# Stanford University
# Budget Plan

## 2002/03

Submitted for Action to the
Board of Trustees
June 13-14, 2002

# Executive Summary

## To The Board of Trustees:

I am pleased to submit Stanford University's 2002/03 Budget Plan for your 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.

Stanford's 2002/03 Consolidated Budget for Operations reflects an anticipated surplus of $46 million on net revenues after transfers of $2,180 million and expenses of $2,134 million. This surplus results primarily from an excess of restricted revenue over expense.

Almost $575 million of Stanford's budget is categorized as general funds. These funds can be used for any university purpose. General funds of $500 million are under the direct control of the Provost, while the remaining $75 million flow directly into units in accordance with the formula agreements with the Graduate School of Business, the School of Medicine, the Hoover Institution, and the Continuing Studies Program. The general funds component of the Consolidated Budget is balanced for 2002/03.

The Capital Budget calls for $266 million in capital expenditures next year supporting a range of initiatives.

The budget for Stanford Hospital and Clinics (SHC), and Lucile Packard Children's Hospital at Stanford (LPCH), both separate corporations, are not included in this Budget Plan.

## CONTEXT

The process of building a budget for a university the size, quality, and dynamism of Stanford is challenging under the best of circumstances. This was particularly true in developing the budget for 2002/03. Last spring and summer, as we updated the multi-year consolidated budget forecast, it was clear that the university was embarking on a more difficult financial period. A constrained revenue outlook, due principally to deteriorating financial markets, set against the need to fund many important programmatic areas, placed renewed importance on strategic fiscal planning.

In the budgets of recent years, we have seen strong growth in investment income, which has enabled Stanford to invest in undergraduate education, student financial aid, faculty and staff salaries, housing, research support, and new facilities. The results of this growth have been a fundamental strengthening of our undergraduate education program to one of the best in the nation, along with continued strengthening of our research and graduate programs. We have also built new state-of-the-art facilities in many parts of the university to support Stanford faculty and students in their research and educational endeavors. In projecting expenses for the next several years our planning priorities are to support a competitive salary program, to maintain a financial aid program that allows the best students to enroll, to fund the recruitment and retention of outstanding faculty, to enhance the opportunity for interdisciplinary work, and to provide necessary supporting infrastructure and facilities.

This year's capital planning process has been constrained by the restrictions of the General Use Permit (GUP), a more difficult environment for capital giving, and limitations in our debt capacity. Consequently, the capital plan included in this document reflects a slowing of capital construction from the levels of recent years, in addition to a considerably reduced reliance on debt for those projects we have put forward for approval.

Given Stanford's financial outlook, early in the budget process we asked academic and administrative units supported by general funds to plan for a general funds budget cut of 5% and 3% in 2002/03 and 2003/04, respectively. After a thorough review process, we have built into next year's budget a set of reductions averaging approximately 4% across most academic and support units. These reductions allow us to deliver a balanced budget while providing funds to cover commitments made in prior years and for reallocation to some of our most critical priorities.

In the schools and academic support areas the impact of the reductions will be felt in two ways. First, there will be across-the-board tightening of expenses accompanied by some delays in planned purchases or program enhancements. Second, schools and department will have to rely more on restricted funds to support their program expenses. We are not anticipating major reductions in programs.

Administrative units are also planning to reduce general expenses by approximately 5%. More significant cuts will be made in the maintenance and computer systems budgets. Specifically, planned maintenance budgets will be trimmed for roads and in several building maintenance areas, and efficiencies will be found in the operations of central computing systems in ways that will minimally affect service to university users.

Although the budget process focused principally on expense reduction, we have still been able to address important priorities in the following areas:

- COMPENSATION – After several years of strong staff compensation programs we have achieved our target to be at mid-market for most positions. As a result, and given the weakness in the local economy, our program for 2002/03 will be more modest than in prior years. However, it will be sufficient to maintain market competitiveness. The program for faculty will also provide funding to maintain our position in the top two or three in the country. In addition, our housing programs will be funded to allow Stanford to continue to attract and retain the best faculty.

- GRADUATE STUDENT SUPPORT – We made a concerted effort in the 2002/03 budget to improve support for graduate students. Minimum stipend levels will increase by 8%. We will also provide subsidies for graduate student health insurance to mitigate cost increases of more than 50%. Finally, Stanford will expand the off-campus apartment leasing program for graduate students in order to provide a more stable system and reduce the number of moves graduate students would otherwise make during their academic careers. With these enhancements, Stanford's programs supporting housing, tuition reimbursement, and other living costs will be extremely competitive with other institutions and will help mitigate the high cost of living in this area.

- UNDERGRADUATE FINANCIAL AID – Over the past four years we have expanded our financial aid program by about $9 million to reduce student loan expectations and to expand support to middle income families. While we are not adding any major enhancements to the aid program for next year, this budget does provide funds to meet the demonstrated financial need of all undergraduates. It is important to underscore that for those families whose financial circumstances do not keep pace with the cost of attending Stanford, we will meet their increased need through our financial aid program.

- Support for New Buildings – There are several new and renovated buildings coming on line in the remainder of this year and next year whose operating and debt service costs will affect the budget. These include Mechanical Engineering, the Clark Center, an off-site library storage facility, and Buildings 160 and 170. The costs of $13.1 million are included in the Consolidated Budget for Operations.

- Investment in Development and Alumni Relations – Over the past 18 months we have been engaged in an ongoing assessment of Stanford's longer-term programmatic needs, opportunities, and strategic priorities. While this process is still underway, it will most likely result in an expansion of our development agenda in the coming years. Consequently, we have included in this Budget Plan increased support for development and alumni relations activities.

- Systems – For the past several years Stanford has been engaged in a significant effort to replace its administrative systems and to upgrade the infrastructure supporting both academic and administrative computing. That effort will be nearly finished in 2002/03 with the completion of the Delphi financial system and the Axess student system. We are budgeting $16 million for system development projects and the infrastructure to support them in next year's budget.

- Budget Reductions and Allocations of General Funds – As noted above, about $500 million of Stanford's approximately $2 billion budget is comprised of general funds under the direct control of the Provost. Within this portion of the budget we are reducing base budget funding allocations to units by $16.3 million or approximately 4%. All of the budget units across the university supported by general funds participated in this reduction process.

  An important reason for making these reductions was to fund $11.5 million of commitments made in prior years to cover incremental critical program initiatives and to provide continuing funding for programs supported with one-time money. These commitments included increased budget support for the School of Humanities and Sciences, funding for undergraduate education initiatives, and debt service and operations and maintenance on new buildings. In addition, as part of the regular budget process we are funding $5.2 million of incremental items. Of this figure, $3.8 million will go to academic and academic support units. The remainder will support administrative units, principally Business Affairs, to pay for research administration previously funded by annual allocations of one-time money.

## CONSOLIDATED BUDGET FOR OPERATIONS

The table on page vi shows the principal revenue and expense line items for 2002/03 and compares those numbers to the projected actuals for the current year. These figures include the incremental costs for the programs and initiatives noted above. Some highlights of both income and expense follow.

### Revenue

Student Income – This figure is the sum of tuition and room and board income, less student aid. The 5.5% growth rate over the projected year-end actuals results from a 5.0% increase in the general tuition rate, increases ranging from 4.5% to 12.5% in room and board rates, and a 6.6% increase in overall student aid expense.

Sponsored Research – The 3.5% growth in sponsored research results from: 1) an anticipated growth in direct research costs of 4.5%, and 2) a small, 0.7% increase in indirect cost recovery, resulting from a budgeted decrease in the indirect cost rate from 57% in 2001/02 to 55% in 2002/03.

## PROJECTED CONSOLIDATED BUDGET FOR OPERATIONS, 2002/03

[IN MILLIONS OF DOLLARS]

| 2000/01 Actuals | 20001/02 Projected Year-End | | 2002/03 Projected Current Funds |
|---|---|---|---|
| | | Revenues and Other Additions | |
| 299.7 | 320.0 | Student Income | 337.6 |
| 727.5 | 806.2 | Sponsored Research Support | 827.7 |
| 163.3 | 170.4 | Health Care Services | 187.9 |
| 125.3 | 130.0 | Expendable Gifts in Support of Operations | 140.0 |
| 419.8 | 462.4 | Investment Income | 489.7 |
| 226.7 | 236.5 | Special Program Fees and Other Income | 254.2 |
| 51.0 | 50.0 | Net Assets Released from Restrictions | 50.0 |
| 2,013.3 | 2,175.5 | Total Revenues | 2,287.1 |
| (131.0) | (105.7) | Transfers | (107.1) |
| 1,882.3 | 2,069.8 | Net Revenues after Transfers | 2180.0 |
| | | Expenses | |
| 979.9 | 1,075.4 | Salaries and Benefits | 1,133.4 |
| 205.5 | 219.8 | SLAC | 219.9 |
| 686.7 | 746.4 | Other Operating Expenses | 780.8 |
| 1,872.1 | 2,041.6 | Total Expenses | 2,134.1 |
| 10.2 | 28.2 | Surplus/(Deficit) | 45.9 |

EXPENDABLE GIFTS – The Office of Development anticipates that revenue from non-capital gifts available for current expenses will reach $140 million in 2002/03, an increase of $10 million over the projected gift revenue in the current year. (This line does not include gifts to endowment or for capital projects.) In addition, net assets released from restrictions, which primarily represent payments made on prior year pledges, are expected to remain constant at $50 million in 2002/03.

INVESTMENT INCOME – This category consists of income paid out to operations from the endowment and from the Expendable Funds Pool (EFP). Income from endowment is expected to grow next year by 2.8%, including payout from new gifts to the endowment. The spending rates approved by the Board of Trustees in February 2002 are consistent with a smoothed payout rate of 5.13% compared to our target rate of 5.1%. The budgeted EFP income assumes a 5.0% total return on the investments of the EFP. This return is 100 basis points above the guaranteed payout approved by Board of Trustee policy. Overall revenue from the EFP is expected to be up by nearly 25% in 2002/03 over 2001/02 due to the fact that we expect to generate only the guaranteed payout of 4.0% in the current year, 2001/02.

## EXPENSE

SALARIES AND BENEFITS – We anticipate total salaries and benefits expense to increase 5.4% over the projected year-end actuals. In the faculty marketplace we compete nationally and internationally and anticipate maintaining a strong salary position with a 3.5% basic program and some targeted funding to address equity and retention issues. In addition, we expect continued modest growth in academic staff of about 1.0%. The staff salary program for 2002/03 includes central funding of 2.7% for merit increases; 0.5% for one-time, non-base performance bonuses and incentives; and targeted funding for specific job groups that lag the market by 10% or more. Units may use additional restricted funding up to 1.0% in base and 2.0% in one-time funding to enhance the salary program. Staff growth is expected to slow compared to past years but is likely to add an additional 1.5% to staff salary costs. Furthermore, we expect increases in medical premium costs to result in an additional 0.5% increase in overall salaries and benefits expense next year.

Other Operating Expenses – These line items are comprised principally of operations and maintenance (O&M) costs, utilities, materials and supplies, travel, library materials, subcontracts, and professional services. We are budgeting a growth of 4.6% for these items.

## CONSOLIDATED BUDGET FORECAST, 2002/03 – 2006/07

Stanford's financial position for the next several years looks strong, although there will be challenges, particularly in the general funds portion of the budget. A more constrained economy means a slowing of revenue from gifts and investments. Consequently, we must be careful and strategic in our planning. Our principal competition, Harvard, Princeton, and Yale, all have larger endowments per student and are emerging from a period in which they reinvested a greater fraction of their investment returns than we did. But we have many advantages, including a supportive environment for interdisciplinary work, an entrepreneurial faculty, the willingness to take prudent risks, and a strong development team.

In building the university's financial forecast for the next several years, we see a continuation of the trend of the past year or two: a Consolidated Budget for Operations showing a small surplus, while the general funds component of the Consolidated Budget remains under pressure. We are confident that we will be able to address the projected shortfalls in general funds, as we have done in the past, while continuing to strengthen the university.

### Consolidated Budget Forecast, 2002/03 – 2006/07

[in millions of dollars]

| | Projected | Budget | Forecast | | | |
|---|---|---|---|---|---|---|
| | 01/02 | 02/03 | 03/04 | 04/05 | 05/06 | 06/07 |
| Total Revenues after Transfers | 2,069.8 | 2,180.0 | 2,274.5 | 2,376.6 | 2,480.6 | 2,589.5 |
| Total Expenses | 2,041.6 | 2,134.1 | 2,239.2 | 2,343.2 | 2,446.8 | 2,549.9 |
| Surplus/(Deficit) | 28.2 | 45.9 | 35.3 | 33.4 | 33.8 | 39.6 |

### General Funds Budget Forecast (Excludes Formula Areas), 2002/03 - 2006/07

[in millions of dollars]

| | Projected | Budget | Forecast | | | |
|---|---|---|---|---|---|---|
| | 01/02 | 02/03 | 03/04 | 04/05 | 05/06 | 06/07 |
| Total Revenues after Transfers | 485.0 | 507.4 | 525.6 | 544.0 | 551.6 | 583.3 |
| Total Expenses | 485.0 | 507.4 | 537.7 | 561.8 | 577.9 | 613.2 |
| Surplus/(Deficit) | 0.0 | 0.0 | (12.1) | (17.8) | (26.3) | (29.9) |

## CAPITAL BUDGET AND PLAN

The Capital Budget for 2002/03 has been developed in the context of a three-year Capital Plan. The three-year plan includes projects that were initiated prior to, but will not be completed by, 2002/03, as well as projects that will be started during the three-year period. Some of the projects in the plan will not be completed by the end of 2004/05. Thus it actually provides a rolling window of approximately five to six years of construction projects at the university.

In developing the Capital Plan for the next three-years we were faced with a far more constrained planning environment than in recent years. The total project dollar amount of the three-year Capital Plan has dropped by $530 million compared to last year's plan, from $1.6 billion to $1.07 billion. This is due to two factors: 1) the limitations on our future use of debt, given our policy of maintaining an AAA/Aaa bond rating in the face of declining investment markets, and 2) fundraising constraints due to the sluggish economic environment.

The projects included in the three-year Capital Plan can be accommodated within the constraints of the General Use Permit, and we are reasonably certain that the debt funding assumptions are realistic. However, many of the projects assume substantial amounts of unidentified gift or reserve funding. These projects will only move forward when the stated funding goal is met with gifts or school reserves in hand.

### CAPITAL BUDGET, 2002/03

The Capital Budget for 2002/03 represents expected capital expenditures and includes both committed and planned projects totaling $266 million. We categorize the projects in two ways: by use and by type of space.

- By Use: 45% for academic/research facilities; 21% for infrastructure; 25% for housing; and the remaining 9% to athletics, student activities, and academic support.
- By Type of Space: 63% for new projects (Clark Center, Lokey Laboratory, Escondido Village Graduate Student Housing, Law Student Housing Quad, School of Medicine Education Center); 16% for renovation projects (Branner Hall); 21% for infrastructure programs.

The 2002/03 Consolidated Budget for Operations includes incremental internal debt service and operations and maintenance expenses for projects completing in 2002/03 and for projects completed in 2001/02 that were operational for less than twelve months. The projected impact of the additional internal debt service and operations and maintenance expenses is $10.2 million and $2.9 million, respectively.

### CAPITAL PLAN, 2002/03 – 2004/05

The three-year Capital Plan includes 34 major projects and numerous infrastructure projects and programs totaling $1.07 billion. Most of these projects are multi-year efforts and are scheduled to be completed by the end of 2007/08. The three-year plan will be funded from $175 million in current funds; $205 million in pledged gifts or pledges; $166 million in auxiliary and service center debt; $151 million in academic debt; and $370 million in other resources yet to be identified.

The three-year plan includes:

- $319.9 million for Committed Projects, those currently in Design & Construction,
- $531.7 million for Forecasted Projects, those anticipated to be presented to the Trustees for approval during the three-year period, and
- $216 million for Infrastructure Projects and Programs.

At plan completion, incremental annual internal debt service is expected to be $24.9 million, of which $12.4 million will be serviced by auxiliary or service center activities and $12.5 million will be paid for by unrestricted funds. Incremental O&M costs are expected to total $16.3 million per year, of which $9.9 million will be paid for by unrestricted funds.

## REQUESTED APPROVAL AND ORGANIZATION OF THIS DOCUMENT

This Budget Plan provides a university-level perspective on Stanford's programmatic and financial plans for 2002/03. We seek approval of the planning directions, the principal assumptions, and the high-level supporting budgets contained herein. As the year unfolds, we will make periodic reports, as necessary, 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 is divided into three sections and two appendices. Section 1 describes the financial elements of the plan, including details on the Consolidated Budget for Operations and the projected Statement of Activities for 2002/03. Section 2 addresses program issues in the academic areas of the university. Section 3 contains details on the Capital Plan for 2002/03 – 2004/05 and the Capital Budget for 2002/03. The Appendices include budgets for the major academic units and supplementary financial information.

## CONCLUSION

Stanford is entering a period of modest retrenchment in both its general funds and capital budgets, after several years of steady growth. I do not view this as a cause for concern, but rather as an opportunity to consolidate our budget and rethink some of the more ambitious construction plans envisioned in recent years. Although this constrained budgeting process is healthy for the institution, it obviously demands a more difficult set of decisions on the part of everyone involved in the process. For this reason, I owe more than the usual thanks this year to the many people who contributed to the budgets presented in this book.

First and foremost, I want to thank those involved in the budgeting process within the schools and administrative units, both deans and directors, and their financial staffs. Although we were trimming budgets and shrinking capital plans, the attitude throughout the process was one of cooperation in solving a common problem. I believe this is, more than anything else, a tribute to the outstanding leadership shown by Stanford's very strong group of deans. The university is truly fortunate to have its current team of deans and administrative directors.

The budget and capital plan would not come together without the extraordinarily dedicated work of two advisory committees: the University Budget Group and the Capital Planning Group. The Budget Group this year consisted of Keith Baker, Mike Hindery, Charles Kruger, Randy Livingston, Channing Robertson, Dana Shelley, Bob Simoni, Buzz Thompson, and Tim Warner. This year, for the first time, I asked the Budget Group to hear presentations from and advise me on the budgets for every school and administrative unit. This required a great deal of time and effort from the committee, but made the group's advice particularly helpful to me in coming up with the final general funds budget.

This year's Capital Planning Group consisted of Chris Christofferson, Megan Davis, Margaret Dyer-Chamberlain, Stephanie Kalfayan, Randy Livingston, Sandy Louie, David Neuman, Tim Portwood, Bob Reidy, Craig Tanaka, Langston Trigg, Jeff Wachtel, and Tim Warner. The capital planning process is governed by the orthogonal constraints of GUP square footage, university debt, and fundraising capacity. To find a solution that maximally promotes the university's academic priorities while satisfying these three constraints is no easy task. The Capital Planning Group considered many successive iterations before successfully distilling the requests received from the schools and units into the plan described in Section 3. I am grateful for the group's hard work on this daunting task.

Finally, a huge amount of work is performed behind the scenes to support the efforts of these two advisory committees. In the Budget Office, Dana Shelley and Chuck Spielman do this work, under the able direction of Tim Warner. In the Capital Planning Office, Megan Davis and Margaret Dyer-Chamberlain lead the process, with guidance from Bob Reidy. I am extremely lucky to have the support of all of these dedicated and capable individuals.

John W. Etchemendy
Provost
June 2002

# Table of Contents

# Section 1
# Financial Overview

In this section we will review the details of the 2002/03 Consolidated Budget for Operations, provide a five year forecast of the Consolidated Budget, discuss the impact of the Capital Budget on the Consolidated Budget, and present a projected Statement of Activities.

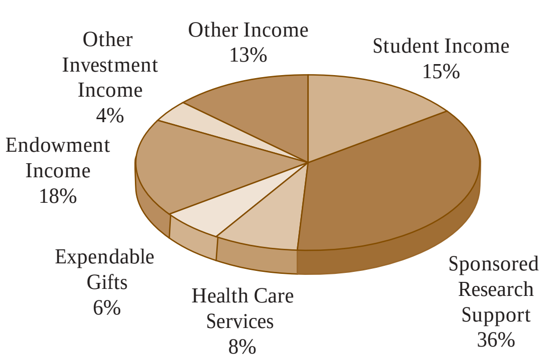
## CONSOLIDATED BUDGET FOR OPERATIONS

The Consolidated Budget for Operations includes all non-capital revenues and expenses. It is based on forecasts from the schools and the administrative areas. These forecasts are then merged with the general funds budget forecast and adjusted by the University Budget Office for consistency. Unlike the Statement of Activities in the Annual Report, the Consolidated Budget for Operations is presented on a cash basis as opposed to an accrual basis, and it only shows those revenues and expenses available for current operations. It does not include plant funds, student loan funds, or endowment principal funds, although endowment income is reflected in this budget. The table on the next page shows the projected consolidated revenues and expenses for 2002/03. For comparison purposes, this table also shows the actual revenues and expenses for 2000/01 and both the budget and the year-end projections for the current fiscal year, 2001/02. In addition, definitions of key terms are provided on page 3.

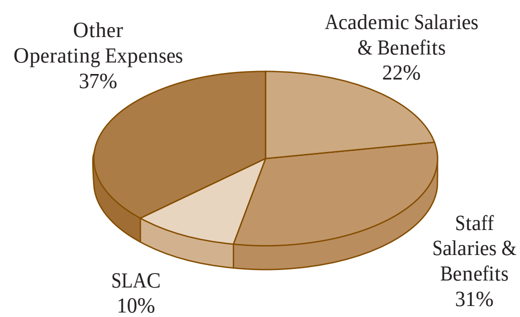
The 2002/03 Consolidated Budget for Operations shows net revenues after transfers of $2,180.0 million and expenses of $2,134.1 million, resulting in a bottom line surplus of $45.9 million, or 2.2% of total expenses.

Net revenues after transfers in 2002/03 are projected to increase 5.3% over the expected 2001/02 levels. This growth is lower than the past several years due to a lower increase in our overall tuition rate, significantly slower growth expected in endowment income, and an expected drop in the negotiated indirect cost recovery rate. Total expenses are expected to grow by 4.5% over the estimated year-end results for 2001/02. The growth in expense is expected to be somewhat slower than in recent years, consistent with a less aggressive salary program, a lower expectation for incremental faculty and staff, and generally a more constrained economic environment.

**2002/03 CONSOLIDATED REVENUES: $2,287.1M[1]**




**2002/03 CONSOLIDATED EXPENSES: $2,134.1M**




[1] Net Revenues after Transfers: $2,180.0M

## Projected Consolidated Budget for Operations, 2002/03
**[in millions of dollars]**

| 2000/01 Actuals | 2001/02 Budget June 2001 | 2001/02 Projected Yr-End Acts | | General Funds | Designated | Restricted | Grants and Contracts | Auxiliaries/ Other | Total Current Funds |
|---|---|---|---|---|---|---|---|---|---|
| | | | Revenues and Other Additions | | | | | | |
| | | | *Student Income:* | | | | | | |
| 161.2 | 171.8 | 175.0 | Undergraduate Programs | 181.8 | | | | | 181.8 |
| 157.2 | 163.5 | 166.8 | Graduate Programs | 174.6 | | | | | 174.6 |
| 73.0 | 75.3 | 80.2 | Room and Board | | | | | 90.0 | 90.0 |
| (91.7) | (104.5) | (102.0) | Student Financial Aid | (21.7) | (1.5) | (77.8) | (7.8) | | (108.8) |
| 299.7 | 306.1 | 320.0 | Total Student Income | 334.7 | (1.5) | (77.8) | (7.8) | 90.0 | 337.6 |
| | | | *Sponsored Research Support:* | | | | | | |
| 400.3 | 422.1 | 452.3 | Direct Costs—University | | | | 472.7 | | 472.7 |
| 205.5 | 208.5 | 219.8 | Direct Costs—SLAC | | | | 219.9 | | 219.9 |
| 121.7 | 127.2 | 134.1 | Indirect Costs | 135.1 | | | | | 135.1 |
| 727.5 | 757.8 | 806.2 | Total Sponsored Research Support | 135.1 | | | 692.6 | | 827.7 |
| 163.3 | 164.3 | 170.4 | Health Care Services | | 26.7 | | | 161.2 | 187.9 |
| 125.3 | 120.0 | 130.0 | Expendable Gifts In Support of Operations | 2.0 | | 138.0 | | | 140.0 |
| | | | *Investment Income:* | | | | | | |
| 354.4 | 407.1 | 392.7 | Endowment Income | 89.5 | | 314.1 | | | 403.6 |
| 65.4 | 127.0 | 69.7 | Other Investment Income | 38.6 | 26.5 | 20.5 | 0.5 | | 86.1 |
| 419.8 | 534.1 | 462.4 | Total Investment Income | 128.1 | 26.5 | 334.6 | 0.5 | | 489.7 |
| 226.7 | 224.4 | 236.5 | Special Program Fees and Other Income | 26.8 | 161.5 | | 0.4 | 65.5 | 254.2 |
| 51.0 | 40.0 | 50.0 | Net Assets Released from Restrictions | | | 50.0 | | | 50.0 |
| 2,013.3 | 2,146.7 | 2,175.5 | Total Revenues | 626.7 | 213.2 | 444.8 | 685.7 | 316.7 | 2,287.1 |
| | | | Transfers | | | | | | |
| (47.0) | (40.0) | (40.0) | Additions to Funds Functioning as Endowment | | | (41.0) | | 1.0 | (40.0) |
| (84.0) | (76.0) | (65.7) | Transfer to Plant/Student Loan | (22.6) | (20.6) | (6.8) | | (17.1) | (67.1) |
| | | | Other Transfers | (29.4) | 20.1 | (14.7) | | 24.0 | |
| 1,882.3 | 2,030.7 | 2,069.8 | Net Revenues after Transfers | 574.7 | 212.7 | 382.3 | 685.7 | 324.6 | 2,180.0 |
| | | | Expenses | | | | | | |
| 409.0 | 474.5 | 444.2 | Academic Salaries and Benefits | 107.5 | 41.2 | 116.1 | 119.8 | 81.3 | 465.9 |
| 570.9 | 586.2 | 631.2 | Staff Salaries and Benefits | 244.7 | 54.7 | 65.1 | 128.3 | 174.7 | 667.5 |
| 205.5 | 208.5 | 219.8 | SLAC | | | | 219.9 | | 219.9 |
| 686.7 | 668.7 | 746.4 | Other Operating Expenses | 222.5 | 138.6 | 134.9 | 217.7 | 67.1 | 780.8 |
| 1,872.1 | 1,937.9 | 2,041.6 | Total Expenses | 574.7 | 234.5 | 316.1 | 685.7 | 323.1 | 2,134.1 |
| 10.2 | 92.8 | 28.2 | Surplus/(Deficit) | | (21.8) | 66.2 | | 1.5 | 45.9 |
| | | | Beginning Expendable Funds | | 395.0 | 721.0 | 30.5 | 19.7 | 1,166.2 |
| | | | Ending Expendable Funds | | 373.2 | 787.2 | 30.5 | 21.2 | 1,212.1 |

In order to understand the different dimensions of the Stanford budget, in the following sections we will review the Consolidated Budget from three perspectives:

- By principal revenue and expense categories,
- By type of funding source (e.g., general funds, restricted funds, etc.), and
- By organizational unit.

## THE CONSOLIDATED BUDGET BY PRINCIPAL REVENUE AND EXPENSE CATEGORIES

### Revenues

*Student Income*

Increases in student charges are guided by a number of considerations. The most important are our programmatic needs, the affordability of a Stanford education, the effectiveness of our financial aid program, our market position, and price inflation in the local and national economies. Overall, net student income is expected to increase by 5.5% in 2002/03.

TUITION – The general tuition rate increase for 2002/03, which was approved by the Trustees in February, is 5.0%, down from the 6.0% increases in each of the past two years. While the budgetary needs to enhance and improve our academic program and the physical and human infrastructures that support them remain high, the downturn in the economy and our market position compelled us to hold the increase to a lower level. Both undergraduate and graduate tuition revenue are expected to grow slightly less than the increase in the tuition rate due to slight declines in enrollment and in the number of students paying full-time tuition.

ROOM AND BOARD – In February, the Trustees approved a combined room and board rate increase of 4.5% for undergraduates in 2002/03. The room rate will increase by 6.5%, and the board rate by 2.5%. For graduate students, the cost of housing will increase between 4.5% and 12.5%. The higher increases will be for studios and for two-bedroom double-occupancy apartments, which are currently 25-50% below market rates. The higher rates budgeted for 2002/03 result from to the loss in revenue due to Branner Hall being off line for renovations, the plan to build the budget to support infrastructure renewal, and the increases in program costs for residential education and residential computing. In addition, the housing rates in 2002/03 continue

KEY TERMS

General Funds: Unrestricted funds that can be used for any university purpose. The largest sources are tuition, unrestricted endowment, 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: Includes expendable and endowed 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 and Dining Enterprises and Intercollegiate Athletics that generate income and charge directly for their services. These entities usually pay the university for central services provided.

Net Assets Released from Restrictions: Under Financial Accounting Standards Board (FASB) reporting standards, 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. In the future, when the restrictions are released, these funds become available for use. At this time, these funds are considered "released from restrictions" and are included as part of the Consolidated Budget in the line Net Assets Released from Restrictions.

Financial Aid: Includes expenses for undergraduate and graduate student aid. Consistent with the university financial statements, these expenses are reported as an offset to student income. Student stipends and tuition allowance are not considered to be financial aid and are classified as expenses 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. In most cases, the formula is tied to tuition and indirect cost recovery generated by the unit. Principal formula units include the Graduate School of Business, the School of Medicine, and the Hoover Institution.

to include the costs of the Capital Improvement Program (CIP), representing the eleventh-year of an eighteen-year effort to renovate student residences. Overall room and board revenue will grow by 12.2% as a result of the higher rate increases for housing as well as from the opening of 260 new beds in Escondido Village in September and December and an additional 50 beds in Mirrielees.

Student Financial Aid – Stanford expects to spend a total of $108.8 million in student financial aid for undergraduate and graduate students, $21.7 million of which will come from general funds. As the table below indicates, designated and restricted funds ($79.3 million) and grants and contracts ($7.8 million) will support the remainder. The total financial aid numbers are 6.6% above the projected total for 2001/02. This increase is somewhat higher than the growth rate in the student budget because we anticipate an increase in the number of undergraduates receiving need-based aid due to a change in the overall financial profile of our student body.

Undergraduate Aid – This Budget Plan reflects Stanford's long-held commitment to need-blind admissions supported by a financial aid program that meets the demonstrated financial need of all admitted undergraduate students. We estimate that in 2002/03, Stanford students will receive $64.4 million in need-based scholarships, of which $52.0 million will be from Stanford resources. The remaining $12.4 million will come from government and outside awards. The following sources support Stanford's $52.0 million commitment:

- General funds will cover $14.1 million, the highest level of general funds support since 1995/96. The proportion of Stanford funded scholarship aid supported by general funds decreased to as low as $4.6 million in 2000/01 due to the success of Stanford's fundraising, the tremendous growth in investment income over this time period, and the extraordinary strength in the economy overall. However, with a changing undergraduate student body and the slowing of the economy, this trend has reversed itself in 2001/02 and 2002/03.
- Restricted income will provide $29.1 million, and
- The Stanford Fund will provide $8.8 million.

Stanford restricted funding, including endowment income and the Stanford Fund, will represent nearly 60% of the total need-based scholarship budget. We anticipate the success of the Campaign for Undergraduate Education (CUE) will provide new restricted funds in the future that will offset the need for additional large increases in general funds. Athletic scholarships, none of which are need-based, will be awarded to undergraduate students in the amount of $12.3 million.

## 2002/03 Financial Aid and Other Graduate Student Support from Stanford Resources

[in millions of dollars]

| Projected 2002 Year-End | | General Funds | Designated and Restricted | Grants & Contracts | Total |
|---|---|---|---|---|---|
| | Student Financial Aid | | | | |
| 48.2 | Undergraduate | 14.1 | 37.9 | | 52.0 |
| 11.4 | Undergraduate Athletic | | 12.3 | | 12.3 |
| 42.4 | Graduate | 7.6 | 29.1 | 7.8 | 44.5 |
| 102.0 | Total | 21.7 | 79.3 | 7.8 | 108.8 |
| | Other Graduate Student Support | | | | |
| 59.9 | Stipends | 6.9 | 33.4 | 24.3 | 64.6 |
| 39.2 | Tuition Allowance | 24.0 | 4.3 | 12.9 | 41.2 |
| 83.7 | RA and TA Salaries | 25.4 | 14.0 | 54.2 | 93.6 |
| 182.8 | Total | 56.3 | 51.7 | 91.4 | 199.4 |
| 284.8 | Total Student Support | 78.0 | 131.0 | 99.2 | 308.2 |

## Financial Aid Awarded to Undergraduates Who Receive Need-Based Scholarship Aid

[in millions of dollars]

| Source of Aid | 1997/98 Actual | 1998/99 Actual | 1999/00 Actual | 2000/01 Actual | 2001/02 Projected | 2002/03 Budget |
|---|---|---|---|---|---|---|
| Restricted | 18.5 | 19.0 | 20.2 | 25.9 | 28.7 | 29.1 |
| Stanford Fund/Presidential Funds | 4.3 | 5.6 | 7.8 | 11.5 | 8.8 | 8.8 |
| General Funds | 12.2 | 12.4 | 7.9 | 4.6 | 10.8 | 14.1 |
| Subtotal Stanford Funded Scholarship Aid | 35.0 | 37.0 | 35.9 | 42.0 | 48.3 | 52.0 |
| Government and Outside Awards | 8.9 | 9.0 | 10.1 | 10.6 | 11.6 | 12.4 |
| Total Undergraduate Need-Based Scholarship Aid | 43.9 | 46.0 | 46.0 | 52.6 | 59.9 | 64.4 |
| General Funds as a Share of Total Aid | 28% | 27% | 17% | 9% | 18% | 22% |
| General Funds and Stanford Fund as a Share of Total Aid | 38% | 39% | 34% | 31% | 33% | 35% |
| Restricted funds as a Share of Total Aid | 42% | 44% | 44% | 49% | 48% | 45% |
| Number of Students | 2,584 | 2,573 | 2,519 | 2,516 | 2,652 | 2,710 |

The table above shows the detail of undergraduate need-based scholarship aid. There had been a steady decline in the number of students on aid between 1997/98 and 2000/01, consistent with a very strong economy during this period. However, with a weaker economy, the number of students on aid increased substantially in 2001/02 and is expected to increase again in 2002/03. The additional students on aid will push up the expected cost of our need-based scholarship program by 7.5%. Much of this increase will be paid for by incremental general funds. Appendix B (Schedules 5 and 6) includes supplemental information on undergraduate financial aid.

Graduate Aid – Stanford provides several kinds of financial support to graduate students totaling $243.9 million in 2002/03. As the table on page 4 indicates, this includes the tuition component of fellowships in the amount of $44.5 million, which is reflected in the student financial aid line of the Consolidated Budget. It also includes funding, not shown in the student financial aid line of the budget, for stipends, tuition allowance, and research and teaching assistant (RA and TA) salaries of $199.4 million. Consistent with the presentation of Stanford's financial statements, tuition allowance (tuition benefits for RAs and TAs), and RA and TA salary expenses are in the Academic Salaries and Benefits line, and the stipend amount is in the Other Operating Expense line of the Consolidated Budget for Operations on page 2.

The minimum rate for RA and TA salaries and stipends again will increase substantially higher than the salary increase for faculty and staff. In 2002/03, this increase will be 8.0% and is intended specifically to mitigate the impact of the increases in graduate housing.

*Sponsored Research Support and Indirect Cost Recovery*

The budget for sponsored research support is expected to be $827.7 million in 2002/03, or 36% of the total revenues projected in the Consolidated Budget for Operations. Included in this figure are the direct costs of externally supported grants and contracts ($472.7 million for university research and $219.9 million for SLAC), as well as reimbursement for the indirect costs ($135.1 million) incurred by the university in support of sponsored activities.

Direct research volume in the Medical School, which makes up more than half of the university's total volume, continues to show strong growth with an expected increase of roughly 14.0% in 2001/02. We expect the Medical School to realize somewhat slower growth of 5.0% in 2002/03. After two years of negative growth, research volume in the non-medical area increased by more than 5.0% in 2000/01 and is on pace to increase by about 8.5% in 2001/02. For 2002/03, we are budgeting a 3.0% growth in non-medical research volume.

Total direct costs for SLAC in 2002/03 are expected to be flat compared to 2001/02. Funding from the Department of Energy (DOE), which still provides almost all of the funding for SLAC, is expected to increase minimally. Funding from other sponsors, who provide less than 5.0% of SLAC's direct costs, is expected to decline slightly in 2002/03 with the completion of the joint NIH/DOE project SPEAR3. This project upgrades SPEAR, the existing synchrotron radiation source for the Stanford Synchrotron Radiation Laboratory (SSRL). After the completion of the SPEAR3 project in 2003, the direct costs from other sponsors are expected to drop from the current level of about $10.3 million to $3-4 million in future years.

While the indirect cost rate for 2002/03 has not yet been negotiated, the budget for indirect cost recovery is based on an assumed indirect cost rate of 55%. This rate would be a decline of two points over the two-year predetermined rate in 2000/01 and 2001/02. Consequently, budgeted indirect cost recovery is expected to increase only 0.7% in spite of strong increases in research volume.

*Health Care Services*

Health Care Services income is budgeted to be $187.9 million in 2002/03. This includes $161.2 million paid to the Medical School for the Professional Services net revenues from the Stanford Hospital and Clinics and the Lucile Salter Packard Children's Hospital, the Stanford Blood Center, and hospital service payments. In addition, there is $26.7 million that comes to the university to cover activities such as communications services, legal services, operations and maintenance, and utilities.

*Investment Income*

Endowment Income – Endowment income in 2002/03 is expected to be $403.6 million, an increase of only 2.8% over 2001/02, the first single digit increase in endowment revenue since 1995/96. This relatively small increase in endowment income is due to the fact that the share price of the Merged Endowment Pool (MEP) is expected to be down at the end of 2001/02 for the second year in a row. However, continued strength in gifts to endowment principal and use of the endowment smoothing rule yield an overall increase in income generated from the endowment.

The estimate of endowment payout from the Merged Endowment Pool is a product of a forecast of the endowment market value at the beginning of the coming budget year and a smoothed payout rate. Stanford uses a smoothing rule to dampen the impact on the budget of large annual fluctuations in the market value, thereby providing stability to budget planning. The smoothing rule sets the coming year's payout rate to be a weighted average of the current year's payout rate and the target rate. The target payout rate is 5.1%, and the smoothed payout rate projected for 2002/03 is 5.13%.

Total endowment income includes payout from funds invested in the Merged Endowment Pools as well as specifically invested endowments, and rental income from the Stanford Research Park and other endowed lands. Total income is also impacted by new gifts to endowment. In 1999/00, Stanford received a record $242 million in gifts to endowment principal, up from $96 million in 1998/99. Unfortunately, we have not been able to sustain the 1999/00 gift level. We raised $158 million in new gifts to endowment in 2000/01, and we expect to raise $125 million in 2001/02. We anticipate that level rising to $151 million in new gifts to endowment in 2002/03.

Of the total endowment income, only $89.5 million, or 22.2%, is unrestricted. This amount includes all of the income generated from Stanford endowed lands. Over the past several years, the Stanford Management Company has put considerable effort into generating income from the Research Park, and this budget reflects the results of that continued effort. Net rental income from Stanford lands has increased from $7.7 million in 1996/97 to $29.8 million in 2000/01 and is projected to be $32.2 million in 2002/03. Half of the income from this activity will support the general unrestricted budget; the other half will be transferred to designated funds where it will be used to support faculty housing programs and graduate student housing subsidies.

Other Investment Income – Other Investment Income consists primarily of earnings on the Expendable Funds Pool (EFP), the investment pool for non-endowment funds. The Expendable Funds Pool is comprised of the university's general operating funds, non-government grants, unspent endowment income funds, expendable gifts and designated funds belonging to various schools and departments, as well as other short-term funds. The EFP is invested approximately 50% in the Merged Endowment Pool, and 50% in fixed income and money market instruments. By Trustee policy, the university guarantees the value of deposits in the EFP and a minimum payout of 4.0% annually. If actual earnings on the pool exceed 4.0%, an additional amount, up to 2.0%, may be used to support the unrestricted budget. If total return on the EFP is less than 4.0%, then the Tier I Buffer reserve, which consists of unrestricted Funds Functioning as Endowment (FFE), will be used to supplement the actual earnings of the EFP so that the 4.0% can be paid out. If total return exceeds 6.0%, then the excess return is invested in the principal of the Tier II Buffer endowment fund, which is controlled by the President. The 2002/03 Consolidated Budget assumes a 5.0% return will be achieved. Total income from this source is expected to be $86.1 million. This amount is a 23.4% increase over 2001/02 because investment returns in the current year are expected to yield the 4.0% minimum payout level.

*Expendable Gifts*

Expendable gift income is expected to total $140 million in 2002/03. This amount does not include gifts to endowment principal, gifts for capital projects, or gifts that are otherwise temporarily restricted. Gift receipts in support of current operations were up 10.7% in 2000/01 at $125.3 million and are projected to be $130 million in the current year. Expectations for a return to a stronger economy result in a budget for expendable gifts of $140 million in 2002/03.

*Special Program Fees and Other Income*

This category includes the revenues of several different types of activities. The first is a variety of special programs such as patent and royalty income, fees from the executive education programs in the Graduate School of Business and the Stanford Center for Professional Development, and revenues from summer camps sponsored by Athletics. Also included in this category is more than $20 million from corporate affiliates, mostly in the schools of Earth Sciences and Engineering.

A major component of this category is the revenue from auxiliary activities, excluding room and board fees and the Professional Services Agreement in the School of Medicine. These include revenues from conference activity, concessions, and other operating income in Residential and Dining Enterprises (R&DE), the activities of the Stanford Alumni Association, athletic event ticket sales and television income, HighWire Press, and several other smaller auxiliaries.

Overall, special program fees and other income are budgeted to increase by 7.5% to $254.2 million in 2002/03.

*Net Assets Released from Restrictions*

This represents the portion of funds previously classified as temporarily restricted that will become available for spending as specific restrictions are satisfied. In 2002/03, we anticipate that schools and departments will be able to use $50 million of gifts received in previous years that had been classified as temporarily restricted. Temporarily restricted funds are university gifts and pledges that contain specific donor-imposed restrictions preventing their spending in the fiscal year in which they are received. Until they are released from restrictions, they are not included in the Consolidated Budget for Operations.

**Transfers**

Several adjustments and transfers are made to reflect accurately the net income available for operations.

- Additions to Funds Functioning as Endowment: This line reflects our assumption that individual budget units will continue the practice of transferring some of their unspent revenues from designated and restricted funds to Funds Functioning as Endowment. We expect a total of $40 million will be transferred to FFE in 2002/03, which is down slightly from the 2000/01 actual of $47 million.

- Transfer to Plant/Student Loan: The vast majority of these funds will move to the plant division to be used for capital projects and repayment of debt. The total transfer to plant projected for next year, $65.6 million, is down compared to a transfer of $82.2 million in 2000/01 but is in keeping with a slowdown in the overall level of the capital program. In particular, we are budgeting $22.6 million in general funds for academic facilities renovation and debt principal repayments. The academic units are budgeting $18 million from designated and restricted funds for a variety of capital projects. Another significant amount will come out of the auxiliaries, primarily Residential and Dining Enterprises as they undertake another year in the Capital Improvement Plan. Additionally, $1.5 million is expected to move to the student loan division, an amount comparable to previous years.

- Other Transfers: These are transfers between fund types within the Consolidated Budget for Operations. They include the transfer of Stanford lands rental income to the housing reserve and to R&DE to support faculty and graduate housing subsidies, the transfer of general funds revenue to support programs in the Alumni Association and Athletics, and other similar transfers. Because these transfers are made between fund types within the current division, the net is zero.

**Expenses**

*Academic Salaries*

The recommendation for faculty salary increases is based on a review of data supporting particular recommendations from each school, internal comparisons, comparisons with peer universities using data that are publicly available, and consideration of available resources. The goal is to set faculty salaries at a level that will maintain Stanford's competitive position both nationally and internationally for the very best faculty.

The salary program increase in 2002/03 for faculty salaries is 3.5%. We believe that this increase, when applied appropriately by Deans, will be sufficient to maintain Stanford's current highly competitive position. Total expenses for academic salaries and benefits are expected to increase 4.9% in 2002/03. This increase reflects the 3.5% increase in the base faculty salary program, additional targeted increases to address equity and retention issues, an 8.0% increase in Research and Teaching Assistant salaries, and a 5.0% increase in tuition allowance, which is reported in this expense category. In addition, we expect continued growth in the number of faculty billets of about 1.0% overall, principally in medical center line faculty.

*Staff Salaries*

Two years of strong staff salary programs have improved Stanford's overall market position so that our staff salaries are now, on average, in line with the local marketplace. Significant improvement in market position was achieved for staff in the most populous job groups — administration, finance, information technology, libraries and research.

While the current economic climate dictates a more modest program this year, we expect to retain a favorable market position. Silicon Valley companies and higher education institutions with which we compete for talented staff have been, in many cases, significantly impacted by this year's adverse economic conditions, forcing them to cut back in various areas including merit programs.

The staff salary program for 2002/03 includes central funding of 2.7% for merit increases and 0.5% for non-base performance bonuses and incentive, as well as targeted funding for specific job groups that lag the market by 10% or more. Central funding for non-base performance bonus and incentive programs is new this year and is intended to highlight the increasing importance of variable pay as a component of Stanford's salary program. In addition units may use up to 1.0% of locally controlled resources to fund additional base increases to address salary equity and retention. The final component of the program authorizes up to 2.0% of locally controlled funds to enhance the non-base performance bonuses and incentives. These program components provide flexibility to recognize differences in individual performance.

Total staff salaries and benefits expenses are projected to increase by 5.8% in 2002/03. The increase results from the various components of the staff salary program described above plus an assumed head count growth of roughly 1.5%.

*Fringe Benefits*

The benefits rate for eligible employees is budgeted to increase from 24.0% to 24.8%. This marked change from the stability experienced in the rate over the past several years is due almost entirely to dramatic increases in health insurance costs, both for active employees and for retirees. Cost pressures in health insurance, which began building last year, contribute to an increase of more than 33% in total insurance costs from 2001/02 to 2002/03. The largest percentage increase (nearly 90%) is in the Retirement Medical program, mostly because of the large increase in Stanford's actuarial expense for future retiree costs. The budgeted health insurance cost for active employees incorporates a 20% rate increase from vendors beginning in January 2003.

The cost of Workers' Compensation insurance is also expected to increase substantially in the coming year, due in part to higher medical costs and in part to higher rates demanded by insurers in the wake of last September 11.

Total retirement program costs are budgeted to increase by about 11% from 2001/02, but the number of points on the rate represented by retirement programs is actually down slightly, by one-tenth of a point. The impact on the rate is negligible because most retirement programs are increasing at approximately the same rate as the growth of the salary base.

Total costs in the benefits pool are budgeted to increase 10% over projected year-end costs and 16% over

2001/02 budgeted costs, net of a credit carry-forward (representing an over-recovery in 2000/01) of more than $4 million.

The benefits rate for post-doctoral research affiliates will also increase in the coming year, from 11.6% to 14.8%. This is due in large part to rising medical costs as discussed previously, but also to the fact that a new package of dental, disability and life insurance for post-docs is being added to the post-docs' benefits pool. The benefits rate for contingent (casual and temporary) employees will remain unchanged at 8.1%.

A new rate for graduate teaching and research assistants is being proposed. This will contribute about half the cost of Cardinal Care health insurance for RAs and TAs with appointments of 25% or more, with a smaller contribution for appointments between 10% and 25%. Other student salaries, such as pay for part-time clerical work during the school year, will not be assessed this benefits rate, nor will the students holding those jobs be eligible for the university contribution toward their Cardinal Care insurance premiums.

### Fringe Benefits Rates

| | 2001/02 Negotiated Budget | 2002/03 Proposed Rates |
|---|---|---|
| Regular Benefits-Eligible Employees | 24.0% | 24.8% |
| Post-Doctoral Research Affiliates | 11.6% | 14.8% |
| Casual/Temporary Employees | 8.1% | 8.1% |
| Graduate RAs and TAs[1] | 0.0% | 3.4% |
| Other Students | 0.0% | 0.0% |
| Average Blended Rate | 23.0% | 23.8% |
| Tuition Grant Program Recovery Rate | 1.45% | 1.45% |

[1]2002/03 proposed rate of 3.4% is estimated.

The Tuition Grant Program (TGP) rate of 1.45% is charged separately against regular benefits-eligible salaries only and will be unchanged in 2002/03. In order to comply with federal government rules, all federal government sponsored accounts are exempted from the TGP. Academic service centers also are exempted.

*Other Operating Expenses*

This non-salary category, which totals $780.8 million, includes institutional support and other operating expenses, and comprises more than one-third of the expenses of the Consolidated Budget for Operations. The principal components include: materials and supplies ($186.4 million), maintenance and utilities for campus buildings ($102 million), equipment purchases ($92.4 million), student stipends ($64.6 million), administrative and professional services ($93.8 million), subcontracts ($60.2 million), travel ($28.9 million), and interest payments ($20.3 million). Some of these categories are among the university's fastest growing expenses, resulting in an expected overall growth in institutional support and other operating expenses of 4.6%. A few of these areas warrant further comment.

Maintenance and Utilities – While Stanford endured substantial increases in utilities costs in 2000/01 and anticipated further jumps in 2001/02, we have seen some significant decreases in utilities costs in the current year, led by a 26% drop in the cost of natural gas. The projection of year-end expense for the utilities systems is expected to be down by $3.6 million over the budgeted level to $55.1 million. In turn, flat natural gas prices and reductions in electricity rates will allow us to hold down the growth in utilities in 2002/03 to $57.8 million, a figure which includes $1.4 million in utilities for new buildings. Maintenance costs are expected to increase at an inflationary level and include $1.5 million for new buildings. The result is that Stanford's total maintenance and utilities costs are budgeted at $102 million, an increase of 4.1% over the 2001/02 projected year-end.

Debt Service – The 2002/03 internal debt service is projected to be $85.3 million, a $10.2 million increase over 2001/02. The university borrows funds from capital markets and uses the proceeds to fund capital projects and programs. These projects and programs are required to repay the funds plus interest over the remaining life of the project. These payments are known as internal debt service. Stanford is responsible for accumulating these funds for repayment to the external lenders. The rate charged to projects is calculated annually as a blended interest rate of all interest expense and bond issuance costs.

The $85.3 million for total debt service is included in the Consolidated Budget for Operations in several categories, depending on the specific uses of debt and consistent with the university annual financial statements format. Principal payments for academic projects are budgeted in the Transfer to Plant line and interest payments are budgeted in the Other Operating Expenses line.

ADMINISTRATIVE SYSTEMS – This Budget Plan includes $15.3 million for administrative systems replacement and infrastructure using marketplace solutions. All of the budgeted amount is for projects already underway in 2001/02, including the second phase of the financial system replacement, a new student system, and a university calendar and web portal project that will allow a common point of entry for faculty, staff, and students to a wide variety of Stanford information. All of these projects will be completed during 2002/03. While the funding for these projects comes from a variety of sources in the Consolidated Budget, including general funds and Presidential funds, the expenses are not reflected in the Consolidated Budget for Operations, but in the infrastructure section of the Capital Budget.

## THE CONSOLIDATED BUDGET BY FUND TYPE

**General Funds Budget**

The general funds budget is an important subset of the Consolidated Budget, because these funds can be used for any university purpose. The main sources of general funds are student income, indirect cost recovery, unrestricted expendable gifts, unrestricted endowment income, and income from the Expendable Funds Pool. Total general funds revenue (including non-formula units and formula schools) is projected to be $626.7 million in 2002/03.

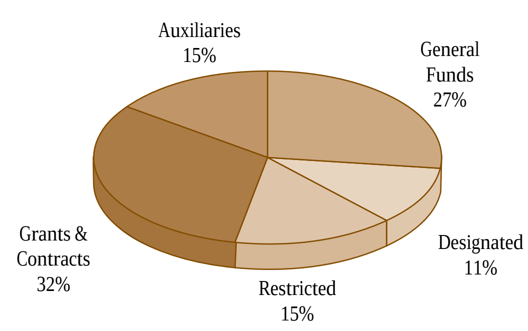
2002/03 GENERAL FUNDS ALLOCATIONS – The process of allocating general funds to non-formula budget units begins with a forecast of available revenue. Then an estimate is made of the 2002/03 continuing base budget for each unit, assuming growth factors for salaries, student aid, library acquisitions, operations and maintenance, and other expenses. This year's process was more arduous than in past years. Early projections of general funds revenue and estimates of university priorities and obligations led to the request that all budget units propose ways in which to reduce their general funds by 5% and 3% in 2002/03 and 2003/04, respectively. Over a span of several months, the Provost's Budget Group evaluated historical and current financial reports, fund balances, and the reduction proposals for all major budget units. After a thorough review process, we have built into next year's budget a set of reductions averaging about 4% across most academic and support units. These reductions will allow us to deliver a balanced budget while providing funds to cover commitments made in prior years and for reallocation to some of our most critical priorities.

In the schools and academic support areas the impact of the reductions will be felt in two ways. First, there will be across-the-board trimming of expenses accompanied by some delays in planned purchases or program enhancements. Second, there will be a greater reliance on restricted funds within departments and schools to support programs. We are not anticipating major reductions in programs.

Administrative units also are planning to trim general expenses. More significant cuts will occur in the maintenance and computer systems budgets. Specifically, planned maintenance budgets will be reduced for roads and in several building maintenance areas, and efficiencies will be found in the operations of central computing systems in ways that will not affect service to university users.

Within the general funds portion of the budget, we are reducing base budget funding allocations to budget units by $16.3 million or approximately 4%. A significant portion of these reductions was necessary to fund $11.5 million of commitments made in prior years to cover critical incremental program initiatives and to provide continuing funding for programs on one-time money. An additional $5.5 million will be allocated for other new and vital needs.

**2002/03 CONSOLIDATED EXPENSES BY FUND TYPE**



## SUMMARY OF 2002/03 GENERAL FUNDS ALLOCATIONS (EXCLUDING FORMULA AREAS)

[IN THOUSANDS OF DOLLARS]

| | Fully Funded | Incremental Base Allocations | | | Total GF |
|---|---|---|---|---|---|
| | Allocation[1] | Previous[2] | Reduction[3] | Addition[4] | Allocation |
| School of Earth Sciences | 2,600.4 | | (131.0) | | 2,469.4 |
| School of Education | 9,390.3 | | (470.0) | 150.0 | 9,070.3 |
| School of Engineering | 37,926.2 | 38.0 | (1,501.0) | 93.0 | 36,556.2 |
| School of Humanities & Sciences | 96,355.1 | 1,000.0 | (2,200.0) | 950.0 | 96,105.1 |
| School of Law | 12,078.6 | | (605.0) | 250.0 | 11,723.6 |
| Dean of Research | 18,901.9 | | (850.0) | 160.0 | 18,211.9 |
| Undergraduate Education | 10,540.6 | 1,000.0 | (529.0) | | 11,011.6 |
| Admissions & Financial Aid | 16,527.9 | | (235.0) | 1,660.0 | 17,952.9 |
| Stanford University Libraries | 36,620.5 | 600.0 | (1,831.0) | 200.0 | 35,589.5 |
| Student Affairs | 17,099.5 | | (494.0) | 350.0 | 16,955.5 |
| Total - Academic | 258,041.0 | 2,638.0 | (8,846.0) | 3,813.0 | 255,646.0 |
| Office of the President & Provost | 13,283.1 | | (665.0) | | 12,618.1 |
| Business Affairs | 46,310.2 | | (1,250.0) | 1,159.0 | 46,219.2 |
| ITSS | 38,782.2 | | (1,500.0) | | 37,282.2 |
| Development and Alumni Association | 18,625.1 | 2,300.0 | (1,312.0) | | 19,613.1 |
| Land & Buildings | 61,808.7 | | (2,500.0) | 150.0 | 59,458.7 |
| Other Administrative Units[5] | 12,442.9 | | (216.0) | 56.0 | 12,282.9 |
| Total - Administrative | 191,252.2 | 2,300.0 | (7,443.0) | 1,365.0 | 187,474.2 |
| Debt Service | 19,438.5 | 3,567.5 | | | 23,006.0 |
| O&M and Utilities on New Buildings | | 2,204.0 | | | 2,204.0 |
| Central Obligations[6] | 38,215.7 | 500.0 | | 350.0 | 39,065.7 |
| Total - Other | 57,654.2 | 6,271.5 | | 350.0 | 64,275.7 |
| Total General Funds Allocations | 506,947.4 | 11,209.5 | (16,289.0) | 5,528.0 | 507,395.9 |

NOTES:

[1]The Fully Funded Allocations support the continuation of ongoing academic and administrative programs and do not include any incremental allocations.

[2]Previous Incremental Base Allocations reflect commitments made prior to or separate from the 2002/03 budget process.

[3]General Fund Allocations Reductions represent a planning directive of a 5% reduction in General Funds support.

[4]General Fund Allocations Additions reflect commitments made during from the 2002/03 budget process, and are funds allocated for implementation of new ongoing academic or administrative programs, commencing in 2002/03.

[5]Other Administrative Units includes general funds allocations for General Counsel, Procurement, SLAC, Athletics, Stanford University Press, and the Stanford Faculty Club.

[6]Central Obligations include Tuition Allowance, Graduate Student health insurance contribution, the systems reserve, and the university reserve.

The total 2002/03 general funds allocations for each non-formula unit are detailed on the previous page, and some of the allocations are highlighted below:

- The School of Education will take a $470,000 reduction in its general funds allocation, which will be achieved by eliminating or updating programs that are outdated, as well as through substitution of restricted funds. $150,000 has been added back to the School of Education to support first year fellowships in the doctoral program and for information technology support.
- The School of Engineering's general funds allocation will be reduced by $1.5 million, most of which will be offset by the use of school restricted funds. A small incremental general funds allocation was made to provide support for faculty salaries.
- The School of Humanities and Sciences allocation will be reduced by $4.2 million in a combination of base ($2.2 million) and one-time ($2 million) reductions. Also, $1 million in incremental base funds have been added to offset the school's structural deficit as well as $950,000 to support growth in the Division of Literatures, Cultures and Languages and computer support services.
- The Vice Provost for Undergraduate Education has been allocated $1.0 million as part of the university's planned build-up of the undergraduate program.
- $1.25 million in additional base funding along with $2.0 million in one-time funding will be added to the undergraduate scholarship budget and will allow us to meet the demonstrated need required by the changing demographics of our undergraduates. Another $410,000 will be added to the base budget of the Office of Admissions and Financial Aid for staffing increases and to cover the increasing costs of postage.
- Stanford University Libraries/Academic Information Resources (SUL/AIR) will manage a general funds reduction of $1.8 million by freezing 25 open positions and reducing non-salary expenses. Incremental general funds of $600,000 will be allocated to SUL/AIR to complete the transition of the Hoover library collection and $200,000 specifically for the library materials budget.
- Information Technology Systems & Service (ITSS) is being asked to take a $1.5 million reduction in general funds, which will necessitate reduced services to the campus. While the full extent of the cuts have not been identified, infrastructure support, local area network support, and the level of monitoring and reporting on the network will all be reduced. $850,000 in one-time general funds have been allocated to help ITSS transition to a new base level of support.
- $2.3 million was allocated to the Office of Development and the Alumni Association as part of a multi-year plan to build-up base budget support, enhance our overall fundraising capacity, and to strengthen regional programs and volunteer relations within the Alumni Association. Even though we are providing continued support of the multi-year plan, these areas will implement the plan at a slower rate in order to accommodate a reduction of $1.3 million.
- Land and Buildings will manage a $2.5 million reduction in its general funds allocation, which will result in staff layoffs as well as the elimination of the paving planned maintenance program. Planned maintenance project funding for buildings will be preserved as the demand for these projects is expected to increase during the slowdown in the Capital Plan
- New and renovated buildings anticipated to come on-line in 2002/03 require incremental base general funds of $2.2 million for utilities and maintenance and $3.6 million for debt service. These amounts reflect only the general funds impact of the Capital Budget. The other project-related expenses in the 2002/03 base budget will be paid from auxiliary, service center, and formula school budgets.

### Designated Funds Budget

Designated funds are technically unrestricted funds, but they have been directed to particular units or for specific purposes by management agreement. The schools, departments and programs, and individual faculty members control the majority of the funds in these budgets.

In 2002/03, net revenues and transfers in the Designated Funds budget are projected to be $212.7 million, most of which is generated through special program fees. These include revenue, across the schools, from patents and royalties, corporate affiliates, and executive education programs. Other sources of designated funds are Expendable Funds Pool payout on designated fund balances and payments from the Stanford Hospital to areas of the university other than the Professional

Services agreement in the Medical School. Designated fund balances are the result of excess designated revenue over expense as well as operating budget surpluses that are saved to designated reserves.

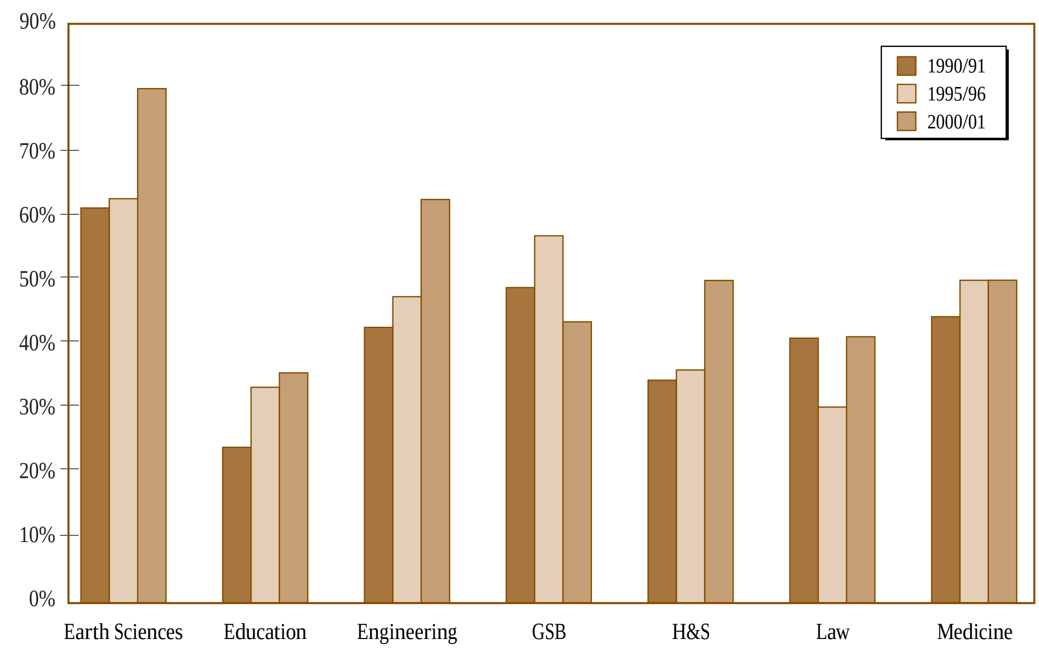
Total expenses charged to designated funds are budgeted to be $234.5 million, yielding a deficit in 2002/03 of $21.8 million. The deficit primarily represents a planned use of the university's nearly $400 million in designated fund balances for capital projects. These funds, $20.6 million, show as a transfer to plant in the table on page 2.

**Restricted Funds Budget**

The restricted funds budget represents income and expense for both restricted expendable funds and restricted endowment funds. Together, net revenue and transfers for these funds are projected to be $382.3 million in 2002/03, net of $77.8 million for financial aid. Of this total, $314.1 million is endowment income, $138 million is from expendable gifts, and $20.5 million is other investment income, primarily expendable funds payout on restricted fund balances. The budget for total restricted expenses is $316.1 million, resulting in a bottom line surplus of $66.2 million in restricted funds.

The schools, which control nearly two-thirds of the university's total expendable (designated and restricted) fund balances, have consistently generated more restricted revenue than can be spent, resulting in significant growth in fund balances year after year. Some of the annual revenue is not used because the terms of the funds are so restrictive as to preclude their use. Efforts are underway to review and possibly ease the restrictiveness of some funds as well as to split some large endowed chair funds to allow them to support more than one faculty member. Sometimes designated or restricted revenue is deliberately reserved to pay for planned capital projects or other large purchases, to cover potential shortfalls in sponsored research funding, to supplement existing research funding, or to provide student support that cannot be met from other funding sources. Schedule 15 in Appendix B shows the academic area fund balances by unit. The chart below shows expendable fund balances as a percentage of each school's net revenues over the past decade.

**Expendable Fund Balances as a Percent of Net Revenues[1]**




[1] This graph represents year-end balances in designated, expendable gift and unspent endowment income funds.

Given the pressure on general funds, it is more important than ever to find a way to utilize restricted fund balances more effectively and possibly to substitute the use of general funds with restricted funds as we are forecasting continuing deficits in the general funds budget as described on page 22.

### Grants and Contracts Budget

The grants and contracts budget of $685.7 million (net of $7.8 million for student aid) represents $472.7 million of direct sponsored activity under the direction of individual faculty principal investigators and $219.9 million in direct costs for SLAC. The university direct cost totals are formulated based upon the projected year-end results for 2001/02. Total university research volume is expected to grow by 4.5% in 2002/03.

### Auxiliary Activities

The principal auxiliary activities are the Stanford Alumni Association, Athletics, HighWire Press, Residential and Dining Enterprises , Medical School Professional Services, and the Stanford University Press. In addition, there are several other small auxiliaries such as the campus radio station, KZSU. Each of these operations is essentially a self-contained financial entity supporting the broader purposes of the university. As such, these organizations charge both internal and external clients/customers for their services and programs. They also pay the university for central services provided. Together the auxiliaries are projecting a surplus of $1.5 million in 2002/03.

**TOTAL AUXILIARY ACTIVITIES, 2002/03**

[IN MILLIONS OF DOLLARS]

| | Revenues and Transfers | Expenses | Surplus/ Deficit |
|---|---|---|---|
| Alumni Association | 35.2 | 35.2 | |
| Athletics[1] | 38.4 | 38.0 | 0.4 |
| Highwire Press | 16.3 | 16.3 | |
| Medical School Professional Services | 161.2 | 158.9 | 2.3 |
| Press | 3.8 | 5.1 | (1.3) |
| Residential & Dining Enterprises | 116.7 | 116.7 | |
| Other | 17.4 | 17.3 | 0.1 |
| Total[2] | 389.0 | 387.5 | 1.5 |

NOTES:

[1]Financial Aid activity is not included.

[2]This table represents gross revenues and expenses. When incorporated into the Consolidated Budget on page 2, departmental transactions of $64.4 million have been netted out.

ALUMNI ASSOCIATION – The Stanford Alumni Association (SAA) will continue to focus its priorities on building Stanford's image around the country, further integrating Stanford alumni into life of the university, and strengthening class identity. SAA anticipates its travel program and other revenue sources will begin to rebound in 2002/03 allowing the organization to maintain and possibly expand its efforts. SAA is projecting a balanced budget with revenues of $35.2 million.

With the hugely successful "Think Again" tour, SAA is well positioned to take advantage of new relationships forged regionally. By the end of the tour in June 2002, SAA will have touched 7,600 alumni and engaged nearly 1,400 (many for the first time) as regional Stanford volunteers. SAA is developing individualized follow up plans for each region, taking into account demographic differences and volunteer energies.

SAA will use a portion of its $400,000 incremental general funds to add a marketing communications manager to help coordinate outreach to alumni. With the explosion of e-mail communication to alumni, ensuring that this (and direct mail) communication is done properly becomes incredibly important. SAA has already begun to work more closely with colleagues in Athletics, Development, Overseas Studies and the schools on this issue. SAA also plans to enhance its use of the Alumni Center and to expand reunion and homecoming activities.

ATHLETICS – Athletics is projecting a balanced consolidated budget in 2002/03, with a small operating budget gain being offset by a slight financial aid loss.

The Athletic operating budget income includes a decrease in football gate receipts due to a less favorable home schedule, which for the first time in many years includes only five home football games. More than compensating for the decrease in gate revenue will be an increase in income from the NCAA and Pacific 10 Conference, primarily as the result of an increased payout from the new CBS NCAA basketball contract. Athletics also expects small increases in Golf Course, Summer Camp, and Restricted Funds income.

Athletic department compensation expenses have risen significantly in the past two years, as the department's policy has been consistent with the university's overall goal of making salary levels competitive with other Silicon Valley organizations. This trend will be slowed in 2002/03, consistent with increases across the university. However, in order to continue to grow compensation, as well as to afford rising operational costs for facilities and to support new program growth, Athletics has reduced budgets by 5% in many operational and administrative areas not directly related to sport programs or the well being of student-athletes.

The total number of full scholarships, for which commitments are made well in advance, increases from 306 in 2001/02 to 315 in 2002/03. Even with the Athletic department's CUE success, the slowed rate of endowment payout, combined with increased scholarships and tuition costs, will cause 2002/03 financial aid expenses to exceed financial aid income. Athletics will draw upon its financial aid reserve to cover this gap.

HighWire Press – HighWire Press, SUL/AIR's Internet service provider of on-line publishing services to scholarly publishers, has made the transition to being an auxiliary enterprise of SUL/AIR with ease. However, pressure from low-cost competitors has mitigated against a stiff, single price increase to the not-for-profit publishers making up the bulk of HighWire's customer base. The result is a 2002/03 budget in balance at $16.3 million, but only barely so. On the expense side, space costs for its off-campus location on Page Mill Road add additional pressure to the budget. In 2002/03, HighWire is adding several important and high profile customers, developing with a secondary not-for-profit publisher an entirely new product, and working on the means to offer a low-cost production system with reduced functionality to potential customers. This last endeavor will allow HighWire to reach customers whose circulation rates are too low to afford the usual HighWire services. HighWire will also launch an additional searching capacity called concept searching.

Residential and Dining Enterprises – Consistent with its long term Capital Improvement Program (CIP), Residential and Dining Enterprises is forecasting a small deficit of $1.1 million in 2002/03. The shortfall will be funded with a transfer from R&DE reserves, as part of the Board-approved long-term strategy to finance the debt associated with the CIP for renovations of housing and dining facilities. R&DE will realize increased revenues from the opening of Escondido Village Studios 5&6 in September and December, additional beds in Mirrielees, and the opening of the SLAC lodging project in April 2003. The increased revenues will be offset by a loss of revenues from Branner Hall's housing and dining operations during its closure for major renovations. In order to maintain Residential and Dining Enterprises' expense to reserve ratio and to continue its efforts to enhance efficiencies, while maintaining quality service, R&DE will reduce direct operating expenses by $1.5 million.

Next year is the eleventh year of the 18 year CIP plan. Major projects this current year include the completion of EV (Escondido Village) Studios 5 & 6, Mirrielees Phase II apartment renovations, McFarland mid-rise CIP renovation, and several EV deferred maintenance projects. Major project initiations for 2002/03 are the Branner Hall housing and dining renovation, fire sprinkler and general CIP renovations in three Row houses and several significant deferred maintenance life safety projects across Housing and Dining.

Medical School Professional Services – This auxiliary includes four components:

- The Professional Services Practice at Stanford Hospital and at Packard Children's Hospital at Stanford, ($103.1 million),
- Service payments and an academic grant from SHC and LPCH ($40 million),
- A transfer from the Dean's Office of $2 million to help fund a portion of the academic grant that the hospitals are not funding in the next year, and
- The Blood Center ($16 million).

Nearly 73% of the expenses are for faculty of staff physician salaries and benefits; another 18% are for staff expense.

An overall surplus of $2.3 million is projected in 2002/03, and reflects the combination of the surplus generated by a number of the clinical departments less the deficits generated by others. Thus, while some departments will see a net transfer to their designated reserves after the end of the year, some departments will need to cover the deficits using their own reserves. For that reason the school is taking steps to establish departmental, as well as school, contingency reserves that will be necessary to cover the losses. Under the new management structure of the Medical Center, the two hospitals and the school are working together to develop new or revitalized clinical programs. This growth and revitalization should strengthen the financial situation as well as the clinical and teaching programs of the clinical departments.

Stanford University Press – In 2002/03 the Press moves into the second full year of its long-term plan to reduce its reliance on the university for financial support. The foundations to achieve this plan were firmly laid in the first half of the current year, with the signing of 18 new titles in the new programs in business, economics, law, and policy, and 26 scholarly titles in the established social sciences and the humanities programs. These numbers should double by year-end. In addition, 132 new books are scheduled for publication this fiscal year, a record for the Press. On the other hand, there has been less to celebrate in the Press's main market channels, where both the recession and the events of September 11 have had a significant negative impact on sales, for scholarly and commercial publishers alike.

The 2002/03 budget assumes that this imbalance between increased productivity within the Press and the sluggish performance in the marketplace will continue until the recession is over. While both signing and publication rates in all disciplines are expected to continue to increase, and staff productivity is expected to continue to rise, sales in the library and retail channels will be difficult. This will be exacerbated by a short selling hiatus early in the fiscal year following a switch to new distribution and representation partners around the world. Taking these factors into account, year-on-year revenue growth of 10% is expected. In addition, increased production efficiencies should improve gross margin by about 5 percentage points, while it should be possible to hold growth in direct costs to 2.0%. Together, these factors should improve the bottom line by about 20% over the current year.

Financial projections show the Press will break even by 2005/06 and will generate moderate surpluses thereafter. Until that time, the university will continue to underwrite the costs of implementing the long-term plan by providing general funds for a general subsidy and to support new strategic initiatives. The 2002/03 budget for the Press includes $1.2 million of general funds support but still shows a deficit of $1.3 million, which will be covered by central funding, reflecting the continuation of the university's commitment and investment in the Press.

## The Consolidated Budget by Organizational Unit

The table on page 18 shows the Consolidated Budget for Operations displayed by organizational unit. Detailed consolidated budgets by unit are found in Appendix A. A brief discussion of selected unit follows.

### School of Earth Sciences

The School of Earth Sciences projects a surplus of $1.5 million on revenues and transfers of approximately $28.9 million. The largest source of that surplus is in restricted endowment funds. The make-up of the school's consolidated budget remains basically the same as in previous years with general funds comprising 9% of total expenses. The remainder of the budget is: industrial affiliate income (designated) at 15%; gifts and other income (expendable) at 9%; endowment income at 38%; and grants and contracts at 29%. The reduction in general funds for 2002/03 will require spending some unrestricted school reserves, in particular in the student fellowship area. Increased spending is anticipated in both the faculty and staff salary areas. This is due to two faculty searches currently underway, as well as some additional staffing added in late 2001/02.

### School of Education

The School of Education projects a small surplus of $384,000 on revenues and transfers of $29.8 million. This results primarily from new endowment and expendable funds related to the John Gardner Center. The remaining endowment surplus results from two new unfilled professorship chairs.

To meet its general funds budget reduction targets the school will:

- Examine its masters programs with the intention of consolidating some of the program director positions,
- Restrict visiting faculty appointments,
- Limit facilities projects,
- Reduce non-salary expenses,
- Fill a new endowed professorship chair with an internal faculty member, and
- Fund the professional development program with restricted funds.

Because some of these items will be phased in over several years, the school expects to use $150,000 in reserves in 2002/03.

**School of Engineering**

The School of Engineering projects a 3.2% surplus in 2002/03 on expected consolidated revenues of slightly more than $188.6 million. Both revenues and expenses, from all sources, remain steady. Stanford Center for Professional Development revenues have stabilized, and we expect continued modest growth in sponsored research.

The school has opted to increase its dependence on restricted funds for on-going budget support rather than reduce the size or strength of its programs. In addition, expendable and designated funds increasingly provide critical support for our research programs. Surplus funds will be reinvested in academic programs and facilities.

**School of Humanities & Sciences**

The School of Humanities and Sciences continues to be challenged by structural funding issues, yet has made significant strides towards greater financial stability using a combination of strategies outlined in last year's Budget Plan and innovative new approaches. In 2002/03, the general funds allocation from the Provost will be reduced by $4.2 million in a combination of base and one-time reductions. The reduction will be offset by $1 million in incremental base to support the school's structural deficit in addition to $950,000 designed to support growth in the Division of Literatures, Cultures and Languages and computer support services.

In developing its response to 2002/03 funding reductions, the school factored in leadership changes, its weak financial position, and the need for renewal of its academic plan. The resulting plan is two-phased. During the past five years, department-controlled fund balances have grown by $30 million, to a total of $60 million. The initial phase uses an estimated $10 million of these accumulated balances to bridge the funding gap in 2002/03. This process allows adequate time to develop academic and strategic plans, which will lead to sound financial decisions for the long-term. Planning will focus primarily on review of current programs and projection of new program needs, but will also include development of an information technology plan, and the linking of academic programming to facilities and financial planning processes. Additional fundraising plans for Hewlett gift matches will also be developed, but will be complementary to planning for the school's base infrastructure needs as the Hewlett gift will not be used to fund current structural deficits.

H&S fund balances are projected to grow by $2 million, in contrast to last year's projected growth of $9 million. However, this $2 million surplus masks a continued problem in the general funds component of the H&S consolidated budget. In that part of the budget, H&S projects an $8.6 million operating deficit for 2002/03. This deficit will be funded largely through the use of department-controlled fund balances. This use, coupled with an approximately $3 million investment in construction of the Chem/Bio building will reduce designated fund balances by $12 million. These reductions will be offset by $14 million growth in restricted endowment fund balances. Growth is concentrated in department-controlled funds and endowed chairs with restrictive authorizations.

In addition to the new strategies outlined above, the school has continued to make significant improvements to financial management through successful implementation of a new budgeting system and improved financial controls. The school is in the second year of a three-year faculty recruitment plan, which targets hiring at a rate equal to anticipated faculty exits in order to minimize one-time costs associated with recruitment. On the revenue side, the school and Development Office are in the second year of reviewing restrictive funds to make them more usable and to align them with current school activities. Use of the Hewlett gift as matching funding has been a very successful fundraising strategy. To date, fifteen new endowed chairs have been raised in addition to other new student and program support endowments.

**School of Law**

The Law School's projected expenses will closely match anticipated revenue. To meet its budget reduction goal of $612,000 the school is reducing visitors and lecturers, consolidating student service staff, reconfiguring faculty support staff, reducing information technology staff, and decreasing event spending. The school will also start drawing down expendable gifts that have been raised during past years to fund start-up programs and clinics.

While administrative expenses will be reduced, the Law School's consolidated budget continues to grow. Through fund raising efforts and university support the school will strengthen five key areas: public law and

## Projected Consolidated Budget for Operations by Unit, 2002/03

[in millions of dollars]

| | Total Revenues and Transfers | Total Expenses | Surplus/ (Deficit) |
|---|---|---|---|
| Academic Units: | | | |
| School of Earth Sciences | 28.9 | 27.4 | 1.5 |
| School of Education | 29.8 | 29.4 | 0.4 |
| School of Engineering | 188.6 | 182.5 | 6.1 |
| School of Humanities & Sciences[1] | 227.4 | 225.3 | 2.1 |
| School of Law | 34.1 | 34.6 | (0.5) |
| Dean of Research | 135.2 | 133.0 | 2.2 |
| Undergraduate Education | 22.1 | 23.4 | (1.3) |
| Continuing Studies/Summer Session | 7.1 | 7.4 | (0.3) |
| Hoover Institution | 32.4 | 32.4 | |
| Graduate School of Business[1,2] | 82.7 | 89.6 | (6.9) |
| School of Medicine[1,2] | 548.0 | 549.3 | (1.3) |
| Total Academic Units | 1,336.3 | 1,334.3 | 2.0 |
| Academic Support Units: | | | |
| Admissions & Financial Aid | 20.6 | 20.6 | |
| Stanford University Libraries | 46.4 | 46.4 | |
| Student Affairs | 24.5 | 24.7 | (0.2) |
| Total Academic Support Units | 91.5 | 91.7 | (0.2) |
| Total Administrative | 409.2 | 409.0 | 0.2 |
| Auxiliary Activities | 324.6 | 323.1 | 1.5 |
| SLAC | 219.9 | 219.9 | |
| Indirect Cost Adjustment[3] | (135.1) | (135.1) | |
| Student Financial Aid Adjustment[4] | (108.8) | (108.8) | |
| Grand Total from Units | 2,137.6 | 2,134.1 | 3.5 |
| Other Anticipated Income[5] | 42.4 | | 42.4 |
| Total Consolidated Budget | 2,180.0 | 2,134.1 | 45.9 |

Notes:

[1]The budget lines for H&S, Graduate School of Business, and the School of Medicine do not include auxiliary revenues and expenses. These items are shown in the Auxiliary Activities line. These auxiliary operations include Medical School Professional Services, the Schwab Center of the GSB, and Overseas Studies, Stanford In Washington, and Bing Nursery School in H&S. These auxiliary activities are shown in more detail in the schools' Consolidated Forecasts in Appendix A.

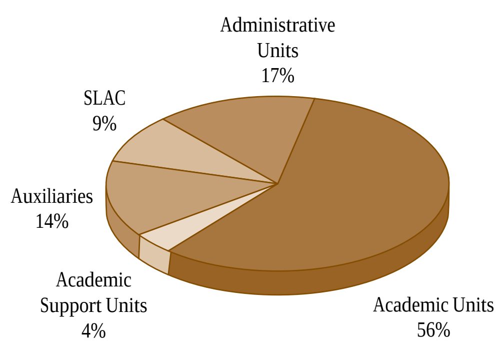
[2]This budget reflects a direct allocation of tuition revenue in those units operating under a formula funding arrangement.

[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 $135.1 million received by the schools is taken out in the Indirect Cost Adjustment line.

[4]In accordance with the university financial statement format, certain types of student financial aid are shown as a reduction against student income in the Consolidated Budget. Because it appears in the revenue and expense of the academic units, $108.8 million is removed in the Student Financial Aid Adjustment line.

[5]The $42.4 million shown in Other Anticipated Income is based on historical experience and reflects the expectation that the university will receive additional unrestricted and/or restricted income that cannot be specifically identified by unit at this time.

### 2002/03 Consolidated Expenses by Unit[1]




[1]Total expenses before adjustments: $2,378.0M

public policy; environmental and natural resource law and policy; international law; in-house clinical education; the empirical study of law. The school will also begin the process of reclassifying its library system in order to participate in on-line databases and integrate with the University Library system.

### Dean of Research

The independent labs and other research units and programs reporting to the Vice Provost and Dean of Research and Graduate Policy project a $2.2 million surplus in 2002/03 on expected consolidated revenues of $135.2 million. This surplus is generated fairly evenly across designated, restricted expendable, and endowment funds. While we anticipate incremental expenses associated with new programs, centers and activities in 2002/03, revenues from affiliate programs and patent income are also expected to increase. In addition, as in 2001/02, we project an increase in Stanford Graduate Fellowship endowment income from matching funds.

### Graduate School of Business

The Graduate School of Business (GSB) projects a planned deficit of about $6.9 million. The deficit will be funded by using school reserves and other accumulated funds that provide the Dean with support for critical innovative and competitive investments.

The 2002/03 proposed budget assumes investments in faculty driven research and course development initiatives, technology infrastructure to support teaching, research and business processes, electronically mediated learning (including joint efforts with Harvard Business School), and new programs for alumni lifelong learning. The 2002/03 capital budget provides for modest renovations to utilize existing space more effectively, planned mechanical system upgrades in the older, core GSB South Building and upgrades in classroom technologies.

Over the next three-years, the expectation is that operating expenses will remain relatively flat while revenues are projected to increase through executive education programs, electronically mediated learning and continued fundraising initiatives.

### School of Medicine

In 2002/03 the school is continuing its program investments resulting in a consolidated budget that shows significant growth in expenses and revenue. The consolidated plan projects revenues and transfers of $709.2 million (including professional services), and total expenses of $708.1 million. The budget assumes an 8.5% increase in revenues and transfers and a 9.1% increase in expenses over 2001/02.

*Revenue Growth*: The increase in revenues, before transfers, over the 2001/02 consolidated plan is 7.2%. It is related to continuing refinement of designated and restricted income forecasting, more complete tracking of clinical income and continuing growth in sponsored projects. Year-end projections for 2001/02 show sponsored activities almost 14% higher than year-end 2000/01, and the school's 2002/03 consolidated plan anticipates an additional increase of almost 5%.

*Expense Growth*: The school expects to recruit approximately 21 tenure line faculty and 26 medical center line faculty during 2002/03. The expenses related to all faculty growth, including support and staff, are included in the consolidated plan. This anticipated increase in faculty and staff, when added to salary increases and changes in benefits rates, accounts for more than 98% of the anticipated increase in expenses in the 2002/03 consolidated plan.

*Transfers to Plant and Endowment*: The 2002/03 consolidated plan reflects one of the impacts of the decision not to pursue the planned renovation of portions of the E.D. Stone Buildings. A number of planned maintenance activities were deferred in order to accommodate the renovation. Since the renovation will not go forward, approximately $4 million per year for the next four to five years will be required to deal with these deferred items. This is in addition to the ongoing planned maintenance of approximately $2 million required each year for the rest of the buildings. Transfers to endowment have been made in recent years by clinical departments with surpluses and basic science departments with accumulated reserves as a mechanism to earn some return on the funds while holding them for future investments in new faculty or programs. These transfers are expected to continue in 2002/03 although in reduced amounts.

### Vice Provost for Undergraduate Education

The Vice Provost for Undergraduate Education (VPUE) began implementing substantial undergraduate education reforms in 1994/95. These reforms have been funded through a variety of one-time funds, with the long-term goal of permanent funding through base general funds increments and new endowment gifts.

While base funding for the VPUE has increased through endowment gifts from the Campaign for Undergraduate Education and through base general funds increments, there is still a structural gap between the ongoing cost of the undergraduate programs and base permanent funding.

The VPUE continues to rely on one-time expendable and general funds to close the gap in its budget. In 2002/03 one-time funds constitute a full 40% of total forecast expenditures. This reliance on term funding creates a precarious financial backdrop that is exacerbated by the unpredictable revenue stream from the Campaign for Undergraduate Education and the 5% base general funds reduction imposed in 2002/03.

In order to achieve the general funds reduction and also nourish limited innovation in areas of highest priority, such as the new writing requirement in the Program in Writing and Rhetoric, the VPUE budget plan reduces expenditures by $741,000. This amount exceeds the 5% target of $529,000, thereby permitting the reallocation of funds internally to support new initiatives. The VPUE budget plan also relies on its modest accumulated reserves, which are projected to decline by 15%, to close the unit's projected deficit of $1.3 million. While this short-term financial context presents significant challenges, long-term forecasts project that by the conclusion of the Campaign, the VPUE will have permanent endowment and general funds support for its consolidated budget.

### Stanford University Libraries/Academic Information Resources

SUL/AIR, like other Stanford units, took an approximate 5% cut in its general funds allocation for 2002/03. The cut will be taken primarily from the personnel budget and the equipment, maintenance and service budget. There will be a reduction in the size of the library materials budget too. Cuts in the personnel budget have been accomplished by leaving about 25 staff positions vacant. Nevertheless, certain senior level positions will be jettisoned. However, SUL/AIR has taken steps to ensure that the range of staff expertise and experience necessary to run the organization and perform in reduced forms its many functions and services. Books and serials will be coming to Stanford in reduced numbers in 2002/03 and beyond and when they get here, they will be processed more slowly. SUL/AIR will also move to a longer replacement cycle for computers and related technologies, both for public and for staff use. There will be less work done in minor capital projects in the libraries, and all discretionary spending will come under increased scrutiny.

### Vice Provost for Student Affairs

Student Affairs is funded largely (approximately 70%) by general funds, with most of the rest of the funding accounted for by revenues and fees related to student health insurance, endowment income and gifts to the Haas Center, and fees for such activities as new student orientation. The residential education program is funded almost entirely by room rent and is accounted for in Residential and Dining Enterprises rather than in the Student Affairs consolidated budget. Student Affairs plans to run a modest deficit of $222,000 on revenues and transfers of $24.5 million.

During 2001/02, Student Affairs will use about $3.7 million of designated reserves, accumulated over the last several years, to fund the portion of the cost of construction of the new Vaden Health Services building not funded by gifts. It will also draw on significant gifts made in 2000/01 to support the Disability Resource Center and the Native American Cultural Center.

The new Vice Provost for Student Affairs, arrived at Stanford in early December. Over the next year, he expects to work with the division's deans and directors to review programs and operations, to establish a comprehensive strategic plan for the division, and to identify future funding needs. In the meantime, the division will make a number of general funds reductions that minimize impact on programs and services to students: selective fee increases, belt-tightening and staffing consolidations, and returning funds previously allocated for costs expected to end this year. Unrestricted reserves will be used again in 2002/03 to support the additional staff for increases in disability and judicial affairs caseloads and for programs for parents of students, with a net use of about $222,000 in reserves. The comprehensive strategic planning process will include a proposal for a longer-term funding strategy.

The consolidated forecast includes additional base general funds support provided in 2002/03 for increased staffing in Counseling and Psychological Services, to serve the increase in student visits evident over the last several years; for additional support for health service costs in excess of standard inflation; and for part of the cost of reorganization of the Registrar's Office. One-time commitments to program funds for the community centers and to graduate student programs have been renewed for another year, and the President's Fund and Stanford Fund continue to support computer clusters in the community centers and a variety of programs supporting student activities. Financial commitments to support classroom technology were also renewed, and the number of classrooms with standard technology support will increase by fifteen when the seminar rooms in Wallenberg Hall open in September 2002.

## CONSOLIDATED BUDGET FORECAST, 2002/03–2006/07

Stanford's financial forecast for the next five years shows modest surpluses in the Consolidated Budget for Operations. The forecast, which is displayed in the table below, was built using a top-down approach based on a set of key assumptions. (These assumptions are used solely for the purposes of necessary forecasting and do not represent decisions regarding specific planning parameters; those specific decisions will be made in the future based on then-current facts and circumstances, and may be higher or lower.) Tuition is forecast to grow by 4.0% annually beginning in 2003/04, a slower rate of growth than we are budgeting for 2002/03 or our actual rates of growth since 1998/99. Sponsored research is expected to grow between 4.0% and 5.0% a year, assuming a projected indirect cost rate of 56% in 2003/04 and 57% in subsequent years. Total return on the endowment is projected to achieve 9.25% in each year of the forecast period. Other income sources are projected to realize inflationary increases.

Key assumptions for expense growth include salary program growth of 3.5%, academic head count of 0.75%, and staff headcount growth of 1.0% annually. Non-salary expense is projected to increase at an inflationary rate over the forecast period.

### CONSOLIDATED BUDGET FORECAST, 2002/03 – 2006/07

[IN MILLIONS OF DOLLARS]

| | Projected | Budget | Forecast | | | |
|---|---|---|---|---|---|---|
| | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
| Revenues and Other Additions | | | | | | |
| Student Income | 320.0 | 337.6 | 352.8 | 369.2 | 384.5 | 398.8 |
| Sponsored Research Support | 806.2 | 827.7 | 863.2 | 900.4 | 936.7 | 974.5 |
| Health Care Services | 170.4 | 187.9 | 194.3 | 203.4 | 213.0 | 223.1 |
| Expendable Gifts in Support of Operations | 130.0 | 140.0 | 144.1 | 148.4 | 152.8 | 157.3 |
| Investment Income | 462.4 | 489.7 | 516.0 | 543.5 | 574.5 | 608.9 |
| Other Income | 236.5 | 254.2 | 263.1 | 272.3 | 281.9 | 291.9 |
| Net Assets Released from Restrictions | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 |
| Total Revenues | 2,175.5 | 2,287.1 | 2,383.5 | 2,487.3 | 2,593.4 | 2,704.5 |
| Transfers | | | | | | |
| Additions to Endowed Equity | (40.0) | (40.0) | (40.0) | (40.0) | (40.0) | (40.0) |
| Transfers to Plant/Student Loan | (65.7) | (67.1) | (69.0) | (70.7) | (72.8) | (75.0) |
| Total Transfers | (105.7) | (107.1) | (109.0) | (110.7) | (112.8) | (115.0) |
| Total Revenues after Transfers | 2,069.8 | 2,180.0 | 2,274.5 | 2,376.6 | 2,480.6 | 2,589.5 |
| Expenses | | | | | | |
| Academic Salaries and Benefits | 444.2 | 465.9 | 489.6 | 511.6 | 535.4 | 560.2 |
| Staff Salaries and Benefits | 631.2 | 667.5 | 704.7 | 739.9 | 776.1 | 813.5 |
| SLAC | 219.8 | 219.9 | 226.5 | 233.3 | 240.3 | 247.5 |
| Other Operating Expenses | 746.4 | 780.8 | 818.5 | 858.4 | 894.9 | 928.7 |
| Total Expenses | 2,041.6 | 2,134.1 | 2,239.2 | 2,343.2 | 2,446.8 | 2,549.9 |
| Surplus / (Deficit) | 28.2 | 45.9 | 35.3 | 33.4 | 33.8 | 39.6 |

## GENERAL FUNDS BUDGET FORECAST, 2002/03 – 2006/07 (EXCLUDES FORMULA AREAS)

[IN MILLIONS OF DOLLARS]

| | Base | Budget | Forecast | | | |
|---|---|---|---|---|---|---|
| | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
| Revenue | | | | | | |
| Tuition | 283.5 | 297.1 | 309.0 | 321.4 | 334.2 | 347.6 |
| Indirect Cost Recovery | 76.5 | 81.4 | 85.6 | 90.1 | 93.2 | 96.5 |
| Unrestricted Endowment | 88.3 | 89.5 | 93.2 | 96.1 | 98.0 | 101.4 |
| Other Investment Income | 40.4 | 38.6 | 40.1 | 41.7 | 43.4 | 45.1 |
| Gifts/Other | 20.8 | 25.4 | 25.7 | 26.1 | 26.6 | 27.1 |
| Total Revenue | 509.5 | 532.0 | 553.6 | 575.3 | 595.4 | 617.6 |
| Total Transfers | (24.5) | (24.6) | (28.0) | (31.3) | (33.5) | (34.3) |
| Total Revenue and Transfers | 485.0 | 507.4 | 525.6 | 544.0 | 561.9 | 583.3 |
| Expenses | | | | | | |
| Ongoing Base | 485.0 | 507.0 | 524.8 | 555.9 | 581.6 | 608.2 |
| Incremental Additions | | 16.7 | 12.9 | 5.9 | 6.6 | 5.0 |
| Reductions | | (16.3) | | | | |
| Total Expenses | 485.0 | 507.4 | 537.7 | 561.8 | 588.2 | 613.2 |
| Surplus/(Deficit) | | | (12.1) | (17.8) | (26.3) | (29.9) |

While the outlook for the Consolidated Budget appears strong, the general funds component of the budget continues to show shortfalls over the next five years, using the assumptions described above. Moreover, the general funds budget includes only minimal funding for new program initiatives. The details of the general funds forecast are shown in the table above. We fully expect to address these shortfalls in the budgeting process in future years. It is likely that further budget reductions will be required in order to close the gap and provide funds to be reallocated to new programs and initiatives.

## IMPACT OF THE CAPITAL BUDGET ON THE CONSOLIDATED BUDGET FOR OPERATIONS

The 2002/03 Capital Budget calls for $266 million in expenditures on capital projects. The impact of these expenditures on the Consolidated Budget for Operations is shown in two places. The first is $10.2 million in incremental internal debt service for those projects that will be coming on-line in 2002/03 or which had less than a full year of debt service incurred in 2001/02. Of this total, $3.3 million will be borne by the unrestricted (general funds and designated funds) portion of the Consolidated Budget. The second is $2.9 million for the incremental operations, maintenance, and utilities costs required to run those facilities, $2.2 million of which will be funded by general funds. The details of the Capital Budget for 2002/03 are included in Section 3 of this document.

## PROJECTED STATEMENT OF ACTIVITIES

In order to provide a clear linkage between the Consolidated Budget for Operations and the financial reports in the University's Annual Report, we include here a projected 2002/03 Statement of Activities, shown on page 23, that highlights the university's operations within the total unrestricted net assets. The Statement of Activities (analogous to a corporate profit/loss statement) is found in the audited annual financial report.

### CONVERTING THE CONSOLIDATED BUDGET INTO THE STATEMENT OF ACTIVITIES

The following key points explain the connections between the Consolidated Budget for Operations and the Statement of Activities for Unrestricted Net Assets.[1]

## COMPARISON OF CONSOLIDATED BUDGET AND CONSOLIDATED STATEMENT OF ACTIVITIES FOR UNRESTRICTED NET ASSETS, 2002/03

[IN MILLIONS OF DOLLARS]

| Statement of Activities | | | | Fiscal Year 2002/03 | | |
|---|---|---|---|---|---|---|
| 2000/01 Actuals | 2001/02 June 2001 Budget | 2001/02 Projected Year-End | | Projected Consolidated Budget | Adjustments | Projected Statement of Activities |
| | | | Revenues and Other Additions | | | |
| | | | *Student Income:* | | | |
| 161.2 | 171.8 | 175.0 | Undergraduate Programs | 181.8 | | 181.8 |
| 157.2 | 163.5 | 166.9 | Graduate Programs | 174.6 | | 174.6 |
| 73.0 | 75.3 | 80.2 | Room and Board | 90.0 | | 90.0 |
| (91.7) | (104.5) | (102.0) | Student Financial Aid | (108.8) | | (108.8) |
| 299.7 | 306.1 | 320.1 | Total Student Income | 337.6 | | 337.6 |
| | | | *Sponsored Research Support:* | | | |
| 400.3 | 422.1 | 452.3 | Direct Costs—University | 472.7 | | 472.7 |
| 205.5 | 208.5 | 219.8 | Direct Costs—SLAC | 219.9 | | 219.9 |
| 121.7 | 127.2 | 134.1 | Indirect Costs | 135.1 | | 135.1 |
| 727.5 | 757.8 | 806.2 | Total Sponsored Research Support | 827.7 | | 827.7 |
| 163.3 | 164.3 | 170.4 | Health Care Services | 187.9 | | 187.9 |
| 125.3 | 120.0 | 130.0 | Expendable Gifts in Support of Operations | 140.0 | | 140.0 |
| | | | *Investment Income:* | | | |
| 354.4 | 407.1 | 392.7 | Endowment Income | 403.6 | | 403.6 |
| 65.4 | 132.0 | 74.7 | Other Investment Income | 86.1 | | 86.1 |
| 419.8 | 539.1 | 467.4 | Total Investment Income | 489.7 | | 489.7 |
| 232.0 | 224.4 | 236.6 | Special Program Fees and Other Income | 254.2 | | 254.2 |
| 51.0 | 40.0 | 50.0 | Net Assets Released from Restrictions | 50.0 | | 50.0 |
| 2,018.6 | 2,151.7 | 2,180.7 | Total Revenues | 2,287.1 | | 2,287.1 |
| | | | Transfers | | | |
| | | | Additions to Funds Functioning as Endowment[a] | (40.0) | 40.0 | |
| | | | Transfer to Plant/Student Loan[b] | (67.1) | 67.1 | |
| 2,018.6 | 2,151.7 | 2,180.7 | Total Revenues and Transfers | 2,180.0 | 107.1 | 2,287.1 |
| | | | Expenses | | | |
| 409.5 | 474.5 | 444.2 | Academic Salaries and Benefits | 465.9 | | 465.9 |
| 571.9 | 586.2 | 631.2 | Staff Salaries and Benefits | 667.5 | | 667.5 |
| 143.8 | 161.9 | 175.0 | Depreciation[c] | | 194.8 | 194.8 |
| 205.5 | 208.5 | 219.8 | SLAC | 219.9 | | 219.9 |
| 628.5 | 592.1 | 663.6 | Other Operating Expenses[d] | 780.8 | (92.4) | 688.4 |
| 1,959.2 | 2,023.2 | 2,133.8 | Total Expenses | 2,134.1 | 102.4 | 2,236.5 |
| 59.4 | 128.5 | 46.9 | Excess of Revenues Over Expenses | 45.9 | 4.7 | 50.6 |

There are two main differences between the Statement of Activities and the Consolidated Budget for Operations. First, the Consolidated Budget for Operations reflects only funds used for current operations while the Statement of Activities is a summary of all unrestricted net assets, including current, plant, student loans, and funds functioning as endowment. Second, the Consolidated Budget for Operations is essentially built on a cash basis, while the Statement of Activities is built on an accrual basis. Therefore, moving from one to the other requires the following adjustments (lettering below, a-d, refers to line items on page 23):

1. Adjustments to move from current funds[2] only to all types of funds:

a) Additions to Funds Functioning as Endowment: The Consolidated Budget for Operations projects that the schools will transfer $40 million to the endowment division, as FFE to be invested in the merged endowment pool. Transfers between current and other funds are not specifically identified in the Statement of Activities. However, these amounts are included as part of the surplus in the Financial Statements.

b) Transfer to Plant/Student Loan: $67.1 million of current funds are expected to be used to fund capital expenditures. For Financial Statement purposes, these are considered capital expenditures and are not reflected as expenses in the Statement of Activities.

2. Adjustments to move from a cash basis to an accrual basis:

c) Depreciation: on all capital assets is projected to be $194.8 million. Because it is a non-cash charge, depreciation expense is not included in the Consolidated Budget for Operations. Therefore, an adjustment is made to reflect $194.8 million of depreciation in the Statement of Activities.

d) Equipment Expenditures: Of the total capital asset additions, approximately $92.4 million of equipment expenditures will be funded from current operating funds. These expenditures are included in other operating expenses in the Consolidated Budget for Operations. For financial statement purposes, these expenditures are capitalized and are not reflected as expenses in the Statement of Activities. An adjustment is made to remove the $92.4 million for equipment expenditures from the other operating expenses line.

In summary, the impact of capitalization and the flow of funds for plant purposes described above result in a change in the bottom line of $4.7 million, from a $45.9 million surplus in the Consolidated Budget projection to a $50.6 million surplus in the Statement of Activities projection.

[1] Certain non-operating components of Unrestricted Net Assets or gains in funds functioning as endowment, are not included in the Statement of Activities on page 23.

[2] Current funds are resources that are expendable for the primary instruction and research mission of the university, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered Current funds, and as such, they are held for other specific purposes.

# Section 2
# Academic Initiatives and Plans

This section focuses on the programmatic elements of the Budget Plan, describing the principal planning issues in the schools, major labs and institutes, and academic support areas.

## Graduate School of Business

Over the next several years, the Stanford Graduate School of Business (GSB) plans to make significant breakthroughs in three major areas—teaching, research, and alumni involvement. For 2002/03, programmatic priorities include new research and curriculum enhancements, resources for alumni lifelong learning, and ongoing investments in technology infrastructure to support teaching, research, and business processes.

The proposed budget assumes the retention of key faculty, given the intense competition for outstanding scholars. Closely related are faculty-driven research and course development initiatives in entrepreneurship, e-business/e-commerce, human resources, and supply chain management. In addition, the school is substantially expanding its recently formed Center for Social Innovation, which will create innovative solutions to the problems of nonprofit organizations through research, teaching, and outreach. The School is also developing a new Center for Leadership. Finally, the GSB will continue efforts with Harvard Business School and other organizations to develop course modules and educational materials for electronically mediated delivery.

The proposed budget also supports innovations in the classroom, taking advantage of the small size of the MBA program. The GSB has developed a series of new, 12-person second-year seminars that examine faculty research. Other initiatives include project-focused and field-based learning and more international study trips.

Over the next several years, the GSB will redefine how a business school engages its alumni and involves them in the learning community. Of the many new initiatives, one of the most ambitious will focus on creating opportunities for alumni to tap into the school's knowledge base throughout their lives. Using technology and the Internet, the e-mediated learning initiative will foster stronger long-term ties with alumni by providing them access to the school's rich resources.

Technology investment will continue in 2002/03, supporting teaching, research, and business processes. Major investments include server support and help desk support; upgrades to the network and desktop; and implementation of an integrated web platform to support teaching, research, student services, alumni outreach, and business processes.

During the past year, the school completed a comprehensive study of its academic facilities with the goals of utilizing existing space more effectively, planning for mechanical system upgrades in the older, core GSB South Building, and improving classroom technologies. Capital improvements during 2001/02 included renovation of the Sloan Program classroom to support an increase in class size, technology upgrades for five classrooms, and upgrades to doctoral student workspace. The 2002/03 capital budget allows for reconfiguring portions of the Jackson Library to provide increased capacity for research initiatives, study group rooms, and career services.

## School of Earth Sciences

The School of Earth Sciences plans a variety of programmatic initiatives and faces several challenges. Two important issues affect the school's programmatic priorities. The first is faculty retirement. About a third of the school's faculty will reach age 65 by 2012. Replacement appointments offer an opportunity to forge new directions as well as renew core strengths. Recruiting new faculty will entail significant costs. The second issue is space. New programs, such as the Interdisciplinary Program in Environment & Resources and the Initiative on the Environment, demand space.

No new buildings are planned for Earth Sciences, so more efficient use of existing space, as well as storage facilities for research rock and mineral collections, will be needed.

The school plans to launch or further develop the following academic initiatives:

INTERDISCIPLINARY PROGRAM IN ENVIRONMENT & RESOURCES (IPER)—This recently approved program will offer an interdisciplinary Ph.D. and will also grant joint master's degrees with the Schools of Law and Business.

INITIATIVE ON THE ENVIRONMENT—This outgrowth of the Provost's Committee on the Environment will leverage and foster cooperation among existing programs on the environment in Earth Sciences, Engineering, Humanities & Sciences, Medicine, Law, and IIS.

EARTH SYSTEMS—This well-established interdisciplinary program has relied on foundation funding during its start-up phase. It now needs a more stable funding base.

COMPUTATIONAL GEOSCIENCES—The school plans to develop its strength in advanced modeling of crustal processes.

EARTHQUAKES AND VOLCANOES—Building on current strengths, the school plans to develop further its program in earthquake and volcano processes to create a world-leading group.

ADVANCED ANALYTICAL INSTRUMENTATION—The school needs to build endowment support to develop and maintain critical pieces of research instrumentation and shared facilities.

PLANETARY GEOLOGY AND ASTROBIOLOGY—Taking advantage of current linkages with SETI, NASA Ames, and the USGS, the school plans to develop a formal teaching and research program in planetary geology and astrobiology.

## SCHOOL OF EDUCATION

Over the next year the School of Education will focus on three programmatic goals: (1) to increase the visibility of its work to improve education and communities for youth; (2) to expand its efforts in learning and technology; and (3) to review its academic programs and determine whether to restructure or eliminate some programs and whether to create others.

In addition to generating new knowledge and training educational researchers and leaders, the School of Education is committed to improving educational practice. Ranked as the number one School of Education in the country, the school is committed to improving the visibility of its research and school reform activities. It hopes to raise $4 million to house the new Institute for school and Community Partnerships in the former Career Development Center building. Many projects involve collaboration with a broad community of educators and community leaders, supporting teachers, students, policy makers, and other professionals. A sampling includes the following:

POLICY ANALYSIS FOR CALIFORNIA—A cooperative effort with UC Berkeley's School of Education to provide analysis and assistance to state policy makers.

STANFORD CENTER ON ADOLESCENCE—A research center promoting interdisciplinary research related to adolescents.

CHARTER HIGH SCHOOL IN EAST PALO ALTO—A professional development school for Stanford's Teacher Education Program.

STANFORD INSTITUTE FOR HIGHER EDUCATION RESEARCH—A research center examining contemporary higher education planning and policy issues from a wide range of analytical perspectives.

CALIFORNIA SCHOOL REDESIGN NETWORK AND PERFORMANCE ASSESSMENT COLLABORATIVE—An initiative to serve practitioners throughout California by helping them design schools and by conducting research on small-school designs and outcomes.

JOHN GARDNER CENTER FOR YOUTH AND THEIR COMMUNITIES
A center inspired by the late John Gardner in which Stanford faculty and students work with community leaders to create communities that promote healthy youth development.

As technology has become an increasingly powerful tool for educators, the school has expanded its efforts in learning and technology. It offers a master's program in Learning, Design and Technology and will launch a new doctoral program, Learning Sciences and Technology Design, in fall 2002. The learning sciences are dedicated to the study and design of psychological, cultural, and technological processes that support learning. Another area of technology focus has been the Teacher Education Program. To keep pace with new opportunities for using technology to enhance education, the school has invested resources to integrate technology into the curriculum and to offer technology training to students. To support its technology initiatives, the school has made a substantial investment in the infrastructure providing services and tools to its varied programs.

Over the next year the school will review its seven master's programs with the goal of restructuring or streamlining some of them. A co-term program in elementary education was just approved by the faculty and will be phased in over several years; in fall 2003 the program will begin accepting Stanford undergraduates in their junior year. Because the school intends to maintain the same overall number of graduate students, it will need to consolidate or possibly eliminate other programs.

Challenges facing the school include the recruitment of top faculty and students to the Bay Area, with its high cost of living; the expansion of research and professional development programs, given the limitations on space and infrastructure; and the growing demands for technology support.

### School of Engineering

A year ago, the School of Engineering was poised to begin several academic initiatives and to build required facilities. While changing economic realities have affected the speed with which the school is developing these programs and facilities, it continues to move toward its programmatic goals.

A school like Engineering, based on rapidly changing technology and new fields of inquiry, cannot stand still and remain a leader. It must continually renew itself to stay at the forefront of engineering and not risk its long-term future for what is, most likely, a short-term economic challenge.

The School of Engineering is strengthening its photonics program and has committed—with the School of Medicine—to create a joint department in bioengineering. Engineering is also embarking on ambitious collaborative efforts to focus on energy and the environment, and to develop shared facilities to reinvigorate Stanford's efforts in materials research.

The school must move quickly to ensure leadership positions in bioengineering, photonics, and energy and the environment. It must renew larger departments as faculty leaders retire and strengthen smaller departments where departures have weakened their competitive position. Research laboratories and equipment must be continually renewed. Each of these objectives is critical and expensive. The school's challenge, during this period of constraints, is to identify expense reductions and revenue enhancements that will not jeopardize its academic programs.

The school has designed its budget reduction strategies to protect its academic programs and to allow continued investments in new initiatives. Engineering intends to meet its budget targets by reconfiguring its one-time equipment program, eliminating several staff positions, modifying budgets to reflect changed policies, and adding revenue from newly endowed sources. The school has also identified underutilized, school-controlled restricted funds that can support the operating budget.

The price of this combination of strategies is reduced flexibility and ability to move quickly on important new opportunities. While the school believes the risk of these budget-cutting strategies is tolerable for the short term, it must rebuild resources over the longer term to maintain and build on the strength of its programs.

### Hoover Institution

The community of Hoover scholars—typically from the disciplines of economics, history, law, and political science—strives to conceive and disseminate ideas defining a free society through institutional book projects, conferences, and forums. Hoover fellows also pursue individual research studies. Some of these focus on politics, economics, and political economy within nations; others focus on foreign policy, addressing international rivalries and global cooperation regarding security, trade and commerce, and the rule of law.

In 2002/03, the Hoover Institution will further develop nine research initiatives that embrace the principles defining its mission—individual, economic, and political freedom; private enterprise; and representative, yet limited, government.

Hoover's nine institutional initiatives are the following:

- Accountability of Government to Society
- American Individualism and Values
- American Public Education
- Capital Formation, Tax Policy, and Economic Growth
- End of Communism

- International Rivalries and Global Cooperation
- National Security
- Property Rights, the Rule of Law, and Economic Performance
- Transition to Democratic Capitalism

Special research emphasis on American public education will continue through Hoover's Koret Task Force on K–12 Education. In the wake of the September 11 terrorist attacks, the National Security initiative has taken on added importance and will be emphasized in the coming year. This initiative represents an ongoing effort of Hoover fellows, other scholars, practitioners, and government officials to examine specific issues relating to international security. The Property Rights, the Rule of Law, and Economic Performance initiative is intended to develop an overview of the importance of property rights to a free society. The goal is to produce a number of books written for a broad audience, conveying in lay terms important concepts heretofore treated in a somewhat academic and esoteric manner. A number of recently appointed fellows specialize in American Individualism and Values. In his mission statement, Herbert Hoover pronounced that the Institution should dedicate itself "to sustain[ing] for America the safeguards of the American way of life." Fellows working on this initiative will embark on an intellectual inquiry into "the American way of life" and its appropriate "safeguards."

With the reorganization of the Hoover Library and Archives and the Stanford University Libraries, Hoover will focus its collecting activities on its original mission: to gather archival and special collections and to serve as a repository for rare and unique materials. While the collecting efforts will encompass all aspects of political, economic, and social change in modern times, three priorities will be emphasized: the history of communism, transition to democracy and economic freedom, and cultural conflict, especially between the West and the Islamic movement.

Effort will also be directed toward improving access to the collections through the Internet; promoting research and publications based on archival material through financial and other support to scholars; and expanding the exhibits and outreach program. Preservation and outreach will be enhanced through digitization of selected collections, including two major acquisitions: the complete files and broadcast tapes of Radio Free Europe/Radio Liberty and the broadcast archives from William F. Buckley Jr.'s *Firing Line,* which include all broadcast tapes, transcripts, and extensive research files.

Individual and institutional research results are disseminated through a variety of media, including institutional books and journals, weekly essays, television, events in Washington, D.C., and the Internet.

Given the current political climate in the nation's capital, as well as Hoover's increasing stature as an idea generator focusing on America's policy concerns, the Institution is increasing its presence in Washington by hosting and sponsoring a series of symposia and conferences. Recent events have focused on U.S. foreign policy and on national security, racial, and ethnic issues. In the coming year, symposia will address K–12 education and economic policy.

Periodicals have become one of the Institution's most valuable outreach tools and important vehicles for framing the debate on major public policy issues. Hoover will continue to publish its established print journals, *Hoover Digest, Education Next,* and *Policy Review®.* It is also launching an online journal, *China Leadership Monitor.* This journal will provide U.S. policymakers with assessments of the top leaders in China, the political and policy choices these leaders face, and the methods they are likely to pursue. Breaking new ground as an outreach vehicle, the online version will precede the print version of the journal, which is released quarterly.

Syndicated nationally by Knight Ridder/Tribune, Hoover's Weekly Essays series is distributed to more than four hundred subscriber newspapers throughout the country. The Weekly Essays—all authored by Hoover fellows—also appear in five national news and public policy journals with total readership of more than one million.

*Uncommon Knowledge™*, the Institution's weekly public affairs television series, will enter its eighth season of production in 2002/03. PBS stations across the country broadcast the full season of 39 original programs.

## SCHOOL OF HUMANITIES & SCIENCES

Under the leadership of the Dean, a host of academic initiatives will be developed and implemented during 2002/03 by a team consisting of the school's cognizant deans.

Motivated and inspired by the Hewlett Foundation's $300 million gift (of which $150 million will be used for matching funds), the school has embarked on a strategic planning process that will continue into the new academic year. Building on the Needs Assessment developed for the Provost during 2000/01, the dean has assembled a faculty advisory group and a small group of friends from outside the school who will work with the dean and cognizant deans to identify main themes and specific goals for development initiatives. A guiding principle will be that Hewlett matching funds will not be used directly to fund the school's structural budget deficit, but rather to flexibly support future-oriented program development and growth. The school seeks to imagine the Stanford of 2010 or 2020 and to design a plan that will bring this Stanford into being.

Construction of the Lokey Laboratory, a new research building to be used jointly by the departments of Chemistry and Biological Sciences, will enhance the natural sciences. The building is slated for completion in the autumn of 2003. One ongoing role of the natural sciences within H&S is to push the frontiers of technology and concept in terms not only of practical problems we can envision now, but also of ideas seemingly far from any present application. The Lokey Laboratory and other new laboratories in H&S will incubate innovations for future generations of researchers in science, medicine, and engineering.

Over the last two years, one of the school's most sustained efforts has been to create a new structure for the Division of Literatures, Cultures and Languages (DLCL). During 2002/03, a plan will be implemented that strengthens the Division by creating several new cross-department committees and providing new ways to support research and to recruit and support faculty working in languages not represented by full departments. The restructuring of departments represents a chance to re-form and reinvigorate a central group of scholarly endeavors within the school. The united DLCL will also be a major voice for Humanities within H&S.

The DLCL will join with faculty from the social sciences and natural sciences in another of the school's major initiatives: consideration of the world's diversity and the wide variety of issues both within and at the intersection of disciplines. Using Hewlett funds, a new umbrella program will be created that provides new levels of support for international, comparative, and area studies; incubates new regional or thematic programs; builds a framework in which comparative work can complement and enrich area work; and provides support for departments as they consider new appointments.

## School of Law

The Law School's programmatic priorities, consistent with its strategic plan, are:

- to increase core faculty size from 40 to 45 to remain competitive with peer law schools in faculty recruitment and retention,
- to continue to improve obsolescent or inadequate physical infrastructure, and
- to strengthen its research and teaching programs in public law and policy, international law, environmental law, clinical law, and the empirical study of law.

Under current constraints, the school needs to postpone increases in faculty size and compensation and certain building projects, such as its proposed new information resources center and the concomitant recapture of office and meeting space from existing library space in Crown Quad. But the school is unable to postpone certain immediate needs, including deficits in legal research and writing, clinical education, minority student recruitment, and library modernization. The ABA and AALS reports issued after the school's septennial reaccreditation site visit last fall underscore the urgency of these needs.

Specifically, the Law School may not attain full reaccreditation unless it revamps research and writing programs to more heavily emphasize statutes, regulations, and fact gathering. It must increase the number of credit hours and move to a more professional staff of instructors. The school also needs to increase recruiting trips to the East Coast and bring out more students for visits, as peer schools do. Harvard and Yale have almost a 70% acceptance rate for African-American students; Stanford's acceptance rate is almost 30%. The school will also begin the process of reclassifying its library system. Until it does so, it will not be able to participate in any online databases or integrate with the university library system.

## School of Medicine

During the past year, the School of Medicine has engaged in a comprehensive strategic planning effort to help chart its direction for the next decade and beyond. The school faces two critical challenges. The first is taking advantage of extraordinary opportunities emerging from bioscience and technology that have the potential to change the face of medicine immeasurably in the immediate future. The second is addressing the equally extraordinary financial challenges faced by academic health centers owing to the negative impact of managed care and significant reductions in public support through Medicare and Medicaid. Accordingly, the school must thoughtfully consider strategic initiatives to optimize its future success.

Central to strategic planning is a clear understanding of mission and its relation to overarching goals and related initiatives. During this past year, the school has defined its mission as the following: *To be a premier research-intensive medical school that improves health through leadership and collaborative discoveries and innovations in patient care, education, and research.* Based on this, the school's overarching goal is to improve patient care through translational research and to enhance education and research through the close integration of basic and clinical science coupled with interdisciplinary collaborations.

The strategic planning process has addressed the significant program and facility changes that will be needed in the education and training of medical and graduate students and postdoctoral trainees to make Stanford a global model among research-intensive schools of medicine. The process has also addressed the direction of basic and clinical research programs, including the development of new interdisciplinary institutes that will facilitate translational research. In tandem, the process is addressing the scope of clinical programs and the size and composition of the faculty necessary to fulfill the school's missions. Under the leadership of a new Senior Associate Dean for Information Resources and Technology, the school will also intensively pursue ways to use information technology to improve education, research, and clinical programs.

This comprehensive agenda will require additional funding, which the school intends to raise through the Campaign for Stanford Medicine. Clearly, new initiatives will impact financial reserves and mandate not only strategic investments but also creation of new funding streams from public and private sources. This will require a robust and clear message, a clear communication strategy, a strong program in advocacy and government relations, and an ambitious capital campaign through the Stanford Medicine Leadership Council.

The school must monitor its progress carefully so that it can optimize success and manage its financial future. To enhance these efforts, the Dean's office is creating new principles and policies regarding departmental and school reserves and the appropriate allocation of expenses between that office and the school's basic and clinical science departments. These new policies are expected to be aligned with overall strategic plans and initiatives.

The next several years will sharpen and refine programmatic directions and capital needs, especially for the construction of a Center for Learning and Information for Medical and Graduate Student Education. At the same time, over the next decade the school will face a number of capital demands driven by aging facilities and new opportunities emerging in bioscience, including exciting new interactions with the Schools of Engineering, Humanities & Sciences, and Earth Sciences. This will clearly be a time for careful planning and judicious investment as well as ambitious fundraising to bring the school's strategic vision to fruition.

## DEAN OF RESEARCH

The Office of the Vice Provost and Dean of Research and Graduate Policy has several important functions: development and oversight of research policy; oversight of the independent laboratories, centers, and institutes; policy development for Stanford's graduate education program; and management of the Offices of Technology Licensing (OTL), Environmental Health and Safety (EH&S), and Research Compliance.

The Stanford Graduate Fellowship program now supports 375 outstanding graduate students in 36 fields in science, engineering, and the social sciences. Of the Stanford Graduate Fellows, 79 also earned nationally competitive fellowships and are honored as joint fellows.

The 10 independent laboratories, centers, and institutes reporting to the Dean of Research encourage and support Stanford's interdisciplinary research and scholarship and currently account for about 15% of Stanford's research volume. The program and budget plans developed by these units demonstrate that they provide strong programs that both complement and supplement Stanford's departmentally based research and scholarship, in addition to attracting excellent students and external scholars. One example is the Bio-X program for Bioengineering, Biomedicine and Biosciences at Stanford, an emerging collaboration of faculty in the Schools of Engineering, Medicine, and H&S.

The program will be housed in the new Clark Center for Biomedical Engineering and Sciences.

The budget also supports several administrative units.

- The mission of the OTL is to transfer Stanford technology for public use and benefit and to generate royalty income to support research and education. The OTL's success in technology transfer has allowed the establishment of 35 Stanford Graduate Fellowships, 10 of them in the current fiscal year.
- EH&S has established a stable program devoted to the continued support and welfare of the Stanford community and its research activities.
- The Research Compliance Office oversees seven administrative panels that assure the University's compliance with federal, state, and local regulation of research and teaching activities by reviewing those activities involving human subjects, laboratory animals, biohazardous agents, recombinant DNA, and radiological hazards.

## Vice Provost for Undergraduate Education

The budget plan for 2002/03 enables the Vice Provost for Undergraduate Education (VPUE) to sustain Stanford's commitment to excellence in undergraduate education while limiting innovation to areas of highest priority. It identifies programmatic reductions that reduce total general funds expenditures for the VPUE by 5% and formalizes the reserve policy that has evolved from careful accounting and financial management practices over the past few years. Two developments have exacerbated the uncertainty in VPUE income projections for 2002/03: the unpredictable pace of receipts from the Campaign for Undergraduate Education and the loss in market value of the most recently created VPUE endowments.

During the 2001/02 academic year, the VPUE successfully implemented its long-term plans to expand the Undergraduate Research Programs (URPs). Thirty-one departments received funding, up from 20 in 2000/01. Sixty-six individual faculty members received grants to involve students in their own research, almost double the number of grants from the year before. URP participation by faculty with appointments in professional schools and research centers has reached an all-time high. In addition, the Summer Research College expanded its housing subsidy program to reach 280 students, more than double the number served last year.

These substantial investments underscore the close alignment of undergraduate education with the research mission of the University. Faculty members support student researchers at all stages of their intellectual development, from assistantships to collaboration to fully independent scholarship. An increasing number of student/faculty research partnerships have grown from mentoring relationships fostered by Stanford Introductory Seminars and Sophomore College.

In response to an overwhelming need for individualized attention to writing, the Stanford Writing Center opened in 2001/02. Professional writing instructors provided over 400 one-on-one tutorial sessions for first-year students during fall and winter quarters. Writing workshops sponsored by the Center reached hundreds of additional students in small-group sessions. The Center also provided a space for students to hold poetry and other readings, one of the highlights being a parent/student authors' panel during Parents' Weekend.

The Writing Center is one of several initiatives of the Program in Writing and Rhetoric (PWR). Foremost among these is the development of a new curriculum for the revised University Writing Requirement mandated by the Faculty Senate, effective in autumn 2003. The new requirement maintains the first-year writing and composition course with an emphasis on research skills. It ends Advanced Placement exemption and replaces it with an innovative course in oral and media communication, primarily for sophomores. To execute this innovative new curriculum, the VPUE has restructured the staffing configuration for PWR and instituted a national search for professional instructors who are leaders in the field of rhetoric and composition. Governed by a new Faculty Advisory Board, PWR is setting new standards for writing instruction and renewing the vitality and visibility of writing and oral communication activities across the campus.

In 2001/02, the VPUE achieved full implementation of an integrated academic technology model that serves both administrative and teaching needs. Academic Technology Specialists (ATSs) serve as a bridge between the academic and the technical, providing streamlined program administration as well as personalized consulting for faculty through the VPUE programs. This academic technology consulting is supported by a technical infrastructure closely coordinated with ATS needs. For example, for the new oral and media communication courses, the ATS helps professors develop technology-assisted pedagogy; works with the program administrator on the design of the classrooms in which the course will be taught; and coordinates with the information technology group on the purchase of computers and equipment.

The VPUE budget plan for 2002/03 gives highest priority to expanding the number of faculty-student URP partnerships and to developing the curriculum for the University Writing and Rhetoric Requirement. Sustaining excellence through attention to administrative infrastructure and program assessment is a third priority.

Strategic expenditure reductions throughout the VPUE will lower its general funds expenditures by approximately 5%; reductions exceeding this amount will fund growth in the three priority areas (research, writing, and sustaining programmatic excellence). The main sources of reduction are Freshman Seminars, Sophomore College and Seminars, Course Development Assistants, and Undergraduate Advising. The Sophomore College reduction implements programmatic improvements suggested by past years' evaluations. The size of the College (29 classes or 348 students in 2001/02) had been identified as impeding the creation of scholarly community among all the students. The 2002/03 budget supports 24 classes (288 students); Sophomore College will also, for the first time, charge a nominal fee ($400; financial aid is available). Other VPUE reductions (e.g., in the number of Course Development Assistants for faculty) will align resources more closely with actual use after several years of operation. Belt tightening across the spectrum of VPUE programs will achieve additional savings.

The mission of the VPUE is to promote undergraduate education by building partnerships with faculty, departments, programs, and schools across the university. The 2002/03 budget enables the VPUE to carry out this complex and vital mission through careful and efficient management of its programs and services.

## Stanford University Libraries And Academic Information Resources

SUL/AIR's principal components are the libraries, Academic Computing, and HighWire Press, which provides Internet publishing services to scholarly publishers. A major emphasis in 2002/03 will be devising projects and programs that increase the synergy between the libraries and Academic Computing, while adopting and adapting features and functions initiated by HighWire Press for a highly controlled environment consisting mainly of e-journals.

SUL/AIR's information resources and services are in considerable demand. In particular, the Information Center—the first stop for many undergraduates preparing papers in the humanities and social sciences—and the reference desks in school and department libraries are receiving ever more requests for assistance. SUL/AIR's bibliographic instruction sessions for about 100 courses per quarter continue unabated, but there are also numerous requests for impromptu instruction as students suddenly realize that they do not really know how to exploit Stanford's vast physical and virtual collections. Despite growth in virtual collections of reference works, e-journals, abstracting and indexing databases, digitized classics of literature, and lately e-books, students continue to draw heavily on traditional collections. SUL/AIR's special collections continue to interest graduate students, and a few seminars draw undergraduates to such collections as the R. Buckminster Fuller Archive, the university's holdings in the history of Silicon Valley, and the wide array of source materials on the history of California.

Academic Computing services, including the seemingly indefatigable Residential Computing staff, have been deluged with users of the many clusters, the conversion labs, and the training programs on common applications. Subject specialists are busy selecting new materials for Stanford, always looking out for unusual items and collections to help make study and research at Stanford distinctively different and better. The superbly efficient technical processing staff, simultaneously working and re-engineering their work, have found ways to reduce dramatically the processing time for most items and to focus their considerable expertise on less common titles needing special handling.

Having contributed to the 2001/02 manifestation of the Stanford portal, SUL/AIR staff will be working to use portal technology to improve clients' access to information and meta-information. Consistent with last year's theme of providing clear and intuitive access to information, in 2002/03 SUL/AIR will attempt to incorporate the alerting features devised and implemented by HighWire Press into SUL/AIR's broader and more diverse information array. SUL/AIR is also attempting to bring readers new graphical user interfaces offering additional modes of navigation in the complex Stanford academic information environment.

With the approval of the administrative and physical realignment of the Hoover Library, much effort is being devoted to integrating collection development programs and technical processing regimes. Already, experienced SUL/AIR staff and newcomers from Hoover are narrowing gaps and making seams invisible. The East Asia Library staff and collections will be moved in the first months of 2002/03; other collections will follow. And newly joined programs are being tuned to better serve Stanford academic programs based on this more powerful combination of staff talents.

CourseWork is a course management software application newly released in 2001/02 by Academic Computing. It is Stanford's contribution to the Open Knowledge Initiative, in which MIT and Stanford are taking the lead for a small consortium of like-minded institutions. Already it has achieved impressive acceptance by about 300 Stanford faculty and over 6,000 students. In 2002/03, existing CourseWork modules will be improved and new modules written. In addition, application interfaces are being written to allow CourseWork to exchange information in predictable and authorized ways with the newly launched Stanford administrative systems. Authorized persons will send course registrants' information, test results, and final grades between CourseWork and the Registrar's records.

SUL/AIR's digital library program will take a major leap forward in 2002/03 as breakthrough technology acquired from a Swiss robotics firm enables a substantial increase in the quantity of texts digitized. SUL/AIR is establishing a production digitization lab to serve the many faculty who request digital versions for their own research and to experiment with the retrospective conversion of large backsets of long-running journals. SUL/AIR's conservation department staff will oversee the setup of this new lab to minimize the chance of damage to fragile and rare books. SUL/AIR will also treat some heavily used material in the University Archive to increase access to the content while reducing wear and tear on the originals.

SUL/AIR is expanding the range of digital books and serials available 24/7 to the Stanford community. Through some strategic alliances, new books and new functions will assist in searching and interpreting all of our digital resources.

Stanford Auxiliary Library III, which was expected to be ready for occupancy in September 2002, was delayed. Construction is now expected to proceed quickly on newly acquired land in Livermore, California. Much of 2002/03 will be spent defining principles of collection deployment for the next five to ten years; the Academic Senate Committee on Libraries will review and approve these principles. SUL/AIR technical processing staff will fine-tune methods of identifying and describing the non-browseable collections to be housed first in the remote storage facility.

Several digital preservation initiatives are also under way. The media preservation group of the conservation department is fully staffed and equipped. It is now modeling methods that will eventually be scaled to appropriate size, given appropriate funding. The Dark Cave offline digital archive will accept its first large masses of digital content from a variety of publishers. The development team for LOCKSS (an effort to provide multiple copies of digital archive material), with support from outside foundations, corporations, and government programs, will adopt a new architecture and rewrite many of its components.

## STANFORD LINEAR ACCELERATOR

Although the overall 2002/03 budget for SLAC, as contained in the Department of Energy (DOE) budget submitted to Congress by the President, is nearly flat, the SLAC synchrotron radiation program fares better than its high energy physics program. An incremental budget request of $11 million for high energy physics has been submitted to the DOE, but the SLAC 2002/03 budget will not be known until late summer, after congressional actions are completed. Nevertheless, SLAC looks forward to an exciting year for its scientific programs.

### High Energy Physics Program

The PEP-II/BaBar B Factory has been a great success. The BaBar collaboration (600 physicists from nine countries) made the first definitive measurement of CP Violation in the B meson system in 2001. Additional physics data will improve the precision of the measurement. In 2002/03, a nine-month run is planned, and an accelerator improvement program is under way to increase the PEP-II luminosity again. The luminosity is expected to triple in 2003. Upgrades to the BaBar detector are also in progress to keep up with the increasing luminosity. Continual investment in computing resources is needed to handle the increasing volume of data.

SLAC continues to lead an extensive international R&D effort aimed at the eventual construction of a high-energy, high-luminosity, electron-positron linear collider for unique experimental investigations at the TeV energy scale. In January 2002, the DOE/NSF High Energy Physics Advisory Panel recommended that the highest priority of the U.S. high-energy physics program be a linear collider, wherever it is built in the world. The Next Linear Collider (NLC) R&D program at SLAC is being carried out in close collaboration with Japan's National Laboratory for High Energy Physics and other DOE National Laboratories (FNAL, LBNL, and LLNL). The NLC R&D program has made significant progress but has been severely constrained by flat funding in recent years.

In the particle astrophysics area, the DOE and National Aeronautics and Space Administration (NASA) are jointly funding the Large Area Telescope (LAT) investigation on the Gamma-Ray Large Area Space Telescope (GLAST) mission. The LAT project is an international collaborative effort of the Stanford team (SLAC, Physics Department, and HEPL) with other U.S. and European institutions. The fabrication of the instrument is under way, targeted to meet the launch schedule of 2006.

The fixed-target program at End Station A (ESA) employs SLAC's capability, unique worldwide, of a high-energy polarized beam. The ESA experiments operate in parallel with the PEP-II B Factory for a couple of months each year. At a modest cost increment, the ESA program significantly increases the output of the high energy physics program. The Moller scattering experiment, which will measure the electroweak mixing angle with high precision, is taking data in 2002. A second data run is planned for 2003 under the requested budget.

**Synchrotron Radiation Program**

DOE and the National Institutes of Health (NIH) jointly fund the SPEAR3 project to upgrade the synchrotron radiation facility, SPEAR. A parallel multi-year program will upgrade the SPEAR beam lines to utilize the increased beam power available with SPEAR3. In 2002/03, SPEAR will operate for six months, after which its components will be upgraded with the new SPEAR3 ring. SPEAR3 operation is planned to begin, after a few months of commissioning, some time in 2003/04.

Plans are under way for the construction of an x-ray free-electron laser called the Linac Coherent Light Source (LCLS), which utilizes the last third of the linear accelerator. SLAC will lead the collaborative effort with two other DOE national laboratories (ANL and LLNL). The conceptual design report for the facility has been completed. The President's 2003 budget includes $6 million in funding to begin design of the facility. The estimated cost of the facility is about $220 million, and the current plan is to begin the three-year construction phase in 2006.

# Section 3
# Capital Plan and Budget

In this section we will review the 2002/03–2004/05 Capital Plan which includes construction and infrastructure projects and programs that are currently underway or forecasted to commence over the next three-years. We also will present the 2002/03 Capital Budget, which represents $266 million of cash outlays and associated funding of the Capital Plan for the twelve month fiscal period.

The Capital Plan is designed as a three-year rolling plan with budget commitments made to the first year and only then to those projects which have fully identified funding. Historical debt spending, the reliance on debt to fund future capital projects, and changes in the economy have influenced our priority setting and limited our ability to commit to projects without a clear and viable funding plan. As a result, our capital plan includes the funding description "Resources to be Identified" for the first time. The costs in this category are expected to be funded through a combination of gift raising and school, department and university reserves.

The two largest funding sources for capital projects have been and are forecasted to be long-term debt and donor gifts.

Over the past decade, debt was used as a major funding source for seismic renovations on the campus following the 1989 Loma Prieta earthquake. Additionally, debt has been used for Residential & Dining Enterprises's Capital Improvement Program, the university's recently completed 5-year deferred maintenance program, and for the partial funding of many donor-related projects. Our previous levels of debt funded projects coupled with the current economy and its impact on the endowment, have limited the university's ability to take on additional debt.

Donations in support of capital projects have also been a significant funding source. Over the past several years, the university was able to complete the Science and Engineering Quad, the Center for Clinical Sciences Research, the Alumni Center, the Avery Aquatics complex and the renovations of Green Library and the Cantor Center for Visual Arts, among other projects, as a result of generous contributions. We anticipate a more difficult capital fund raising environment over the life of this Capital Plan.

The result of more significant constraints on debt and fund raising means building projects on the campus will slow from the rapid pace of the late 1990s. The lack of available funding sources has led to the establishment of the following priorities for capital projects over the next several years: 1) new housing to meet community needs and requirements under the General Use Permit, 2) life safety and code compliance issues including the completion of our seismic renovation program, and 3) facility enhancements to meet our highest priority academic initiatives.

## THE CAPITAL PLAN, 2002/03 – 2004/05

The Stanford campus is an extraordinary resource that shapes and defines university life. The central campus has more than 670 major buildings providing over 12 million gross square feet (gsf) of physical space. The physical plant has an historical cost of $1.97 billion and an estimated replacement cost of approximately $5.2 billion.

The Capital Plan represents the university's on going efforts to restore, maintain and improve campus facilities for teaching, research, housing and related activities. As Stanford's academic programs evolve, needs for new and improved teaching and research facilities emerge. The plan is carefully balanced to meet institutional needs for new and renovated facilities within the constraining factors of limited development entitlements and available funding.

The Capital Plan, which includes 34 major construction projects and numerous infrastructure projects and programs, totals $1.07 billion. A summary table of project commitments and expenditures by fiscal year

## SUMMARY OF THREE-YEAR CAPITAL PLAN, 2002/03-2004/05

[IN MILLIONS OF DOLLARS]

| | | | Project Funding Source | | | | | Annual Continuing Costs | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | University Debt | | | | |
| | Estimated Project Cost | Capital Budget 2002/03 | Current Funds[1] | Gifts In Hand or Pledged | Service Center/ Auxiliary Debt | Academic Debt | Resources To be Identified[2] | Debt Service | Operations Maintenance & Utilities |
| Projects in Design & Construction | 319.9 | 147.7 | 19.9 | 192.4 | 51.0 | 49.3 | 7.4 | 7.2 | 7.4 |
| Forecasted Projects | 531.7 | 56.1 | 29.0 | 12.4 | 50.2 | 77.0 | 363.1 | 9.9 | 8.4 |
| Total Construction Plan | 851.6 | 203.8 | 48.9 | 204.8 | 101.2 | 126.3 | 370.4 | 17.1 | 15.8 |
| Infrastructure Programs | 216.0 | 62.2 | 126.0 | | 65.2 | 24.9 | | 7.8 | 0.5 |
| Total Three-Year Capital Plan 2002/03-2004/05 before Internal Charges | 1,067.6 | 266.0 | 174.9 | 204.8 | 166.3 | 151.2 | 370.4 | 24.9 | 16.3 |
| Less: Stanford Infrastructure Surcharge[3] | (35.4) | (8.8) | (35.4) | | | | | | |
| GUP Entitlement Fee[3] | (29.6) | (2.4) | (29.6) | | | | | | |
| Total Three-Year Capital Plan 2002/03-2004/05 after Internal Charges | 1,002.6 | 254.8 | 109.9 | 204.8 | 166.3 | 151.2 | 370.4 | 24.9 | 16.3 |

[1] Includes funds from university and school reserves, GUP Mitigation assessments and the Stanford Infrastructure Program.

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

[3] Stanford Infrastructure and GUP Entitlement Fee surcharges are included in the Estimated Project Cost of the Construction Plan. These surcharges are the funding mechanism for GUP Mitigation Costs and the Stanford Infrastructure Program (see Infrastructure Projects and Programs table). As a result, the consolidated Construction and Infrastructure Plans include these surcharges twice; as a cost to the construction project and as a cost to the infrastructure programs. As a result, the surcharges included in the construction costs are eliminated on the Summary of Three-Year Capital Plan table to avoid overstatement.

is displayed above. In addition, a detailed list of these projects is provided at the end of this section. The projects in the plan are divided into three parts.

- DESIGN & CONSTRUCTION – The 11 projects in Design and Construction represent $319.9 million of the plan. Some of these projects, such as the Clark Center and Lokey Laboratory, are well into the construction phase. Other projects, such as Branner Hall and Offsite Library Collections (SAL III) are in the design phase. All of these projects will continue to be active in 2002/03.

- FORECASTED CONSTRUCTION PROJECTS – Forecasted projects include a projection of projects by year, listed by anticipated Board of Trustee concept approval dates. Only those projects with an anticipated concept approval in 2002/03 and fully identified funding are considered budget commitments in this rolling three-year plan. These include seven projects totaling $71 million with identified funding from school/department reserves or approved debt. Another seven projects with estimated costs of $139.3 million may receive budget commitments in this year once funding is identified. The second and third year of the rolling three-year plan include nine significant capital projects that are planned for Board of Trustee review in 2003/04 and 2004/05. These projects total $321.4 million of estimated costs, the funding for 82% of which has not been identified. Construction of many of these projects will be completed in subsequent years.

- INFRASTRUCTURE PROJECTS & PROGRAMS – These projects include two new parking structures, as well as a number of utility systems, information technology and communication systems, ADA upgrades, site improvements and transportation programs, GUP mitigation and other infrastructure projects. These projects comprise the remaining $216 million of the Capital Plan.

The total projects in the 2002/03 to 2004/05 plan have decreased $530 million from last year's plan covering fiscal years 2001/02 to 2003/04. This change is due primarily to the general economic climate, including debt and fundraising constraints faced by the university. These fiscal realities have resulted in a deferral of schedules for many of our forecasted projects. In some cases, projects have been cancelled or placed on hold.

In the following section we address the Capital Plan from several different perspectives: its funding sources; the use of funds by program category (e.g., academic/research, housing); the use of funds by type of project (e.g., new construction, renovation); other Stanford projects; and the Capital Plan's constraints.

## CAPITAL PLAN FUNDING SOURCES

Stanford's Capital Plan relies on a number of funding sources: current funds, gifts, service center/auxiliary debt and academic debt. As discussed above, this is the first year in which we have included a funding designation of "resources to be identified". Though it is expected that the costs in this category will be funded through a combination of gift raising and school, department and university reserves, the specific source has not been identified.

### Current Funds

The three-year plan anticipates that $174.9 million will be funded by current funds, which include school and department reserves and assessments from the GUP Entitlement Fee program and the Stanford Infrastructure Program (SIP).

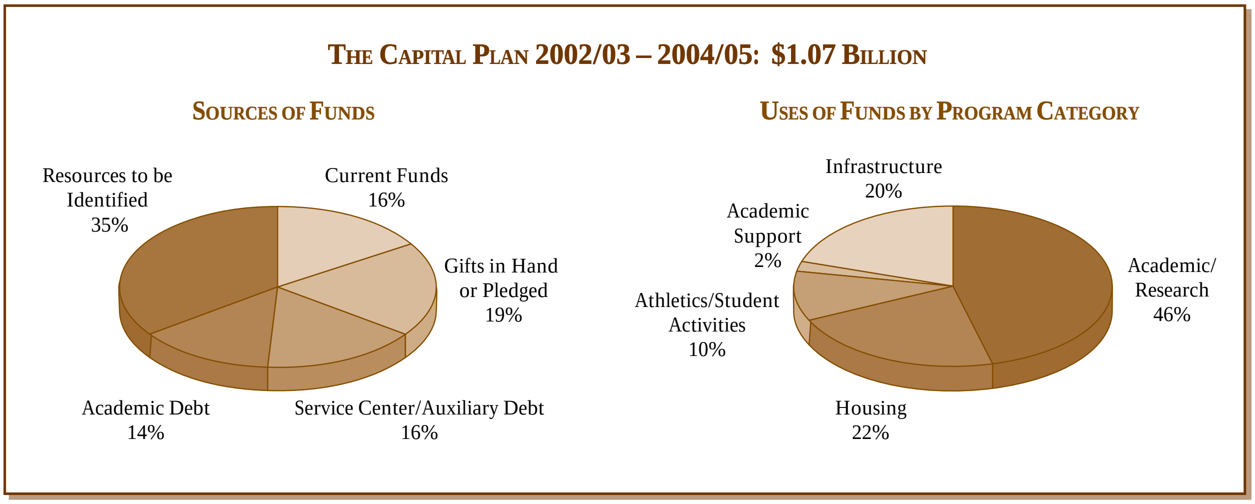
The GUP Entitlement Fee is an assessment levied upon capital projects that increase the school's/department's current core campus space allocation. These fees provide funding for requirements and recommendations made under the 2000 General Use Permit and the Community Plan. The SIP assessments are levied on all capital projects and fund parking, transportation, and campus planning programs.

## SUMMARY OF PROJECT COMMITMENTS & EXPENDITURES

[IN MILLIONS OF DOLLARS]

| | | | Project Expenditures Three-Year Anticipated Cash Outlay | | | |
|---|---|---|---|---|---|---|
| Concept Approval | Estimated Project Cost | Through 2001/02 | 2002/03 | 2003/04 | 2004/05 | Thereafter |
| Construction Projects | | | | | | |
| 2001/02 & Earlier | 319.9 | 163.5 | 147.7 | 0.7 | 3.0 | 5.0 |
| 2002/03 | 210.3 | | 56.1 | 84.0 | 41.5 | 28.6 |
| 2003/04 | 293.3 | | | 35.9 | 51.8 | 205.6 |
| 2004/05 | 28.1 | | | | 23.0 | 5.1 |
| Total | 851.6 | 163.5 | 203.8 | 120.7 | 119.3 | 244.3 |
| Infrastructure | | | | | | |
| 2001/02 & Earlier | 104.7 | 55.3 | 25.9 | 12.8 | 10.7 | |
| 2002/03 | 55.0 | | 36.3 | 12.0 | 6.7 | |
| 2003/04 | 28.5 | | | 28.5 | | |
| 2004/05 | 27.8 | | | | 27.8 | |
| Total | 216.0 | 55.3 | 62.2 | 53.3 | 45.2 | |
| Total Capital Plan | | | | | | |
| 2001/02 & Earlier | 424.6 | 218.8 | 173.6 | 13.5 | 13.7 | 5.0 |
| 2002/03 | 265.3 | | 92.4 | 96.1 | 48.2 | 28.6 |
| 2003/04 | 321.8 | | | 64.4 | 51.8 | 205.6 |
| 2004/05 | 55.9 | | | | 50.8 | 5.1 |
| Total Capital Plan[1] | 1,067.6 | 218.8 | 266.0 | 174.0 | 164.5 | 244.3 |

[1]Stanford Infrastructure and GUP Entitlement Fee surcharges are included in the Estimated Project Cost of the Construction Plan. These surcharges are the funding mechanism for GUP Mitigation Costs and the Stanford Infrastructure Program (see Infrastructure Projects and Programs table). As a result, the consolidated Construction and Infrastructure Plans include these surcharges twice; as a cost to the construction project and as a cost to the infrastructure programs. As a result, the surcharges included in the construction costs are eliminated on the Summary of the Three Year Capital Plan table to avoid overstatement.




### Gifts

Though it is anticipated that a significant percentage of the funds designated as "resources to be identified" will come from gifts, the three-year capital plan defines gifts as only those currently in hand or pledged. The three-year Capital Plan includes gifts of $204.8 million representing 19% of the $1.07 billion Capital Plan. Seventy-one percent of these gifts represent funding for the Clark Center.

### Debt

Debt remains a significant financing source for the Capital Plan. Approximately 30% of projected expenditures will be funded by $317.5 million of debt. Of this amount, $166.3 million will be serviced by the budgets of auxiliaries and service centers, principally Residential and Dining Enterprises and the Capital Utilities Program. Another $143.8 million will be supported by the unrestricted funds budget. The remaining $7.4 million will be supported by school reserves.

## USES OF FUNDS BY PROGRAM CATEGORY

The Capital Plan presents projects that fall into one of the following categories: academic/research, academic support, athletics/student activities, housing, and infrastructure.

### Academic/Research

Academic/research projects directly support Stanford's teaching and research mission, and include buildings that have offices, classrooms and laboratories used by faculty, students and staff. In total, academic/research projects in the plan total $492.2 million, or 46%.

The following projects have previously been approved by the Board of Trustees and are currently in design and construction within the three-year plan:

- The Clark Center is a 182,400 gsf innovative flexible laboratory facility, inspired by an academic initiative to create a center that will foster the integration of leading-edge research in basic, applied and clinical sciences. This center will accommodate approximately 45 faculty, their support staff, students, post-doctorate students and visiting scholars.
- The new 87,000 gsf Lokey Laboratory (previously known as the Chemistry and Biology Building) will provide laboratories for the chemical intensive research of Synthetic Chemistry, as well as additional laboratories for the Biology department.
- The Chen Particle Astrophysics Institute is a 25,000 gsf research facility designed to support state-of-the-art research at SLAC.
- The Skilling classroom renovation (5,354 gsf) will upgrade critical teaching facilities within the Skilling building at the School of Engineering.

Additional academic/research projects planned for Trustee concept approval in the next three years include 12 new and renovated buildings. Projects in Medicine include a new School of Medicine Education/Information Center (220,000 gsf), two Medical School research facility expansions (of up to approximately 10,000 gsf each), and seismic upgrades of the ED Stone Buildings (414,000 gsf). In the sciences and engineering, renovation projects include Mudd Teaching and Laboratory (85,000 gsf), Hopkins Agassiz Marine station (10,000 gsf), Herrin Hall (15,000 gsf), a laboratory build-out of the HEPL Endstation 3 (gsf to be determined), and a renovation of Building 630 for laboratory use (15,578 gsf).

Other projects include renovations of Building 500/510 for an Archeology/Art Center (18,000 gsf), an office space renovation in the Lou Henry Hoover Building for the Hoover Institute (20,000 gsf), and a renovation and upgrade of the CPPC building for the School of Education (8,328 gsf).

### Academic Support

The academic support category consists of facilities that help support the academic mission of the university. This category generally includes administrative space, as well as facilities such as libraries and museums. Academic support projects total $21.8 million, or 2% of the plan. The following project has previously been approved by the Board of Trustees and is currently in design and construction:

- The Off-Site Library Collections project (SAL III) will develop 30,500 gsf of specialized warehouse space book storage for the Stanford University Libraries. This facility will augment the current on-campus browsable storage and accommodate Stanford's collection storage needs.

An additional project planned over the next several years is the renovation of the Bakewell Building (17,000 gsf) for administrative or academic support services.

### Athletics/Student Activities

The athletics/student activities category covers those facilities that support campus sports and recreation functions, and other non-academic resources/services for students. Projects supporting athletics/student activities represent $107.1 million, or 10% of total Capital Plan expenditures. The following project has been approved by the Board of Trustees and is in construction:

- The Redwood City Boathouse Facility, a 16,000 gsf facility that will replace the previously leased facility for the crew and sailing teams.

Additional projects planned in the near future for Athletics include the construction of the Arrillaga Family Recreation Center which is a new 70,000 gsf intramural recreational sports facility, the renovation of Maples Pavilion (projected to be 35,000 gsf), and the renovation of the golf clubhouse and related facilities.

In the student activities area, the renovation of the Old Union, Clubhouse, and Nitery (90,486 gsf) is planned, which will create additional student activity and support space.

### Housing

Housing projects represent $230.5 million, or 22% of total Capital Plan expenditures. These projects reflect the efforts of the university to provide more affordable housing for graduate students and to upgrade existing facilities for both graduate and undergraduate students. The Buck Estate and SLAC User Lodging projects are included in this category as well. The Capital Improvement Program (CIP) is intended to address deferred maintenance, seismic upgrades, code compliance and major programmatic improvements in all areas of the student housing system. Several CIP projects are listed in the plan, particularly related to improvements and upgrades to the Row Houses.

The following projects have previously been approved by the Trustees and are currently in design or construction:

- The Escondido Village Graduate Studios 5 & 6 project will provide 326 new studio units. This 158,000 gsf project includes four new buildings. The two common buildings and Studio 5 will be complete in September 2002 and Studio 6 will be complete in December of 2002.
- The 34,900 gsf User Lodging Facility at SLAC will consist of 110 rooms to accommodate visiting scholars for both SLAC and the university.
- In the process of updating and renovating Branner Hall (48,000 gsf), we will address code compliance and deferred maintenance issues. The dining facility in the hall (8,583 gsf) also will be renovated as a part of this project.
- The Buck Estate project (15,000 gsf) includes exterior repairs, code and accessibility upgrades to buildings on the estate, as well as restoration of the grounds. The Buck Estate will serve as an official university residence.

In addition to these projects, a Law School Student Housing Quad will provide approximately 360 units for Law School student use, and an additional Manzanita undergraduate residence hall (56,250 gsf) is planned, which will add 125 beds in addition to a new dining facility. The Graduate School of Business is planning a housing addition adjacent to the Schwab Center within the next several years as well. Renovation projects are also planned at Crothers and Crothers Memorial Halls and various Row Houses.

### Infrastructure

Stanford's ongoing effort to renew its infrastructure is reflected in a $216 million budget (20%) in the Capital Plan. A total of $43.6 million will be spent on creating two new parking structures. The remaining $172.4 million will be spent on major infrastructure programs, such as utilities, information technology & communication systems, GUP mitigation and other infrastructure projects and programs, as described below. Note that the GUP Mitigation and Stanford Infrastructure Programs are funded through construction project surcharges.

*Parking*

The three-year plan provides $43.6 million for the construction of two new parking structures on the campus. The Pasteur Drive structure is underway and will be completed in 2003. The East Campus parking structure is forecasted and planned to be completed in 2004. These two structures will provide just over 2,000 parking spaces, replacing 977 of displaced parking created by new construction, and adding 1,052 spaces for new parking. The Pasteur Parking Structure will benefit the Center for Cancer Treatment and Prevention/Ambulatory Care Pavilion.

Parking is generally funded by a combination of funds from the Stanford Infrastructure Program (SIP) and the GUP Entitlement Fee program. The SIP funds parking that has been *displaced* and the GUP Fee funds parking that *increases* the number of parking spaces on campus. The maximum net increase in parking allowed is 2,300 spaces under the 2000 GUP, most of which is attributable to increases in on-campus student housing.

*Capital Utility Program (CUP)*

The three-year plan allocates a total of $37.2 million for CUP projects. These projects aim to improve and enhance electrical, steam, water, chilled water, and wastewater utility systems. The program is driven by four conditions: system expansion, system replacement, regulatory issues/code compliance, and system controls.

*Information Technology & Communication Systems*

A total of $81.3 million has been allocated for information systems applications, infrastructure development and upgrades to networks and communication systems.

*Compliance and Other*

A total of $29.1 million has been allocated toward the implementation of five Compliance and Other projects: the East & West Campus Storm Drain Improvements program, the ADA Barrier Removal Program which funds general accessibility improvements, the installation of Emergency Generators within various campus facilities, the Marguerite Bus Acquisition to replace the aging Marguerite fleet and the Family Farm Road project which is an ongoing effort to minimize the potential for flooding in the Family Farm Road area.

*GUP Mitigation Costs*

The three-year plan addresses capital expenditures for GUP mitigation. These planned expenditures represent the conditions of approval under the General Use Permit and Community Plan approved by Santa Clara County in December 2000. Expenditures to meet these conditions total $15 million and relate to trail easements, groundwater recharge, and water conservation, irrigation and collection systems. Funding for these expenditures will be generated by an internal expansion fee. This fee will be levied upon capital projects that increase the school's/department's current core campus space allocation.

*Stanford Infrastructure Program (SIP)*

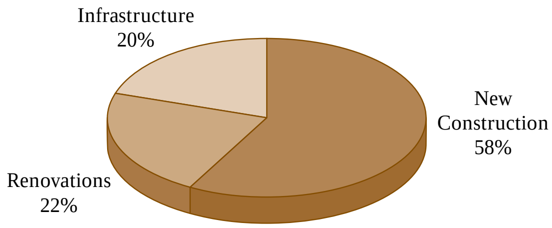
SIP consists of campus planning and transportation projects and programs proposed and developed for the improvement and general support of the university's academic community and physical plant. SIP expenditures are expected to total $9.8 million over the three year period. Of this total, $2.3 million is allocated to Parking and Transportation Services projects. These projects include the construction of small increments of additional parking, campus transit improvements, parking lot infrastructure improvements, and enhancements to support bicycle use. The remaining $7.5 million represents campus landscaping and site improvement projects, including bicycle and pedestrian paths, lighting, outdoor art, and habitat mitigation.

## USES OF FUNDS BY PROJECT TYPE

### New Construction

Of the 34 major construction projects, the three-year plan anticipates 12 new buildings. These projects account for $619.7 million or 58% of the three-year

**2002/03 – 2004/05**
**Uses of Funds by Project Type: $1.07 Billion**




plan, ranging in size from $6.4 million to $174 million. These buildings will support academic and research programs, increase student housing, and athletic facilities. In addition, a new library collection facility will be constructed off-site.

### Renovations

As is illustrated in the chart on the next page, 22 renovation projects represent $231.8 million, or 22% of the total project costs over the three year period. Four of the renovation projects represent the final phase of the unreinforced masonry (URM) building seismic upgrades. The URM program has been a significant part of the Capital Plan since the 1989 Loma Prieta earthquake. These URM renovations include Building 500/510, Building 630, Bakewell, and CPPC. The remaining projects include major renovations of some of Stanford's older buildings, including Old Union, Branner and the Buck Estate.

### Infrastructure

Infrastructure projects and programs totaling $216 million comprise the remaining 20% of the Capital Plan.

## Other Stanford Entities

The 2002/03 Capital Planning process has included all Stanford entities. Due to their independent organizational structures, projects managed by Stanford Management Company and Stanford Hospital & Clinics have not been included in this Capital Plan/Budget. A brief description of these projects follows:

### Stanford Management Company

Faculty and Staff Housing – The Stanford Management Company will plan and develop over 800 housing units for both rent and sale over the next ten years. This effort addresses a university priority to recruit and retain faculty and staff.

Stanford Research Park – Stanford anticipates redevelopment of up to 400,000 gsf at the Research Park in the upcoming decade.

### Stanford Hospital & Clinics

SHC is well underway with the Center for Cancer Treatment & Prevention/Ambulatory Care Pavilion, a 218,000 gsf project which is anticipated to be complete in 2002/03. In addition, the Lucile Packard Children's Hospital is planning interior renovation projects to support current program needs.

## Capital Plan Constraints

### Entitlements

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

In December 2000, Santa Clara County approved a General Use Permit (GUP) that allows Stanford to construct up to 2,035,000 additional gross square feet of academic-related buildings on the core campus.

The GUP also allows for the construction of up to 2,000 new student-housing units and over 1,000 units of housing for post-doctoral fellows, medical residents, faculty and staff.

Conditions of approval include:

- The creation of an academic growth boundary to limit the buildable area to the core campus.
- The stipulation that a sustainable development study be approved before new construction is developed beyond one million gross square feet.
- For each 500,000 gsf of new academic building, a total of 605 units of housing be constructed.

Given the stringent requirements imposed by the new GUP and the increasingly difficult entitlement environment, Stanford will carefully manage the allocation of all new growth and attempt to extend the allocation of the two million gsf over approximately 15 years as part of its overall capital planning process.

### Debt Capacity

In April 2002, the university issued $50 million of 30-year taxable, variable-rate notes to finance faculty mortgages. In June 2002, the university plans to initiate a $150 million tax-exempt commercial paper program and issue an initial $20 million in notes under this program. In conjunction with these debt offerings, the rating agencies confirmed the university's AAA/Aaa bond ratings. Total university debt outstanding is projected to be $1.3 billion at the end of 2001/02. Approximately $225 million of capacity from existing debt programs is projected to be available at the end of 2001/02 to finance capital projects, including $40 million of unexpended bond proceeds, $55 million of taxable commercial paper capacity, and $130 million of tax-exempt commercial paper capacity.

We will require a total of $247 million of debt to finance:

- $92 million for projects currently committed or under construction,
- $120 million for forecasted projects commencing in 2002/03, and
- $35 million for the faculty mortgage portfolio.

In addition to the existing $225 million in remaining capacity under our current debt programs, we will need to raise an incremental $22 million of debt to complete these projects. Projects identified in the Capital Plan commencing after 2002/03 will require an additional $245 million in debt. It is important to note that these projects are not currently committed and will be evaluated in the context of debt capacity and GUP limitations. We will be in compliance with the university's debt policy under these assumptions.

### Affordability

The additional internal debt service costs expected at the completion of all projects commencing in the three-year plan (completion dates will range from 2002/03-2006/07) total $24.9 million; $12.4 million of which will be paid for by unrestricted funds, and $12.5 million will be serviced by auxiliary or service center operations.

The additional operations, maintenance and utilities (O&M) costs expected at the completion of all projects commencing in the three-year plan total $16.3 million. Of this amount, $6.4 million per year will be covered by auxiliary and service center operations. The remaining $9.9 million per year will be paid by unrestricted funds.

General funds of the university pay a portion of the debt service on capital projects, as well as the O&M costs. These capital-related costs compete directly with other academic program initiatives. Our current forecast for the general funds portion of the Consolidated Budget for Operations includes these projected costs.

## THE CAPITAL BUDGET, 2002/03

The 2002/03 Capital Budget represents capital expenditures for the upcoming fiscal year in the amount of $266 million. Most of these expenditures reflect only a portion of the total costs of the capital projects listed, as most projects have a duration exceeding one year.

### Sources and Uses

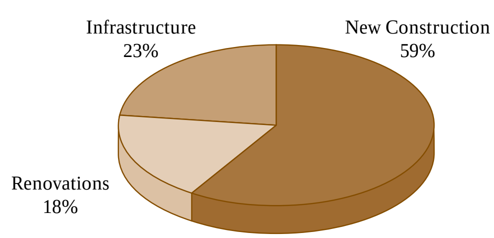
A breakdown of the Capital Budget's sources and uses of funds is presented in the following charts. Debt and gifts represent 40% and 31% of the budget, respectively. Current funds (i.e., existing university reserves and fund balances) represent 24% with the remaining 5% to be identified.

Of the total $266 million Capital Budget, 42% will be spent on academic/research projects. Housing and infrastructure will represent 27% and 23% of the total budget, respectively. Athletics/student activities and academic support projects each represent 4% of the total budget.

An estimated 59% of the budget will be spent on new construction projects. The majority of these expenditures are to fund the Clark Center, Lokey Laboratory, Escondido Village Graduate Studios 5 & 6 and Law Student Housing Quad. Another 18% will be spent on renovation projects such as the Branner Hall Housing and Dining. The remaining 23% will be spent on Infrastructure projects and programs, including the Pasteur and East Campus Parking Structures. Other infrastructure initiatives in 2002/03 include Information Technology and CUP programs.

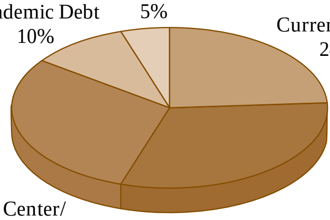
**2002/03**

**Uses of Funds by Project Type: $266 Million**

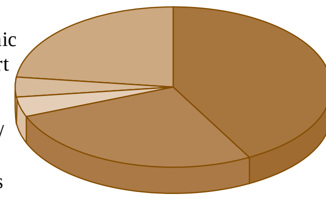


## The Capital Budget 2002/03: $266 Million

### Sources of Funds




### Uses of Funds by Academic Category




## Capital Budget Impact on 2002/03 Operations

The 2002/03 Projected Consolidated Budget for Operations includes incremental debt service and O&M expenses for projects completing in 2002/03. Additionally, this budget includes an incremental increase in debt and O&M expenses for projects completing in 2002/03 that were operational for less than 12 months in 2001/02.

As noted in Section 1, Stanford borrows funds from capital markets and lends the proceeds to fund capital projects and programs. These capital projects and programs repay the funds plus interest over the remaining life of the project. These payments are known as internal debt service. Stanford is responsible for accumulating these funds for repayment to the external lender. The interest rate for internal debt service is calculated annually as a blended interest rate of all interest expense and bond issuance costs. The projected blended rate for 2002/03 is 5.38%.

The projected additional internal debt service funded by unrestricted funds is $3.3 million. This amount represents the additional debt service on fourteen capital projects and programs, six of which were completed in 2001/02 with less than a full year of debt service. This debt service is offset by a decreased interest rate. This additional debt service brings the total annual internal debt service borne by the unrestricted university budget to $30.6 million, equal to approximately 3.65% of unrestricted revenues.

Total internal debt service, including auxiliaries and services centers, will increase from $75.1 million to $85.3 million, an increment of $10.2 million.

Additional O&M costs of approximately $2.2 million will be funded by the university budget. A significant portion of this amount is due to the completion of the James H. Clark Center and the remaining portion of the Mechanical Engineering building which was completed in January 2002. Escondido Village Studios 5 & 6 and the Redwood City Boathouse will add additional O&M costs of approximately $700,000 and will be funded through auxiliary operations.

## CAPITAL PLAN PROJECT DETAIL

Tables showing the details for projects in Design and Construction, Forecasted Projects, and Infrastructure Projects and Programs follow on the next three pages.

## 2002/03-2004/05 Capital Plan
## Projects in Design & Construction
[in millions of dollars]

| | | | | | Project Funding Source | | | | | Annual Continuing Costs | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | University Debt | | | | |
| | School/ Department | Project Schedule | Estimated Project Cost | Capital Budget 2002/03 | Current Funds[1] | Gifts in Hand or Pledged | Service Center/ Auxiliary Debt | Academic Debt | Resources To Be Identified[2] | Debt Service | Operations Maintenance & Utilities |
| James H. Clark Center & Campus Drive Crossings | DOR | 2000-03 | 146.6 | 55.5 | | 145.0 | | 1.6 | | 0.1 | 4.5 |
| Lokey Laboratory (formerly known as Chem/Bio) | H&S | 1999-03 | 62.3 | 31.2 | 3.0 | 20.8 | | 32.0 | 6.6 | 2.1 | 1.8 |
| Escondido Village Studios 5 & 6 (326 new beds) | R&DE | 2001-03 | 40.0 | 26.0 | 10.5 | 9.5 | 20.0 | | | 1.3 | 0.3 |
| Offsite Library Collections (SAL III)[3] | SUL | 2001-03 | 15.7 | 7.9 | | | | 15.7 | | 1.0 | 0.2 |
| Branner Hall Renovations (CIP) | R&DE | 2001-03 | 15.2 | 9.9 | | | 15.2 | | | 1.6 | |
| SLAC User Lodging Facility | SLAC | 2001-03 | 10.8 | 5.4 | | | 10.8 | | | 0.7 | 0.2 |
| Chen Particle Astrophysics Institute | SLAC | 2002-06 | 10.0 | 0.7 | | 10.0 | | | | | 0.1 |
| Redwood City Boathouse[4] | DAPER | 1999-03 | 6.4 | 3.2 | 2.9 | 2.7 | | | 0.8 | | 0.2 |
| Branner Kitchen and Dining (CIP) | R&DE | 2002-03 | 5.0 | 3.5 | | | 5.0 | | | 0.4 | |
| Buck Estate Renovation | PPO | 2001-03 | 4.4 | 2.2 | | 4.4 | | | | | 0.1 |
| Skilling Classroom Renovation | SOE | 2002-03 | 3.5 | 2.3 | 3.5 | | | | | | |
| Subtotal – Projects in Design & Construction[5] | | | 319.9 | 147.7 | 19.9 | 192.4 | 51.0 | 49.3 | 7.4 | 7.2 | 7.4 |

[1]Includes funds from university and school reserves, GUP Mitigation assessments and the Stanford Infrastructure Program.

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

[3]Includes land purchase of $2.1M.

[4]Includes land purchase of $1.0M.

[5]Stanford Infrastructure and GUP Entitlement Fee surcharges are included in the Estimated Project Cost of the Construction Plan. These surcharges are the funding mechanism for GUP Mitigation Costs and the Stanford Infrastructure Program (see Infrastructure Projects and Programs table). As a result, the consolidated Construction and Infrastructure Plans include these surcharges twice; as a cost to the construction project and as a cost to the infrastructure programs. As a result, the surcharges included in the construction costs are eliminated on the Summary of Three Year Capital Plan table to avoid overstatement.

## 2002/03-2004/05 Capital Plan
## Forecasted Construction Projects
[in millions of dollars]

| | School/ Department | Project Schedule | Estimated Project Cost | Capital Budget 2002/03 | Project Funding Source: Current Funds[1] | Gifts in Hand or Pledged | University Debt: Service Center/ Auxiliary Debt | University Debt: Academic Debt | Resources To Be Identified[2] | Annual Continuing Costs: Debt Service | Operations Maintenance & Utilities |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Law Student Housing Quad (360 new beds) | LAW | 2003-04 | 55.0 | 19.3 | | | 21.6 | | 33.4 | 1.4 | 0.6 |
| Arrillaga Family Recreation Center | DAPER | 2003-05 | 27.5 | 5.5 | | 0.1 | | | 27.4 | | 0.4 |
| Maples Pavilion | DAPER | 2003-06 | 20.0 | 2.0 | | 12.3 | | | 7.7 | | 0.3 |
| HEPL End Station Build Out | DOR | 2003-07 | 20.0 | 1.2 | | | | 20.0 | | 1.4 | 0.3 |
| Manzanita III Undergrad Housing/Dining (125 new beds) | R&DE | 2003-05 | 18.4 | 1.8 | | | | | 18.4 | | 0.2 |
| School of Medicine Lucas Center Expansion | SOM | 2003-04 | 14.5 | 5.1 | 14.5 | | | | | | 0.2 |
| Mudd Teaching & Laboratory Renovation | H&S | 2003-05 | 9.2 | 1.8 | | | | 9.2 | | 0.8 | |
| Building 500/510 Archaeology/Art Center | H&S | 2003-04 | 8.7 | 3.0 | | | | 4.3 | 4.4 | 0.4 | 0.2 |
| Row House Renovations (CIP-680 Lomita, Theta Delta Chi, Kappa SIgma) | R&DE | 2003 | 8.3 | 8.3 | | | 8.3 | | | 0.7 | |
| School of Medicine Research Facility Expansion | SOM | 2003-04 | 7.8 | 2.7 | 7.8 | | | | | | 0.2 |
| Bakewell Renovation | PPO | 2003-04 | 6.1 | 2.1 | | | | 6.1 | | 0.5 | 0.1 |
| Golf Course Facilities Improvement | DAPER | 2003-06 | 5.3 | 0.5 | | | | | 5.3 | | 0.1 |
| Lou Henry Hoover 1st Floor/Basement Renovations | HOOVER | 2003-04 | 5.1 | 1.8 | 5.1 | | | | | | |
| School of Education CPPC Seismic Upgrade | SUSE | 2003-05 | 4.5 | 0.9 | 1.6 | | | | 2.9 | | |
| 2002/03 Subtotal | | | 210.3 | 56.1 | 29.0 | 12.4 | 29.9 | 39.6 | 99.4 | 5.2 | 2.6 |
| School of Medicine Education / Information Center | SOM | 2004-08 | 174.0 | | | | | | 174.0 | | 1.9 |
| GSB Housing | GSB | 2004-06 | 53.1 | | | | | | 53.1 | | 3.8 |
| Old Union/Clubhouse/Building 590 | VPSA | 2004-06 | 48.0 | | | | | 20.0 | 28.0 | 1.7 | 0.1 |
| ED Stone SB 1953 Seismic Projects (Lane/Edwards) | SOM | 2004-06 | 7.4 | | | | | 7.4 | | 0.6 | |
| Building 630 Seismic Renovation | H&S | 2004-05 | 6.4 | | | | | 3.4 | 3.0 | 0.3 | |
| Hopkins Agassiz Seismic | H&S | 2004-05 | 4.6 | | | | | 2.8 | 1.8 | 0.2 | |
| 2003/04 Subtotal | | | 293.3 | | | | | 33.4 | 259.9 | 2.8 | 5.8 |
| Crothers and Crothers Memorial (CIP) | R&DE | 2005 | 15.2 | | | | 15.2 | | | 1.2 | |
| Herrin Hall Renovation | H&S | 2005-06 | 7.8 | | | | | 4.0 | 3.8 | 0.3 | |
| Row House Renovations (CIP-Storey, Columbae) | R&DE | 2005 | 5.1 | | | | 5.1 | | | 0.4 | |
| 2004/05 Subtotal | | | 28.1 | | | | 20.3 | 4.0 | 3.8 | 1.9 | |
| Subtotal – Forecasted Projects | | | 531.7 | 56.1 | 29.0 | 12.4 | 50.2 | 77.0 | 363.1 | 9.9 | 8.4 |
| Subtotal – Construction Plan[3] | | | 851.6 | 203.8 | 48.9 | 204.8 | 101.2 | 126.3 | 370.4 | 17.1 | 15.8 |

[1] Includes funds from university and school reserves, GUP Mitigation assessments and the Stanford Infrastructure Program.

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

[3] Stanford Infrastructure and GUP Entitlement Fee surcharges are included in the Estimated Project Cost of the Construction Plan. These surcharges are the funding mechanism for GUP Mitigation Costs and the Stanford Infrastructure Program (see Infrastructure Projects and Programs table). As a result, the consolidated Construction and Infrastructure Plans include these surcharges twice; as a cost to the construction project and as a cost to the infrastructure programs. As a result, the surcharges included in the construction costs are eliminated on the Summary of Three Year Capital Plan table to avoid overstatement.

## 2002/03-2004/05 Capital Plan
## Infrastructure Projects & Programs

[in millions of dollars]

| | | | | | Project Funding Source | | | | | Annual Continuing Costs | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | University Debt | | | | |
| | School/ Department | Project Schedule | Estimated Project Cost | Capital Budget 2002/03 | Current Funds[1] | Gifts in Hand or Pledged | Service Center/ Auxiliary Debt | Academic Debt | Resources To Be Identified[2] | Debt Service | Operations Maintenance & Utilities |
| Parking Structures | | | | | | | | | | | |
| Pasteur Parking Structure (1,029 spaces) | FAC OPS | 2001-03 | 31.1 | 10.6 | 8.7 | | 22.4 | | | 1.6 | 0.2 |
| East Campus Parking Structure (1,000 spaces) | FAC OPS | 2002-04 | 12.5 | 6.3 | 12.5 | | | | | | 0.1 |
| Subtotal – Parking Structures | | | 43.6 | 16.9 | 21.2 | | 22.4 | | | 1.6 | 0.3 |
| Capital Utilities Program (CUP) | | | | | | | | | | | |
| System Expansion | FAC OPS | 2003-05 | 18.5 | 5.5 | | | 18.5 | | | 1.6 | |
| System Replacement | FAC OPS | 2003-05 | 11.3 | 3.2 | | | 11.3 | | | 1.0 | |
| Regulatory | FAC OPS | 2003-05 | 4.5 | 1.0 | | | 4.5 | | | 0.4 | |
| Controls | FAC OPS | 2003-05 | 2.9 | 1.1 | | | 2.9 | | | 0.2 | |
| Subtotal – CUP | | | 37.2 | 10.8 | | | 37.2 | | | 3.2 | |
| Information Technology & Communications Systems | | | | | | | | | | | |
| Applications & Infrastructure | ITSS | 2002-05 | 73.6 | 15.3 | 73.6 | | | | | | |
| Communications and Networking Systems | ITSS | 2003-05 | 7.7 | 2.7 | | | 5.5 | 2.2 | | 0.9 | |
| Subtotal – Systems | | | 81.3 | 18.0 | 73.6 | | 5.5 | 2.2 | | 0.9 | |
| Compliance and Other | | | | | | | | | | | |
| East & West Campus Storm Drains | FAC OPS | 2003-05 | 5.0 | 2.5 | | | | 5.0 | | 0.5 | |
| ADA Barrier Removal | FAC OPS | 2003-05 | 3.5 | 2.5 | 1.5 | | | 2.0 | | 0.2 | |
| Emergency Generators | FAC OPS | 2003 | 0.7 | 0.7 | | | | 0.7 | | 0.1 | |
| Marguerite Bus Acquisition | FAC OPS | 2003 | 4.5 | 4.5 | 4.5 | | | | | | |
| Family Farm Road & Sediment Control | FAC OPS | 2003-05 | 15.4 | 0.4 | 0.4 | | | 15.0 | | 1.3 | |
| Subtotal – Compliance and Other | | | 29.1 | 10.6 | 6.4 | | | 22.7 | | 2.1 | |
| GUP Mitigation Costs | | | | | | | | | | | |
| Trail Easements | FAC OPS | 2003-05 | 7.0 | 2.0 | 7.0 | | | | | | |
| Water Conservation System | FAC OPS | 2003-05 | 3.4 | 0.5 | 3.4 | | | | | | |
| Water Allocation | FAC OPS | 2003-05 | 2.6 | | 2.6 | | | | | | 0.1 |
| Groundwater Recharge | FAC OPS | 2003-04 | 1.1 | | 1.1 | | | | | | |
| Wastewater Collection System | FAC OPS | 2003-05 | 0.9 | | 0.9 | | | | | | |
| Subtotal – GUP Mitigation | | | 15.0 | 2.5 | 15.0 | | | | | | 0.1 |
| Stanford Infrastructure Program (SIP) | | | | | | | | | | | |
| Parking and Transportation Services[3] | FAC OPS | 2003-05 | 2.3 | 0.9 | 2.3 | | | | | | |
| Campus Planning Systems | UA/PO | 2003-05 | 7.5 | 2.5 | 7.5 | | | | | | 0.1 |
| Subtotal – SIP | | | 9.8 | 3.4 | 9.8 | | | | | | 0.1 |
| Subtotal – Infrastructure Projects & Programs | | | 216.0 | 62.2 | 126.0 | | 65.2 | 24.9 | | 7.8 | 0.5 |

[1]Includes funds from university and School reserves, GUP Mitigation assessments and the Stanford Infrastructure Program.

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

[3]Parking Structures are listed separately.

Appendix A

# Consolidated Budgets for Academic Units and Auxiliaries

Schedules are shown for:

## ACADEMIC UNITS

- Graduate School of Business
- School of Earth Sciences
- School of Education
- School of Engineering
- Hoover Institution
- School of Humanities & Sciences
- School of Law
- School of Medicine
- Vice Provost and Dean of Research and Graduate Policy
- Vice Provost for Undergraduate Education
- Admissions and Financial Aid
- Stanford University Libraries and Academic Information Resources
- Vice Provost for Student Affairs

## AUXILIARY ACTIVITIES

- Alumni Association
- Athletics
- Housing and Dining Services
- Stanford University Press

## Graduate School of Business (includes Schwab)
## 2002/03 Consolidated Forecast

[in thousands of dollars]

| | Operating Budget | Designated Funds | Restricted Expendable | Restricted Endowment | Grants & Contracts | Auxiliary Activities | Total |
|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | |
| General Funds Allocation | 29,423.0 | | | | | | 29,423.0 |
| Restricted Revenues | | 17,139.0 | 14,513.0 | 24,538.0 | | 6,445.0 | 62,635.0 |
| Total Revenues | 29,423.0 | 17,139.0 | 14,513.0 | 24,538.0 | | 6,445.0 | 92,058.0 |
| Transfers | | | | | | | |
| Transfers within Current Funds | 40,555.0 | (5,440.0) | (17,473.0) | (17,642.0) | | | |
| Transfers from/(to) Endowment Principal | | | | | | | |
| Transfers from/(to) Plant/Student Loan | | (2,945.0) | | | | | (2,945.0) |
| Total Transfers | 40,555.0 | (8,385.0) | (17,473.0) | (17,642.0) | | | (2,945.0) |
| Total Revenues and Transfers | 69,978.0 | 8,754.0 | (2,960.0) | 6,896.0 | | 6,445.0 | 89,113.0 |
| Expenses | | | | | | | |
| Academic Salaries | 22,723.0 | 2,449.0 | | | | | 25,172.0 |
| Staff Salaries | 16,224.0 | 1,370.0 | | | | 334.0 | 17,928.0 |
| Total Benefits | 9,765.0 | 1,010.0 | | | | 81.0 | 10,856.0 |
| Non-Salary Expenses | 20,966.0 | 7,428.0 | | 7,360.0 | | 4,628.0 | 40,382.0 |
| Debt Service | 300.0 | | | | | 1,402.0 | 1,702.0 |
| Total Expenses | 69,978.0 | 12,257.0 | | 7,360.0 | | 6,445.0 | 96,040.0 |
| Surplus / (Deficit) | | (3,503.0) | (2,960.0) | (464.0) | | | (6,927.0) |
| Beginning Operating Equity | | 9,743.0 | 20,045.0 | 1,000.0 | | | 30,788.0 |
| Ending Operating Equity | | 6,240.0 | 17,085.0 | 536.0 | | | 23,861.0 |

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
- Current funds are resources that are expendable for the primary instruction and research mission of the university, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

## School of Earth Sciences
## 2002/03 Consolidated Forecast

[in thousands of dollars]

| | Operating Budget | Designated Funds | Restricted Expendable | Restricted Endowment | Grants & Contracts | Total |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| General Funds Allocation | 3,005.0 | | | | | 3,005.0 |
| Restricted Revenues | | 4,329.6 | 1,081.7 | 12,059.8 | 7,903.0 | 25,374.1 |
| Total Revenues | 3,005.0 | 4,329.6 | 1,081.7 | 12,059.8 | 7,903.0 | 28,379.1 |
| Transfers | | | | | | |
| Transfers within Current Funds | 7,565.0 | 263.7 | 500.0 | (7,678.7) | | 650.0 |
| Transfers from/(to) Endowment Principal | | | | | | |
| Transfers from/(to) Plant/Student Loan | | | | (150.0) | | (150.0) |
| Total Transfers | 7,565.0 | 263.7 | 500.0 | (7,828.7) | | 500.0 |
| Total Revenues and Transfers | 10,570.0 | 4,593.3 | 1,581.7 | 4,231.1 | 7,903.0 | 28,879.1 |
| Expenses | | | | | | |
| Academic Salaries | 5,091.3 | 1,164.7 | 220.0 | 68.7 | 2,016.4 | 8,561.1 |
| Staff Salaries | 2,058.3 | 833.2 | 287.4 | 109.4 | 995.5 | 4,283.8 |
| Total Benefits | 1,717.5 | 349.8 | 106.2 | 33.5 | 379.4 | 2,586.4 |
| Non-Salary Expenses | 1,702.9 | 1,629.9 | 1,003.5 | 3,149.6 | 4,511.7 | 11,197.6 |
| Total Expenses | 10,570.0 | 3,977.6 | 1,617.1 | 3,361.2 | 7,903.0 | 27,428.9 |
| Surplus / (Deficit) | | 615.7 | (35.4) | 869.9 | | 1,450.3 |
| Beginning Operating Equity | | 7,720.1 | 5,430.3 | 10,854.5 | | 24,004.9 |
| Ending Operating Equity | | 8,335.8 | 5,394.9 | 11,724.4 | | 25,455.2 |

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
- This budget does not reflect an allocation of tuition revenue or of central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- Current funds are resources that are expendable for the primary instruction and research mission of the university, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

## SCHOOL OF EDUCATION
## 2002/03 CONSOLIDATED FORECAST
[IN THOUSANDS OF DOLLARS]

| | Operating Budget | Designated Funds | Restricted Expendable | Restricted Endowment | Grants & Contracts | Total |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| General Funds Allocation | 9,554.3 | | | | | 9,554.3 |
| Restricted Revenues | | 200.0 | 1,650.0 | 3,240.4 | 14,703.8 | 19,794.3 |
| Total Revenues | 9,554.3 | 200.0 | 1,650.0 | 3,240.4 | 14,703.8 | 29,348.6 |
| Transfers | | | | | | |
| Transfers within Current Funds | 3,339.0 | 202.8 | (291.0) | (2,767.8) | | 483.0 |
| Transfers from/(to) Endowment Principal | | | | | | |
| Transfers from/(to) Plant/Student Loan | | | | | | |
| Total Transfers | 3,339.0 | 202.8 | (291.0) | (2,767.8) | | 483.0 |
| Total Revenues and Transfers | 12,893.3 | 402.8 | 1,359.0 | 472.6 | 14,703.8 | 29,831.5 |
| Expenses | | | | | | |
| Academic Salaries | 5,317.2 | 236.1 | 232.6 | | 2,469.3 | 8,255.1 |
| Staff Salaries | 2,157.6 | 85.0 | 397.4 | 25.0 | 3,208.2 | 5,873.2 |
| Total Benefits | 1,718.3 | 74.0 | 164.1 | 6.5 | 1,073.6 | 3,036.5 |
| Non-Salary Expenses | 3,700.3 | 111.8 | 402.5 | 115.2 | 7,952.8 | 12,282.6 |
| Total Expenses | 12,893.3 | 506.9 | 1,196.5 | 146.7 | 14,703.8 | 29,447.3 |
| Surplus / (Deficit) | | (104.2) | 162.5 | 325.9 | | 384.2 |
| Beginning Operating Equity | | 4,401.0 | 4,162.0 | 1,237.0 | | 9,800.0 |
| Ending Operating Equity | | 4,296.8 | 4,324.5 | 1,562.9 | | 10,184.2 |

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
- This budget does not reflect an allocation of tuition revenue or of central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- Current funds are resources that are expendable for the primary instruction and research mission of the university, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

## SCHOOL OF ENGINEERING
## 2002/03 CONSOLIDATED FORECAST
[IN THOUSANDS OF DOLLARS]

| | Operating Budget | Designated Funds | Restricted Expendable | Restricted Endowment | Grants & Contracts | Total |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| General Funds Allocation | 40,526.2 | | | | | 40,526.2 |
| Restricted Revenues | | 22,474.9 | 19,086.7 | 18,394.6 | 88,284.6 | 148,240.7 |
| Total Revenues | 40,526.2 | 22,474.9 | 19,086.7 | 18,394.6 | 88,284.6 | 188,766.9 |
| Transfers | | | | | | |
| Transfers within Current Funds | 12,777.8 | (4,000.0) | 1,000.0 | (7,977.8) | | 1,800.0 |
| Transfers from/(to) Endowment Principal | | | (280.0) | | | (280.0) |
| Transfers from/(to) Plant/Student Loan | | (1,500.0) | | (150.0) | | (1,650.0) |
| Total Transfers | 12,777.8 | (5,500.0) | 720.0 | (8,127.8) | | (130.0) |
| Total Revenues and Transfers | 53,304.0 | 16,974.9 | 19,806.7 | 10,266.8 | 88,284.6 | 188,636.9 |
| Expenses | | | | | | |
| Academic Salaries | 21,424.4 | 1,860.2 | 4,085.0 | 661.0 | 6,040.8 | 34,071.5 |
| Staff Salaries | 10,517.0 | 5,137.6 | 1,761.2 | 267.2 | 26,050.9 | 43,734.0 |
| Total Benefits | 6,609.9 | 1,400.5 | 749.7 | 96.5 | 4,142.7 | 12,999.3 |
| Non-Salary Expenses | 14,752.7 | 7,594.5 | 11,111.0 | 6,199.5 | 52,050.1 | 91,707.8 |
| Total Expenses | 53,304.0 | 15,992.8 | 17,706.9 | 7,224.2 | 88,284.6 | 182,512.5 |
| Surplus / (Deficit) | | 982.1 | 2,099.8 | 3,042.6 | | 6,124.4 |
| Beginning Operating Equity | | 47,193.9 | 48,201.6 | 23,525.4 | | 118,920.9 |
| Ending Operating Equity | | 48,176.0 | 50,301.4 | 26,568.0 | | 125,045.3 |

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
- This budget does not reflect an allocation of tuition revenue or of central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- Current funds are resources that are expendable for the primary instruction and research mission of the university, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

## Hoover Institution
## 2002/03 Consolidated Forecast

[in thousands of dollars]

| | Operating Budget | Designated Funds | Restricted Expendable | Restricted Endowment | Grants & Contracts | Total |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| General Funds Allocation | 1,115.0 | | | | | 1,115.0 |
| Restricted Revenues | | 750.0 | 16,610.0 | 13,500.0 | 400.0 | 31,260.0 |
| Total Revenues | 1,115.0 | 750.0 | 16,610.0 | 13,500.0 | 400.0 | 32,375.0 |
| Transfers | | | | | | |
| Transfers within Current Funds | 30,860.0 | (750.0) | (16,610.0) | (13,500.0) | | |
| Transfers from/(to) Endowment Principal | | | | | | |
| Transfers from/(to) Plant/Student Loan | | | | | | |
| Total Transfers | 30,860.0 | (750.0) | (16,610.0) | (13,500.0) | | |
| Total Revenues and Transfers | 31,975.0 | | | | 400.0 | 32,375.0 |
| Expenses | | | | | | |
| Academic Salaries | 7,269.0 | | | | | 7,269.0 |
| Staff Salaries | 7,566.0 | | | | | 7,566.0 |
| Total Benefits | 3,865.0 | | | | | 3,865.0 |
| Non-Salary Expenses | 12,610.0 | | | | 400.0 | 13,010.0 |
| Library Acquisitions | 665.0 | | | | | 665.0 |
| Total Expenses | 31,975.0 | | | | 400.0 | 32,375.0 |
| Surplus / (Deficit) | | | | | | 0.0 |
| Beginning Operating Equity | | | | 18,928.0 | | 18,928.0 |
| Ending Operating Equity | | | | 18,928.0 | | 18,928.0 |

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
- Current funds are resources that are expendable for the primary instruction and research mission of the university, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

## School of Humanities & Sciences (includes Overseas Studies Program)
## 2002/03 Consolidated Forecast

[in thousands of dollars]

| | Operating Budget | Designated Funds | Restricted Expendable | Restricted Endowment | Grants & Contracts | Auxiliary Activities | Total |
|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | |
| General Funds Allocation | 100,820.6 | | | | | | 100,820.6 |
| Restricted Revenues | | 3,496.3 | 10,566.8 | 55,862.0 | 57,881.6 | 5,793.9 | 133,600.7 |
| Total Revenues | 100,820.6 | 3,496.3 | 10,566.8 | 55,862.0 | 57,881.6 | 5,793.9 | 234,421.2 |
| Transfers | | | | | | | |
| Transfers within Current Funds | 46,457.6 | (7,234.1) | (1,476.6) | (34,017.5) | | | 3,729.4 |
| Transfers from/(to) Endowment Principal | | (2,150.0) | (200.0) | (14.8) | | | (2,364.8) |
| Transfers from/(to) Plant/Student Loan | | (1,800.0) | (100.0) | (737.0) | | | (2,637.0) |
| Total Transfers | 46,457.6 | (11,184.1) | (1,776.6) | (34,769.3) | | | (1,272.4) |
| Total Revenues and Transfers | 147,278.2 | (7,687.8) | 8,790.2 | 21,092.7 | 57,881.6 | 5,793.9 | 233,148.8 |
| Expenses | | | | | | | |
| Academic Salaries | 56,594.6 | 1,700.6 | 450.0 | 1,200.8 | 3,971.5 | | 63,917.5 |
| Staff Salaries | 27,477.7 | 522.2 | 1,818.7 | 801.0 | 15,575.3 | 2,146.0 | 48,340.8 |
| Total Benefits | 19,552.4 | 506.5 | 334.8 | 430.6 | 3,163.5 | 563.1 | 24,550.9 |
| Non-Salary Expenses | 43,653.5 | 1,729.9 | 6,296.0 | 4,367.4 | 35,171.2 | 3,084.9 | 94,302.9 |
| Total Expenses | 147,278.2 | 4,459.2 | 8,899.4 | 6,799.8 | 57,881.6 | 5,793.9 | 231,112.1 |
| Surplus / (Deficit) | | (12,147.1) | (109.2) | 14,292.9 | | | 2,036.7 |
| Beginning Operating Equity | | 53,616.6 | 26,878.5 | 49,457.2 | | | 129,952.3 |
| Ending Operating Equity | | 41,469.6 | 26,769.4 | 63,750.1 | | | 131,989.0 |

Notes:

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- This budget does not reflect an allocation of tuition revenue or of central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
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## School of Law
## 2002/03 Consolidated Forecast

[in thousands of dollars]

| | Operating Budget | Designated Funds | Restricted Expendable | Restricted Endowment | Grants & Contracts | Total |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| General Funds Allocation | 12,895.6 | | | | | 12,895.6 |
| Restricted Revenues | | 1,500.4 | 6,300.0 | 14,375.0 | 500.0 | 22,675.4 |
| Total Revenues | 12,895.6 | 1,500.4 | 6,300.0 | 14,375.0 | 500.0 | 35,571.0 |
| Transfers | | | | | | |
| Transfers within Current Funds | 17,840.0 | (800.4) | (4,400.0) | (12,200.0) | | 439.6 |
| Transfers from/(to) Endowment Principal | | | | (500.0) | | (500.0) |
| Transfers from/(to) Plant/Student Loan | | | (500.0) | (900.0) | | (1,400.0) |
| Total Transfers | 17,840.0 | (800.4) | (4,900.0) | (13,600.0) | | (1,460.4) |
| Total Revenues and Transfers | 30,735.6 | 700.0 | 1,400.0 | 775.0 | 500.0 | 34,110.6 |
| Expenses | | | | | | |
| Academic Salaries | 9,899.9 | 50.1 | 399.8 | 250.4 | 100.0 | 10,700.2 |
| Staff Salaries | 6,500.1 | 74.9 | 350.2 | 50.0 | 225.0 | 7,200.2 |
| Total Benefits | 4,100.2 | 25.3 | 200.0 | 69.6 | 80.0 | 4,475.1 |
| Non-Salary Expenses | 8,935.6 | 590.7 | 1,052.0 | 202.0 | 95.0 | 10,875.3 |
| Library Acquisitions | 1,299.8 | | | | | 1,299.8 |
| Total Expenses | 30,735.6 | 741.0 | 2,002.0 | 572.0 | 500.0 | 34,550.6 |
| Surplus / (Deficit) | | (41.0) | (602.0) | 203.0 | | (440.0) |
| Beginning Operating Equity | | 750.0 | 9,000.0 | 3,500.0 | | 13,250.0 |
| Ending Operating Equity | | 709.0 | 8,398.0 | 3,703.0 | | 12,810.0 |

Notes:

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- This budget does not reflect an allocation of tuition revenue or of central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- Current funds are resources that are expendable for the primary instruction and research mission of the university, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

## School of Medicine
## 2002/03 Consolidated Forecast
[in thousands of dollars]

| | Operating Budget | Designated Funds | Restricted Expendable | Restricted Endowment | Grants & Contracts | Auxiliary Activities | Total |
|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | |
| General Funds Allocation | 81,551.4 | | | | | | 81,551.4 |
| Restricted Revenues | | 54,056.2 | 45,792.0 | 60,312.0 | 308,532.8 | 159,182.7 | 627,875.7 |
| Total Revenues | 81,551.4 | 54,056.2 | 45,792.0 | 60,312.0 | 308,532.8 | 159,182.7 | 709,427.1 |
| Transfers | | | | | | | |
| Transfers within Current Funds | 33,859.2 | 4,676.1 | (3,352.2) | (22,320.7) | | 2,000.0 | 14,862.3 |
| Transfers from/(to) Endowment Principal | | (5,000.0) | | (500.0) | | | (5,500.0) |
| Transfers from/(to) Plant/Student Loan | | (9,538.9) | | (45.0) | | | (9,583.9) |
| Total Transfers | 33,859.2 | (9,862.8) | (3,352.2) | (22,865.7) | | 2,000.0 | (221.6) |
| Total Revenues and Transfers | 115,410.6 | 44,193.4 | 42,439.8 | 37,446.3 | 308,532.8 | 161,182.7 | 709,205.5 |
| Expenses | | | | | | | |
| Academic Salaries | 13,017.4 | 21,813.2 | 6,061.6 | 7,180.8 | 43,726.9 | 91,721.8 | 183,521.6 |
| Staff Salaries | 29,698.1 | 11,615.8 | 7,311.5 | 3,054.0 | 62,675.4 | 23,276.5 | 137,631.4 |
| Total Benefits | 9,416.4 | 6,173.2 | 2,722.8 | 2,484.3 | 22,947.9 | 26,891.2 | 70,635.7 |
| Non-Salary Expenses | 26,727.3 | 22,119.5 | 19,876.2 | 13,196.6 | 179,182.6 | 16,250.6 | 277,352.8 |
| Library Acquisitions | 679.8 | | 246.3 | 1,245.7 | | | 2,171.8 |
| Utilities | 14,738.9 | 19.1 | | | | 146.4 | 14,904.4 |
| O&M | 18,309.0 | 147.7 | 46.6 | 15.0 | | 576.2 | 19,094.4 |
| Debt Service | 2,823.6 | | | | | | 2,823.6 |
| Total Expenses | 115,410.6 | 61,888.5 | 36,264.9 | 27,176.3 | 308,532.8 | 158,862.6 | 708,135.7 |
| Surplus / (Deficit) | | (17,695.1) | 6,174.8 | 10,270.0 | | 2,320.1 | 1,069.8 |
| Beginning Operating Equity | | 117,946.8 | 111,474.8 | 96,478.2 | | | 325,899.8 |
| Ending Operating Equity | | 100,251.6 | 117,649.7 | 106,748.2 | | 2,320.1 | 326,969.6 |

Notes:
- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
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## Vice Provost and Dean of Research and Graduate Policy
## 2002/03 Consolidated Forecast

[in thousands of dollars]

| | Operating Budget | Designated Funds | Restricted Expendable | Restricted Endowment | Grants & Contracts | Total |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| General Funds Allocation | 18,957.0 | | | | | 18,957.0 |
| Restricted Revenues | | 9,749.0 | 8,407.0 | 21,375.0 | 84,574.0 | 124,105.0 |
| Total Revenues | 18,957.0 | 9,749.0 | 8,407.0 | 21,375.0 | 84,574.0 | 143,062.0 |
| Transfers | | | | | | |
| Transfers within Current Funds | 11,927.0 | (2,904.0) | (649.0) | (16,028.0) | (250.0) | (7,904.0) |
| Transfers from/(to) Endowment Principal | | | | | | |
| Transfers from/(to) Plant/Student Loan | | | | | | |
| Total Transfers | 11,927.0 | (2,904.0) | (649.0) | (16,028.0) | (250.0) | (7,904.0) |
| Total Revenues and Transfers | 30,884.0 | 6,845.0 | 7,758.0 | 5,347.0 | 84,324.0 | 135,158.0 |
| Expenses | | | | | | |
| Academic Salaries | 3,318.0 | 1,198.0 | 1,923.0 | 1,366.0 | 11,408.9 | 19,213.9 |
| Staff Salaries | 14,194.0 | 2,048.0 | 1,016.0 | 735.0 | 5,941.0 | 23,934.0 |
| Total Benefits | 4,443.2 | 674.0 | 718.0 | 488.8 | 3,614.0 | 9,938.0 |
| Non-Salary Expenses | 8,928.8 | 1,930.8 | 3,694.0 | 1,974.1 | 63,360.2 | 79,887.8 |
| Total Expenses | 30,884.0 | 5,850.8 | 7,351.0 | 4,563.9 | 84,324.0 | 132,973.7 |
| Surplus / (Deficit) | | 994.3 | 407.0 | 783.1 | | 2,184.3 |
| Beginning Operating Equity | | 17,667.0 | 10,828.0 | 19,940.0 | | 48,435.0 |
| Ending Operating Equity | | 18,661.3 | 11,235.0 | 20,723.1 | | 50,619.3 |

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
- This budget does not reflect an allocation of tuition revenue or of central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- Current funds are resources that are expendable for the primary instruction and research mission of the university, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

## Vice Provost for Undergraduate Education
## 2002/03 Consolidated Forecast

[in thousands of dollars]

| | Operating Budget | Designated Funds | Restricted Expendable | Restricted Endowment | Grants & Contracts | Total |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| General Funds Allocation | 14,210.0 | | | | | 14,210.0 |
| Restricted Revenues | | 15.0 | 3,885.0 | 3,347.0 | | 7,247.0 |
| Total Revenues | 14,210.0 | 15.0 | 3,885.0 | 3,347.0 | | 21,457.0 |
| Transfers | | | | | | |
| Transfers within Current Funds | 7,861.0 | (690.0) | (4,066.0) | (2,476.0) | | 629.0 |
| Transfers from/(to) Endowment Principal | | | | | | |
| Transfers from/(to) Plant/Student Loan | | | | | | |
| Total Transfers | 7,861.0 | (690.0) | (4,066.0) | (2,476.0) | | 629.0 |
| Total Revenues and Transfers | 22,071.0 | (675.0) | (181.0) | 871.0 | | 22,086.0 |
| Expenses | | | | | | |
| Academic Salaries | 7,269.0 | | 300.0 | 250.0 | | 7,819.0 |
| Staff Salaries | 3,808.0 | | | 80.0 | | 3,888.0 |
| Total Benefits | 2,280.0 | | 71.0 | 85.0 | | 2,436.0 |
| Non-Salary Expenses | 8,714.0 | 12.0 | 450.0 | 60.0 | | 9,236.0 |
| Total Expenses | 22,071.0 | 12.0 | 821.0 | 475.0 | | 23,379.0 |
| Surplus / (Deficit) | | (687.0) | (1,002.0) | 396.0 | | (1,293.0) |
| Beginning Operating Equity | | 2,441.0 | 2,702.0 | 3,376.0 | | 8,519.0 |
| Ending Operating Equity | | 1,754.0 | 1,700.0 | 3,772.0 | | 7,226.0 |

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
- This budget does not reflect an allocation of tuition revenue or of central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- Current funds are resources that are expendable for the primary instruction and research mission of the university, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

## Admissions & Financial Aid
## 2002/03 Consolidated Forecast

[in thousands of dollars]

| | Operating Budget | Designated Funds | Restricted Expendable | Restricted Endowment | Grants & Contracts | Total |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| General Funds Allocation | 20,553.0 | | | | | 20,553.0 |
| Restricted Revenues | | 399.9 | 9,108.1 | 28,380.7 | 12,371.3 | 50,260.0 |
| Total Revenues | 20,553.0 | 399.9 | 9,108.1 | 28,380.7 | 12,371.3 | 70,813.0 |
| Transfers | | | | | | |
| Transfers within Current Funds | | | | | | |
| Transfers from/(to) Endowment Principal | | | | | | |
| Transfers from/(to) Plant/Student Loan | | | | | | |
| Total Transfers | | | | | | |
| Total Revenues and Transfers | 20,553.0 | 399.9 | 9,108.1 | 28,380.7 | 12,371.3 | 70,813.0 |
| Expenses | | | | | | |
| Academic Salaries | | | | | | |
| Staff Salaries | 3,418.0 | | | | | 3,418.0 |
| Total Benefits | 890.0 | | | | | 890.0 |
| Total Non-Salary Expenses | 2,150.2 | | | | | 2,150.2 |
| Undergraduate Financial Aid | 14,094.8 | 267.9 | 8,911.1 | 28,298.7 | 12,371.3 | 63,943.8 |
| Total Expenses | 20,553.0 | 267.9 | 8,911.1 | 28,298.7 | 12,371.3 | 70,402.0 |
| Surplus / (Deficit) | | 132.0 | 197.0 | 82.0 | | 411.0 |
| Beginning Operating Equity | | 311.0 | 2,067.0 | 1,103.0 | | 3,481.0 |
| Ending Operating Equity | | 443.0 | 2,264.0 | 1,185.0 | | 3,892.0 |

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
- This budget does not reflect an allocation of tuition revenue or of central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- Current funds are resources that are expendable for the primary instruction and research mission of the university, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

## Stanford University Libraries and Academic Information Resources (includes HighWire Press, SU Press, and Media Solutions) 2002/03 Consolidated Forecast

[in thousands of dollars]

| | Operating Budget | Designated Funds | Restricted Expendable | Restricted Endowment | Grants & Contracts | Auxiliary Activities | Total |
|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | |
| General Funds Allocation | 35,889.5 | | | | | | 35,889.5 |
| Restricted Revenues | | 1,900.0 | 800.0 | 7,700.0 | 65.3 | 21,239.3 | 31,704.6 |
| Total Revenues | 35,889.5 | 1,900.0 | 800.0 | 7,700.0 | 65.3 | 21,239.3 | 67,594.1 |
| Transfers | | | | | | | |
| Transfers within Current Funds | 2,337.8 | | (108.2) | (2,229.6) | | | |
| Transfers from/(to) Endowment Principal | | | | | | | |
| Transfers from/(to) Plant/Student Loan | | | | | | | |
| Total Transfers | 2,337.8 | | (108.2) | (2,229.6) | | | |
| Total Revenues and Transfers | 38,227.3 | 1,900.0 | 691.8 | 5,470.4 | 65.3 | 21,239.3 | 67,594.1 |
| Expenses | | | | | | | |
| Academic Salaries | | | | | | | |
| Staff Salaries | 21,189.0 | 825.0 | 100.0 | | 37.6 | 12,427.1 | 34,578.7 |
| Total Benefits | 5,519.6 | 215.0 | 26.0 | | 9.8 | 3,183.3 | 8,953.7 |
| Total Non-Salary Expenses | 1,869.6 | 860.0 | 480.0 | 870.4 | 17.9 | 6,913.7 | 11,011.6 |
| Library Acquisitions | 9,649.1 | | 85.8 | 4,600.0 | | | 14,334.9 |
| Total Expenses | 38,227.3 | 1,900.0 | 691.8 | 5,470.4 | 65.3 | 22,524.1 | 68,878.9 |
| Surplus / (Deficit) | | | | | | (1,284.8) | (1,284.8) |
| Beginning Operating Equity | | 95.0 | 1,710.0 | 1,140.0 | | | 2,945.0 |
| Ending Operating Equity | | 95.0 | 1,710.0 | 1,140.0 | | (1,284.8) | 1,660.2 |

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
- This budget does not reflect an allocation of tuition revenue or of central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- Current funds are resources that are expendable for the primary instruction and research mission of the university, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

## Vice Provost for Student Affairs
## 2002/03 Consolidated Forecast

[in thousands of dollars]

| | Operating Budget | Designated Funds | Restricted Expendable | Restricted Endowment | Grants & Contracts | Total |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| General Funds Allocation | 18,032.0 | | | | | 18,032.0 |
| Restricted Revenues | | 3,635.0 | 454.0 | 1,444.0 | 734.0 | 6,267.0 |
| Total Revenues | 18,032.0 | 3,635.0 | 454.0 | 1,444.0 | 734.0 | 24,299.0 |
| Transfers | | | | | | |
| Transfers within Current Funds | 2,956.0 | (2,022.0) | (26.0) | (703.0) | | 205.0 |
| Transfers from/(to) Endowment Principal | | | | | | |
| Transfers from/(to) Plant/Student Loan | | | | | | |
| Total Transfers | 2,956.0 | (2,022.0) | (26.0) | (703.0) | | 205.0 |
| Total Revenues and Transfers | 20,988.0 | 1,613.0 | 428.0 | 741.0 | 734.0 | 24,504.0 |
| Expenses | | | | | | |
| Academic Salaries | | | | 265.0 | | 265.0 |
| Staff Salaries | 9,183.0 | 297.0 | 100.0 | 57.0 | 330.0 | 9,967.0 |
| Total Benefits | 2,323.0 | 77.0 | 26.0 | 84.0 | 85.0 | 2,595.0 |
| Non-Salary Expenses | 9,482.0 | 1,468.0 | 250.0 | 380.0 | 319.0 | 11,899.0 |
| Total Expenses | 20,988.0 | 1,842.0 | 376.0 | 786.0 | 734.0 | 24,726.0 |
| Surplus / (Deficit) | | (229.0) | 52.0 | (45.0) | | (222.0) |
| Beginning Operating Equity | | 5,604.0 | 1,876.0 | 2,582.0 | | 10,062.0 |
| Ending Operating Equity | | 5,375.0 | 1,928.0 | 2,537.0 | | 9,840.0 |

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
- This budget does not reflect an allocation of tuition revenue or of central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- Current funds are resources that are expendable for the primary instruction and research mission of the university, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

## AUXILIARY ACTIVITIES
## 2002/03 CONSOLIDATED FORECAST
[IN THOUSANDS OF DOLLARS]

### ALUMNI ASSOCIATION

| | |
|---|---|
| Revenues | |
| Program Revenue | 23,488.3 |
| Advertising | 483.7 |
| Annual Membership Dues | 149.1 |
| Life Membership Dues | 952.6 |
| General Fund Allocation | 5,953.0 |
| Presidential Funds | 486.0 |
| Investment Income | 334.6 |
| Interdepartmental Charges | 355.2 |
| Donations for Magazine | 180.2 |
| Life Membership Transfer | 1,859.9 |
| Royalties | 993.4 |
| Total Revenues | 35,236.0 |
| Expenses | |
| Salaries & Benefits | 9,344.9 |
| Part-Time/Students/Temporary Help | 588.3 |
| Participants and Staff Expenses | 18,685.6 |
| Outside Services | 2,847.0 |
| Materials and Supplies | 1,684.8 |
| Other Non-Salary Expenses | 2,085.4 |
| Total Expenses | 35,236.0 |
| Operating Gain/(Loss) | 0.0 |

### ATHLETICS

| | |
|---|---|
| Operating | |
| Revenues | |
| Intercollegiate | 15,366.2 |
| Unrestricted Funds | 6,965.8 |
| Golf Course | 5,348.7 |
| General Funds | 4,622.0 |
| Restricted Funds | 4,644.3 |
| Faculty-Staff Recreation | 1,441.0 |
| Total Revenues | 38,388.0 |
| Expenses | |
| Compensation | 18,330.4 |
| Sport Programs | 7,629.9 |
| Facilities & Events | 4,369.3 |
| Student Services | 1,359.6 |
| Administration | 5,007.8 |
| University Overhead | 1,287.0 |
| Total Expenses | 37,984.0 |
| Operating Gain/(Loss) | 404.0 |
| Financial Aid | |
| Revenues | 12,333.1 |
| Expenses | 12,737.1 |
| Financial Aid Gain/(Loss) | (404.0) |
| Consolidated | |
| Total Revenues | 50,721.1 |
| Total Expenses | 50,721.1 |
| Consolidated Gain/(Loss) | 0.0 |

## Auxiliary Activities
## 2002/03 Consolidated Forecast
[in thousands of dollars]

### Residential and Dining Enterprises

| | |
|---|---|
| Revenues | |
| Student Housing | 73,703.6 |
| Student Housing: Off Campus | 13,262.9 |
| Concessions/Catering | 5,116.4 |
| Conferences Housing & Dining | 7,884.2 |
| Other Operating Income | 5,532.8 |
| Interest Income | 500.0 |
| Total Revenues | 105,999.8 |
| Transfers | |
| Grad Housing Subsidy: Off Campus | 6,051.8 |
| Rent Loss Reimbursement | 300.0 |
| Additions from Funds Functioning as Endowment | 1,096.7 |
| Debt Service Subsidy: Grad Housing | 3,300.0 |
| Total Transfers | 10,748.5 |
| Total Revenues and Transfers | 116,748.3 |
| Expenses | |
| Salaries and Benefits | 16,942.8 |
| Food Costs | 5,874.0 |
| EM & S | 5,363.1 |
| Rentals & Leases: Off Campus | 19,314.7 |
| Utilities & Telephone | 7,187.2 |
| Furnishings | 1,158.6 |
| Maintenance | 7,474.0 |
| Major Repairs | 1,712.2 |
| Administrative Expenses | 9,039.6 |
| Residential Education | 5,077.9 |
| Debt Service | 29,844.5 |
| Distribution of G&A Expenses | 6,253.9 |
| Other Non-Salary Expenses | 1,505.8 |
| Total Expenses | 116,748.3 |
| Operating Gain/(Loss) | 0.0 |

### Stanford University Press

| | |
|---|---|
| Revenues | |
| Net Sales | 4,695.1 |
| Cost of Sales | (2,526.2) |
| Other Income | 415.0 |
| University Subsidy | 513.4 |
| Strategic Initiatives | 685.0 |
| Total Revenues | 3,782.3 |
| Expenses | |
| Acquisitions | 1,094.9 |
| Production Editing | 356.0 |
| Production and Design | 364.9 |
| Marketing | 1,304.3 |
| Distribution | 633.8 |
| Accounting | 280.3 |
| Office and General | 829.4 |
| University Overhead | 259.8 |
| Total Expenses | 5,123.4 |
| Operating Gain/(Loss) | (1,341.1) |

# Appendix B
# Supplementary Information

The tables and graphs in this Appendix provide a general picture of Stanford's status in several different areas. The short summaries below serve as an introduction to the schedules and point out interesting trends or historical occurrences.

### Schedule 1 – Student Enrollment

Male undergraduates slightly outnumbered female undergraduates in 2001/02, as they have since 1998/99. The number of TGR's (Terminal Graduate Registration) increased markedly in 1997/98, primarily because changes in Federal policy requiring payment of the tuition of Research Assistants directly from research contracts and grants provided a strong incentive for encouraging eligible graduate students to register as TGRs. This year there was again a large increase in TGRs, setting a new record high. The number of non-TGR graduate students decreased in 2001/02, slowing the growth seen since 1998/99.

### Schedule 2 – Freshman Student Apply/Admit/ Matriculate Statistics

The number of applicants for the present freshman class was the largest in Stanford's history, and represents a 3.8% increase from last year. Only 12.6% of applicants were accepted. This is the lowest in the past ten years, showing Stanford's increasing selectivity. The yield rate continues to rise as a result of Stanford's popularity and the addition of an early decision program in 1996.

### Schedule 3 – Tuition and Room & Board Rates

In the early 1980s tuition at Stanford rose by about 10% each year. The rates of increase slowed substantially after that, and the rates of increase in total expense (tuition plus room and board) in the late 90s were the lowest in the entire period shown in the table. Increases in Room & Board rates have been very small in the last few years, often less than inflation, but rose to 4.5% in 2002/03, reflecting the high local inflation rate. For 2002/03, tuition increased by 5%, mitigating somewhat the 6% increases of the previous two years.

### Schedule 4 – Tuition and Fee Income

Total tuition income is expected to increase at a rate (4.4%) lower than the increase in the tuition rate (5.0%). The lower growth rate is due to a slight anticipated decrease in enrollment. Application fees, the primary source of fee income, are expected to increase in 2002/03 due to fee increases and rising numbers of applicants.

### Schedule 5 – Undergraduate Financial Aid by Source of Funds and Type of Aid

This schedule shows the total amount of financial aid from all sources (including non-need based scholarship aid for athletics) awarded to undergraduate students. The last row shows Stanford tuition plus room and board. Total scholarships and grants increased by 9.5% in 2000/01, as a result of several financial aid policy changes designed to reduce parental contributions and loans. The Stanford unrestricted funds portion of scholarships and grants has been rapidly declining the past 3 years as other sources, particularly gifts and endowment income, have been rising to take their place. Total loans continued to decline, and now the total stands at the 1992/93 level. The work component of financial aid has been declining since 1994/95.

### Schedule 6 – Needs and Sources, Including Parental and Student Contributions

This schedule shows the total expense and sources of support for undergraduate students who receive need-based financial aid. The last row shows the number of students who receive need-based aid. The expected need amount increases by more than the tuition, room, and board increase for next year (6.0%) because we expect slightly more students to be aided, and because those who are aided have demonstrated greater need. On the "Sources" side for 2002/03 the unrestricted funds required will increase by $3.3 million, or 30%. The need for unrestricted funds had been declining substantially due to strong fundraising and less needy students, but has risen in the past two years to a level similar to that of the late 1990s. Unrestricted funds are the source used to make up the difference between need and all other sources, so the amount must increase disproportionately when most of the other sources are expected to grow less than need, as is the case for next year.

### Schedule 7 – Total Professorial Faculty

The total professoriate has increased by 31 people (about 1.9%) since last year. Half of this growth was in the non-tenure line faculty, fueled by increases in Medical Center Line faculty in the School of Medicine. The number of tenure line faculty increased by 16.

### Schedule 8 – Distribution of Tenured, Non-Tenured, and Non-Tenure Line Professorial Faculty

This schedule provides a disaggregated view of the data in Schedule 7 over the last three years. Schedule 8 shows that while the total number of tenured faculty has dropped in the past three years by 12, the number of tenure line faculty who have not obtained tenure has increased by 18. The number of non-tenure line faculty has increased by 44 as more faculty move to the non-tenure line Medical Center Line positions.

### Schedule 9 – Number of Non-Teaching Employees

This schedule shows the number of regular (defined in the first footnote in the schedule) non-teaching employees by activity. To maintain consistency in these data over time in the face of reorganizations, the activity categories have been defined broadly, and the table contains footnotes explaining various shifts across the categories or other changes over the period. The School of Medicine has been particularly affected by organizational changes.

The number of employees increased by 665, or 7.9% in 2001. Of these, 100 new employees are in SLAC, and 80 in the Libraries. The other increases are distributed throughout the university. The increases tend to be in the technical fields, were the downturn in the high-tech economy has led technology specialists to seek employment elsewhere.

### Schedule 10 – Staff Employees Outside Medicine and SLAC

This graph shows the relation between two series of numbers of employees in various years since 1993. The first series is staff employees in the schools (except Medicine) and independent laboratories (the sum of employees in the categories labeled Other Academic and Dean of Research in the previous schedule.) The second is a measure of "core" administrative staff who are paid almost entirely from general funds. This category includes Student Services, Libraries, Athletics, ITSS, Development, University Land and Buildings, Residential and Dining Enterprises, the Alumni Association, Other, and Administration.

The number of core staff trended down and declined by about 7% between 1993 and 1995. Since then, staff has increased each year (except for a flat period in 1998 and 1999). This employee growth coincides with increases in some administrative areas of the university, particularly information systems.

Employment in the schools and independent labs has increased each year since 1993, for a growth rate of 27%. Much of this growth was probably related to a steady growth in sponsored research (see Schedule 12). However, in 1999, the number of staff in the schools and labs dropped very slightly, by 8 people, and then increased in 2000 by 72, and in 2001 by 137.

### Schedule 11 – Staff Benefits Detail

To support the various components of non-salary benefits provided to employees, a benefits rate is assessed to all salary and wage transactions. After major changes in 1997/98 (multiple benefit rates introduced, the removal of tuition remission from the benefits pool, and a change to a contributory retirement plan for all non-union employees), the changes for the last three years have been much simpler (except for the removal of the faculty/staff tuition grant program from the benefits pool in 1999/00). The changes in insurance programs categories, as well as any other noticeable increases and decreases, are due to rate changes, more employees utilizing particular existing benefits, or complicated issues related to how Stanford funds these various programs. Note that a new benefit rate is being proposed for health insurance for graduate teaching assistants and research assistants in 2002/03, but is not included in this table.

### Schedule 12 – Sponsored Research Expense by Agency and Fund Source

Direct expense from research sponsored by the Federal government increased each year in the table. The amount of government-sponsored research in 2000/01 increased by 5.4%. Non-US Government sponsored research reached 16.5% of total sponsored research expense in 1999/00, the highest percentage in the years in this table, continuing the trend toward more non-US government sponsored research, though there was a slight decline in this percentage to 15.7% in 2000/01 (research at SLAC is not included in this schedule).

### Schedule 13 – Plant Expenditures

This schedule shows expenses from plant or borrowed funds for building or infrastructure projects related to various units. General Plant Improvement expenses are included in the "All Other" category. To the extent possible, expenditures for equipment are excluded from these calculations. These expenses have more than doubled since 1994/95 due to the construction of the Science and Engineering Quad and various seismic upgrade and earthquake repair projects such as Green Library, the Museum, and Encina. Plant expenditures decreased in 2000/01, due partly to the conclusion of large projects such as the GSB renovation, Sand Hill Road apartments, the Clinical Sciences Research building, and the new Arrillaga Alumni Center.

### Schedule 14 – Endowment Value and Rate of Return

The rate of return for the endowment in 2000/01 was negative (7.3%) for the first time in many years. The nominal return on invested funds has been positive every other year in the table, and has generally exceeded 10% per year. The target for annual real return on endowment funds is 6.25%, net of management fees. The average annual real return over the entire period of the table has clearly exceeded that figure, and the figure itself has been met in all but three years in the table. Historically, this period has produced exceptional market returns for both stock and bond investments, and the market value of the Stanford endowment grew to almost $9 billion in 1999/00.

1997/98 was an anomaly in that the general stock market suffered a severe downturn at the end of August 1998, just as the fiscal year ended, which had the effect of reducing the endowment's market value at the precise time it was benchmarked. However, the market recovered from that decline and much more by the end of 1998, and so did the endowment market value. 1998/99 and 1999/00 were superlative years for the endowment, reflecting the general increase in the stock market. 2000/01 was a bad year for most investments, producing a negative rate of return and a decline in the value of the endowment.

### Schedule 15 – Expendable Fund Balances at Year End: 1990/91 through 2000/01

This schedule shows the expendable fund balances (designated and restricted) by academic unit over the past decade.

## SCHEDULE 1

### Student Enrollment for Autumn Quarter 1992/93 through 2001/02

| | Undergraduate | | | Graduate | | | | |
|---|---|---|---|---|---|---|---|---|
| Year | Women | Men | Total | Women | Men | Total | TGR | Total |
| 1992/93 | 3,020 | 3,544 | 6,564 | 1,994 | 4,555 | 6,549 | 780 | 13,893 |
| 1993/94 | 3,073 | 3,500 | 6,573 | 2,030 | 4,571 | 6,601 | 828 | 14,002 |
| 1994/95 | 3,133 | 3,428 | 6,561 | 2,117 | 4,509 | 6,626 | 844 | 14,031 |
| 1995/96 | 3,267 | 3,310 | 6,577 | 2,186 | 4,424 | 6,610 | 857 | 14,044 |
| 1996/97 | 3,283 | 3,267 | 6,550 | 2,094 | 4,279 | 6,373 | 888 | 13,811 |
| 1997/98 | 3,332 | 3,307 | 6,639 | 2,204 | 4,254 | 6,458 | 987 | 14,084 |
| 1998/99 | 3,281 | 3,310 | 6,591 | 2,253 | 4,312 | 6,565 | 988 | 14,144 |
| 1999/00 | 3,238 | 3,356 | 6,594 | 2,332 | 4,370 | 6,702 | 923 | 14,219 |
| 2000/01 | 3,243 | 3,305 | 6,548 | 2,405 | 4,348 | 6,753 | 947 | 14,248 |
| 2001/02 | 3,254 | 3,385 | 6,636 | 2,329 | 4,188 | 6,517 | 1,020 | 14,173 |

Source: Registrar's Office third week enrollment figures

## SCHEDULE 2

### Freshman Apply/Admit/Enroll Statistics
### Fall 1991 through Fall 2001

| Year | Total Applications: Number | Total Applications: Percent Change from Previous Year | Admissions: Number | Admissions: Percent of Applicants Admitted | Enrollment: Number | Enrollment: Percent of Admitted Applicants Enrolling |
|---|---|---|---|---|---|---|
| Fall 1991 | 13,528 | 4.4% | 2,715 | 20.1% | 1,526 | 56.2% |
| Fall 1992 | 13,209 | (2.4%) | 2,912 | 22.0% | 1,595 | 54.8% |
| Fall 1993 | 13,604 | 3.0% | 2,926 | 21.5% | 1,607 | 54.9% |
| Fall 1994 | 14,707 | 8.1% | 2,942 | 20.0% | 1,590 | 54.0% |
| Fall 1995 | 15,485 | 5.3% | 2,908 | 18.8% | 1,597 | 54.9% |
| Fall 1996 | 16,478 | 6.4% | 2,634 | 16.0% | 1,610 | 61.1% |
| Fall 1997 | 16,842 | 2.2% | 2,596 | 15.4% | 1,648 | 63.5% |
| Fall 1998 | 18,885 | 12.1% | 2,505 | 13.3% | 1,606 | 64.1% |
| Fall 1999 | 17,919 | (5.1%) | 2,689 | 15.0% | 1,749 | 65.0% |
| Fall 2000 | 18,363 | 2.5% | 2,425 | 13.2% | 1,599 | 65.9% |
| Fall 2001 | 19,052 | 3.8% | 2,406 | 12.6% | 1,615 | 67.1% |

## SCHEDULE 3

### Undergraduate Tuition and Room & Board Rates
### 1980/81 through 2002/03

| Year | Undergraduate Tuition | Percent Change from Previous Year | Room & Board | Percent Change from Previous Year | Total Cost | Percent Change from Previous Year |
|---|---|---|---|---|---|---|
| 1980/81 | 6,285 | 12.3% | 2,636 | 12.0% | 8,921 | 12.2% |
| 1981/82 | 7,140 | 13.6% | 2,965 | 12.5% | 10,105 | 13.3% |
| 1982/83 | 8,220 | 15.1% | 3,423 | 15.4% | 11,643 | 15.2% |
| 1983/84 | 9,027 | 9.8% | 3,812 | 11.4% | 12,839 | 10.3% |
| 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% |

**SCHEDULE 4**

## Breakdown of Tuition and Fee Income
## Projected 2002/03 Budget
[in thousands of dollars]

| | Budget 2001/02 | Projected 2002/03 | 2001/02 to 2002/03 Change | |
|---|---|---|---|---|
| | | | Amount | Percentage |
| **Tuition:** | | | | |
| Undergraduate | 169,284 | 175,146 | 5,862 | 3.5% |
| Graduate | 138,546 | 141,819 | 3,273 | 2.4% |
| Other | 11,241 | 13,850 | 2,609 | 23.2% |
| Summer | 18,517 | 20,767 | 2,350 | 12.2% |
| Total Tuition | 337,588 | 351,582 | 14,094 | 4.2% |
| **Miscellaneous Fees:** | | | | |
| Application Fees | 3,147 | 3,605 | 457 | 14.5% |
| Other Fees | 1,100 | 1,260 | 160 | 14.5% |
| Total Fees | 4,247 | 4,865 | 617 | 14.5% |
| Total Tuition and Fee Income | 341,836 | 356,447 | 14,611 | 4.3% |

## SCHEDULE 5

### Undergraduate Financial Aid by Source of Funds and Type of Aid[1]
### 1991/92 through 2000/01
[in thousands of dollars]

| | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Scholarships and Grants** | | | | | | | | | | |
| General Funds | 15,834 | 16,420 | 17,736 | 16,593 | 17,513 | 13,611 | 12,201 | 12,420 | 7,954 | 4,568 |
| Gifts and Endowment Income: Non-Athletic[2] | 6,868 | 10,936 | 12,355 | 14,762 | 15,692 | 20,027 | 22,526 | 24,235 | 27,871 | 35,660 |
| Athletic Awards | 5,252 | 5,603 | 5,639 | 6,328 | 6,626 | 7,471 | 8,232 | 8,614 | 8,874 | 9,842 |
| Departmental Awards | 98 | 782 | 566 | 455 | 415 | 1,372 | 1,743 | 2,016 | 2,238 | 3,263 |
| External Grants[3] | 8,884 | 8,983 | 9,448 | 10,407 | 11,477 | 13,757 | 15,541 | 15,343 | 16,713 | 16,383 |
| Subtotal for Scholarships and Grants | 36,936 | 42,724 | 45,744 | 48,545 | 51,723 | 56,238 | 60,243 | 62,629 | 63,649 | 69,717 |
| **Loans** | | | | | | | | | | |
| University Funds | 1,529 | 1,333 | 1,382 | 1,157 | 1,290 | 1,233 | 787 | 600 | 666 | 612 |
| External Funds | 8,181 | 9,234 | 9,763 | 11,389 | 11,453 | 11,519 | 12,791 | 12,354 | 11,279 | 9,987 |
| Subtotal for Loans | 9,710 | 10,567 | 11,145 | 12,546 | 12,743 | 12,752 | 13,578 | 12,953 | 11,946 | 10,599 |
| **Jobs** | | | | | | | | | | |
| University Funds[4] | 1,473 | 1,869 | 3,897 | 4,175 | 3,602 | 3,295 | 3,255 | 2,387 | 2,252 | 1,120 |
| External Funds | 110 | 128 | 396 | 367 | 438 | 457 | 691 | 859 | 476 | 736 |
| Subtotal for Jobs | 1,583 | 1,997 | 4,293 | 4,542 | 4,040 | 3,752 | 3,945 | 3,246 | 2,728 | 1,857 |
| **Grand Total** | 48,229 | 55,288 | 61,182 | 65,633 | 68,506 | 72,742 | 77,766 | 78,828 | 78,323 | 82,173 |
| Stanford Tuition plus Room and Board | 21,262 | 22,850 | 24,310 | 25,465 | 26,749 | 27,827 | 28,857 | 29,878 | 30,939 | 32,471 |

[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 support from the Stanford Fund.

[3]All grants from federal, state, or private sources.

[4]Includes university match of funds from outside sources.

## SCHEDULE 6

### Undergraduate Financial Aid
### Projected 2002/03 Budget Needs and Sources,
### Including Parental and Student Contributions[1]
[in thousands of dollars]

| | 2000/01 Actual | 2001/02 Year End Projection | 2002/03 Proposed Budget | Change from 2001/02 to 2002/03 | Percent Change from 2001/02 to 2002/03 |
|---|---|---|---|---|---|
| **Needs** | | | | | |
| Tuition, Room & Board | 78,831 | 88,511 | 94,017 | 5,506 | 6.2% |
| Books and Personal Expenses | 7,263 | 8,018 | 8,397 | 379 | 4.7% |
| Travel | 1,483 | 1,578 | 1,611 | 33 | 2.1% |
| **Total Needs** | 87,577 | 98,107 | 104,025 | 5,918 | 6.0% |
| **Sources** | | | | | |
| Total Family Contribution (Includes parent contribution for aided students, self-help, summer savings, assets, etc.) | 34,952 | 38,229 | 39,715 | 1,486 | 3.9% |
| Endowment Income[2] | 25,104 | 28,000 | 28,381 | 381 | 1.4% |
| Expendable Gifts | 370 | 300 | 308 | 8 | 2.7% |
| Stanford Fund[3] | 11,507 | 8,800 | 8,800 | | |
| Federal Grants | 3,564 | 3,500 | 3,971 | 471 | 13.5% |
| California State Scholarships | 4,045 | 4,400 | 4,800 | 400 | 9.1% |
| Outside Awards | 3,020 | 3,700 | 3,600 | (100) | (2.7%) |
| Department Sources | 447 | 400 | 400 | | |
| General Funds | 4,568 | 10,778 | 14,050 | 3,272 | 30.4% |
| **Total Sources** | 87,577 | 98,107 | 104,025 | 5,918 | 6.0% |
| Number of Students on Need-Based Aid | 2,516 | 2,675 | 2,710 | 35 | 1.3% |

[1]In this table, sources of aid other than the family contribution include only aid awarded to students who are receiving scholarship aid from Stanford. Thus, the sum of the amounts for scholarships and grants will not equal the figures in Schedule 5.

[2]Endowment income includes reserve funds and specifically invested funds.

[3]Stanford Fund includes the President's Fund in applicable years.

## SCHEDULE 7

### Total Professorial Faculty[1]
### 1975/76 through 2001/02

| | Professors | Associate Professors | Assistant Professors[2] | Tenure Line Total | Non-Tenure Line Professors | Grand Total |
|---|---|---|---|---|---|---|
| 1975/76 | 565 | 186 | 295 | 1,046 | | 1,046 |
| 1976/77 | 571 | 194 | 304 | 1,069 | | 1,069 |
| 1977/78 | 586 | 199 | 287 | 1,072 | 86 | 1,158 [3] |
| 1978/79 | 600 | 211 | 292 | 1,103 | 91 | 1,194 |
| 1979/80 | 620 | 210 | 286 | 1,116 | 94 | 1,210 |
| 1980/81 | 642 | 205 | 279 | 1,126 | 104 | 1,230 |
| 1981/82 | 661 | 200 | 294 | 1,155 | 103 | 1,258 |
| 1982/83 | 672 | 195 | 284 | 1,151 | 116 | 1,267 |
| 1983/84 | 682 | 195 | 286 | 1,163 | 129 | 1,292 |
| 1984/85 | 691 | 194 | 272 | 1,157 | 135 | 1,292 |
| 1985/86 | 708 | 191 | 261 | 1,160 | 135 | 1,295 |
| 1986/87 | 711 | 192 | 262 | 1,165 | 150 | 1,315 |
| 1987/88 | 719 | 193 | 274 | 1,186 | 149 | 1,335 |
| 1988/89 | 709 | 200 | 268 | 1,177 | 147 | 1,324 |
| 1989/90 | 715 | 198 | 265 | 1,178 | 146 | 1,324 |
| 1990/91 | 742 | 195 | 278 | 1,215 | 161 | 1,376 |
| 1991/92 | 756 | 205 | 263 | 1,224 | 182 | 1,406 [4] |
| 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 |

Data Source: Provost's Office

[1]Some appointments are coterminous with the availability of funds.

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

[3]Beginning in 1977-78, Non-Tenure Line Professors are included.

[4]Beginning in 1991-92, Medical Center Line and Senior Fellows in policy centers and institutes are included.

## SCHEDULE 8

### Distribution of Tenured, Non-Tenured, and Non-Tenure Line Professorial Faculty[1] 1999/00 through 2001/02

| | 1999/00 | | | | 2000/01 | | | | 2001/02 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Tenured | Non-Tenured | Non-Tenure Line | Total | Tenured | Non-Tenured | Non-Tenure Line | Total | Tenured | Non-Tenured | Non-Tenure Line | Total |
| Earth Sciences | 32 | 6 | 4 | 42 | 33 | 5 | 6 | 44 | 33 | 7 | 5 | 45 |
| Education | 34 | 9 | 2 | 45 | 32 | 11 | 2 | 45 | 32 | 11 | 2 | 45 |
| Engineering | 151 | 43 | 28 | 222 | 149 | 45 | 26 | 220 | 146 | 45 | 24 | 215 |
| Humanities and Sciences | 371 | 133 | 18 | 522 | 359 | 144 | 16 | 519 | 359 | 137 | 18 | 514 |
| (Humanities) | (157) | (58) | (8) | (223) | (149) | (65) | (8) | (222) | (146) | (59) | (9) | (214) |
| (Natural Sciences & Math) | (112) | (34) | (7) | (153) | (110) | (36) | (5) | (151) | (112) | (34) | (5) | (151) |
| (Social Sciences) | (102) | (41) | (3) | (146) | (100) | (43) | (3) | (146) | (101) | (44) | (4) | (149) |
| Law | 39 | 2 | 1 | 42 | 39 | 2 | 1 | 42 | 36 | 5 | 2 | 43 |
| Other | 2 | 1 | 10 | 13 | 4 | 1 | 11 | 16 | 3 | 1 | 12 | 16 |
| Subtotal | 629 | 194 | 63 | 886 | 616 | 208 | 62 | 886 | 609 | 206 | 63 | 878 |
| Business | 54 | 27 | 1 | 82 | 53 | 31 | 1 | 85 | 57 | 38 | 1 | 96 |
| Medicine | 247 | 53 | 343 | 643 | 245 | 52 | 373 | 670 | 251 | 60 | 387 | 698 |
| SLAC | 20 | 6 | 4 | 30 | 19 | 6 | 4 | 29 | 21 | 4 | 4 | 29 |
| Total | 950 | 280 | 411 | 1,641 | 933 | 297 | 440 | 1,670 | 938 | 308 | 455 | 1,701 |

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

## SCHEDULE 9

### Number of Non-Teaching Employees As of December 15 Each Year[1] 1993 through 2001

| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999[3] | 2000 | 2001 |
|---|---|---|---|---|---|---|---|---|---|
| School of Medicine[2] | 2,101 | 1,624 | 1,624 | 1,709 | 1,925 | 2,062 | 2,224 | 2,290 | 2,440 |
| Other Academic: Business, Earth Sciences, Education, Engineering, Humanities and Sciences, Law | 1,266 | 1,266 | 1,316 | 1,319 | 1,390 | 1,417 | 1,407 | 1,413 | 1,536 |
| Athletics, Physical Education and Recreation | 82 | 85 | 97 | 103 | 106 | 113 | 117 | 132 | 128 |
| Dean of Research | 257 | 272 | 282 | 305 | 308 | 303 | 376 | 381 | 395 |
| Stanford Linear Accelerator Center | 1,240 | 1,355 | 1,311 | 1,310 | 1,300 | 1,271 | 1,287 | 1,286 | 1,385 |
| Student Services: Student Affairs, Admissions & Financial Aid | 269 | 254 | 255 | 229 | 228 | 242 | 250 | 238 | 259 |
| Libraries[6] | 307 | 302 | 310 | 327 | 343 | 378 | 373 | 380 | 459 |
| ITSS (Information Technology Systems and Services) | 287 | 281 | 356 | 369 | 391 | 409 | 410 | 437 | 518 |
| Office of Development | 176 | 137 | 135 | 139 | 126 | 131 | 139 | 148 | 157 |
| University Land and Buildings Facilities Project Management, O&M, Procurement, Public Safety, Risk Management | 456 | 438 | 450 | 459 | 477 | 475 | 357 | 346 | 382 |
| Residential and Dining | 262 | 267 | 267 | 278 | 286 | 324 | 334 | 342 | 381 |
| Stanford Alumni Association[4] | | | | | | 84 | 77 | 89 | 108 |
| Other: Hoover[6], Learning Technology and Extended Education, Research Libraries Group ('93-'94), VPUE ('98-present), Miscellaneous | 292 | 307 | 197 | 182 | 191 | 229 | 232 | 243 | 221 |
| Administration[5] Finance, President's Office, Provost's Office, University Counsel, Press | 589 | 543 | 474 | 524 | 550 | 599 | 692 | 701 | 722 |
| Total | 7,584 | 7,131 | 7,074 | 7,253 | 7,621 | 8,037 | 8,275 | 8,426 | 9,091 |
| Percent Change | | (6.0%) | (0.8%) | 2.5% | 5.1% | 5.5% | 1.8% | 1.8% | 7.9% |

[1]Does not include students, or employees working less than 50% time. Over time, university functions may move from one organization to another. For example, prior to 1998, VPUE staff were counted as part of H&S.

[2]The School of Medicine decline in 1994 primarily reflects the integration of the Faculty Practice Plan and some clinics into Stanford Health Services (SHS). The increase in 1997 is in part due to the shifting of some staff back into the School of Medicine as part of the UCSF merger.

[3]Due to a programming change, 86 staff members not previously included in these counts are included in the 1999 numbers. This primarily affects the School of Medicine (20) and Administration (30). These are not new staff members.

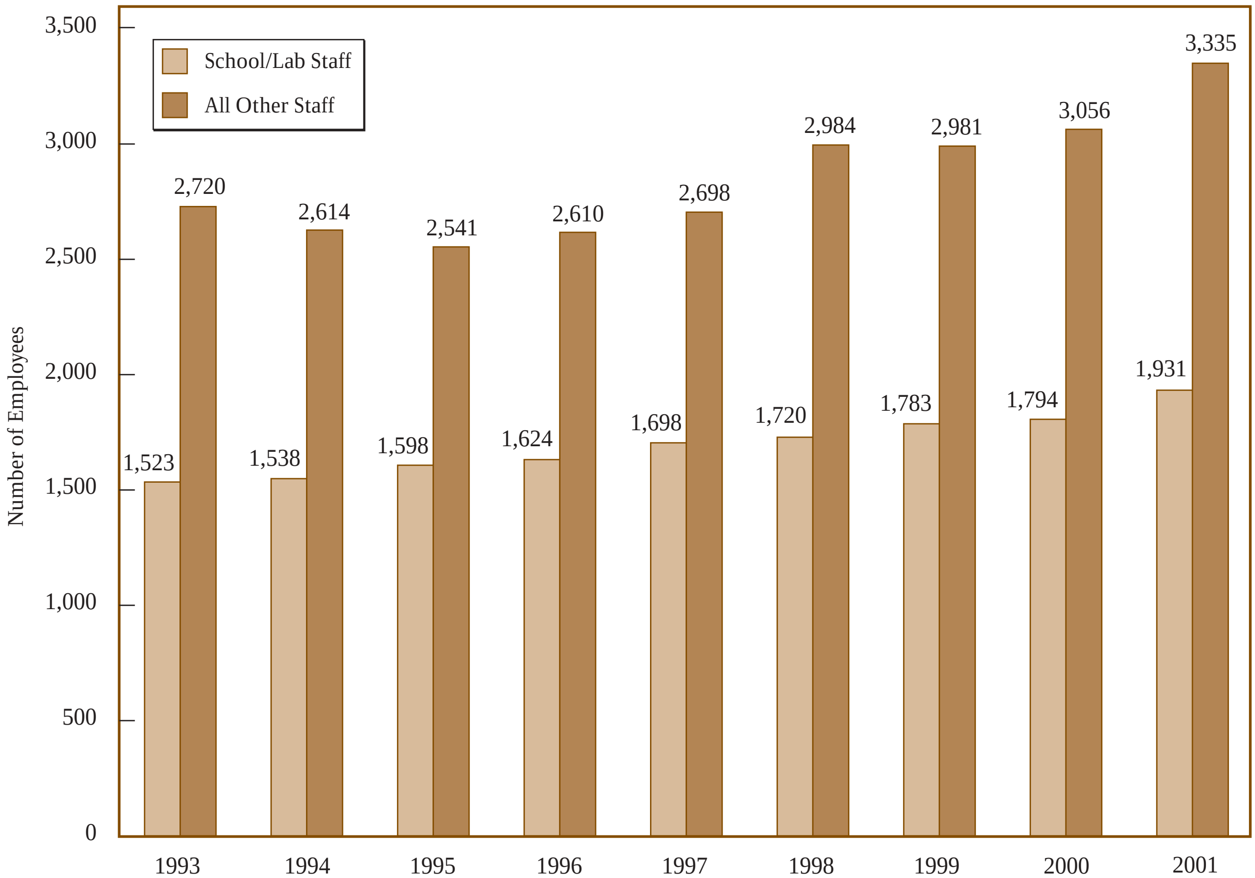
[4]The Stanford Alumni Association was an outside organization prior to 1998.

[5]The staff members in BISA were counted in Administration prior to 1995, but were moved to ITSS in 1996.

[6]The Hoover Libraries staff moved to the University Libraries organization in 2001. The Libraries also acquired Media Solutions.

**SCHEDULE 10**

## Staff Employees in Units Other than Medicine or SLAC
## 1993 through 2001, as of December 31 of Each Year



## SCHEDULE 11

### 2002/03 Projected Consolidated Budget Staff Benefits Detail

[in thousands of dollars]

| Staff Benefits Program | 2000/01 Actual Expenses | 2000/01 Negotiated Budget | 2001/02 Projected Year-End | 2002/03 Projected Budget | Increase/Decrease 2001/02 to 2002/03 | |
|---|---|---|---|---|---|---|
| Pension Programs | | | | | | |
| University Retirement | 54,496 | 58,041 | 58,716 | 64,823 | 6,107 | 10.4% |
| Social Security | 53,121 | 57,040 | 60,739 | 64,553 | 3,814 | 6.3% |
| Faculty Early Retirement | 5,778 | 5,215 | 5,690 | 5,606 | (84) | (1.5%) |
| Other | 947 | 1,254 | 1,135 | 161 | (974) | (85.8%) |
| Total Pension Programs | 114,342 | 121,550 | 126,280 | 135,143 | 8,863 | 7.3% |
| Insurance Programs | | | | | | |
| Medical Insurance | 25,245 | 31,035 | 30,655 | 37,520 | 6,865 | 22.4% |
| Retirement Medical | 7,395 | 7,823 | 11,981 | 14,837 | 2,856 | 23.8% |
| Worker's Comp/LTD/ Unemployment Insurance | 1,183 | 6,769 | 8,133 | 10,284 | 2,151 | 26.4% |
| Dental Insurance | 6,603 | 6,270 | 6,509 | 6,776 | 267 | 4.1% |
| Group Life Insurance/Other | 3,723 | 2,453 | 4,203 | 3,087 | (1,116) | (26.6%) |
| Total Insurance Programs | 44,149 | 54,350 | 61,481 | 72,504 | 11,023 | 20.3% |
| Miscellaneous Programs | | | | | | |
| Severance Pay | 2,033 | 1,900 | 1,400 | 1,400 | | |
| Sabbatical Leave | 9,617 | 8,527 | 8,690 | 10,248 | 1,558 | 17.9% |
| Other | 7,567 | 10,641 | 9,727 | 11,036 | 1,309 | 13.5% |
| Total Miscellaneous Programs | 19,217 | 21,068 | 19,817 | 22,684 | 2,867 | 13.6% |
| Total Staff Benefits Programs Expenses | **177,708** | **196,968** | **207,578** | **230,331** | **22,753** | **11.0%** |
| Carry-Forward/Adjustment from Prior Year(s) | 1,252 | (2,237) | (2,237) | (4,518) | (2,281) | 102.0% |
| **Total Expense with Carry-Forward/Adjustments** | **178,960** | **194,731** | **205,341** | **225,813** | **20,472** | **10.0%** |
| Budgeted Staff Benefits Rate | 23.4% | 23.0% | 23.0% | 23.8% | | |

Note: The university has three fringe benefit rates for 2002/03, and the single rate shown just above is the weighted average of the three rates. The three rates are 24.8% for regular employees, which includes all faculty and staff with continuing appointments of half-time or more, 14.8% for post-doctoral scholars, and 8.1% for contingent (casual and temporary) employees. These costs exclude the new rate being proposed for health insurance for graduate teaching and research assistants; this rate is estimated to be 3.4%.

## SCHEDULE 12

### Sponsored Research Expense by Agency and Fund Source[1]
### 1994/95 through 2000/01
[in thousands of dollars]

| | 1994/95 | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 |
|---|---|---|---|---|---|---|---|
| **US Government** | | | | | | | |
| Subtotal for US Government Agencies | 275,580 | 298,149 | 336,661 | 347,109 | 358,942 | 371,180 | 391,156 |
| **Agency**[2] | | | | | | | |
| DoD | 44,390 | 48,185 | 53,984 | 53,593 | 54,569 | 45,689 | 49,246 |
| DoE (SLAC not included) | 9,049 | 7,958 | 8,309 | 10,523 | 13,176 | 18,483 | 21,760 |
| NASA | 58,728 | 66,626 | 84,449 | 77,707 | 67,492 | 63,194 | 54,767 |
| DoEd | | 301 | 2,173 | 2,433 | 2,489 | 2,302 | 3,618 |
| HHS | 125,440 | 132,754 | 141,897 | 155,643 | 170,403 | 186,032 | 204,461 |
| NSF | 28,230 | 29,969 | 32,730 | 34,050 | 36,303 | 39,060 | 39,112 |
| Other US Sponsors | 9,743 | 12,356 | 13,119 | 13,160 | 14,509 | 16,422 | 18,193 |
| Direct Expense-US | 199,908 | 215,828 | 252,806 | 263,674 | 268,547 | 275,853 | 287,865 |
| Indirect Expense-US[3] | 75,672 | 82,321 | 83,855 | 83,435 | 90,395 | 95,327 | 103,291 |
| **Non-US Government** | | | | | | | |
| Subtotal for Non-US Government | 41,245 | 44,307 | 48,836 | 53,941 | 58,095 | 73,094 | 73,012 |
| Direct Expense-Non US | 33,280 | 35,804 | 39,430 | 43,671 | 47,022 | 58,538 | 59,209 |
| Indirect Expense-Non US | 7,965 | 8,503 | 9,406 | 10,270 | 11,073 | 14,556 | 13,803 |
| **Grand Totals-US plus Non-US** | | | | | | | |
| Grand Total | 316,825 | 342,456 | 385,497 | 401,050 | 417,037 | 444,275 | 464,168 |
| Grand Total Direct | 233,188 | 251,632 | 292,236 | 307,345 | 315,569 | 334,392 | 347,074 |
| Grand Total Indirect | 83,637 | 90,824 | 93,261 | 93,705 | 101,468 | 109,883 | 117,093 |
| % of Total from US Government | 87.0% | 87.1% | 87.3% | 86.6% | 86.1% | 83.5% | 84.3% |

[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. Agency names are abbreviated as follows:

DoD=Department of Defense
DoE=Department of Energy
NASA=National Aeronautics and Space Administration
DoEd=Department of Education
HHS=Department of Health and Human Services
NSF=National Science Foundation

[3]DLAM indirects are included in this figure.

## SCHEDULE 13

### Plant Expenditures by Unit[1]
### 1994/95 through 2000/01
[in thousands of dollars]

| Unit | 1994/95 | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 |
|---|---|---|---|---|---|---|---|
| GSB | 116 | 1,124 | 2,767 | 9,499 | 14,400 | 11,644 | 1,173 |
| Earth Sciences | 793 | 284 | 1,754 | 3,703 | 250 | 1,321 | 511 |
| Education | 161 | 187 | 1,127 | 3,478 | 454 | 297 | 587 |
| Engineering | 32,839 | 40,626 | 26,509 | 44,076 | 40,801 | 12,221 | 2,696 |
| H & S | 22,445 | 26,448 | 28,576 | 34,023 | 22,409 | 14,006 | 32,934 |
| Law | 7 | 34 | 391 | 1,208 | 1,031 | 156 | 1,838 |
| Medicine[2] | 3,160 | 2,346 | 10,908 | 22,821 | 40,902 | 47,888 | 6,716 |
| Libraries | 1,852 | 5,783 | 10,000 | 16,216 | 17,823 | 8,937 | 3,267 |
| Athletics | 2,399 | 3,968 | 7,856 | 6,369 | 7,007 | 10,666 | 13,803 |
| Housing | 26,567 | 21,424 | 43,398 | 20,023 | 30,317 | 57,206 | 29,195 |
| All Other[3] | 14,864 | 21,664 | 54,004 | 98,339 | 104,361 | 143,075 | 140,327 |
| **Total** | **105,203** | **123,888** | **187,290** | **259,755** | **279,754** | **307,418** | **233,048** |

Source: Schedule G-5, Capital Accounting

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

[2]Includes the Faculty Practice Program when separately identified.

[3]Includes General Plant Improvements expense.

## SCHEDULE 14

### Endowment Market Value and Rate of Return
### 1990/91 through 2000/01
[in thousands of dollars]

| Year | Market Value of the Endowment [1] | Annual Nominal Rate of Return | Annual Real Rate of Return[2] |
|---|---|---|---|
| 1990/91 | 2,299,483 | 17.3% | 13.3% |
| 1991/92 | 2,428,491 | 7.8% | 5.2% |
| 1992/93 | 2,853,366 | 19.0% | 16.4% |
| 1993/94 | 3,034,533 | 8.5% | 6.5% |
| 1994/95 | 3,402,825 | 15.2% | 13.5% |
| 1995/96[3] | 3,779,420 | 20.2% | 18.2% |
| 1996/97 | 4,667,002 | 23.4% | 21.2% |
| 1997/98 | 4,774,888 | 1.3% | 0.3% |
| 1998/99 | 6,226,695 | 34.8% | 33.3% |
| 1999/00 | 8,885,905 | 39.8% | 37.9% |
| 2000/01 | 8,249,551 | (7.3%) | (9.6%) |

Source: Stanford University Annual Financial Report

[1]Includes endowment funds subject to living trust agreements.

[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]The method of valuing some assets changed in 1995/96. The effect was to lower the market value for 1995/96 and beyond. The restated value for 1994/95 under the new methodology would have been $3.225 billion.

## SCHEDULE 15

### Expendable (Designated & Restricted) Fund Balances at Year-End 1990/91 through 2000/01

[in millions of dollars]

| Academic Units | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg Annual % Change 1990/91 to 2000/01 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| School of Earth Sciences | 9.6 | 10.8 | 11.9 | 9.8 | 11.2 | 12.4 | 13.9 | 14.1 | 14.4 | 18.9 | 21.3 | 8.3% |
| School of Education | 2.7 | 2.8 | 3.2 | 4.1 | 5.1 | 5.6 | 4.7 | 4.8 | 7.1 | 8.6 | 9.3 | 13.3% |
| School of Engineering | 46.8 | 50.0 | 46.9 | 49.0 | 59.1 | 67.9 | 76.8 | 94.1 | 105.2 | 109.6 | 112.8 | 9.2% |
| Graduate School of Business | 15.0 | 17.1 | 20.7 | 23.5 | 23.4 | 27.6 | 27.9 | 29.3 | 33.3 | 39.9 | 38.9 | 10.0% |
| School of Humanities & Sciences | 39.4 | 39.4 | 44.0 | 49.8 | 53.6 | 53.7 | 65.9 | 74.2 | 80.2 | 86.3 | 113.6 | 11.2% |
| School of Law | 5.7 | 6.1 | 7.5 | 5.3 | 5.7 | 6.2 | 8.6 | 10.9 | 10.7 | 11.3 | 13.2 | 8.9% |
| School of Medicine | 144.0 | 146.8 | 154.1 | 167.3 | 171.8 | 196.6 | 209.5 | 225.6 | 252.2 | 270.9 | 309.4 | 7.9% |
| Dean of Research | 25.1 | 26.2 | 27.4 | 28.7 | 27.7 | 41.0 | 44.0 | 49.1 | 53.2 | 42.4 | 53.4 | 7.9% |
| Hoover Institution | 3.5 | 3.5 | 2.6 | 2.0 | 5.0 | 8.3 | 9.0 | 13.1 | 18.9 | 22.0 | 24.8 | 21.8% |
| Undergraduate Education | | | | | | | | 1.0 | 5.4 | 7.5 | 9.9 | |
| Total | 291.6 | 302.7 | 318.2 | 339.5 | 362.7 | 419.2 | 460.4 | 516.2 | 580.6 | 617.4 | 705.5 | 9.3% |