where in 2013/14 the school made large transfers to fund the completion of the McMurtry Art & Art History building; and in the School of Medicine, which made very large transfers to plant in 2013/14 but only projects a small transfer in 2014/15.
- Other Internal Transfers: Additional financial activity affects the net results of the consolidated budget, internal revenue and internal expense, which 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 $15 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 amount includes transfers of current funds to student loan funds, such as the loan forgiveness programs in Education and Law. It also includes any transfers from living trusts and pending funds.

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 supports both academic and administrative functions. Administrative units are supported mostly by general funds.

General funds revenue in 2014/15 is projected to increase by 5.3% to $1,250.8 million, a $63.1 million increase over the expected level for 2013/14. Student income will increase 3.5%, or $22 million, reflecting increased tuition rates. A smaller increase, totaling $7.2 million, is projected for indirect costs, healthcare services, and other income. The largest growth in general funds is an 11.9%, or $33.8 million, increase in investment income. This growth is due to the increasing balance of and payout from the EFP and Tier I Buffer and to higher rental income from the university's endowed lands. These items are described more fully in the earlier section on investment income.

2014/15 Non-Formula General Funds

Per negotiated formula arrangements, $176.8 million of the general funds revenue will flow to the School of Medicine, the Graduate School of Business, and the other formula units. Additionally, $44.6 million will be transferred to the facilities and housing reserves, and $4.8 million will be transferred in, resulting in non-formula general funds revenue of $1,034.2 million, which is controlled and allocated by the provost.

During the annual general funds budgeting process, each budget unit met with the Budget Group, the provost's advisory body comprising senior faculty and administrators, to 1) review the financial status and fund balances of the organization; 2) report on faculty salary competitiveness as well as recent and planned growth in the professoriate;

SUMMARY OF 2014/15 BASE GENERAL FUNDS ALLOCATIONS

[IN MILLIONS OF DOLLARS]

2014/15 Projected General Funds Revenue		**1,250.8**
Allocations to Formula Units		(176.8)
Transfers Out - Facilities and Housing Reserves		(44.6)
Other Transfers		4.8
2014/15 Base General Funds Allocable to Non-Formula Units		**1,034.2**
2013/14 Non-Formula Base General Funds Allocations	949.5	
2014/15 Incremental Base General Funds Allocations		
Salary Program and Inflationary Adjustments	34.1	
New Facilities Costs	11.8	
Undergraduate Financial Aid	(6.6)	
Programmatic Allocations to Academic Needs	6.8	
Programmatic Allocations to Administrative Needs	12.9	
2014/15 Allocated Base General Funds		1,008.6
2014/15 Unallocated Surplus		25.6
2014/15 Base General Funds Allocable to Non-Formula Units		**1,034.2**

3) discuss graduate student issues of concern; and, 4) submit requests for incremental general funds. At the end of the process, the provost made allocation decisions based on the units' presentations, consultations with the Budget Group, and a final forecast of available general funds. Those decisions were especially influenced this year by the need to support the physical and administrative infrastructure of the university.

The table above shows how the $1,034.2 million in non-formula general funds will be allocated in 2014/15. 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 additional allocations made for 2014/15 are detailed below and are reflected in the pie chart on the next page:

Salary Programs and Inflationary Adjustments: $34.1 million

To maintain the university's competitive positions in faculty and staff salaries, $11.3 million was allocated to fund salary programs, similar to the $10.7 million allocated in the previous year. However, the amount allocated to cover increased fringe benefits expenses grew considerably, from $2.4 million in 2013/14 to $7.5 million in 2014/15. A full explanation of the increases in fringe benefits appears on page 10. General non-salary expenditures received an increase of 2.5% for 2014/15, with larger increases granted for graduate aid expenses. Total inflationary adjustments for non-salary expenditures were $7.4 million.

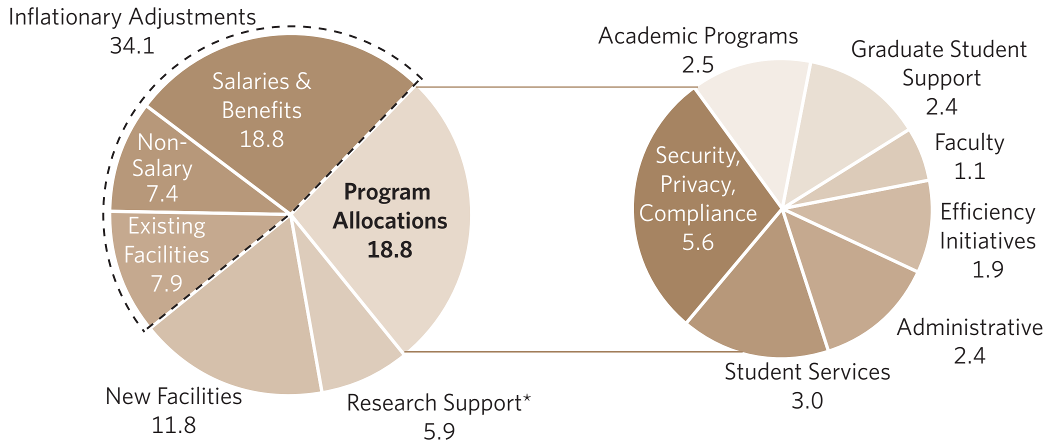
Expenses in support of existing facilities will increase $7.9 million. Of this total, utilities and O&M expenses on existing facilities will increase by $7.3 million in 2014/15. Utilities rates are increasing largely due to the SESI project, while O&M expense growth is due to salary program, benefits, and inflationary materials increases. Insurance and fire protection expenses will increase 4.2%, or $420,000, and $164,000 will be spent on modest facilities staff growth in Earth Sciences and Land, Buildings and Real Estate.

New Facilities Costs: $11.8 million

Allocations to the Capital Facilities Fund (CFF), established by the Board of Trustees in 2007/08, will increase by $5.3 million as a result of increased endowment payout. The CFF is used to support major facilities projects and is described in more detail in the Capital Plan chapter. Several new facilities opened during 2013/14 — among them the Bioengineering/Chemical Engineering building, the Anderson Galleries, and 3160 Porter Drive — but will need utilities and O&M funding for the full year starting in 2014/15. In addition, funding for facilities opening during

2014/15 GENERAL FUNDS ADDITIONS: $70.7 MILLION

[IN MILLIONS OF DOLLARS]



* $5 million research mitigation reserve created from existing University Reserve, not a new general funds allocation.

2014/15 will be added, such as the McMurtry Art Building and Lathrop Library. Those increases will be offset by a number of demolitions, including Meyer Library, resulting in net O&M additions of $4.4 million. Debt service expense supported by non-formula general funds will also increase $2.1 million.

Research Support: $5.9 million

The largest item in this category is the creation of a $5 million reserve to mitigate the potential impacts of a decline in federal support for research. Distributions from this reserve will be directed by the provost and will be considered only after local and school resources have been applied. Typically, distributions will be used to support faculty when delays in grant and contract renewals cause funding gaps or to support existing graduate students when faculty are compelled to reduce their research activities. It should be noted that this reserve was created by reducing base general funds in the University Reserve by $5 million rather than through an incremental allocation of base general funds. An additional $400,000 was allocated to the Stanford Electronic Research Administration (SeRA) system that has positively transformed research administration at Stanford, and $487,000 will be used to support several shared research facilities such as the new Stanford Research Computing Center.

Security, Privacy, and Compliance: $5.6 million

The university has committed significant time and resources toward improving its information security programs and infrastructure, including $3.6 million allocated in the 2014/15 budget. Physical security will also be enhanced through the allocation of $564,000 to the Public Safety and Environmental Health and Safety units. Finally, $1.4 million was allotted to a broad array of compliance efforts, especially in the areas of information privacy, global activities, and federal Title IX compliance.

Student Services: $3.0 million

The bulk of the allocations in this category, $1.9 million, will support the transformation of the Career Services Center, which is described in detail on the facing page. Another $328,000 will replace one-time funding for the Office of Alcohol Policy and Education, while $768,000 will be used for various initiatives aimed at graduate and international students, student activities, residential affairs, and financial services.

Academic Programs: $2.5 million

The largest single allocation in this category is $800,000 for the law school's new curriculum programs, which have expanded significantly in recent years to meet increased demand for experiential learning. A similar amount, $791,000,

STANFORD'S NEW MODEL OF CAREER CONNECTIONS

Changes in economic conditions, generational trends, and technology as well as feedback from students, alumni, and parents have spurred major shifts in the delivery of career services in higher education. Stanford's renewed investment in career services will lead the way in transforming how career centers will support students' academic success, professional development, and transition from college to career.

Stanford is prioritizing students' career development by launching a new model that promises to offer specialized career development support to students and connect them to internship and employment opportunities as well as mentoring and experiential learning. Career and professional development will become a significant element of the student experience rather than a resource they seek when approaching graduation. Moving from a traditional transactional model of career services, the career center will continue to offer career counseling, résumé assistance, and career fairs. But in the future it will place a stronger emphasis on building connections through partnerships with employers, mentoring, and development of networks that will serve students and alumni for a lifetime.

New Emphasis on Connections

Based on the recommendations of a steering committee representing diverse groups of stakeholders—including students, faculty, parents, and alumni—the new model of career connections will focus on three key elements:

1. **Connections with employers:** In order to diversify internship and employment opportunities for students and alumni, Stanford's career center is investing in career coaches who have industry expertise and experience to connect students to a wider variety of jobs and internships. These coaches will be responsible for building partnerships with employers from various sectors, including creative arts, social impact, health care, energy, sustainability, finance, consulting, technology, and start-ups. Currently, Stanford offers 16 career fairs and attracts over 10,000 job and internship postings per year. New investments in this area will increase the number and diversity of internship and employment opportunities, particularly for students in humanities, arts, and sciences.
2. **Connections with student and faculty communities:** In order to increase specialized support to students, and in partnership with academic advisors, career counselors are assigned to student communities based on their academic majors and degrees. Career counselors will help students explore career paths and readiness for internships, employment, and further education through individual counseling, career courses, online tools, and career meetups, which are frequent and informal discussion circles about various career topics. Career counselors are also responsible for developing meaningful connections with student groups, faculty, and administrators, and establishing self-supporting lifelong career communities. New investments in this area will allow all students at Stanford to have specialized support from career counselors who are connected to their academic disciplines and networks of advisors, and understand their concerns and potential career trajectories.
3. **Connections with mentors and experiences:** Stanford's career center is investing in mentoring, networking, and experiential learning programs. For example, Career Treks for Humanities and Arts take students on site visits to various companies and organizations to learn about the world of work and connect them with potential recruiters. Stanford Alumni Mentoring matches students with alumni mentors based on career interests and fields of study. These programs are receiving more funding and attention and are becoming key elements of the emerging model of career connections. Investments in this area will activate the Stanford network of stakeholders to support the experiential learning and professional development of students and alumni.

Career Outcomes

When the new model of career connections is fully implemented, students will be better equipped for the transition from college to career because of the connections they will have made, the professional experiences they will have been exposed to, and the support they will have received from career counselors, coaches, and mentors at Stanford.

This shift in service delivery will also bring new measures and metrics for students' career engagement, learning, and destination outcomes. Stanford's career center has begun implementing the net promoter score, a customer satisfaction metric, to measure students' loyalty to and engagement in career communities, and is partnering with Institutional Research, the Registrar's Office, and the Stanford Alumni Association to begin publishing first destinations and lifelong professional outcomes.

will support the libraries, including funds for a librarian in the growing South Asian studies area and to mitigate larger-than-inflationary increases in library materials costs. The remaining $860,000 will support undergraduate academic programs in Engineering and the Vice Provost for Undergraduate Education as well as provide operational support for the Precourt Institute for Energy.

Graduate Student Support: $2.4 million

The School of Engineering has experienced a growing need for teaching assistants in recent years due to increased enrollments, and that trend continues in 2014/15. At the same time, increased enrollment in Physics has created additional teaching assistant demand in Humanities & Sciences. Both of these needs will be addressed by creating a $2.2 million central pool of teaching assistant funds that will initially be allocated to Engineering and Physics but can be shifted to other schools and departments in the future as enrollment trends change. Another $240,000 was allocated to the Graduate School of Education to allow them to increase the funding package offered to doctoral students from a guarantee of four years to a guarantee of five years.

Administrative Operations: $2.4 million

The largest allocation in this category – $650,000 – will flow to the Business Affairs organization to improve financial reporting across the university and to increase accounting support for the university's growing global operations. Development and communications efforts will also be bolstered with $643,000 of allocations to the Office of Development and the schools of Earth Sciences and Engineering. Public Affairs will receive $478,000 to support its media initiatives and outreach programs and to enhance web communications and digital media services, while University Human Resources will receive $414,000, including base funding for its successful Manager Academy program.

Efficiency Initiatives: $1.9 million

After the financial downturn in 2008, the university embarked on a number of initiatives to improve efficiency and achieve operational savings. Two of those efforts successfully completed three-year pilots and will be funded on a continuing basis in 2014/15. The Web Services initiative created a central group of web professionals who built dozens of websites for local units, developed a suite of website creation and management tools, and established university standards and working groups that will allow the university and local units to rely significantly less on outside vendors. The HR transactions pilot established a group of four expert staff who processed nearly one-quarter of all HR transactions over the past year, increasing the speed and accuracy of transactions and allowing local units to redeploy nineteen staff who had previously performed HR transactions as part of their duties. While not one of the original efficiency initiatives from 2008, the Procure-to-Pay Transformation project was funded to analyze and pursue opportunities that will achieve savings on services and materials purchased from outside vendors, again benefiting local units' budgets.

Faculty Support: $1.1 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 $550,000 was allocated for these purposes. The School of Engineering also received $500,000 for targeted salary increases for its mid-career faculty.

PROJECTED STATEMENT OF ACTIVITIES

Stanford University, as a not-for-profit institution and a recipient of restricted donations, uses a fund approach to manage itself internally. Stanford also presents a Statement of Activities, prepared in accordance with accounting principles generally recognized in the United States (GAAP). The Statement of Activities summarizes all changes in net assets during the year (both operating and non-operating).

The table on page 22 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 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 (one form of asset has been converted into another type of asset).

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 with the GAAP basis Statement of Activities:

a) Eliminate Fund Transfers. The Consolidated Budget includes transfers of $251.8 million of current funds to other fund groups, including plant, student loans, and funds functioning as endowment. The transfers out are added back for the Statement of Activities.

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, $86.5 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. Depreciation expense includes the depreciation of capital equipment and other capital assets, such as buildings and land improvements. This adjustment adds $329.1 million of expense to the Statement of Activities.

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 2014/15, GAAP expenses are expected to be higher than budgeted expenses by $59.9 million.

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, $255.7 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 $39.8 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 $46.5 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 $35.7 million from compensation and $10.8 million from non-compensation expenses, with no net change in the bottom line.

COMPARISON OF CONSOLIDATED BUDGET AND STATEMENT OF ACTIVITIES, 2014/15

Unrestricted Net Assets

[IN MILLIONS OF DOLLARS]

STATEMENT OF ACTIVITIES				FISCAL YEAR 2014/15		
2012/13 ACTUALS	2013/14 JUNE 2013 BUDGET	2013/14 PROJECTED YEAR-END		PROJECTED CONSOLIDATED BUDGET	ADJUSTMENTS	PROJECTED STATEMENT OF ACTIVITIES
			Revenues and Other Additions			
			Student Income:			
311.0	320.7	320.7	Undergraduate Programs	330.3		330.3
297.0	310.4	314.2	Graduate Programs	326.8		326.8
144.9	147.6	151.2	Room and Board	162.5		162.5
(241.5)	(254.1)	(247.5)	Student Financial Aid[e]		(255.7)	(255.7)
511.4	524.6	538.6	Total Student Income	819.5	(255.7)	563.9
			Sponsored Research Support:			
657.3	663.8	673.9	Direct Costs-University	682.6		682.6
225.5	235.4	227.7	Indirect Costs	232.5		232.5
882.8	899.2	901.6	Total University Research Support	915.2		915.1
350.4	451.9	391.8	SLAC	413.2		413.2
623.6	628.6	670.2	Health Care Services[f,k]	816.1	(72.5)	743.6
302.1	290.3	295.0	Gifts & Net Assets Released from Restrictions	315.0		315.0
			Investment Income:			
920.7	982.3	984.2	Endowment Income	1,064.7		1,064.7
83.8	158.7	146.3	Other Investment Income[g]	205.0	(46.5)	158.5
1,004.5	1,141.0	1,130.5	Total Investment Income	1,269.7	(46.5)	1,223.2
463.5	488.1	523.2	Special Program Fees and Other Income[j]	550.9	5.2	556.1
4,138.3	**4,423.7**	**4,450.9**	**Total Revenues**	**5,099.5**	**(369.5)**	**4,730.1**
			Expenses			
2,498.2	2,695.4	2,678.1	Salaries and Benefits[d,g,j]	2,840.4	27.2	2,867.6
78.5	71.2	73.3	Debt Service[h]	183.0	(106.3)	76.7
			Capital Equipment Expense[b]	86.5	(86.5)	
291.7	311.5	300.1	Depreciation[c]		329.1	329.1
			Financial Aid[e]	255.7	(255.7)	
1,104.5	1,259.7	1,275.7	Other Operating Expenses[f,g,j]	1,355.1	(46.2)	1,308.9
3,972.8	**4,337.8**	**4,327.2**	**Total Expenses**	**4,720.8**	**(138.4)**	**4,582.3**
165.4	**85.9**	**123.7**	**Revenues less Expenses**	**378.8**	**(231.1)**	**147.8**
			Transfers			
			Additions to Endowment Principal[a]	(75.0)	75.0	
			Other Transfers to Assets[a]	(176.8)	176.8	
			Net Internal Revenue/Expense[i]	33.0	(33.0)	
0.0	**0.0**	**0.0**	**Total Transfers**	**(218.8)**	**218.8**	**0.0**
165.4	**85.9**	**123.7**	**Excess of Revenues Over Expenses After Transfers**	**160.0**	**(12.3)**	**147.8**

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/SHR, 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 $106.3 million.

i) Eliminate Net Internal Revenue/Expense. 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 $33.0 million from plant funds into the Consolidated Budget for purchases of internal services is 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. $5.2 million in revenues and $5.1 million in expenses is added ($3.0 million in Salaries and Benefits and $2.1 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. These include contributions by Hospital construction projects to the Stanford Infrastructure Program and performance bonuses related to Physician Service Agreements. In the Consolidated Budget, these show as health care services income. This adjustment removes $32.7 million of revenue.

In summary, the impact of these adjustments decreases the Consolidated Budget's projected $160.0 million surplus by $12.3 million, resulting in a projected surplus of $147.8 million in the Statement of Activities.

CHAPTER 2

ACADEMIC UNITS

OVERVIEW OF ACADEMIC UNITS

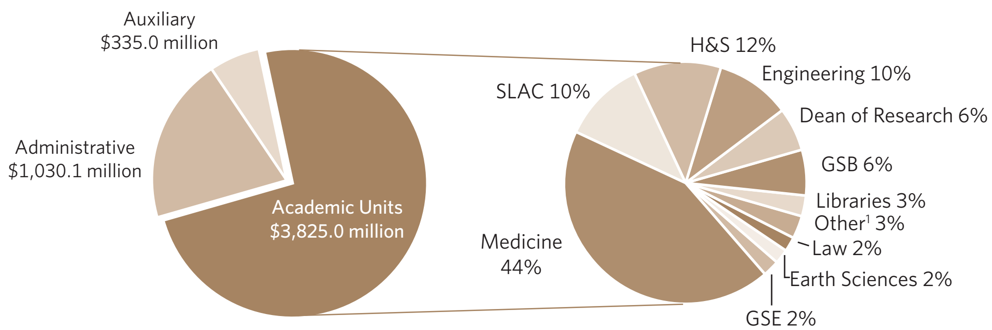
This chapter summarizes programmatic and financial activity for each academic unit. The revenue expectation in 2014/15 for these academic units comprises nearly 74% of the university total revenue. Overall, the academic units project an operating surplus of $177.1 million. After transfers to facilities and endowment, the unit budgets overall will achieve a $128.2 million surplus.

CONSOLIDATED BUDGET FOR OPERATIONS, 2014/15: 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	223.1	220.7	2.3	(10.0)	(7.7)
School of Earth Sciences	67.4	63.4	4.0	(3.5)	0.5
Graduate School of Education	63.3	62.3	1.0	(1.0)	(0.0)
School of Engineering	396.5	381.1	15.4	(3.4)	12.0
School of Humanities and Sciences	465.0	455.7	9.4	(11.8)	(2.4)
School of Law	82.4	77.9	4.5	(4.3)	0.3
School of Medicine	1,849.1	1,699.4	149.7	(15.5)	134.2
Vice Provost and Dean of Research	206.3	212.2	(5.9)	6.0	0.1
Vice Provost for Undergraduate Education	48.3	47.0	1.2	(0.8)	0.4
Vice Provost for Graduate Education	4.3	8.3	(4.1)	(1.5)	(5.5)
Hoover Institution	55.9	54.8	1.1	(3.3)	(2.2)
Stanford University Libraries	116.9	118.1	(1.2)	0.0	(1.2)
SLAC	423.8	424.0	(0.3)	0.0	(0.3)
Total Academic Units	**4,002.1**	**3,825.0**	**177.1**	**(48.9)**	**128.2**

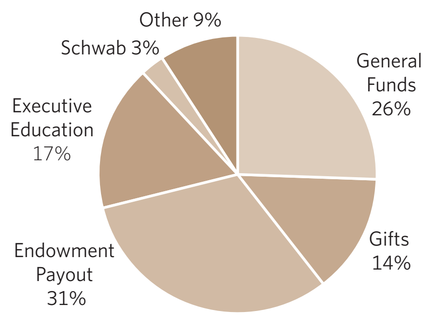
2014/15 Consolidated Expenses by Academic Units



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

GRADUATE SCHOOL OF BUSINESS

2014/15 Consolidated Revenues
$223.1 Million



[IN MILLIONS OF DOLLARS]

	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN
Total Revenues	202.5	215.7	223.1
Expenses			
Salaries and Benefits	110.0	115.4	122.8
Non-Salary	73.4	84.3	98.0
Total Expenses	183.4	199.7	220.7
Operating Results	**19.1**	**16.0**	**2.3**
Transfers From (to) Endowment & Other Assets	(1.6)	(5.2)	0.0
Transfers From (to) Plant	0.0	(13.0)	(10.0)
Surplus / (Deficit)	**17.5**	**(2.2)**	**(7.7)**
Beginning Fund Balances	77.5	94.9	92.7
Ending Fund Balances	94.9	92.7	85.0

Programmatic Directions

The Graduate School of Business (GSB) is in its third year of execution of the GSB2020 strategy and has already made significant progress in the three focal areas: global strategy, the Stanford Institute for Innovation in Developing Economies (SEED), and education technology. The GSB also continues to advance initiatives around the degree programs.

- **Global Strategy:** The GSB's global strategy will affect existing students, Stanford graduates, GSB and Stanford alumni, and businesses around the world. The GSB has expanded through the Global Innovation Programs, which offer Stanford Ignite, a certificate program that teaches graduate students, alumni, and experienced professionals to formulate and commercialize their ideas. Programs have been run in Paris, France, and Bangalore, India, and are planned to run in Latin America. In addition, alumni relations and development activities will take place in locations such as Mexico City and Monterrey, Mexico; Singapore; and Hong Kong.
- **SEED:** SEED also expands the GSB's global reach, but its strategic mission is specifically to transform lives on a massive scale in the foreseeable future by stimulating creation of economic opportunities that reach and benefit those who live under circumstances of poverty. SEED provides funding to faculty and visiting scholars who wish to research topics that further its mission. To date, SEED has granted more than a quarter-million dollars in funding to faculty and PhD students. SEED also provides funding for the Design for Extreme Affordability and Social Entrepreneurship classes to support students' learning so that they can become future leaders in this mission. Another component of the SEED strategy is the establishment of regional centers. The first, West Africa, in Ghana, has run two 30-company cohorts from six West African countries. In 2014/15 the GSB plans to continue to consolidate and stabilize the operation in West Africa; expand student engagement and university-wide faculty research; and launch the East Africa center.
- **Education Technology:** The GSB's education technology strategy includes curricular initiatives, facilities, and online communities. Creation of the appropriate facilities to support development and implementation of the curricular initiatives has been important to the success of technology in education thus far. Recording studios have been created so that high-quality video content can be produced for either online education or curriculum enhancement; distance education classrooms have been created that enable professors to teach real-time programs around the world without leaving the campus, using high-quality audiovisual transmissions. Flipped classrooms, such as the Startup Garage, allow students

to watch videos and come to class prepared to engage in class activities and deeper discussions, and allow professors to more fully gauge the students' understanding of the material. The first GSB massive open online course (MOOC), Finance of Retirement & Pensions, ran from September through December 2013, with more than 11,000 active students.

The GSB also continues to advance initiatives around its core degree programs. For example, it is developing ways to improve the online experience for MBA students. The GSB is also continuing its efforts to support and develop joint MBA degrees. In 2013/14, it conducted a review of the PhD program, which will result in an opportunity to increase the number of PhD students in 2014/15. Finally, the MS in Management for Experienced Managers (MSx) program has become more integrated with the MBA program through greater sharing of electives and international study trips, increasing the economies of scale and the opportunities for learning between the cohorts.

Consolidated Budget Overview

The 2014/15 GSB Consolidated Budget for Operations shows total revenues and transfers of $223.1 million and expenses of $220.7 million, yielding a surplus of $2.3 million. The school plans to transfer $10 million to capital for the housing expansion project described below, resulting in a planned $7.7 million decrease in current funds by the end of 2014/15.

GSB revenues and transfers for 2014/15 are projected to grow by about $7.4 million, or 3.4%, over the 2013/14 projection, largely because of growth in tuition and instructional fees, Executive Education, and endowment payout. Tuition for first-year MBAs is planned to increase by 3.9% to $61,875. MSx tuition is planned to increase 3.9% to $116,500, and the number of students is planned to increase from 83 to 90. PhD tuition will be 3.5% higher than in 2013/14, and the number of students is planned to increase from 109 to 116.

Endowment payout is projected to increase by about 6.2% over the 2013/14 projection as a result of market growth and new gifts. The endowment payout and interest income will provide roughly a third of overall funding for the GSB, directed primarily for teaching, research, and fellowships. The GSB projects expendable gifts to be about $31 million, roughly the same as the 2013/14 projection. Growth in expendable gifts is not anticipated because of an increasing focus on faculty support and fellowships, which are usually endowed gifts.

GSB expenses are projected to increase by 10.6% in 2014/15. Compensation is projected to increase 6.4% through salary increases and growth in the number of faculty and staff. The GSB programmatic areas planning growth include SEED, fellowships, Executive Education, and faculty research support. For example, the MBA program will support global fellowships, a new opportunity for students to receive financial support if they commit to return to their developing countries of origin after graduation. Executive Education will continue to grow through creative use of online technology and the launch of new open-enrollment programs. Faculty will receive improved and focused support through the creation of a research department. This department plans to arrange for research assistants and resources to assist with data collection and analysis, assist with research dissemination, and support and implement necessary technology.

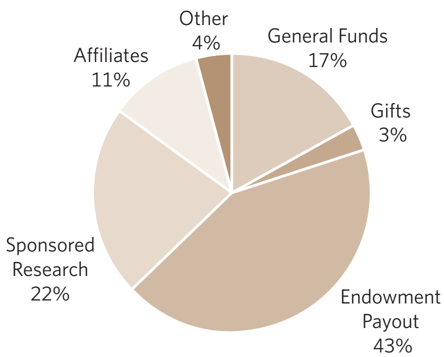
The GSB's fund balances are projected to be 42% unrestricted and 58% restricted. Unrestricted fund balances are planned to decrease due to capital investment in the student housing project and fundraising focus on faculty support and fellowships. The unrestricted balances include a $10 million operations reserve, a $4 million reserve to support fellowship growth, and a $5 million reserve to temporarily accelerate the Global Development and Poverty Initiative, which will also be supported by the university's SEED matching fund. A large proportion of the restricted balances supports specific ongoing activities at the GSB, in which the funds will be used over a period of years, rather than in the same year they were received.

Capital Plan

The GSB is planning to build a 200-room residence to support the MBA program, the MSx program, and growth of the Executive Education program. In combination with the existing 280-room Schwab Residential Center, the new residence will be able to accommodate all first-year MBA students (excluding families with children, who are housed elsewhere on campus), some MSx students, and Stanford Ignite participants, in addition to new Executive Education participants in the summer. The estimated $75 million cost of the project is planned to be funded by gifts, reserves, and debt. The housing expansion is in the design stage and is expected to be operational for the 2016/17 academic year.

SCHOOL OF EARTH SCIENCES

2014/15 Consolidated Revenues
$67.4 Million



[IN MILLIONS OF DOLLARS]

	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN
Total Revenues	61.9	66.2	67.4
Expenses			
Salaries and Benefits	39.7	42.6	45.8
Non-Salary	17.9	17.3	17.6
Total Expenses	57.6	59.8	63.4
Operating Results	**4.3**	**6.4**	**4.0**
Transfers From (to) Endowment & Other Assets	(2.6)	(2.5)	(2.5)
Transfers From (to) Plant	0.0	(1.4)	(1.0)
Surplus / (Deficit)	**1.7**	**2.5**	**0.5**
Beginning Fund Balances	48.2	50.0	52.5
Ending Fund Balances	50.0	52.5	52.9

Programmatic Directions

The School of Earth Sciences has evolved substantially over the past decade, adding new departments, faculty, and disciplines along with interdisciplinary programs. There is more to do if the school is to fulfill its leadership role in helping Stanford develop solutions to the great resource and environmental challenges of the coming decades. In addition to faculty recruitment in several key areas—water/land management, end-to-end energy, and coastal ocean science—the school's focuses for 2014/15 will be:

- developing professional master's programs in sustainability science, energy, and resources,
- developing a new coterminal Master's in Environmental Science Communication,
- pursuing opportunities to work with the Vice Provost for Online Learning (VPOL), both to transform instruction and to reach a broader population, and
- building development and communications capacity, allowing for significant growth in fundraising, in order to raise funds for a new science building.

Professional Master's Programs

The 21st century holds many challenges in meeting the needs of people for food, energy, water, and other resources. Tackling such challenges requires leaders who leverage knowledge and skills from a broad range of disciplines and can design and manage programs and policies. Global assessments by the National Academy of Sciences and the International Commission on Education for Sustainable Development Practice identify a critical shortage of leaders prepared with these competencies. At Stanford, campus-wide strategic planning has identified a growing demand by students for curricular programs that focus on sustainability challenges and solutions. During 2014/15, Earth Sciences is exploring this demand, as well as the competitiveness and viability of such programs. The school anticipates that this effort will yield a very high-profile professional master's degree and, over time, an executive education program, new undergraduate courses, and potentially a minor or stand-alone bachelor's degree.

Concurrently, the school is exploring the potential for a professional MS in energy and resources, which would bring together engineering, computational, and biophysical science expertise, along with resource economics and planning.

Science Communication

Over the past several years Earth Sciences has developed a handful of very popular courses centered on environmental science and policy communications. Five years ago the school hired an environmental journalist who serves as a full-time lecturer and also contributes significantly to the MA in Journalism program. Student demand for education and training in this area has grown substantially, with many students interested in pursuing graduate study in environmental communication. In response, the Earth Systems Program will offer a coterminal MS in Environmental Science Communication starting in fall 2014.

Online Learning

Closely linked to the development of professional master's programs and the school's commitment to expanding its undergraduate programs is a desire to fully pursue opportunities with the VPOL. To date, only a few Earth Sciences faculty have pursued VPOL opportunities. There are significant impediments to transforming the school's traditional educational methods to work online. Many of these barriers relate to the difficulty in transforming Earth Sciences concepts (including those traditionally explored in the field and laboratory) into forms that can be taught in intriguing ways online. Despite a lack of in-house resources, Earth Sciences is committed to developing a handful of online educational experiences both to benefit Stanford students and potentially to reach students beyond campus.

Raising Earth Sciences' Visibility

Earth Sciences has grown substantially over the last decade, and its current footprint cannot support its research and teaching operations. A new building to replace Mitchell with some room for growth will cost approximately $115 million. While the university will provide significant help, Earth Sciences still needs to raise at least $70 million for the building and several tens of millions more for new faculty and program support. For a school with a small alumni base, this is a monumental undertaking, and it will require substantial investment in additional development staff. Closely coupled with this issue is the need to craft and disseminate more frequent, robust, and compelling communications. Earth Sciences invested in a chief communications officer last year and has recently added a science writer to tell its story. The change is remarkable. There are now rich and complex stories about Earth Sciences' teaching and how its research increases understanding of the planet and solves real problems. These stories must reach well outside the boundaries of the school's typical audience.

Consolidated Budget Overview

The 2014/15 consolidated budget shows total revenues and transfers of $67.4 million, expenses of $63.4 million, and transfers to endowment and plant of $3.5 million, with a projected surplus of about $475,000.

Restricted revenues in 2014/15 are expected to increase 2.9% over the estimated 2013/14 levels, growing by a combined $1.4 million. While the majority of the endowment payout increase is attributable to the university's payout growth assumption, new gifts and pledge payments are anticipated to generate an additional $200,000. Sponsored research revenue is projected to grow by $227,000, or 1.7%. All other types of restricted revenue are expected to remain flat.

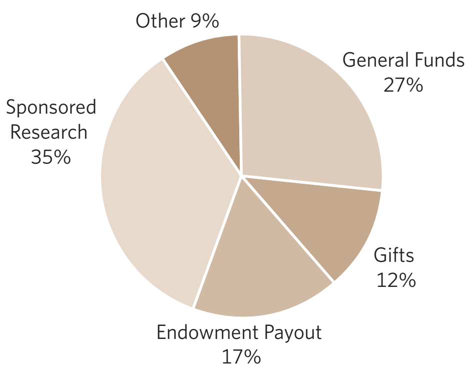
Total expenses are expected to grow by $3.6 million, or 5.9%. Most of this growth will be in compensation cost, which is projected to increase by $3.2 million, or 7.5%. Faculty salaries will see growth beyond the impact of the salary program. Not only will the recruitment of new faculty continue, but the full impact of personnel costs related to several midyear arrivals in 2013/14 will begin to manifest next year. Furthermore, to serve its short- and long-term goals as described above, the school plans a total of nine new staff positions in development, communication, technological instruction, and facilities planning, triggering substantial growth in staff salaries. Non-compensation expenses are projected to increase only slightly, by $344,000, or 2.0%.

Combined cumulative fund balances are expected to increase modestly, by $475,000, by the end of 2014/15. While the designated fund balances will increase by $893,000, or 5.9%, mainly in the form of new faculty start-up funding from the provost, all of the year's endowment payout and gift revenue, plus some reserve balance, will be relied upon for operations.

Capital Plan

Through a generous gift from the O'Donohue family, Earth Sciences is responding to ever-increasing student demand for educational programs on sustainable agriculture by creating the O'Donohue Family Stanford Educational Farm. In summer 2014, the first phase of the farm's development will be completed, allowing it to be operational for fall planting and instruction. In 2015, Earth Sciences will embark on the second phase of the farm, which will include a barn, an outdoor kitchen, and demonstration fields.

THE GRADUATE SCHOOL OF EDUCATION



[IN MILLIONS OF DOLLARS]

	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN
Total Revenues	55.8	61.1	63.3
Expenses			
Salaries and Benefits	38.4	40.8	43.0
Non-Salary	18.3	18.8	19.4
Total Expenses	56.6	59.6	62.3
Operating Results	**(0.8)**	**1.5**	**1.0**
Transfers From (to) Endowment & Other Assets	0.1	(0.7)	(1.0)
Transfers From (to) Plant	0.0	(0.2)	0.0
Surplus / (Deficit)	**(0.7)**	**0.6**	**0.0**
Beginning Fund Balances	38.1	37.4	38.0
Ending Fund Balances	37.4	38.0	38.0

Programmatic Directions

The Graduate School of Education (GSE) provides academic leadership in cross-disciplinary research on global problems in education, as well as exemplary professional training for teachers, researchers, and educational leaders.

The school recently completed a strategic planning and priority-setting process, which produced a set of goals and plans that fall into three broad areas: priorities for school growth, efforts that further connect the GSE to educational practice and policy, and strategies for strengthening the GSE community.

Priorities for School Growth

While the school will remain agile in addressing emerging needs and opportunities, it has identified two strategic priorities for growth: the impact of technology on education and the education of low-income students.

Education's Digital Future (EDF), a groundbreaking series of discussions and classes instituted last year, is continuing to draw strong interest from the Stanford academic community and beyond. Local K–12 teachers, district leaders, software developers, venture capitalists, and policy experts remain engaged in this exploration of how digital education can most effectively be utilized.

In addition, the GSE is working with the School of Engineering and the Vice Provost for Online Learning to develop a joint center focusing on the interface between education and technology.

The school's commitment to growth in the area of educating low-income students is manifest in two faculty searches presently under way in partnership with the Center for Comparative Studies in Race and Ethnicity. The GSE seeks a faculty member who will focus on education and poverty and another who will focus on the education of linguistic minorities.

In addition, in fall 2013 the school launched a course and lecture series focused on policies and practices that impact students growing up in poverty. Following the highly successful EDF model, the Workshop on Poverty, Inequality, and Education (PIE) is structured around building knowledge about how to reduce inequality and ensure that all children have an equal chance to succeed in school and lead productive, fulfilling lives. The PIE workshops explore whether and how schooling can ameliorate the effects of poverty and inequality by examining social, economic, and cultural forces, as well as developmental and psychological issues. This effort includes a series of public lectures, panel discussions, film screenings, and conferences throughout the year.

Connection to Schools and Communities

While the GSE has long had myriad involvements and connections with schools, it aims to increase its impact.

An example of its efforts is the GSE's five-year partnership with San Francisco Unified School District (SFUSD). This partnership supports and promotes innovative practical research and engages practitioners, policy makers, and academics in a dialogue about research findings and implications for practice. It has always been distinctive among district–university partnerships in that the needs of the school district guide what university/GSE research and professional development are brought to it. Over 100 GSE and SFUSD personnel currently participate in about 25 distinct Stanford research and practice projects.

Version 2.0 of this partnership builds on these achievements and adds features to further incentivize faculty involvement and generate meaningful and visible impact. One such feature is an incentive fund to support faculty research that is conducted in the context of a sustained and deep collaboration with the district. To be awarded incentive funds, projects must be aligned with the district's research agenda and meet the GSE's standards for rigor and generalizability. By leveraging this funding source, GSE faculty can significantly reduce the time it takes to launch research projects and thus provide a much more timely response to district research needs.

Strengthening the GSE Community

In alignment with its strategic plan, the GSE is rethinking how its physical space can better support its goals for research, teaching, and impact on educational practice. It is launching a facilities visioning and planning study, with the objective of developing a scope and feasibility plan for a new education building. This initial phase will conclude in fall 2014, with programming and schematic design phases commencing in 2014/15.

A new building would positively impact all three areas identified in the strategic plan by providing:

- Collective space for several large centers,
- A place for convening large forums on education, and
- Space for new faculty research labs.

The current vision is for the new building to help bring the entire GSE community together, while also enabling faculty to better collaborate with colleagues and practitioners. With a new building housing many of the school's centers, the GSE would have the capacity to create new and innovative teaching and learning spaces in existing buildings.

Consolidated Budget Overview

The GSE projects a balanced budget in 2014/15. The $63.3 million consolidated budget includes an anticipated transfer of $1.25 million from endowment income to student loan funds in support of master's students enrolled in the Stanford Teacher Education Program.

The school projects an overall operating surplus of $1.5 million in the current year. However, this 2013/14 bottom line is buoyed by the receipt of a $2.7 million royalty payment for a teacher performance assessment system developed by the Stanford Center for Assessment and Learning Equity (SCALE). This royalty payment will help support SCALE's activities over the next several years.

The school continues to leverage expendable gifts to fund several initiatives and augment graduate student support. The demand on its doctoral student aid budget will increase in 2014/15 as the school moves to a five-year guaranteed-funding model. This funding enhancement will bring the GSE's doctoral support model more in line with those of peer institutions and Stanford's School of Humanities & Sciences. A graduation-year partial fellowship should help facilitate timely degree completion. The provost has provided base general funds to mitigate the incremental cost of this initiative.

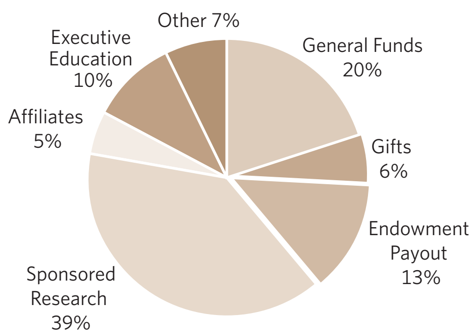
Designated income is projected to decline somewhat in 2014/15 from the unusually high level projected for the current year. However, new endowed gifts and pledge installments will boost endowment payout.

Research activity sponsored by both federal sources and foundations continues to be very robust at the GSE and is on pace to increase nearly 10% in the current year. The school projects that sponsored activity will continue to grow in 2014/15 at roughly 5%.

Total expenses are expected to increase about 5% in 2014/15, primarily because of sponsored research growth and an increase in the university benefits rate.

SCHOOL OF ENGINEERING

2014/15 Consolidated Revenues
$396.5 Million



[IN MILLIONS OF DOLLARS]

	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN
Total Revenues	376.6	381.5	396.5
Expenses			
Salaries and Benefits	190.6	198.0	208.0
Non-Salary	160.2	168.5	173.1
Total Expenses	350.8	366.5	381.1
Operating Results	**25.8**	**15.0**	**15.4**
Transfers From (to) Endowment & Other Assets	(6.8)	(1.4)	(1.4)
Transfers From (to) Plant	0.0	(16.5)	(2.0)
Surplus / (Deficit)	**19.1**	**(2.8)**	**12.0**
Beginning Fund Balances	231.3	250.4	244.6
Ending Fund Balances	250.4	247.6	256.6

Programmatic Directions

The School of Engineering (SoE) is undergoing a significant leadership transition while remaining focused on the fundamental mission of supporting the faculty in groundbreaking research and educating students at the bachelor's, master's, and PhD levels who will contribute to society as Stanford engineers. For the first time in 15 years, the school will have a new dean in 2014/15, along with new chairs in several departments, and the new leadership will look to build on the school's long tradition of excellence in all the engineering fields.

Many of the school's long-term plans are coming to fruition now and are highlighted by the pending completion of the Science and Engineering Quad (SEQ). Other initiatives that began over the last few years are beginning to gain traction. In particular, many faculty in the school are experimenting with elements of online learning with support from the school and in partnership with the Vice Provost for Online Learning. Based on the results of a survey of undergraduate students and in cooperation with the Bing Overseas Study Program, there is a strong emphasis on helping undergraduate students balance the structured and often sequential requirements of their engineering majors with a desire to study abroad, and online education may facilitate this.

Another idea moving from the conceptual to the formative phase is the Stanford Data Sciences Initiative (SDSI). This group of faculty, students, and industry partners will seek to advance SoE's ability to manipulate and analyze very large data sets and then collaborate with other research areas around campus to bring these techniques to bear on their data-related research problems. The SDSI will include faculty from Computer Science, Electrical Engineering, Management Science and Engineering, Statistics, and the Institute for Computational and Mathematical Engineering.

As the SDSI illustrates, faculty in the school continue to innovate and solve problems with interdisciplinary groups that push against traditional departmental boundaries, and evidence of this shows throughout the school. The Bioengineering Department, a joint venture between the SoE and the School of Medicine, continues to grow by many important measures, including research volume and number of students. Likewise, as the role of computation expands in almost every field of study, the Computer Science Department is considering joint faculty appointments far beyond the traditional overlap with Electrical Engineering. On the student side, the Faculty Senate recently approved a joint major model called CS+X, where undergraduates would pursue integrated elements of both a computer science major and a less closely related major like English.

One of the challenges facing SoE is the growing number of undergraduates selecting an engineering major. In particular, computer science and product design are attracting large numbers of students, and over the last few years the number of engineering majors has grown from a historic average of 20% of undergraduates to over 35% today. In order to keep close contact with students in increasingly large classes, the school is diverting more resources to teaching assistants who conduct section discussions and problem-solving sessions. In 2014/15, the university provided a substantial increase in general funds to help meet these growing needs.

Consolidated Budget Overview

The SoE projects a 2014/15 consolidated budget with total revenues and transfers of $396.5 million, expenses of $381.1 million, and operating results of $15.4 million. After transferring funds to assets, the projected surplus is $12.0 million. Compared with 2013/14 year-end projections, 2014/15 revenue and expenses will both grow by 3%. Sponsored research remains the largest financial component of SoE activities at approximately 40% of revenues, and growth in 2014/15 is projected at the same 3% level, despite potential longer-term negative impacts from federal sequestration. A number of large new grants, including a Department of Energy grant in mechanical engineering, Navy and National Institutes of Health grants in bioengineering, and a corporate grant in electrical engineering, are driving the near-term growth.

Beyond sponsored research, other revenue and expense increases in 2014/15 are driven by increased general funds support for teaching assistants' salaries and tuition, adjustment of midcareer faculty salaries, an additional fundraising position, the cost of shared instrumentation, and support of the Architecture Design Program, along with $2.5 million in revenue growth at the Stanford Center for Professional Development.

Faculty and divisions or laboratories within departments control 63% of designated fund balances and 78% of expendable gift balances. Substantial percentages of expendable and designated funds are earmarked for research. Most of the school endowment income is restricted to faculty and student support.

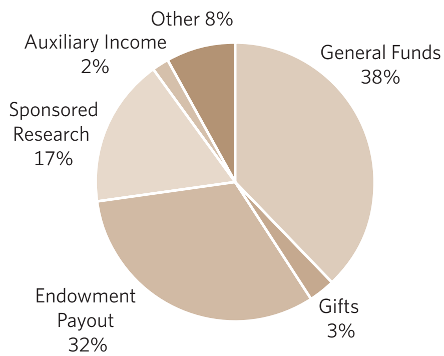
Capital Plan

The BioE/ChemE building will complete the Science and Engineering Quad 2 (SEQ 2), and the two departments will begin moving into the facility in the summer of 2014. The building will be jointly occupied by SoE and the School of Medicine, and it exemplifies the successful shared facilities and services model used throughout the SEQ. In addition to stellar research facilities for existing faculty, the building has more than 20,000 gross square feet of unfinished space available to accommodate future growth.

Buildings 520 and 524 are adjacent, early-campus-era buildings on the Panama Mall that are being renovated sequentially. Building 524 will be completed in the summer of 2014, Building 520 in 2015. When both buildings are done, they will house faculty and students from the Biomechanical, Mechanics and Computations, and Thermosciences groups in Mechanical Engineering in modern labs and office space that retain their historic exteriors with interior designs that evoke the buildings' original purposes.

With these two major projects nearing completion, the school is turning its attention to other facilities matters, including discussions and studies on programmatic needs in the Durand, Packard, Allen, and Gates buildings.

SCHOOL OF HUMANITIES & SCIENCES



[IN MILLIONS OF DOLLARS]

	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN
Total Revenues	439.2	453.6	465.0
Expenses			
Salaries and Benefits	269.9	283.4	298.7
Non-Salary	150.8	155.1	157.0
Total Expenses	420.7	438.5	455.7
Operating Results	**18.5**	**15.2**	**9.4**
Transfers From (to) Endowment & Other Assets	(20.2)	(1.5)	(0.9)
Transfers From (to) Plant	0.0	(34.4)	(10.9)
Surplus / (Deficit)	**(1.7)**	**(20.7)**	**(2.4)**
Beginning Fund Balances	280.3	278.6	257.9
Ending Fund Balances	278.6	257.9	255.5

Programmatic Directions

During the past three years the School of Humanities & Sciences (H&S) has focused on business fundamentals and enhancing competitiveness in key areas. It has concentrated financial resources on building the size and strength of the faculty, bolstering faculty salaries in anticipation of increased competition from other universities, and constructing new facilities. The school has made significant progress in each of these areas. The loss of tenured faculty to competitors has declined markedly, and the facilities for the arts and scientific research will be substantially improved. Continued faculty growth is not a part of the long-term strategy for H&S: the plan is to bring faculty additions and departures into balance at the current level.

H&S is engaged in several important new initiatives, several of which are collaborations with other Stanford schools. The Institute for Chemical Biology, a joint project with Engineering and Medicine, focuses on strengthening the chemical foundations of biomedical science and searching for molecular discoveries that will transform human health. The Center for Computational, Evolutionary, and Human Genomics, a partnership with the School of Medicine, seeks to translate genomic data into scientific advances improving health, agriculture, and biotechnology. The Neurosciences Institute is a campus-wide initiative to create brain research collaborations across a broad array of disciplines. The stable financial foundation built during the past few years has allowed the school to actively participate and invest in these strategic initiatives.

The federal grant environment continues to be a major concern for H&S. During the past decade, total grant and contract funding in the school has remained flat, while costs of research operations, equipment, and graduate student support have risen steadily. Projections indicate flat funding for the foreseeable future. The continuation and widening of this funding gap will require the school to prioritize research-related activities as more of these move from grants and contracts to other funding sources. Sustaining levels of non-salary research support and funding of graduate students will be high priorities in the coming years.

In 2007/08, federal grant funding provided $10.5 million of graduate student support. By 2012/13, this number had fallen to $9.9 million, a 22% decline after adjusting for inflation. H&S has received help from the provost (most recently $885,000 of incremental funding to offset tuition shortfalls on training grants), but for quite some time the primary funding source for this growing gap has been department and faculty-controlled restricted funds, many of them one-time balances. This responsibility has fallen heavily on natural science departments (Chemistry, Biology, and Physics) and some social science departments. In 2012/13, for the first time in many years, departmental accumulated student support balances decreased. This trend is projected to continue, with several departments depleting balances in the next two years. Enrollment growth in several natural science departments exacerbates this problem as teaching needs and costs increase. The expectation will continue that departments and faculty will use their own resources whenever possible to fund these gaps. Over the longer term, as these resources are fully utilized and one-time sources decline, there will be an increased reliance on Dean's Office and university resources.

Consolidated Budget Overview

For 2014/15, H&S projects revenues and operating transfers of $465.0 million and expenses of $455.7 million, resulting in an operating surplus of $9.4 million. After $11.8 million of transfers to plant and capitalization of endowment payout, the school projects a $2.4 million net use of accumulated balances. Dean's Office fund balances are projected to decrease by $4.7 million to a total of $75.1 million. Unrestricted reserves held by the Dean's Office have decreased for several years as a result of a planned spend-down and temporary bridge funding for capital projects. Reserves will decline from $75 million in 2011/12 to a projected $20.9 million in 2014/15. During this period, $45 million has been used to fund construction of the McMurtry Art and Art History Building; of this amount, $30 million is bridge funding until donor gift payments are received. Some $15 million of Dean's Office reserves will be used to fund construction of the Bass Biology Building during 2013/14 and 2014/15.

In 2014/15, department, program, and faculty fund balances are projected to increase by $3.4 million to a total of $180.3 million. Annual growth of these balances has tapered off dramatically as departments have more fully utilized funding sources to cover grant and contract funding gaps, enrollment spikes, and other costs. Departmental student support balances decreased by $2.6 million in 2012/13, reversing a six-year pattern of growth. While departmental balances are substantial, they are held by about 100 individual departments and programs. Balances are also very unevenly spread, with 10 units holding 50% of the total.

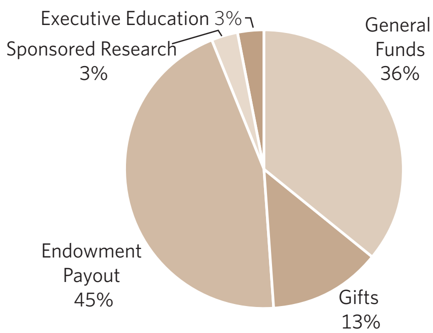
Total sponsored project expenses and indirect cost recoveries are projected to decline from $82.9 million in 2012/13 to $80.0 million in 2013/14. Sponsored volume in 2014/15 is projected to drop an additional 1.0% or $800,000 to a total of $79.2 million. Non-federal research funding declined 4% in 2013/14 and is projected to decrease an additional 8.5% in 2014/15. Federal research funding decreased 2.7% during 2013/14 and is projected to increase 0.5% in 2014/15. This continuing overall decline in research funding creates gaps in research and graduate aid funding, which are being covered by department and faculty-controlled reserves and Dean's Office bridge funding.

Capital Plan

The much-anticipated completion of the Anderson Collection at Stanford University is the highlight of 2014/15. H&S also will open the new Solar House at Jasper Ridge. The McMurtry Building is on track to be completed by summer 2015. The Science Teaching and Learning Center (Old Chem) will begin construction in summer 2014 with a projected completion date of summer 2016. The Roble Gym renovation will be completed by fall 2015. The project scope includes refurbished dance studios, a new black-box theater, and an "arts gym." The Bass Biology Building project will begin after the Science Teaching and Learning Center and will be completed by 2017. This building will house the Biology Department and a new world-class science core facility. The Bass Biology Building, including the new core facility, located on the Discovery Walk, will be a major draw for researchers throughout the university and attract undergraduate students. These projects represent the largest capital construction program since the founding of H&S.

SCHOOL OF LAW

2014/15 Consolidated Revenues
$82.4 Million



[IN MILLIONS OF DOLLARS]

	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN
Total Revenues	75.5	79.4	82.4
Expenses			
Salaries and Benefits	47.2	52.0	56.7
Non-Salary	20.3	21.1	21.2
Total Expenses	67.5	73.1	77.9
Operating Results	**7.9**	**6.2**	**4.5**
Transfers From (to) Endowment & Other Assets	(5.5)	(5.2)	(4.1)
Transfers From (to) Plant	0.0	(0.7)	(0.2)
Surplus / (Deficit)	**2.4**	**0.3**	**0.3**
Beginning Fund Balances	21.9	21.6	21.9
Ending Fund Balances	21.6	21.9	22.2

Programmatic Directions

The state of Stanford Law School (SLS) is strong. The law school continues to attract extraordinary students, and nearly all of them have exceptional professional opportunities upon graduation. The faculty is excellent, with interdisciplinary strength in general and depth in empirical legal studies that is well known and well regarded in the legal academy. Last year was a very successful hiring year, as the law school recruited four excellent scholars and teachers to join the faculty. This year, faculty hiring efforts have been ramped up even further. SLS is now well integrated into the university, with nearly seamless transition in and out by students and faculty.

But there are challenges ahead. The market for legal services is changing, and the law school wants to help prepare its graduates to succeed in this new environment. The changes in the market are partly cyclical, but also partly about technology disruptions, outsourcing, and increased global competition for legal services. Another challenge is for the school to remain a leader in innovation and legal education. On this score, the two recent changes in our academic program—growth in and excellence of our clinical program, and greater integration with the rest of the university through harmonization of our academic calendars—are significant advances.

In the last several years, the law school has built a truly extraordinary clinical program. Students take a clinic full time for one quarter. While some of the clinics are litigation oriented, others focus on transactional and policy work. Students enrolled in the various clinics work side by side, enabling ongoing, informal cross-training on a daily basis. In addition, the clinical program is robust enough to serve every member of the student body.

The law school has two new curricular initiatives this year. The Law and Policy Lab encourages and assists faculty in providing opportunities for students to engage in policy analysis or regulatory drafting for policy makers. In 2013/14, there are 13 practicums offered through the lab. Core faculty work side by side with small groups of students, providing unique accessibility and mentoring. Many of the practicums are interdisciplinary in terms of both the students enrolled and the tools used in analyzing the problems presented.

The second initiative, the global initiative, comprises three elements. First, a new foundational course introduces students to the practice of law in a global context and addresses the mismatch between issues that young lawyers face in practice and their exposure to such issues in law school. It is taught primarily through complex case studies drawn heavily from the experiences of general counsels and attorneys working in the global environment. Second, new overseas courses will provide students with opportunities to learn about practicing law in a transnational context. Next year, the law school plans to offer three such courses: one on international criminal justice in Europe and two on business transactions, one in South America and the other in China. Third, to integrate transnational law into the core curriculum, distinguished visitors will come to SLS to share their transnational expertise in existing courses.

Consolidated Budget Overview

The SLS 2014/15 consolidated budget encompasses total revenues and operating transfers of $82.4 million and expenses of $77.9 million, generating an operating surplus of $4.5 million. After projected transfers to assets of $4.2 million ($2.8 million transferred to student loan to cover the SLS Loan Repayment Assistance Program obligations; $1.2 million reinvested into funds functioning as endowment; and $200,000 transferred to plant for the Crown Quadrangle renovation), the school projects a net consolidated surplus of $300,000.

Consolidated revenue is projected to increase 4%. More specifically, expendable gift revenue is expected to be $10.6 million, a 2% increase, while endowment payout income should rise by slightly more than 4%, to $36.9 million. Designated income will grow by more than 5%, to $4.2 million, due in significant part to the expansion of executive education offerings. Opportunities for sponsored research continue, and volume is expected to exceed $2.2 million. In addition to the U.S. Department of State's $7.2 million multiyear grant to support the Afghanistan Legal Education Project, SLS has received sponsored funding support in criminal justice, public service, international human rights, and energy policy and finance.

In 2014/15, consolidated budget expense totals are budgeted to grow by approximately 6%. The primary factor in this growth is compensation. SLS will supplement its existing academic and staff counts to advance the Law and Policy Lab and global legal practice initiatives. In addition, planned increases in faculty, sustained growth in the research enterprise, and new programs will contribute to increased spending on compensation.

SLS consolidated fund balances will increase by $300,000 to $22.2 million. Of this amount, $13.4 million is classified as noncash investments and therefore not available for use. The $8.8 million available fund balance comprises $6.2 million for restricted purposes, such as academic programs, centers, and financial aid, and $2.6 million for unrestricted purposes.

Capital Plan

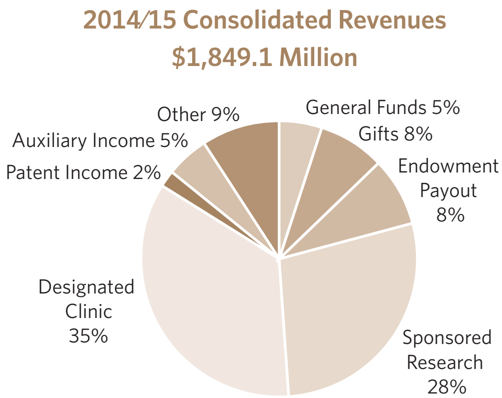
The law school master plan included three major components: the construction of two new projects, the Munger Graduate Residences and the William H. Neukom Building, and the renovation and modernization of Crown Quadrangle. Over the past few years, the two new construction projects have been completed, and the Crown Quadrangle renovation is currently under way.

The most extensive phase of the Crown project consists of renovating the entire third floor (30,000 square feet) and erecting a new central stairway that will be the centerpiece of the building. Also, the law library collection will be moved from the third floor to the basement, and library study spaces from the third floor to the second. The third floor will bring together the law school's research centers and programs. This phase of the renovation began in June 2013 and will be completed in spring 2014, at a cost of $15 million.

The next phase will begin in summer 2015. This part of the renovation will modernize second-floor administrative offices and bring them in line with university space guidelines. Additionally, the library's second floor will be expanded to provide space for graduate student study areas. This phase of the remodel will cost $3 million.

The final phase will focus on the basement and first floor. Those administrative office spaces will be updated, and more functional and appealing space will be created for student journals and organizations. This final piece of the Crown renovation is expected to cost $5 million, which will bring the total Crown Quadrangle renovation cost to $23 million.

SCHOOL OF MEDICINE



[IN MILLIONS OF DOLLARS]

	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN
Total Revenues	1,631.3	1,706.4	1,849.1
Expenses			
Salaries and Benefits	882.7	939.4	1,020.2
Non-Salary	617.7	657.0	679.2
Total Expenses	1,500.4	1,596.5	1,699.4
Operating Results	**130.9**	**110.0**	**149.7**
Transfers From (to) Endowment & Other Assets	29.9	(17.7)	(12.4)
Transfers From (to) Plant	(4.4)	(25.5)	(3.1)
Surplus / (Deficit)	**156.4**	**66.8**	**134.2**
Beginning Fund Balances	612.6	769.0	835.7
Ending Fund Balances	769.0	835.7	969.9

Programmatic Directions

The mission of the School of Medicine is to fuel innovation, empower future leaders, and transform patient care. Under the umbrella of Stanford Medicine, the school, Stanford Hospital and Clinics, and Stanford Children's Health (Lucile Packard Children's Hospital Stanford) are united in identity, purpose, and a commitment to excellence.

At a February 2014 meeting of the Stanford University Board of Trustees, Dean Lloyd B. Minor shared his thoughts about how Stanford Medicine will lead the biomedical revolution by achieving excellence in each of its mission areas—research, education, and patient care—and achieving preeminence as a whole by developing connections and collaborations across all mission areas.

In fundamental discovery—curiosity-driven research that uncovers the mysteries of biology—Stanford is an undisputed leader. But even so, the school plans to increase its support for high-risk, high-reward research and for the core spaces and core resources needed to address the many modern scientific challenges that require collaboration across academic divides.

To accelerate translational research, Stanford Medicine is committed to building up its clinical trials infrastructure. Currently about 40% of new cancer patients are presented to a multidisciplinary tumor board to determine whether they could be enrolled in a clinical trial. Stanford Medicine plans to increase that to 90% of eligible patients over the next five years.

In March 2014, the school received a glowing review of its medical education program from its reaccreditation body. Nevertheless, the school is in the midst of a process to transform its medical curriculum to make sure it is meeting the needs of a new generation of learners, who will be expected to master an ever-expanding amount of biomedical knowledge and practice in an evolving health-care system. In 2013/14 the school established a goal to expand its cohort of MD/PhD students from about 80 to 120 over the next five years.

In patient care, the most important step toward excellence is recognizing the central role of that care within the school and its vital importance to the research and education missions as well as to the collective drive to preeminence. As outlined in the Principles for Stanford Medicine developed by President John Hennessy, the dean is engaged with the hospital CEOs in all levels of goal and strategy setting for the clinical enterprises and has primary oversight of the quality of physician practices and clinical networks.

Stanford Medicine is building a network of care that gets specialists out into the community and brings high-quality physicians in from the community. In January 2014, Stanford Medicine launched Stanford HealthCare Alliance, an accountable-care health plan with more than 9,000 enrollees from the Stanford University and Stanford Medicine community.

Stanford Medicine is committed to building a learning health-care system that generates and applies the best evidence for health-care choices and drives discovery as a natural outgrowth of patient care. This effort will harness the power of biomedical big data—the growing cache of information that includes everything from genomic sequences to electronic medical records.

Consolidated Budget Overview

The school projects total revenues and transfers of $1,849.1 million in 2014/15 and expenses of $1,699.4 million, yielding a surplus from operations of about $150 million and a net change in current funds of $134.2 million. One of the main contributors to the net change in current funds is the philanthropic gifts projected to stem from the school's development campaign and to be used in years after 2014/15.

Revenue

Revenues and transfers are projected to increase from $1,706.4 million in 2013/14 to $1,849.1 million in 2014/15. Key drivers include the following:

- Healthcare services revenue is projected to increase 7.9%, or $53.1 million, from $676.0 million in 2013/14 to $729.1 million in 2014/15. The increase is driven primarily by growth in volume from clinical programs and incremental faculty, which drive revenue increases in professional services from both Stanford Hospital and Clinics and Stanford Children's Health.
- Gift revenue is projected to grow 82.4% and endowment income 7.1%, reflecting the projected success of the development campaign and the incremental philanthropy. If the incremental philanthropy does not occur, the net change in current funds will be about half of the projected amount.
- Increases in program expenses from prior years' philanthropy and growth in health-care services revenues contribute to higher internal income in 2014/15, and the 1.9% increase in sponsored research is driven mainly by incremental faculty.

Expense

Expenses are projected to increase 6.5%, or $102.9 million, from 2013/14 to 2014/15. Major components of the increase are:

- The projected net recruitment of 60 faculty, 21 in the university tenure line, 35 in the medical center line, and 4 in the nontenure line, as well as 91 clinician educators.
- An $80.8 million increase in annual compensation for faculty, clinicians, and staff, primarily due to incremental recruitments, clinical program growth, and annual compensation program increases.
- Increases in operation, maintenance, and utilities expenses, primarily driven by double-digit percentage rate increases for chilled water, electricity, and steam.
- Higher program expenses in cancer, basic science, and graduate student support, which are funded by philanthropic receipts from 2012/13.

Transfers to Plant, Endowment, and Other Assets

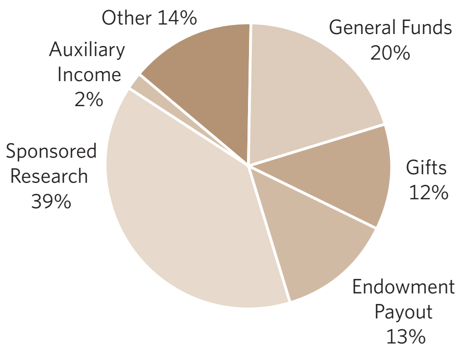
The projected transfer to plant of $3.1 million comprises $5.8 million for BioMedical Building 1, $4.5 million for seismic bracing work, and $1.9 million for the Bioengineering and Chemical Engineering Building, offset by a $9.2 million return of the school dean's funds that were used to bridge finance the Lorry I. Lokey Stem Cell Research Building. Transfers to other assets include departments' projected $12.4 million transfer to funds functioning as endowment.

Capital Plan

Started in November 2013, renovation of 80,000 gross square feet of two research animal facilities will be complete in December 2014. Seismic bracing work will begin on the Edwards Research Building in June 2014 and is expected to be complete in October 2014. Renovation work on a 73,523-gross-square-foot building located at 1651 Page Mill Road will begin in October 2014 and be complete in summer 2015 at an estimated cost of $40 million.

VICE PROVOST AND DEAN OF RESEARCH

2014/15 Consolidated Revenues
$206.3 Million



[IN MILLIONS OF DOLLARS]

	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN
Total Revenues	200.4	207.0	206.3
Expenses			
Salaries and Benefits	106.0	110.8	114.5
Non-Salary	93.5	97.8	97.7
Total Expenses	199.6	208.6	212.2
Operating Results	**0.9**	**(1.6)**	**(5.9)**
Transfers From (to) Endowment & Other Assets	8.6	7.4	6.0
Transfers From (to) Plant	0.0	0.2	0.0
Surplus / (Deficit)	**9.5**	**6.0**	**0.1**
Beginning Fund Balances	132.1	141.6	147.6
Ending Fund Balances	141.6	147.6	147.7

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 schools and departments. It has oversight of 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 four program objectives in 2014/15:

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

Stanford has a valued tradition of faculty research and scholarly initiatives that address complex problems across disciplinary boundaries. The academic role of the DoR is to facilitate these efforts through its oversight of the university's 18 independent laboratories, institutes, and centers. DoR's objective is to provide intellectual and physical environments for research that invite scientific and scholarly dialogue, enhance collaborations among faculty from many disciplines, and increase the success of faculty in obtaining research support.

DoR facilitates the advancement of new research areas and invests in critical infrastructure to ensure research competitiveness. In 2014/15 the DoR will focus on assisting the following five programs:

- **Newly launched interdisciplinary institutes:** Stanford Institute for Chemical Biology (SICB) serves to strengthen the chemical foundations of biomedical science and to accelerate molecular discoveries that transform human health. The Stanford Neurosciences Institute (SNI) aspires to unravel the deepest secrets of the human brain. SICB has successfully hired its first faculty member, who brings a unique mixture of scientific excellence and pharmaceutical industry experience. SNI has attracted significant interest from potential funders for its programs and for facilitating intellectual dialogue and community to enhance opportunities for Stanford neuroscientists.

- **SLAC-affiliated programs:** SLAC-related independent institutes, including the Kavli Institute for Particle Astrophysics and Cosmology, the Photon Ultrafast Laser Science and Engineering Center, the Stanford Institute for Materials and Energy Sciences, and the Sustainable Energy through Catalysis (SUNCAT) Center for Interface Science and Catalysis, offer expanding opportunities for collaborative research, joint faculty recruitments, and access to the remarkable tools at SLAC, placing Stanford faculty in a highly competitive position in many scientific disciplines.
- **Stanford Research Computing Center (SRCC):** Advances in the theoretical and computational sciences are revolutionizing all fields of research, and high-performance computing infrastructure is essential for individual faculty and university competitiveness. DoR and SRCC are seeking to ensure optimal use of the new SRCC facility as quickly as possible. This investment gives faculty a state-of-the-art facility and will propel Stanford into a leadership position in computation-intensive research across many disciplines.
- **Shared facilities:** Cutting-edge research now requires highly specialized instruments and facilities that are much too expensive for individual investigators to support and must be maintained by skilled, dedicated research scientists. These facilities are essential to preserve faculty competitiveness in the current research funding climate. A major 2014/15 shared-facility initiative is to expand the basic mass spectrometry services to support the critical field of proteomics, which is the structure and analysis of the proteins occurring in living organisms. In addition, DoR will continue to encourage researchers from disciplines that have not typically relied on the shared instruments to explore their capacities, thus often leading to novel applications to their research questions and increasing competitiveness. DoR will provide seed funding for proof-of-concept experiments that can enable faculty to compete for extramural grants. In 2014/15, DoR will distribute seed funding to encourage researchers from various disciplines to use the Stanford Mass Spectrometry Center, the Stanford Nano Center Shared Facilities, and the Center for Cognitive and Neurobiological Imaging.
- **Culture of safety:** In the academic environment, risk is present on many levels, including loss of life and personal safety, damage or theft of property, legal liability, and loss of reputation. Several high-consequence and high-profile laboratory safety incidents at other institutions have accelerated the need for Stanford to review organizational and programmatic approaches to prevent incidents and enhance the culture of laboratory safety. The University Committee on Health and Safety has established a task force of senior faculty to examine how Stanford is managing safety issues, identifying opportunities for improvement and ways to instill a culture of safety broadly across all university units. Academic research laboratories are the first area of focus in this three-to-five-year initiative.

Consolidated Budget Overview

The 2014/15 consolidated budget for DoR shows total revenues of $206.3 million and expenses of $212.2 million, resulting in a net operating deficit of $6 million. However, after estimated transfers of $6 million from endowment and other assets, primarily for the Center for Ocean Solutions in the Woods Institute and the TomKat Center for Sustainable Energy, DoR will have a planned surplus of $98,000.

Total revenues in 2014/15 are projected to decrease by less than $1 million, or less than 1%, from 2013/14. This decrease is due to a slight decrease in sponsored research funding of $860,000, or 1%. Operating transfers are expected to decrease $1.4 million, or 12%, from 2013/14, primarily because of a reduction in one-time funding for new initiatives.

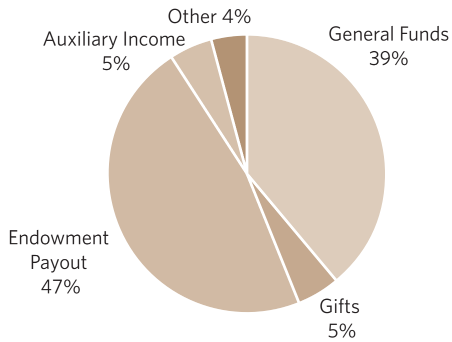
Total expenses in 2014/15 are projected to increase by $3.6 million, or 2%, primarily because of the growth of SICB, the Neurosciences Institute, and Worldview Stanford.

Transfers from endowments are projected to be $6 million, or 19%, lower than in 2013/14 because independent laboratories, institutes, and centers have spent down term endowments.

Faculty and the independent labs, institutes, and centers control 80% of fund balances. Endowment and expendable funds are mainly focused on multiyear, multidisciplinary research programs. A percentage of expendable and endowment funds is earmarked for research and is expected to provide bridge funds for research programs if sponsored research funding continues to decline.

VICE PROVOST FOR UNDERGRADUATE EDUCATION

2014/15 Consolidated Revenues
$61.7 Million



[IN MILLIONS OF DOLLARS]

	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN
Total Revenues	55.8	57.3	61.7
Expenses			
Salaries and Benefits	32.1	35.4	38.2
Non-Salary	21.0	21.5	22.3
Total Expenses	53.1	57.0	60.5
Operating Results	**2.7**	**0.3**	**1.2**
Transfers From (to) Endowment & Other Assets	(2.0)	0.0	0.0
Transfers From (to) Plant	(1.2)	(0.8)	(0.8)
Surplus / (Deficit)	**(0.5)**	**(0.4)**	**0.4**
Beginning Fund Balances	20.8	20.3	19.8
Ending Fund Balances	20.3	19.8	20.3

Revenues and expenses in this chart and table include $13.5 million of activity that is accounted for as operating transfers in Appendix A.

Programmatic Directions

Since its release in January 2012, the Study of Undergraduate Education at Stanford (SUES) report has been the focal point of the Vice Provost of Undergraduate Education (VPUE) programmatic efforts. During this time, VPUE has implemented a new freshman curriculum, Thinking Matters (TM), now in its second year; has launched new general education breadth requirements, Ways of Thinking/Ways of Doing (WAYS), with the class of 2017; and has supported pedagogical enhancements in large introductory courses. New in 2013/14 and reaching full implementation in 2014/15 are directors of community-engaged learning (D-CELs) and two integrated learning environments (ILEs), Immersion in the Arts: Living in Culture (ITALIC) and Science in the Making ILE (SIMILE). Accordingly, VPUE purposefully has planned 2014/15 as a time for evaluation and assessment of these and other SUES pilot programs. VPUE's strategy going forward is to explore innovations in teaching and learning, to adopt new and exciting academic pilot programs, to responsibly steward university resources, and to continually assess programs under its purview.

Because TM is one of the vanguard SUES programs, VPUE selected TM as the initial program for assessment last fall. TM replaced the previous yearlong Introduction to the Humanities (IHUM) and requires freshmen to enroll in only one course during the academic year. Key differences from IHUM include a reduced impact on students' course schedules, course offerings outside humanities, and the adoption of generalized and flexible learning goals centered on critical thinking. In contrast to IHUM, TM has received extremely positive preliminary evaluations by students as well as faculty members in the program. TM received high marks for discussion sections and achieving student learning objectives. In addition, a majority of participating faculty reported that the program goals influenced their approach to teaching. This year the TM course offerings were reduced in number to realize more appropriate section sizes and to contain costs. The governance board has approved 23 courses for 2014/15.

Under the new breadth system, WAYS, students will complete a total of 11 courses in eight areas: Aesthetic and Interpretive Inquiry, Applied Quantitative Reasoning, Creative Expression, Engaging Diversity, Ethical Reasoning, Formal Reasoning, Scientific Method and Analysis, and Social Inquiry. Concerted efforts across the university resulted in over 1,300 courses being certified for WAYS in 2013/14, some 500 more than anticipated in this report last year. VPUE is working with Institutional Research & Decision Support to develop a multimodal evaluation plan that includes data from the new course evaluation form, direct measures of student learning in select areas and courses, student survey data, and exit interviews. While the full scope of WAYS cannot be assessed until the first class under the new system graduates, we will evaluate preliminary data from classes each year beginning with the current one, 2013/14. VPUE expects to have a clear and nuanced understanding of the educational and budgetary implications and needs of WAYS by the 2016/17 budget cycle.

VPUE continues to support the enhancement of large-enrollment, introductory-level courses that are foundational to the undergraduate liberal education experience at Stanford. Our funding for computer science, mathematics, economics, psychology, chemistry, and statistics courses has enabled smaller section sizes and fostered pedagogical improvements. VPUE invests allocated general funds in course directors, head teaching assistants, and programmatic efforts that improve the quality of undergraduate learning experiences in these large lecture courses. This year VPUE partnered with the School of Humanities & Sciences (H&S) to add two more departments that have introductory courses with growing yearly enrollments, Physics and Biology, to this program.

Bing Overseas Studies Program's (BOSP's) goal for 2014/15 remains to increase undergraduate students' participation in overseas programs from 50% to over 60%. BOSP is expanding Cape Town's capacity by five students and offering an additional quarter in summer with a service-learning component. Overseas seminars generate high student interest, especially from athletes and STEM majors; therefore, BOSP will increase the number of these seminars to nine, and expand offerings in Oaxaca to two. BOSP will suspend the Moscow program, but as it will offer a new quarter long program in Istanbul, this suspension should not negatively impact overall BOSP enrollment. A pilot overseas seminar in Istanbul was very popular and successfully executed, so we expect high student demand for the quarter-length program.

VPUE has also initiated new programs in 2013/14 that encourage learning beyond the classroom. The recently hired D-CELs will work with students and faculty to develop service-learning classes, internships, and community-based research with community partners. SUES emphasized the transformative potential of community-based learning that helps students "carry the knowledge, skills, and values they are developing into our world." The D-CELs program will endeavor to carry out this mission. It is the result of a partnership among VPUE, the Haas Center, and H&S.

Consolidated Budget Overview

The 2014/15 consolidated budget shows total revenues and operating transfers of $61.7 million and expenses of $60.5 million, yielding an operating surplus of $1.2 million. After $800,000 in transfers to plant for the Sweet Hall garden-level renovation, VPUE will end with a projected surplus of $400,000.

Revenues and transfers are expected to grow by $4.5 million, or 7.8%, including $1.5 million in new gifts in the VPUE Innovation Fund and $1.2 million in increased endowment payout. Over the past three years, VPUE has strategically reinvested $10 million in operating surplus back into endowment principal, and this reinvestment now yields over $500,000 annually in additional payout. The remaining income increase comes from university support for pilot programs.

Expenses are expected to grow by $3.5 million, or 6.2%, due to program expansion in Stanford Introductory Studies (SIS) and BOSP and support for large introductory courses in Physics and Biology. SIS's expense increase is in SUES-related programs: TM, SIMILE, ITALIC, Leadership Intensive, and Introductory Seminars. The new center in Istanbul and program expansions outlined above are the source of BOSP expense increases. In addition, a new lease at the Oxford center will increase annual costs by £160,000.

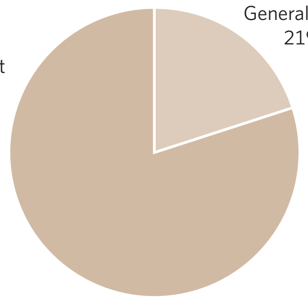
Fund balances remain sufficient to respond to large expense variances such as currency exchange rate changes.

Capital Plan

VPUE is executing three capital projects in 2014/15. Two projects begun in 2013/14, Oxford and Santiago, will finish in 2014, while a new Sweet Hall project will begin in fall 2014/15. BOSP relocated its Santiago facility closer to the university area and is allocated roughly $378,000 from the facilities reserve for renovation of this new space. The lease for the BOSP Oxford center was renegotiated, and a $4 million renovation supported through the capital facilities fund was put on contract for summer 2014. This construction will update the habitability and accessibility of the Oxford space and add a new classroom to support 45 students per quarter. Finally, the university granted VPUE 2,000 square feet of the Sweet Hall garden level vacated in the ITS server consolidation. VPUE will commit $1.2 million of its fund balance to renovate the space and the adjoining BOSP spaces on that level. The renovation will upgrade global teleconferencing capability and increase meeting and office space to accommodate VPUE growth.

VICE PROVOST FOR GRADUATE EDUCATION

2014/15 Consolidated Revenues
$36.2 Million



[IN MILLIONS OF DOLLARS]

	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN
Total Revenues	33.2	34.8	36.2
Expenses			
Salaries and Benefits	2.5	2.6	2.9
Graduate Student Support	25.7	30.8	35.7
Non-Salary	1.2	1.4	1.6
Total Expenses	29.4	34.8	40.2
Operating Results	**3.8**	**0.0**	**(4.0)**
Transfers From (to) Endowment & Other Assets	(4.0)	(1.3)	(1.5)
Transfers From (to) Plant	0.0	0.0	0.0
Surplus / (Deficit)	**(0.1)**	**(1.3)**	**(5.5)**
Beginning Fund Balances	49.8	49.7	48.4
Ending Fund Balances	49.7	48.4	42.9

Revenues and expenses in this chart and table include $31.9 million of activity that is accounted for as operating transfers in Appendix A.

Programmatic Directions

The Vice Provost for Graduate Education (VPGE) plays 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 programs and departments. VPGE addresses several critical university priorities, administering university-wide fellowships, advancing diversity, facilitating interdisciplinarity, and fostering innovation by providing opportunities for students' professional development and local graduate program initiatives. VPGE programs and fellowships reach roughly 3,000 graduate students (over 600 on fellowships) annually.

Stability in funding sources for graduate students remains a major goal across the university. Financial support for graduate students reached a high of $330 million in 2012/13, with 27% coming from external grants and contracts, 38% from restricted funds, 9% from designated funds, and 26% from general and school funds. VPGE contributes about 10% of this total, mostly as doctoral fellowships (full tuition and stipend) paid from one of six university-wide fellowship programs. The largest 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) have gained momentum, with 96 fellows named so far. The fundraising goal for SIGF is 100 fellowships, and funds for 58 have been raised to date. There is now a programmatic dimension, with workshops and seminars for fellows to gain insight into managing the challenges of interdisciplinary research and careers.

The DARE (Diversifying Academia, Recruiting Excellence) Doctoral Fellowship Program had the most visible change this past year: with its expansion to a cohort of 22 fellows, it reached a milestone of 100 fellows (six cohorts) and over 100 faculty mentors. Given increased enthusiasm for the program's success, VPGE works on several challenges: preserving the intimate small-cohort experience as the cohort size increases; involving DARE alumni to foster cross-cohort community building and peer mentoring; exploring how to take what works in DARE to other Stanford students; making DARE a fundraising priority so that it can be self-sustaining; and assisting peer universities in launching their own versions of DARE.

In addition to fellowships, VPGE provides funds for initiatives that diversify the academic pipeline. These supplement school activities and develop university-wide programs for recruiting, enhancing the educational experience of current students, and cultivating interest in academic careers. In alignment with those initiatives, VPGE now administers the Enhancing Diversity in Graduate Education

(EDGE) Fellowship Program. EDGE provides mentoring and professional development resources to support the academic success of new doctoral students. Piloted with National Science Foundation funds in five Humanities & Sciences departments in the social and behavioral sciences, EDGE has been rapidly scaled up to span several schools, including the Graduate School of Education as well as STEM fields in H&S natural sciences, Earth Sciences, and Engineering.

VPGE expands opportunities for graduate students to explore beyond their disciplines to better prepare them 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.

The VPGE-sponsored interdisciplinary program with greatest participation is the Stanford Graduate Summer Institute (SGSI), which offers free, noncredit courses in September. SGSI is now in its eighth year, and its offerings have expanded beyond academic subjects (e.g., Agriculture and Sustainable Food Systems, Energy @ Stanford and SLAC, Entrepreneurship Safari, and Digital Storytelling for Researchers) to include skills-based courses (e.g., Public Policy Negotiation and Designing the Professional). Last summer SGSI offered 11 courses to 326 students. New courses for 2014/15 include Ethical Dilemmas in Research and Jumpstart your Academic Job Search. Other interdisciplinary programs include the monthlong Stanford Ignite (formerly Stanford Institute for Entrepreneurship), run by the GSB (50% of enrollees are Stanford graduate students and a handful postdocs), and two miniversions of SGSI: 12@12, faculty-led lunches, and 12@6, faculty-led dinners, held throughout the academic year. These foster cross-disciplinary learning and teamwork, help build networks, and reduce isolation. A parallel faculty-led lunch series engages international graduate students.

To further improve the educational experience of graduate students, VPGE tackles a perennial challenge in graduate education—to strengthen student-faculty advising relationships. VPGE has increased the advising workshop offerings so that both students and faculty gain skills in setting expectations, giving feedback, and resolving conflict.

In collaboration with colleagues around the university, VPGE has developed and is now disseminating a framework for graduate professional development that depicts six domains: specialized content knowledge and skills; teaching; communication; leadership and management; career development; and personal development. Each domain identifies skills that will enable students to be successful while here at Stanford and in various career pathways. The framework will help graduate students select among the opportunities relevant to their own particular goals and needs. It will also help VPGE and collaborating units examine where there are either unmet needs or redundancies—and plan accordingly.

VPGE is committed to extending the reach of its programs, launching new pilots and scaling up what works, as well as communicating widely about these valuable opportunities and resources.

Consolidated Budget Overview

VPGE projects revenues of $36.2 million, expenses and funds transferred to schools for graduate student funding of $40.1 million in 2014/15, for a deficit of $4.0 million. This planned use of reserves for fellowships along with reinvestment of $1.5 million endowment income decreases the overall fund balance by $5.4 million to $43.1 million for 2014/15.

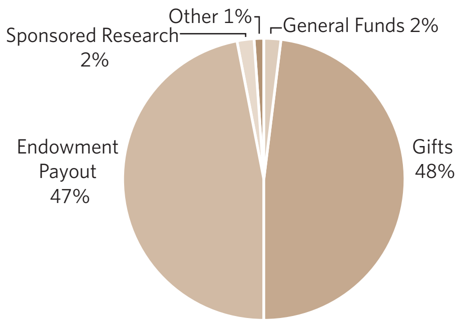
The 2014/15 consolidated expense budget for VPGE comprises 90% direct graduate student support, 8% compensation and benefits, and 2% programmatic non-compensation expenses. As VPGE's graduate student funding increases from $30.8 million in 2013/14 to $35.7 million in 2014/15, compensation and non-compensation expenses increase slightly to $2.8 million and $1.6 million, respectively. VPGE's operational funding to graduate students will continue to increase as programs are expanded to reach more graduate students.

Of the $43.1 million fund balance, $21 million is endowment income that is restricted to graduate student funding. The greatest portion is restricted to the SGF program. The number of fellows has been and will continue to increase with the intent to draw down the endowment fund balance to $16 million by 2015/16. Expenses for 2014/15 will increase by 11% over 2013/14 as the number of fellows remains steady. The goal is to fund a steady-state number of fellowships through the yearly payout and maintain a reserve to cover unanticipated fluctuations.

The $17.8 million designated fund balance (detailed on page 97 of Appendix A) will continue to be used for direct graduate student funding for the fellowships derived from general funds. A portion of designated funds will be used to expand pilot programs in priority areas and to maintain a reserve for responding to emerging needs.

HOOVER INSTITUTION

2014/15 Consolidated Revenues
$55.9 Million



[IN MILLIONS OF DOLLARS]

	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN
Total Revenues	46.7	53.3	55.9
Expenses			
Salaries and Benefits	31.7	32.3	34.8
Non-Salary	17.1	18.5	20.1
Total Expenses	48.9	50.9	54.8
Operating Results	**(2.1)**	**2.5**	**1.1**
Transfers From (to) Endowment & Other Assets	(1.7)	(2.8)	(3.3)
Transfers From (to) Plant	0.0	0.0	0.0
Surplus / (Deficit)	**(3.8)**	**(0.3)**	**(2.2)**
Beginning Fund Balances	38.6	34.8	34.4
Ending Fund Balances	34.8	34.4	32.2

Programmatic Directions

With its eminent scholars and world-renowned archives, the Hoover Institution seeks to improve the human condition by advancing ideas that promote economic opportunity and prosperity, while securing and safeguarding peace.

Hoover's program is organized around three broad areas: scholarly research in public policy, a library and archives, and communication of the output of the scholars and library and archives. The institution is in a period of strategic growth in each of its program areas and will continue to invest in its priorities in fiscal year 2014/15.

Recruiting senior scholars and encouraging collaborative research amongst teams of fellows are top priorities. For 2014/15, the addition of one new senior fellow is anticipated, supplemented with term and visiting appointments to facilitate cooperation on projects and topics aligned with the priorities of the existing resident fellowship.

New scholars are expected to engage collaboratively, and Hoover continues to develop and expand a research model centered on scholarly teams. The institution seeks to use these groups to leverage the resident fellowship and multiply research output in a relevant and timely fashion. To complement existing teams, Hoover has recently launched several new initiatives that are expected to grow in 2014/15. Among them are teams studying comprehensive immigration reform, foreign policy, and regulation and the rule of law.

Under the leadership of a new director of the library and archives, a strategic plan for the department has been developed. Growth in the library and archives will align with this plan in the coming years. For 2014/15, the library and archives will expand their collections in areas that have not received recent focus, including the Middle East and Africa, as well as seeking the papers by economists and others that have thematic relevance to the broader institution. They will also launch a comprehensive digital plan with a goal of both preserving digital materials and opening material that is in the public domain to a broader audience. Further, the library and archives will expand recently launched speakers' series and conferences centered on utilizing their collections. Undergraduate and graduate fellowships supporting students whose research significantly involves Hoover holdings will also be developed in the coming year.

The institution recently completed an overhaul of its website with updated back-end infrastructure. The website is now readily accessible via desktop, tablet, and smartphone, with streamlined navigation. Utilizing this new platform, Hoover plans to launch a number of education and outreach initiatives, including interactive video, blogs and podcasts, and comprehensive online educational journals, similar to the recently launched Strategika, that combine editorials, discussion questions, and study guides to create unique teaching and learning aids.

In October 2013, the institution occupied a 10,000-square-foot office space in Washington, DC, to support Hoover fellows visiting the area by providing offices and facilities for meetings, small workshops, and policy briefings. Given the interest of the fellows in using this facility, Hoover secured the lease for the remaining 2,500 square feet of space available on the same floor. Renovation of this new space is now under way, with completion anticipated later this year.

The institution is concurrently expanding its resident DC staff. An expanded DC-based public affairs and logistical staff will coordinate the activities of the scholars and provide liaison with the local policy and scholarly communities and the media. A series of scholar-led conferences, workshops, and policy briefings is planned for 2014/15.

Given the planned growth in each of Hoover's three program areas, investments are required in the development and administrative functions. Under the leadership of a new associate director of development, Hoover is rebuilding its development office, primarily via staff additions. Since the economic downturn of 2008/09, support staff growth has not kept pace with program growth. Several new positions are planned for 2014/15, particularly in the finance and administrative areas.

Consolidated Budget Overview

For 2014/15, the Hoover Institution projects total revenues of $55.9 million and total expenses of $54.8 million, for an operating surplus of $1.1 million. A planned $3.3 million transfer to the capital facilities fund will reduce fund balances by $2.2 million to $32.2 million.

Revenues are projected to increase $2.5 million, or 4.8%, from 2013/14 to 2014/15. Endowment income is expected to grow 3.9%, including the payout on new endowment gifts and transfers. Ongoing expendable giving is expected to grow 6%.

Expense growth is expected to track higher than revenue growth, with expenses growing by $4 million, or 8%. Real growth in expenses results from the following program additions:

- In the research area, a new appointment at the senior level is anticipated next year, with additional appointments expected in future fiscal years. Program growth will also occur in expanded research initiatives in regulation and the rule of law, foreign policy, and immigration policy.
- Library and archives expansion will primarily occur via new staff hires. Increased expenditures on collections, events, and fellowships are also anticipated.
- Increased facility and program costs for the Washington, DC, office will be realized in 2014/15. Staff additions are also planned to support Hoover's redesigned website and associated communication vehicles.
- New staff hires are expected in the development and administrative functions.

Given these investments, Hoover plans to draw down accumulated reserves, anticipating that long-term funding for new programs will be forthcoming. Investments in the development function will require the use of reserves in the short term but are expected to drive expendable gift growth in future years. However, the majority of the current funds decline results from the drawdown of accumulated restricted funds raised for specific projects of limited duration.

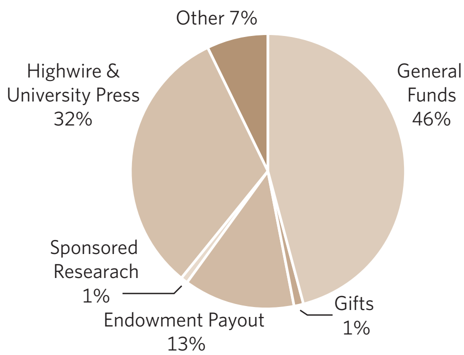
The institution plans to transfer $3.3 million to the capital facilities fund in early 2014/15, bringing the balance of the reserve to approximately $24.8 million. As per the funding agreement for the McMurtry Art Building, Hoover will submit a $20 million subvention to the university when the Art Department has vacated the Cummings Art Building. This payment will be made from the capital facilities fund and is estimated to occur in summer 2015.

Capital Plan

Plans for a new Hoover facility on the site of the Cummings Art Building continue on pace. The need for a fourth building on the Hoover campus results from 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 50,340 square feet of new capacity in both offices and conferencing facilities. The project cost of $45.6 million, or $906 per square foot, remains unchanged from last year's Capital Plan. The project will be funded with expendable gifts, and fundraising is largely complete. Hoover has completed an initial programming assessment and has recently selected William Rawn Associates as the architect. The current project plan estimates concept approval by the Board of Trustees in 2013/14, groundbreaking in 2014/2015, and occupancy in 2016/17.

STANFORD UNIVERSITY LIBRARIES

2014/15 Consolidated Revenues
$116.9 Million



[IN MILLIONS OF DOLLARS]

	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN
Total Revenues	108.6	109.5	116.9
Expenses			
Salaries and Benefits	65.4	68.9	72.7
Non-Salary	45.2	44.4	45.4
Total Expenses	110.6	113.3	118.1
Operating Results	**(2.0)**	**(3.8)**	**(1.2)**
Transfers From (to) Endowment & Other Assets	1.0	0.9	0.0
Transfers From (to) Plant	0.0	0.0	0.0
Surplus / (Deficit)	**(1.0)**	**(2.9)**	**(1.2)**
Beginning Fund Balances	15.2	14.2	11.3
Ending Fund Balances	14.2	11.3	10.1

Programmatic Directions

The provision of academic information resources and associated support services is a core mission of the Stanford University Libraries (SUL), and 2014/15 will bring several exciting projects. In 2013/14, for the first time, SUL's expenditures on digital resources exceeded its expenditures on physical materials, and that trend is expected to continue. To support that change, and with support from President Hennessy, SUL is implementing the second phase of the Digital Library build-out, which will significantly enhance SearchWorks, the online public catalog; the Stanford Digital Repository, a well-respected archive for data sets; and SUL's website archiving, digitization, and digital services programs, including Geoportal and the Self-Archiving Legacy Tool.

Physical materials nevertheless remain an important part of SUL's program. In some regions of the world, digital publishing is not yet well established, and printed information resources are required to support teaching and research; SUL provides them in depth. In addition, certain fields have not yet been well served by network publishing, including art and art history, music, and aspects of anthropology. Stanford struggles to maintain purchasing power for all formats of academic information resources, which increase in cost faster than consumer price indices.

The growth of SUL's Special Collections (rare books and manuscripts, archives of persons and institutions, and recorded sound) is significant in academic terms, for numerous Stanford faculty and their students use the collections for teaching and research. Indeed, SUL encourages and desires all Stanford students to handle rare and special items as evidence, perhaps unexamined by others, for their research papers. SUL's Special Collections are also part of the university's patrimony of culture artifacts, protected, preserved, and made available to visitors to Stanford, particularly visiting scholars, but also in numerous exhibits. New versions of the Matthew Parker Online Library, a collaborative project with Corpus Christi College of Cambridge University, and the French Revolution Digital Archive, a collaborative project with the Bibliothèque nationale de France, along with advances in the International Image Interoperability Framework and the Shared Canvas project, which together make scholarly functions possible on digital avatars of ancient, medieval, and early modern manuscripts, are expected. SUL's Special Collections grow entirely on the basis of endowment and special funding, but SUL has regularly received foundation funding for projects such as digitizing and hosting materials, or developing tools for collaboration using these digital resources. The nature of research in the humanities and social sciences is changing in innovative ways. The work SUL does in collecting rarities combined with digital programs make possible collaborations between Stanford scholars and those far from the Farm.

With the completion of the move from the well-worn floors of Meyer Library to the freshly renovated Lathrop Library (formerly GSB South) in September 2014, the year will be something of a shakedown cruise for staff working in new spaces. There will be extensive work on realigning and rationalizing the collections in the central campus libraries so that core materials are present, and space for incoming new items is available as well. In addition, substantial work will be under way in trimming collections in biology, math, and chemistry in preparation for occupying the Combined Science Library in the new Science Teaching and Learning Center, now set for 2016. New term staff will be added to make possible these massive physical shifts, but the excellent librarians on the permanent staff of SUL will exert the real effort in selection, planning, and management.

Stanford's new and growing program in South Asian studies requires a new unit in SUL to select, acquire and catalog academic information resources, and serve them to faculty and students in the South Asian Center. The first of several new positions in SUL's South Asian unit, the South Asian studies librarian, will be filled in 2014/15. Other important positions to be filled will be an electronic document delivery coordinator, a permanent post, and a map cataloger, who will be devoted to providing access to a backlog of 50,000+ maps. In the three-year term of this position, only ~9,000 of those maps will be cataloged, but the results will still be significant, as most of the backlog consists of unusual and arcane maps, which are prime targets for new scholarship. Electronic delivery of information resources owned and held by Stanford will ease the occasionally frustrating wait between ordering and receipt of items from SAL3 in Livermore.

SUL's Academic Computing Services and Enterprise Systems and Programming units support over 2,000 instructors in over 4,000 courses with CourseWork. Enhancements to CourseWork arising from requests from instructors, as well as constant effort to maintain this Web-based course support environment, which has been in use for over eight years, requires constant tuning and adaptation. In addition, SUL supports over 2,000 students enrolled in Language Center courses through the Digital Language Lab and the various network-based placement and final exams given by instructors in the center. A major rewrite of the Simulated Oral Proficiency Interview tests for the Language Center will be completed, tested, and implemented. There will also be new emphasis on support for digital research in the humanities and social sciences because of an endowment received from a forward-thinking donor, initial projects having received substantial and much-deserved fame.

Finally, SUL is working to maintain its own organizational effectiveness. An ongoing program of cross-training, known internally as the Concierge Program, has been successful and is continuing. Such programs improve staff's understanding of SUL's service portfolio and ultimately make the wide spectrum of support services, deep technical experience, and substantial subject expertise more transparently available to students and faculty.

Consolidated Budget

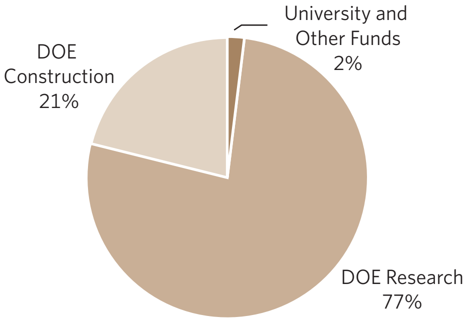
Consolidated revenue and transfers are expected to total \$116.9 million: \$53.2 million in general funds, \$35.4 million in auxiliary revenue, and \$28.3 million in restricted funds. Consolidated expenses are projected to total \$118.1 million, resulting in a planned operating deficit of \$1.2 million. Compensation expenses are budgeted at \$72.7 million, operating expenses at \$23.3 million, and library materials acquisitions at \$22.1 million. Restricted fund balances will cover the operating deficit. 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.

SUL's base operating budget is projected to grow 5.3% from the 2014/15 level, but budgeted decreases in auxiliary spending are projected to reduce overall growth to 4.0%. SUL will also receive the second installment of \$2.6 million in one-time presidential funds to continue its digital efforts.

Fund balances at the end of 2014/15 are expected to be \$10.1 million. SUL projects balances of \$2.1 million in restricted expendable funds, \$4.5 million in restricted endowed funds, \$500,000 in designated funds, \$2.2 million in LOCKSS auxiliary reserves, and \$800,000 in LOCKSS auxiliary operations.

SLAC NATIONAL ACCELERATOR LABORATORY

2014/15 Consolidated Revenues
$423.8 Million



[IN MILLIONS OF DOLLARS]

	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN
Total Revenues	358.6	399.7	423.8
Expenses			
Salaries and Benefits	226.3	210.0	220.1
Non-Salary	106.3	111.1	115.0
SLAC Construction	23.9	79.9	88.9
Total Expenses	356.9	401.0	424.0
Operating Results	**1.7**	**(1.3)**	**(0.2)**
Transfers From (to) Endowment & Other Assets	0.0	0.0	0.0
Transfers From (to) Plant	0.0	0.0	0.0
Surplus / (Deficit)	**1.7**	**(1.3)**	**(0.2)**
Beginning Fund Balances	4.4	6.0	4.8
Ending Fund Balances	6.0	4.8	4.5

Programmatic Directions

SLAC is a national laboratory operated through a management and operating contract by Stanford University for the Department of Energy (DOE). 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 allowing more than 3,000 scientists annually from around the world to conduct research in photon science, astrophysics, particle physics, and accelerator science.

Scientific User Facilities

SLAC operates three DOE Office of Science user facilities: Stanford Synchrotron Radiation Lightsource (SSRL), LCLS, and Facility for Advanced Accelerator Experimental Tests (FACET).

SSRL provides X-ray beams and advanced instrumentation for research ranging from energy storage and environmental remediation to drug discovery and magnetism in thin films. In 2013, approximately 1,600 unique scientific users performed research using SSRL's X-ray beam lines. Also in 2013, SSRL achieved routine delivery of its highest operation current (500 milliamperes), which is among the highest of the intermediate energy X-ray light sources in the world. The increased current makes SSRL's X-ray beam lines brighter, enhancing experimental capabilities and reducing the time needed for data collection, thus adding capacity.

LCLS is the world's first hard X-ray free electron laser and is one of only two in the world currently operational. 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, ultrafast structural and electrodynamics, and matter under extreme conditions.

The expansion of LCLS, aka LCLS-II, was rescoped by DOE at more than twice its original budget and is under construction. Its current plan has early commissioning in 2018/19 with a 2021 completion date. LCLS-II will significantly enhance SLAC's scientific capability and capacity. LCLS and LCLS-II will maintain SLAC's position as a world leader in ultrafast X-ray science, an area expected to see significant growth and impact in 2014/15 and beyond.

FACET 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 Sciences (SIMES), SLAC coordinates with Stanford's Department of Chemical Engineering on SUNCAT Center for Sustainable Energy through Catalysis. Finally, planning is under way for a new initiative in the biosciences in partnership with the Schools of Medicine, Engineering, and Humanities & Sciences.

High-Energy Physics Program

SLAC's multifaceted program in particle physics and astrophysics explores frontier questions about the nature and origin of the universe through experiments on the Earth's surface at accelerator-based facilities, deep underground, and on satellites in space.

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 continues to explore the properties of the Higgs boson discovered in 2012 while also searching for physics beyond the Standard Model of particle physics. 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 of dark matter experiments, such as the Super Cryogenic Dark Matter Search (CDMS) experiment and the liquid-xenon (LZ) experiment; and construction of the ground-based Large Synoptic Survey Telescope (LSST). 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 high precision by measuring the expansion rate history of the universe, and SLAC is leading the construction of the DOE-funded, 3.2-gigapixel camera for the project. Super CDMS and LZ will be the next-generation underground experiments 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 2014/15 SLAC consolidated budget projects total revenues of $423.8 million and total expenses of $424.0 million, reducing the fund balances by about $200,000. Ninety-eight percent of the SLAC expenses budget, $413.2 million, is funded by the DOE Office of Science, including $324.3 million for direct research and $88.9 million for construction costs. In addition to DOE funded direct research and construction, there is approximately $11 million in the SLAC consolidated budget that comes from university general funds and other research grants and contracts.

The 2014/15 consolidated expenses will have a 5.7% increase over the 2013/14 year-end projection of $401 million. However, The DOE funded research component of the budget is expected to increase by only 4% due to federal budget constraints, which result in decreases in the government discretionary spending that SLAC relies on. SLAC has been actively pursuing and implementing contingency plans over the past two fiscal years to prepare for potential budget reductions. Actions taken have included workforce restructuring and aggressive focusing on strategic growth outside of the DOE Office of Science. The construction component of the budget will have a 11.3% increase as the construction of various DOE-funded buildings is making progress, as described below.

Capital Plan

The SLAC 2010 Long-Range Development Plan was developed with a vision of supporting future scientific program direction by consolidating research activities, upgrading infrastructure, renovating facilities, and demolishing substandard structures. This plan serves as a working document and resource guide beyond the immediate future of planned capital projects. In addition, SLAC is developing a long-range campus plan to address future growth and laboratory space.

The $97 million DOE-funded Research Support Building and Infrastructure Modernization Project commenced in

2008/09 and is planned to be complete in late 2015. The project includes construction of a new 64,000-square-foot building to house accelerator research staff and a control room, the renovation of 4,000 square feet of existing lab space to create two new biology labs and a materials lab, the renovation of two administrative buildings (64,000 square feet), demolition of substandard buildings and trailers (64,000 square feet), and the upgrade of an aging protective relay system for a main transformer that provides power to SLAC.

Additional planned projects include three DOE-funded projects—the $65 million Science and User Support Building (SUSB), the $55 million Photon Sciences Laboratory Building (PSLB), and the $895 million LCLS-II Experimental Complex.

SUSB construction started in July 2013, with occupancy planned for 2015. The SUSB project includes the demolition of the existing auditorium and cafeteria, which will be replaced with a new auditorium, cafeteria, and user center. This will create a new "front door" serving as the first stop for researchers and visitors. The DOE funding for the PSLB is currently planned for 2014/15, with groundbreaking tentatively scheduled for 2016 and occupancy for 2018. This environmentally sustainable facility will include laboratory space, offices, and collaboration space to support SLAC's photon science mission.

The LCLS-II project consists of underground tunnels, aboveground tunnel access structures and an underground experimental hall to house technical and experimental apparatus. LCLS-II will significantly enhance SLAC's scientific capability and capacity and is expected to be fully operational in 2021.

CHAPTER 3

ADMINISTRATIVE & AUXILIARY UNITS

ADMINISTRATIVE UNITS

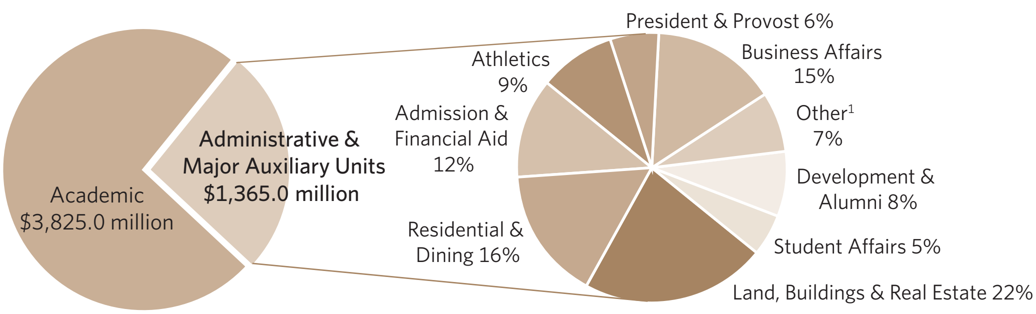
This chapter focuses on initiatives and priorities in the administrative and auxiliary units of the university.

CONSOLIDATED BUDGET FOR OPERATIONS, 2014/15: 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	205.0	206.0	(1.0)	(2.1)	(3.2)
Development	64.8	65.6	(0.8)	0.0	(0.8)
General Counsel & Public Safety	34.6	34.6	0.0	0.0	0.0
Land, Buildings and Real Estate	308.4	302.2	6.2	(5.2)	1.0
President and Provost Office	88.2	88.6	(0.4)	0.5	0.1
Public Affairs	11.1	11.2	(0.1)	0.0	(0.1)
Stanford Alumni Association	41.6	42.0	(0.4)	0.0	(0.3)
Stanford Management Company	34.1	34.1	0.0	0.0	0.0
Student Affairs	64.2	64.3	(0.1)	0.0	(0.1)
Undergraduate Admission and Financial Aid	167.2	167.9	(0.8)	0.0	(0.8)
University Human Resources	12.9	13.6	(0.7)	0.1	(0.6)
Major Auxiliary Units					
Athletics (Operations and Financial Aid)	116.2	117.8	(1.6)	1.7	0.1
Residential & Dining Enterprises	216.2	217.2	(0.9)	(0.1)	(1.0)
Total Administrative & Auxiliary Units	**1,364.5**	**1,365.0**	**(0.6)**	**(5.1)**	**(5.6)**

2014/15 Consolidated Expenses by Administrative & Major Auxiliary Units



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

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 (Controller's Office, Treasurer's Office, Purchasing & Payments); University IT (IT Services, Administrative Systems, Information Security Office); Research Administration (Office of Sponsored Research, Research Financial Compliance and Services); Audit, Compliance and Privacy; Risk Management; and Business Development.

The 2014/15 consolidated budget for Business Affairs shows revenues and transfers of $205.0 million and expenses of $206.0 million, resulting in an operating loss of $1.0 million. Business Affairs is investing its reserves in strategic priorities, including IT infrastructure improvements and systems. Approximately $2 million of reserves will be used to fund one-time requests from operations, including the procurement transformation and privacy and security initiatives. Fund balances are projected to total approximately $26 million at the end of 2014/15, a reduction of $3.2 million from 2013/14. Of this $26 million, over half is held for IT 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.

Expenses are projected to be 1% higher in 2014/15 than in 2013/14. In 2013/14 Business Affairs has undertaken several IT security initiatives that incorporate $7 million in one-time spending. Excluding one-time spending, Business Affairs expenses are projected to be 4% higher than in 2013/14. Of this increase, 60% is in compensation due to 2% headcount growth plus annual salary increases. Business Affairs will add 13 staff members in 2014/15 to strengthen key compliance and service areas, including information security, privacy, and payment card services. 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 work toward continuous improvement in delivering excellent service to Business Affairs clients, as well as on further increasing efficiency, addressing new compliance requirements, and mitigating enterprise risk.

Significant current Business Affairs initiatives include the following:

- **Research administration transformation:** Phase 1 development of the Stanford Electronic Research Administration (SeRA) system is completed. This system is used by every principal investigator and research administrator at Stanford, and is the core system for managing central sponsored research activities. The project team is transitioning from development to ongoing support, maintenance, and enhancement. The current focus is on systems integration, reporting, and future enhancements.
- **Procurement to pay transformation:** The current focus is on obtaining strategic sourcing insight through implementation of a spend analytics solution while continuing to optimize purchasing and roll out replacement payment solutions. Going forward, Procurement's focus will expand to a strategic approach, utilizing the spend analytics data to stretch budget dollars through spend management.
- **Evolution and consolidation of financial planning and reporting:** This is a multiyear initiative to consolidate and update tools for financial management reporting, with the ultimate goal of moving reporting content to the Oracle Business Intelligence Enterprise Editions (OBIEE). The first project, payroll and labor management reports, was released in the fall 2013. The second phase is under way and is focused on delivering comprehensive reporting for payments and expenditures.
- **Payroll distribution reporting and certification:** Business Affairs has implemented and rolled out this process in support of a major new federal compliance requirement, with completion in spring 2014.
- **Privacy and information security:** This initiative will improve the university's profile on privacy and information security risks. It includes hiring a privacy director, updating privacy policies, conducting campus-wide endpoint encryption, and meeting payment card industry compliance requirements.
- **Endowment payout:** Business Affairs is completing the implementation of revised endowment income allocation/payout/shortfall processes.
- **Partnership with SLAC:** Business Affairs is migrating SLAC employees to the university payroll system and completing a review of SLAC research policies and procedures.

- **Global initiatives:** Business Affairs will continue to support growing global activities, including operationalization of the governance committee for Stanford University Global LLC, a company to hold Stanford's foreign subsidiaries, currently with branches in Beijing and Ghana.
- **Research computing:** Business Affairs is opening the Stanford Research Computing Facility at SLAC, with several clusters to be installed and operational by mid-2014.

OFFICE OF DEVELOPMENT

The Office of Development (OOD) projects revenues and transfers of $64.8 million and total expenses of $65.6 million In 2014/15. A transfer from reserves will cover the resulting deficit of $824,000, and fund balances will decline accordingly. The deficit results from increased investments in Dean of Research, arts, and School of Earth Sciences development, as well as ongoing IT investments. The main funding sources remain general funds and support from the School of Medicine and Stanford Hospital and Clinics for costs associated with Medical Center development.

Total expenses for 2014/15 are 7.4% higher than the 2013/14 year-end projection of $61.1 million. Much of this growth beyond cost rise results from the Campaign for Stanford Medicine, which was launched in May 2012, and expansion of Medical Center development.

In February 2014, the Council for Aid to Education released fundraising results for colleges and universities during 2012/13. For the ninth consecutive year, Stanford received more philanthropic support than any other U.S. college or university. While overall dollars raised fell slightly, the numbers of donors and gifts increased, reflecting a trend of increasing activities for the last four years. Looking ahead to 2014/15, OOD will continue to engage existing and prospective donors in key university and hospital priorities. This outreach will be facilitated by the investment of incremental general funds, as well as OOD reserves, in a few critical areas consistent with OOD's five-year strategic goals:

- **Create, support, and integrate best-in-class donor life cycle management, which includes the most efficient and effective processes that ensure the best donor experience:** OOD has completed its effort to optimize and reduce the size of major gift officer portfolios. As a result, OOD will create a premier level of direct appeal to prospects without a primary fundraiser assignment in order to better understand their interests and communication preferences.
- **Focus on staff, making OOD a highly desirable employer:** OOD has undertaken a careful review of field staff compensation to ensure development officers are paid at market rates, and will make investments accordingly. The department continues to create opportunities for promotion, growth, and development to retain its talented team.
- **Articulate a compelling and comprehensive vision for the university:** OOD has launched its FOCUS series, creating a place for all fundraisers to come together and learn more about campus-wide initiatives. A new database will launch in spring 2013/14 to create a central repository for all gift opportunities.
- **Engage volunteer leaders:** The Development Volunteer Engagement Task Force is now refining its recommendations, and OOD will review and implement them in 2014/15.
- **Develop systems and business processes that maximize Stanford's ability to engage donors and prospects in timely, meaningful, personalized, and tailored ways:** OOD is in the midst of a functional review to plan for the replacement or significant overhaul of its 20-year-old IT infrastructure and plans to begin implementation efforts in 2014/15 once the right platform is identified and additional funding is secured.

GENERAL COUNSEL AND PUBLIC SAFETY

The Office of General Counsel (OGC) projects a balanced consolidated budget of $12.9 million in 2014/15, a 4% increase over the 2013/14 year-end projection. OGC anticipates some increase in operational costs impacting general funds in 2014/15, including costs of an additional part-time attorney who will focus on compliance issues and a full-time paralegal to work primarily on e-discovery and corporate entity governance issues. OGC also anticipates increased rates for outside counsel. OGC did not receive an incremental allocation of general funds to compensate for these but 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 extraordinary matters in 2014/15.

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 cost-effective, high-quality service. 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, although prioritizing risks. It may not provide some services so long as doing so does not increase risk too much. OGC expects that it has adequate reserves to backstop a shortfall should one occur.

Consolidated 2014/15 revenues and transfers for Public Safety, including both the Stanford Department of Public Safety (DPS) and the contract for fire protection and emergency communications services with the City of Palo Alto, are budgeted at $22.2 million, $1.4 million higher than the 2013/14 year-end projection of $20.8 million. Expenses for 2014/15 are budgeted to be $21.6 million, resulting in a projected surplus of $567,000, assuming anticipated salary savings from partial-year position vacancies. Approved programmatic changes for DPS in 2014/15 include increased staff to support patrol and campus security needs as well as an additional sergeant to manage the behavioral threat assessment program and update policies and procedures. Additional general funds allocations and transfers in from other units will support these programs.

Budget projections for the 2014/15 fire contract are based on the 2013/14 adopted budget from the City of Palo Alto with anticipated growth. The university has provided notice of termination of the current fire contract to Palo Alto and is presently developing options for alternative fire service models. Alternate fire services are expected to be implemented early in 2015/16; the specific timing and nature of the changes have not yet been determined.

Areas of specific focus for DPS operations in 2014/15 will include the addition of non-sworn officers to support patrol functions and special events management; a review and update of department policies and procedures to ensure compliance with applicable laws and regulations; continued efforts to improve network and data security compliance; and, in collaboration with OGC, implementation of a new fire services model.

LAND, BUILDINGS AND REAL ESTATE

Land, Buildings and Real Estate (LBRE) is responsible for developing and implementing the university's Capital Plan; managing and developing commercial real estate on endowed lands; managing campus utilities, grounds, and parking and transportation; and providing stewardship for 8,180 acres of campus and contiguous land, as well as 35 acres of commercial offices and lands in Redwood City. LBRE also manages operations and maintenance (O&M) for 340 buildings, including Hopkins Marine Station and other off-campus facilities. Those on the Stanford campus total approximately 10 million of the 15 million square feet (sf) of buildings on campus.

During 2014/15, LBRE estimates revenues and transfers of $308.4 million and expenses of $302.2 million, yielding operating results of $6.2 million. After an expected transfer of $5.2 million for capital renewal projects, LBRE forecasts a planned surplus of $1.0 million, or 0.3% of total revenues and transfers.

Total expenses in 2014/15 are expected to increase by $26.2 million, or 9.5%, over 2013/14 as a result of:

- higher utilities expenses of $5.4 million due to increases in purchased utilities and higher debt amortization expenses resulting from Stanford Energy System Innovations (SESI);
- incremental O&M costs of $5.0 million resulting from new campus structures (e.g., the McMurtry Building, the Anderson Collection at Stanford University, the 408 Panama Mall Office Building, and Bioengineering/Chemical Engineering); and
- general increases in compensation and materials.

In addition to the responsibilities described above, LBRE leads numerous initiatives that typically span years from concept to completion. The following completed milestones are representative of LBRE's multiyear initiatives:

- Approval by the U.S. Fish and Wildlife Service of the Habitat Conservation Plan (HCP), which allows Stanford's incidental "take" of protected species. The HCP covers approximately 4,400 acres of Stanford's lands, including the central campus, the lower foothills, and the Matadero/Deer Creek Basin south of the Stanford Research Park.
- The securing of entitlements for the Redwood City campus, paving the way for development of up to

1,518,000 sf. The approved entitlements include a precise plan, rezoning, a certified environmental impact report, and a detailed 30-year development agreement.

- 100% execution of lease extension offers by the 123 residential leaseholders in the Menlo Park subdivisions of Stanford Creek and Stanford Hills. Stanford's goals for the offer were both to allow leaseholders to remain on the properties for an extended period, and to create opportunities for Stanford to acquire the leaseholds and use the properties in the faculty housing program.

Ongoing initiatives include the following:

- **Real estate commercial development:** The current development pipeline is robust, propelled by a strong market and expiring ground leases with obsolete buildings. A five-year look projects a Stanford development pipeline of approximately 500,000 sf of potential new construction at an investment of $320 million. Two projects under way in the Stanford Research Park will replace 130,000 sf of older existing facilities and, upon completion and occupancy, will generate $11.5 million annually in net operating income (stabilized in 2016) that will benefit general funds. Menlo Park's approval is being sought for the development of approximately 100,000 sf of office space and 250 rental apartment units on the former El Camino auto dealership sites. Additionally, numerous ground lessees plan 746,000 sf of new development at an anticipated $482 million investment.
- **Growth and transportation alternatives:** An ongoing study of "big ideas" is considering both capacity-enhancing and transportation demand management (TDM) strategies to relieve local and regional traffic congestion. The current situation, wherein regional and local roadway networks are at capacity, transit systems face severe and variable budget limitations, and Stanford's TDM programs, though effective, are reaching the point of diminishing returns, means the university must look to new solutions for reducing auto dependency.
- **Searsville Dam:** An extensive examination of existing conditions and possible alternatives for the future of Searsville Dam and Reservoir commenced in 2011. Because of accumulating sediment, today's water volume is 10%–15% of its estimated original 1,100 acre-feet. Without remediation, sediment will fill in the reservoir in 20–45 years, although large storms, seismic events, and/or fire in the watershed could shorten that time frame. A steering committee, involving prominent faculty and senior campus leadership staff, and a working group are investigating and evaluating the effects of various alternatives. These comprise actions addressing water supply, potential flooding, academic research, sediment management, and biological and cultural resources. A community advisory group has also been formed to provide additional input to the steering committee. The steering committee will produce a recommended set of actions for the president and provost's further consideration in 2014.

Stanford continues to construct and develop a high volume of academic and real estate properties but faces ongoing challenges, including a difficult, politically charged entitlement environment, constrained internal resource management, and campus disruption, the latter largely due to the construction of the SESI project and hospital expansions. LBRE is mitigating these constraints to the extent possible. Additionally, Stanford's 2,035,000-sf General Use Permit entitlement, which governs growth on campus, is 68% allocated to projects that received their building permits as of August 31, 2013.

PRESIDENT AND PROVOST OFFICE

The Office of the President and Provost (PPO) comprises a collection of small administrative units. The unit has changed in size and composition as groups have been moved administratively around the university. In addition to the operations of the President's Office and the Provost's Office, the PPO includes the University Budget Office, the Academic Secretary's Office, the Ombuds Office, Continuing Studies, the Diversity and Access Office, the Office for Religious Life, the Vice Provost of Online Learning, and several other small units that support university-wide services. Over the past 14 years PPO has built reserves to assist these units with staffing needs and special requests, and to cover year-end and unbudgeted expenses. PPO projects total revenues and transfers of $88.2 million and expenses of $88.6 million, including an expected transfer in from plant funds of $522,000. PPO forecasts a surplus of $148,000 for 2014/15.

In 2013/14 PPO projects a $1.7 million deficit due to the transition of certain Stanford Pre-Collegiate Studies (SPCS) courses to a licensee. SPCS, part of Continuing Studies, comprises three main program families: the Online High School (OHS), the Pre-Collegiate Institutes, and the Collegiate Programs. The OHS continues to grow rapidly and will approach $6 million in revenue in 2014/15. The Pre-Collegiate Institutes have augmented their residential activities with a number of short-duration, nonresidential on-campus activities, including the Pre-Collegiate Science Conference, leading to a small gain in revenue. New to the SPCS family this year is the Office of College Programs, consisting of the Stanford Summer College and the Stanford Summer College Academy. These programs allow students to earn credit during the summer through residential and hybrid online/residential programs, and the latter is anticipated to grow substantially. The licensing of the older Education Program for Gifted Youth (EPGY) courses, under way since 2011/12, was finally completed in 2013/14. While this will negatively impact revenue and profitability until 2015/16, depending on the success of the licensee, it should produce a small royalty stream through 2019/20.

In 2013/14, the Vice Provost for Online Learning (VPOL) continues to develop online course material, driven by faculty interest, to improve teaching and learning at Stanford and beyond. VPOL has built a stable resource for online course development through its instructional design, production, and platform teams. Since the first three Stanford massive open online courses (MOOCs) were offered in 2011, VPOL has helped more than 145 faculty members from all seven schools deliver nearly 250 online courses for Stanford student and/or public use. Over 160 of these were unique courses created for Stanford student use, and nearly two million people have registered for one or more of the free public courses taught by faculty members.

In 2014/15, VPOL's objective is to continue working with faculty to design and produce new online course materials, extending its reach to new campus departments, centers, and institutes. In addition, VPOL will expand the collection, organization, and delivery of data to support research on course usage, engagement, and outcomes. VPOL will fund new initiatives from a variety of sources, including grants; fundraising in collaboration with the Office of Development; and expansion of the Stanford Digital Learning Forum, a new affiliates program.

For 2014/15, incremental general funds have been added to support a new position, the Title IX coordinator. The position oversees investigations and accommodations in student cases of sexual assault, harassment, and gender discrimination. The Title IX coordinator works with student services personnel across the university, as well as with the Sexual Harassment Policy Office.

OFFICE OF PUBLIC AFFAIRS

The Office of Public Affairs (OPA) projects total revenues of $11.1 million and expenses of $11.2 million, resulting in a net operating deficit of $120,000. This planned deficit reflects the use of reserves to fund the TEDxStanford and Roundtable events in 2014/15.

Total revenues are budgeted to increase 8.2% from $10.2 million in 2013/14, while total expenses are expected to increase 6.1% from $10.5 million. Incremental base general funds allocated to OPA include funding for two new positions, conversion of a current part-time position to full time, and conversion of a one-time funded position. Revenue from Stanford Video and Stanford Ticket Office is expected to decrease slightly from 2013/14.

OPA forecasts an ending balance of $284,000, of which approximately $75,000 is restricted to specific project and endowment-related expenditures. The unrestricted balance will be used to maintain a modest reserve and to support OPA events, such as the Roundtable and TEDxStanford, 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, and University Communications, work together to accomplish this mission by providing strategic advice and support to the entire campus community on internal and external reputational matters; building and fostering relationships with local, state, and federal officials; managing and coordinating internal/external communications through traditional and new media platforms; responding to increasing public and international interest; and planning and producing Stanford's highest-profile events and ceremonies.

The confluence of several important trends puts OPA, and in particular University Communications, at a strategic inflection point.

- Stanford's profile has risen rapidly and profoundly in the past decade, particularly in the past five years. This change has brought significant opportunities and challenges, all demanding increased communications support.
- The communications landscape has radically changed over the same time period. The complexity and impact

of this continuous evolution, particularly in digital communications, require more and varied skills, as well as resources.

- The university's peers are investing heavily in digital communications—many at levels far beyond Stanford's—with the result that in some cases Stanford's programs and efforts in this space do not compare favorably with others.
- Preeminence in digital communications is expected of Stanford, given its historic positioning in technology and Silicon Valley. Yet Stanford's overall central communications resources have remained flat for a decade, and its digital media resources are significantly less than those of its peers.

OPA received some incremental funding to address its increased need for support as follows:

- Base funding to convert the Media Initiatives and Outreach Program (one FTE) from one-time funding. This program's innovative multimedia efforts strategically highlight Stanford's people, research, and global impact to engage key communities, stakeholders, and influencers.
- Funding for 1.5 FTE in Web communications and digital media to further strengthen Stanford's digital and social media impact and presence.
- Funding for one FTE to develop Stanford's Online Accessibility Program to provide university-wide leadership on matters related to online accessibility; train Web staff in accessible design, coding, and content production; and assess new and existing sites for consistency with appropriate accessibility standards.
- Base funding to convert the Stanford Web Services group from start-up to continuing status. This group was launched in 2011/12 in partnership with IT Services to improve the efficiency, cost effectiveness, and quality of Stanford's website communications.

In addition, OPA is restructuring its Government and Community Relations department to account for the retirement of long-time Associate Vice-President Larry Horton. Funding will be reallocated internally as needed to hire two new program manager positions to support federal, state, local, and community relations work and to hire additional outside consultants as needed.

Stanford's media exposure is exploding, and the need to effectively manage this scrutiny is at an all-time high. Greater investment from the university is critical to address this demand and put OPA in a better position to take advantage of strategic opportunities and proactively protect Stanford from potentially damaging reputational risks.

THE STANFORD ALUMNI ASSOCIATION

The Stanford Alumni Association (SAA) projects $41.6 million in gross revenue and operating transfers and $42.0 million in total expenses in 2014/15, resulting in a reduction of $334,000 in its consolidated fund balance after asset transfers. Reserve balances are projected to stand at $3.4 million at the end of 2014/15.

Business and program revenues, coupled with income from life membership, building, and other endowment fund payouts, will 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 2013/14 projected levels by 4.5% ($1.8 million) and 2.8% ($1.1 million), respectively, excluding the one-time costs and funding in 2013/14 of Rose Bowl activities. These increases are largely fueled by SAA's Travel/Study program and additional investment in alumni outreach programs.

In 2013/14, SAA used one-time general funds to continue enhancing student-focused programming, services, and networking opportunities. These efforts have served to strengthen the connection and engagement between students and alumni while also supporting a strong sense of class identity within the undergraduate student cohorts.

SAA also used one-time general funds in 2013/14 to bring alumni a wide range of meaningful, topical, and thought-provoking Stanford academic and intellectual content through a variety of programs, services, and media platforms. Alumni education was already a key component of many SAA offerings. A number of the new efforts in 2013/14 have focused on partnering with other Stanford units to leverage the exciting work taking place in this arena across the university, particularly around the online delivery of content. SAA will continue its focus on alumni education in 2014/15 with funding from internal SAA revenue streams and reserves.

Stanford+Connects, an alumni outreach program launched in 2012/13, remains a key priority for SAA. This program brought faculty, students, and the university president to four cities in the United States and Europe in 2013/14 and will reach another five cities in 2014/15. Presidential funds support this effort.

SAA's digital presence continues to reach alumni in ever-greater numbers. One-time general funds in 2013/14 were used to enhance the mobile functionality of critical areas of the SAA website, and to develop and test new mobile functionality designed to enrich the alumni/student experience in a number of SAA program areas. In 2014/15, a total of $312,500 in continuing one-time general funds will partially fund seven billets shared by SAA and the Office of Development (OOD). In addition to supporting the technology needs of existing SAA and OOD offerings and activities, a key focus for this shared IT team in 2014/15 will be to identify and begin implementing a new technology platform to provide a technologically current, dynamic tool to meet future SAA and OOD needs, as well as those of alumni, donors, and campus partners.

SAA received new base general funds for 2014/15 to support Reunion Homecoming infrastructure needs driven by growing numbers of both the youngest and the most senior attendees, and to fund ongoing efforts to drive greater student connection and engagement with the broader alumni network. New 2014/15 base general funds will also support SAA's compliance and data security efforts.

SAA's greatest challenge is to keep itself—and Stanford—relevant and value-creating to over 215,000 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. SAA also 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.

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 2014/15, Student Affairs anticipates total revenues and operating transfers of $64.2 million and total operating expenses of $64.3 million, resulting in an operating deficit of $119,000 and consolidated fund balances totaling $22.5 million at year-end.

Projected 2014/15 revenues and transfers will exceed those for 2013/14 by $3.4 million, or about 6%. Of the increase, $2.6 million is incremental base funding that will support the following strategic initiatives and priorities:

- **A new model for career services:** Student Affairs is implementing a new organizational/service delivery model for the Career Development Center (also see sidebar on page 19) by adding new positions and converting existing part-time positions to full time and existing soft-funded positions to continuing, base-funded positions.
- **Student safety and well-being, compliance, and risk management:** Student Affairs is converting fixed-term staff positions in the Office of Alcohol Policy and Education (OAPE) and an assistant dean position in the Dean of Student Life Office to continuing status. OAPE will also receive one-time funds for programming and outreach/education expenses.
- **Graduate student support:** Student Affairs is adding graduate student community associate positions for new/renovated graduate residences, and is converting a fixed-term graduate student program developer position in El Centro Chicano to continuing status.
- **International student support:** Student Affairs is providing ongoing support for international student orientation programming, including its expansion.

The balance of the division's net funding increase will consist of base and rent funding increments to cover cost rise.

Total projected expenses will exceed 2013/14 levels by $2.3 million, or 3.7%. The increase will accrue in the operating budget and include a net of $1.3 million of actual incremental expense to be supported by new base funds. The balance of the net expense increase will be attributable to standard cost rise.

Several points are of note in regard to planned uses of funds for 2014/15:

- Having received incremental base funding to support its new service delivery and staffing model, the Career Services Center will begin to replenish its reserves, which have been drawn down by $450,000 since the spring of 2013 to support new initiatives and an interim reorganization. The center will use its designated revenues to support non-compensation expenses for its ongoing operations and new strategic initiatives.
- The Office of the Vice Provost will use central reserves to support enhancements to the division's Web presence and architecture and new initiatives in the student community centers.
- For 2013/14, the Haas Center for Public Service received base funding to stabilize financial support for its education partnership programs. These funds have helped alleviate drawdowns against reserves to support these programs, and the center has been able to shift more focus to expanding and enhancing the programs, as well as fundraising for them.
- Vaden Health Center will use reserves to further assess a number of issues and trends that may affect service-level demand and methods and costs of delivering health-care services. These include impacts of health-care reform under the Affordable Care Act and possible systems/process enhancements for recovering revenues from the medical plan carrier.

In 2014/15, Student Affairs will continue assessing and evaluating programs and operations to refine its strategic focus and direction. One priority will be for Student Affairs and key university stakeholders to assess and develop strategies for complying with mandates regarding sexual violence and relationship abuse, including Title IX requirements for institutional reporting, investigation, and response and more recent federal guidelines regarding gender-based discrimination. This evaluation will include review of current programs and responsibilities of the Office of Sexual Assault and Relationship Abuse Education and Response.

The division also plans to review programs for diversity education and outreach, including those that support first-generation students and those for developing student leadership. Infrastructure issues that will be explored this year include space use/optimization, to help ensure the available space portfolio is aligned with strategic priorities and service/operating needs, and possible alternatives to the current IT infrastructure funding model.

UNDERGRADUATE ADMISSION, FINANCIAL AID, AND VISITOR INFORMATION SERVICES

Undergraduate Admission & Financial Aid projects total consolidated revenues and transfers of $167.2 million and expenses of $167.9 million, resulting in an operating deficit of $800,000 and 2014/15 ending fund balances of $7.2 million. The consolidated budget is divided between the student aid and administrative budgets as follows:

- The budget for undergraduate need-based aid includes revenues of $156.7 million and expenses of $157.3 million, resulting in a net operating deficit of $500,000. This deficit is composed chiefly of endowment funds that had no qualifying recipients in prior years and will be spent down in the coming year. Ending student aid fund balances for 2014/15 are projected at $4.7 million.
- The administrative budget projects revenues of $10.4 million and expenses of $10.6 million, resulting in a net operating deficit of $250,000 and administrative ending fund balances of $2.5 million.

The following information pertains exclusively to the administrative operations of Undergraduate Admission.

Total 2014/15 expenses are budgeted to be higher than the $10.2 million projected for year-end 2013/14. Compensation costs are expected to increase in line with trend growth. Non-salary costs are expected to increase modestly.

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 base funding. 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 $3.6 million in August 2013. Much of this increase has stemmed from position vacancies. The tabling of certain outreach activities until a later date has also been a contributing factor.

Undergraduate Admission has plans to use these reserves over the coming two to four years. Planned 2014/15 uses include a new staffing structure, which will increase salary costs; additional updates to print collaterals and promotional videos; social media presence expansion and other marketing campaign 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 due to the economic downturn, the university received 42,167 applications in 2013/14 for the fall 2014 enrollment, the largest number in its history and 8.6% more than in 2012/13. 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 applications.

UNIVERSITY HUMAN RESOURCES

The purpose of University Human Resources (UHR) is to advance Stanford's position as the best-led, best-managed university in the world. UHR facilitates the university's mission of excellence in teaching, learning, and research by supporting academic and research priorities with a high-caliber workforce; reducing administrative burden related to employee processes; establishing infrastructure for a high-performing, engaged set of employees; and fostering a workforce that feels valued, supported, and respected. The units within UHR include Benefits, Employee and Labor Relations, Operations and Systems, Staff Compensation, Talent Management, and Workforce Strategy, as well as the WorkLife Office and daycare centers, the Help Center, and the Transaction Center.

In 2013/14 UHR became a separate unit from Business Affairs. The 2014/15 consolidated budget shows revenues and operating transfers of $12.9 million and expenses of $13.6 million. UHR will use approximately $470,000 in reserves to fund initiatives associated with its strategic plan. Another $230,000 will initially come from reserves to fund Performance Management@Stanford but will be recovered from participating areas.

Expenses are projected to be 4.1% higher in 2014/15 than in 2013/14. Nearly all of the increase is in compensation. The FTE headcount stands at 116 and has not changed since last year. Most of the growth over the past two years is due to one-time initiatives.

UHR is completing the third year of a strategic plan with three foundational elements: leadership and management development, HR operations and development, and employee engagement. It is engaging in the following key initiatives:

Job Classification Initiative: UHR has completed standardized job descriptions, created an online job description library, and completed initial job assignments after conducting a "test drive." Implementation of the new system is planned for April 2015, and a set of robust communications plans has been developed for late 2014. As part of this initiative, UHR will use reserves to fund the Career Services program to provide a framework for staff to develop skills and competencies and navigate their careers within the new classification system. It will also allocate funds to the job classification work needed to redesign the salary structure and update salary survey analysis.

HR transactions: The HR Transaction Center of Expertise (CoE) was established to provide transaction services for all university organizations (except Humanities & Sciences, the School of Medicine, and SLAC, which use clusters). The CoE is providing full or partial transaction services to all 22 target schools and departments. Over the past year, it has processed over 50% of all transactions and 34% of academic transactions with a 99.9% accuracy rate. The shift to the CoE reduced the number of transactors for the target schools and departments by 23%, and redeployed or eliminated 6.0 FTE. Base funding is approved for 2014/15 for a total of 4.0 FTE. In addition, one-time, multiyear funding was approved for 3.0 FTE to assume transaction management for School of Medicine faculty and academic staff activity beginning in May 2014.

Manager Academy: This management training has graduated 353 managers in its first year. In an assessment conducted by the Evaluation Institute, 99% noted that they had "acquired new learning, tools, insights or motivation." Under a shared-funding model, UHR, departmental, and participant Staff Training Assistance Program funds cover over 80% of the cost of the program. The 2014/15 proposal includes a base funding request.

Performance Management@Stanford: 2013/14 starts the second year of a multiyear rollout toward an institution-wide performance management platform. The goal is to train all 14,000 employees and their managers to use the process and associated online system by 2016/17. To accelerate the program, UHR is designing streamlined training and a new cofunding model that will combine UHR funding and departmental support.

Stanford Training and Registration System revitalization: This is a multiyear project to improve compliance-related training. 2014/15 milestones are to improve the learner experience and delivery of profile management. The Learning Solutions Group supports over 45 learning organizations on campus with services for instructional design and course entry in the system. A base request for an additional 1.0 FTE was approved for 2014/15.

Welcome center: This joint project with Business Affairs will onboard new staff more efficiently and facilitate fast employee productivity from day one. A single center is being established that will bring together all campus services needed by new employees and utilize a "flipped classroom" approach. The project is funded by one-time start-up funding from Business Affairs reserves and existing departmental resources.

Benefits onsite services: UHR is establishing an in-house benefits services group. Funds will be redirected from the existing vendor providing these services. Employees and retirees will be able to contact members of the group to clarify key information and facilitate problem resolution related to benefits programs and plans.

MAJOR AUXILIARY UNITS

The budget lines for the School of Medicine, the Graduate School of Business (GSB), Humanities & Sciences (H&S), VPUE, and Stanford University Libraries (SUL) include auxiliary revenues and expenses. These auxiliary operations include the Blood Center at the School of Medicine, the Schwab Center of the GSB, and Stanford University Press in SUL, 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, Stanford University Press is 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) appears favorable in 2014/15, although challenges remain due to uncertainty in several revenue streams. DAPER projects a roughly balanced budget in 2014/15 based on projected revenues and asset transfers of $118.0 million and expenses of $117.8 million. Significant changes in revenues are anticipated in 2014/15 in key areas, although increases only slightly outweigh decreases creating an overall expected increase in revenue of 1.6% over the projection for 2013/14. Overall expenses are expected to shrink in 2014/15 by 1.4% from the projection for 2013/14. DAPER's consolidated budget consists of three distinct sets of activities: auxiliary operations ($89.5 million), financial aid ($21.6 million), and designated activities ($6.9 million).

Auxiliary Operations

Auxiliary operations are made up of two primary areas, intercollegiate activities and ancillary activities, with net income from the later helping to support the former.

Intercollegiate Activities

Direct revenues and transfers from intercollegiate activities in 2014/15 are projected to be $65.6 million. Projected expenses are $68.6 million in 2014/15. The $3 million deficit is funded through net income from ancillary operations, specifically the golf course and camp operations. As in most years, DAPER's actual revenues for the year in this area will largely be determined by the success of football ticket sales and annual fundraising efforts. In 2014/15, however, there is a potentially significant but uncertain new revenue source — the relatively new Pac-12 television network, which will be in its third year of operations. While only minimal incremental revenue from the Pac-12 network is projected in 2014/15 due to the uncertainty in that area, there are several other key changes on the revenue side compared to the 2013/14 projection. Intercollegiate revenues are projected to increase only 3.1%. This is due to the combination of a significant increase (approximately $2.7 million) in revenue from the Pac-12 conference as a result the new football playoff system and a significant decrease (approximately $2.4 million) in football ticket sales as a result of a less favorable home schedule. Expenses related to intercollegiate activities are expected to decline slightly, primarily related to one-time facility expenses in 2013/14 that will not be repeated in 2014/15. Expenses apart from this show relatively small changes as DAPER continues to work to hold expense growth down.

Ancillary Activities

Direct revenues and transfers from ancillary activities in 2014/15 are projected to be $23.9 million. These revenues are comprised of general funds that support the PE, Recreation, and Wellness area of the department, a contribution from the university benefits pool to support facilities open to all students, faculty, and staff, the golf course, the equestrian center, the Stanford Campus Recreation Association (SCRA) and camp operations. Expenses related to these activities are projected to be $20.9 million in 2014/15. The golf course and camp operations produce a surplus of approximately $3 million that supports the intercollegiate side of operations. As one-time startup expenses for the new Arrillaga Outdoor Education and Recreation Center (AOERC) conclude, the budget for ancillary activities is expected to decline by 4.5% in 2014/15.

Financial Aid

DAPER's financial aid endowment continues to be a huge asset to the department. For several years the payout from these endowments significantly overfunded financial aid needs. This allowed the department to work with donors to transfer the financial aid surplus to help with operating expenses. However, the decline in endowment payouts in 2009/10 and 2010/11, combined with continued increases in tuition costs, created financial aid expenses that exceeded the endowment payouts. Despite a rebound in the endowment and significant new gifts in this area, this shortfall will continue in 2014/15 and DAPER projects needing a transfer of approximately $1.3 million from operating revenues to balance the financial aid budget. For 2014/15, projected revenues (including this transfer) and expenses are $21.6 million, for a balanced financial aid budget. This budget provides approximately 340 scholarships that benefit over 500 students who participate in intercollegiate athletic programs. This compares to projected 2013/14 revenues and expenses of $20.8 million.

Designated Activities

DAPER's designated activities consist primarily of summer camps, which are mainly pass-through operations and 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 2014/15. In total, revenues and expenses from designated activities are projected to be $6.9 million in 2014/15, only slightly higher than the projected $6.7 million in 2013/14.

RESIDENTIAL & DINING ENTERPRISES

Residential & Dining Enterprises (R&DE) generates revenues primarily through room and board, conferences, cafés, catering, guest housing, concessions, 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 5 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 2014/15 budget plan projects a break-even auxiliary budget with total revenues and net transfers of $209.6 million to offset related expenses. The auxiliary budget includes a planned use of reserves for maintenance and capital projects. Consequently, fund balances are projected to decline by $1.0 million to $19 million.

The 2014/15 combined undergraduate room and board rate increase is 3.53% (4.50% room and 2.19% board). When combined with increases in other revenues, this is projected to increase the R&DE total auxiliary revenue (excluding transfers) for 2014/15 by 6.5% over the prior-year projection. The 2014/15 budget plan includes $5.6 million additional revenue and $1.4 million operating expenses from the new Donald Kennedy Graduate Residences. 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 and continued efficiencies in operations. The 2014/15 operating expenditures also reflect the projected impact on utility costs stemming from the Stanford Energy System Innovations (SESI) project and incremental debt service related to new housing initiatives.

The 2014/15 budget plan reflects transfers in to fund debt service related to the capital plan and to help maintain room rental rates at reasonable levels as compared with the local housing market. The plan also includes revenues, expenses, and transfers in to provide additional housing for students at campus rates in the local community pending the completion of new housing on campus. Off-campus housing subsidy will be about $8.5 million In 2014/15. Lastly, the plan includes strategic funding to support residential living and learning. R&DE plans to transfer out about $9.5 million to Residential Education, ResComp, the Graduate Life Office, and Summer Sessions among other programs.

R&DE continues to make significant investments in its physical plant. It has developed an ongoing long-range capital plan to address its facility renewal needs, with expenditures of $36.8 million in 2013/14 and $63.8 million in 2014/15, as well as additional investments in future years, on a variety of capital renovation projects. R&DE has also initiated a plan to address a backlog of deferred maintenance across residential and dining facilities. The long-range capital plan and deferred-maintenance backlog 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 780 new graduate and undergraduate bed spaces: 436 at the Donald Kennedy Graduate Residences at Escondido Village, projected to open in fall 2014, and 128 in a new building in the Manzanita residential complex, scheduled to open in late 2014/15, and the remainder at the Lagunita Court projected in 2015/16. This initiative will also help meet the General Use Permit (GUP) requirements to link housing academic building growth, improve the future campus-wide GUP position, and support the Study of Undergraduate Education at Stanford.

In addition to the Initiative for New Housing, the 2014/15 capital project plan will mainly focus on Row House renovations and kitchen replacements; Escondido Village apartment kitchen renovations, heating system upgrades, fire sprinkler installations, and roof replacement; Rains apartment interior and exterior renovations, including life safety and security system upgrades; Lagunita residence hall plumbing and mechanical upgrades to bathrooms; and refurbishment of living, programming, and dining space in Manzanita.

STANFORD UNIVERSITY PRESS

The Stanford University Press consolidated budget for 2014/15 projects revenue and transfers of $6.0 million and expenses of $7.5 million, resulting in a deficit of $1.5 million. One-time general funds will cover this deficit as well as the $400,000 deficit projected for 2013/14. The Press is exploring several strategies to close the ongoing projected gap; among them a fundraising effort was approved in early 2013. Sales revenue will hold steady at the anticipated 2013/14 level. The Press operating loss is related exclusively to salary and benefit increases. All other costs are held steady or slightly reduced from the 2013/14 year-end figures.

The overall scholarly marketplace continues to see adjustment in buying patterns, but digital books remain a relatively small component of the Press's overall sales. All titles are available on each of the major ebook platforms, as well as through several library aggregators. Despite great media attention to digital publishing and shifts in public perception, print still remains the dominant medium for scholarly nonfiction and drives over 85% of the Press's annual revenue. The individual consumer market has been a growth area In 2013/14 for the Press. The publishing program has a 36-48-month maturity rate, and thus changes put in place in 2010/11 are just beginning to bear fruit. Retail sales have increased and have been generated from a smaller list of titles, which indicates even greater growth in per-title sales. Annual title output for 2013/14 has been cut by roughly 20%, a figure which will hold steady for 2014/15.

The most dramatic purchasing shift has been within the library market. Space and budget constraints have led libraries to scale back print purchasing in favor of digital collections. The availability through ebook wholesalers of patron-driven acquisition (PDA) models, whereby a large catalog of titles is made available for free and a title is only purchased, or more often "loaned," when a patron accesses it, has led to a 35% drop in library print revenue. Disadvantageous terms for PDA rentals have meant that this decrease has not been fully offset by increased digital revenue. Terms will be renegotiated and outlets reviewed for sustainability for 2015/16 in an effort to restore an appropriate usage/price balance.

Stanford Scholarship Online, which launched in July 2013, has exceeded expectations and should help to replace some of the lost library print income. Revenue from the first three quarters of 2013/14 has already surpassed the full amount budgeted for the year, and it is anticipated that the final quarter will be the strongest thus far. All sales through this platform are of collections of Press titles, grouped by discipline, but the Press has been invited to participate in a trial of title-by-title sales, which will broaden the appeal to libraries that already own portions of our list through other ebook platforms, such as ProQuest or EBSCO.

Stanford Briefs, a short-form scholarship imprint, has continued to grow in popularity and profile. Priced at $9.99 in digital format and also available as print-on-demand paperbacks, the titles are now selling as classroom texts as well as succinct trade editions. Stanford Briefs has proved an attractive alternative publishing venue for senior scholars and now has many emulators across the spectrum of scholarly publishers.

International distribution of the Press lists will be moved to Combined Academic Publishers (CAP), in England, in June 2014. At the same time, all international pricing will be set at parity to the Press U.S. prices. This will be a reduction of close to 25% from the current pricing model and will bring us more in line with our competitors. It is anticipated that significantly higher unit sales will counterbalance the drop in per-title revenue. CAP is sufficiently confident in this outcome that it has contractually guaranteed our 2013/14 revenue as a minimum, and our budget reflects this number.

CHAPTER 4

CAPITAL PLAN AND CAPITAL BUDGET

Stanford's 2014/15–2016/17 Capital Plan and 2014/15 Capital Budget are based on projections of the major capital projects that the university will pursue in support of its academic mission. The rolling Capital Plan includes projects that are in progress or are expected to commence during the three years it covers. The Capital Budget represents the anticipated capital expenditures in the first of these years. Both the Capital Plan and the Capital Budget are subject to change based on funding availability, budget affordability, and university priorities.

At $2.8 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 2013/14 project completions, Stanford will have invested $4.9 billion in its facilities, infrastructure, and commercial real estate since 2000. The campus has been transformed, with state-of-the-art buildings supporting science, engineering, medicine, business, athletics, law, and the arts. The successful Rosewood Sand Hill hotel and office complex and other off-campus commercial development projects provide 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: Stanford in Redwood City Phase 1 ($393.5 million), the new Earth Sciences Building ($126.5 million), Rains Houses Renovations (Phases 1, 2, and 3 of 5) ($34.2 million), Golf Course Redesign and Program Improvements ($21.3 million), the Biology/Chemistry/Computer Science Precinct Regional Dock and Stauffer III Demolition ($21.1 million), Hoover Campus Renovations ($20 million), Environmental Health & Safety (EH&S) Facility Expansion ($16.6 million), the Stadium Field House ($14 million), Schwab Residential Center Renovations ($10 million), Home of Champions and Hall of Fame Area Relocation ($7 million), and Sunken Diamond Improvements ($7 million).

The following seven significant projects make up 59% of Stanford's Capital Plan: Stanford Energy System Innovations (SESI) ($485 million), Stanford in Redwood City Phase 1 ($393.5 million), a new School of Medicine (SoM) Building on the Foundations in Medicine 1 site (planned to be either the BioMedical Innovation I Building or the Integrated Cancer Center) ($222.4 million), the Chemical Biology/Neurosciences Building ($186 million), California Avenue Faculty Homes ($155 million), the new Earth Sciences Building ($126.5 million), and the Anne T. and Robert M. Bass Biology Research Building ($101.1 million). The remaining 41% of the plan comprises 35 projects and 8 infrastructure programs. For a detailed listing of all Capital Plan projects and programs, see the tables on pages 81–83.

The Capital Plan accounts for the long-term budget impacts on operations, maintenance, and utilities (O&M) and debt service. These obligations are included in the university's long-range budget planning and are detailed on page 75 in the Capital Plan tables.

This chapter provides an overview of the capital planning process, describes current strategic initiatives, presents the 2014/15–2016/17 Capital Plan and related constraints, and discusses the 2014/15 Capital Budget.

CAPITAL PLANNING OVERVIEW

Capital Planning at Stanford

Stanford's Capital Plan is a three-year rolling plan with budget commitments made 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 O&M and debt service will commence at construction completion. The plan includes forecasts of both cash flow and budget impacts by year as well as the impacts of projects beyond the three-year period (see tables on page 75).

The Capital Plan is set in the context of a longer-term capital forecast. The details of this 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. 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 are integral to this year's Capital Plan:

- Stanford Energy System Innovations
- Biology/Chemistry/Computer Science Precinct
- Growth and transportation alternatives
- Parking and circulation
- New housing
- Stanford in Redwood City and other off-site facilities

Stanford Energy System Innovations

At $485 million, SESI represents 17% of the Capital Plan. SESI will be completed in 2015 and replace the existing central energy plant, Cardinal Cogeneration (Cogen) and related infrastructure. Stanford has been awarded direct access to the electricity markets and will increase its purchased electricity from an energy service provider at the termination of the Cogen contract with General Electric in April 2015.

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 its 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.

Biology/Chemistry/Computer Science Precinct

The completion of the eighth and last component of the Science, Engineering, and Medical Campus marks the beginning of a future science quad in the Biology/Chemistry/Computer Science Precinct. Two new facilities—the proposed Bass Biology Research Building ($101.1 million) and the new Science Teaching and Learning Center (STLC) in the renovated Old Chemistry building ($66.7 million)—will be key components of a long-range vision to create a new precinct along the formal entrance to the Stanford campus by the Oval located at the end of Palm Drive. These buildings will join Gilbert Biological Sciences and Gates Computer Science to the south and the Lokey Laboratory and Keck Science Buildings to the north, anchoring the new precinct. A proposed consolidated underground service area, which will function for the majority of the precinct in the future, will enhance operational efficiency for science deliveries, improve safety for pedestrians and bikers, and also preserve land for future development.

Bass Biology Research Building

The Bass Biology Research Building is intended to replace the existing Herrin Hall and Herrin Laboratory buildings, which will ultimately be removed. The new building will provide laboratory space for approximately half of the department's faculty, plus the corresponding research staff of graduate students, postdocs, and technicians. The 123,450-gross-square-foot (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. Construction is anticipated to begin in 2015.

Science Teaching and Learning Center

The STLC will house teaching laboratories and support spaces available to both students and faculty. In addition, to develop an activity hub for undergraduate students, the STLC will combine the three existing science libraries and will integrate replacement classrooms and lecture halls within new collaborative study spaces. The new facility will encourage a sense of community for undergraduate students, primarily in the Biology and Chemistry departments.

The primary ceremonial east façade on Lomita Mall will be maintained as the main entrance of the historic Old Chemistry building. The west side will feature an events terrace on the roof of the new one-story, partially underground addition. The terrace will serve as a gathering place for undergraduate interaction as well as a venue for departments to host events.

Long-Range Vision

The demolition of the Stauffer buildings will enable the introduction of a central green that will provide highly valued space for student interactions and departmental collaborations. The site is being carefully planned to allow for the construction of three to four additional buildings within the precinct.

Growth and Transportation Alternatives

Local and regional traffic congestion is an ongoing concern for Stanford campus and neighboring communities. Continued traffic problems can severely limit approvals for additional academic and commercial development. Three factors contribute to these problems: Regional and local roadway networks are currently at capacity, with limited potential for physical capacity improvements; transit systems face severe and variable budget limitations, which prevent expansion and effective planning; and campus and hospital transportation demand management (TDM) programs, while quite robust and effective, are reaching the point of diminishing returns. Given this context, the university is engaged in an ongoing study of "big ideas" to expand both capacity and TDM now and in the future.

Parking and Circulation

As the core campus grows more dense and the availability of surface parking decreases, campus planners are considering a variety of options for parking and circulation. Measures will be implemented that will respond to the demand for parking as well as improving traffic and safety for vehicles, bicyclists, and pedestrians. Several projects will get under way in the short term that will ultimately transform the campus landscape and roadways. These include the installation of campus roundabouts, the construction of new parking structures, and the extension of Panama Mall.

Roundabouts

As the core campus continues to develop and expand, it has become critical to develop vehicular circulation, pedestrian safety, and bike safety strategies at various intersections. After comparing metrics for four-way stop signs, traffic signals, and roundabouts, Stanford has developed a plan for a system of roundabouts at intersections along Campus Drive. These roundabouts will enable more efficient vehicular circulation, reduce confusion for both drivers and pedestrians, and transform large asphalt intersections into welcoming landscape features at various campus entrances. The first roundabout conversion will occur at the Escondido Road/Campus Drive intersection, with construction expected to be complete in fall 2014.

Parking Structures

Parking structure (PS) 10 will be a four-level structure constructed under Roble Field, with the existing recreation field restored on grade. In the near term, a 600-space surface lot is being constructed west of the Campus Drive/Santa Teresa intersection. This lot will accommodate the 250 parking spaces that will be removed for the construction of two new dorms at Lagunita Court. It will also enable the removal of 120 on-street parking spaces along Santa Teresa Street to facilitate traffic flow and to incorporate safety measures along this highly traveled route. The openings of the new Arrillaga Outdoor Education and Recreation Center (AOERC) and the BioE/ChemE building, as well as future development, are expected to increase parking demand within the West Campus region. PS 10 will provide sufficient inventory for current demand as well as some capacity for future growth. It will be right-turn-only exiting onto Via Ortega to manage the volume of traffic on Santa Teresa.

Future structures will generally be sited along the outer perimeter of the core campus or in the vicinity of the Campus Drive loop. Campus planners are continuing to investigate innovative and efficient strategies for pedestrian circulation within the Campus Drive loop.

Panama Mall and Other Circulation Improvements

As a part of the PS 10 project, the Godzilla Modular will be removed, enabling the adjacent extension of Panama Mall. This new segment, consistent with the Campus Long-Range Planning Vision, will link Samuel Morris Way and Governor's Avenue and provide a safer pedestrian and bicycle pathway.

This initiative will also close Samuel Morris Way to vehicular traffic, extend Via Ortega between the new AOERC and the future PS 10, and result in a future academic building site south of the Yang and Yamazaki Environment and Energy Building.

New Housing

Stanford's housing program provides a wide range of choices for its students, faculty, and staff. Several significant undertakings are moving forward to alleviate the undersupply of affordable high-quality housing for faculty and to accommodate the increasing populations of both graduate and undergraduate students.

The new California Avenue faculty homes ($155 million) will consist of 68 single-family detached homes and 112 condominium flats. To ensure that this community meets faculty needs, all the housing units will be made available to faculty for purchase at below-market prices through use of a restricted ground lease. The project will facilitate broader lifestyle opportunities and community identity through the inclusion of a central park, other gathering and respite areas, play equipment, and common fitness and community buildings. Construction is expected to proceed over a three-year period with delivery of the first homes in early 2017.

The newly dedicated Donald Kennedy Graduate Residences in Escondido Village (formerly Comstock Graduate Housing) ($110 million) will offer 436 new graduate beds upon their completion in summer 2014 (362 net beds after the demolition of nine low-rise residences). Each house in the new complex bears the name of a former provost (William F. Miller, Albert H. Hastorf, Gerald J. Lieberman, and James N. Rosse).

The Manzanita undergraduate dorm ($23.8 million) will add 128 new beds to the 425 now provided by the Kimball, Castaño, and Lantana Hall dorms. Completion is due in early to midsummer 2015.

Two new buildings ($42.8 million) will be added to historic Lagunita Court, increasing the number of student beds from 319 to 535. Both will be four-class residences, each providing beds for 108 undergraduate students (including resident assistants and two new resident fellows, as well as necessary program spaces). Occupancy is anticipated in spring 2016.

The Graduate School of Business (GSB) will expand its current housing stock with a new residence complex ($75 million) adjacent to the Schwab Residential Center and across Serra Street from the Knight Management Center. A net of 200 additional beds will be constructed with the objective of accommodating all first-year single students who desire to live on campus. This housing will also support Stanford's overall need for additional graduate housing. Completion is anticipated in summer 2016.

Stanford in Redwood City and Other Off-Site Facilities

Stanford has secured entitlements to develop a satellite campus in Redwood City totaling 1,518,000 square feet. This development is part of a strategic initiative that allows core campus lands to be used for the highest academic priorities by locating administrative and appropriate academic functions on a nearby campus. The Redwood City property currently contains six buildings totaling 536,000 square feet and is occupied by corporations, with the exception of several Stanford University Library departments, which occupy approximately 65,000 square feet, and some university storage.

Early planning has commenced for a Phase 1 development of 500,000 square feet at $393.5 million. This size was determined to enable minimum critical mass. The development is planned to include both administrative offices and amenities, and could include non-university tenants. Land, Buildings and Real Estate (LBRE) is facilitating a process to identify and validate the appropriate Stanford users for the new campus. At this point, no definitive dates for the development and subsequent moves have been set, but construction may start as early as 2015/16.

To meet ongoing space needs, several departments within the School of Medicine (SoM), 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. Many of these occupants will move to the new Redwood City campus when it is complete. Any vacated buildings will be leased at market rates.

THE CAPITAL PLAN, 2014/15–2016/17

Stanford's academic campus, including the SoM but excluding the hospitals, has approximately 700 facilities providing over 17.5 million square feet of space (including parking structures). The physical plant has a historical cost of $7.6 billion and an estimated replacement cost of $10.8 billion.

The Capital Plan includes a forecast of Stanford's annual programs 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 are under the purview of the Board of Trustees. Board-level approval is required for any of the following:

- Projects with a total 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 2014/15–2016/17 Capital Plan, which includes major construction projects in various stages of development and numerous infrastructure projects and programs, total $2.8 billion. The table below provides a comparison of the last three Capital Plans.

COMPARATIVE CAPITAL PLANS

[IN MILLIONS OF DOLLARS]

	2012/13	2013/14	2014/15
Design/Construction	1,030.6	1,200.9	1,144.1
Forecasted	840.3	1,096.4	1,402.0
Infrastructure	262.3	249.4	290.0
Total	**2,133.2**	**2,546.7**	**2,836.1**

Projects in Design and Construction

Projects in design and construction total $1.1 billion (40% of the plan). Construction of these projects is contingent upon fundraising of $25.6 million (2%). This category comprises 16 projects, as shown in the table on page 81.

The cost of projects in design and construction has decreased by $56.8 million from 2013/14 as a result of the completion of certain projects, partially offset by the movement of projects from the forecasted category and the addition of a new project. Projects moving from the forecasted to the design and construction stage include the GSB Graduate Residences ($75 million), the STLC ($66.7 million), the 408 Panama Mall Office Building ($49.7 million), the Lagunita Court Addition ($42.8 million), PS 10 ($42 million), the Roble Gymnasium Renovation ($28 million), and Stanford House in Oxford ($4 million). The Stadium Field House ($14 million) is new to the Capital Plan. Projects scheduled to be completed in 2013/14 include the Bioengineering/Chemical Engineering Building (BioE/ChemE) and Connective Elements ($196.6 million), the Donald Kennedy Graduate Residences ($110 million), Lathrop Library ($57 million), the Anderson Collection at Stanford University ($36 million), Phase 1 of the Crown Quadrangle Renovation ($15 million), Northwest Data Center and Communications Hub (NDCCH) ($14.9 million), and the Windhover Contemplative Center ($5.4 million). The Crothers Hall/Crothers College Dean's Residence project ($3 million) has been cancelled.

Forecasted Projects

Forecasted projects are those anticipated to receive Board of Trustees approval over the next three years. These projects total $1.4 billion (50% of the plan) and are listed on page 82. Like those in design and construction, these projects are contingent upon funding. For this group, $259.8 million (19%) remains to be fundraised and $329.4 million (24%) has yet to be identified.

Project costs within this category have increased by $305.6 million from 2013/14, as a number of new and reactivated projects have been added. These include Stanford in Redwood City Phase 1 ($393.5 million), the new Earth Sciences Building ($126.5 million), Rains Houses Renovations (Phases 1, 2, and 3 of 5) ($34.2 million), Golf Course Redesign and Program Improvements ($21.3 million), the Regional Dock and Stauffer III Demolition at the Biology/Chemistry/Computer Science Precinct ($21.1 million), Hoover Campus Renovations ($20 million), EH&S Facility Expansion ($16.6 million), and several other renovation and improvement projects.

Infrastructure

Stanford's ongoing efforts to renew its infrastructure are reflected in a budget of $290 million (10% of the plan) and are listed on page 83. Infrastructure costs have increased from last year's Capital Plan by $40.6 million. Infrastructure programs include the Investment in Plant Program (planned maintenance), the Capital Utilities Program (CUP), the Residential & Dining Enterprises (R&DE) Major Renovation Plan, Whole Building Energy Retrofit Program Group 2, the Stanford Infrastructure Program (SIP), information technology and communications systems, storm drainage projects, and General Use Permit (GUP) mitigation. GUP mitigation and SIP projects are funded through construction project surcharges. The other projects are funded by central funds or debt.

Investment in Plant (Planned Maintenance) Program

Annual Investment in Plant assets represent 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 projects are based on life cycle planning, 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 $134 million.

Capital Utilities Program

The $52.7 million three-year CUP plan will improve electrical, steam, water, chilled water, and wastewater utility systems. The annual CUP covers expansion of systems as required by campus growth ($23 million) and replacement of systems that are near the end of their useful life ($11.9 million). CUP projects include Biology/Chemistry/Computer Science Precinct utilities ($6.3 million), IT infrastructure ($1.9 million), and storm drainage ($600,000). The CUP will also fund the installation of photovoltaic power generating equipment ($5 million) on campus buildings and a campus plug-in vehicle charging system ($4 million).

R&DE Major Renovation Plan

R&DE's initiative addresses health and safety issues, seismic upgrades, code compliance, energy conservation and sustainability, and major programmatic improvements in the student housing and dining physical plant. Projects anticipated over the next three years total $46.9 million and include continuation of the code compliance upgrades of various Row Houses, repairs to the Escondido Village slab heating system and infrastructure, and bathroom and kitchen renovations. Completed projects will be maintained through the Stanford Housing, Dining, and Hospitality Asset Renewal Programs.

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 campus total. 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 $3.5 million, a discounted payback of less than four years, and Pacific Gas and Electric rebates of $2 million.

The table on the facing page summarizes the status of these projects, expected annual energy 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; this is followed by ongoing monitoring. Early results may not be indicative of expected long-term improvements because time is needed for the changes to take full effect.

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 $13.7 million over the next three years (excluding funding for replacement parking spaces). SIP projects include campus transit, parking lot infrastructure, and site improvements; landscape design and enhancements; bicycle, cart, and pedestrian path construction; and lighting, signage, and outdoor art installations.

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 to maintain a consistently high level of service. Additionally, new technologies provide more efficient, faster, and/or more cost-effective solutions. Planned upgrades to these critical university systems total

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%	37%
Mitchell Earth Sciences	Design	50%	
Green Earth Sciences	Design	15%	
Clark Center	Design	11%	
Arrillaga Alumni Center	Design	27%	
Varian Physics Laboratory	Study	24%	
Mechanical Engineering Laboratory	Study	24%	
Lucas Center	Study initiated		
Keck Science	Study initiated		
Durand	Study initiated		
Center for Clinical Sciences Research (CCSR)	Delayed to 2016/17		

[1] Construction scope reduced from original survey.

$12.6 million, including $2.8 million to upgrade the network backbone and $1.6 million for a departmental firewall refresh that is required every five years.

Storm Drainage

The ongoing storm drainage program includes projects for improving and expanding the capacity of the campus storm drainage system, building storm water detention facilities, replacing deteriorated pipes, and improving drainage around buildings. In addition, recently adopted storm water quality regulations necessitate new storm water treatment approaches, such as bioswales, bioretention, and capture, to minimize conveyance of contamination from common storms to natural water bodies. These approaches will be incorporated on new building sites, where feasible. Beyond this, the program covers campus-wide detention and treatment facilities needed to meet the requirements. For 2014/15, a large new storm water detention facility is envisioned to mitigate runoff from rapidly developing areas of campus. The three-year estimated program cost is $12 million.

General Use Permit Mitigation

An internal fee levied on capital projects that increase school/department campus space allocations funds the implementation of Santa Clara County GUP requirements and recommendations, including trails, storm water management, TDM, protection of biological resources, and other programs. GUP fees also fund projects related to water conservation, water allocation (alternative supplies), wastewater collection expansion (estimated to cost $2.2 million over three years), and new parking spaces.

Other Stanford Entities

In an effort to present a comprehensive view of university planned construction, the capital planning process has included Stanford Real Estate, Stanford Hospital and Clinics (SHC), Lucile Packard Children's Hospital (LPCH), and SLAC National Accelerator Laboratory. Although the tables at the end of this chapter do not include these entities, brief descriptions of the Real Estate, SHC, and LPCH capital programs follow. The SLAC capital programs are addressed in Chapter 2, page 51.

Stanford Real Estate

Real Estate is managing eight projects totaling $926 million in various stages of planning and development on Stanford lands. Two projects are currently under construction—1701 Page Mill Road and the Stanford Shopping Center expansion—totaling $83.8 million of Stanford investment. Stanford in Redwood City Phase 1 is in the early planning stages, with a current budget of $393.5 million. The Redwood City campus received entitlements from the city in September 2013. Two projects required under the Mayfield Development Agreement with Palo Alto are currently going through the approval process and have a combined budget of $171.6 million. One of these projects is the California Avenue faculty homes, which will provide 180 units of much-needed housing to Stanford's faculty. The other will provide 70 below-market-rate units in Palo Alto. The 500 El Camino Real project in Menlo Park is a mixed-use project of 457,000 square feet, including rental housing and office and retail space, with a preliminary budget of $225.1 million. This project is going through a lengthy entitlement process, and its scope, budget, and timing are subject to potential changes over the coming year. Finally, two projects totaling $52 million—the 1450 Page Mill Road redevelopment and the Stanford Barn renovation—are in the early planning stages.

Stanford Hospital and Clinics and Lucile Packard Children's Hospital

The Stanford University Medical Center (SUMC) renewal project includes the development of approximately 1.3 million square feet of net new hospital, clinic, and medical office space on the main medical campus and the Hoover Pavilion site. The project received development entitlements from the City of Palo Alto nearly three years ago. Construction is well under way, and significant project milestones have been achieved. Major utility upgrades to serve the new medical facilities have been completed along Welch and Quarry Roads, and foundation work and steel erection are currently under way for both the new SHC and the LPCH expansion, which are estimated to cost $2 billion and $1.1 billion, respectively. On the Hoover Medical Campus, the historic Hoover Pavilion has been fully renovated and upgraded to accommodate modern medicine, a new 1,080-car parking structure has recently been completed, and excavation is set to occur for a new 92,500-square-foot medical office and clinic building just northwest of the original pavilion.

Overall Summary

A table summarizing the 2014/15–2016/17 three-year Capital Plan appears on the next page. It includes projects and programs in the design and construction, forecasted, and infrastructure categories that are currently active or are anticipated to commence in the next three years.

The expenditures necessary to complete the three-year Capital Plan are anticipated to extend beyond 2016/17. To differentiate between the estimated costs of the plan and the forecasted spending to complete its projects and programs, an additional table (Capital Plan Cash Flows) forecasts the Capital Plan expenditure cash flow based on project and program schedules.

O&M and debt service costs for each project will impact the university's operating budget once construction is substantially complete. Although the Capital Plan Summary shows the full budget impacts of all completed projects, it is important to note that these impacts align with the project completion schedule and will therefore be absorbed by the university budget over a period beyond the three-year plan. The Capital Plan Impact on Budget table forecasts these budget impacts by area of responsibility (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 to present a comprehensive view of all major planned construction on Stanford lands.

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

Capital Plan Funding Sources

As the top chart on page 76 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" are expected to come from a combination of school, department, and university reserves, as well as other sources.

SUMMARY OF THREE-YEAR CAPITAL PLAN 2014/15-2016/17

[IN MILLIONS OF DOLLARS]

			PROJECT FUNDING SOURCE							ANNUAL CONTINUING COSTS	
				GIFTS		UNIVERSITY DEBT					
	ESTIMATED PROJECT COST	CAPITAL BUDGET 2014/15	CURRENT FUNDS[1]	IN HAND OR PLEDGED	TO BE RAISED	SERVICE CENTER/ AUXILIARY DEBT	ACADEMIC DEBT	OTHER	RESOURCES TO BE IDENTIFIED[2]	DEBT SERVICE	OPERATIONS & MAINTENANCE[3]
Projects in Design & Construction	1,144.1	388.2	195.0	147.8	25.6	662.7	89.0	24.0		36.5	22.3
Forecasted Projects	1,402.0	144.0	147.9	83.7	259.8	50.5	530.7		329.4	36.0	16.7
Total Construction Plan	**2,546.1**	**532.2**	**342.9**	**231.5**	**285.4**	**713.2**	**619.7**	**24.0**	**329.4**	**72.5**	**39.0**
Infrastructure Programs	290.0	123.2	151.8			103.3	34.9			14.0	
Total Three-Year Capital Plan 2014/15-2016/17	**2,836.1**	**655.4**	**494.7**	**231.5**	**285.4**	**816.5**	**654.6**	**24.0**	**329.4**	**86.5**	**39.0**

[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 and 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]

	2013/14 & PRIOR	2014/15	2015/16	2016/17	2017/18 & THEREAFTER	TOTAL
Projects in Design & Construction	499.2	388.2	195.9	55.6	5.1	1,144.1
Forecasted Projects	34.0	144.0	349.0	451.9	423.0	1,402.0
Total Construction Plan	**533.2**	**532.2**	**545.0**	**507.5**	**428.1**	**2,546.1**
Infrastructure Programs	9.2	123.2	78.1	77.3	2.4	290.0
Total Cash Flows	**542.4**	**655.4**	**623.0**	**584.8**	**430.5**	**2,836.1**

CAPITAL PLAN IMPACT ON BUDGET

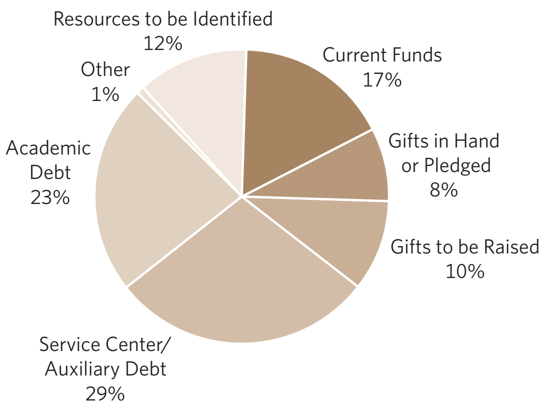
[IN MILLIONS OF DOLLARS]

	2015/16	2016/17	2017/18 & THEREAFTER	TOTAL
Debt Service				
General Funds	13.2	3.1	28.0	44.3
Formula and Other Schools	12.7	2.5	2.9	18.1
Auxiliary	7.6	3.4	4.1	15.1
Other[1]	8.0	0.5	0.4	8.9
Total Debt Service	**41.5**	**9.6**	**35.4**	**86.5**
Operations and Maintenance				
General Funds	6.1	2.8	15.5	24.4
Formula and Other Schools	4.6	1.8	3.8	10.2
Auxiliary	(1.4)	0.4	0.1	(0.9)
Other[1]	3.5	1.7	0.1	5.3
Total Operations and Maintenance	**12.8**	**6.7**	**19.5**	**39.0**

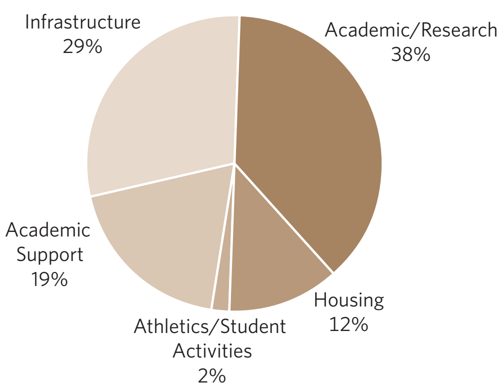
[1] Primarily the hospitals along with the Forsythe facility, Faculty Staff Housing, and outside entities.

THE CAPITAL PLAN 2014/15–2016/17: $2.8 BILLION

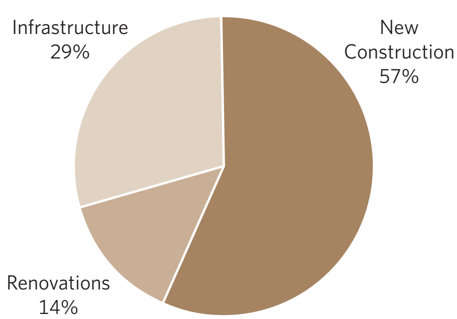
Sources of Funds



Uses of Funds by Program Category



Uses of Funds by Project Type



Uses of Funds by Program Category and Project Type

The middle chart divides Capital Plan activity into program categories—academic/research, infrastructure, academic support, housing, and athletics/student activities—with the largest categories being academic/research and infrastructure at 38% and 29% of the plan, respectively. The bottom chart breaks out the same activity into project types including new construction, infrastructure, and renovations.

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 2014/15 to 2019/20) totals $86.5 million annually (excluding debt service for bridge financing the receipt of gifts and operating lease payments). Of this amount, $44.3 million will be serviced by general funds, $18.1 million directly by formula schools (the GSB and SoM), and $24.1 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 operations, and other operations.

The additional O&M costs expected at the completion of all projects commencing in the three-year period total $39 million per year. Of this amount, $24.4 million will be serviced by general funds, $10.2 million by the formula schools, and $4.4 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 21, 2014, debt available to finance capital projects and faculty mortgages is estimated at $1.1 billion, including $368 million of taxable commercial paper and $248 million of tax-exempt commercial paper, $363 million of unexpended tax-exempt bond proceeds, and $136 million of unexpended taxable bond proceeds. In addition, through fiscal year-end 2013/14 and 2014/15, $104 million internal amortization proceeds on debt-funded projects will become available to lend to projects, and $115 million in forecasted pledge payments will retire debt issued to bridge finance the receipt of gifts.

The three-year Capital Plan will require a total of $1.5 billion of debt:

- $762 million to complete projects already approved or under construction;
- $537 million for projects forecast to be approved in 2014/15; and
- $187 million to bridge finance the receipt of gift pledges for projects approved or under construction.

Additional debt may be required to finance the Faculty Staff Housing program. As of May 1, 2014, the portfolio of debt-subsidized mortgages had increased by $26 million to $402 million.

Projects identified in the three-year Capital Plan commencing after 2015/16 will require an additional $127 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 in 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 GUP that allows Stanford to construct up to 2,035,000 additional gross square feet of academic-related buildings on the core campus, up to 2,372 new student housing units, and 646 housing units for postdoctoral fellows, medical residents, faculty, and staff.

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 exceeds one million gross square feet (Santa Clara County approved the SDS 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. Construction through 2012/13 accounted for 1.4 million square feet. This year's Capital Plan forecasts net utilization of 378,193 GUP square feet, after demolitions. With the completion of planned housing projects, including the Donald Kennedy Graduate Residences, the GSB Graduate Residences, and the Lagunita and Manzanita undergraduate housing, Stanford will have added 2,437 net new housing linkage units since approval of the GUP. Their completion will enable the total new academic and academic support space allowed under the GUP to reach nearly two million gross square feet.

THE CAPITAL BUDGET, 2014/15

At $655.4 million, the 2014/15 Capital Budget reflects only a portion of the costs of the projects in the Capital Plan, as most of them span more than one year. The table on the next page highlights major capital projects for which expenditures under the 2014/15 Capital Budget will be significant, as well as the percentage of each project expected to be complete by the end of 2014/15.

In 2014/15, LBRE anticipates substantial completion of six projects with total budgets of $677.8 million and estimated 2014/15 expenditures of $226 million. Two major components of the $485 million SESI initiative (the replacement central energy facility and piping and building conversions) will be completed before Cogen is decommissioned. The McMurtry Building will join the Bing Concert Hall and the Anderson Collection in realizing Stanford's objective to establish an Arts District. The historic Roble Gymnasium, constructed in 1931, will be renovated for drama and dance programs, as well as flexible space to pursue independent arts. The Manzanita Undergraduate Dorm will add new 128 beds to the housing inventory. The Stadium Field House will replace existing auxiliary facilities adjacent to the stadium with a modern two-story building. Finally, a Stanford Research Park building at 1651 Page Mill will be renovated for use by the SoM.

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 72% of the total budgeted. Over the past five years, the percentage improved to 78% due to an increase in the number of projects that have all funding identified, staff assigned, and Board of Trustees approval obtained.

MAJOR CAPITAL PROJECTS – PERCENT OF COMPLETION 2014/15[1]

[IN MILLIONS OF DOLLARS]

	CAPITAL BUDGET 2014/15	ESTIMATED PROJECT COST	ESTIMATED PERCENT COMPLETE 2014/15
Stanford Energy System Innovations (SESI)			
Replacement Central Energy Facility	49.9	234.5	100%
Piping, Building Conversions, and Process Steam Plant	60.1	209.3	100%
California Avenue Faculty Homes (180 units)	30.9	155.0	22%
McMurtry Building	43.0	87.0	100%
Stanford GSB Graduate Residences (200 net new beds)	32.6	75.0	56%
Science Teaching and Learning Center (Old Chemistry)	31.2	66.7	74%
408 Panama Mall Office Building	29.4	49.7	87%
Lagunita Court Addition (216 new beds)	19.3	42.8	56%
Parking Structure 10 (1006 spaces)	20.7	42.0	78%
Roble Gymnasium Renovation	17.8	28.0	100%
Manzanita Undergraduate Dorm (128 new beds)	14.7	23.8	100%
Stadium Field House	10.9	14.0	100%
Bass Biology Research Building	16.4	101.1	13%
New Hoover Office Building	10.0	45.6	25%
1651 Page Mill Road Tenant Improvements	29.6	40.0	100%
Rains Houses Renovations (Phases 1, 2, and 3 of 5)	10.0	34.2	33%
Total	**426.5**	**1,248.7**	

[1] Includes projects (other than infrastructure programs) scheduled to be in construction and with forecasted expenditures greater than $10 million in 2014/15.

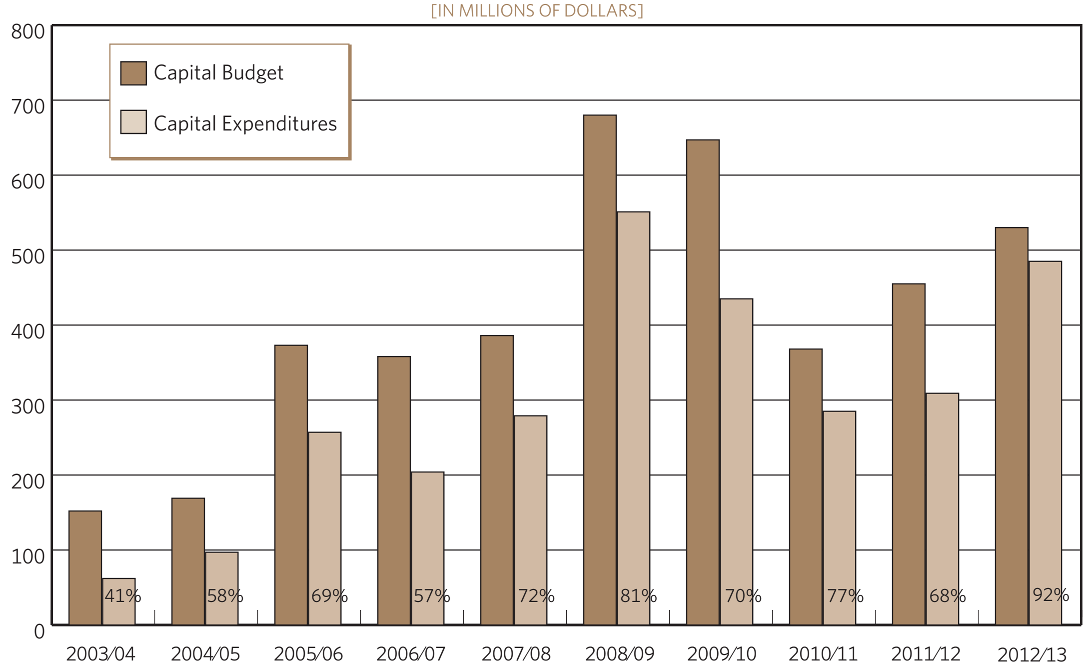
Sources and Uses

Sources of funds for the Capital Budget will be current funds (which include the Capital Facilities Fund [CFF], funds from university and school reserves, and GUP and SIP fees), gifts, and debt. The university typically allocates CFF or debt funding to projects in the absence of other available funding. The timing of gift receipts, which may be bridge financed, will affect the mix of project funding.

The pie charts on the facing page show the uses of funds under the $655.4 million Capital Budget by project type and program category. Infrastructure investment of $256.8 million (39%) includes SESI, PS 10, Investment in Plant (planned maintenance), CUP, and R&DE Major Renovation Plan projects. Academic/research projects, forecasted at $197.2 million (30%), include the McMurtry Building, the STLC, the Roble Gymnasium Renovation, the Bass Biology Research Building, the new Hoover Office Building, and 1651 Page Mill Road Tenant Improvements. Anticipated expenditures of $108.4 million (16%) for housing projects include the California Avenue Faculty Homes, the GSB Graduate Residences, the Lagunita Court Addition, the Manzanita Undergraduate Dorm, and Rains Houses Renovations (Phases 1, 2, and 3 of 5). Academic support projects, forecasted at $69.6 million (11%), and athletics/student activities projects, at $23.3 million (4%), include the 408 Panama Mall Office Building and Stadium Field House, respectively.

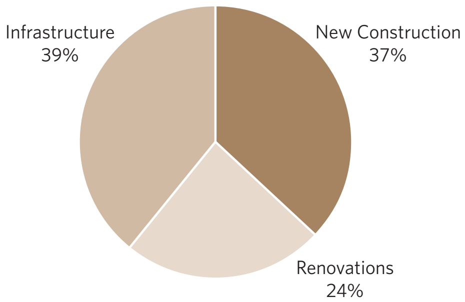
CAPITAL BUDGET VS. EXPENDITURES 2003/04 to 2012/13

[IN MILLIONS OF DOLLARS]

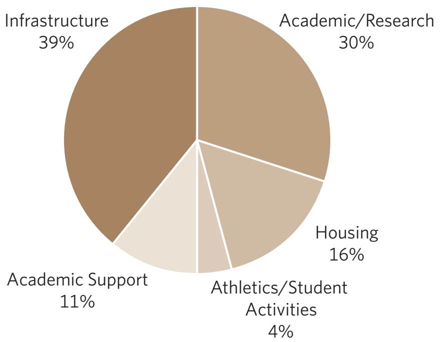


THE CAPITAL BUDGET 2014/15
$655.4 MILLION

Uses of Funds by Project Type



Uses of Funds by Program Category



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

Annual transfers to the CFF are projected to be $101.8 million in 2013/14 and $108.6 million in 2014/15, with corresponding commitments of $137.2 million and $38.7 million for these two years. The following table lists projects anticipated to receive CFF funding in 2013/14 and 2014/15.

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 FACILITIES FUND (CFF)

Funding Sources and Committed Uses of Funding

[IN MILLIONS OF DOLLARS]

	2013/14	2014/15
Sources of Funding		
Formula Units		
School of Medicine	14.1	15.1
Hoover Institution	3.9	4.1
President's Funds	9.7	10.1
Non-Formula	74.0	79.3
Total Funding	**101.8**	**108.6**
Committed Uses of Funding		
Bioengineering/Chemical Engineering Building	7.1	1.9
Porter Drive/Page Mill Road Site Planning	4.6	
School of Medicine Building Maintenance	4.5	3.7
Stone Complex Seismic Bracing	3.4	4.5
RAF 1 and RAF 2 Rehabilitation and Retrofit	2.6	
Other School of Medicine Projects	(1.2)	
BioMedical Innovation I Building		5.0
Hoover Institution Projects	3.9	4.1
Projects Funded by President's Funds	9.7	10.1
Formula Units and President's Funds Project Subtotal	**34.7**	**29.3**
Roble Gymnasium Renovation	26.6	
Science Teaching and Learning Center (Old Chemistry)	24.9	
Lathrop Library	15.5	
Bass Biology Research Building	8.1	
Meyer Library Demolition	6.7	
Panama Street Utilities Relocation	5.4	
Stanford House in Oxford	4.0	
Memorial Auditorium Exterior Preservation and Renewal	3.5	
Institute for Chemical Biology (Lab Fit-up)	3.0	
Siebel Golf Practice Facility	3.0	
Northwest Data Center and Communications Hub	2.5	
McMurtry Building	2.0	
Stanford Institute for Chemical Biology/Neurosciences Building	2.0	
Ground Source Heat Exchange Study	1.8	
Cantor Arts Center Renewal	1.6	
Stanford in Washington Building Renewal	1.5	
Stanford in Redwood City Phase 1 (Development Fees)	1.2	0.3
Other Non-Formula Units Projects	3.6	9.1
BioE/ChemE Building (bridge funding)	(14.2)	
Total Commitment	**137.2**	**38.7**
Annual Funding less Commitments	(35.4)	69.9
Balance at Beginning of Year	52.2	16.8
Uncommitted Balance	16.8	86.7

CAPITAL BUDGET IMPACT ON 2014/15 OPERATIONS

The 2014/15 Consolidated Budget for Operations includes incremental debt service and O&M expenses for projects completing in 2014/15 or completing in 2013/14 but operational for less than 12 months in 2014/15.

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 is unchanged in 2014/15 at 4.25%.

The projected incremental internal debt service funded by unrestricted funds, including formula unit funds, in 2014/15 is $4.1 million. This amount includes additional debt service on the Research Animal Facility (RAF) 1 and RAF 2 Rehabilitation and Retrofit project, the C. J. Huang Building, the BioE/ChemE Building, the Northwest Data Center and Communications Hub (NDCCH), 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 borne by the unrestricted budget to $57.5 million.

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 $174.5 million to $183.0 million. Additional debt service related to the Rosewood Sand Hill Hotel and office complex is not included in the Consolidated Budget for Operations. In addition, annual lease payments for rental properties, largely occupied by the SoM, are projected to be $25.3 million in 2014/15.

The university will incur incremental O&M costs related to new facilities in 2014/15 of $4.4 million: $2.3 million for 3160 Porter Drive, $1.0 million for the BioE/ChemE Building, $867,000 for the McMurtry Building, $727,000 for Lathrop Library (formerly Building 08-350 Renovation for SUL North), $667,000 for NDCCH, and $510,000 for the Anderson Collection. These costs will be partially offset by planned demolitions, including Meyer Library and Cummings Art.

CAPITAL PLAN PROJECT DETAIL

The tables on the following three pages show capital projects in three categories: projects in design and construction, forecasted construction projects, and infrastructure projects and programs.

2014/15–2016/17 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 2014/15	CURRENT FUNDS[1]	IN HAND OR PLEDGED	TO BE RAISED	SERVICE CENTER/ AUXILIARY DEBT	ACADEMIC DEBT	OTHER[4]	RESOURCES TO BE IDENTIFIED [2]	DEBT SERVICE	OPERATIONS & MAINTENANCE[3]
Stanford Energy System Innovations (SESI)													
Replacement Central Energy Facility	LBRE	2012–15	234.5	49.9	0.1			210.4		24.0		12.8	12.9
Piping, Building Conversions and Process Steam Plant	LBRE	2012–15	209.3	60.1				209.3				12.7	
New Electrical Substation	LBRE	2012–15	41.2					41.2				2.5	
California Avenue Faculty Homes (180 units)	LBRE	2013–18	155.0	30.9				155.0					
McMurtry Building	H&S	2012–15	87.0	43.0	37.0	46.3	3.7						2.2
Stanford GSB Graduate Residences (200 net new beds)	GSB	2014–16	75.0	32.6	15.0	15.0	15.0		30.0			1.8	1.8
Science Teaching and Learning Center (Old Chemistry)	H&S	2013–16	66.7	31.2	28.9	30.0	3.5		4.3			0.3	1.8
408 Panama Mall Office Building	PRES/PROV	2013–16	49.7	29.4		19.4			30.3			1.8	1.0
Lagunita Court Addition (216 new beds)	R&DE	2013–16	42.8	19.3		15.0		27.8				1.7	0.3
Parking Structure 10 (1006 spaces)	LBRE	2014–16	42.0	20.7	42.0								1.7
Roble Gymnasium Renovation	H&S	2014–15	28.0	17.8	28.0								
Manzanita Undergraduate Dorm (128 new beds)	R&DE	2010–15	23.8	14.7	4.8			19.0				1.2	0.1
C.J. Huang Building	SOM	2012–15	23.2	5.8	2.3	11.5			9.4			0.6	0.4
RAF 1 and RAF 2 Rehabilitation and Retrofit	SOM	2013–15	20.6	7.9	5.6				15.0			1.1	
Buildings 02-520 and 02-524 Renovation	SOE	2013–15	20.5	8.8	20.5								
Stadium Field House	DAPER	2014–15	14.0	10.9		10.6	3.4						0.1
Durand Renovation - Phase 4	SOE	2007–16	6.8	3.0	6.8								
Stanford House in Oxford	VPUE	2013–15	4.0	2.4	4.0								
Subtotal - Projects in Design & Construction			**1,144.1**	**388.2**	**195.0**	**147.8**	**25.6**	**662.7**	**89.0**	**24.0**		**36.5**	**22.3**

[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 and university reserves and other sources.

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

[4] Contribution from SHC and LPCH.

2014/15–2016/17 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 2014/15	CURRENT FUNDS[1]	IN HAND OR PLEDGED	TO BE RAISED	SERVICE CENTER/ AUXILIARY DEBT	ACADEMIC DEBT	OTHER	RESOURCES TO BE IDENTIFIED[2]	DEBT SERVICE	OPERATIONS & MAINTENANCE[3]
Stanford in Redwood City Phase 1	LBRE	2008–17	393.5	12.0					393.5			23.9	10.0
BMI I or ICC Building and related tunnel infrastructure	SOM	2015–18	237.4	7.8	46.9		155.6		34.9			2.1	1.7
Stanford Institute for Chemical Biology/ Neurosciences Building	DOR	2015–18	186.0	9.8	2.0						184.0		5.8
Bass Biology Research Building and related projects[4]	H&S	2014–19	139.8	20.6	42.5	58.7	7.9		30.7			1.9	(4.2)
New Earth Sciences Building	SES	2017–20	126.5								126.5		3.2
Hoover Institution New Office Building	HOOVER	2015–17	47.3	11.7	1.7	10.3	35.3						0.4
1651 Page Mill Road Tenant Improvements	SOM	2014–15	40.0	29.6	10.0				30.0			2.3	0.5
Rains Houses Renovations (Phases 1, 2 and 3 of 5)	R&DE	2015–17	34.2	10.0				34.2				2.1	
Stone Complex Seismic Bracing Projects[5]	SOM	2013–18	23.6	7.1	7.6				16.0			1.2	
Golf Course Redesign and Program Improvements	DAPER	2014–19	21.3	3.9		0.1	21.2						0.3
Hoover Campus Renovations	HOOVER	2015–17	20.0	1.1			20.0						
Encina Hall Renovation (FSI International Initiative)	DOR	2015–17	17.0	0.9	3.0	8.2	5.8						
Public Safety Building	PRES/PROV	2015–17	17.0	0.4	4.5						12.5		0.4
Environmental Health & Safety Facility Expansion	DOR	2015–17	16.6	0.9					16.6			1.0	0.4
Governor's Corner Renovation - Sterling Quad Part A (Phase 1 of 5)	R&DE	2017	11.1					11.1				0.7	
Schwab Residential Center Renovations	GSB	2015–17	10.0	2.2	10.0								
School of Education Building Seismic Renovation Phase 2	GSE	2016–18	8.6		2.2	6.4							
Sunken Diamond Improvements	DAPER	2014–15	7.0	5.7			7.0						
Home of Champions & Hall of Fame Area Relocation	DAPER	2015–16	7.0	2.8			7.0						
Meyer Library Demolition	SUL	2015	6.7	6.7	6.7								(2.6)
Crown Quadrangle Renovation - Second Floor and Basement	SLS	2014–16	6.4	2.4							6.4		
Forsythe Data Center Phase 4 Power and Cooling Upgrade	BA	2013–15	5.6	2.9	1.4				4.2			0.3	
HEPL South End Station III Code and Infrastructure Improvements	DOR	2012–15	5.5	1.8	5.5								
High Voltage Intertie	LBRE	2014–17	5.3		0.1			5.2				0.3	0.8
Helium Recovery and Liquefaction System	DOR	2014–15	4.8	2.5					4.8			0.3	
Access Controls Enterprise System (ACES) Phase 2	BA	2008–15	3.8	0.9	3.8								
Subtotal - Forecasted Projects			**1,402.0**	**144.0**	**147.9**	**83.7**	**259.8**	**50.5**	**530.7**		**329.4**	**36.0**	**16.7**
SUBTOTAL – CONSTRUCTION PLAN			**2,546.1**	**532.2**	**342.9**	**231.5**	**285.4**	**713.2**	**619.7**	**24.0**	**329.4**	**72.5**	**39.0**

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 and university reserves and other sources.

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

4 Includes Connective Elements, Regional Dock, and the demolitions of Herrin Lab, Herrin Hall, Org Chem, Mudd, and Stauffer III.

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

2014/15–2016/17 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 2014/15	Current Funds[1]	In Hand or Pledged	To Be Raised	Service Center/ Auxiliary Debt	Academic Debt	Other	Resources To Be Identified[2]	Debt Service	Operations & Maintenance[3]
Investment in Plant (Planned Maintenance)													
Non-Formula/Admin	LBRE	2015–17	58.1	16.5	58.1								
Formula	SOM	2015–17	19.2	6.2	19.2								
R&DE (SHARP/DARP/HARP)[4]	R&DE	2015–17	47.2	13.8	47.2								
DAPER	DAPER	2015–17	9.5	9.5	9.5								
Subtotal-Investment in Plant (Planned Maintenance)			**134.0**	**46.0**	**134.0**								
Capital Utilities Program (CUP)													
System Expansion	LBRE	2015–17	23.0	10.6				23.0				1.4	
System Replacement	LBRE	2015–17	11.9	3.4				11.9				0.7	
Bio/Chem/CS Precinct Utilities and IT Infrastructure	LBRE/BA	2015–17	8.8	7.5	1.9			6.3	0.6			0.4	
Photovoltaic Power Generation	LBRE	2014–15	5.0	5.0				5.0				0.3	
Plug-in Vehicle Infrastructure	LBRE	2015–16	4.0	2.0				4.0				0.2	
Subtotal-CUP			**52.7**	**28.5**	**1.9**			**50.2**	**0.6**			**3.1**	
R&DE Major Renovation Plan[4]	R&DE	2015–17	46.9	28.9				46.9				7.0	
Whole Building Energy Retrofit Program Group 2	Various	2014–18	15.9	3.2				3.2	12.7			1.2	
Stanford Infrastructure Program (SIP)	LBRE	2015–17	13.7	4.4	13.7								
Information Technology and Communications Systems	BA	2015–17	12.6	2.7				3.0	9.6			1.6	
Storm Drainage	LBRE	2015–17	12.0	9.0					12.0			1.1	
GUP Mitigation Water-Related Programs	LBRE	2015–17	2.2	0.5	2.2								
Subtotal - Infrastructure Projects & Programs			**290.0**	**123.2**	**151.8**			**103.3**	**34.9**			**14.0**	
Total Capital Plan			**2,836.1**	**655.4**	**494.7**	**231.5**	**285.4**	**816.5**	**654.6**	**24.0**	**329.4**	**86.5**	**39.0**

[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 and 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 Major Renovation Plan projects generally includes program and code upgrades vs. Planned Maintenance which includes subsystem replacement.

APPENDIX A

CONSOLIDATED BUDGETS FOR SELECTED UNITS

- Consolidated Budget for Operations by Unit, 2014/15
- Summary of 2014/15 General Funds Allocations (Excludes Formula Units)

Consolidated Budget for Operations by Selected Units, 2014/15

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

Auxiliary Units

- Athletics
- Residential & Dining Enterprises

CONSOLIDATED BUDGET FOR OPERATIONS BY UNIT, 2014/15

[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]	223.1	220.7	2.3	(10.0)	(7.7)
School of Earth Sciences	67.4	63.4	4.0	(3.5)	0.5
Graduate School of Education	63.3	62.3	1.0	(1.0)	(0.0)
School of Engineering	396.5	381.1	15.4	(3.4)	12.0
School of Humanities and Sciences[1]	465.0	455.7	9.4	(11.8)	(2.4)
School of Law	82.4	77.9	4.5	(4.3)	0.3
School of Medicine[1]	1,849.1	1,699.4	149.7	(15.5)	134.2
Vice Provost and Dean of Research	206.3	212.2	(5.9)	6.0	0.1
Vice Provost for Undergraduate Education[1]	48.3	47.0	1.2	(0.8)	0.4
Vice Provost for Graduate Education	4.3	8.3	(4.1)	(1.5)	(5.5)
Hoover Institution	55.9	54.8	1.1	(3.3)	(2.2)
Stanford University Libraries[1]	116.9	118.1	(1.2)		(1.2)
SLAC	423.8	424.0	(0.3)		(0.3)
Total Academic Units	**4,002.1**	**3,825.0**	**177.1**	**(48.9)**	**128.2**
Administrative Units					
Business Affairs	205.0	206.0	(1.0)	(2.1)	(3.2)
Development	64.8	65.6	(0.8)		(0.8)
General Counsel & Public Safety	34.6	34.6			0.0
Land, Buildings and Real Estate	308.4	302.2	6.2	(5.2)	1.0
President and Provost Office	88.2	88.6	(0.4)	0.5	0.1
Public Affairs	11.1	11.2	(0.1)		(0.1)
Stanford Alumni Association	41.6	42.0	(0.4)		(0.3)
Stanford Management Company	34.1	34.1	0.0		0.0
Student Affairs[1]	64.2	64.3	(0.1)		(0.1)
Undergraduate Admission and Financial Aid	167.2	167.9	(0.8)		(0.8)
University Human Resources	12.9	13.6	(0.7)	0.1	(0.6)
Major Auxiliary Units					
Athletics (Operations and Financial Aid)	116.2	117.8	(1.6)	1.7	0.1
Residential & Dining Enterprises	216.2	217.2	(0.9)	(0.1)	(1.0)
Total Administrative & Auxiliary Units	**1,364.5**	**1,365.0**	**(0.6)**	**(5.1)**	**(5.6)**
Internal Transaction Adjustment[2]	(396.9)	(354.7)	(42.2)	42.3	0.1
Indirect Cost Adjustment[3]	(232.5)	(232.5)			0.0
Grand Total from Units	**4,737.2**	**4,602.8**	**134.4**	**(11.7)**	**122.7**
Central Accounts[4]	306.5	136.2	170.3	(135.8)	34.5
Central Adjustment[5]	55.8	(18.3)	74.1	(71.3)	2.8
Total Consolidated Budget	**5,099.5**	**4,720.8**	**378.8**	**(218.8)**	**160.0**

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 $80,000 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 $232.5 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, centrally funded tuition allowance, and miscellaneous university expenses; Presidential and Provostial discretionary funds; and the general funds surplus.

5 Additional central adjustments for revenues, expenses and asset transfers are made to bring the sum of the unit projections in line with the overall projection. The $74.1 million of net revenue and $71.3 million of net asset transfer are based on historical experience and reflects the expectation that the university will receive additional unrestricted and/or restricted income and reinvest unspent payout and/or fund balances to endowment principal that cannot be specifically identified by unit at this time.

SUMMARY OF 2014/15 BASE GENERAL FUNDS ALLOCATIONS (EXCLUDES FORMULA UNITS)

[IN THOUSANDS OF DOLLARS]

	2013/14 GF ALLOCATION	PRICE & SALARY INFLATION	PROGRAMMATIC ADDITIONS	2014/15 GF ALLOCATION	2013/14 TO 2014/15 CHANGE	PERCENT CHANGE
School of Earth Sciences	8,520	330	301	9,151	631	7.4%
School of Education	15,717	634	240	16,592	874	5.6%
School of Engineering	69,202	2,622	2,630	74,454	5,252	7.6%
School of Humanities & Sciences	161,909	6,318	1,100	169,328	7,418	4.6%
School of Law	26,371	1,101	800	28,272	1,901	7.2%
Vice Provost and Dean of Research	38,698	1,470	929	41,097	2,400	6.2%
Vice Provost for Graduate Education	7,071	240		7,311	240	3.4%
Vice Provost for Undergraduate Education	21,414	824	(36)	22,202	788	3.7%
Stanford University Libraries	48,885	1,870	791	51,546	2,661	5.4%
Total - Academic[1]	**397,786**	**15,411**	**6,756**	**419,953**	**22,166**	**5.6%**
Admission and Financial Aid Operations	9,952	389		10,341	389	3.9%
Student Affairs	29,288	1,312	2,866	33,465	4,177	14.3%
Office of the President & Provost	12,854	505	300	13,659	805	6.3%
Office of Public Affairs	6,933	288	650	7,871	938	13.5%
Business Affairs and Information Technology[2, 3]	103,479	4,152	6,479	114,110	10,631	10.3%
University Human Resources[3]	9,483	387	1,040	10,910	1,427	15.0%
Office of Development	38,457	1,650	345	40,452	1,995	5.2%
Alumni Association	10,020	331	235	10,586	566	5.6%
Land, Buildings and Real Estate[4]	17,046	314	81	17,440	394	2.3%
Other Administrative Units[5]	25,143	850	438	26,431	1,287	5.1%
Central Obligations[6]	33,403	2,869	(1,069)	35,203	1,800	5.4%
Total - Administrative	**296,058**	**13,046**	**11,364**	**320,467**	**24,410**	**8.2%**
Undergraduate Financial Aid	31,410	(6,593)		24,817	(6,593)	−21.0%
O&M and Utilities	87,945	7,339	4,365	99,649	11,704	13.3%
Debt Service	32,328		2,074	34,402	2,074	6.4%
Capital Facilities Fund	74,016		5,323	79,338	5,323	7.2%
Research Mitigation Reserve			5,000	5,000	5,000	
University Reserve	30,000		(5,000)	25,000	(5,000)	−16.7%
Total - Other Allocations	**255,698**	**746**	**11,761**	**268,205**	**12,507**	**4.9%**
Total Non-Formula Allocations	**949,542**	**29,203**	**29,881**	**1,008,625**	**59,083**	**6.2%**
Unallocated Surplus	30,406			25,576	(4,830)	−15.9%
Total Non-Formula General Funds	**979,948**	**29,203**	**29,881**	**1,034,201**	**54,253**	**5.5%**

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 Prior to 2013/14, University Human Resources was part of the Business Affairs organization.

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

5 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."

6 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 Center allocations have been included in this line, while TA tuition allowance allocations have been moved to academic units.

GRADUATE SCHOOL OF BUSINESS
2014/15 Consolidated Budget Plan
[IN THOUSANDS OF DOLLARS]

2012/13 ACTUALS	2013/14 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2014/15 TOTAL
		Revenues							
51,968	55,817	General Funds Allocation	58,642						58,642
145,830	154,384	Restricted Revenues	80	53,581	31,000	70,283	602	3,190	158,737
4,486	4,482	Internal Revenue	1,568	305				2,610	4,482
201	1,000	Operating Transfers	104,496	(23,296)	(26,000)	(54,000)			1,200
202,485	**215,684**	**Total Revenues**	**164,785**	**30,590**	**5,000**	**16,283**	**602**	**5,800**	**223,061**
		Expenses							
46,796	47,131	Academic Salaries	43,974	5,727	24				49,725
36,245	39,877	Staff Salaries	35,940	4,643	32		155	1,146	41,916
26,988	28,344	Benefits & Other Compensation	27,145	3,348	203		51	389	31,135
54,834	67,746	Non-Salary Expenses	46,842	12,990	3,516	15,750	397	1,402	80,895
18,557	16,558	Internal Expenses	7,786	6,633	571	20		2,064	17,074
183,420	**199,655**	**Total Expenses**	**161,687**	**33,340**	**4,346**	**15,770**	**602**	**5,000**	**220,745**
19,065	**16,029**	**Operating Results**	**3,099**	**(2,750)**	**654**	**513**	**0**	**800**	**2,316**
(1,606)	(5,225)	Transfers From (to) Endowment & Other Assets							
	(13,000)	Transfers From (to) Plant	(5,407)	(3,793)				(800)	(10,000)
17,460	**(2,196)**	**Surplus / (Deficit)**	**(2,309)**	**(6,543)**	**654**	**513**	**0**	**0**	**(7,684)**
77,458	94,918	Beginning Fund Balances	2,309	41,053	45,526	3,833			92,722
94,918	92,722	Ending Fund Balances		34,511	46,180	4,346			85,038

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
2014/15 Consolidated Budget Plan
[IN THOUSANDS OF DOLLARS]

2012/13 ACTUALS	2013/14 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2014/15 TOTAL
		Revenues							
9,284	11,375	General Funds Allocation	10,146	1,500					11,646
48,247	39,073	Restricted Revenues		7,500	2,300	28,707	13,390		51,897
(141)	(154)	Internal Revenue		(154)					(154)
4,534	15,915	Operating Transfers	26,218	548	1,314	(25,458)	1,350		3,971
61,925	**66,209**	**Total Revenues**	**36,364**	**9,394**	**3,614**	**3,249**	**14,740**		**67,361**
		Expenses							
22,684	23,679	Academic Salaries	14,807	3,796	770	285	5,058		24,716
5,649	6,280	Staff Salaries	6,655	410	140	46	116		7,367
11,351	12,614	Benefits & Other Compensation	9,276	1,579	689	186	1,966		13,696
15,500	15,368	Non-Salary Expenses	4,331	2,461	1,218	85	7,416		15,511
2,422	1,895	Internal Expenses	1,295	254	356	7	182		2,095
57,606	**59,836**	**Total Expenses**	**36,364**	**8,501**	**3,173**	**609**	**14,740**		**63,386**
4,320	**6,373**	**Operating Results**	**0**	**893**	**441**	**2,641**	**0**		**3,975**
(2,577)	(2,500)	Transfers From (to) Endowment & Other Assets				(2,500)			(2,500)
	(1,378)	Transfers From (to) Plant			(1,000)				(1,000)
1,742	**2,495**	**Surplus / (Deficit)**	**0**	**893**	**(559)**	**141**	**0**		**475**
48,217	49,959	Beginning Fund Balances	240	15,180	21,248	15,786			52,454
49,959	52,454	Ending Fund Balances	240	16,073	20,689	15,927			52,928

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
2014/15 Consolidated Budget Plan
[IN THOUSANDS OF DOLLARS]

2012/13 ACTUALS	2013/14 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2014/15 TOTAL
		Revenues							
16,134	16,219	General Funds Allocation	17,087	100					17,187
38,472	43,851	Restricted Revenues		4,088	7,249	10,987	22,423		44,747
(25)		Internal Revenue							
1,268	1,064	Operating Transfers	11,134	490	(2,422)	(7,818)			1,384
55,849	**61,134**	**Total Revenues**	**28,221**	**4,678**	**4,827**	**3,169**	**22,423**		**63,318**
		Expenses							
16,386	16,817	Academic Salaries	11,142	663	514	188	4,961		17,468
12,387	13,670	Staff Salaries	6,007	1,370	671	634	5,646		14,328
9,594	10,333	Benefits & Other Compensation	6,147	708	430	401	3,470		11,156
16,603	17,156	Non-Salary Expenses	4,371	1,923	2,466	719	8,242		17,721
1,671	1,624	Internal Expenses	403	390	630	144	104		1,671
56,641	**59,600**	**Total Expenses**	**28,070**	**5,054**	**4,711**	**2,086**	**22,423**		**62,344**
(793)	**1,534**	**Operating Results**	**151**	**(376)**	**116**	**1,083**	**0**		**974**
125	(707)	Transfers From (to) Endowment & Other Assets			250	(1,250)			(1,000)
	(200)	Transfers From (to) Plant							
(668)	**627**	**Surplus / (Deficit)**	**151**	**(376)**	**366**	**(167)**	**0**		**(26)**
38,083	37,415	Beginning Fund Balances	832	18,791	13,343	5,075			38,041
37,415	38,041	Ending Fund Balances	983	18,415	13,709	4,908			38,015

Notes:
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- 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

2014/15 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2012/13 ACTUALS	2013/14 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2014/15 TOTAL
		Revenues							
69,010	77,899	General Funds Allocation	78,322						78,322
276,943	281,340	Restricted Revenues		63,750	25,000	52,528	148,707		289,986
1,037	598	Internal Revenue		(812)				1,400	588
29,636	21,679	Operating Transfers	39,885	4,733	3,762	(26,785)	5,979		27,574
376,627	**381,516**	**Total Revenues**	**118,207**	**67,671**	**28,762**	**25,743**	**154,686**	**1,400**	**396,469**
		Expenses							
103,588	106,989	Academic Salaries	42,742	14,329	6,643	2,392	45,696		111,802
33,498	34,590	Staff Salaries	19,485	8,256	1,472	936	4,392	908	35,450
53,533	56,461	Benefits & Other Compensation	30,636	7,114	2,720	1,272	18,719	296	60,758
142,506	150,994	Non-Salary Expenses	20,740	26,190	9,345	17,405	81,421	100	155,202
17,657	17,465	Internal Expenses	4,611	5,183	2,832	758	4,458	15	17,856
350,782	**366,499**	**Total Expenses**	**118,215**	**61,072**	**23,012**	**22,764**	**154,686**	**1,319**	**381,068**
25,844	**15,017**	**Operating Results**	**(8)**	**6,599**	**5,750**	**2,979**	**0**	**81**	**15,402**
(6,752)	(1,384)	Transfers From (to) Endowment & Other Assets		(50)	695	(2,029)			(1,384)
	(16,455)	Transfers From (to) Plant		(2,000)					(2,000)
19,093	**(2,822)**	**Surplus / (Deficit)**	**(8)**	**4,549**	**6,445**	**950**	**0**	**81**	**12,018**
231,306	250,399	Beginning Fund Balances	359	112,737	84,645	46,645		193	244,577
250,399	247,577	Ending Fund Balances	351	117,286	91,089	47,595		274	256,595

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

2014/15 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2012/123 ACTUALS	2013/14 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2014/15 TOTAL
		Revenues							
162,085	172,263	General Funds Allocation	174,270	2,000					176,270
240,323	247,279	Restricted Revenues	118	5,752	14,459	149,627	77,741	4,716	252,414
5,054	5,297	Internal Revenue	(6)	436				4,982	5,412
31,732	28,804	Operating Transfers	136,300	28,233	(1,689)	(134,026)	1,495	630	30,943
439,194	**453,643**	**Total Revenues**	**310,683**	**36,422**	**12,770**	**15,601**	**79,236**	**10,327**	**465,039**
		Expenses							
150,740	158,264	Academic Salaries	124,480	15,529	2,211	1,779	22,613	105	166,718
47,150	49,803	Staff Salaries	40,541	1,573	774	200	3,862	4,203	51,153
72,038	75,283	Benefits & Other Compensation	61,719	6,571	1,563	718	8,849	1,406	80,827
133,146	136,723	Non-Salary Expenses	65,799	13,723	6,999	5,403	41,774	4,457	138,154
17,628	18,419	Internal Expenses	13,294	1,149	1,518	485	2,138	214	18,797
420,703	**438,492**	**Total Expenses**	**305,833**	**38,545**	**13,064**	**8,586**	**79,236**	**10,386**	**455,650**
18,491	**15,151**	**Operating Results**	**4,850**	**(2,124)**	**(294)**	**7,015**	**0**	**(59)**	**9,389**
(20,189)	(1,452)	Transfers From (to) Endowment & Other Assets			1,552	(2,500)			(947)
	(34,442)	Transfers From (to) Plant	(4,850)	(6,000)					(10,850)
(1,698)	**(20,743)**	**Surplus / (Deficit)**		**(8,124)**	**1,259**	**4,515**	**0**	**(59)**	**(2,409)**
280,342	278,644	Beginning Fund Balances	6,834	114,517	68,102	68,267		181	257,900
278,644	257,900	Ending Fund Balances	6,834	106,394	69,360	72,782		122	255,492

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
2014/15 Consolidated Budget Plan
[IN THOUSANDS OF DOLLARS]

2012/13 ACTUALS	2013/14 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2014/15 TOTAL
		Revenues							
27,910	28,268	General Funds Allocation	29,653						29,653
48,625	52,164	Restricted Revenues		4,425	10,642	36,898	2,216		54,181
(185)	(189)	Internal Revenue		(189)					(189)
(895)	(887)	Operating Transfers	43,428	(2,918)	(9,702)	(32,039)			(1,231)
75,455	**79,356**	**Total Revenues**	**73,081**	**1,318**	**940**	**4,859**	**2,216**		**82,414**
		Expenses							
24,783	27,638	Academic Salaries	29,390	170	45	184	485		30,274
11,210	12,105	Staff Salaries	12,297	5	35	52	154		12,543
11,245	12,260	Benefits & Other Compensation	13,456	67	101	73	178		13,875
16,974	17,608	Non-Salary Expenses	14,778	662	276	545	1,397		17,658
3,330	3,537	Internal Expenses	3,160	154	76	160	2		3,552
67,542	**73,148**	**Total Expenses**	**73,081**	**1,058**	**533**	**1,014**	**2,216**		**77,902**
7,913	**6,208**	**Operating Results**	**0**	**260**	**407**	**3,845**	**0**		**4,512**
(5,497)	(5,200)	Transfers From (to) Endowment & Other Assets			(300)	(3,750)			(4,050)
	(700)	Transfers From (to) Plant		(200)					(200)
2,416	**308**	**Surplus / (Deficit)**	**0**	**60**	**107**	**95**	**0**		**262**
21,944	21,627	Beginning Fund Balances	554	1,915	18,374	1,092			21,935
21,627	21,935	Ending Fund Balances	554	1,975	18,481	1,187			22,197

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
2014/15 Consolidated Budget Plan
[IN THOUSANDS OF DOLLARS]

2012/13 ACTUALS	2013/14 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	DESIGNATED CLINIC	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2014/15 TOTAL
		Revenues								
94,985	96,013	General Funds Allocation	89,417							89,417
1,423,685	1,519,480	Restricted Revenues		131,503	645,457	151,928	148,417	524,596	60,205	1,662,106
75,256	86,931	Internal Revenue		56,440	50	428			37,097	94,015
37,332	4,017	Operating Transfers	136,305	43,493	(122,459)	345	(49,376)		(4,783)	3,525
1,631,258	**1,706,441**	**Total Revenues**	**225,722**	**231,437**	**523,048**	**152,701**	**99,041**	**524,596**	**92,519**	**1,849,063**
		Expenses								
425,028	453,946	Academic Salaries	21,237	36,065	228,867	27,349	28,846	143,201	9,936	495,501
167,721	172,668	Staff Salaries	50,947	18,398	34,894	9,987	6,036	28,315	30,129	178,706
289,954	312,812	Benefits & Other Compensation	28,074	24,117	203,122	12,518	13,205	51,483	13,479	345,999
489,221	526,372	Non-Salary Expenses	77,784	56,506	23,214	42,709	27,067	277,590	35,091	539,960
128,454	130,669	Internal Expenses	47,679	13,123	32,951	12,848	4,873	24,007	3,756	139,237
1,500,378	**1,596,467**	**Total Expenses**	**225,722**	**148,208**	**523,048**	**105,411**	**80,027**	**524,596**	**92,391**	**1,699,404**
130,880	**109,974**	**Operating Results**	**0**	**83,228**	**0**	**47,289**	**19,013**	**0**	**128**	**149,659**
29,862	(17,700)	Transfers From (to) Endowment & Other Assets		(9,602)		192	(3,000)			(12,410)
(4,351)	(25,494)	Transfers From (to) Plant		(3,069)						(3,069)
156,392	**66,780**	**Surplus / (Deficit)**	**0**	**70,557**	**0**	**47,481**	**16,013**	**0**	**128**	**134,179**
612,577	768,969	Beginning Fund Balances		347,940	33,584	301,822	153,552		(1,149)	835,750
768,969	835,750	Ending Fund Balances		418,497	33,584	349,303	169,566		(1,021)	969,929

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
2014/15 Consolidated Budget Plan
[IN THOUSANDS OF DOLLARS]

2012/13 ACTUALS	2013/14 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2014/15 TOTAL
		Revenues							
39,643	42,011	General Funds Allocation	41,013						41,013
148,499	145,835	Restricted Revenues	1,954	6,773	23,714	27,724	87,166	57	147,388
6,724	7,915	Internal Revenue	3,174	454		1		4,413	8,043
5,577	11,205	Operating Transfers	28,481	9,570	(10,150)	(11,836)	(6,247)		9,818
200,444	**206,966**	**Total Revenues**	**74,623**	**16,797**	**13,564**	**15,889**	**80,919**	**4,470**	**206,262**
		Expenses							
40,526	42,308	Academic Salaries	8,711	2,377	4,675	5,332	19,719	1,960	42,774
39,454	41,291	Staff Salaries	31,831	2,767	2,329	1,721	3,873	346	42,869
26,054	27,229	Benefits & Other Compensation	13,568	1,692	2,234	2,473	8,179	709	28,856
83,038	85,486	Non-Salary Expenses	16,653	7,416	8,517	5,709	45,604	1,784	85,683
10,505	12,278	Internal Expenses	3,745	1,215	2,073	1,374	3,544	32	11,982
199,578	**208,592**	**Total Expenses**	**74,508**	**15,468**	**19,828**	**16,609**	**80,919**	**4,831**	**212,164**
865	**(1,626)**	**Operating Results**	**115**	**1,329**	**(6,264)**	**(720)**	**0**	**(361)**	**(5,902)**
8,609	7,423	Transfers From (to) Endowment & Other Assets	750		2,500	2,750			6,000
	154	Transfers From (to) Plant							
9,475	**5,952**	**Surplus / (Deficit)**	**865**	**1,329**	**(3,764)**	**2,030**	**0**	**(361)**	**98**
132,127	141,602	Beginning Fund Balances	8,884	64,551	45,835	28,596		(312)	147,554
141,602	147,554	Ending Fund Balances	9,748	65,881	42,070	30,626		(673)	147,652

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

2014/15 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2012/13 ACTUALS	2013/14 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2014/15 TOTAL
		Revenues							
16,543	19,966	General Funds Allocation	24,064						24,064
33,177	34,372	Restricted Revenues	720	779	3,218	29,089		3,639	37,446
(45)	(62)	Internal Revenue		(50)					(50)
(5,890)	(10,124)	Operating Transfers	19,293	(402)	(2,931)	(28,450)		(672)	(13,162)
43,786	**44,152**	**Total Revenues**	**44,077**	**327**	**287**	**640**		**2,967**	**48,298**
		Expenses							
6,945	6,852	Academic Salaries	9,482						9,482
11,914	13,006	Staff Salaries	13,009						13,009
6,292	6,675	Benefits & Other Compensation	6,842						6,842
14,311	15,675	Non-Salary Expenses	12,986					2,967	15,954
1,661	1,610	Internal Expenses	1,758	5					1,763
41,123	**43,817**	**Total Expenses**	**44,077**	**5**	**0**	**0**		**2,967**	**47,049**
2,663	**335**	**Operating Results**	**0**	**322**	**287**	**640**		**0**	**1,248**
(2,000)		Transfers From (to) Endowment & Other Assets							
(1,228)	(760)	Transfers From (to) Plant	(800)						(800)
(565)	**(425)**	**Surplus / (Deficit)**	**(800)**	**322**	**287**	**640**		**0**	**448**
20,822	20,257	Beginning Fund Balances	(1,269)	7,954	3,489	8,852		804	19,832
20,257	19,832	Ending Fund Balances	(2,069)	8,276	3,776	9,492		804	20,280

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

2014/15 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2012/13 ACTUALS	2013/14 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2014/15 TOTAL
		Revenues							
6,766	7,071	General Funds Allocation	7,311						7,311
26,488	27,765	Restricted Revenues		10		28,887			28,897
14	12	Internal Revenue		2					2
(22,903)	(27,420)	Operating Transfers	(3,565)	3,758	(241)	(31,891)			(31,939)
10,365	**7,428**	**Total Revenues**	**3,746**	**3,769**	**(241)**	**(3,004)**			**4,270**
		Expenses							
318	342	Academic Salaries	405						405
1,654	1,694	Staff Salaries	1,768	71	16				1,855
549	590	Benefits & Other Compensation	630	25	5				661
3,536	4,284	Non-Salary Expenses	1,083	3,080	223	555			4,940
503	488	Internal Expenses	160	30	10	270			470
6,560	**7,398**	**Total Expenses**	**4,046**	**3,206**	**254**	**825**			**8,331**
3,805	**30**	**Operating Results**	**(299)**	**563**	**(495)**	**(3,829)**			**(4,061)**
(3,960)	(1,324)	Transfers From (to) Endowment & Other Assets				(1,460)			(1,460)
		Transfers From (to) Plant							0
(155)	**(1,294)**	**Surplus / (Deficit)**	**(299)**	**563**	**(495)**	**(5,289)**			**(5,521)**
49,829	49,674	Beginning Fund Balances	1,117	17,314	3,447	26,502			48,380
49,674	48,380	Ending Fund Balances	818	17,877	2,952	21,213			42,860

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
2014/15 Consolidated Budget Plan
[IN THOUSANDS OF DOLLARS]

2012/13 ACTUALS	2013/14 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2014/15 TOTAL
		Revenues							
741	840	General Funds Allocation	870						870
45,973	52,502	Restricted Revenues		300	27,070	26,334	1,309		55,013
47		Internal Revenue							0
(45)		Operating Transfers	52,653	(300)	(25,920)	(26,434)			0
46,717	**53,341**	**Total Revenues**	**53,524**	**0**	**1,150**	**(100)**	**1,309**		**55,883**
		Expenses							
15,398	15,631	Academic Salaries	15,767				490		16,257
8,578	8,903	Staff Salaries	9,705				118		9,823
7,761	7,800	Benefits & Other Compensation	8,513				175		8,688
15,359	16,864	Non-Salary Expenses	17,821				527		18,348
1,755	1,675	Internal Expenses	1,717						1,717
48,852	**50,873**	**Total Expenses**	**53,524**	**0**	**0**	**0**	**1,309**		**54,833**
(2,135)	**2,468**	**Operating Results**	**0**	**0**	**1,150**	**(100)**	**0**		**1,050**
(1,680)	(2,793)	Transfers From (to) Endowment & Other Assets			(3,250)				(3,250)
		Transfers From (to) Plant							
(3,814)	**(325)**	**Surplus / (Deficit)**	**0**	**0**	**(2,100)**	**(100)**	**0**		**(2,200)**
38,566	34,752	Beginning Fund Balances	218	1,033	31,584	1,591			34,427
34,752	34,427	Ending Fund Balances	218	1,033	29,484	1,491			32,227

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
2014/15 Consolidated Budget Plan
[IN THOUSANDS OF DOLLARS]

2012/13 ACTUALS	2013/14 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2014/15 TOTAL
		Revenues							
53,754	55,976	General Funds Allocation	53,189						53,189
51,151	52,361	Restricted Revenues	779	1,500	725	15,262	1,348	35,408	55,022
687	95	Internal Revenue		4				15	19
3,018	1,115	Operating Transfers	19,572	(2,008)	(168)	(10,991)		2,299	8,703
108,610	**109,546**	**Total Revenues**	**73,539**	**(504)**	**557**	**4,271**	**1,348**	**37,721**	**116,933**
		Expenses							
9,108	9,608	Academic Salaries	9,747				230	190	10,167
40,501	42,723	Staff Salaries	24,641		377		578	18,540	44,136
15,781	16,584	Benefits & Other Compensation	11,852		123		262	6,163	18,400
39,288	38,579	Non-Salary Expenses	26,298		200	4,000	279	9,179	39,956
5,891	5,851	Internal Expenses	1,002		56	320		4,064	5,441
110,568	**113,345**	**Total Expenses**	**73,539**	**0**	**756**	**4,320**	**1,348**	**38,136**	**118,100**
(1,959)	**(3,799)**	**Operating Results**	**0**	**(504)**	**(199)**	**(49)**	**0**	**(415)**	**(1,167)**
972	850	Transfers From (to) Endowment & Other Assets							0
		Transfers From (to) Plant							0
(987)	**(2,949)**	**Surplus / (Deficit)**	**0**	**(504)**	**(199)**	**(49)**	**0**	**(415)**	**(1,167)**
15,205	14,219	Beginning Fund Balances		3,185	2,332	4,536		1,218	11,270
14,219	11,270	Ending Fund Balances		2,681	2,133	4,487		803	10,104

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
2014/15 Consolidated Budget Plan
[IN THOUSANDS OF DOLLARS]

2012/13 ACTUALS	2013/14 PROJECTION		AUXILIARY	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	ENDOWMENT SCHOLARSHIP	ENDOWMENT OTHER	2014/15 TOTAL
		Revenues						
30,524	40,141	Intercollegiate	41,370					41,370
18,843	19,517	Restricted Revenues - Scholarships				20,253		20,253
21,631	17,816	Restricted Revenues - Other			14,421		4,109	18,530
10,636	13,806	University Funds	13,183					13,183
8,238	8,191	Auxiliaries (e.g., Golf Course)	8,677					8,677
6,212	7,087	Other	4,739	1,825				6,564
7,615	7,386	Camps	902	6,750				7,652
239	501	Operating Transfers	20,612	(1,650)	(14,421)	1,307	(5,847)	0
103,938	**114,444**	**Total Revenues and Transfers**	**89,482**	**6,925**	**0**	**21,560**	**(1,738)**	**116,229**
		Expenses						
42,120	48,042	Compensation	47,844	2,100				49,944
19,704	20,831	Scholarships				21,560		21,560
9,230	9,529	Travel/Entertainment	9,862					9,862
13,122	22,124	Facilities/Maintenance	17,296					17,296
12,509	12,982	General Services/Supplies	8,502	4,675				13,177
5,479	5,208	Other	5,190					5,190
585	655	Debt Service	678					678
32	106	Capital Expenditures	110					110
102,781	**119,477**	**Total Expenses**	**89,482**	**6,775**	**0**	**21,560**	**0**	**117,818**
1,221	1,678	Transfers (To)/From Assets					1,738	1,738
2,378	**(3,355)**	**Surplus/(Deficit)**	**0**	**150**	**0**	**0**	**0**	**150**
1,614	3,992	Beginning Fund Balances	(6,563)	3,517	2,262		1,421	637
3,992	637	Ending Fund Balances	(6,563)	3,667	2,262		1,421	788

RESIDENTIAL & DINING ENTERPRISES

2014/15 Auxiliary Budget Plan*

[IN THOUSANDS OF DOLLARS]

	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN
Revenues			
Student Payments - Room & Board	132,384	136,846	146,955
Student Payments - R&B Off Campus	3,318	5,001	5,705
Conference Income	13,930	14,462	14,844
Catering and Executive Dining	13,155	13,250	13,963
Retail, Concessions, and Vending	10,008	9,790	9,786
Stanford Guest House	4,311	4,495	4,555
Other Operating Income	4,959	5,167	5,460
Interest Income	127	80	192
Total Revenues	**182,192**	**189,091**	**201,460**
Transfers			
Grad Housing Subsidy: Off Campus	4,296	7,159	8,543
Debt Service & Rate Containment Subsidies	4,954	5,351	6,051
Transfers (Net) related to Capital Projects	(1,168)	6,131	2,947
Transfers to ResEd, ResComp and GLO	(8,610)	(9,174)	(9,393)
Total Transfers	**(528)**	**9,467**	**8,148**
Total Revenue and Transfers	**181,664**	**198,558**	**209,608**
Expenses			
Salaries and Benefits	51,254	55,649	63,130
Food Cost	13,681	13,456	14,061
EM&S, Services, Commissions and Other	24,675	27,812	20,915
Rental and Leases Off Campus	6,711	10,502	12,427
Utilities and Telecommunication	10,563	11,563	12,984
Maintenance and Asset Renewal	23,262	28,812	29,079
Debt Service	41,600	43,115	49,395
G&A, Insurance and Taxes	7,057	7,649	7,617
Total Expenses	**178,803**	**198,558**	**209,608**
Auxiliary Operating Results	**2,861**	**0**	**0**
Change in Reserve and Endowment Funds	(658)	(4,667)	(1,000)
Consolidated Results and Net Fund Transfers	**2,203**	**(4,667)**	**(1,000)**
Beginning Fund Balance	22,489	24,692	20,025
Projected Ending Fund Balance	24,692	20,025	19,025

* The amount in this table represent the auxiliary operation of R&DE only and therefore will not match the budget on page 86. $7.5 million of accounting transactions for external services in R&DE receivable accounts are excluded.

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 undergraduate and graduate students stayed almost flat in 2013/14. Undergraduate enrollment decreased by a small margin to 6,980 students. Graduate student enrollment continued to grow, reaching a total of 8,897 students. The growth of graduate students has been lower than 1% since 2010/11.

Schedule 2 – Freshman Student Apply/Admit/Enroll Statistics

The number of applicants for the present freshman class increased by 6%, reaching 38,828 in 2013/14. Only 5.7% of applicants were accepted as Stanford has become increasingly selective over the recent years. Stanford's yield rate, at 76.0%, 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 dropped 0.8% from the highest level in the previous year, to 41,539 in 2013/14. The admit rate for Stanford's graduate and professional programs remains low, and only 10.8% of all applicants were admitted. The yield rate for graduate admits continues to increase and reached 58.7%.

Schedule 4 – Postdoctoral Scholars by School and by Gender

The postdoctoral scholar population has been trending up in virtually all schools in recent years. Of 2,060 postdoctoral scholars in 2013/14, over 60% 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 over 27% of graduate student expenses and 70% of postdoctoral scholar expenses. University and school unrestricted (or general use) funds, designated funds, and endowment income funds restricted specifically to graduate student aid cover the remaining expenses. In 2013/14, the support to graduate students and postdoctoral scholars at Stanford increased 6.8% and 13.1%, respectively, reaching a total of nearly $442 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. At Stanford, approximately 64% of graduate students are enrolled in either H&S or Engineering. The enrollment has increased in every school over the ten year span, at a compounded annual growth rate of 1%. Engineering has added the most students (326), and Earth Sciences has had the fastest growth (36.3%).

Schedule 7 – Undergraduate Tuition and Room & Board Rates

The 2014/15 undergraduate tuition rate is projected to increase to $44,184, and the cost of room and board is projected to increase to $13,631, with an average increase of 3.5% over the previous year. The rate of growth has been steady at 3%-3.5% since 2008/09. In real terms, the average annual increase over the past decade has been only 1.9%.

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

This schedule shows the total amount of all types of financial aid awarded to undergraduate students, including non-need based scholarships. In 2012/13, 4,561 students received Stanford scholarship and external grants totaling $166.1 million. In addition, 1,469 students received approximately $7.6 million in long-term loans, and another 475 students earned $1.2 million from the Federal Work-Study Program. In 2012/13, external grants supporting undergraduate financial aid continued to decline and dropped 4.3%. Funding from Stanford's own sources tipped up 0.7%. Overall, the total funding for undergraduate financial aid dropped slightly to $174.8 million.

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 2014/15, the budget for need-based aid will increase by 2.9%. This increase is smaller than the approved 3.5% increase in tuition, room and board rates due to 25 fewer students requiring need-based aid in 2014/15. The endowment income funds will continue to grow and will allow for a decrease in the use of general funds and 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 2012/13. Human Biology has consistently been the most popular. Computer Science increased significantly in 2011/12 and stayed as the second most popular major, followed by Biology and Engineering. The combined majors in the School of Engineering had 406 students in 2012/13, 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 to 362 students in 2013/14, due to displacement caused by the construction of new graduate housing on campus. The rising price of the local rental market also increased the demand of university housing from graduate students.

Schedule 12 – Total Professorial Faculty

The total professoriate has increased by 48 (about 2.4%) to a total of 2,043 in 2013/14. The majority of the increase is attributable to 31 new tenure-line faculty members, representing a 2.2% growth from last year. The number of non-tenure line faculty, consisting mostly of the Medical Center Line faculty, inched up by 17. Over the period of ten years, the total professorial faculty grew at an annual pace of about 1.5%.

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. The Schools of Medicine and Humanities and Sciences hold over 71% of faculty appointments across the university, and both have had over 5% increase in their faculty cohorts in the past two years. At the university-level the total number of tenured faculty has expanded by 50 (about 5%) between 2011/12 and 2013/14; the number of non-tenured faculty in the tenure line has increased by 29 (about 10%); and the number of non-tenure line faculty has increased by 30 (about 5%) during the same period.

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 224 (1.8%) in 2013. In particular, the School of Medicine added 96 employees (2.5%) due to continuing strong clinical research activities; the Graduate School of Business added 29 employees (7.8%) due to academic initiatives including the Global Innovation Program and the Center for Entrepreneurial Studies that were expanded in 2013; and the Office of Development added 23 employees (7.0%) mostly driven by the expansion of the Medicine Center Development team.

Schedule 15 – Fringe Benefits Detail

Fringe benefits rates provide a mechanism to support 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 27.1% in 2012/13. Overall, total fringe benefits program costs increased by 2% in 2012/13 after adjustment from prior years, the smallest increase in recent years. After a spike of costs in the previous year, the growth of the retirement program and the medical insurance program both slowed down, with a moderate increase of 4%. The costs of miscellaneous benefits programs rose 15% from 2011/12 mostly due to significant growth of faculty on sabbatical leave.

Schedule 16 – Sponsored Research Expense by Agency and Fund Source

In 2012/13, direct research expenses sponsored by the federal government inched up by 1.7% ($7.6 million) after a decline in 2011/12. The direct research expenses sponsored by non-federal sources remained strong, surging by 9% ($13.3 million) over the prior year. Overall, total federal and non-federal direct research volume reached its highest level at $615.0 million in 2012/13. Federal sponsored research contributed about 76% of the total sponsored research expenses in 2012/13, a fraction that has declined in each of the past two years.

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 university-wide sponsored research projects, consistently stand between 55% and 60%. Compared to the prior year, all schools had a rebound in sponsored research volume in 2012/13. Among them, the School of Humanities and Sciences had the biggest growth (7.6%) in recent 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 ramped up by $187 million in 2012/13, almost doubling the amount in the prior year, but in line with the seven-year average. The School of Humanities and Science experienced its largest ever capital program in 2012/13, as it completed the Bing Concert Hall and began construction of the Anderson Collection and McMurtry Building, two additional key building components of the Arts District. The ongoing campus-wide Stanford Energy System Innovations (SESI) project is another driver for the increasing plant expenditures, which are reflected in other units.

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

The annual nominal rate of return for the merged pool in 2012/13 was 12.2% for the 12 months ending June 30, 2013. The endowment market value reached $18.7 billion, and for the first time, surpassed the pre-recession peak level in 2007/08. The target payout rate remains 5.5%.

Schedule 20 – Expendable Fund Balances at Year End

This schedule shows total expendable fund balances (excluding sponsored research) by academic unit (excluding SLAC) over the past decade. Almost all units project their ending fund balances to double between 2004/05 and 2014/15. The Hoover Institute will have the fastest compound annual growth over the period at over 11%, followed by the University Libraries at 9.7%. The School of Medicine represents about 44% of the total academic unit fund balances in 2014/15 and shows a compound annual growth of 7.4%.

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

This schedule shows total expendable 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 funds are controlled. Over the past three years, approximately 40% of the fund balances are controlled centrally at schools and 20% are controlled by faculty. Although the growth of fund balances by level of control has varied significantly among the schools, overall the three-year compound annual growth stays close at about 8.5% at each level of control.

Schedule 22 – Consolidated Budget for Operations History

This schedule shows past actual results from 2007/08 through 2012/13, plus the 2013/14 year end projection and the 2014/15 forecast for the Consolidated Budget for Operations. It also shows the compound annual growth rate for this time span. Overall, revenues have grown slower (4.6%) than expenses (5.1%), 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 7.0% per year over the period.

STUDENT ENROLLMENT FOR AUTUMN QUARTER
2004/05 through 2013/14

	UNDERGRADUATE			GRADUATE			TGR[1]			TOTAL	TOTAL
YEAR	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	GRADUATE	ALL
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
2013/14	3,274	3,706	6,980	2,773	4,724	7,497	574	826	1,400	8,897	15,877

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 2004 through Fall 2013

	TOTAL APPLICATIONS		ADMISSIONS		ENROLLMENT	
YEAR	NUMBER	PERCENT CHANGE FROM PREVIOUS YEAR	NUMBER	PERCENT OF APPLICANTS ADMITTED	NUMBER	PERCENT OF ADMITTED APPLICANTS ENROLLING
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%
Fall 2013	38,828	6.0%	2,208	5.7%	1,677	76.0%

NEW GRADUATE STUDENT APPLY/ADMIT/ENROLL STATISTICS

Fall 2004 through Fall 2013

	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 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%
Fall 2013	41,539	−0.8%	4,479	10.8%	2,630	58.7%

SCHEDULE 4

POST-DOCTORAL SCHOLARS BY SCHOOL AND BY GENDER[1]
2004/05 through 2013/14

By School	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Graduate School of Business	0	0	0	0	0	2	0	0	0	0
Earth Sciences	27	22	30	32	26	40	44	50	59	72
Graduate School of Education	4	5	10	10	10	11	9	9	12	19
Engineering	129	127	117	144	158	202	212	228	259	274
Humanities and Sciences	297	268	263	283	284	315	392	401	413	427
Law	1	1	0	0	1	1	0	2	1	2
Medicine	1,006	968	1,042	1,037	1,033	1,090	1,231	1,247	1,252	1,258
SLAC	0	0	0	0	0	0	0	0	0	8
Total	**1,464**	**1,391**	**1,462**	**1,506**	**1,512**	**1,661**	**1,888**	**1,937**	**1,996**	**2,060**

By Gender										
Female	573	512	557	581	607	673	754	795	828	834
Male	891	879	905	925	905	988	1,134	1,142	1,168	1,226

Data Source: Registrar's Office fall quarter, 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]

	2012/13					2013/14					2012/13 TO 2013/14 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	12.5	0.7	9.0	0.1	22.3	11.5	1.6	10.5	0.1	23.7	1.4	6.3%
Research Assistants	6.0	6.4	12.2	37.9	62.6	5.0	7.8	13.7	36.8	63.4	0.8	1.3%
Other Salaries	0.3	0.5	0.3	0.3	1.4	0.8	0.5	0.4	0.5	2.2	0.8	56.3%
Benefits	3.0	3.6	3.7	2.1	12.5	2.9	4.4	4.3	2.2	13.8	1.4	10.9%
Total Salaries & Benefits	**21.8**	**11.2**	**25.3**	**40.4**	**98.7**	**20.2**	**14.3**	**29.0**	**39.5**	**103.1**	**4.4**	**4.4%**
Tuition Allowance	35.6	3.2	6.8	17.1	62.8	37.8	4.1	8.9	19.5	70.4	7.6	12.0%
Fellowship Tuition	19.8	2.8	56.9	9.6	89.0	13.1	5.9	60.5	10.0	89.5	0.4	0.5%
Stipends	15.2	2.6	23.2	17.5	58.6	15.4	5.0	25.9	21.0	67.3	8.7	14.8%
Total Graduate Student Support	**92.5**	**19.8**	**112.2**	**84.7**	**309.2**	**86.6**	**29.3**	**124.4**	**90.0**	**330.2**	**21.0**	**6.8%**
Percent of Total	29.9%	6.4%	36.3%	27.4%	100.0%	26.2%	8.9%	37.7%	27.3%	100.0%		
Postdocs												
Salaries	1.6	7.4	7.3	46.7	63.0	1.8	9.4	7.5	48.6	67.4	4.4	6.9%
Benefits	0.3	1.6	1.6	10.3	13.7	0.9	1.6	4.2	15.2	22.0	8.2	59.8%
Tuition	0.3	0.1	0.0	0.0	0.4	0.3	(0.0)	0.0	0.0	0.3	(0.1)	−23.5%
Stipends	0.5	1.8	5.0	14.0	21.2	0.3	1.8	5.1	14.4	21.6	0.4	1.9%
Total Postdoc Support	**2.7**	**10.8**	**14.0**	**70.9**	**98.4**	**3.3**	**12.8**	**16.9**	**78.3**	**111.3**	**12.9**	**13.1%**
Percent of Total	2.7%	11.0%	14.2%	72.1%	100.0%	3.0%	11.5%	15.2%	70.3%	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]
2004/05 through 2013/14

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Graduate School of Business	**902**	**893**	**906**	**883**	**877**	**895**	**928**	**940**	**961**	**971**
Doctorate	106	99	101	101	99	97	101	105	103	110
Masters	55	56	57	55	60	57	56	67	82	83
Professional	741	738	748	727	718	741	771	768	776	778
Earth Sciences	**256**	**251**	**252**	**242**	**256**	**286**	**309**	**338**	**350**	**349**
Doctorate	201	197	207	195	202	219	233	270	277	267
Masters	55	54	45	47	54	67	76	68	73	82
Graduate School of Education	**335**	**366**	**348**	**333**	**346**	**335**	**365**	**355**	**343**	**355**
Doctorate	178	175	174	174	178	166	181	171	178	181
Masters	157	191	174	159	168	169	184	184	165	174
Engineering	**3,055**	**3,126**	**3,153**	**3,133**	**3,267**	**3,289**	**3,452**	**3,452**	**3,418**	**3,381**
Doctorate	1,427	1,438	1,496	1,474	1,568	1,593	1,604	1,694	1,716	1,707
Masters	1,628	1,688	1,657	1,659	1,699	1,696	1,848	1,758	1,702	1,674
Humanities & Sciences	**2,088**	**2,044**	**2,061**	**2,091**	**2,103**	**2,092**	**2,162**	**2,159**	**2,224**	**2,261**
Doctorate	1,787	1,758	1,731	1,756	1,746	1,748	1,799	1,794	1,845	1,871
Masters	301	286	330	335	357	344	363	365	379	390
Law	**567**	**586**	**600**	**593**	**586**	**590**	**636**	**631**	**641**	**631**
Doctorate	26	28	30	25	21	17	17	20	23	23
Masters[2]	32	35	38	37	39	35	63	59	63	55
Professional	509	523	532	531	526	538	556	552	555	553
Medicine	**889**	**910**	**881**	**911**	**893**	**954**	**927**	**921**	**934**	**949**
Doctorate	397	404	404	433	422	434	427	428	431	443
Masters	45	47	37	34	35	62	59	64	61	60
Professional	447	459	440	444	436	458	441	429	442	446
University-wide	**8,092**	**8,176**	**8,201**	**8,186**	**8,328**	**8,441**	**8,779**	**8,796**	**8,871**	**8,897**
Doctorate	4,122	4,099	4,143	4,158	4,236	4,274	4,362	4,482	4,573	4,602
Masters	2,273	2,357	2,338	2,326	2,412	2,430	2,649	2,565	2,525	2,518
Professional	1,697	1,720	1,720	1,702	1,680	1,737	1,768	1,749	1,773	1,777

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 2014/15

[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%
2014/15	44,184	3.5%	13,631	3.5%	57,815	3.5%

	UNDERGRADUATE TUITION	ROOM & BOARD	TOTAL COST
Compound Annual Increase, 1984/85–2013/14 (30 years):	5.2%	4.1%	4.9%
Compound Annual Increase, 2004/05–2013/14 (10 years):	4.1%	3.7%	4.0%
Compound Annual Real Increase[1], 1984/85–2013/14:	2.5%	1.4%	2.2%
Compound Annual Real Increase[1], 2004/05–2013/14 (10 years):	2.0%	1.7%	1.9%
Average Annual CPI Increase, 1984/85–2013/14:			2.7%
Average Annual CPI Increase, 2004/05–2013/14 (10 years):			2.0%

[1] Real growth calculated using amounts adjusted to 2014 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]

2003/04 through 2012/13

[IN THOUSANDS OF DOLLARS]

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Stanford Scholarships										
Need-based Awards[2]										
Stanford Unrestricted Funds	14,277	14,663	12,927	5,539	997	4,310	26,829	36,269	34,586	34,073
Gifts and Endowment Income[3]	41,357	43,749	47,983	61,026	74,487	99,682	89,180	83,352	92,260	93,058
Athletic Awards	11,809	12,687	13,393	14,999	15,227	15,942	16,756	17,381	18,018	18,787
Total Stanford Scholarships	**67,443**	**71,099**	**74,303**	**81,565**	**90,711**	**119,934**	**132,765**	**137,002**	**144,864**	**145,919**
External Grants										
Federal	5,491	5,041	4,408	5,005	5,285	5,627	7,495	7,581	7,474	7,211
State	5,123	5,291	4,263	3,780	3,860	3,117	3,548	3,811	3,666	3,474
Other	10,747	11,035	9,690	10,317	10,070	10,216	10,304	10,085	9,904	9,459
Total External Grants	**21,361**	**21,367**	**18,361**	**19,102**	**19,215**	**18,961**	**21,348**	**21,477**	**21,043**	**20,143**
Loans										
Federal	9,956	9,815	8,656	7,876	6,545	4,447	5,396	5,083	5,786	5,796
Other	2,611	2,456	2,893	2,885	3,044	3,194	1,610	1,874	2,097	1,807
Total Loans	**12,567**	**12,271**	**11,549**	**10,761**	**9,589**	**7,641**	**7,006**	**6,957**	**7,883**	**7,603**
Federal Work-Study Earnings	**925**	**1,201**	**1,485**	**1,150**	**1,022**	**1,078**	**1,227**	**1,212**	**1,336**	**1,168**
Grand Total	**102,296**	**105,938**	**105,698**	**112,579**	**120,537**	**147,614**	**162,345**	**166,647**	**175,126**	**174,833**

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 $129,004 in 2012/13. 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 NEED-BASED FINANCIAL AID

Projected 2014/15 Student Budget Needs and Sources, Including Parental and Student Contributions[1]

[IN THOUSANDS OF DOLLARS]

	2010/11 ACTUALS	2011/12 ACTUALS	2012/13 ACTUALS	2013/14 PROJECTED	2014/15 BUDGET	2013/14 TO 2014/15 CHANGE AMOUNT	2013/14 TO 2014/15 CHANGE PERCENT
Needs							
Tuition, Room and Board	168,664	177,792	179,491	180,375	185,758	5,383	3.0%
Books and Personal Expenses	17,175	17,755	17,820	17,735	18,086	351	2.0%
Travel	2,553	2,638	2,641	2,629	2,680	51	2.0%
Total Student Expenses	**188,392**	**198,184**	**199,952**	**200,739**	**206,524**	**5,785**	**2.9%**
Sources							
Total Family Contribution (Includes parent contribution for aided students, self-help, summer savings, assets, etc.)	53,025	56,580	58,415	59,126	60,905	1,779	3.0%
Endowment Income[2]	66,265	71,833	74,995	81,530	87,219	5,689	7.0%
Expendable Gifts	1,226	1,276	1,211	1,600	1,976	376	23.5%
Stanford Fund/President's Funds	40,284	38,131	25,852	17,151	16,836	(315)	−1.8%
Federal Grants	7,072	6,003	5,643	5,500	5,458	(42)	−0.8%
California State Scholarships	3,738	3,587	3,408	3,400	3,324	(76)	−2.2%
Outside Awards	5,168	5,312	5,123	4,818	4,829	11	0.2%
Department Sources	954	1,198	1,745	1,150	1,160	10	0.9%
Unrestricted Funds	10,407	14,264	23,558	26,463	24,818	(1,645)	−6.2%
Total Sources	**188,392**	**198,184**	**199,952**	**200,739**	**206,524**	**5,787**	**2.9%**
Number of Students on Need-Based Aid	3,396	3,464	3,417	3,300	3,275	(25)	−0.8%

[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]

2004/05 through 2012/13

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Human Biology	184	187	167	193	228	219	191	177	177
Computer Science	108	82	70	66	65	86	87	144	132
Biology	141	156	151	140	121	123	124	106	108
Engineering	40	50	62	73	93	82	99	99	98
Economics	194	164	143	165	162	141	120	103	97
International Relations	97	91	87	107	102	108	103	96	88
Psychology	107	97	102	80	73	79	72	94	84
English	79	88	92	57	75	69	58	68	67
History	63	60	71	50	59	63	56	67	67
Science, Technology and Society	26	20	22	24	35	40	60	53	65
Mechanical Engineering	61	67	59	55	48	54	56	50	60
Management Science and Engineering	72	58	56	54	51	59	64	69	55
Political Science	111	113	103	96	71	74	72	72	55
Mathematics	48	32	48	36	48	35	37	43	37
Symbolic Systems	32	27	44	28	29	18	21	21	37
Electrical Engineering	65	69	48	37	47	36	43	39	36
Earth Systems	36	21	23	26	24	32	40	53	33
Public Policy	25	30	34	14	20	22	26	25	30
Communication	41	29	36	43	41	38	43	29	27
Mathematical and Computational Science	22	28	24	16	25	22	20	17	25

Source: Registrar's Office

[1] This table includes the 20 degrees in which the most undergraduate degrees were awarded in 2012/13.

STUDENTS HOUSED ON CAMPUS
1994/95 through 2013/14

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
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%
2013/14[1]	6,448	92%	4,645	362	56.3%

[1] The change in Graduate housing on and off campus has been affected by the spaces being taken off line for the construction on Comstock Circle.

SCHEDULE 12

TOTAL PROFESSORIAL FACULTY
1979/80 through 2013/14

	PROFESSORS	ASSOCIATE PROFESSORS	ASSISTANT PROFESSORS[1]	TENURE LINE TOTAL	NON-TENURE LINE PROFESSORS	GRAND TOTAL
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
2013/14	887	252	290	1,429	614	2,043

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]

2011/12 through 2013/14

	2011/12				2012/13				2013/14			
	TENURED	NON-TENURED	NON-TENURE LINE	TOTAL	TENURED	NON-TENURED	NON-TENURE LINE	TOTAL	TENURED	NON-TENURED	NON-TENURE LINE	TOTAL
Earth Sciences	33	12	6	51	35	11	6	52	38	11	6	55
Graduate School of Education	39	9	7	55	41	9	7	57	40	8	7	55
Engineering	169	43	21	233	172	43	23	238	176	47	22	245
Humanities and Sciences	411	112	17	540	421	125	18	564	432	122	18	572
Humanities	*170*	*45*	*10*	*225*	*177*	*49*	*11*	*237*	*179*	*48*	*12*	*239*
Natural Sciences & Math	*128*	*29*	*5*	*162*	*129*	*34*	*4*	*167*	*134*	*39*	*3*	*176*
Social Sciences	*113*	*38*	*2*	*153*	*115*	*42*	*3*	*160*	*119*	*35*	*3*	*157*
Law	42	5	7	54	41	6	8	55	43	6	9	58
Other	0	0	11	11	0	0	11	11	0	0	15	15
Subtotal	694	181	69	944	710	194	73	977	729	194	77	1,000
Business	73	33	1	107	74	37	1	112	76	38	1	115
Medicine	261	70	511	842	270	77	520	867	271	84	533	888
SLAC	33	5	3	41	32	4	3	39	35	2	3	40
Total	**1,061**	**289**	**584**	**1,934**	**1,086**	**312**	**597**	**1,995**	**1,111**	**318**	**614**	**2,043**

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

2005 through 2013

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2012 TO 2013 CHANGE AMOUNT	PERCENT
Academic Units											
Graduate School of Business	335	350	384	411	343	338	341	373	402	29	7.8%
School of Earth Sciences	74	82	83	84	85	85	98	101	100	(1)	−1.0%
Graduate School of Education	92	93	97	104	116	120	156	166	167	1	0.6%
School of Engineering	434	439	449	448	425	432	455	479	495	16	3.3%
School of Humanities & Sciences	643	648	678	727	706	705	705	730	760	30	4.1%
School of Law	127	152	165	166	153	154	155	158	162	4	2.5%
School of Medicine	2,973	3,020	3,146	3,360	3,419	3,609	3,725	3,902	3,998	96	2.5%
Dean of Research	464	480	497	531	527	537	569	612	630	18	2.9%
SLAC	1,456	1,512	1,604	1,383	1,436	1,539	1,572	1,552	1,443	(109)	−7.0%
University Libraries	528	541	562	572	537	572	569	582	579	(3)	−0.5%
Other Academic (Hoover Institution, VPUE & VPGE[2])	241	255	277	292	281	270	290	340	344	4	1.2%
Academic Unit Total	**7,367**	**7,572**	**7,942**	**8,078**	**8,028**	**8,361**	**8,635**	**8,995**	**9,080**	**85**	**0.9%**
Administrative Units											
Business Affairs	817	835	872	885	872	854	867	912	932	20	2.2%
Land, Buildings & Real Estate	405	422	467	503	452	452	475	513	531	18	3.5%
Office of Development	196	216	242	280	249	251	314	329	352	23	7.0%
Offices of the President & Provost	138	166	188	198	190	191	195	214	212	(2)	−0.9%
Student Affairs, Admissions & Financial Aid	265	291	294	303	286	282	320	331	340	9	2.7%
Stanford Alumni Association	108	114	116	124	111	114	107	114	121	7	6.1%
Stanford Management Company	66	69	58	61	61	64	72	70	75	5	7.1%
Other Administrative (Public Affairs, General Counsel and Public Safety)	130	150	132	130	129	128	125	134	147	13	9.7%
Administrative Units Total	**2,125**	**2,263**	**2,369**	**2,484**	**2,350**	**2,336**	**2,475**	**2,617**	**2,710**	**93**	**3.6%**
Auxiliary Units											
Athletics	141	147	151	167	153	158	175	173	185	12	6.9%
Residential & Dining Enterprises	508	531	534	538	524	556	550	589	623	34	5.8%
Auxiliary Unit Total	**649**	**678**	**685**	**705**	**677**	**714**	**725**	**762**	**808**	**46**	**6.0%**
Total	**10,141**	**10,513**	**10,996**	**11,267**	**11,055**	**11,411**	**11,835**	**12,374**	**12,598**	**224**	**1.8%**
Annual Percentage Change	1.4%	3.7%	4.6%	2.5%	−1.9%	3.2%	3.7%	4.6%	1.8%		

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 2012/13
[IN THOUSANDS OF DOLLARS]

Fringe Benefits Program	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Retirement Programs								
University Retirement	83,084	89,418	92,656	97,748	99,373	104,407	110,754	118,045
Social Security	72,420	82,794	87,460	92,586	93,704	97,920	105,094	112,378
Faculty Early Retirement	6,108	8,787	8,270	7,501	24,931	1,301	3,322	4,048
Stanford Retirement Annuity Plan/Other[2]	528	558	418	364	468	332	10,613	4,994
Total Retirement Programs	**162,140**	**181,557**	**188,804**	**198,199**	**218,476**	**203,960**	**229,783**	**239,466**
Insurance Programs								
Medical Insurance	71,774	71,473	85,206	95,611	101,060	110,018	130,424	135,834
Retirement Medical	17,321	11,602	16,585	16,583	14,245	22,710	26,284	19,748
Worker's Comp/LTD/ Unemployment Ins	6,646	5,743	17,294	20,338	16,969	15,740	19,499	23,556
Dental Insurance	9,874	10,674	11,295	12,150	12,592	12,817	13,552	13,214
Group Life Insurance/Other	12,374	12,343	13,225	14,761	15,382	15,431	20,829	17,772
Total Insurance Programs	**117,989**	**111,835**	**143,605**	**159,443**	**160,248**	**176,716**	**210,588**	**210,124**
Miscellaneous Programs								
Severance Pay	3,595	3,818	11,839	16,189	2,948	6,096	7,387	7,910
Sabbatical Leave	11,943	13,287	14,047	15,689	14,187	14,360	14,810	17,915
Other	11,329	11,596	11,697	13,012	12,064	12,489	13,637	15,556
Total Miscellaneous Programs	**26,867**	**28,701**	**37,583**	**44,890**	**29,199**	**32,945**	**35,834**	**41,181**
Total Fringe Benefits Programs	**306,996**	**322,093**	**369,992**	**402,532**	**407,923**	**413,621**	**476,205**	**490,971**
Carry-forward/Adjustment from Prior Year(s)	15,577	6,300	(6,702)	(10,841)	985	14,096	(4,220)	(8,160)
Total With Carry-forward/Adjustment	**322,573**	**328,393**	**363,290**	**391,691**	**408,908**	**427,717**	**471,985**	**482,811**
Weighted Average Fringe Benefits Rate	27.2%	25.7%	26.4%	26.8%	27.7%	27.2%	28.2%	27.1%

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]

2006/07 through 2012/13

[IN THOUSANDS OF DOLLARS]

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
U.S. Government[2]							
Health & Human Services	331,206	324,737	317,534	395,209	446,906	413,713	412,511
Department of Defense	58,600	56,439	58,447	58,153	71,627	84,048	89,598
National Science Foundation	60,874	60,920	59,397	71,645	68,856	67,828	69,846
Department of Energy (Excluding SLAC)	28,102	23,160	16,110	20,458	24,338	22,810	24,069
National Aeronautics and Space Administration	47,704	39,092	24,214	24,988	22,471	20,963	22,113
Other U.S. Sponsors	9,499	5,923	6,922	9,063	7,952	8,551	7,699
Department of Education	1,246	1,359	2,757	2,757	4,921	4,872	5,675
Sub-Total for U.S. Government Agencies	537,232	511,629	485,381	582,274	647,071	622,784	631,512
Direct Expense-U.S.	392,153	373,067	349,089	417,868	463,313	443,430	450,993
Indirect Expense-U.S.[3]	145,089	138,562	136,292	164,407	183,758	179,355	180,519
Non-U.S. Government							
Subtotal for Non-U.S. Government	117,437	132,628	167,115	170,536	180,105	186,416	202,620
Direct Expense-Non U.S.	96,799	108,586	136,551	140,618	146,174	150,566	163,903
Indirect Expense-Non U.S.	20,638	24,042	30,564	29,918	33,931	35,849	38,717
Grand Totals-U.S. plus Non-U.S.							
Grand Total	654,669	644,257	652,496	752,811	827,176	809,200	834,132
Grand Total Direct	488,942	481,653	485,640	558,486	609,487	593,996	614,896
Grand Total Indirect	165,727	162,604	166,856	194,325	217,689	215,204	219,236
% of Total from U.S. Government	82.1%	79.4%	74.4%	77.3%	78.2%	77.0%	75.7%

[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]
2006/07 through 2012/13
[IN THOUSANDS OF DOLLARS]

School/Unit	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Graduate School of Business	1,539	774	511	925	1,265	1,273	1,402
School of Earth Sciences	13,997	11,708	9,188	10,035	12,675	14,795	15,060
Graduate School of Education	10,811	6,874	9,332	9,291	15,056	16,974	17,306
School of Engineering	110,132	116,039	122,938	136,999	135,921	144,847	149,419
School of Humanities and Sciences	69,382	71,144	72,075	74,733	77,342	74,436	80,063
School of Law	88	440	414	491	389	410	932
School of Medicine	362,295	358,599	365,911	433,863	498,174	475,100	484,162
Vice Provost and Dean of Research	81,801	73,484	67,168	78,637	82,265	77,391	81,367
Other[2]	4,627	5,195	4,958	7,835	4,088	3,974	4,422
Total	**654,669**	**644,257**	**652,495**	**752,811**	**827,176**	**809,200**	**834,132**

Source: Research Financial Compliance & Services; Sponsored Projects Report for the Year Ended August 31, 2013, 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]

2005/06 through 2012/13

[IN THOUSANDS OF DOLLARS]

UNIT	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Graduate School of Business	309	2,023	17,902	69,038	116,731	295,433	25,577	2,961
Earth Sciences	647	458	771	2,197	2,950	5,117	2,118	730
Graduate School of Education	2,626	1,934	2	2,201	2,955	843		1,423
Engineering	1,838	6,273	28,169	55,430	55,976	19,198	9,968	4,165
H & S	10,763	7,802	8,796	11,255	14,419	7,930	7,136	107,202
Law	992	19,595	64,256	78,973	43,434	50,185	4,168	66
Medicine	13,769	31,908	57,759	134,165	104,880	31,731	32,820	76,588
Libraries	1,131	219	457	3	280			
Athletics	83,362	28,875	8,753	22,988	10,963	16,639	9,116	29,955
Residential & Dining Enterprises	14,054	17,568	13,101	31,135	21,773	14,288	47,750	27,788
All Other[2]	165,127	142,782	220,724	105,925	92,761	46,668	49,130	123,850
Total	**294,618**	**259,436**	**420,692**	**513,313**	**467,123**	**488,032**	**187,784**	**374,728**

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

1998/99 through 2012/13

		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]
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%
2012/13	18,688,868	12.2%	10.8%

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

2004/05 through 2014/15

[IN MILLIONS OF DOLLARS]

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	PROJECTED 2013/14	PLAN 2014/15	2004/05 TO 2014/15 COMPOUND ANNUAL GROWTH
Academic Units:												
Graduate School of Business	43.5	62.8	62.9	64.0	67.0	82.2	65.7	79.0	95.0	92.7	85.0	3.9%
School of Earth Sciences	26.0	24.1	24.8	30.5	37.9	42.3	46.8	48.2	50.0	52.5	52.9	7.3%
Graduate School of Education	18.3	18.1	22.7	25.1	32.2	35.5	38.5	38.1	37.4	38.0	38.0	7.6%
School of Engineering	149.0	153.9	162.4	184.6	199.7	202.5	219.5	232.8	250.4	247.6	256.6	5.6%
School of Humanities & Sciences	136.8	142.4	174.0	206.4	245.8	264.3	284.3	285.1	278.8	257.9	255.5	6.4%
School of Law	20.7	21.1	21.4	25.3	19.1	20.1	21.6	21.9	21.6	21.9	22.2	0.7%
School of Medicine	372.6	427.3	459.0	443.7	477.4	523.1	572.5	612.9	769.4	835.7	762.2	7.4%
VP for Undergraduate Education	15.0	19.1	17.2	17.3	19.9	22.0	22.1	22.8	20.3	19.8	20.3	3.1%
Dean of Research	84.3	106.4	93.0	105.1	108.2	111.2	118.6	133.3	141.4	147.6	147.7	5.8%
VP for Graduate Education			20.0	28.4	39.1	45.1	46.2	49.8	49.7	48.4	42.9	
Hoover Institution	11.3	16.1	19.1	35.5	35.2	38.7	40.2	38.6	34.7	34.4	32.2	11.1%
University Libraries	4.0	10.0	9.0	10.5	17.5	21.6	18.4	14.6	14.2	11.3	10.1	9.7%
Total Academic Units (excluding SLAC)	**881.5**	**1,001.4**	**1,085.5**	**1,176.4**	**1,299.0**	**1,408.6**	**1,494.4**	**1,577.1**	**1,762.9**	**1,807.8**	**1,725.6**	**6.9%**

ACADEMIC UNIT EXPENDABLE FUND BALANCES
By Level of Control
2010/11 through 2012/13
[IN MILLIONS OF DOLLARS]

	2010/11	2011/12	2012/13	3-YEAR COMPOUND ANNUAL GROWTH RATE
Earth Sciences	46.8	48.2	50.0	3.4%
School	*22.6*	*23.7*	*23.3*	*1.5%*
Department/Program	*16.7*	*16.1*	*18.0*	*3.7%*
Faculty/PI	*7.4*	*8.5*	*8.7*	*8.3%*
Graduate School of Education	38.5	38.1	37.4	−1.4%
School	*21.3*	*19.7*	*20.1*	*−2.8%*
Department/Program	*12.3*	*13.7*	*12.0*	*−1.4%*
Faculty/PI	*4.9*	*4.6*	*5.3*	*4.2%*
Engineering	219.5	232.8	250.4	6.8%
School	*58.4*	*62.0*	*62.4*	*3.3%*
Department/Program	*78.6*	*84.7*	*94.8*	*9.8%*
Faculty/PI	*82.5*	*86.0*	*93.2*	*6.3%*
Humanities & Sciences	284.3	285.1	278.8	−1.0%
School	*120.5*	*118.0*	*106.9*	*−5.8%*
Department/Program	*108.1*	*107.1*	*107.3*	*−0.4%*
Faculty/PI	*55.7*	*59.9*	*64.6*	*7.7%*
Law	21.6	21.9	21.6	0.0%
School	*16.0*	*17.1*	*16.8*	*2.4%*
Department/Program	*5.1*	*4.8*	*4.8*	*−3.4%*
Faculty/PI	*0.4*	*–*	*–*	*−100.0%*
Medicine	572.5	612.9	769.4	15.9%
School	*202.3*	*208.6*	*316.2*	*25.0%*
Department/Program	*244.7*	*266.4*	*298.2*	*10.4%*
Faculty/PI	*125.5*	*137.9*	*155.0*	*11.1%*
Dean of Research	118.6	133.3	141.4	9.2%
VP/Dean	*19.3*	*20.8*	*20.6*	*3.2%*
Lab/Center/Institute	*85.2*	*99.1*	*106.0*	*11.6%*
Faculty/PI	*14.1*	*13.4*	*14.8*	*2.5%*
Graduate School of Business[1]	65.7	79.0	95.0	20.3%
Hoover Institution[1]	40.2	38.6	34.7	−7.0%
Vice Provost for Graduate Education[1]	46.2	49.8	49.7	3.8%
Vice Provost for Undergraduate Education[1]	22.1	22.8	20.3	−4.2%
University Libraries[1]	18.4	14.6	14.2	−12.1%
All Academic Units (excluding SLAC)				
School/Institution/VP	632.4	657.0	748.4	8.8%
Dept/Prog/Lab/Ctr/Institute	571.0	609.5	672.8	8.5%
Faculty/PI	290.9	310.7	341.8	8.4%
Total All Academic Units (excluding SLAC)	**1,494.3**	**1,577.2**	**1,762.9**	**8.6%**

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]

	2007/08 ACTUALS	2008/09 ACTUALS	2009/10 ACTUALS	2010/11 ACTUALS	2011/12 ACTUALS	2012/13 ACTUALS	2013/14 PROJECTION	2014/15 PLAN	2007/08 TO 2014/15 COMPOUND ANNUAL GROWTH
Revenues									
Undergraduate Programs	241.3	252.3	274.9	285.6	298.1	311.0	320.7	330.3	4.6%
Graduate Programs	235.1	249.4	260.3	274.8	287.2	297.0	314.2	326.8	4.8%
Room and Board	105.0	110.1	122.5	127.8	135.9	144.8	151.2	162.5	6.4%
Student Income	581.4	611.8	657.7	688.2	721.2	752.9	786.1	819.5	5.0%
Direct Costs - University	526.8	532.7	602.6	650.3	639.3	656.8	673.9	682.6	3.8%
Indirect Costs	169.0	174.1	203.8	225.5	226.4	225.5	227.7	232.5	4.7%
University Sponsored Research	695.8	706.8	806.4	875.8	865.7	882.3	901.5	915.2	4.0%
SLAC	351.0	293.7	332.8	366.4	368.0	350.9	391.8	413.2	2.4%
Health Care Services	418.1	484.3	505.7	558.7	600.5	714.8	745.0	816.1	10.0%
Gifts In Support of Operations	185.0	149.0	155.6	163.7	177.8	180.7	190.0	195.0	0.8%
Net Assets Released From Restrictions	92.3	74.1	78.3	106.1	110.0	177.7	105.0	120.0	3.8%
Endowment Income	899.2	954.4	854.5	783.4	861.7	921.7	984.2	1,171.8	2.4%
Other Investment Income	138.8	121.0	49.9	151.7	160.6	118.3	187.6	205.0	5.7%
Investment Income	1,038.0	1,075.4	904.4	935.1	1,022.3	1,040.0	1,171.8	1,269.7	2.9%
Special Program Fees and Other Income	53.5	350.1	350.5	381.3	437.0	473.6	517.5	550.9	6.5%
Total Revenues	**3,715.1**	**3,745.2**	**3,791.4**	**4,075.3**	**4,302.5**	**4,572.9**	**4,808.7**	**5,099.5**	**4.6%**
Expenses									
Compensation	1,900.5	2,009.2	2,074.8	2,205.1	2,364.1	2,516.5	2,646.9	2,840.4	5.9%
Financial Aid	173.7	210.3	220.7	230.4	240.6	242.5	247.5	255.7	5.7%
Internal Debt Service	62.4	141.0	144.0	159.2	141.8	161.8	170.1	183.0	16.6%
Other Operating Expense	1,192.6	1,005.2	1,057.4	1,139.6	1,204.6	1,238.8	1,404.8	1,441.6	2.7%
Total Expenses	**3,329.2**	**3,365.7**	**3,496.9**	**3,734.3**	**3,951.2**	**4,159.6**	**4,469.3**	**4,720.8**	**5.1%**
Operating Results	**385.9**	**379.5**	**294.5**	**341.0**	**351.3**	**413.2**	**339.4**	**378.8**	**−0.3%**
Transfers									
Transfers from (to) Endowment Principal	(40.8)	(78.0)	(40.1)	(150.4)	(88.6)	(117.4)	(28.1)	(75.0)	
Transfers from (to) Plant	(256.9)	(141.3)	(121.1)	(44.8)	(172.1)	(154.3)	(228.0)	(158.8)	
Other Internal Transfers	3.3	10.0	30.6	37.2	10.7	42.2	32.0	15.0	
Total Transfers	**(264.4)**	**(209.3)**	**(130.6)**	**(158.0)**	**(249.9)**	**(229.5)**	**(224.0)**	**(218.8)**	
Change in Fund Balances	**121.5**	**170.2**	**163.9**	**183.0**	**101.4**	**183.8**	**115.4**	**160.0**	
Beginning Fund Balance	1,663.3	1,784.8	1,955.0	2,118.9	2,301.9	2,403.3	2,587.0	2,702.4	7.2%
Ending Fund Balance	1,784.8	1,955.0	2,118.9	2,301.9	2,403.3	2,587.0	2,702.4	2,862.4	7.0%

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