STANFORD UNIVERSITY

BUDGET PLAN 2010/11

This Budget Plan was approved by the Stanford University Board of Trustees June 9–10, 2010. Distribution of this document is made in the interest of greater understanding of the university's budget and the processes through which it is annually determined.

This publication can also be found at:
http://www.stanford.edu/dept/pres-provost/budget/plans/plan11.html

STANFORD UNIVERSITY

BUDGET PLAN 2010/11

EXECUTIVE SUMMARY

To The Board of Trustees:

A year has passed since the full brunt of the recession hit Stanford and much of the rest of higher education. The difficult actions we took a year ago have moved Stanford's budget to a new baseline and have positioned us well as we move through this transition year to a period of renewed, though modest, growth. Despite the challenges of the past year, Stanford has maintained its leadership position among the world's great research universities.

This document presents Stanford's 2010/11 Budget Plan for Trustee approval. The Budget Plan has two parts. The first is the Consolidated Budget for Operations, which includes all of Stanford's anticipated operating revenue and expense for next year. The second is the Capital Budget, which is set in the context of a multi-year Capital Plan.[1]

Some highlights of the Budget Plan:

- The Consolidated Budget for Operations projects a surplus of $84.5 million on $3.8 billion of revenues, $3.7 billion in expenditures, and $107.4 million in transfers. Revenues are expected to increase by 2.8% over the projected 2009/10 year-end results. This is due principally to a 3.9% growth in tuition income, a 2.6% increase in sponsored research, and a 4.7% increase in health care revenues. Despite a planned 15% decrease in endowment payout, total investment income is expected to be flat, thanks to an increase in income on expendable funds. Expenses are up 4.1% due mainly to the impact of our salary program and a slight increase in other operating expense.
- The Consolidated Budget includes $958.4 million in general funds, of which $152.0 million flow to the Graduate School of Business, the School of Medicine, and the Continuing Studies and Summer Session Programs in accordance with previously agreed-upon formulas. After transfers and other adjustments, there remains $802.4 million in general funds to be allocated directly by the provost. We anticipate a general funds surplus in the non-formula units of $26.2 million, due to continued tight expense management and prudent allocations of incremental funding.
- This Budget Plan also presents the projected 2010/11 results in a format consistent with Generally Accepted Accounting Principles, as reported in the university's annual financial report. The projected Statement of Activities shows a $36.6 million surplus.
- The Capital Budget calls for $368.2 million in expenditures in 2010/11. These expenditures are in support of a three-year Capital Plan that, if fully completed, will require approximately $1.5 billion in total project expenditures. Principal expenditures in 2010/11 will be directed toward:
  - The Knight Management Center and associated parking structure
  - The Bing Concert Hall
  - The William Neukom Building in the Law School
  - The East Campus Dining Commons

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

- The Bioengineering/Chemical Engineering Building
- The Jill and John Freidenrich Center for Translational Research in the School of Medicine

STRATEGIC CONTEXT

Last year was one of the most challenging financially in Stanford's recent history. After absorbing the largest single-year reduction in the value of the endowment, we moved aggressively to stabilize the budget with several difficult actions:

- We began with a major effort to slow spending during the last fiscal year, 2008/09. Total expense was down by 5% from budget and at the same level as the prior year, 2007/08.
- We reduced the payout from the endowment by 10% in 2009/10 and plan an additional 15% reduction in 2010/11.
- We froze salaries for both faculty and staff for 2009/10.
- Significant budget reductions were implemented with the start of the current fiscal year, 2009/10. The reductions were principally in general funds and in those units with major reliance on endowment income. The cuts resulted in almost 500 layoffs, the freezing of 50 faculty positions, and a suspension of several planned, but not yet started, construction projects.

Our strategy was to realign the budget within a year, and I am pleased to report that we have been successful in doing so, with approximately 98% of the reductions included in the 2009/10 budget and the remainder incorporated into this Budget Plan. All areas of Stanford have pitched in to adjust to a new, lower baseline budget and to find ways to streamline and eliminate unnecessary work. In implementing the cuts we have sought to minimize the impact on students and on our core missions of teaching and research.

By taking the cuts in one year, rather than stretching them out over time, we have put Stanford in a position to begin modest growth in high priority areas. As we have moved through this year of transition and consolidation, we have built the budget for 2010/11 guided by the following priorities:

Endowment Mitigation

By far the largest general funds allocations we have made, both this year and last, are for what we have called "endowment mitigation." This concept deserves some explanation. All of our major academic units rely heavily on endowment payout in their consolidated budgets. Most of this payout is restricted by donor designation to a particular use, but there are obviously important differences in these uses. Some endowment supports valuable but non-core activities, but much of it supports essential university functions—such as faculty salaries, graduate fellowships, and financial aid—that would otherwise have to be supported entirely from general funds. The latter endowment pays for a significant portion of the university's core operations, and so, in normal years, relieves general funds of much of that burden.

Our first budgeting priority has been to marshal general funds to help the schools and other academic units manage the reduction in this "core" endowment payout. We feel that schools that have raised endowment funds to cover core operations, thereby offsetting general funds for other university priorities, should not be penalized when the endowment suffers a drop of the magnitude experienced last year. Consequently, the proposed 2010/11 budget allocates $19.3 million in general funds to mitigate roughly half of the 15% reduction in payout for these core endowment funds. This follows a $20.1 million endowment mitigation allocation in the 2009/10 budget (roughly ¾ of the 10% payout reduction that year), for a total of nearly $40 million over the two budget years. This significantly exceeds any other general funds allocation made during the past two years and is aimed at lessening the blow of the endowment drop on our core academic functions.

Salary Program

After a year with no salary increase, one of our highest priorities was to allocate funds for a modest salary program. Our goal is, first and foremost, to maintain Stanford's competitive position for both faculty and staff, but also to reward loyal employees after two stressful years. The modest salary program will allow us to provide merit increases to deserving employees and to address equity and retention cases that have undoubtedly arisen.

Undergraduate Financial Aid

Last year we made the decision to maintain the very generous undergraduate financial aid program announced in 2008. But the cumulative 25% reduction in endowment payout leaves us with a projected shortfall in the financial aid budget approaching $45 million. We have allocated $10 million in general funds to partially replace this shortfall in endowment income; the remaining shortfall will be covered in 2010/11 with a combination of gifts to The Stanford Fund plus other discretionary funds available to the president. To solve the problem more permanently, we have increased the financial aid target for The Stanford Challenge from $200 million to $300 million and plan to commit an additional $5 million of base general funds out of future budgets. We feel these are both realistic, albeit ambitious, targets.

Graduate Aid

Graduate student support was one of the most urgent needs of the non-professional schools, due mainly to declining endowment revenues, but also reduced general funds and a tight external funding environment caused by tuition caps imposed by the federal research agencies. To partially address this situation, we allocated a total of $5 million in general funds to Earth Sciences, Engineering, and Humanities and Sciences earmarked for graduate aid.

Faculty Support

The budget crisis forced us to freeze roughly 50 faculty positions. One of our highest priorities across the university is to raise additional endowed professorships to re-grow the faculty to full strength. In the meantime, we have been able to provide a small allocation of general funds for new faculty hiring in the non-formula schools.

Facilities

While we delayed or suspended many planned construction projects in response to the budget crisis, our ongoing capital plan remains extremely ambitious. We have several exciting new buildings coming on line in 2010/11, as noted above, and most of these require general funds allocations to support utilities, operations and maintenance, and debt service. We have also been able to reactivate a few projects from those that were temporarily delayed, thanks to generous donor support.

Administrative Effectiveness

An additional priority of this budget cycle has been to look for ways to improve the efficiency and effectiveness of various administrative and support functions of the university. To that end, we have launched several task forces examining major functions that cross unit boundaries. The work of these task forces is still underway and will likely continue into the next academic year. Because they are attempting to address very different situations across the university, some task forces are moving faster than others, as noted in the following descriptions and brief progress reports:

- **Human Resources** – This task force has identified the potential benefits of creating "centers of expertise" to handle certain core human resources (HR) functions that are now being done in a very distributed and sometimes inconsistent fashion. This structure has worked well in other organizations and, if implemented properly, could improve service and be a significant cost saving for Stanford.
- **IT Support** – The IT Task force has concluded that increased efficiencies and cost reductions could be achieved through the centralization of email and calendar services, cellular telephone services, and desktop support. An implementation plan is being developed for further review.
- **Research Administration** – Research administration has been the subject of several recent studies by outside consultants. The Task Force built on those analyses by calling for the acceleration of the Stanford electronic Research Administration System (SeRA), the expansion of training and support for research administrators, and the development of a local cluster to support Stanford's smaller schools. Several changes to our research support structure are now being implemented.
- **Non-Departmental Administrative Support** – Like many research universities, Stanford has an abundance of centers, institutes, and other non-departmental entities. These units, numbering about 400, have a wide array of administrative support structures. The purpose of the task force is to examine those structures with an eye toward identifying potential efficiency gains and best practices. The task force is still in the data collection phase and will develop recommendations in the fall.

Once the task forces conclude their analyses and recommendations, we will move to a broader consultative phase before proceeding with implementation.

CONSOLIDATED BUDGET FOR OPERATIONS

The table on the facing page shows the main revenue and expense line items for 20010/11 and compares those numbers to the projection of actual results for the current year. These figures incorporate the reductions noted above. Some highlights of both income and expense follow.

Revenue

Student Income – This figure is the sum of tuition, room and board income, and is expected to grow by 3.9%. Tuition and fee income is projected to grow 3.8% over the projected 2009/10 actuals as the result of a 3.5% increase in the general undergraduate and graduate tuition rates, and increases between 3.5% and 5.8% in the professional schools. Room and board income is projected to increase 4.3%, mostly due to the 3.6% increase in the undergraduate room and board rate, combined with a projected increase in occupancy and meal plan usage.

Sponsored Research – Total sponsored research is expected to increase by 2.6% over 2009/10 year-end results. After double digit growth in the current year, due mainly to Federal stimulus funding, we are expecting a minimal increase in direct research, a 6.1% increase in research at SLAC National Accelerator Laboratory (SLAC), and a slight reduction in indirect cost recovery.

Health Care Services Income – Revenue from health care services is projected to increase 4.7% in 2010/11, due to increases in the amount paid to the Medical School for physician services by Stanford Hospital and Clinics and Lucile Packard Children's Hospital.

Expendable Gifts – The Office of Development anticipates that revenue from non-capital gifts available for current expenses will grow by 10% to $165 million. While this figure is still down from the $200 million annual total prior to the global economic crisis, it is an encouraging sign for university's financial health. This does not include gifts to endowment or for capital projects, which do not appear in the Consolidated Budget for Operations. In addition, net assets released from restrictions—payments made on prior year pledges and prior year gifts released for current use—are expected to be flat at $75 million.

Consolidated Budget for Operations, 2010/11

[in millions of dollars]

2008/09 Actuals	2009/10 Projected Actuals		2010/11 Consolidated Budget	Percent Change
		Revenues		
611.8	654.8	Total Student Income	680.1	3.9%
		Sponsored Research Support:		
532.7	596.6	Direct Costs-University	607.1	1.8%
293.7	325.7	Direct Costs-SLAC	345.7	6.1%
174.1	199.0	Indirect Cost	197.9	-0.6%
1,000.5	1,121.3	Total Sponsored Research Support	1,150.7	2.6%
484.3	495.5	Health Care Services	518.6	4.7%
149.0	150.0	Expendable Gifts In Support of Operations	165.0	10.0%
1,075.4	898.3	Investment Income	904.8	0.7%
350.1	341.9	Special Program Fees and Other Income	348.5	1.9%
74.1	75.0	Net Assets Released from Restrictions	75.0	0.0%
3,745.2	3,736.8	Total Revenues	3,842.7	2.8%
		Expenses		
1,829.5	1,898.8	Salaries and Benefits	1,987.8	4.7%
293.7	325.7	SLAC	345.7	6.1%
210.3	216.2	Financial Aid	217.4	0.6%
1,032.3	1,067.2	Other Operating Expenses	1,099.9	3.1%
3,365.8	3,507.9	Total Expenses	3,650.8	4.1%
379.4	228.9	Operating Results	191.9	
(209.3)	(78.2)	Other Transfers	(107.4)	
	0.0	Transfers to Capital Facilities Fund	0.0	
170.1	150.7	Operating Results after Transfers	84.5	
1,816.8	1,986.9	Beginning Fund Balances	2,137.7	
1,986.9	2,137.7	Ending Fund Balances	2,222.2	

Investment Income – This category consists of income paid out to operations from the endowment and from other investment income, principally the Expendable Funds Pool (EFP). Overall, investment income is expected to be essentially flat in 2010/11. This is due to two factors. First, the payout from the endowment will be down by almost $100 million, due to the net impact of our planned 15% reduction in payout, counteracted somewhat by new endowment principal generated by gifts and internal transfers. That reduction will be offset by a $100 million increase in payout from the EFP. EFP payout is largely determined by the pool's investment returns, which were negative in 2008/09, resulting in virtually no EFP payout in the current year. Normal investment returns in 2009/10 will allow EFP payout to return to normal levels in 2010/11, accounting for most of the increase in other investment income.

Expense

Salaries and Benefits – We anticipate total salaries and benefits expense to increase 4.7% over 2009/10 year-end results. The increase is the result of our salary increase program and a small expected growth in headcount. Fringe benefits expense, excluding SLAC, is expected to increase by 4.9% in 2010/11 to $410.4 million, consistent with the growth in overall salary expense and resulting in little change in the average blended fringe benefits rate.

Financial Aid – The costs for need-based financial aid, athletic aid, and graduate student aid will increase by less than 1%. This is because we expect a slight improvement in the financial circumstances of some of our undergraduate families as the economy improves, combined with an increase in aid for graduate students consistent with planned increases in tuition and slow growth in the graduate student population.

Other Operating Expenses – This line item is the amalgam of operations and maintenance costs, utilities, capital equipment, materials and supplies, travel, library materials, subcontracts, and professional services. We are budgeting a growth of 3.1% for these expenses.

School Initiatives

Despite a year of difficult budget reductions, Stanford's academic and research momentum is accelerating as the schools are beginning to refocus their programmatic plans and look to modest growth initiatives in 2010/11 and the years beyond. Some highlights are:

Graduate School of Business – The GSB cut quickly and deeply last year and has restored its financial equilibrium. As it looks ahead to the opening of the Knight Management Center, it is planning for a modest expansion of faculty and evaluating the potential of new evening programs.

Earth Sciences – The school hopes to restore the momentum behind its transformation to a school focused on all aspects of the study of the Earth. In the coming year Earth Sciences will focus on providing adequate financial aid to graduate students and plans to initiate at least one search in the field of energy and water resources.

Education – The School of Education will continue to expand several new centers, including the Center for the Support of Excellence in Teaching, the Center for Education Policy Analysis, and the Stanford Center for Leadership in Education, all of which were formed as part of the K-12 initiative. In addition, the school will be offering undergraduates the option of minoring in education.

Engineering – The School of Engineering will open two exciting new facilities in the next several months, the Huang Engineering Center and the Center for Nanoscale Science and Engineering in conjunction with Humanities and Sciences (H&S). These facilities will move the school substantially closer to its goal of housing all of its departments in "21st century" facilities. Engineering plans to focus its fundraising efforts on faculty chairs and graduate aid in the coming year.

Humanities and Sciences – H&S hopes to increase faculty hiring over the next two years to its replacement rate. The school also plans to address those departments where faculty salaries are below market and to restore funding for graduate students. H&S has numerous capital projects in the planning or construction phase, including the new Cognitive and Neurobiological Imaging Center in Jordan Hall, which will open in early 2011.

Law – The Law School's growing strength and stature, combined with prudent fiscal management, has produced an opportunity for a faculty recruitment effort that could bring the school to an even higher level of distinction. The William H. Neukom Building, which will be a transformative facility for the Law School, is scheduled for completion in 2010/11.

Medicine – The Medical School will open the Li Ka Shing Center for Learning and Knowledge and the Lokey Stem Cell Research Building in 2010/11. These critical facilities will support education initiatives and research in stem cell and cancer therapies. The school has also received $94 million in federal stimulus funds, which will continue to support the expansion of its research efforts.

GENERAL FUNDS BUDGET

A focal point of the budgeting process is the development of the general funds component of the consolidated budget. The $958 million in general funds can be used for any university purpose and supports most of the core academic and administrative activities of the university. Of the $958 million, $152 million flows to the formula units.

When the trustees approved the 2009/10 Budget Plan in June 2009, we provided a three-year forecast (2009/10–2011/12) for non-formula general funds. That forecast projected a $40 million surplus in 2009/10, a balanced position in 2010/11, and a $15 million deficit in 2011/12. The forecast incorporated the budget reductions and other actions taken to stabilize the budget in 2009/10. It also included, for 2010/11, a modest salary program, funding for new buildings planned to come on-line during the year, and a substantial allocation of general funds for endowment mitigation in the schools.

Since June 2009, our general funds picture for 2010/11 has improved in several areas:

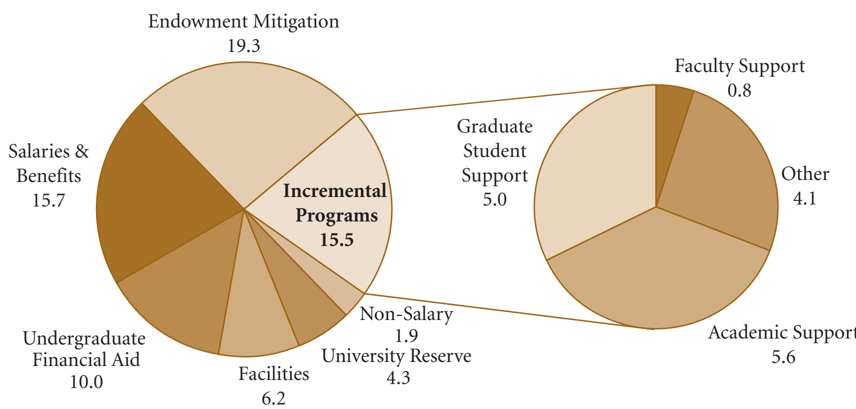
- Our forecast of endowment income has increased by $16 million over last year's forecast as the market has recovered. This is largely the result of a more rapid recovery of the Tier I buffer (which are unrestricted funds functioning as endowment), which in turn results in an increase in unrestricted endowment payout to general funds.
- Other principal sources of revenue, notably tuition and indirect cost recovery, are up by $12 million.
- Additional expense reductions and increases in payments for central services by the formula units have reduced the previously forecasted expense base by $28 million.

This improved general funds picture has had two notable results:

- It has allowed us to make allocations in 2010/11 for high priority items that were not included in our forecast a year ago. Specifically, we have restored $4.3 million to the university reserve; we have allocated $10 million toward undergraduate financial aid; and we have made $15.5 million in selective allocations for incremental program support, primarily in the academic units. The pie chart below reflects these allocations, along with the allocations anticipated a year ago.

2010/11 Incremental General Funds Allocations: $72.9 Million

[IN MILLIONS OF DOLLARS]



- Our non-formula general funds projection for 2010/11 now shows a $26 million surplus. We are also now forecasting a $21 million surplus for 2011/12, rather than a $15 million deficit.

The improvement in our general funds situation is certainly welcome news. In addition to accelerating our immediate recovery, it puts Stanford in a stronger position as we begin the budgeting process for 2011/12 in the fall.

CAPITAL BUDGET AND PLAN

The Capital Budget and three-year Capital Plan are based on a projection of the major capital projects that the university intends to pursue to further its academic mission. The three-year Capital Plan spans 2010/11 to 2012/13; the Capital Budget represents anticipated capital expenditures in the first year of the plan. The three-year plan includes projects that were initiated prior to 2010/11, as well as projects that will commence within the rolling three-year period through 2012/13. The Capital Budget and Capital Plan are subject to change based on funding availability, budget affordability, and evolving university priorities.

In 2010/11, Capital Budget expenditures are expected to total $368.2 million, reflecting a significant reduction in construction activity compared to the current year. The major projects within the 2010/11 Capital Budget include the completion of the Knight Management Center; almost half of the construction of the Bing Concert Hall; the completion of the Neukom Law School Building; the initial work on the Bioengineering/Chemical Engineering Building; the Jill and John Freidenrich Center for Translational Research; and the completion of the East Campus Dining Commons. These structures represent $237 million of the total capital budget for 2010/11.

The three-year Capital Plan includes $1.5 billion in construction and infrastructure projects and programs. This reflects a $300 million decrease from last year's plan. The three-year Capital Plan will be funded from $304 million in current funds, $593 million in gifts, $156 million in auxiliary and service center debt, $367 million in academic debt, and $80 million from other sources. The projects included in the plan can be readily accommodated within the constraints of the General Use Permit, given Santa Clara County's approval of Stanford's Sustainable Development Study in April 2009. When complete, the plan will add $35.5 million in annual debt service and $21.5 million in incremental operations and maintenance (O&M) costs to the Consolidated Budget.

THE UNIVERSITY BUDGET: A TWO-YEAR PERSPECTIVE

The university's budget is a many-splendored thing. It represents the complex interplay of a host of revenue streams carrying a multiplicity of restrictions, funding a variety of units pursuing an array of related, yet distinct missions. This can make it hard, particularly in a financially turbulent period, to see the global impact of changes to individual revenue streams.

When we step back and look at the changes in the Consolidated Budget during the two years from 2008/09 to 2010/11, we see that the university's overall revenue is projected to grow by 2.6%. Although this two-year revenue growth does not keep up with local or national rates of inflation—and falls well short of the university's projected expense growth—it hardly explains the need for the difficult and painful budget reductions that the university has undergone. How is this picture consistent with the severe budget shortfalls most of our units have had to adjust to? Where is the new "lower baseline" that we have achieved after so much effort?

To appreciate the impact of the past two years, we have to segregate the major revenue streams in the Consolidated Budget by primary control points. For our purposes, the relevant

Two-Year Change in Consolidated Budget Revenue

[in millions of dollars]

	2008/09	2010/11	Two-Year % Change
Controlled by Provost/Deans			
Tuition	501.7	554.4	10.5%
Indirect Cost Recovery	174.1	197.9	13.7%
Special Program Fees	350.1	348.5	-0.5%
Investment Income	1,075.4	904.8	-15.9%
Subtotal	2,101.3	2,005.6	-4.6%
Controlled by Department/Faculty/ Other Units			
Room & Board	110.1	120.5	14.2%
Direct Research, University	532.7	607.1	14.0%
Direct Research, SLAC	293.7	345.7	17.7%
Health Care Services	484.3	518.6	7.1%
Gifts/Net Assets	223.1	240.0	7.6%
Subtotal	1,643.9	1,837.1	11.8%
Total Consolidated Revenue	**3,745.2**	**3,842.7**	**2.6%**

distinction is between those revenue streams controlled primarily by the provost and school deans, on the one hand, and those controlled by individual faculty and departments, or restricted to other units such as SLAC. The reason this is a crucial distinction is that most faculty and administrative salaries are paid out of the former budgets—where cuts had to be made—while the latter revenue streams cannot, in general, be tapped to make up for those shortfalls.

The result of this grouping of revenue streams is shown in the table above. It shows that the revenue sources primarily dedicated to specific departments, faculty, and restricted programs have increased over this two-year period by nearly 12%. By contrast, the less restricted funds that are controlled centrally and used to support the basic operating costs of the university have decreased by nearly 5% over the two-year period. When inflation is taken into account, the real decline in these revenue sources is closer to 10%. The budget cuts taken last year are commensurate with this decrease.

A similar segregation on the expense side of the budget would show a similar divergence, though this obviously cannot be captured at the high level of generality represented by expense lines in the Consolidated Budget. Suffice it to say that changes in expenses track fairly closely the aforementioned shifts in revenue streams. For example, the headcount of administrative staff supported centrally or at the school level has declined significantly, and this is reflected in the salary expenses supported centrally in those units. But at the consolidated level, this expense decrease is more than offset by, for example, new hires supported by the 14% increase in sponsored research revenue since 2008/09.

It is important to remember that these shifts are not simply shifts in fungible dollars supporting an otherwise unchanged operation. When a staff member must be laid off in, say, the Office of Development or the libraries, the turmoil caused and adjustment required in those units is not lessened when a research scientist is hired on a new grant received, say, in Medicine or Engineering. Just as it is not possible (indeed, not legal) for the latter dollars to be used to support the former individuals, it is also not possible, in general, for those individuals to qualify for jobs opened up by the new dollars.

This is the paradox of university budgeting. The university can undergo a wrenching readjustment not caused by an overall decline in revenue, but rather by the torquing effect of offsetting changes in distinct revenue streams. We are a different university as a result of those changes as surely as we would have been had endowment increased while sponsored research declined.

The most important point to bear in mind, however, is that Stanford's overall financial situation remains extremely strong. We have quickly emerged from a difficult period of adjustment, and I am confident that we have emerged with few if any bruises to our core academic strengths.

ACKNOWLEDGEMENTS

Developing this year's budget plan has been far easier than last year's. That said, even in the best of years, the budget plan is the product of a great deal of work on the part of managers and budget officers at every level of the university. I would like to begin by acknowledging both the budget officers and leadership in the schools and administrative units for the uniformly realistic and modest budget proposals they brought forward to the University Budget Group. After a year of significant budget reductions, there is a natural inclination to look for ways to reverse or mitigate those reductions. This is not what we saw in any of the proposals. The proposals were thoughtful and restrained, requesting assistance only for the most pressing priorities.

As always, I am incredibly grateful to the two hard-working advisory groups that assist me in formulating the general funds budget and capital plan. The University Budget Group consists of Margaret Brandeau, Adam Daniel, Harry Elam, Patti Gumport, Neil Hamilton, Rosemary Knight, Randy Livingston, Maureen McNichols, Dana Shelley, Bob Simoni, Buzz Thompson, and Tim Warner. The budget process is kept on track by Tim, Dana and Neil, who deserve special recognition. The Capital Planning Group consists of Jack Cleary, Megan Davis, Stephanie Kalfayan, Bob Reidy, Suzanne Sangervasi, Craig Tanaka, Bob Tatum, and Tim Warner. Craig and Suzanne guide the capital planning process in a masterfully efficient way. Creed Raftery ably coordinated the production of this document.

This year, in addition to the budget process, we prevailed on many faculty and staff to participate on one or more of the task forces. Megan Davis took on the burden of staffing several of the task forces. I would also like to thank the following individuals for their willingness to participate on the four task forces: IT Task Force: Neil Hamilton, Rosemary Knight, and Randy Livingston; HR Task Force: Linda Faris, Maureen McNichols, Steve Olson, Diane Peck, Kathryn Shaw, Brian Talbott, Buzz Thompson, and Tim Warner; Research Administration Task Force: Ann Arvin, Sara Bible, Margaret Brandeau, Russell Brewer, Barbara Cole, Harry Greenberg, Anne Hannigan, Randy Livingston, Bill Madia, Mich Pane, Bettye Price, Tim Reuter, Dana Shelley, Bob Simoni, and Kathleen Thompson ; Non-Departmental Administrative Support Task Force: Sara Bible, Adam Daniel, Harry Elam, Patti Gumport, Andrew Harker, Dana Shelley, and Tim Warner.

REQUESTED APPROVAL AND ORGANIZATION OF THIS DOCUMENT

The Budget Plan provides a university-level perspective on Stanford's programmatic and financial plans for 2010/11. We seek approval of the planning directions, the principal assumptions, and the high-level supporting budgets contained herein. As the year unfolds, we will provide periodic variance reports on the progress of actual expenses against the budget. In addition, we will bring forward individual capital projects for approval under normal Board of Trustees guidelines.

This document contains four chapters and two appendices. Following the overview of budgeting at Stanford, Chapter 1 describes the financial elements of the plan, including details of the Consolidated Budget for Operations and the projected Statement of Activities for 2010/11. Chapter 2 addresses program issues in the academic areas of the university. Chapter 3 provides a similar view of the administrative and auxiliary units. Chapter 4 contains details on the Capital Budget for 2010/11 and the Capital Plan for 2010/11–2012/13. The appendices include budgets for the major academic units and supplementary financial information.

John W. Etchemendy
Provost
June 2010

TABLE OF CONTENTS

INTRODUCTION: BUDGETING AT STANFORD

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

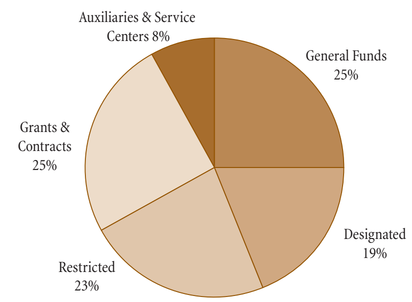
Fund Accounting

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

Budget Management

So how does Stanford budget and manage its roughly 15,000 expendable funds (with balances) and 7,000 endowment funds? It goes without saying that the university uses a sophisticated financial accounting system to set up the individual funds, to record each financial transaction, and to track fund balances. But nearly all of the decision-making for the use of Stanford's funds is made at the local level, consistent with the decentralized and entrepreneurial spirit of the university. Unlike a corporation, Stanford is closer to a collection of disparate, autonomous businesses with widely varying cost structures and resources. As such, each principal investigator is accountable for the responsible use of his/her grant funding, each gift recipient must ensure that the gift funds are used in accord with the donor's wishes, and each school must fulfill the expectations for teaching and scholarship within its available resources.

2010/11 Consolidated Revenues by Fund Type



Budget Control

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

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

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

Development of the Consolidated Budget & the Role of General Funds

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

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

CHAPTER 1

CONSOLIDATED BUDGET FOR OPERATIONS

In this chapter we review the details of the 2010/11 Consolidated Budget for Operations, describe the general funds allocation process and results, and present a forecasted Statement of Activities.

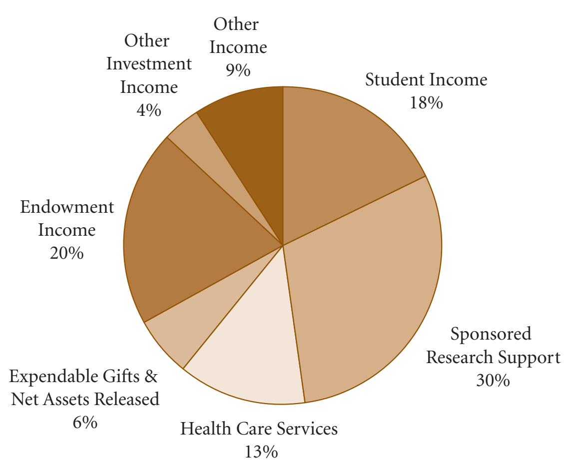
CONSOLIDATED BUDGET FOR OPERATIONS

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

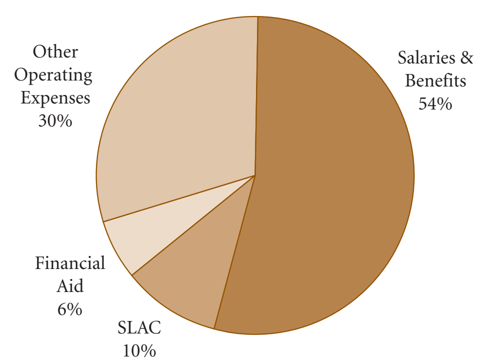
The 2010/11 Consolidated Budget for Operations shows total revenues of $3,842.7 million and expenses of $3,650.8 million, resulting in a net operating result of $191.9 million. However, after estimated transfers, primarily to plant funds, the Consolidated Budget shows a surplus of $84.5 million.

Total revenues in 2010/11 are projected to increase 2.8% over the expected 2009/10 levels, increasing by $105.9 million. This moderate growth comes surprisingly quickly following one of Stanford's most difficult fiscal years. While endowment payout will decline for a second year in a row, every other source of revenue is expected to increase, albeit at different rates. Student income increases are driven by both an increase in the tuition rate and the total number of students; SLAC revenue will improve; and expendable gifts are expected to be up ten percent. Total expenses are expected to grow by 4.1% over the estimated

2010/11 Consolidated Revenues: $3,842.7M [1]



2010/11Consolidated Expenses: $3,650.8M



[1] Net Revenues after Transfers: $3,735.3 million

Consolidated Budget for Operations, 2010/11

[in millions of dollars]

2008/09 Actuals	2009/10 Budget June 2009	2009/10 Projected Actuals		General Funds	Designated	Restricted	Grants and Contracts	Auxiliary & Service Center Activities	Total
			Revenues						
			Student Income:						
252.3	265.6	267.6	Undergraduate Programs	278.4					278.4
249.4	260.9	266.7	Graduate Programs	271.8	4.2				276.0
110.1	118.3	120.5	Room and Board					125.7	125.7
611.8	644.8	654.8	Total Student Income	550.2	4.2			125.7	680.1
			Sponsored Research Support:						
532.7	566.5	596.6	Direct Costs–University				607.1		607.1
293.7	370.2	325.7	Direct Costs–SLAC				345.7		345.7
174.1	192.5	199.0	Indirect Costs	197.9					197.9
1,000.5	1,129.2	1,121.3	Total Sponsored Research Support	197.9			952.8		1,150.7
484.3	472.5	495.5	Health Care Services	21.6	420.6	11.3		65.1	518.6
149.0	150.0	150.0	Gifts In Support of Operations	2.0		163.0			165.0
74.1	75.0	75.0	Net Assets Released from Restrictions			75.0			75.0
			Investment Income:						
954.4	829.6	850.9	Endowment Income	115.1		643.0			758.1
121.0	56.8	47.4	Other Investment Income	62.7	76.7	5.6	1.3	0.4	146.7
1,075.4	886.4	898.3	Total Investment Income	177.8	76.7	648.6	1.3	0.4	904.8
350.1	364.8	341.9	Special Program Fees and Other Income	8.9	220.2	0.6	0.5	118.3	348.5
3,745.2	**3,722.7**	**3,736.8**	**Total Revenues**	**958.4**	**721.7**	**898.5**	**954.6**	**309.5**	**3,842.7**
			Expenses						
1,829.5	1,903.2	1,898.8	Salaries and Benefits	495.9	469.5	451.9	348.1	222.4	1,987.8
293.7	370.2	325.7	SLAC				345.7		345.7
210.3	218.3	216.2	Financial Aid	19.8	6.4	176.4	14.8		217.4
1,032.3	1,100.3	1,067.2	Other Operating Expenses	235.3	203.7	185.4	219.1	256.4	1,099.9
3,365.8	**3,592.0**	**3,507.9**	**Total Expenses**	**751.0**	**679.6**	**813.7**	**927.7**	**478.8**	**3,650.8**
379.4	**130.7**	**228.9**	**Operating Results**	**207.4**	**42.1**	**84.8**	**26.9**	**(169.3)**	**191.9**
			Transfers						
(78.0)	23.4	13.3	Additions to Endowment Principal	0.4	(13.3)	18.1		0.7	5.9
(141.3)	(134.6)	(100.2)	Other Transfers to Assets	(13.3)	(89.9)	(18.5)			(121.7)
10.0	19.2	8.7	Net Internal Revenue & Expense	(166.7)	65.7	(27.0)	(26.8)	163.2	8.4
(209.3)	**(92.0)**	**(78.2)**	**Total Transfers**	**(179.6)**	**(37.5)**	**(27.4)**	**(26.8)**	**163.9**	**(107.4)**
170.1	**38.7**	**150.7**	**Operating Results and Transfers**	**27.8**	**4.6**	**57.4**	**0.1**	**(5.4)**	**84.5**
1,816.8	1,794.3	1,986.9	**Beginning Fund Balances**	218.8	990.0	911.8		17.1	2,137.7
1,986.9	1,833.0	2,137.7	**Ending Fund Balances**	246.6	994.6	969.2	0.1	11.7	2,222.2

year-end results for 2009/10, consistent with a full salary program. The table on the facing page shows the projected consolidated revenues and expenses for 2010/11. For comparison purposes, it also shows the actual revenues and expenses for 2008/09 and both the budget and the year-end projections for the current fiscal year, 2009/10. Definitions of key terms are provided below.

The Consolidated Budget by Principal Revenue and Expense Categories

Revenues

Student Income

Student income is expected to increase by 3.9% in 2010/11 to $680.1 million. Increases in student charges for next year were guided by a number of considerations. The most important are our programmatic needs, the effectiveness of our financial aid program, the impact of the economy on the families of our students, and our pricing position against our peers.

Tuition and Fees – Stanford expects to generate $554.4 million in tuition and fee revenue in 2010/11, a 3.8% increase over 2009/10, slightly higher than the general tuition rate increase due to a small increase in student numbers. While total tuition and fees represents only 14% of Stanford's total revenue, it is 58% of general funds. As such, it is a particularly important source of revenue, especially in a year when endowment payout will decline. In addition to supporting faculty and staff salaries and other direct academic program needs, tuition plays a crucial role in funding infrastructure, support services, and other operational activities.

The general tuition rate increase for 2010/11 is 3.5%, which results in a rate of $38,700 for undergraduates and most graduate students. This rate was approved by the Board of Trustees in February. The moderate rate increase was set after careful consideration of the current economic circumstances weighed against the desire to bring back a salary program for faculty and staff. We do not anticipate that this increase will affect our position relative to our peer universities. After a 3.75% tuition increase in 2009/10 and the introduction of the mandatory campus health services fee, Stanford moved up four positions to 39th in a ranking of tuition charges in the Cambridge Associates survey of 102 private institutions. Stanford's position among the participants of the Cambridge survey moves both up and down from year to year but has remained fairly stable around the 40th position. Among the tuition rates of the highly selective private colleges and universities that comprise the Consortium on Financing Higher Education (COFHE), Stanford's tuition currently ranks 13th out of 17, up two spots from last year.

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 endowment income funds that can only be spent in accordance with donor restrictions.

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

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

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

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

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

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

The 3.5% increase applies to the undergraduate tuition rate, the general graduate rate, and the graduate tuition rates for engineers, entering MBAs, and continuing medical students. The Law School is implementing a 5.8% increase in tuition in 2010/11. This higher than usual increase is intended to bring tuition at the Stanford School of Law closer to that charged by peer schools such as Harvard and Yale. After three consecutive years of a flat rate for terminal graduate registration (TGR), this rate will decrease by 8.8% or nearly $1,000 per year.

Room and Board – In February, the Trustees approved a combined room and board rate increase of 3.6% for 2010/11, bringing the undergraduate rate to $11,876. The room rate will increase by 4.5%, and the board rate will increase by 2.45%. We expect that these rates will sustain Stanford's room and board rate ranking in the middle of the COFHE institutions. The 2010/11 recommended increases in room and board rates will allow Residential and Dining Enterprises (R&DE) to operate with a balanced budget by maintaining previously implemented budget reductions while providing critical funding for important programs. Incremental funding will support the asset renewal program related to fire, life safety, and code compliance; debt service for the new East Campus Dining facility; and the 2010/11 Capital Improvement Projects program.

Sponsored Research Support and Indirect Cost Recovery

The budget for sponsored research support is projected to be $1,150.7 million in 2010/11. This figure includes the direct costs of externally supported grants and contracts ($607.1 million for university research and $345.7 million for SLAC), as well as reimbursement for indirect costs ($197.9 million) incurred by the university in support of sponsored activities. Sponsored research is projected to generate 30% of the university's consolidated operation revenues in 2010/11 and is Stanford's largest source of revenue. Research volume excluding SLAC will grow by a modest 1.2% in 2010/11, although that growth will be from a 2009/10 base that is significantly higher than in recent history due, largely, to the American Recovery and Reinvestment Act (ARRA).

As of this writing, the university has received $190.4 million of ARRA stimulus funding, which will be spent over the two-year period of 2009/10 and 2010/11. Of that total $90.2 million was awarded to SLAC by the Department of Energy. The National Institutes of Health and the National Science Foundation are funding most of the remaining $100.2 million, with nearly two-thirds going to the School of Medicine. Stanford received a total of 255 grants, ranging from four-figure contracts to multi-million dollar grants across a wide range of disciplines. While a large portion of the grants focus on pure research, some of the funding supports fellowships, financial aid, and equipment, including a $2.5 million magnetic resonance imaging scanner destined for the new Cognitive and Neurobiological Imaging Program. The SLAC funding is primarily focused on improving the laboratory's physical infrastructure and providing new or improved instrumentation. The chart on the next page shows recent research activity and the 2009/10 and 2010/11 projected amounts, with the projected ARRA funding highlighted.

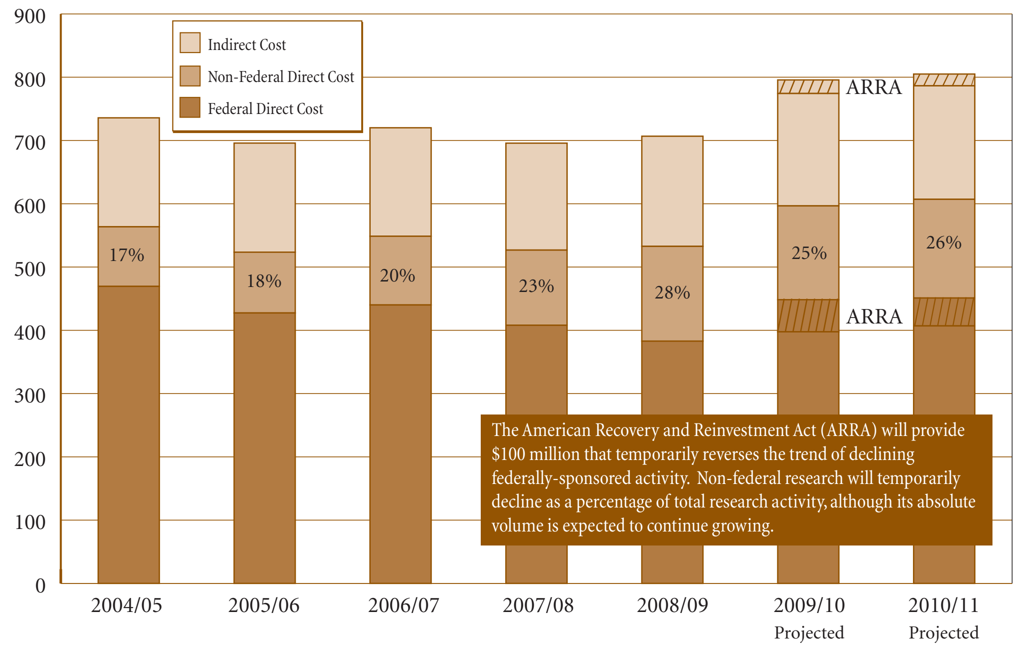
Another impact of the ARRA funding noted in the chart is the presumably temporary decline in non-federal research activity as a percentage of total research activity. While that percentage grew from 17% in 2004/05 to 28% in 2008/09, a slight decline in 2009/10 non-federal activity combined with the large federal activity increase will bring the proportion down to 25% in 2009/10. This non-federal decline was anticipated, resulting from foundations' declining financial resources, and a healthy 5% increase is expected in 2010/11 as the general economy continues to improve.

Excluding the ARRA funding mentioned above, the School of Medicine expects its research volume to grow 5% in 2010/11 due to the addition of new faculty, a new agreement with the Howard Hughes Medical Institute, and a 50% increase in activity funded by the California Institute of Regenerative Medicine (CIRM). Outside the School of Medicine, both ARRA-related and ongoing research is expected to be flat, resulting in the overall research increase of 1.2%.

The Department of Energy continues to provide virtually all of the funding for SLAC (97%). Total direct research costs for SLAC are expected to increase $20 million in 2010/11. The ARRA funding allocated to SLAC will be spent more quickly than in other parts of the university and will essentially be exhausted in 2009/10. The increase in 2010/11 is, therefore, due to other factors, including a new construction project and start-up funding for the Research Support Building. SLAC research activity is discussed in more detail in Chapter 2.

University Sponsored Research Activity (Excluding SLAC)

[in millions of dollars]



Health Care Services

Health Care Services income is budgeted to be $518.6 million in 2010/11, a 4.7% increase over the projection for 2009/10. The majority of this income ($473.3 million) is in the School of Medicine, including $398.9 million paid by Stanford Hospital and Clinics and Lucile Packard Children's Hospital related to the clinical practices of the faculty and $10.5 million paid by the hospitals for academic grants, shared incentive bonuses, and the Children's Health Initiative Gift and Match programs. $41.5 million is generated by the Stanford Blood Center, as well as $18.6 million of hospital payments to the Medical School for rent and use of the library and other non-clinical programs and services. In addition, the hospitals pay the university for a number of university provided services, including $15.7 million to Business Affairs IT primarily for communications services; $7.3 million to the Office of the General Counsel for legal services; $10.9 million to Land, Buildings and Real Estate for operations and maintenance and utilities; and $11.4 million to the central administration for items such as debt service and general overhead payments.

Expendable Gifts

Expendable gift income in support of operations is expected to increase by 10% from $150.0 million in 2009/10 to a total $165.0 million in 2010/11. Expendable gifts are those immediately available for purposes specified by the donor and do not include gifts to endowment principal, gifts for capital projects, gifts pending designation, or non-government grants.

Net Assets Released from Restrictions

This category represents funds previously classified as temporarily restricted that will become available for spending as specific donor restrictions are satisfied. These include cash payments on pledges made in prior years and pending gifts whose designation has been determined. In 2010/11, we anticipate that this income will remain flat at $75.0 million.

Investment Income

Total investment income, Stanford's second largest source of revenue, is expected to increase by a mere 0.7% in 2010/11 to $904.8 million. This amount includes endowment income as well as other investment income. Endowment income will decrease for the second year in a row in response to the significant decline in the market value of the Merged Pool in 2008/09, and as a result of our policy decision last year to reduce payout by 10% in 2009/10 and another 15% in 2010/11. Other investment income, a composite of several sources, will increase substantially, as payout to operations on expendable funds is restored in 2010/11.

A PERSPECTIVE ON THE ENDOWMENT

By John Powers,
CEO / Stanford Management Company

The last two years have been unprecedented. Systemic stress in the global financial system led to near worldwide recession and broad based market declines. Then, coordinated global monetary and fiscal stimulus, the continued strength of powerhouse Asian economies, the inevitable rebuilding of inventories, and a renewed focus on corporate operational efficiency brought about a sharp rally in global equity and credit markets. The world is better off than in the dark days of late 2008 and early 2009, and yet we continue to face high levels of unemployment, badly strained governmental balance sheets (from Greece to California), growing geopolitical risk, and significant headwinds to sustained economic growth.

Against this backdrop of great change and uncertainty the stewardship goals of Stanford Management Company (SMC) are unchanged. We manage the endowment to maintain the purchasing power of the payout in support of the university. We also endeavor to increase the real value of those resources to support the level of excellence required to keep Stanford at the forefront. Finally, we try to do so with a level of risk that allows the university to operate with an appropriate level of planning and deliberation.

The repair work to the endowment from the damaging selloff is well under way, and strong returns in the first three quarters of 2009/10 have returned about half of the loss on a percentage basis. Still, there is much to do. We remain committed to a strategy of outsourced investment management across a diversified set of global investments but, we do not want to become complacent in the wake of a strong recovery. I would like to highlight a few points of emphasis:

- Maintaining a strong investment team with continuity and experience is a key advantage, and we plan to further strengthen the team with several senior additions.
- We reached a point in late 2008 and early 2009 where we were uncomfortable with the level of liquid assets. We have dramatically improved our liquidity posture over the last calendar year, and have done so without having recourse to the $800 million that the university raised in the debt markets a year ago as an emergency liquidity backstop.
- Working with SMC Directors and members of the Board of Trustees, academics, and opinion leaders in the endowment investing world we are rethinking our operating model to insure that we can contain damage and create flexibility and options when the market roller coaster takes its next descent.
- Finally, we continue to improve our business practices (risk management, investment selection process, investment monitoring standards, opportunistic responsiveness). It is important that these be state of the art to support our core strength, which is the investment leverage created by the powerful brand of Stanford University.

Endowment Income – Total endowment income includes payout from individual funds invested in the Merged Pool as well as specifically invested endowments (e.g., oil and mineral rights), and rental income from the Stanford Research Park and other endowed lands. Total endowment income is also impacted by new gifts to endowment and other transfers in and/or out of endowment principal.

In 2008/09 the merged pool suffered an Investment return of -26%, the largest single year decline in our history. As part of a multi-pronged strategy to adjust to this unprecedented decline, the president and the provost decided to set aside Stanford's long-standing smoothing rule for determining the annual payout from the Merged Pool. Generally, Stanford uses a smoothing formula to dampen the impact on the budget of large annual fluctuations in the market value. While the smoothing rule would have slowly forced the payout to decrease commensurate with the decline in the endowment market value, the full effect of the decline would have been drawn out over roughly five years, even with a return to normal investment returns. Due to the severity of the drop in the market value and the expectation of a slow recovery, the smoothing rule was suspended for 2009/10 and 2010/11. Instead, the Board of Trustees approved payouts per share that would bring payout from the Merged Pool down in these two years by 10% and 15%, respectively. This action, combined with a faster than expected recovery in the Merged Pool share price has allowed us to reach a new baseline in just two years, and we expect that we will see positive increases in endowment payout in 2011/12.

Endowment payout to operations in 2010/11 is expected to be $758.1 million, a decrease of 10.9% over 2009/10. Even though the expected endowment payout from an individual fund in 2010/11 has been set to decrease by 15%, overall endowment income will not decrease as sharply due to several factors: gifts to endowment are expected to reach $225 million in 2010/11; schools and departments are expected to transfer nearly $6 million from expendable funds to funds functioning as endowment; and $148 million is assumed to be added to funds functioning as endowment in the Tier I Buffer at the close of 2009/10 as a result of excess expendable funds pool earnings. Together these additions contribute roughly $22 million to endowment payout in 2010/11.

Of the total endowment income, $115.1 million, or 15.2%, is unrestricted. The unrestricted endowment income includes payout from unrestricted merged pool funds as well as most of the income generated from Stanford endowed lands. The unrestricted portion of endowment payout is expected to decrease by only 4.1% in 2010/11, which reflects the 15% decline in existing unrestricted Merged Pool funds offset by incremental payout of $9 million from the Tier I Buffer. Unrestricted rental income from Stanford endowed lands will be roughly constant at $43 million.

Other Investment Income – Other investment income in 2010/11 comes from four main sources:

- Payout on the expendable funds pool ($88.5 million) and income earned on unexpended endowment payout separately invested in the endowment income funds pool ($5.0 million),
- Investment income distributed to support the operations of the Stanford Management Company and the real estate division of Land, Buildings and Real Estate ($29.8 million),
- Interest income on the Stanford Housing Assistance Center (SHAC) portfolio ($12.7 million), and
- Security lending and other interest income ($10.2 million).

Total other investment income is expected to drop from $121.0 million in 2008/09 to only $47.4 million in 2009/10 and then rebound to $146.7 million in 2010/11. This extreme fluctuation is due almost entirely to the recently revised expendable funds payout policy that stipulates that a significant portion of the EFP payout for operations is based on the prior year's investment returns. The investment losses suffered in 2008/09 result in virtually no EFP payout in the current year, but normal investment returns expected in 2009/10 will give rise to typical EFP payout in 2010/11. A description of the EFP and the trustee approved policy follows.

The EFP comprises the university's general operating funds, non-government grants, expendable gifts, and designated funds belonging to various schools and departments, as well as student loan funds, plant funds, and other short-term funds. This pool of funds represents a significant component of university investment capital, with a current average balance of approximately $2.0 billion.

Payout from the EFP is governed by a trustee policy that was revised effective September 1, 2009. Under the new policy, between 70% and 90% of the EFP is cross-invested in the Merged Pool, with the remaining portion invested in money market instruments. Approximately 75% of the funds in the EFP receive no payout directly to the fund. Rather, a variable payout of 0% to 5.5% on these zero-interest accounts is paid to general funds both centrally and in the formula schools. The rate paid is based on the actual EFP investment returns during the prior fiscal year. Certain types of funds invested in the EFP receive an annual payout equal to a money-market return. These so-called money-market accounts include the debt recycling pool, insurance and benefits reserves, student loan funds, certain plant funds, agency funds, gifts pending designation, and certain restricted gifts. Differences between the stipulated payout and actual investment returns are backstopped by the Capital Facilities Fund and by the Tier I and Tier II Buffers.

Because the return on the EFP was negative in 2008/09, and the policy stipulates that the rate paid to the zero-return funds is based on the prior year's results, EFP payout in the current year will only be the income paid to the money-market accounts. Since money-market rates are at an all time low, total EFP payout is expected to be only $1.3 million.

In 2010/11 total EFP payout increases sharply to $88.6 million based on the assumption that the EFP will enjoy a total return of about 7.0% in the current year, thereby allowing for full payout of 5.5% to the zero-return funds in 2010/11.

The non-EFP portion of other investment income is projected to increase 18.1% to $52.7 million, led by substantial increases in the operations of the Stanford Management Company. Additionally, income earned by the EIFP, the balance of unexpended endowment payout, is expected to increase based on the assumption of higher money market rates in 2010/11.

Special Program Fees and Other Income

This category includes the revenues from several different types of activities, such as technology licensing income, conference and symposium revenues, fees from the executive education programs in the Graduate School of Business and the Stanford Center for Professional Development, fees from travel/study programs, and revenues from corporate affiliates, mostly in the schools of Earth Sciences and Engineering. Another major component of this category is the revenue from auxiliary activities, other than student room and board fees. This includes revenues from conference activity, concessions, rent, and other operating income in Residential & Dining Enterprises, athletic event ticket sales and television income, HighWire Press, the University Press, Stanford West Apartments, and several other smaller auxiliaries. Total special program fees and other income are budgeted at $348.5 million in 2010/11, a modest increase of 1.9% over the expected level in 2009/10.

Expenses

Salaries and Benefits

The salary and benefits line in the Consolidated Budget for Operations represents total compensation, which includes academic, staff, and bargaining unit salaries, fringe benefits, tuition benefits for research and teaching assistants, and other non-salary compensation such as bonuses and incentive pay. Total compensation in 2010/11 is budgeted to be $1,987.8 million, a 4.7% increase over the year-end projection of $1,898.8 million. This increase is driven by the approved merit programs for faculty and staff, additional salary allocations for equity and retention, as well as projected headcount growth of 1.0% for faculty and staff. As discussed below, the fringe benefits rate applied to faculty and staff is increasing negligibly, so total benefits expense will grow with the growth in salary expense. The salaries and benefits line does not include $211.5 million of salaries and benefits that are included in the total for SLAC, which is discussed on page 11.

Salaries – Total salary expense is expected to grow by 4.7% in 2010/11 to $1,412.1 million as a result of the approved salary program and roughly 1.0% headcount growth. As has been the case in past years, the approved staff salary program takes into consideration the financial condition of the university as well as the current labor market status. Following a year with no general staff salary program and a very limited faculty salary program reserved for promotions, it was a priority to fund a competitive salary program for both faculty and staff. Once again the annual salary program was guided by the university's compensation philosophy, which is to set faculty salaries at a level that will maintain Stanford's competitive position both nationally and internationally for the very best faculty and to set staff salaries to be competitive within the local employment market. Last year's salary freeze did not disadvantage our competitive position in either of these markets, as other institutions and employers reacted to the economic downturn in a manner similar to Stanford. The approved merit program for 2010/11 was set after careful evaluation of relevant salary surveys. Additionally, an important component of the salary program for both faculty and staff is the inclusion of funding to address equity and retention issues, providing managers the flexibility to make appropriate adjustments to individual salaries.

Fringe Benefits – Fringe benefits expense, excluding SLAC, is expected to increase by 4.9% in 2010/11 to $410.4 million, consistent with the growth in overall salary expense and resulting in little change in the average blended fringe benefits rate.

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

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

Ninety-five percent of all fringe benefits expense is incurred for regular benefits-eligible employees, and the rate for this group in 2010/11 is expected to increase only slightly over the negotiated rate for 2009/10. The rates for the other three employee groups will decrease somewhat next year due to factors discussed below.

Fringe Benefits Rates

	2009/10 Negotiated Budget	2010/11 Projected Rates
Regular Benefits-Eligible Employees	30.6%	30.7%
Post-Doctoral Research Affiliates	21.6%	19.8%
Casual/Temporary Employees	8.5%	8.3%
Graduate RAs and TAs	5.0%	4.4%
Average Blended Rate	28.2%	28.1%

There are three major categories of benefits: retirement, insurance, and miscellaneous, the latter including faculty sabbaticals, staff development, and severance costs. Retirement programs represent half of the total benefits costs, and the health plans within the insurance programs contribute 28% of the total. Looking at the individual components of these programs there are some changes worth noting:

- Overall retirement program costs are expected to be virtually unchanged in 2010/11 because increases for the Stanford Contributory Retirement Plan and Social Security are offset by a decrease in the cost of the Faculty Retirement Incentive Plan as the one-time retirement incentive offered to faculty in 2008/09 ends.
- The costs of the health plans for active regular benefits-eligible employees, the largest program in the fringe pool, are projected to increase by only 3.8% over the budgeted amount and a moderate 7.2% over the expected actuals in 2009/10, for a total of $112.3 million. This is one of the lowest increases in years and is due to better than expected claims experience in recent years.
- Retirement medical costs are expected to decrease 40% to $13.6 million in 2010/11, which alone would produce a 0.7% drop in the overall fringe rate compared to the 2009/10 negotiated rate. A substantial reduction in the assumed number of retirements and a recovery of the trust assets call for a reduced contribution to the trust in 2010/11.
- Finally, as Stanford concludes its planned reduction in force in 2009/10, projected severance costs are expected to decrease by several million dollars.

The benefits rate for Post-Doctoral research affiliates will decrease substantially in 2010/11, because the number of post-docs is expected to increase as the average length of their employment is extended by a provost initiative in response to the difficult job market, while the benefit costs for this group will remain relatively constant. The fringe rate for graduate teaching and research assistants also will decline in 2010/11 due to a planned reduction in Cardinal Care health insurance premium costs and a carryforward credit from 2008/09.

SLAC

Total SLAC expenses in 2010/11 are expected to be $345.7 million, a 6.1% increase over our projection of $325.7 million for 2009/10. SLAC's 2010/11 budget is made up of $211.5 million in compensation expense, up from a projection of $207.5 million for 2009/10, and non-compensation expense of $134.2 million, up from $118.2 million projected for 2009/10. The substantial change in non-compensation expense is expected to be in the form of construction related expenditures. The original budget for SLAC for 2009/10 was $370.2 million. The large decrease in the projection for 2009/10 was due to a significant decrease in the materials and supplies budget in research and to lower amounts than budgeted for construction projects and those projects funded by the American Reinvestment and Recovery Act. In 2010/11 SLAC will begin a major construction project to renovate the Central Lab of the PULSE Building and will receive initial funding for the Research Support Building.

Financial Aid

Stanford expects to spend a total of $217.4 million on student financial aid for undergraduate and graduate students in 2010/11, $19.8 million of which will come from general funds. Designated and restricted funds ($182.8 million) and grants and contracts ($14.8 million) will support the remainder. Total budgeted financial aid is a mere 0.6% above the projected total for 2009/10, as a result of undergraduate aid decreasing and graduate aid increasing as discussed below.

Undergraduate Aid – Stanford has long been committed to need-blind admissions supported by a financial aid program that meets the demonstrated financial need of all admitted undergraduate students. We estimate that in 2010/11 Stanford students will receive $124.3 million in need-based scholarships, of which $110.9 million will be from Stanford resources,

Financial Aid Awarded to Undergraduates Who Receive Need-Based Scholarship Aid
[in millions of dollars]

Source of Aid	2004/05 Actuals	2005/06 Actuals	2006/07 Actuals	2007/08 Actuals	2008/09 Actuals	2009/10 Projected	2010/11 Budget
Department Funds and Expendable Gifts	1.9	1.1	0.9	2.0	2.2	1.9	1.9
Endowment Income	32.7	37.2	45.0	67.9	80.4	72.3	66.3
President's Funds	9.5	9.8	10.3	5.3	20.4	39.2	32.7
General Funds	14.3	12.7	10.2				10.0
Subtotal Stanford Funded Scholarship Aid	58.4	60.8	66.4	75.2	103.0	113.3	110.9
Government and Outside Awards	13.8	12.0	12.1	12.4	12.8	15.1	13.4
Total Undergraduate Scholarship Aid	**72.2**	**72.9**	**78.5**	**87.6**	**115.8**	**128.4**	**124.3**
General Funds as a Share of Total Aid	20%	17%	13%	0%	0%	0%	8%
President's Funds as a Share of Total Aid	13%	13%	13%	6%	18%	31%	26%
Endowment funds as a Share of Total Aid	45%	51%	57%	77%	69%	56%	53%
Number of Students	2,870	2,789	2,769	2,811	3,136	3,350	3,250

a decrease of 2.1% over the projected year-end. The remaining $13.4 million will come from government and outside awards, down 11.3% over the current year. The decrease in the need-based scholarship budget is due to the expectation that there will be 100 fewer students requiring aid in 2010/11 as the economy strengthens and family incomes rise accordingly. However, we will closely monitor student needs throughout the year and make adjustments as needed.

Responding to student and parent concerns, as well as competitive pressures, between 2004/05 and 2007/08 Stanford introduced several program enhancements aimed at simplifying the financial aid message and increasing affordability for low- and middle-income students. In 2008/09 we adopted significant changes designed to further reduce the costs of a Stanford education to middle-income families. These programmatic changes were made at the same time that Stanford's endowment income supporting need-based financial aid was at an all time high due to the generosity of our donors, strong market performance, and the decision to increase the target payout rate in that year. Last year's jolt to the endowment market value and the resultant decrease in endowment payout have been mitigated by substantial increases in support from presidential funding. President's funds from the Stanford Fund and the Tier II Buffer will provide $39.2 million for need-based aid, contributing 31% of the current year's budget. Since the Tier II Buffer is not intended to support ongoing costs, we have added $10 million in general funds back into the aid budget for the first time since 2006/07.

The main features of Stanford's financial aid program remain unchanged in 2010/11. However, students are being asked to take on a greater portion of their expenses through a $250 increase in the amount of their work expectation. Similarly, new parents at upper income levels will see increased expectations as we phase in reduced asset allowances and allowances for multiple children in college. These changes are projected to save $2.5 million in scholarship funds in 2010/11.

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

Athletic scholarships, which are not need-based, will be awarded to undergraduate students in the amount of $19.6 million, an increase that reflects the cost of tuition.

Graduate Aid – Stanford provides several kinds of financial support to graduate students that are expected to total $285.1 million in 2010/11. As the table on the next page indicates, this includes the tuition component of fellowships in the amount of $81.7 million, which is reflected in the Financial Aid line of

2010/11 Financial Aid and Other Graduate Student Support from Stanford Resources
[in millions of dollars]

Projected 2009/10 Year-End		General Funds	Designated and Restricted	Grants & Contracts	Total
	Student Financial Aid				
120.2	Undergraduate	10.0	100.9	5.2	116.1
18.9	Undergraduate Athletic		19.6		19.6
77.1	Graduate	9.8	62.3	9.6	81.7
216.2	Total	19.8	182.8	14.8	217.4
	Other Graduate Support				
49.6	Stipends	6.8	29.2	17.8	53.7
61.9	Tuition Allowance	35.7	6.1	18.3	60.1
91.9	RA/TA Salaries & Benefits	23.3	31.0	35.4	89.7
203.4	Total	65.8	66.3	71.4	203.4
80.8	Postdoc Support	0.6	22.7	54.7	78.0
500.4	**Total Student Support**	**86.2**	**271.7**	**140.8**	**498.8**

the Consolidated Budget. Financial aid for graduate students is expected to increase by 5.7%, consistent with the planned increases in tuition in the various graduate programs and additional funds allocated for graduate support. The table also includes funding, not shown in the Financial Aid line of the budget, for stipends, tuition allowance, and RA and TA salaries of $203.4 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 Salaries and Benefits line, and the stipend amount is in the Other Operating Expenses line of the Consolidated Budget for Operations on page 4. The minimum rate for TA and RA salaries and stipends will increase by 5.0% in 2010/11; tuition allowance expense is expected to increase by 3.5%.

Graduate student support is funded by all of Stanford's various fund types, with the exception of auxiliary funds. In aggregate, unrestricted funds (general funds and designated funds) contribute a little less than 33%, restricted funds support about 38%, and grants and contracts supply the remaining 29%. However, the patterns of funding vary substantially within the schools. Not surprisingly, grants and contracts provide a significantly higher proportion of graduate student funding in the research-intensive schools like Medicine and Engineering. The professional schools rely almost exclusively on restricted funds.

Schedule 5 in Appendix B shows graduate student support by source of funds.

Other Operating Expenses

This expense category includes all external non-salary expenditures in the Consolidated Budget for Operations except financial aid, which is detailed separately above. It does not include the internal charges between units (such as the internal billings for IT services and utilities), although it does include the internal allocations of principal amortization and interest expense that are transferred to plant funds. This category makes up about one-third of the total expenditures in the Consolidated Budget and is projected to increase slightly by 3.1% to just over $1.1 billion in 2010/11. The principal components include: materials and supplies ($268.0 million, of which about one-third are laboratory supplies); contracted outside services, which includes research subcontracts ($183.0 million); internal debt service ($170.6 million); food, entertainment, and travel ($97.4 million); external payments for facilities and equipment operations and maintenance ($97.4 million); capital equipment and library materials purchases ($75.8 million); external payments for telecommunications and utilities for campus buildings ($49.4 million); student stipends ($51.3 million); services purchased from the hospitals ($48.0 million); and rentals and leases ($33.3 million).

Utilities and Operations & Maintenance – The delivery of utilities to the campus involves three significant components: 1) purchased utilities from outside of the university; 2) capital expenditures; and 3) other expenditures.

Purchased utilities include electricity and natural gas from Cardinal Cogen for generating steam, chilled water, and electricity. Domestic water is purchased from the San Francisco Water District. For 2010/11, these purchased utilities represent approximately 56% of the total utilities cost. Capital expenditures are necessary for system expansion, replacement, controls, and regulatory requirements. The amortization on these capital projects represents approximately 19% of the total utilities cost. Other expenditures include maintenance, materials, supplies, and staff labor costs to operate the utilities systems. These expenses are about 25% of the utilities costs.

Fluctuations in utilities costs are largely related to purchased utilities prices and changes in consumption. Utilities consumption is impacted by weather variations, campus growth, and conservation efforts. Historically, depreciation and other cost components have remained relatively stable.

The 2009/10 budget shows $64.3 million for campus utilities costs, which was later reforecast to $60.6 million due to recent significant decreases in the purchase prices of natural gas, lower than budgeted sewer costs, and a refund from PG&E for electricity (passed through to Stanford by Cardinal Cogen). Utilities chargeout rates were reduced mid-year, resulting in projected savings of about $1.1 million to the academic budget. For 2010/11, budgeted campus utilities are expected to increase sharply to $71.9 million. This increase is primarily due to projected increases in natural gas and electricity prices. While electricity prices have increased slightly, the natural gas market remains volatile and difficult to predict over the long term.

Operations and Maintenance (O&M) includes grounds maintenance, custodial, trash, recycling, elevator repair, gutter maintenance, re-lamping, and other services along with preventive and reactive maintenance on buildings, roads, and infrastructure. Total budgeted O&M for the university, including the labor costs to provide these services is projected to be $94 million in 2010/11.

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

The university will incur incremental utilities and operations and maintenance costs associated with new buildings in 2010/11 of approximately $11.2 million, $3.2 million of which will be funded by the Graduate School of Business, $5.2 million will be funded by the School of Medicine and $2.8 million will be funded by general funds. The incremental costs are due to the completion of the Knight Management Center, the Lorry I. Lokey Stem Cell Research Building, the Jen-Hsun Huang Engineering Center, the Li Ka Shing Center for Learning and Knowledge, the Center for Nanoscale Science and Engineering, and the William H. Neukom Building, net of the savings due to the demolition of Terman and Ginzton.

Internal Debt Service – The university issues debt in the public markets to finance capital projects and programs. Internal loans are then applied to projects, which amortize the debt over the project life in equal installments (principal and interest). These loans are made from the aggregate of the external borrowings. These amortized payments are considered internal debt service since the payments are made into a central university pool rather than externally. The budgeted interest rate used to calculate internal debt service is a blended rate of all interest expense on debt issued for capital projects, bond issuance costs, and administrative costs, and is reset annually. The projected blended rate for 2010/11 is 4.85%, which is a decrease from the current year's rate of 5.0%.

The 2010/11 internal debt service is projected to be $170.6 million, a 7.7% increase over 2009/10. It includes debt service incurred to bridge finance the receipt of gifts and annual lease payments. The year-over-year increase is due to several new facilities including the Center for Nanoscale Science and Technology, the use of medium term debt to bridge finance the receipt of gifts to be received on several construction projects, and additional IT services projects. A complete list and description of the projects supported by debt can be found in Chapter 4 on the Capital Budget.

Transfers

Once current expenses are netted from current revenues, funds are also transferred between units, between fund types, and out of the Consolidated Budget for Operations. The end results are the changes in fund balances, representing what is expected to happen to available fund balances.

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

- Additions to Endowed Principal: This line includes transfers of either expendable funds to endowment principal, which creates funds functioning as endowment (FFE), or withdrawals of FFE to support operations. In 2010/11 we are projecting that a net $5.9 million will be withdrawn from FFE to support current operating needs. This compares to a projected $13.3 million transfer to current funds from FFE in 2009/10, a decrease of $7.4 million. The 2010/11 amount represents $24.1 million of current funds or fund balances transferred to FFE, offset by an anticipated $30.0 million needed to be liquidated from the president's Tier II Buffer for a variety of university priorities.

- Other Transfers to Assets: The transfers in this category are primarily to plant for capital projects. Total transfers of $121.7 million to plant and other assets are planned for 2010/11. These transfers will increase from the amount of $100.2 million projected for 2009/10. Included in this is $60.7 million in anticipated transfer from the Capital Facilities Fund (CFF) to support plant projects (see more on the CFF in Chapter 4). Additionally, the president and provost anticipate transferring $12.3 million from their discretionary funds (principally the Tier II Buffer income fund) to support plant projects. Land, Buildings and Real Estate will transfer about $7.3 million from the Planned Maintenance Program into plant improvement projects, while the School of Medicine expects to transfer $25.1 million in funds for a variety of capital projects. The remainder is made up of a $9.1 million general funds transfer for Academic Facilities Renovation, $4.6 million transferred by the School of Humanities & Sciences, and transfers to Student Loans of $1.7 million and $1.3 million for the schools of Law and Education, respectively.

- Net Internal Revenue & Expense: Internal revenue and internal expense are generated from those charges that are made between departments within the university for services provided through charge-out mechanisms. Communication services provided by Business Affairs-IT to university departments are one type of internal revenue and expense. Another is the charge that the Department of Project Management (the group that manages construction projects on campus) allocates to capital projects that use their services. These charges contribute to the revenue and expense of individual departments and fund types but, ultimately, are netted against each other in the presentation of the Consolidated Budget to avoid double counting. There is, however, a net $8.4 million of internal revenue flowing into the Consolidated Budget, primarily from capital plant funds, which are outside the Consolidated Budget, into service centers and other funds within the Consolidated Budget.

GENERAL FUNDS

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

General funds revenue in 2010/11 is projected to be $958.4 million, a $74.9 million increase over the expected level for 2009/10. While this increase seems high at a time when endowment payout is set to decline and the tuition rate increase is a moderate 3.5%, it is primarily an artifact of a change that was anticipated. Specifically, the recently revised expendable funds policy requires that EFP payout to general funds is based on the prior year's investment return. Consequently, EFP payout to general funds in the current year will be zero due to the losses suffered in 2008/09. Normal EFP returns in the current year will allow for $83.0 million in EFP payout to general funds in 2010/11. The loss of the EFP payout in 2009/10 is buffered by the Capital Facilities Fund per the EFP policy. As such, general funds, in the amount of the EFP shortfall, which would have been transferred to the CFF, will not be. As a result, there is no impact on the funds available for allocation to the budget units.

2010/11 Non-Formula General Funds

Per negotiated formula arrangements, $152.0 million of the total general funds revenue will flow to the School of Medicine, the Graduate School of Business, and the other formula units. The remaining general funds revenue is controlled and allocated by the provost. General funds available to allocate to the non-formula units in 2010/11 is $802.4 million, after annual adjustments are made for transfers to the university facilities and housing reserves and funds generated by the infrastructure charge. These adjustments are reflected in the Transfers section of the Consolidated Budget.

The Consolidated Budget approved a year ago by the Trustees called for a surplus of $40.0 million in general funds in 2009/10 in anticipation of a balanced general funds budget in 2010/11. Since that time, the financial outlook has improved; the recommended non-formula general funds budget for 2010/11 now calls for a $26.2 million surplus, including important, new programmatic allocations. The general funds budget also includes increments for a competitive salary program, mitigation of the impact on academic units of the decline in endowment payout, and the operating costs of new facilities, all of which were built into our previous forecast. The major changes since last year are as follows:

- Endowment income has increased by $16.0 million due to a substantially faster and stronger recovery of the market and the expected additions to rebuild the Tier I Buffer.
- Tuition and indirect cost recovery are $12 million higher due to additional students and strong research volume, particularly in 2009/10.
- A combination of management decisions to reduce general funds allocations for endowment payout mitigation and growth in non-salary expense, lower expected costs in utilities and other facilities costs, and increases in payments for central services by the formula units have reduced the expense base by $28 million.

During the annual general funds budgeting process, each budget unit met with the Budget Group, the provost's budgetary advisory body comprised of senior faculty and administrators, to 1) review the status and impact of last year's budget reductions, 2) review the impact of mitigating a smaller portion of the endowment payout decline in 2010/11 than in the prior year, 3) discuss strategic directions, and 4) hear requests for incremental general funds. At the end of the process, the provost makes allocation decisions based on the units' presentations, consultation with the Budget Group, and a final forecast of available general funds.

The table below shows how the $802.4 million in non-formula general funds will be allocated in 2010/11.

Summary of 2010/11 Base General Funds Allocations (Excludes Formula Units)
[in millions of dollars]

2010/11 Projected General Funds Revenue		**958.4**
Allocations to Formula Units		(152.0)
Infrastructure Charge Transfer In		26.3
Transfers to Facility/Housing/Other Reserves		(30.3)
2010/11 Non-Formula Base General Funds		**802.4**
Non-discretionary Allocations		(64.4)
Restoration of Capital Facilities Fund	(58.2)	
Incremental Facilities Costs	(6.2)	
2010/11 Allocable Base General Funds		**738.0**
2009/10 Base General Funds allocations to units		645.1
Incremental Central Allocations		14.3
Restoration of University Reserve	4.3	
Undergraduate Financial Aid	10.0	
Incremental Unit Allocations		52.4
Salary Program and Inflationary Cost Rise	17.6	
Endowment Payout Mitigation	19.3	
Programmatic Allocations to Academic Units	11.0	
Programmatic Allocations to Administrative Units	4.5	
2010/11 Unallocated Surplus		**26.2**

The university's budgeting practice is to keep units' prior year general funds allocations in place and then make further additions or reductions based on programmatic necessity. The incremental allocations made for 2010/11 are detailed below and are reflected in the pie chart on page 18.

Salary Programs and Inflationary Cost Rise: $17.6 million

After freezing academic and administrative salaries in 2009/10, the first priority in the 2010/11 general funds allocation process was to fund a competitive salary program. The incremental cost to general funds of the combined salary and benefits program will be $15.7 million. Although no cost rise was granted on most non-salary expenditures due to low Bay Area inflation, some non-compensation expenses such as graduate financial aid and student health care expenses were granted an inflationary increase at a cost of $1.9 million.

Endowment Payout Mitigation: $19.3 million

Most academic units support their operations with a combination of funding sources that are pooled in their operating budget, including restricted endowments that support base expenses such as faculty salaries. In 2009/10 the provost decided to mitigate the 10% decline in restricted endowment available to support the operating budget with an allocation of $20 million in base general funds, which offset roughly 75% of most units' decline in payout. In 2010/11, $19.3 million in general funds have been allocated to offset roughly 50% of the 15% decline the units will experience in their endowment payout available to support the operating budgets. Given current assumptions of endowment performance, payout for 2011/12 will increase at a roughly inflationary level, and this practice of mitigating payout declines will not be repeated.

Undergraduate Financial Aid: $10.0 million

The university's generous undergraduate financial aid program was not reduced as a part of last year's budget reductions. Growing costs in that program coupled with payout declines in endowed financial aid funds, however, require a build-up of base general funds on top of increased efforts to fundraise additional scholarships in order to continue the program's strength. That build-up starts with this $10.0 million allocation, with an incremental $1.0 million per year planned for the next five years.

Incremental Facilities Costs: $6.2 million

$6.2 million is required to service incremental O&M, utilities, and debt service on new buildings coming on-line during 2010/11.

Restore University Reserve: $4.25 million

This allocation brings the university reserve to $20 million, nearly restoring the $5.0 million that was cut during last year's budget reductions. This base reserve is intended as a buffer against sharp declines in general funds. When it is not needed, the funds are used to fund one-time commitments made by the provost for a variety of purposes including start-up funds for new initiatives, support for schools for their most important faculty recruitment efforts, and many other short-term activities in both academic and administrative units.

Graduate Student Support: $5.0 million

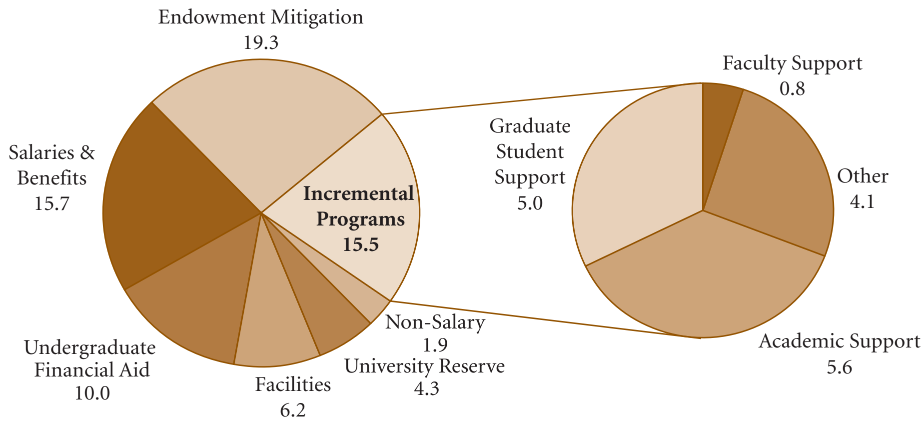
Several schools highlighted graduate student support as one of their most urgent needs, partly due to pre-existing need and partly due to a decline in the units' endowment payout. Engineering received $3.9 million, of which $2.5 million had been funded for a number of years from one-time general funds; Earth Sciences received $650,000; and H&S received $450,000. These amounts include allowances to pay for teaching assistants' tuition as well as salaries and fellowships.

Faculty Support: $800,000

Although there were no faculty layoffs, most schools were forced to freeze faculty searches as a result of the 2009/10 budget reductions. While there are major efforts underway to fundraise for endowed chairs, $1.6 million in general funds was allocated to support new hires for which restricted funds will not be readily available. The bulk of this funding will go to the Law School. An additional $1.3 million will go toward the increasing costs of recruitment and to address significant compensation gaps for faculty in select H&S departments. Offsetting these increases is a $2.1 million reduction in H&S, which represents the second and final installment of the reductions allocated to the school during the 2009/10 budget process and which was planned to come from freezing faculty billets. Given the improved outlook for general funds, the provost intends to return $1.5 million of this H&S reduction in 2011/12.

2010/11 Incremental General Funds Allocations: $72.9 Million[1,2]

[IN MILLIONS OF DOLLARS]



[1] Includes $3.1 million of funding reductions, representing the second and final year of reductions implemented during the 2009/10 budget process.

[2] Includes Incremental Facilities Costs, Incremental Central Allocations, and Incremental Unit Allocations from table on Page 16.

Academic Support: $5.6 million

In addition to direct support for the faculty, $5.6 million was allocated across the academic units for an array of programs and priorities. The largest portion of this funding, $2.4 million, went to support academic programs in Law, H&S, and Engineering, including support for teaching resources in basic science departments that have experienced a large increase in student enrollments. While not specifically designated as additional mitigation of endowment payout declines, $1.8 million was allocated to support academic activities that had suffered as a result of payout declines, primarily in the Freeman Spogli Institute for International Studies. Also, the Vice Provost for Graduate Education received $1.0 million as part of a multi-year commitment to build its base budget.

Other Allocations: $4.1 million

Managing research compliance and institutional risk continues to require additional resources, and $1.9 million was allocated to these activities, including $1.2 million for salaries in the Office of Sponsored Research that had been supported by one-time funds. As mentioned above, development efforts have increased in search of support for additional faculty and undergraduate financial aid, and $1.1 million was allocated to the Office of Development to aid those efforts ($820 thousand of this amount was actually part of continued base buildup for Development). A highlight of the remaining allocations is one to put base funding in support of the university's successful BeWell program.

Review of 2-Year Declines in Base Funding

With a slow financial recovery apparently underway, it is useful to look back over the past two budget cycles to understand the cumulative impact of the financial crisis. As mentioned above, the endowment payout reductions implemented to address the decline in the endowment's value in 2008/09 were so significant that the provost decided to partially mitigate those reductions through allocations of base general funds. For those units that hold endowed funds, general funds and endowment payout are an intertwined source of support for their programs, and this review looks at how those combined funding sources have fared.

The table on the next page shows that academic units have experienced a nominal decline of 6.5% in their combined general funds and endowment payout funding over the past two years; administrative units have experienced an 8.5% decline. As is evident, these declines are significantly less than either the average 15% general funds reduction that was levied in 2009/10 or the 25% two-year payout decline (10% in 2009/10 and 15% in 2010/11) because of three factors:

Two-Year Non-Formula Base General Funds and Endowment Payout Changes 2008/09 to 2010/11

[in millions of dollars]

	Academic Units			Administrative Units[1]		
	General Funds	Endowment Payout	Total	General Funds	Endowment Payout	Total
2008/09 Base Funding[2]	307	366	674	278	65	342
Endowment Payout Decline		(76)			(14)	
GF Mitigation of Payout Decline	39					
Net GF Additions/Reductions	(26)			(28)		
Price and Salary Inflation	19			13		
Net Funding Changes	32	(76)	(44)	(15)	(14)	(29)
2010/11 Base Funding[2]	340	290	630	262	51	313
Percent Change (nominal)			-6.5%			-8.5%
Adjusted for Two-Year Bay Area CPI Change (+3.9%)			-10.4%			-12.4%

[1] Excludes Central Obligations

[2] These amounts exclude the effect of underwater endowment shortfalls, which are one-time payout reductions that will disappear as the merged pool recovers. They do, however, include new gifts to the endowment made during this period.

- A total of $39 million in base general funds were allocated to mitigate payout declines.
- Incremental general funds were allocated to cover salary and price increases.
- The 2009/10 budget reductions were partially offset by modest budget additions in 2009/10 along with this year's incremental programmatic allocations of $15.5 million to the units.

The lower decline in academic units compared to the decline in administrative units is primarily the result of the higher concentration of endowed funds — and hence endowment mitigation — in the academic areas. When adjusted for inflation over the two years (as measured by the Bay Area CPI), the purchasing power of these funding sources has declined 10.4% for academic units and 12.4% for administrative units.

PROJECTED STATEMENT OF ACTIVITIES

Stanford University, as a not-for-profit institution and a recipient of restricted donations, manages itself internally according to the principles of fund accounting. Stanford also presents a Statement of Activities, prepared in accordance with Generally Accepted Accounting Principles (GAAP) to comply with external reporting requirements. The Statement of Activities summarizes all changes in net assets during the year (both operating and non-operating) and is similar to a corporate income statement. The Consolidated Budget for Operations follows the principles of fund accounting. It includes only current funds, and reflects the sources and uses of current funds on a modified cash basis that more closely matches the way that the university is managed internally. Within these current funds, funds are further classified by their purpose and level of restriction.

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

There are four different categories of funds:

1) Current Funds, which include revenue to be used for operating activities — e.g., tuition revenue, sponsored research support, endowment payout, and other investment income;

2) Endowment Principal Funds, which include all of Stanford's endowment funds, both those restricted by the donor, and those designated as endowment funds by university management;

3) Plant Funds, which include all funds to be used for capital projects, such as construction of new facilities or retirement of indebtedness; and

Comparison of Consolidated Budget and Statement of Activities, 2010/11
Unrestricted Net Assets
[in millions of dollars]

Statement of Activities				Fiscal Year 2010/11		
2008/09 Actual	2009/10 June 2009 Budget	2009/10 Projected Year-End		Projected Consolidated Budget	Adjustments	Projected Statement of Activities
			Revenues and Other Additions			
			Student Income:			
252.3	265.6	267.6	Undergraduate Programs	278.4		278.4
249.4	260.9	266.7	Graduate Programs	276.0		276.0
110.1	118.3	120.5	Room and Board	125.7		125.7
(210.3)	(218.3)	(216.2)	Student Financial Aid[e]		(217.4)	(217.4)
401.5	426.5	438.6	Total Student Income	680.1	(217.4)	462.7
			Sponsored Research Support:			
563.7	566.5	596.6	Direct Costs–University	607.1		607.1
293.7	370.2	325.7	Direct Costs–SLAC	345.7		345.7
174.0	192.5	199.0	Indirect Costs	197.9		197.9
1,031.3	1,129.2	1,121.3	Total Sponsored Research Support	1,150.7		1,150.7
429.1	417.7	444.6	Health Care Services[f,k]	518.6	(58.9)	459.7
149.0	150.0	150.0	Expendable Gifts In Support of Operations	165.0		165.0
89.0	75.0	75.0	Net Assets Released from Restrictions	75.0		75.0
			Investment Income:			
956.5	829.6	850.9	Endowment Income	758.1		758.1
94.2	29.5	25.2	Other Investment Income[g]	146.7	(27.6)	119.1
1,050.8	859.1	876.1	Total Investment Income	904.8	(27.6)	877.2
341.3	369.8	346.9	Special Program Fees and Other Income[j]	348.5	4.9	353.4
3,492.0	**3,427.3**	**3,452.5**	**Total Revenues**	**3,842.7**	**(299.0)**	**3,543.7**
			Expenses			
1,816.1	1,926.8	1,935.4	Salaries and Benefits[d,g,j]	1,987.8	19.0	2,006.8
293.7	370.2	325.7	SLAC	345.7		345.7
			Capital Equipment Expense[b]	75.8	(75.8)	
213.7	235.4	230.1	Depreciation[c]		257.5	257.5
			Financial Aid[e]	217.4	(217.4)	
806.4	920.5	854.0	Other Operating Expenses[f,g,h,j]	1,024.1	(127.0)	897.1
3,129.8	**3,452.9**	**3,345.2**	**Total Expenses**	**3,650.8**	**(143.7)**	**3,507.1**
362.2	**(25.6)**	**107.3**	**Revenues less Expenses**	**191.9**	**(155.3)**	**36.6**
			Transfers			
			Additions to Assets[a]	(115.8)	115.8	
			Net Internal Revenue/Expense[i]	8.4	(8.4)	
			Total Transfers	**(107.4)**	**107.4**	**0.0**
362.2	**(25.6)**	**107.3**	**Excess of Revenues Over Expenses After Transfers**	**84.5**	**(47.9)**	**36.6**

4) Student Loan Funds, which include those funds to be lent to students.

The Consolidated Budget for Operations follows the principles of fund accounting. It includes only current funds, and reflects the sources and uses of current funds on a modified cash basis that more closely matches the way that the university is managed internally. Within these current funds, funds are further classified by their purpose and level of restriction. The Consolidated Budget also reflects the transfer of current funds for investment in other fund groups: funds functioning as endowment, student loan funds, and plant funds. For example, a school may choose to transfer operating revenue to fund a future capital project. Similarly, a department may decide to move unspent current funds to the endowment, either to build capital for a particular purpose, or to maximize the return on those funds as a long-term investment. In both these instances, these funds are no longer available for other use to support operations, so they decrease the Consolidated Budget for Operations operating results. These transfers, however, have no impact on the Statement of Activities operating results, as the net assets of the university have not changed.

Converting the Consolidated Budget into the Statement of Activities

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

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

a) Eliminate Fund Transfers. The Consolidated Budget includes transfers of $115.8 million of current funds to other fund groups, including plant, student loans, and funds functioning as endowment.

b) Remove Capital Equipment purchases. The Consolidated Budget includes the projected current year's purchases of capital equipment as expense. For GAAP purposes, the cost of capital equipment is recorded as an asset on the Statement of Financial Position. As a result, $75.8 million is eliminated from Consolidated Budget expenses.

c) Record Depreciation expense for the current year's asset use. The Statement of Activities includes the current year's depreciation expense related to capital assets being depreciated over their useful lives. Depreciation expense includes the depreciation of capital equipment and other capital assets, such as buildings and land improvements. This adjustment adds $257.5 million of expense.

d) Adjust Fringe Benefit expenses. The Consolidated Budget reports the fringe benefits cost based on the fringe benefit rate charged on all salaries; the rate may include over- or under-recovery from prior years. The Statement of Activities reflects actual expenses for fringe benefits, so the over- or under-recovery amount has to be removed from Salaries and Benefits. The Statement of Activities also includes accruals for certain benefits, such as pension and post-retirement benefits that are required by GAAP to be shown as expense in the period the employee earns the benefit. For 2010/11, GAAP expenses are expected to be higher than budgeted expenses by $36.7 million.

e) Reclassify Financial Aid. GAAP requires that the tuition portion of student financial aid be shown as a reduction of revenue. In the Consolidated Budget, financial aid is reported as an operating expense. Accordingly, $217.4 million of student financial aid expense is reclassified as a reduction of revenues in the Statement of Activities.

f) Adjust Health Care Services. For GAAP purposes, Health Care Services revenues received from the hospitals are reported net of expenses that the university charges the hospitals. The Consolidated Budget presents these revenues and expenses on a gross basis. This adjustment results in a deduction of $48.4 million in both Other Operating Expenses to Health Care Services revenues.

g) Adjust for Internal Investment Management Expenses. Included in the Consolidated Budget revenues and expenses are $27.6 million of internal expenses of the Stanford Management Company, Real Estate Operations, and the Investment Accounting department. For GAAP purposes, these expenses incurred as part of the generation of investment returns are netted against investment earnings. This adjustment reduces Other Investment Income, as well as reducing $19.8 million from compensation and $7.8 million from non-compensation expenses, with no net change in the bottom line.

h) Adjust Other Operating Expenses. The Consolidated Budget includes all debt service. It reflects as

Other Operating Expenses the use of funds to cover repayment of the principal component of indebtedness. On a GAAP basis repayments of debt are reported as reductions in Notes and Bonds Payable in the Statement of Financial Position. Therefore, Other Operating Expenses must be reduced by the amount of debt principal amortization. In addition, adjustments must be made to account for the difference between internal and external interest payments. These adjustments reduce expense by $73.3 million.

i) Eliminate Net Internal Revenue/Expense. The Statement of Activities excludes all internal revenues and expenses. However, the Statement of Activities includes the activity of all fund types, while the Consolidated Budget does not include plant funds. Therefore, the net inflow of $8.4 million from plant funds into the Consolidated Budget for purchases of internal services must be eliminated.

j) Include Stanford Sierra Camp. The Statement of Activities includes the revenues and expenses of the Sierra Camp that the Alumni Association runs as a separate limited liability corporation. $4.9 million in revenues and $4.7 million in expenses is added ($2.1 million in Salaries and Benefits and $2.6 million in Other Operating Expenses).

k) Eliminate Hospital Equity transfers: Payments received from the hospitals for which no services are required to be provided by the University are considered transfers of equity between the University and the Hospitals and are not included in operating revenue in the Statement of Activities. In the Consolidated Budget, these show as health care services income. This adjustment removes $10.5 million of revenue.

In summary, the impact of these adjustments decreases the Consolidated Budget's projected $84.5 million surplus by $47.9 million, resulting in a projected surplus of $36.6 million in the Statement of Activities.

CHAPTER 2

ACADEMIC UNITS

OVERVIEW OF ACADEMIC UNITS

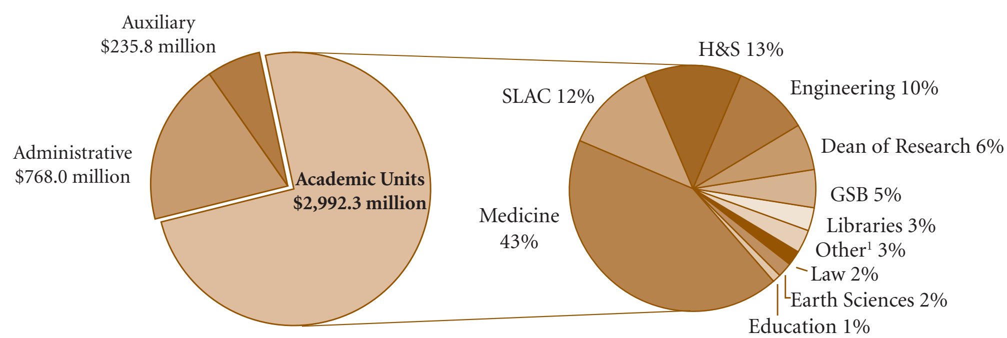
This chapter summarizes programmatic and financial activity for each academic unit. It offers a particular focus on the financial condition in each unit. Overall, the academic units are projecting an operating surplus of $45.1 million. However, after transfers to facilities and endowment, the units will be virtually balanced with a $1.1 million surplus.

Consolidated Budget for Operations, 2010/11: Academic Units

[IN MILLIONS OF DOLLARS]

	Total Revenues and Transfers	Total Expenses	Result of Current Operations	Transfers (to)/from Assets	Change in Expendable Fund Balance
Academic Units:					
Graduate School of Business	146.7	150.1	(3.4)		(3.4)
School of Earth Sciences	47.4	45.1	2.3	(3.0)	(0.7)
School of Education	39.0	38.6	0.5	(1.5)	(1.0)
School of Engineering	310.4	304.4	6.1	(0.3)	5.8
School of Humanities and Sciences	396.1	379.7	16.4	(9.2)	7.2
School of Law	61.6	58.8	2.8	(3.2)	(0.4)
School of Medicine	1,328.7	1,293.9	34.9	(25.6)	9.3
Vice Provost and Dean of Research	171.6	179.4	(7.7)	2.1	(5.7)
Vice Provost for Undergraduate Education	39.3	39.2			
Vice Provost for Graduate Education	1.8	6.1	(4.2)		(4.3)
Hoover Institution	44.1	42.7	1.5	(4.0)	(2.5)
Stanford University Libraries	97.1	101.2	(4.2)	0.7	(3.5)
SLAC	353.4	353.2	0.2		0.2
Total Academic Units	**3,037.4**	**2,992.3**	**45.1**	**(44.0)**	**1.1**

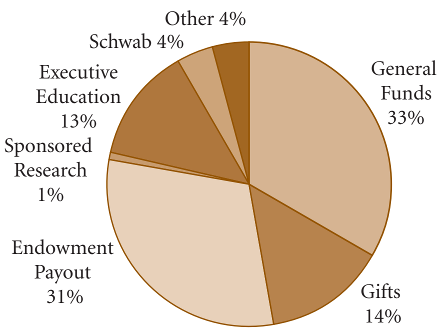
2010/11 Consolidated Expenses by Academic Units



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

GRADUATE SCHOOL OF BUSINESS

2010/11 Consolidated Revenues
$146.7 Million



[in millions of dollars]

	2008/09 Actuals	2009/10 Projection	2010/11 Plan
Total Revenues	155.1	142.5	146.7
Expenses			
Salaries and Benefits	89.4	87.0	92.2
Non-Salary	50.7	53.1	57.8
Total Expenses	140.1	140.1	150.1
Operating Results	15.0	2.4	(3.4)
Transfers From (to) Endowment & Other Assets	(11.9)		
Transfers From (to) Plant	0.0	(13.5)	0.0)
Surplus / (Deficit)	3.0	(11.1)	(3.4)
Beginning Fund Balances	64.0	67.0	55.9
Ending Fund Balances	67.0	55.9	52.5

The Graduate School of Business (GSB) is moving forward with the new MBA curriculum (now in its third year); reviewing course offerings in executive education and the Sloan Master's Program; expanding and deepening collaborations across the Stanford campus; and completing the Knight Management Center, which is scheduled to open during 2010/11. The GSB was the first unit on campus to take action in response to the economic downturn, and this has placed the school in a strong financial position going forward.

Planning Directions

The economic downturn that began in the fall of 2008 had a substantial, multiyear impact on finances at the GSB. Faculty and staff worked hard to reduce expenses in response to the projected decrease in revenues. The final results for 2008/09 were better than originally anticipated. Revenues were higher than expected, due mostly to a few large expendable gifts that were received at fiscal year-end. In addition, expenses were reduced more than planned, largely due to staffing reductions as well as deep cuts in discretionary spending (such as supplies, food, and travel). As a result, the school was able to set aside additional funding for the Knight Management Center. The improved financial results will also allow the school to resume plans to grow faculty, remain on course with the Knight Management Center, and consider a possible evening program.

Faculty leadership at the GSB has estimated that 110 tenure-line faculty members are needed to maintain the new MBA curriculum. The size of the MBA class increased slightly for fall 2009/10. Both the MBA class and the Sloan Master's Program are expected to grow a bit more once the Knight Center is complete. The school also intends to grow the PhD program to 110 students. The GSB has undertaken aggressive faculty recruitment efforts during 2009/10, with plans to increase the total number of tenure-line faculty over the next few years. A faculty review of the new MBA curriculum was completed during the summer, and recommendations have been implemented during 2009/10. To make the workload more even throughout the program, fewer courses are now required, although more units are needed to graduate.

The GSB faculty is also considering offering new evening programs in tandem with the Sloan Master's Program. One possible model is the very successful and highly regarded Summer Institute for Entrepreneurship, which has facilitated collaborations across campus. A faculty director has been appointed for this effort, and focus groups are being conducted to assess interest levels. These programs, if launched, will be different from other GSB offerings in that they will be part time and thus will attract a more local, yet potentially very talented and diverse, student base from Silicon Valley and the broader Bay Area. The goal is to achieve the same level of quality and high standards as other program offerings at the GSB.

The school is conducting a faculty-led review of the executive education program, which has been moving toward more customized courses targeting specific organizations with specific needs. The faculty committee will determine the future direction of the program to ensure that it is in alignment with the school's strengths and future objectives, and that course offerings are competitive and in alignment with market demand.

Efforts are in process to ensure that the Knight Center will be an active and engaging place for the GSB and the broader Stanford community. Plans are under way for the campus moves, which are planned for December 2010 and March 2011.

Consolidated Budget Overview

GSB revenues are projected to be relatively flat overall in 2010/11. Tuition increases will help offset the decreased endowment payout, as will slight increases in expendable giving and executive education. Tuition revenue for degree programs is expected to increase 5.4% over the current budget plan. Tuition for first-year MBAs will increase 3.5%, less than in prior years. Sloan students' tuition will increase 5.0%. The school forecasts executive education revenues to increase 5.4%, as the market for these courses is slowly improving after a major downturn last year due to the economy.

GSB expenses are projected to increase about 7% from the 2009/10 year-end projection to reach $150.1 million in 2010/11. Part of the increase is due to plans to increase faculty as part of the longer-term goal to support the MBA curriculum. The school also intends to increase financial aid support at the same rate as tuition in spite of the decrease in endowment payout, which means that some unrestricted funds will be used to make up the shortfall. The school will also incur one-time costs (estimated at $1.5 million) to run two facilities simultaneously for six months during the transition to the Knight Center. Another incremental expense will be debt service for the Knight Center. The school has been approved for $54.6 million of long-term debt, and debt service will commence after the buildings become occupied.

Endowment income is expected to decrease 12%, due in part to changes in the stock market and the university payout policy. During 2008/09, the endowment provided 36% of the overall funding for the school, particularly for teaching, research, and fellowships. That figure will be 31% in 2010/11. The school expects an increase in expendable gifts of 5% over the current budget plan. The GSB has been extremely fortunate in that alumni have been able to show continued generosity in spite of the economic downturn.

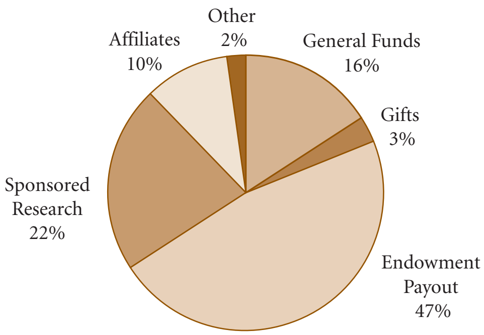
The school expects 2010/11 reserves to show a slight decrease relative to the projected balance for 2009/10. Due to some of the temporary expenses of the campus move, a slight deficit is planned. The school also continues to fund surge space for the central university staff formerly located on Serra Street at a cost of about $3.3 million per year. This expense impacts reserves rather than the operating budget. In addition, over the last three years the school put aside $22.3 million from operations toward the Capital Facilities Fund to help fund the Knight Management Center, which reduces the amount of debt required for the project.

Capital Plan

The Knight Management Center is integral to the school's plans for continued leadership in business education. The new center is on target to be completed in 2011 at or below the board-approved budget of $345.5 million. The Knight Management Center is designed to earn a Platinum Certification under the U.S. Green Building Council's LEED rating system. This is the highest rating a building can receive and represents a substantial commitment to sustainable design. The center will also satisfy and in some cases exceed the university's space-planning guidelines.

SCHOOL OF EARTH SCIENCES

2010/11 Consolidated Revenues
$47.4 Million



[in millions of dollars]

	2008/09 Actuals	2009/10 Projection	2010/11 Plan
Total Revenues	55.4	50.4	47.4
Expenses			
Salaries and Benefits	29.2	31.7	32.9
Non-Salary	14.6	13.1	12.3
Total Expenses	43.8	44.7	45.1
Operating Results	11.5	5.6	2.3
Transfers From (to) Endowment & Other Assets	(4.1)	(2.5)	(2.5)
Transfers From (to) Plant	0.0	(1.5)	(0.5)
Surplus / (Deficit)	7.4	1.6	(0.7)
Beginning Fund Balances	30.5	37.9	39.5
Ending Fund Balances	37.9	39.5	38.8

Planning Directions

The School of Earth Sciences used 2009/10 to regroup after the recent economic upheaval and reestablish a strong foundation from which it can take the next steps in its transformation into a 21st-century school focused on the study of planet Earth: its mantle and crust, atmosphere, climate, oceans, land and water systems, and energy resources. The next phase in the school's evolution will begin in 2010/11. Despite limited funding, momentum will be gained on key strategic goals. Particular areas of focus will be providing adequate funding for graduate students; responding to the increased demand for an Earth Sciences education; continuing efforts to diversify student, faculty, and staff populations; and continuing efforts to improve use of school space.

Impact of Budget Reductions & Strategic Goals

In 2009/10, Earth Sciences had no choice but to respond to the budget crisis aggressively because of its reliance on endowment payout to support core activities. With income expected to drop 25% over two years, budget cuts were made in many areas. The primary impact was a severe reduction in graduate financial aid allocated to departments. This resulted in an unfortunate but necessary drop in admissions at a time when the quality and size of applicant pools are at record levels. For 2010/11, university resources have been allocated to mitigate the loss in endowment payout, allowing the school to resume its normal admissions levels.

Faculty recruitment was also impacted by the budget crisis. Plans for up to five new searches from 2009/10 to 2011/12 were put on hold (although two that were in process did come to completion). The change in hiring plans was required by the large drop in endowment income in combination with the base salary increase and, more importantly, the significant investment needed for start-up packages and lab renovations. Because the school has invested many resources in the new faculty hired in the last five years, school reserves are low. However, based on current endowment assumptions for 2010/11 and beyond, and thanks to a base increase in general funds, Earth Sciences will be able to initiate at least one search in 2010/11. This will be in the field of energy and water resources, bringing new expertise in fields critical to the school's mission: to be a world leader in earth and environmental sciences, creating knowledge to help provide energy, water, and a safe and sustainable planet.

Budget reductions have also impacted staff. The school reduced its workforce by 10% in late 2008/09, weakening an already lean administrative infrastructure. Some of the reductions allowed for effective reorganizations, but several are not sustainable. This is principally true in the departments where new faculty have been hired, bringing with them new students, incremental postdocs, and active (and demanding) research agendas. In 2010/11, the school will welcome two junior faculty, and those additions will likely force the reinstatement of at least one staff position.

Program Goals

Education in Environment and Sustainability

As part of its 2004/05 strategic plan, Earth Sciences set a goal to increase its educational reach to students across the university. Since then it has implemented measures that have dramatically increased the number of students taking introductory courses and the number of majors (both up 50% since 2006). These measures have included improved course quality, revamped curricula, and the addition of field components to many courses. While all of these changes required substantial faculty time, they could not have been achieved without the assistance of a school wide undergraduate coordinator, a school wide field education coordinator (50% FTE), and an educator leading courses on sustainable agriculture. In addition, with help from president's funds, Earth Sciences hired an environmental journalist to teach and develop programs that train students (and faculty) to communicate scientific information more effectively, so as to have a greater impact on decision making. This individual is teaching courses for Earth Sciences and the Journalism program, and has led workshops for or consulted with a wide range of campus groups. Another new aspect of the environmental education program is field-based education in sustainable agriculture. The program has outgrown the small allocation of land at the Stanford community garden, and Earth Sciences hopes to establish an educational farm to better serve the needs of students. In 2010/11 these activities will continue, supported by one-time funds from a number of sources, with the hope that base funding can be secured by 2011/12.

Diversity Program

In 2008/09 Earth Sciences committed to developing a diversity program, with the first phase aimed at its graduate population. Despite tough economic times, Earth Sciences has made steady progress on its diversity efforts. Through the use of reserves and corporate gifts, in 2010/11 the school plans to expand its diversity graduate and postdoctoral fellowship programs, increase targeted recruiting activities, and develop a summer program for non-Stanford minority undergraduates and a university-to-university exchange program.

Consolidated Budget Overview

The year-end projection for 2009/10 shows a reserve fund balance of $39.5 million, with a net increase of $1.6 million across all fund types. The largest increase is in endowment, with a $900,000 surplus in graduate aid, reflecting school efforts to build a reserve to be applied to the income shortfall anticipated in 2010/11. Another $800,000 comes from increased endowment payout due to the change in payout restrictions on a number of funds. An $870,000 increase is expected in expendable funds, due to the continued fulfillment of faculty start-up commitments from school sources and Terman Fellows awards. Offsetting these increases is a $320,000 drawdown of operating funds, due to the completion of a number of commitments, and a $660,000 drawdown of designated funds, which are being tapped to make up for the loss in graduate aid endowment.

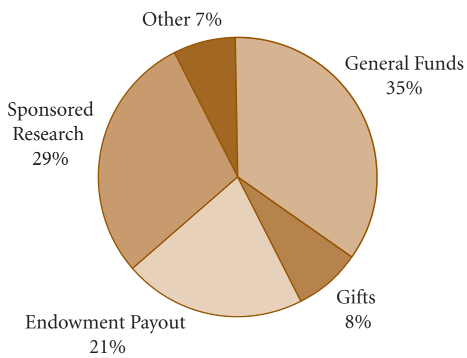
For 2010/11, Earth Sciences projects consolidated expenses of $45.1 million, a modest increase of $400,000 from 2009/10. Balancing a rise in costs is a decrease in capital project outlays due to completion of several lab renovations. Year-end projections show a fund balance of $38.8 million, a decrease of $681,000. A large drawdown of endowment balances ($1.6 million) is mitigated by increases in other fund categories, particularly expendable funds, due primarily to funding for faculty start-up from the Terman Fellows program. Earth Sciences expects to end the year in a modestly healthy financial position.

Capital Plan

Earth Sciences continues to implement its 2008 space master plan. The overall goals of the master plan are to reduce the school's space charge and improve efficiency; accommodate planned growth, including laboratory needs; and fix long-standing problems in each building. The school has made significant progress, particularly in creating better student space and more conference and public gathering spaces. For 2010/11, the primary goals include completion of the renovation of Geology Corner, which will improve space use, bring office sizes into compliance with university standards, and create several teaching labs; laboratory renovations and consolidations in Green, to accommodate new faculty; improved space utilization in Mitchell; and improvements to the Branner Earth Sciences Library.

SCHOOL OF EDUCATION

2010/11 Consolidated Revenues
$39.0 Million



[in millions of dollars]

	2008/09 Actuals	2009/10 Projection	2010/11 Plan
Total Revenues	39.3	39.3	39.0
Expenses			
Salaries and Benefits	23.0	26.6	26.8
Non-Salary	11.5	11.6	11.8
Total Expenses	34.5	38.2	38.6
Operating Results	4.7	1.0	0.5
Transfers From (to) Endowment & Other Assets	1.0	(0.7)	(1.3)
Transfers From (to) Plant	0.0	(0.8)	(0.2)
Surplus / (Deficit)	5.8	(0.5)	(1.0)
Beginning Fund Balances	25.1	30.9	30.4
Ending Fund Balances	30.9	30.4	29.4

Planning Directions

The work of the School of Education faculty continues to grow around a network of interrelated centers. The campus K–12 Initiative has spawned three new initiatives: the Center for the Support of Excellence in Teaching (CSET), the Center for Education Policy Analysis (CEPA), and the Stanford Center for Leadership in Education (SCLE). School faculty also direct the Policy Analysis for California Education (PACE) center, the Stanford Center for Opportunity Policy in Education (SCOPE), the Stanford Center for Philanthropy and Civil Society, the John W. Gardner Center for Youth and Their Communities, the Center for Research on the Context of Teaching, and the Center on Adolescence.

These centers, along with the Stanford East Palo Alto Charter School, bring together faculty and students with common interests from across the university. All are committed to engaging in research that can inform policy and practice. CSET, SCLE, and the charter school embed research in innovative programs designed to improve education leadership, teaching, and learning. The goals are to provide direct service to the community, develop models of effective programs to improve leadership and teaching, and develop and disseminate new knowledge. These new activities are earning Stanford's School of Education a reputation as a leader in education reform.

One notable programmatic development this year is the creation of the new undergraduate education minor, which encourages and gives official credit to undergraduates who are interested in learning how to apply the knowledge they gain in their majors to the diverse field of education.

For 2009/10, the School of Education absorbed a general funds cut of $1.7 million (roughly 14%). This, coupled with the sharp decline in endowment payout, has forced the school to rein in some of its plans, reduce staff, suspend faculty billets, and shift resources planned for other purposes to cover ongoing operational needs. In addition, all units were required to significantly reduce their discretionary spending. Nonetheless, the School of Education is emerging from this severe economic challenge in a relatively strong position. Even with the recent suspension of two and one-half faculty billets, the faculty has grown substantially; in the last three years the school has filled five vacant slots and added three and one-half incremental faculty billets.

While the centers are funded almost entirely with external funds, they do add to the school's administrative burden. Their activities will be supported through increased efficiencies without increasing the Dean's Office staffing level.

The two-year 25% decline in endowment payout has put stress on the graduate aid budget. Over the past year the school has worked with donors to make previously unusable funds available and to allocate fellowship funds more strategically in order to use the most restricted sources of funding first. The cumulative impact of these efforts, along with the mitigation provided by the provost, is that there will not be cuts to the graduate aid budget.

The School of Education, which has always taken a prudent approach to expansion by requiring that new sources of funding be secured before it makes commitments to move into new areas, continues to grow in spite of discretionary funds constraints. More than ever, the school is not in a position to allocate existing funds in support of new activities, so growth will need to come from external funding. The centers are good examples of new endowment and expendable gift revenue expanding research opportunities.

Recent annual surpluses have led to a relatively healthy reserve that will be used to address a number of one-time needs in the coming years. In addition to funding several facilities projects, planned uses of this unrestricted reserve include:

Faculty Recruitment — Traditionally the school has had no lab-related expenses. However, three of its most recent faculty hires have had significant lab needs, putting pressure on both space and finances. As the field of educational research continues to expand into the sciences, additional base funds may need to be budgeted for faculty start-up packages.

Shortfall in Endowment Payout — Some accumulated reserve will be used to support the operating budget until the endowment payout returns to past levels. In particular, restricted graduate aid balances will provide bridge funding to maintain the current level of student support.

In spite of the significant financial challenges of the past eighteen months, the school continues to engage the Stanford community in its efforts to generate new knowledge, to train educational researchers and practitioners, to improve educational practice, and to influence policy. Given the extraordinary challenges public education faces in the state and beyond, the contribution of the Stanford University School of Education has never been more essential.

Consolidated Budget Overview

The school projects a consolidated budget deficit of $465,000 in 2009/10. However, this includes a $750,000 transfer to plant in support of several large capital projects. Adjusting for this unusually large one-time commitment, the 2009/10 forecast reflects a slight surplus. Endowed payout fund balances are expected to grow, due primarily to a delay in the distribution of student loan funds. Accumulated expendable gift balances will likely decrease as several recent large gifts are used in support of the new centers and other activities.

In 2010/11, restricted revenue is expected to decrease by about $1.0 million, due almost entirely to the 15% drop in endowment payout, while the general funds allocation—base and one-time—will increase by about $900,000. With expected expenditure growth of nearly $500,000 (or 1.4%), the school's bottom line is projected to worsen in 2010/11.

The projected $1.0 million deficit in 2010/11 reflects:

- A $150,000 transfer from reserves for capital improvements;
- $300,000 in net distribution to student loans from endowment (in excess of 2010/11 payout); and
- $250,000 in support of an unusually large doctoral cohort for 2010/11.

In addition, balances in restricted gift and faculty-designated funds are expected to be spent down somewhat. The remaining slight operating deficit will be eliminated by 2011/12 through a combination of additional cost cutting, endowment payout growth, and incremental unrestricted gift revenue.

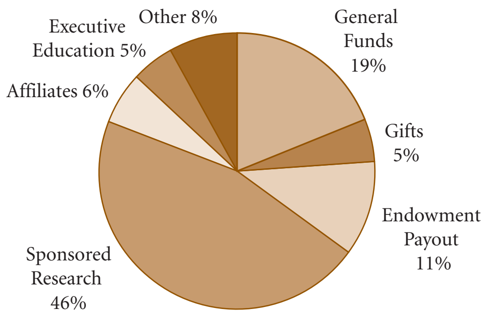
Overall grant and contract activity is expected to decline slightly in 2010/11 as non-federal grants, which represent about two-thirds of school awards, decrease somewhat while federal awards remain flat.

Capital Plan

To provide leadership in academic programs and to attract outstanding students, staff, and faculty, the School of Education is upgrading and improving its existing spaces. In 2010/11 the school plans to invest funds to transform an aging 150-seat lecture hall into a state-of-the-art auditorium. It also is committed to improving staff and student space configurations as the demands of new centers and faculty labs necessitate more efficient use of space. These projects will be funded from university and school reserves.

SCHOOL OF ENGINEERING

2010/11 Consolidated Revenues $310.4 Million



[in millions of dollars]

	2008/09 Actuals	2009/10 Projection	2010/11 Plan
Total Revenues	301.6	310.8	310.4
Expenses			
Salaries and Benefits	160.7	172.6	175.8
Non-Salary	120.2	127.1	128.6
Total Expenses	281.0	299.7	304.4
Operating Results	20.6	11.1	6.1
Transfers From (to) Endowment & Other Assets	(5.2)	0.6	(0.3)
Transfers From (to) Plant	0.0	(10.8)	0.0
Surplus / (Deficit)	15.4	1.0	5.8
Beginning Fund Balances	184.3	199.7	200.6
Ending Fund Balances	199.7	200.6	206.4

Planning Directions

While managing the budget reductions that impacted the School of Engineering (SoE) and Stanford during 2008/09 and 2009/10, Engineering's goals were to protect the core mission of the school and to ensure decisions made during times of constraint minimized any adverse effect on the school's long-term health and strategic position. Engineering met these goals in part by allocating income from unrestricted endowments to permanently support the operating budget, repurposing endowment funds (with donor permission) to redirect endowment income into the operating budget, funding commitments using Engineering reserves and Venture Fund, and operating at significantly-reduced staffing levels.

In 2009/10, Engineering froze 16 vacant faculty billets, which represents approximately 6.7% of the roughly 240 Engineering faculty billets. With an average of three faculty retirements per year in recent years, the 16 frozen billets represent approximately five years worth of retirement billets that would otherwise be available for new hires. Since bringing in new junior faculty with cutting edge research interests is critical to Engineering's strategy, the loss of these billets is a major concern. Engineering's graduate fellowship program is strongly dependent on endowment income. Engineering was able to spend down reserve balances in these funds to help with 2009/10, although the school did reduce the number of fellowships by 13, or about 10% ($660,000). Encouraged by improved external market conditions, Engineering's development efforts are refocused on raising funds for faculty billets and graduate fellowships.

A concern for the school is that staffing levels in 2009/10 are back to 2001/02 levels, following budget cuts which resulted in a headcount reduction of 35.5 (-8%). Staff levels within Engineering have only grown at a compound annual growth rate (CAGR) of 1.2% or 13% over the past decade, much lower than the growth rates of tenure-line faculty, graduate students, and research expenditures. Engineering is currently redesigning several administrative functions – most notably in sponsored project research administration – in order to streamline infrastructures, gain efficiencies and economies, and avoid any permanent degradation of services to Engineering faculty and students.

Faculty within Engineering continued throughout 2009/10 to be highly productive. With only 13% of Stanford's faculty, Engineering educated 20% of Stanford's undergraduates and almost 40% of the university's graduate students. Furthermore, Engineering faculty carried the heaviest teaching loads of any school at Stanford (student units taught per faculty member), and at the same time Engineering faculty brought in the highest level of research funding per faculty member of any school at Stanford.

Over the past decade, Bioengineering, the Design Institute, Institute for Computational and Mathematical Engineering (iCME), and the Stanford Technology Ventures Program (STVP) were created by the school, and continue to epitomize Engineering's strategic focus on interdisciplinary research, innovative teaching techniques, and the strengthening of core competencies. Throughout 2009/10, Engineering made progress in further developing world-class programs in information technology, nanoscience and nanotechnology, and energy and environment. In sum, Engineering's strategic initiatives directly address broad university initiatives and provide a foundation for robust collaboration across engineering and other disciplines.

Consolidated Budget

For 2010/11, Engineering's forecasted consolidated expenses will total $304.4 million, which is $4.7 million (2%) greater than the 2009/10 year end projection. Revenues and transfers are forecast to decrease slightly by $360,000 (less than .1%) from the projected 2009/10 results. This is mainly due to the reduction in endowment income and the expectation that sources of income (e.g. affiliate programs, the Stanford Center for Professional Development, and expendable gift income) will remain flat as a result of the soft economy and challenging fundraising climate.

Engineering anticipates less than $300,000 in local funds to be transferred to assets in 2010/11, due to the slowdown in Engineering's capital plan. This permits a modest rebound in fund balances of approximately 3% over the beginning balance for the year. However, Engineering does anticipate needing $15 million from the Venture Fund to support buildings and $10 million to match gifts to endowment principal.

In 2010/11, the school anticipates a $5.8 million surplus, leading to ending fund balances of $206 million. Approximately 52% of expendable and designated fund balances are controlled by faculty; 27% of expendable, designated, and endowment funds are controlled by departments, divisions, and laboratories, with 21% of those funds controlled by the school.

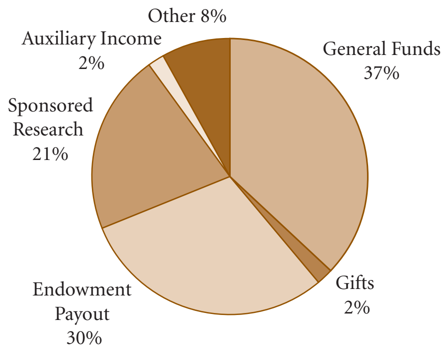
Capital Plan

Engineering has an ambitious strategic objective to house all of its departments in "21st-century" facilities by 2012. The Jerry Yang and Akiko Yamazaki Environment and Energy Building (completed in 2007), the Jen-Hsun Huang Engineering Center and Center for Nanoscale Science and Engineering building (both completing in 2010), and the planned Bioengineering/ Chemical Engineering building are major elements in meeting this objective.

Regretfully, the school has had to suspend a number of capital projects due to the economic downtown and corresponding loss in market value of Venture Funds intended to finance construction. The suspended projects include the new Mechanical Engineering building and several Panama Mall renovation projects (including Durand). Though the Green Dorm continues to be delayed, the school is revisiting a feasibility study in summer 2010.

SCHOOL OF HUMANITIES & SCIENCES

2010/11 Consolidated Revenues
$396.1 Million



[in millions of dollars]

	2008/09 Actuals	2009/10 Projection	2010/11 Plan
Total Revenues	405.4	391.7	396.1
Expenses			
Salaries and Benefits	223.4	231.4	240.0
Non-Salary	130.5	130.7	139.7
Total Expenses	353.8	362.1	379.7
Operating Results	51.6	29.5	16.4
Transfers From (to) Endowment & Other Assets	(12.2)	(7.6)	(4.6)
Transfers From (to) Plant	0.0	(3.0)	(4.6)
Surplus / (Deficit)	39.5	19.0	7.2
Beginning Fund Balances	206.3	245.8	264.8
Ending Fund Balances	245.8	264.8	272.0

Planning Directions

Humanities & Sciences (H&S) faced challenges in 2008/09, dealing with projections of a $19 million reduction in general funds and a $30 million decline in endowment income during 2009/10 and 2010/11. The school took decisive action to balance the budget and made additional cuts and changes to better align resources with academic priorities. Approximately half of the school's faculty searches were canceled or postponed, 25 billets were returned to the provost, graduate aid funding was frozen, 30 staff positions were eliminated, and lecturer and nonsalary funding was cut. The Division of Literature, Cultures & Languages is being merged into a single department, and the school has eliminated the Interdisciplinary Studies in the Humanities program. Additional changes to streamline administrative cost structures are under study. Departments and programs have responded quickly and collaboratively to make cuts at their levels, in many cases implementing cuts earlier than required and making additional cuts to better position themselves for the long term.

These actions have successfully dealt with the immediate need to reduce expenditures, but faculty recruitment and graduate aid reductions will impede the realization of the school's goals over the long term. Its top priority for 2010/11 and 2011/12 is to increase faculty hiring to replacement rate—about 25 faculty per year. Faculty shrinkage has been minimized through joint appointments with other schools and opportunistic use of restricted fund balances that can support salaries and start-up packages, but this has not allowed the school to address top hiring priorities in some areas. H&S will allocate a projected operating surplus to recruitment, and the provost will provide $1.5 million of additional base funding in 2011/12, which is projected to allow hiring at the full replacement rate.

Funding to increase diversity in the graduate student population continues to be a priority for the school. Over the past several years, it has slowly expanded this program, increasing the numbers of fellowships and years supported. In 2010/11 the provost will provide $250,000 of incremental base funding for this program, allowing the school to maintain the current number of fellowships offered.

The school-imposed freeze on graduate aid funding will require departments to rely more heavily on restricted funds and accumulated balances and/or to adjust admission rates. The Dean's Office is working with departments where reserves are not available or where admit rates would be significantly affected to ensure that graduate programs are not significantly harmed. Restoring graduate aid funding will be a priority as the economic crisis resolves and resources begin to grow in the school.

Faculty retention cases are down significantly from historic levels, a function of both the economic crisis and lower hiring rates at competing institutions. The provost has provided incremental base funding in 2010/11 to support salary increases above the regular merit pool for key departments.

The school's reduction plan appears to have been successful, and there is optimism that H&S will emerge stronger and more focused. Longer-term concerns about reduced faculty recruitment are being addressed through reallocation of resources and incremental provostial funding. Additional strategic priorities (salaries, graduate and diversity student funding, core research and teaching) have been clearly identified and will be first in line as incremental resources become available.

Consolidated Budget Overview

H&S projects a $7.2 million consolidated budget surplus for 2010/11 after transferring $4.6 million to plant. As described in the preceding chapter, the school is saving significant amounts on recruitment and retention and in Dean's Office and departmental budgets as expense levels are reduced and projects postponed. The second and final year of budget reductions will see general funds decrease by $2.1 million in 2010/11 (following the $16.3 million reduction in 2009/10). This decrease will be partially offset by the $2 million incremental base funding described above. While endowment payout will decline by $18 million (following a $10 million decline during 2009/10) as a result of the economic downturn, those declines will be partially offset by $10 million of general funds mitigation from the provost. Endowment declines disproportionately affect the Dean's Office ($13.5 million from Dean's Office endowments and $4.5 million from department/program endowments), which holds all endowed chairs and the majority of other endowments.

Accumulated endowment balances are projected to increase by $7.3 million during 2010/11. This rate of growth has slowed dramatically as restricted funds have offset general fund reductions. Usable endowment flows have been significantly increased during 2008/09 and 2009/10 by adding chair holders to restricted endowed chairs and converting endowments from Merged Endowment Pool A to Merged Endowment Pool B. The large growth in Dean's Office unrestricted reserves seen in 2008/09 and 2009/10 is projected to end in 2010/11 as usable endowment flows are fully used to offset payout and general fund reductions.

Capital Plan

H&S is involved in a variety of initiatives across the campus.

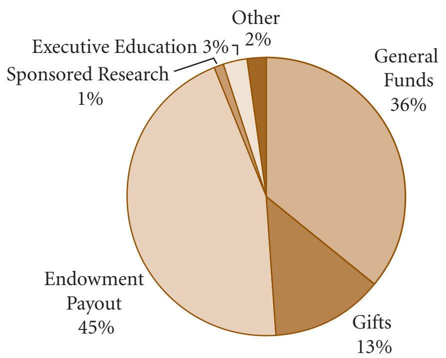
As part of the Arts Initiative, the Art and Art History Department (including the newly incorporated Film and Media Studies Program) will move to a new facility on the site of the old Anatomy Building adjacent to the Cantor Arts Center. This project will be fully funded by gifts. H&S is partnering with the president's office in planning the new Bing Concert Hall. These new facilities support significant academic initiatives of the Stanford Challenge.

The school will provide up to $5 million from reserves and partner with the president (who will also provide up to $5 million) on a project to renovate space within Jordan Hall for the Psychology Department to house the new Cognitive and Neurobiological Imaging Center. The center will include an MRI scanner, associated equipment, and support spaces. It will open in early 2011 and will provide critical resources for imaging and methods in cognitive and neurobiological sciences.

The school has initiated a significant facilities planning effort for the Biology and Chemistry departments, including a new biology building and undergraduate teaching labs. Both of these projects are currently delayed due to funding constraints.

Finally, the school continues to undertake a range of laboratory and other renovations each year in support of new faculty recruitment, program growth and development, and ongoing needs.

SCHOOL OF LAW



[in millions of dollars]

	2008/09 Actuals	2009/10 Projection	2010/11 Plan
Total Revenues	62.6	61.1	61.6
Expenses			
Salaries and Benefits	38.3	38.4	40.3
Non-Salary	18.9	16.9	18.5
Total Expenses	57.2	55.3	58.8
Operating Results	5.4	5.9	2.8
Transfers From (to) Endowment & Other Assets	(11.6)	(3.5)	(3.2)
Transfers From (to) Plant	0.0	(3.0)	0.0
Surplus / (Deficit)	(6.2)	(0.6)	(0.4)
Beginning Fund Balances	25.3	19.1	18.5
Ending Fund Balances	19.1	18.5	18.1

Planning Directions

The Stanford Law School (SLS) has undertaken a series of major reforms in the past five years. Curricular and structural changes, including the calendar shift from semesters to quarters; the new joint degree programs; the opening of SLS doors to students from around the university; the expansion of team-oriented, problem-solving courses; the development of an evolutionary legal clinical program; the creation of opportunities to study and work abroad; and the new grading and exam system, are transforming the second- and third-year law student experience.

Completing the clinical program and securing adequate financial aid resources are challenges the Law School can and must resolve over the next few years. From a consolidated budget perspective, the solution does not appear to be complicated. SLS should and will take responsibility for solving the clinic and financial aid problems through fundraising. These are the two biggest remaining needs in the "Stanford Challenge," and the school plans to raise money from alumni and friends. It may take a few years, but fortunately these problems do not need to be solved immediately.

While pressure on the clinic budget challenges an important curricular aspiration and diminished financial aid resources threaten the Law School's ability to compete for students, faculty hiring is an area where a rare, maybe historic, opportunity exists to enhance the school's global and national reputation. Stanford now has what is arguably the best young cohort of any law school in the country. Nevertheless, reputations are made or broken in the lateral-hiring and retention markets, where law schools show strength by bringing in or holding onto established faculty with extraordinary talent.

While SLS's main peer law schools (Harvard and Yale) have routinely recruited numerous faculty from Stanford over the years, SLS has never achieved the same levels of success in recruiting faculty from these institutions. However, perceptions of Stanford Law School have begun to change. The legal community is coming to recognize that SLS is not just good but, more importantly, different: that there may be unique opportunities at Stanford that do not exist at other academic institutions.

To hire faculty away from the main peer or other top law schools would signal a significant change in relative school strength that could reap tremendous benefits in recruiting faculty and students for years to come. In short, there is an opportunity to pull off a truly rare hiring coup, the kind of hiring that can, colloquially but accurately, be called a true game changer. Success is by no means assured, much less achieved. SLS is, rather, at a genuine tipping point: make this all work, and succeed in making Stanford Law School the new model for legal education.

Consolidated Budget Overview

Though it appears the economy has somewhat stabilized in recent months, the situation is still far from ideal. While the global economic downturn resulted in myriad financial problems for SLS, without question the two most daunting issues from a budget management perspective were the university-prescribed general funds reduction of 15% and the two-year endowment payout decrease of 25%.

SLS absorbed the entire 15% general funds reduction in 2009/10 and is still coming to terms with the drop in endowment payout, which had covered 56% of the operating budget. The general funds reduction totaled just under $2.5 million, while the reduction in endowment income supporting the operating budget totaled $5.9 million, for a total operating budget reduction of $8.4 million. Initial 2010/11 mitigation funds provided $2.8 million, leaving an operating budget shortfall of $5.6 million.

Drastic expense reduction measures, including the shutting down of two legal clinics and three research centers, cut $4.2 million from the operating budget, leaving a $1.4 million deficit. To reduce this gap, SLS needed to supplement the expense cuts with various income enhancements.

A three-year phase-in of larger JD and graduate student classes beginning in 2009/10 will generate additional net income of $750,000 in 2010/11. Also, Law School tuition will increase by $2,000 over two years ($1,000 per year), meaning that if the university increases tuition by 3.5% each year, Law School tuition will increase by 5.9% in 2010/11 and 5.7% in 2011/12. This tuition increase will provide additional 2010/11 net income of $400,000.

Overall, SLS is projecting a consolidated operating surplus of $2.8 million. Combined with transfers to assets of $3.2 million, this yields a 2010/11 consolidated budget deficit of $376,000. The 2010/11 operating surplus is down more than $3 million from 2009/10 projected year-end results, mostly as a result of steep declines in endowment income payout. Consolidated revenues are $61.6 million, up marginally from $61.1 million in 2009/10, principally as a result of an increased general funds allocation. Consolidated expenses are increasing to $58.8 million from $55.3 million, in large part due to increased academic salaries and benefits ($1.6 million) and financial aid obligations ($1.3 million).

In 2008/09, SLS fund balances went from $25.2 million to $19.1 million. This drop was primarily attributed to $4.1 million in plant transfers and $1.5 million in student loan transfers. Though balances will continue to go down for a third consecutive year, 2010/11 will mark the smallest reduction, $400,000, compared to a projected $650,000 for 2009/10.

Capital Plan

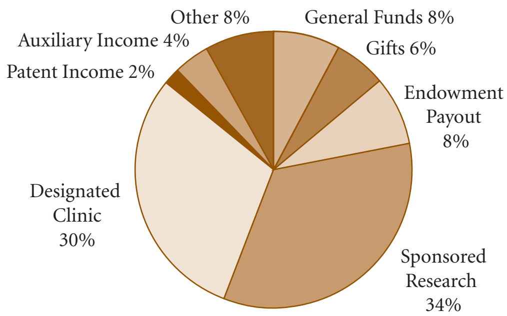
SLS began construction of the William H. Neukom Building, formerly the Law School Clinics and Faculty Office Building, in summer 2009. This facility will provide specialized space needed for planned expansion of both the Law School's clinical activities and work in the expanding field of empirical legal studies. This three-story building will cost approximately $64 million, which includes expenses associated with enabling projects such as the demolition of Kresge Auditorium and the construction of a connective quad and site elements. Funding for this project consists of $44 million from donor gifts and school reserves, and $20 million in long-term debt. The building project is currently on time and under budget, and occupancy is expected to commence in December 2010.

The design for the Neukom Building incorporates natural light and exterior views along with exterior courtyards to maximize day lighting. Energy conservation features include operable windows, lighting, and HVAC controls. Sun-shading options are integral to the project design, as are water conservation measures. The project design team's objective is to meet or exceed the university goal of a 30% reduction in energy demand.

Finally, as space will become available in the Crown Quadrangle beginning in early 2011, the school is currently developing a phased strategy for the renovation of Crown. This will allow SLS to repurpose its facilities and maximize space efficiencies; the space will be used in part by a number of centers and programs that are now housed in other parts of the university.

SCHOOL OF MEDICINE

2010/11 Consolidated Revenues
$1,328.7 Million



[in millions of dollars]

	2008/09 Actuals	2009/10 Projection	2010/11 Plan
Total Revenues	1,208.5	1,258.2	1,328.7
Expenses			
Salaries and Benefits	679.8	728.0	756.4
Non-Salary	462.6	499.2	537.4
Total Expenses	1,142.4	1,227.1	1,293.9
Operating Results	66.1	31.1	34.9
Transfers From (to) Endowment & Other Assets	(14.2)	(4.2)	(0.5)
Transfers From (to) Plant	(17.9)	(14.8)	(25.1)
Surplus / (Deficit)	34.0	12.0	9.3
Beginning Fund Balances	443.4	477.4	489.4
Ending Fund Balances	477.4	489.4	498.6

Planning Directions

The year 2010/11 will be marked by the opening of the Li Ka Shing Center for Learning and Knowledge (LKSC) and its transformative row of stately palms designating the new front entrance to the School of Medicine on Campus Drive. This new building provides a hub for learning activities with technology-enabled classrooms, two 100-seat lecture halls, a 300-seat conference facility, numerous meeting rooms, and individual study spaces. The entire ground floor is devoted to clinical simulation learning spaces.

The Lorry I. Lokey Stem Cell Research Building (Lokey Building) will also open in 2010/11, under budget and ahead of schedule. Funded through generous donor support and a $40 million grant from the California Institute of Regenerative Medicine (CIRM), the building will provide 200,000 square feet of critically needed research laboratory space for more than 33 principal investigators and 1,000 scientists.

The opening of the LKSC will support many of the school's education initiatives, including the revised medical student curriculum launched in the fall of 2003, a new Master's in Medicine program for PhD students, the Advanced Residency Training at Stanford program for clinical fellows pursuing PhDs, expansion of the MD/PhD program, joint degree programs, and the 2009/10 initiated Stanford Society of Physician Scholars program, which connects medical residents with one another and with medical students to foster their involvement in research and academic mission outside their activities in hospital settings.

On research, CIRM awarded the school three $20 million disease planning grants for stem cell therapies development. The NIH awarded faculty more than $94 million in research funds through the American Recovery and Reinvestment Act (ARRA). These funds, for projects lasting less than two years, have generated significant increases in postdoctoral fellows and research staff employment. A future challenge is accommodating to a reduced level of research funding at the end of the ARRA period in 2011/12.

Clinical programs and relations with the school's major affiliates, Stanford Hospital and Clinics and the Lucile Packard Children's Hospital (LPCH), have expanded and been complemented by important relations with the VA Palo Alto Health Care System and the Santa Clara Valley Medical Center. Faculty physicians from five programs are delivering patient care in their new home at the Stanford Medicine Outpatient campus in Redwood City, opened in February 2009.

Many difficult budget choices were made in both 2008/09 and 2009/10: a hiring freeze, curtailment of certain capital expenditures, and reduction of vacation accruals and expenditures on food and alcohol. Except for equity purposes or promotions, salary for faculty and staff was held flat and, in some cases, voluntarily reduced. The school's central units reduced expenditure nearly 15% and laid off or reduced effort levels for 40 staff members.

A new funds flow methodology for payment for physician services performed at LPCH will be implemented in 2010/11. The scope and magnitude of impact on healthcare programs of the healthcare reform vote in Congress are unclear. The riskiest area of funding in the near term appears to be Medicare, where cost reductions seem likely and will affect the hospitals and in turn the school. The school will launch a new Center for Clinical Cost and Effectiveness in 2010/11, focusing on local improvements at affiliate hospitals and leadership in the national debate in these key areas.

Consolidated Budget Overview

In 2010/11, the school is projecting an overall surplus of $9.3 million, compared to a projected $12.0 million in 2009/10. Surplus from operations will be $34.9 million in 2010/11, a 12.2% increase from $31.1 million in 2009/10. Transfer to plant and endowment will be $25.6 million, 34.0% higher than the 2009/10 projection of $19.1 million.

Revenue Growth

Revenue and transfers for 2010/11 are projected to increase 5.6% over the projected 2009/10 results, from $1,258.2 million to $1,328.7 million.

- Federal and non-federal sponsored-research revenue growth of 4.4% from 2009/10 to 2010/11 continues to reflect the effect of ARRA incremental funding, the higher indirect-cost rate on NIH grants, incremental faculty, and new awards from CIRM.
- Clinical professional service agreement and service payment revenues are projected to grow 8.2% from 2009/10 to 2010/11, primarily a result of clinical programs expansion, change in LPCH's funds flow payments, and a one-time accounts receivable contribution due to the funds flow change.
- The school is projecting an expendable funds pool payout of $18.3 million in 2010/11, compared to zero in 2009/10, based on the board policy on zero-interest fund balances. Gift revenue is projected to grow 9.0% between the two fiscal years.
- These increases are offset by a projected decline in endowment income of 13.5% from 2009/10, reflecting a 15% payout decrease on existing assets offset by a modest influx of new gifts.

Expense Growth

The school's 2010/11 plan includes the projected net recruitment of twelve incremental faculty—three from the Medical Center line and eleven from the university tenure line—and associated expenses, including program and staff support. The faculty will be recruited primarily for the interdisciplinary institutes, Bioengineering, genetics/genomics, and the cancer center, as well as to support growth in the clinical practices.

Expenses are projected to increase 5.4% in 2010/11 from projected 2009/10 results, from $1,227.1 million to $1,293.9 million.

- Compensation for faculty and staff will grow by 3.9%, primarily from the modest salary program effective September 2010, the recruitment of incremental faculty, and clinical program growth, as well as the corresponding increase in benefits.
- A $31.0 million increase in non-compensation expenditures, primarily driven by incremental sponsored-research expenses; increases in operations and maintenance project expenses due to the opening of LKSC and the Lokey Building; increased long-term and backstop debt service payments for capital projects; and rent, operating expenses, and debt payments associated with leased facilities.

Transfers to Plant, Endowment, and Other Assets

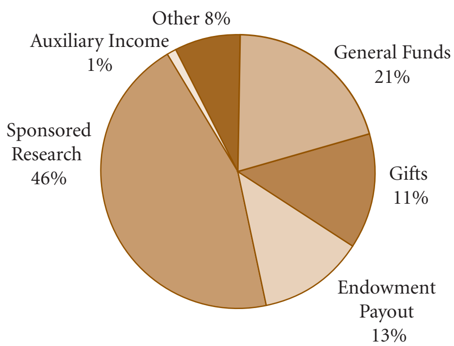
The projected transfers to plant of $25.1 million include $7.5 million for tenant improvements for off-campus laboratory space, $5.0 million for the Bioengineering building, $3.5 million for the Jill and John Freidenrich Center for Translational Research (FCTR), $2.3 million for LKSC and Lokey Building fit-out, and $1.5 million to fund strategic capital projects.

Capital Plan

In 2010/11, the school will begin construction of the FCTR, a three-story, 32,500-gross-square-foot building to house 250 clinical researchers in close proximity to the hospitals and patient subjects. The ground floor will house the Clinical Trial Research Unit for subject/researcher interactions in examination and interview rooms. Two upper floors will be work space for clinical researchers, biostatisticians, and research nurses who support clinical and translational research as part of SPECTRUM and the Stanford Comprehensive Cancer Center. The project is estimated to cost $24.0 million and to open in summer 2012.

VICE PROVOST AND DEAN OF RESEARCH

2010/11 Consolidated Revenues
$171.6 Million



[in millions of dollars]

	2008/09 Actuals	2009/10 Projection	2010/11 Plan
Total Revenues	177.3	174.6	171.6
Expenses			
Salaries and Benefits	87.4	90.3	94.1
Non-Salary	79.4	91.9	85.2
Total Expenses	166.8	182.2	179.4
Operating Results	10.5	(7.6)	(7.7)
Transfers From (to) Endowment & Other Assets	(26.4)	(2.5)	2.1
Transfers From (to) Plant	0.0	0.0	0.0
Surplus / (Deficit)	(15.9)	(10.1)	(5.7)
Beginning Fund Balances	126.9	111.1	101.0
Ending Fund Balances	111.1	101.0	95.3

The Office of the Vice Provost and Dean of Research (DoR) is responsible for the development and oversight of research policy; oversight of the independent laboratories, institutes, and centers; and management of the offices of Environmental Health & Safety, Research Compliance, Technology Licensing, Science Outreach, and Sexual Harassment Policy.

Planning Directions

The programs of the independent laboratories, institutes, and centers continue to make important contributions to multi-disciplinary research and scholarship at Stanford. DoR, through its independent laboratories and shared facilities, is developing exciting new programs in nanosciences and energy research.

Many of Stanford's leading researchers are working in one of the most promising areas of science and engineering today: the study and manipulation of matter at the nanoscale. The ability to create materials and devices at the scale of one-billionth of a meter will have many applications that will improve our lives, from more effective medicines to ultrafast communications and cleaner fuels.

Since this work cuts across so many fields of study and requires equipment far beyond the resources of any single faculty member or department, Stanford is constructing a new Center for Nanoscale Science and Engineering. The "Nano Center," which is scheduled to open in summer 2010, will house a shared facility to provide access to major equipment and space for the entire network of hundreds of Stanford faculty and students working at the nanoscale. In this facility, students and faculty will soon be able to share state-of-the-art equipment in an environment specially shielded from vibrations, noise, electromagnetic interference, and temperature fluctuations. Industry scientists will also benefit from this resource. The facility will complement the two existing facilities that support science at the nanoscale and will strengthen Stanford's leadership role in this important research.

Energy use and supply—along with availability of fresh water and food production, both of which are closely linked to energy—offer critical challenges for this century. Several independent laboratories are involved in energy-related research. The newly established Precourt Institute for Energy brings together existing energy research efforts across campus. The institute is an organizational home for two key existing programs, the Global Climate and Energy Project and the Precourt Energy Efficiency Center. It provides a framework for interactions of strong faculty research groups in many departments in the schools of Engineering, Earth Sciences, and Humanities & Sciences, along with independent lab programs such as the Program on Energy and Sustainable Development in the Freeman Spogli Institute for International Studies and SIMES, a Department of Energy sponsored collaboration between Stanford and SLAC National Accelerator Laboratory.

The independent labs are supported by various funding sources, including externally sponsored research, endowment payout, gifts, and base general funds. To address the $5.2 million decline in endowment payout and $1.4 million general funds reduction over two years, while sustaining core missions, beginning in 2008/09 the independent labs reduced staffing through attrition or layoffs; restructured positions and responsibilities; and reduced the number of fellows (faculty and student), symposia, workshops, conferences, and other nonsalary expenses. Where possible, some units shifted expenses to alternate funding sources or reserves. As always, the independent laboratories, institutes, and centers are actively fundraising and submitting sponsored-research proposals to support new and existing programs. Fund balances are used on an ongoing basis, since funds are often received in one year but expended over multiple years. For example, the Center for Ocean Solutions received funding for a ten-year period beginning in fiscal year 2007/08.

The compliance units under the cognizance of DoR are responsible for minimizing risks related to research activities. These units experienced a $1.5 million general funds reduction in 2009/10. With incremental general funds and the use of some reserves, fiscal year 2010/11 budgets are adequate to support these important risk reduction programs.

Based on the significant endowment decline, DoR will receive mitigation funding beginning in 2010/11. The funds will be used to support faculty salaries, faculty fellowship programs, research administration, and other critical needs.

Consolidated Budget Overview

DoR units are projecting a planned deficit of $5.7 million in 2010/11. This is primarily due to expenditure of funds received by the independent labs in prior fiscal years, and by the nanosciences shared facility, which will pay for large equipment in installments over multiple fiscal years. Also contributing to the planned deficit are the multiyear multidisciplinary research awards distributed to Stanford faculty by independent labs such as Bio-X, the Freeman Spogli Institute, the Human Sciences and Technologies Advanced Research Institute, the Precourt Institute for Energy, and the Woods Institute for the Environment.

Total revenue is projected to decrease approximately 2% to $172 million in 2010/11, primarily due to a decrease in endowment payout. Offsetting this decrease is a projected increase in externally sponsored research activity, due in part to ARRA research awards. For example, DOE awarded $5 million to Professor Byron Reeves to develop software and interactive programs to facilitate sharing ideas for reducing energy consumption using games, social networking, school programs, and communication networks.

Although there are fluctuations between units and fund types, total expenses are projected to decrease approximately 2% to $179 million in 2010/11. Compensation expenses are projected to increase approximately 4% as a result of the projected increase in sponsored-research expenses and the ramping up of the Precourt Institute for Energy and other programs. Non-compensation expenses are projected to decrease 8%, largely because there were significant equipment expenses in 2009/10 that are not expected to recur in 2010/11.

Federally sponsored research expenses are projected to increase 6% to $49 million in 2010/11, while expenses on non-federally sponsored research awards are projected to remain stable at $31 million.

Capital Plan

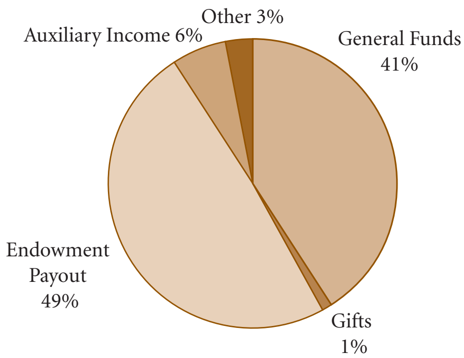
Capital facilities play a key role in DoR's support of Stanford's research goals. In addition to being integrally involved in the development of Science and Engineering Quad 2 (SEQ 2), DoR is working on a Stanford in China Center (due to open in 2010/11) and a range of laboratory infrastructure and academic space renovations for more efficient space utilization. The Nano Center will house the Ginzton laboratory and shared facilities to support multidisciplinary research teams using the most advanced equipment available for investigations at the nanoscale.

Incorporation of sustainability goals has been a key design criterion for SEQ II. For example, the Nano Center is designed to reduce peak energy demand by a minimum of 18%, dependent upon the extent of equipment plug loads. The building will rely upon natural ventilation to reduce the size of mechanical ventilation units for non-laboratory spaces. Utility systems will be rightsized to reduce energy consumption in the laboratories, and potable water consumption will be reduced 65% by using lake water for irrigation and recycled ("blowdown") water from the university's Central Energy Facility for plumbing fixtures.

The impact of the economic downturn on funding and budgets has resulted in a delay of the renovation of the Encina Hall complex, which was a goal of the International Initiative.

VICE PROVOST FOR UNDERGRADUATE EDUCATION

2010/11 Consolidated Revenues
$39.3 Million*



* Revenue excludes $10.1 million transferred to schools in support of undergraduate education, primarily for undergraduate research and introductory seminars.

[in millions of dollars]

	2008/09 Actuals	2009/10 Projection	2010/11 Plan
Total Revenues	40.4	41.0	39.3
Expenses			
Salaries and Benefits	23.1	23.8	25.3
Non-Salary	12.8	11.9	14.0
Total Expenses	35.9	35.6	39.2
Operating Results	4.4	5.3	0.0
Transfers From (to) Endowment & Other Assets	(1.9)	(1.2)	0.0
Transfers From (to) Plant	0.0	0.0	0.0
Surplus / (Deficit)	2.6	4.2	0.0
Beginning Fund Balances	17.4	19.9	24.1
Ending Fund Balances	19.9	24.1	24.1

The Office of the Vice Provost for Undergraduate Education (VPUE) looks toward 2010/11 with an eye to both maintaining the core general education requirements and enhancing the academic experiences, including freshman seminars and undergraduate research, that have become hallmarks of a Stanford undergraduate education. However, VPUE also looks to the future with the launch of the Study of Undergraduate Education at Stanford (SUES), charged by the provost with reexamining Stanford's general education curriculum. The committee is still in the early stages of its work, but VPUE anticipates outcomes that will keep Stanford on the leading edge in educating the next generation of undergraduate students.

Planning Directions

In 2009 VPUE implemented a major reorganization and significantly reduced the operating budget in response to recessionary economic conditions. This work included eighteen layoffs with a net loss of eleven staff positions, targeted programmatic reductions of several million dollars per year, and expense minimization throughout every unit. Undergraduate research budgets and various seminar programs, some of them at the heart of Stanford's renaissance in undergraduate education, bore the brunt of programmatic reductions. However, VPUE worked exhaustively to minimize the overall impact on the undergraduate experience; for instance, the freshman seminar and large-course enhancement programs were held harmless. Because of these efforts, the budget plan shows stable and generally acceptable fund balances for the next several years despite continued financial pressures on some VPUE units, most notably the Bing Overseas Study Program (BOSP).

Projected Long-Term Deficits

VPUE financial projections for 2012/13 and beyond show significant operating deficits. To immediately close these deficits, significant reductions of existing programs would be necessary. Fortunately, the VPUE reserve position allows a timely approach to any such reductions. VPUE will continue to monitor the performance of its endowments and respond appropriately to future changes in revenue.

Bing Overseas Studies Program

BOSP has substantial endowments that will eventually provide the bulk of funding to support all overseas programs. At the moment, however, two of the largest funds remain underwater. Additionally, a majority of the expenses for BOSP are paid in local foreign currencies. VPUE estimates of BOSP expenses assume a continued and gradual weakening of the dollar; this is the primary source of the BOSP funding gap. To the extent that it does not eventuate, these conservative assumptions will be relaxed.

VPUE has decided not to take immediate action to close projected deficits in the BOSP budget. Although BOSP dedicated reserves are not adequate to absorb large negative currency fluctuations, overall VPUE reserves are sufficient to allow time for general economic conditions to develop further. If conditions deteriorate significantly, VPUE may have to close overseas centers to balance the budget, and the work to identify and prioritize potential cuts has begun. Given the complexity, time frame, and costs of closing or opening centers, however, action at this time is not prudent.

Remaining VPUE Programs

Undergraduate programs delivered by Stanford Introductory Studies (SIS) and Undergraduate Advising and Research (UAR) comprise both required academic coursework and programs that fundamentally enhance the undergraduate educational experience, primarily by connecting students with faculty in close academic settings. VPUE cannot close projected budget gaps through further administrative streamlining or staff reductions. Moreover, further incremental reductions in remaining programs are not viable. Some program structures are dictated by Faculty Senate mandates; greater cuts to others would leave programmatic shells lacking substance or capacity to meaningfully affect the undergraduate student population. However, VPUE's strong reserve position negates the need for dramatic reductions to the nonmandated programs that so enhance the undergraduate educational experience. Furthermore, the recommendations from SUES are reasonably expected to substantially affect VPUE programs. These factors lead VPUE to conclude that changes to undergraduate programming are currently unwarranted.

Consolidated Budget Overview

2009/10 Budget Execution

The endowment shortfall mitigation put in place to ease the transition to a leaner budget structure will allow VPUE to operate with a balanced budget again in 2009/10. Established units like the Center for Teaching and Learning and UAR continue their efforts to control expenses in light of reduced budgets. On the other hand, VPUE's newest unit, SIS, has struggled at times as it matures organizationally while continuing to deliver outstanding programs to Stanford undergraduates. It has already delivered significant financial savings. A large budgetary variable played out positively when BOSP was able to lock in extremely favorable currency exchange rates during a brief dollar rebound on the currency markets. This will help reduce BOSP expenses on a one-time basis, but the long-term outlook for the dollar remains a significant question for VPUE.

2010/11 Bottom-Line Projection

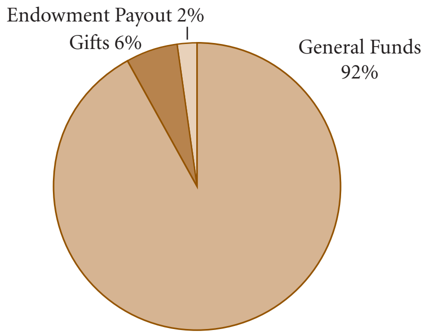
VPUE projects a consolidated surplus of $41,000 in 2010/11 when endowment shortfall mitigation is reduced somewhat. In real terms, the VPUE budget remains flat while a conservative estimate of currency exchange rates and the staff salary program drive nominal growth. VPUE reserves should remain healthy at approximately $24 million at the end of 2010/11. Reserves of this magnitude are required to offset projected deficits in future years driven by conservative estimates of currency exchange rates and the end of one-time programmatic start-up funding. Forty-nine VPUE endowment funds with a book value of $131 million (36% of the total book value of VPUE endowments) remain underwater. To accelerate their recovery, VPUE will selectively reinvest endowment payout in these funds and use accumulated reserve balances to fund current operations.

Capital Plan

VPUE will begin two exterior projects at Sweet Hall in summer 2010, with completion anticipated at the beginning of 2010/11. The combined cost for these projects is $140,000.

VICE PROVOST FOR GRADUATE EDUCATION

2010/11 Consolidated Revenues
$1.8 Million*



* Revenue excludes $27.2 million in graduate fellowships transferred to schools, part of which is funded by $4.1 million of presidential endowment funding also not reflected in the table at right.

[in millions of dollars]

	2008/09 Actuals	2009/10 Projection	2010/11 Plan
Total Revenues	15.5	9.1	1.8
Expenses			
Salaries and Benefits	1.8	2.0	2.5
Non-Salary	1.8	2.8	3.6
Total Expenses	3.6	4.7	6.1
Operating Results	11.9	4.4	(4.2)
Transfers From (to) Endowment & Other Assets	(2.1)	(1.2)	0.0
Transfers From (to) Plant	0.0	0.0	0.0
Surplus / (Deficit)	9.8	3.2	(4.3)
Beginning Fund Balances	29.3	39.1	42.3
Ending Fund Balances	39.1	42.3	38.0

Planning Directions

The Office of the Vice Provost for Graduate Education (VPGE) has completed its third year of work to ensure Stanford's preeminence in graduate education. The inherent flexibility of this relatively young unit enabled VPGE to weather cuts in general funds. Through selective program changes (e.g., cost cutting, postponing), immediate 20% cuts were taken in 2008/09 to minimize the impact of the 14% cut to the VPGE operating budget in 2009/10. Endowment payout will decrease as well, but a healthy reserve will assist in maintaining graduate student funding at current levels.

VPGE continues to play a crucial leadership role, working collaboratively across the university's seven schools to enhance the quality of graduate education for more than 8,300 students pursuing degrees in 70 programs and departments. Resources are used for the most pressing challenges that affect the quality of graduate students' educational experiences. With guidance from the provost as well as deans and departmental leaders, the top priority is to address three programmatic areas cited by the Commission on Graduate Education as the most critical university priorities: advancing diversity, facilitating cross-school learning (i.e., interdisciplinary and leadership development), and fostering innovation to strengthen the quality of graduate programs. Persistent needs for direct graduate student funding have also become a major focus.

Programmatically, VPGE has been able to maintain—and, in some areas, even gain—momentum, reaching even more graduate students by developing lower-cost pilot programs. The impact in sheer numbers is noteworthy:

- VPGE-sponsored initiatives reach ~ 2,500 graduate students annually.
- VPGE administers seven fellowship programs. In 2009/10, over 1,000 students will receive over $29 million in direct funding (up from 430 receiving $14 million in 2006/07).

Still in its early years, VPGE continues to focus on intensive planning. There are far more great ideas than resources and staff time to pursue them—a tension common to high-energy start-ups. As VPGE extends its reach, it keeps in mind a longer-term agenda for change while pursuing short-term goals, adopting a spirit of exploration and experimentation in its pilot programs. As the university recovers from the budget reductions, VPGE will continue to advance the university's critical graduate education priorities by resuming the selective rollout of programs that were part of the initial five-year plan.

Below is an overview of developments in each priority area. These areas are described separately, even though some VPGE programs address more than one. For example, DARE (Diversifying Academia, Recruiting

Excellence) advances diversity, cross-school learning, leadership, and professional development.

Diversity

Supplementing school activities, VPGE develops university-wide programs for recruiting, enhancing the educational experiences of current students, and cultivating interest in academic careers to diversify the academic pipeline.

The largest expenditure of general funds in this priority area goes to the direct funding of graduate students: tuition and stipends for DARE fellows and graduate fellows in the Center for Comparative Studies in Race and Ethnicity, and bridge funds to support students in science and engineering. The remaining funds go to programming.

Cross-School Learning: Interdisciplinary and Leadership Development

VPGE develops interdisciplinary opportunities that encourage graduate students' intellectual exploration beyond their disciplines, with the rationale of better preparing them for their work lives after graduation. These programs enable students to reach out across schools, engaging in cross-disciplinary dialogues and professional networking.

The Stanford Graduate Summer Institute, in its fourth year, provides the opportunity for graduate students to attend weeklong courses at no cost to them. Topics have been wide ranging, including global warming, team management, design, and music and human behavior. Also in its fourth year, the Summer Institute for Entrepreneurship is a four-week course offered by the Graduate School of Business (GSB) to more than 60 graduate students in non-business fields.

Strengthening Core Quality in Graduate Programs

VPGE provides resources to faculty and students in graduate degree programs for innovation and improvement in educational practices. The SCORE (Strengthening the Core) Innovation Fund helps departments respond to changes within their disciplines and among their graduate students. SPICE (Student Projects for Intellectual Community Enhancement) is an innovation fund that enables students to undertake projects to expand and sustain the intellectual community of their department or field of study.

Prioritizing Graduate Student Funding

Most graduate student support is in the form of doctoral fellowships (full tuition and stipend) paid from one of seven VPGE-administered fellowship programs, with the largest being the Stanford Graduate Fellowship Program.

Through the year 2012, VPGE allocates central support (including endowed funds restricted to student aid) to help close tuition gaps on National Institutes of Health (NIH) Training Grants and National Science Foundation Fellowships. The goal is twofold: to alleviate pressure felt by schools, departments, and faculty on these two federally funded programs; and to identify income from endowed funds that can replace general funds.

Consolidated Budget Overview

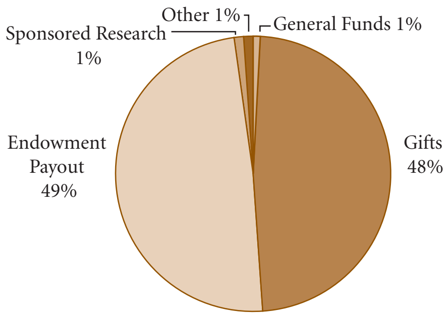
The ending balance for 2009/10 is expected to be a surplus of $3 million. Adding this to the fund balance of $39 million, the new fund balance for 2010/11 will be $42 million. Of that amount, $11 million is unrestricted. VPGE is using the unrestricted fund balance to resume its five-year start-up plan by expanding pilot programs in the priority areas, and to maintain a small reserve for responding to emerging needs.

The 2010/11 consolidated expense budget for VPGE comprises 88% direct graduate student support, 7% programmatic non-compensation expenses, and 5% compensation and benefits. The total incoming funding expected for 2010/11 is $29 million; expenses and transfers are expected to total $33 million. Current fund balances will be used to make up the $4 million shortfall, leading to an expected 2010/11 ending balance of $38.0 million.

The plan for the remaining $27 million in restricted funds is to increase slightly the number of new fellowships, resulting in a decrease in that fund balance over the next five years. Since the fellowships are mostly three-year awards, funding adjustments can be made only in awarding new fellowships. Within five years, the goal is to fund a steady-state number of fellowships with the yearly payout and maintain a smaller fund balance as a reserve to cover unanticipated fluctuations. By the close of 2010/11, there will be an ending balance in restricted funds of $26 million, which is expected to decline to $19.5 million in 2011/12, then to $15 million in 2012/13, by which time it is projected that endowment income will support the steady-state number of VPGE Fellowships.

HOOVER INSTITUTION

2010/11 Consolidated Revenues
$44.1 Million



[in millions of dollars]

	2008/09 Actuals	2009/10 Projection	2010/11 Plan
Total Revenues	48.2	48.4	44.1
Expenses			
Salaries and Benefits	27.4	27.2	26.8
Non-Salary	16.0	16.5	15.8
Total Expenses	43.4	43.7	42.7
Operating Results	4.8	4.7	1.5
Transfers From (to) Endowment & Other Assets	(5.1)	(2.4)	(4.0)
Transfers From (to) Plant	0.0	0.0	0.0
Surplus / (Deficit)	(0.3)	2.3	(2.5)
Beginning Fund Balances	35.5	35.2	37.5
Ending Fund Balances	35.2	37.5	35.0

Planning Directions

The Hoover Institution is a public policy research center, library, and archive devoted to the advanced study of politics, economics, and political economy, as well as international affairs. A world-renowned group of scholars and an extensive archival collection promote ongoing programs of policy-oriented research that make the institution a prominent contributor to the world marketplace of ideas defining a free society. Hoover fellows focus on how society balances the concerns of the collective with the demands of freedom and order. The library and archives strive to create an accessible historical record of this balance.

The institution has been substantially impacted by the recent recession. Nearly 95% of institutional revenues come from expendable gifts and endowment income. Both gifts and payout have declined 25% from fiscal 2008 levels. The institution's financial plans rest on the assumption that the market correction of 2008/09 is a permanent one-time wealth reduction from which only moderate recovery can be expected. Achieving a balanced budget sooner rather than later provides a measure of insurance should the projections of modest future revenue growth prove optimistic. Thus, the budget plan calls for reducing the budget projected for 2011/12 by $10 million, representing a 20% reduction. Approximately 95% of the cuts will have been made by the end of 2010/11.

While cuts have been substantial, the institution has targeted reductions that allow the programmatic focus to remain unchanged. Reductions should be viewed as changes in scale rather than termination of any one area or program.

Personnel and Program Restructuring

Personnel costs account for 70% of Hoover's expenses; thus, staff and fellows were necessarily targeted directly by the budget reduction plans. Additionally, for some time growth in fellows has outstripped growth in staff. Over the last decade, for instance, fellows receiving some form of compensation have increased 50%, while staff have increased only 15%. Thus, the budget reductions fell disproportionally on the fellows.

Several senior fellows have elected to participate in the university's incentive program for faculty retirement. Some term research appointments were not renewed. Associated support staff positions were reduced via layoffs or attrition. In addition, the visiting and media fellow programs were reduced.

An evaluation of the projects and priorities of the library and archives has resulted in changes in the pace of work rather than its cessation. Some opportunities to further integrate operations were realized. For instance, processing and administrative assistance have been centralized, rather than being distributed across the curators. Savings are expected to be approximately 13% of the library and archives budget.

Finally, the communications department has been substantially restructured; this effort included a reorganization of the public affairs office. Order fulfillment and distribution of Hoover Press books and Hoover journals (*Hoover Digest*, *Education Next*, *Policy Review*, and *Defining Ideas*) have been outsourced. The outsourcing will result in budget savings and improved service. Two Web products, *Focus on Issues* and *Facts on Policy*, were eliminated.

While adjusting to reduced revenues was difficult, the institution stands well positioned to continue its core mission of being a contributor to ideas defining a free society. Within the research arena, the institution will continue to utilize its existing intellectual assets to convene scholars willing to combine their efforts in task forces or working groups. These groups are seen as "virtual faculties" with specific research and dissemination objectives. They represent a new way to organize the research being conducted at the institution with goals of synthesizing current thinking, offering new perspectives, and conveying research to a broad constituency. A new journal, *Defining Ideas*, has been started to highlight the work of the task forces and working groups. These groups were designed to sunset after a fixed term unless research output and donor interest dictate otherwise. They therefore allow the institution to expand into new areas of research while still reducing core expenses to accommodate fiscal realities.

In the library and archives, key recent investments have continued to pay dividends. Intensive collecting efforts in Taiwan and China led to the addition of the H. H. Kung papers this year. These papers complement those of Chiang Kai-Shek and T. V. Soong as well as the Kuomintang party archives. These recent additions to the institution's Modern China archives continue to attract large numbers of visiting researchers. Investments in digital imaging and recorded sound have enabled the library and archives to develop the political poster collection online as well as preserve valuable recordings of Radio Free Europe/Radio Liberty, the Commonwealth Club, and *Firing Line*.

Consolidated Budget Overview

The Hoover Institution is projected to end 2009/10 in a relatively strong position, with reserves continuing to be robust. Revenues are expected to increase slightly from 2008/09 actuals to $48.4 million, more than $2 million over budget, due to increased expendable gifts. Several projects, such as the task forces and working groups, are prefunded, and several outstanding multiyear pledges were paid ahead of schedule. Year-end expenses are expected to be $43.7 million, lower than budget by nearly $1 million. Expenses under the base budget are expected to be on target, but expenses on multiyear projects did not occur as expected. Accordingly, while the institution had planned to draw on reserve balances for one-time costs and prefunded projects, fund balances are expected to increase more than $2 million to $37.5 million. Most of this increase will be in restricted project funds, but the institution expects to maintain a healthy unrestricted cash reserve of more than $15 million.

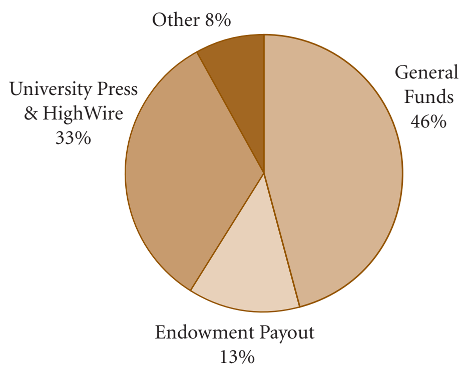
The institution's budget outlook for 2010/11 reflects further economic discipline. Revenues are expected to decline to $44.1 million, primarily due to the projected decline in endowment payout. Expendable giving for base budget operations is projected to grow modestly, but expendable gifts are budgeted to decline $1 million from 2009/10 due to the prepayment of pledged gifts for multiyear projects. Expenses for ongoing operations are expected to be in balance with these lower revenues, declining by almost $2 million over 2009/10. Overall, expenses are expected to be $1 million less than in 2009/10, or $42.7 million, due to increased expenses on multiyear projects. As no capital projects are anticipated in 2010/11, the institution expects to transfer $4 million to endowment principal targeted for use on capital projects. As a result of these factors, fund balances will be reduced by more than $2.5 million in 2010/11 to $35 million. Taking 2009/10 and 2010/11 together, the institution anticipates only a slight decline in overall fund balances. The institution also does not foresee any draw on unrestricted reserves to cover ongoing expenses in 2010/11.

Capital Plan

Though currently delayed, the Cummings replacement building will provide office space and technology-enhanced conference and meeting spaces once completed. The timing of this project is dependent upon the construction and occupancy of the new Art Building.

STANFORD UNIVERSITY LIBRARIES & ACADEMIC INFORMATION RESOURCES

2010/11 Consolidated Revenues
$97.1 Million



[in millions of dollars]

	2008/09 Actuals	2009/10 Projection	2010/11 Plan
Total Revenues	104.5	98.2	97.1
Expenses			
Salaries and Benefits	58.8	58.3	60.6
Non-Salary	39.8	40.7	40.6
Total Expenses	98.6	99.1	101.2
Operating Results	5.9	(0.9)	(4.2)
Transfers From (to) Endowment & Other Assets	1.1	0.8	0.7
Transfers From (to) Plant	0.0	0.0	0.0
Surplus / (Deficit)	7.0	(0.1)	(3.5)
Beginning Fund Balances	10.5	17.5	17.4
Ending Fund Balances	17.5	17.4	14.0

Planning Directions

Collections

This year as always, SULAIR will play closest attention to the allocation of the Library Materials Budget (LMB), in order to address the expectations and needs – whether or not expressed – of current faculty and students and anticipated requirements of their successors. The day has not dawned when one can safely assume materials not purchased now will be within reach when needed in future. The digital revolution – in which SULAIR participates assertively – has not yet significantly reduced the scholarly world's dependency on paper-based monographs, though the revolution is far along in the scholarly journal arena. That revolution has created new opportunities for scholarship and new responsibilities for libraries. For many reasons, then, purchasing power of is a key concern for SULAIR.

A study in 2008 showed that progressive increase in journal prices in recent years has left the hard sciences underfunded by almost $1.5 million. With this in mind, and thanks to some protection of the LMB through the recent budgetary turbulence, SULAIR has rebalanced the LMB by reallocating $1M to the hard sciences. Reduced endowment payouts, which fund a significant portion of acquisitions, will continue to constrain spending power, and SULAIR will continue to husband available resources, most notably by declining to purchase large sets of monographs, as well as by coordinating collection development as practical with other institutions, notably Berkeley. Collection development in the humanities and social sciences will correspondingly focus on immediate needs and primary areas. SULAIR remains dedicated to finding and acquiring material from around the world in a profusion of disciplines and geographical and cultural foci, commensurate with the global attention and involvement of Stanford's research in the critical issues of our time.

Programs

Several of SULAIR's endowment funds were converted in 2008 from Merged Pool A to Merged Pool B Unlimited. One fund in particular, which is designated for special collections, is expected to have a significantly increased payout. This has enabled SULAIR to begin several undertakings in support of special collections. Of particular note will be the development of an enhanced geo-spatial and map program, incorporating a map room to house and provide access to several significant donations of maps, landscape images, and related research materials, as well as to build up the burgeoning acquisition of digitized antiquarian maps as "digital philanthropy"; these efforts will culminate in a world-class center for historical cartography at Stanford. The newly released special collections funds will also cover technology updates for two labs dedicated to special collections imaging. SULAIR will also undertake several catalog remediation projects advocated by the Faculty Senate Committee on Libraries, with emphasis on improving intellectual access to collections now likely to reside off campus.

SULAIR continues to build out its digital library infrastructure incrementally. Features requested by users are a high priority; call-number browsing is a good example of a requested feature that was implemented in early 2010. Call-number browsing makes it possible to virtually browse collections that may be dispersed among multiple physical locations. Stanford Digital Repository (SDR) v2.0 is expected to be released in late 2010; it will provide both more sustainable infrastructure and more user-friendly public-facing features.

Google Books remains in legal limbo, but the digitizing of SULAIR's books continues apace, with well over 1.7 million books already scanned. In coming years, SDR will ingest copies of millions of SULAIR books for advanced research, with far-reaching potential for new scholarship in many fields.

The Parker on the Web project is nominally complete, but SULAIR staff continues to work with scholars and technologists at multiple institutions to explore how digital access to medieval manuscripts can be improved and can transform Medieval Studies. The closely related Digital Humanities program works with internal clients throughout SULAIR and serves as a bridge to a spectrum of faculty, including members of the French, English, Art & Art History, and History departments. Though prospective acquisitions may be constrained in the Humanities, the creative interaction with faculty and innovative use of collections through digital means remain vibrant and active through this program and through collaboration with SULAIR subject specialists and the Academic Technology Specialists.

Academic Computing continues to provide vital services to students, via its facilities and consulting services in Meyer Library as well as through Residential Computing. The student Senate's March 2010 endorsement of an increase in the student communications fee confirms students' appreciation of these services. Faculty are supported through the Academic Technology Specialist (ATS) program within Academic Computing, and it remains popular, as evidenced by continued cost-sharing from many academic departments.

Consolidated Budget

SULAIR's 2010/11 Consolidated Revenue is expected to total $97.1 million and consists of $44M in General Funds, $32.8 million in Auxiliary Revenue and $20.3 million in Restricted Funds. Compensation expenses are projected to be $60.6 million, with operating expenses budgeted at $20.2 million and library materials acquisitions at $20.4 million, resulting in a planned operating deficit of $4.1 million. The planned deficit has the following components:

SULAIR will allocate $1.5 million of its expendable and endowed fund balances to library materials selectors to help offset the reduction in purchasing power caused by the decrease of 25% in endowment payout over 2009/10 and 2010/11.

HighWire continues to invest in staff and out-sourcing in order to stage the migration of its approximately 140 publisher clients and more than 1,300 websites to a new technology platform (HighWire 2.0, aka H2O). That investment will be funded by $1.9 million of HighWire Reserves.

Stanford University Press will continue to fund operating expenses with transfers from the Press Sustaining Fund and expects to use $.7M in 2010/11.

Fund balances at the end of 2010/11 are expected to be $14.0 million, consisting of $3.2 million in Designated (including $2.2 million in LOCKSS Auxiliary Reserves), $1.6 million in Expendable Funds and $6.4 million in Endowed Funds, both of which are heavily restricted by donor purpose, and $2.8 million in Auxiliary Funds.

Capital Projects

The new Engineering Library in SEQ2 will open in the summer of 2010. Both the Physics Library and the Computer Science collection will be consolidated into Engineering. SULAIR anticipates much improved customer services from this new arrangement, with significantly more professional support for Engineering and related disciplines.

Stanford Auxiliary Library 3 (SAL3), the remote storage facility in Livermore, will reach capacity in late 2010. Designed and intended to grow modularly, SAL3 is a primary element in SULAIR's long-term storage strategy, however its next module is not projected to come on-line before 2014 under the current capital plan. SULAIR continues to work with Land, Buildings & Real Estate (LBRE) to address the interim challenge. The relocation of the East Asia Library (EAL) remains problematic and of tremendous concern to faculty; not only is its current home in Meyer slated for demolition, it has already outgrown available shelf space there as it pursues an aggressive acquisition program, in fulfillment of its comprehensive collection scope.

SLAC NATIONAL ACCELERATOR LABORATORY

Planning Directions

As a National User Facility and a multiprogram laboratory of the Department of Energy (DOE), SLAC continues to provide world-class, state-of-the-art electron accelerators and related experimental facilities to about 3,000 scientists from all over the world in research programs on photon science, astrophysics, particle physics, and accelerator science.

SLAC will be operating two major DOE Basic Energy Sciences (BES) user facilities: the Linac Coherent Light Source (LCLS) and the Stanford Synchrotron Radiation Lightsource (SSRL). SSRL provides x-rays from the SPEAR3 storage ring and associated beam lines with advanced instrumentation that serve research needs in many areas of science, engineering, and technology. Applications range from energy storage and environmental remediation to drug discovery and magnetism in thin films. In 2010, SPEAR will operate with improved performance with high current, up to 500 mA. The new Beam Line 14 with two branch lines will become available for users; one of the lines is designed to enhance drug discovery through rapid screening.

LCLS, the world's first x-ray free electron laser, will continue experimental operations through this year. A suite of four instruments specifically designed for LCLS ultrafast science is being built, the first of which became operational in the fall of 2009. The 2009 stimulus funding will accelerate the completion of the instruments and fund an additional instrument for study of matter in extreme environments. The LCLS science program is complementary to that of SSRL and will open completely new frontiers of scientific discovery in areas that include atomic physics, imaging of nonperiodic nanoscale materials, ultrafast structural and electron dynamics, and matter under extreme conditions. Novel techniques using LCLS x-ray laser beams will for the first time enable the simultaneous investigation of the electronic and structural properties of matter on the size (subnanometer) and time (femtosecond) scales that determine the function and properties of nanostructured materials.

The photon science program at SLAC will see growth in the multidisciplinary research areas driven by the capabilities of SPEAR3 and LCLS. The Photon Ultrafast Laser Science and Engineering Center (PULSE), the Stanford Institute for Materials and Energy Science (SIMES), and structural biology are growing interdisciplinary areas at SLAC.

Stimulus funding also provides for the construction of FACET (Facilities for Accelerator Science and Experimental Test Beams), which uses the SLAC linac to provide unique high-energy high-peak current electron and positron beams. These ultra-intense beams will enable an experimental effort in advanced accelerator R&D to study the beam-driven plasma and dielectric acceleration of both electrons and positrons and focusing with plasma lenses, as well as studies of beam instrumentation for ultra-bright beams and studies of THz radiation resulting from the extremely high beam fields. The experiments with plasma acceleration are expected to begin in 2011.

SLAC is also a leading contributor to R&D on the accelerator and detector for the International Linear Collider, a planned future facility for colliding electrons and positrons at TeV energies as a precision instrument for elucidating properties of physics at the high-energy frontier. SLAC performs this R&D in close collaboration with other laboratories and universities as a partner in major international scientific ventures.

SLAC has been a member of the ATLAS (A Toroidal LHC Apparatus) experiment and the Accelerator R&D program associated with the Large Hadron Collider (LHC) at CERN, the European High Energy Physics Laboratory in Switzerland. First physics data are expected in spring 2010. The LHC will be the flagship high-energy frontier facility for the next decade, with opportunities for major discoveries that could fundamentally change our understanding of nature. SLAC will also serve as a Tier 2 ATLAS Physics Analysis Center in the western United States.

The Kavli Institute for Particle Astrophysics and Cosmology is involved with the Fermi Gamma-ray Space Telescope (FGST) and the R&D efforts for proposed dark energy experiments, the ground-based Large Synoptic Survey Telescope (LSST) and the Joint Dark Energy Mission (JDEM), and the Super Cryogenic Dark Matter Search (CDMS) experiment. The FGST has embarked on a decade long program of space-based gamma-ray observations that will transform our understanding of the high-energy universe. SLAC hosts the Instrument Science Operations Center for the FGST–Large Area Telescope. LSST and JDEM have been designed to probe the properties of dark matter and dark energy, allowing us to better understand the "dark" universe and its dominant components. Super CDMS will be the next-generation underground experiment seeking to observe directly relic dark matter from the Big Bang.

Consolidated Budget Overview

The DOE Office of Science provides 97% of the funding for SLAC, primarily from the offices of BES and High Energy Physics.

From the 2010 Omnibus Appropriations Bill, SLAC is expected to receive funding of about $292 million. This decrease of close to 9% is mainly attributable to decreased construction funding following completion of LCLS.

ARRA provided an additional $90 million in 2008/09. In 2009/10, SLAC expects to receive the remaining ARRA funding of $6.5 million from DOE. The stimulus funding is going toward research equipment, research facilities, infrastructure upgrades, and research proposals targeted at young scientists.

For 2010/11, SLAC has not received the details of its budget within the U.S. government's proposed budget. The expectation is that it will be about $312 million. The increase is due to the start of a construction project and initial funding for the Research Support Building (RSB).

Capital Plan

Linac Coherent Light Source

The DOE-funded construction of the world's first x-ray electron laser will be completed in July 2010. The total estimate at completion for the project is $420 million, with final funding of $15 million in 2009/10. The project includes experimental halls, beam line tunnels and facilities, service buildings, utilities, and the technical components.

PULSE Building Renovation of Central Lab

SLAC has initiated an $11 million renovation, funded by DOE, of the two-story wing of the Central Laboratory Building to house offices and laser laboratories for the PULSE Center. The renovation will be completed in February 2011.

SIMES Laboratories

SLAC is designing a project to renovate 11,750 square feet of existing space in the Central Laboratory Building for laboratory research space for SIMES. The expected completion date is February 2012.

Research Support Building and Infrastructure Modernization

As part of the DOE Office of Science's goal to modernize the infrastructure of its labs, SLAC has received funding in 2009/10 to begin designing a new 58,000-square-foot modern office building and renovating ~60,000 square feet of existing space in three major buildings. Approximately 35 trailers and substandard buildings will be demolished. The RSB project is estimated to cost $96 million and will be completed in 2014.

ARRA-Funded Infrastructure Projects

- Substation Replacement Project

Three electrical substations critical to laboratory operation will be modernized and seismically stabilized. Two of the substations were installed over 40 years ago and no longer meet performance specifications.

- Infrastructure Modernization

This project will replace infrastructure that is beyond its useful life and represents an operational risk. The main site air compressor will be replaced with an oil-free unit, and all of the underground air system piping will be replaced. Site-wide hot and chilled water will be replaced, and the Cooling Tower-101 piping will be increased to fully utilize the chiller plant capacity.

The obsolete fire alarm system will be replaced. Sanitary lift stations will have remote level sensors installed.

- Seismic Upgrade Infrastructure Modernization

This project will enhance SLAC's ability to mitigate the impacts of a major earthquake, as the site is adjacent to the San Andreas Fault. It will improve the seismic strength of several important research and infrastructure facilities, including SSRL's SPEAR3 enclosure.

CHAPTER 3

ADMINISTRATIVE & AUXILIARY UNITS

ADMINISTRATIVE UNITS

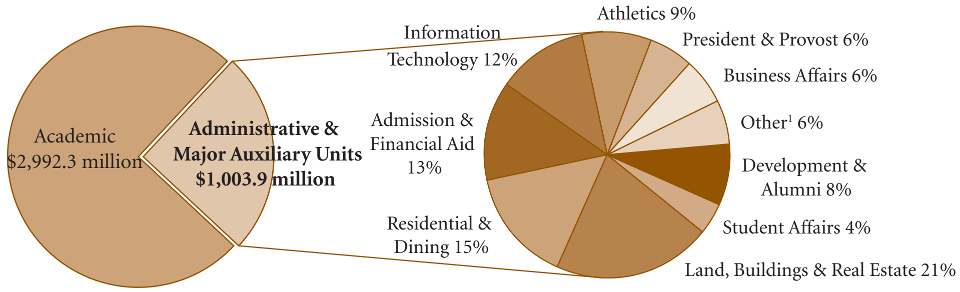
This chapter focuses on initiatives and priorities in the administrative and auxiliary units of the university. These units provide the needed administrative, academic, and student support that allow faculty and students to do their best work.

Consolidated Budget for Operations, 2010/11: Administrative & Major Auxiliary Units

[in millions of dollars]

	Total Revenues and Transfers	Total Expenses	Results of Current Operations	Transfers (to)/from Assets	Change in Expendable Fund Balance
Administrative Units					
Business Affairs	58.3	59.1	(0.8)	0.8	(0.0)
Business Affairs – Information Technology	123.0	123.7	(0.7)		(0.7)
Office of Development	42.0	42.0			0.0
General Counsel	31.7	31.7			0.0
Land, Buildings and Real Estate	217.9	211.2	6.8	(7.3)	(0.5)
President's and Provost's Office	62.0	61.9	0.1	0.6	0.7
Public Affairs	7.4	7.6	(0.1)		(0.1)
Stanford Alumni Association	34.6	35.8	(1.2)	0.6	(0.6)
Stanford Management Company	24.5	23.4	1.1	(1.1)	0.0
Student Affairs	39.4	39.9	(0.4)	(0.4)	(0.8)
Undergraduate Admissions and Financial Aid	131.9	131.9			(0.0)
Major Auxiliary Units					
Athletics (Operations and Financial Aid)	85.7	85.7			0.0
Residential & Dining Enterprises	150.2	150.1	0.1		0.1
Total Administrative and Auxiliary Units	**1,008.7**	**1,003.9**	**4.8**	**(6.7)**	**(1.9)**

2010/11 Consolidated Expenses by Administrative & Major Auxiliary Units



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

BUSINESS AFFAIRS (EXCLUDING INFORMATION TECHNOLOGY)

Business Affairs is projecting a balanced budget for 2010/11, with both revenues/transfers and total expenses equaling $59 million. In 2009/10 Business Affairs is projecting use of $400,000 of reserve funds to complete planned purchases and projects.

Business Affairs includes most of the central administrative units for the university. In 2009/10 it focused primarily on two strategic goals: (1) transforming administrative processes, systems, and infrastructure so that people throughout the university can spend more time on value-added activities, and (2) delivering accurate, timely, and useful information to support decision making. This ongoing focus on continuous process improvement and service efficiencies throughout the organization has enabled Business Affairs to absorb numerous new compliance mandates and support university faculty and staff growth of 35% over the past decade with only a 6% increase in its own staff.

Examples of these efforts include the development of the Treasurer's organization, which is responsible for the university's operating liquidity, cash management, debt issuance and management, bondholder relations, credit card merchant services, and retirement program investment oversight. Specific initiatives include implementing a campuswide salary-planning application as an extension of PeopleSoft for 2010/11 planning; delivering the initial Proposal Development & Routing Form (PDRF) module of SeRA; working with budget group members on Efficiency Task Force recommendations; continuing the transformation of Stanford's purchasing and contracts systems and processes to achieve efficiencies and cost savings on products and services, leveraging the use of SmartMart and the Buy/Pay Support Center; and combining the full purchasing-to-payable process, including sourcing, purchasing, contracts, and payables functions.

General funds account for over 89% of Business Affairs funding. Over the two years ending in 2010/11, Business Affairs took reductions of $6.8 million and eliminated 45 positions from the base budget. In 2010/11, some $1.5 million in base general funds are being allocated to address compliance mandates and staff shortages, primarily in the Office of Sponsored Research. In total, 13.5 FTEs are being added to address the shortfalls. Non–general fund revenues include income for services provided from the hospitals, the School of Medicine, Stanford Management Company, Will Call, and the Payment Card Industry (PCI) Compliance/Merchant Services programs.

BUSINESS AFFAIRS–INFORMATION TECHNOLOGY

Business Affairs–Information Technology (BA-IT) forecasts a consolidated deficit of $700,000 for 2010/11. The deficit results from service center losses of $1.8 million, offset by operating budget surpluses of $1.1 million attributable to continuation of reduced project spending from 2009/10. BA-IT project activities span fiscal years and use or create reserve funds annually, depending on the projects undertaken in a given period. Funds for SeRA (Stanford Electronic Research Administration) have been accumulated over several years and will be spent through 2011/12. Departmental operating budgets are projected to break even.

BA-IT's three primary organizations work collaboratively to provide seamless solutions and support throughout the campus.

- IT Services (ITS) delivers core IT infrastructure services and support, including networking, telecommunications, data center management, and help desk services. It represents $87 million in operating budget and service center activities, 71% of the 2010/11 consolidated budget of $123 million.
- Administrative Systems (AS) provides development, support, and enhancement for enterprise applications. Its 2010/11 operating budget of $28 million in base general funds is 23% of the consolidated budget.
- IT and Research Systems has a base budget of $6.7 million, 5% of the consolidated budget for 2010/11. Project activities span fiscal years and carry forward fund balances between years. In 2010/11 significant projects will likely include additional modules of SeRA and Enterprise Asset Management, Business Intelligence Competency Center reporting, and a major version upgrade of the Oracle financial system.

Service center revenue accounts for 55% of total BA-IT funding, and general funds account for nearly 44%. In 2010/11 ITS will receive $18.2 million in base general funds, 34% of the total for BA-IT. AS will receive 52% of the base general funds allocation, with the remainder going to annual project funding.

Over the two years ending in 2010/11, BA-IT took general funds reductions of $9 million (15%) and forfeited an additional $400,000 of planned base buildup for ongoing Research Systems support. Some 24 FTE positions were eliminated from the base budget. BA-IT made these reductions by continuing to focus on delivering and supporting core computing functions (networking, email, storage, help desk services, etc.); reducing overhead; and enhancing administrative processes while reducing administrative burdens through efficiency gains and resource sharing (by delivering systems initiatives that provide timely information, streamline processes, and reduce costs).

Specific ITS initiatives for 2010/11 include rolling out converged communication services to the community that bundle Voice over IP services and network support, allowing lower operational costs to be passed on to customers; collaboration solutions, such as secure instant messaging; and a new streamlined billing system integrated with Oracle. AS initiatives will continue to focus on implementing more efficient technology and processes, including a pilot to move to thin client desktops, server virtualization, and implementation of flash-based solid-state drives minimizing the I/O contention on servers during peak times.

BA-IT will use the Forsythe Phase III expansion, approved in the 2010/11 Capital Plan, to pilot the concepts behind a scalable, energy-efficient, high-density facility that will support research computing requirements. Working with the faculty committee identified to steer decisions regarding requirements and models in support of scientific computing needs, ITS will evaluate the operation of that area and how quickly the space fills. This pilot will shape the concept proposals for a new facility that may be constructed in the future.

OFFICE OF DEVELOPMENT

In response to the unfavorable economic conditions, the Office of Development (OOD) reduced its staff 17% last year, affording many employees the opportunity to step up to higher levels of responsibility. It also refocused on the most pressing priorities: pursuing prospects with higher potential; rethinking communications, resulting in better and more efficient targeting; and examining all processes to achieve new efficiencies.

The department continues working to streamline operations and deploy resources optimally, and in 2010/11 it will focus on taking the next steps in that process. These include restoring a few resources to stewardship and major gifts and leveraging the work done in examining the organization in 2009/10 to implement some new processes and programs.

OOD is focusing on four organizational areas in 2010/11 as part of its overall rightsizing and reengineering plan. The gift processing, major gifts, DAPER annual giving, and Stanford Fund young alumni groups all underwent examination and changes in 2009/10 that will be fully realized in 2010/11.

- Changes in gift processing identified in an audit conducted in 2009/10 will be implemented.
- A restructuring will allow one AVP to be responsible for major gifts and also hold the chief development position for the School of Humanities & Sciences.
- A decline in annual giving to DAPER caused OOD to rethink a prior plan to reduce resources and instead add a seasoned annual giving officer temporarily to review the program and implement changes.
- Significant changes were implemented within the Stanford Fund as part of the earlier budget reductions. OOD is reconsidering those changes and pursuing an updated strategy for effectively reaching young alumni.

The theme for 2009/10, the "Year of the Prospect," will continue in 2010/11. Resources will be directed toward engaging prospects with current and long-term gift potential. It has become clear that fundraiser portfolio sizes are too large; recent benchmarking studies show that Stanford's prospect portfolios are significantly larger than those of its peers. OOD will implement a plan to better allocate prospects for optimal relationship and gift development.

To enhance performance across field staff positions, standardized performance measures are being developed. Current expectations of field staff vary by school and unit; in some cases, this is necessary. However, field staff need clarity on what is expected of them, and they should be measured accordingly—e.g., by expected annual numbers of meaningful donor visits, gift solicitations, and gift closures. OOD is working with development offices at a small group of peer universities to develop a robust performance measurement program and plans to implement this in 2010/11.

Lastly, initial planning for a post-campaign development organization has started. Currently a number of employees as well as ongoing events and communications are funded by one-time campaign funds. OOD will carefully review campaign-related costs and positions to consider what may be eliminated when the campaign ends or how to find incremental funds. In addition, Leading Matters has been an effective and well-received means of outreach to donors, volunteers, prospects, alumni, and parents. The final Leading Matters event is planned for May 2011. OOD will consider what its outreach strategies will be thereafter.

OFFICE OF GENERAL COUNSEL

Legal Office

The Office of General Counsel (OGC) projects a $350,000 surplus in 2010/11. OGC has fully implemented a permanent 15% reduction in general funds, resulting in a lower projected surplus than in previous years. OGC does not anticipate any significant increase in operational costs other than increased rates for outside counsel. OGC does not have an increase in general funds to compensate for these, but it was able to negotiate most law firm rate increases at 3% for calendar year 2010. It expects additional law firm rate increases in January 2011, although it is too early to tell what those increases will be. The proposed level of general funds along with anticipated client retainers is expected to cover operating expenses absent any unanticipated extraordinary matters.

OGC will continue to focus on its main strategic priorities: (1) proactively trying to constrain costs by increasing efficiency; (2) identifying risk; (3) implementing mitigation strategies, including preventative counseling and more comprehensive client training; and (4) resolving disputes early. OGC will continue its effort to maintain an optimal balance between inside and outside counsel to provide efficient, high-quality service. Internal operating costs are already lean, and there is not much opportunity for further cost reduction. In addition, OGC has been able to rely on the free use of a lawyer from one of its partner law firms through a program that ends in December 2010.

OGC anticipates providing legal services at the required level, although prioritizing risks; it may not provide some services so long as this does not increase risk too much. OGC expects that it has adequate reserves to backstop a shortfall should one occur.

Department of Public Safety

In January 2009 the Department of Public Safety (DPS) began reporting to the OGC. DPS projects a balanced budget in 2010/11. To meet the university's permanent reduction in general funds, DPS eliminated several budgeted but unfilled nonsworn positions and reduced nonsalary expenditures in 2009/10. DPS does not anticipate any significant increase in operational costs in 2010/11.

DPS continues to operate with very lean staffing levels, especially on patrol. As a result, all personnel are required to work at a high level to support the public safety mission, including significant after-hours and weekend work. Therefore, even with a weak economy, DPS continues to struggle to hire and retain quality police officers. The university's contract with the Deputy Sheriffs Association expires in August 2010, which may impact the budget. DPS is striving to maintain a competitive position with other police agencies, especially given the hiring and retention challenges. The focus for 2010/11 will be to continue to provide high-quality public safety services while remaining efficient and, where possible, implementing process improvements, resource reallocations, and other cost-saving strategies.

LAND, BUILDINGS AND REAL ESTATE

Land, Buildings and Real Estate (LBRE) is responsible for implementing the university's capital plan; managing commercial real estate on endowed lands; managing campus utilities, grounds, and parking and transportation; providing stewardship for 8,180 acres; and managing operations and maintenance for 240 academic buildings totaling over nine million square feet, Stanford in Washington, Hopkins Marine Station, and other off-campus facilities.

The $212 million consolidated expense budget for 2010/11 (including the Real Estate unit, and before elimination of intrafunds) is $2.5 million greater than the 2009/10 projection. The increase is a result of $2.8 million in the new structures funds, $1.9 million in salary, benefits and other cost increases which are offset by $2.2 million in one-time funding, to bridge several business process changes in 2009/10.

Of LBRE's 2010/11 consolidated budget, 39% goes to Utilities, 35% to Building Maintenance, 7% to Parking and Transportation, 5% to Grounds Maintenance, 3% to Event and Labor Services, and 1% to Materials Management. Project Management, the University Architect/

Campus Planning Office, Land Use and Environmental Planning, and the Office of the Vice President account for 6%, with Real Estate comprising the remaining 4%.

Real Estate business unit expenses are anticipated to be $272,000, or 5%, more in 2010/11 than in 2009/10. Compensation expense accounts for $264,000 of this increase; of this, $87,000 is attributable to the 2% wage and fringe benefit increase and $152,000 to fluctuations in bonus accruals versus actual payouts. Salary expense in 2010/11 continues to be approximately $200,000 less than in 2008/09 because of attrition and a one-year salary freeze as a result of budget cuts in 2009/10. Existing staff continue to handle the increased workload.

Nonsalary business unit expenses are forecast to increase less than 1% over 2009/10. These expenses continue to be approximately $50,000, or 5%, less in 2010/11 than in 2008/09, with the cutbacks begun in 2009/10 continuing. Total expenses projected for 2009/10 represent a reduction of 16% from 2008/09 actual expenses.

PRESIDENT AND PROVOST OFFICE

The President and Provost operational unit (PPO) comprises the President and Provost Office, the Board of Trustees, Continuing Studies and Summer Session, Institutional Research/Decision Support, the University Budget Office, Diversity and Access, Faculty Development and Diversity, Faculty Affairs, Foundation Relations, the Academic Secretary, the Office of Religious Life, and Faculty/Staff Housing (FSH).

PPO projects a slight revenue increase for 2010/11, due largely to a commitment to the EPGY Online High School over the next three years, the Memphis program, and greater-than-expected growth in the summer institutes. The proposed general funds allocation is sufficient to cover basic operating expenses. Any unanticipated expenses in 2010/11 will be covered using external income, internal income, and reserves, which have grown over time. PPO does not anticipate any significant investments or capital needs in 2010/11.

PPO continues to accumulate enough budget savings to assist the units with special requests and any unbudgeted expenses over the next few years. PPO will continue to use reserves to support the Staff Development Seminar Program and the University Fellows Program, commitments made as a result of the 2008/09 general funds reduction.

The $536,000 reduction in auxiliary reserves is attributable to the softening of the real estate market, which reduces rental rates as well as occupancy. As home prices soften, occupants are moving out of attached housing, especially large apartment complexes like Stanford West, because they can afford to live in single-family homes for comparable or lower prices. FSH is working to keep costs under control and has launched a significant marketing effort to include non-Stanford affiliates. The rental market is difficult to read, and FSH is expecting a slow recovery.

A key initiative that began in early 2008/09 is the Expanding College Opportunities project to increase the pool of well-qualified, low-income students through collective efforts by colleges and universities. The president's office, in collaboration with the Stanford Institute for Economic Policy Research, will oversee this project. PPO is fortunate to have received modest funding for the demonstration phase of the project from the Spencer Foundation and the Andrew W. Mellon Foundation. In addition, it has secured three large grants totaling $5.8 million from the Bill & Melinda Gates Foundation, the Smith Richardson Foundation, and the U.S. Institute for Education Sciences, which will cover the next four years and provide programmatic support for this initiative.

PUBLIC AFFAIRS

The Office of Public Affairs (OPA) includes Government and Community Relations, Stanford Events, the University Communications group (News & Media Relations, Campus Communications, Web Communications, Stanford Video, and Stanford iTunesU/YouTube), and the central administrative unit, which also oversees the Stanford Breakfast Briefings.

OPA provides a critical function to the university administration and is vital to Stanford's continuing success in accomplishing its mission. OPA is the communication hub for Stanford, providing professional news reporting for the campus, the Stanford home page, press releases, speechwriting for the president and provost, and internal/external communications support for the entire university. In addition, OPA is responsible for managing government and community relations on all levels, helping Stanford achieve its research funding goals, lobbying for legislation that serves the interests of higher education, and garnering city and county approval for capital projects as Stanford expands in service to its core mission. Stanford Events produces high-profile, high-impact events, including several of the university's annual ceremonies, such as Commencement, that promote the broadest accessibility to members of the university and its surrounding communities. Stanford Events also manages the Stanford Ticket Office and provides expert consultation and assistance to other departments to ensure successful event outcomes in accordance with Stanford policies. OPA also implements special projects and provides ad hoc services for the offices of both the president and the provost.

The 15% permanent budget reduction of $965,000 in 2009/10 has been challenging, but OPA has managed to maintain nearly the same level of service, in addition to successfully starting a new media strategy in university communications. The most notable feature of this strategy has been elimination of the weekly print version of the *Stanford Report* in favor of a daily email version and website. This transition has been well received, has increased efficiencies in the unit, and has allowed for more distribution of content generated from other Stanford departments. Some areas at risk due to the reduced FTE count are communications support during emergencies, website and programming support, and state relations. OPA is also working towards a sustainable business model for the Stanford Ticket Office, which has had deficits the past two years that have been covered by internal reserves.

OPA is projecting a net drop in funds of $145,000 in 2010/11 with an expected ending balance of approximately $380,000. This decrease is due to spending the remainder of Stanford iTunesU/YouTube's initial three-year seed funding. Additional funding will be needed to continue this successful program in 2011/12 and beyond. The $380,000 ending balance comprises $175,000 in unrestricted funds, $55,000 in restricted operating funds, and $150,000 in restricted endowment funds.

Total expenditures are expected to increase 3.6% to $7.6 million in 2010/11. Of this amount, $5.9 million is for compensation expenses, an increase of 5% from 2009/10, due to the expected hiring for a currently vacant position and the 2010/11 salary program. Nonsalary expenditures are decreasing 1.3% to $1.6 million. University funds are increasing 3% to $5.7 million and will cover approximately 76% of the budget. The rest will be covered with earned income ($1.7 million) and other funding ($200,000).

OPA has been able to endure the budget crisis without significant degradation in quality/quantity of service and to successfully begin the transition from a print-based communications model to a new media strategy. Whether it can sustain this strategy for the long term with reduced staffing levels is still uncertain, but OPA is well positioned through 2010/11, with moderate reserves to maintain its core services and continue its focus on new media.

STANFORD ALUMNI ASSOCIATION

The Stanford Alumni Association (SAA) expects its consolidated fund balance to decrease as it uses reserves to offset anticipated softness in business revenue through much of 2010/11. SAA will continue to withdraw funds from the life membership endowment fund to underwrite the Web 2.0 project, scheduled for completion in mid-2010/11.

SAA's forecast reflects continuing alumni outreach efforts with an emphasis on focused, scalable offerings that provide unique benefits to Stanford alumni. SAA is also investing in alumni volunteer tools and training that allow alumni to seamlessly plan, organize, and execute high-quality events and services for each other, significantly leveraging SAA's alumni outreach efforts.

SAA continues to pursue greater efficiencies in its operations, as reflected in reduced operating expenses in 2010/11. Cost management efforts are designed to have the smallest impact possible on the alumni community and support SAA's long-term ability to achieve its mission of reaching, serving, and engaging all alumni.

VICE PROVOST FOR STUDENT AFFAIRS

During the 2009/10 budget process, Student Affairs implemented general funds reductions of $3.0 million and reduced designated and restricted fund budgets by $1.7 million. Student Affairs leadership designated student well-being, risk management, and maintenance of essential student services as the highest priorities to be preserved from cuts. However, given the challenge of finding budget reductions at the prescribed level, it was not possible to avoid making cuts that noticeably affected staff, programs, and some services. Consequently, it became necessary to compromise these criteria.

A total of $1.9 million was cut through reductions to positions supported by general funds, including layoffs of 11.7 FTEs and reduced work schedules for

25 staff (resulting in a net loss of an additional 1.9 FTEs). Where feasible, positions vacated due to retirement and attrition were not filled, and salaries for 5.2 FTEs were shifted to other funding sources. Likewise, 5.2 FTEs were laid off from positions supported by designated or restricted funds or by room rent, saving an additional $294,000. The total number of Student Affairs staff supported by general and local funds has dropped from 234 to 214.

Where possible, offices responded to budget reductions by recasting them as opportunities for greater efficiency in service delivery. Print materials and basic services provided by staff moved online. Job responsibilities were reassigned or eliminated. It is still too early to assess the full impact of the budget reductions, most notably in risk management, where staff involvement is considered crucial to preventing potential problems. Affected offices are documenting and assessing the impacts on programs and client populations.

Going forward, the vice provost and his leadership team intend to make Student Affairs as efficient and effective as possible in support of student well-being, learning, and engagement. They will clearly prioritize and implement initiatives, relying on systematic assessment to shape strategy and decision making. Identified strategic divisional priorities include the following:

- Residential Education—Residential Education is often considered a hallmark of the Stanford undergraduate experience. With the endorsement of university leadership, the dean of Residential Education is implementing a new organizational structure and infrastructure that will be the foundation of an innovative residential learning program anchored in faculty engagement.
- Student mental health and well-being—Student Affairs is leading the university-wide initiative related to student mental health and well-being. A cross-disciplinary advisory committee has three primary areas of focus: faculty and academic initiatives, student outreach and education, and policies and practices. Committee recommendations may result in future budget requests.
- Technology development and integration—Recognizing that robust information technology will strengthen it, Student Affairs continues to develop a centralized information systems unit in the office of the registrar. Major emphases include migrating department/program websites and databases to common platforms, designing and implementing equipment and software standards, and providing consistent, reliable computer platforms and support. The unit also continues to advance the university's Web accessibility program.
- Assessment—Assessment priorities include "local" or internal reviews of individual programs by staff as well as peer reviews of major programs/units on a recurring five-year cycle. The Office of Accessible Education and the Career Development Center are the first offices to benefit from external evaluation.

For 2010/11, total Student Affairs fund balances are expected to decrease 4%, or $848,000, to total $19.2 million. This projection assumes beginning fund balances of $20.0 million, projected total revenues and transfers of $39.4 million, projected expenses of $39.9 million, and asset transfers (out of unit) of $405,000. The projected decrease in fund balances is due to (1) declining revenues from student health insurance capitation payments, expendable gifts, and endowment; (2) the shifting of program/operational expenses from general funds to local funds; and (3) loss of term funding to support student programs and initiatives. At the same time, Student Affairs has been provided new funding to support Residential Education initiatives and to redress a structural deficit in base funding for the Vaden Health Center's medical services contract.

UNDERGRADUATE ADMISSION, FINANCIAL AID, AND VISITOR INFORMATION SERVICES

Undergraduate Admission and Financial Aid has as its primary focus recruiting and yielding domestic and international applicants who exhibit academic excellence and intellectual vitality.

While peer institutions have continued their international outreach, Stanford's absence due to budgetary constraints was noticeable in 2009/10. The 2010/11 plan is to add two annual recruitment trips to Asia, Latin America, and/or the Middle East to complement current outreach efforts in Canada and Europe.

Through a pilot program inaugurated in fall 2008, alumni interviews have been conducted in nine metropolitan cities. With significant investment in technology infrastructure, support to develop an online training program, and travel assistance to admission officers, who will visit cities to train new alumni volunteers, a fall 2010 expansion will include Maryland, Virginia, and the District of Columbia. One new 50% FTE will provide infrastructure support to the managing staff of this program.

One 10-month FTE position will be added to the current admission officer team to address the continuing increase in annual applications. Some 32,022 applications were reviewed for 2009/10, the largest number in Stanford's history (up 5.2% from 2008/09). A position in the Financial Aid Office, frozen since fall 2008, will be filled in the summer of 2010 to allow adequate training in anticipation of the fall 2010 mission-critical cycle.

These programs, whether new or tabled due to budgetary constraints, are important and necessary to expand Stanford's domestic and global outreach.

With the opening of the new Visitor Center in February 2010, both planned and yet-to-be-determined operational and infrastructure expenses are slowly becoming evident. With the exception of unbudgeted capital expenditures, discretionary funds will support unplanned operational expenses to provide a state-of-the-art visitors' experience.

Cyclical hardware replacement (temporarily suspended in 2009/10) for one-third of the unit's staff every three years will begin again in fall 2010.

MAJOR AUXILIARY UNITS

The budget lines for the School of Medicine, Graduate School of Business, Humanities and Sciences (H&S), VPUE, and Libraries include auxiliary revenues and expenses. These auxiliary operations include Medical School Blood Center, the Schwab Center of the GSB, HighWire Press and Stanford University Press in Libraries, Bing Overseas Studies in VPUE, and Stanford in Washington and Bing Nursery School in H&S. Their items are separately identified in the Schools' Consolidated Forecasts in Appendix A, although HighWire Press and Stanford University Press are also discussed in this chapter. The major independent auxiliaries are Athletics and Residential & Dining Enterprises.

ATHLETICS

Like the rest of the university, the Department of Athletics, PE, and Recreation (DAPER) has faced significant budget challenges in 2009/10 that will continue and likely worsen in 2010/11. Several steps have been taken to address this issue, many of which will have impacts well beyond 2010/11. In 2008/09 the department eliminated over 25 staff positions and implemented several other significant expenditure reductions, cutting expenses by a total of over $1.7 million. In 2009/10, it has made even deeper cuts, freezing all salaries, making significant additional cuts in travel expenses, and recognizing additional facilities savings, for total incremental budget savings of over $5 million. These moves have resulted in a projected small deficit of around $150,000 in 2009/10 and a projected balanced budget in 2010/11.

Operating Budget

Projected revenues and transfers are $60.9 million in 2010/11; projected expenses are also $60.9 million, for a balanced budget. In comparison, revenues of $60.6 million and expenses of $60.7 million are projected for 2009/10. DAPER's actual revenues for the year will largely be determined by football ticket sales, broadcast revenues, and annual fundraising efforts. Partially offsetting the significant expense reductions described above are some incremental expenses, including the turnover in several football assistant coaches and additional facility openings (including the Olmsted Housing Project).

Financial Aid

DAPER's financial aid endowment is still very strong. In fact, as a result of the change in the endowment payout rate in 2007/08, the payout from this endowment has significantly overfunded financial aid needs since that time. DAPER has been working with donors to transfer the surplus to help with operating expenses. However, the additional 15% decline in endowment payouts for 2010/11, combined with continued increases in scholarship costs, will again cause financial aid expenses to exceed endowment payouts. DAPER will therefore require a transfer of approximately $2.5 million from operating revenues to balance the scholarship budget. For 2010/11, both projected revenues (including this transfer) and projected expenses are $19.6 million, for a balanced budget. This compares to projected 2009/10 revenues and expenses of $18.9 million.

RESIDENTIAL & DINING ENTERPRISES

Residential & Dining Enterprises (R&DE) projects a break-even budget for 2010/11, with revenues and net transfers of $150.1 million (excluding transfers out and off-campus activity; revenues and transfers in total $155.2 million).

R&DE's budget and initiatives in 2010/11 will provide incremental funding for its continued stewardship of five million square feet of student living and dining space to ensure that these environments remain comfortable, safe, code compliant, attractive, and conducive to learning, recreation, and personal development.

This plan reflects a combined room and board rate increase of 3.60% (4.50% room and 2.45% board). This increase in student payments is necessary to cover regular inflationary impacts on operating costs, including labor, food, expendable materials, and supplies. It also allows for supplemental funding going toward R&DE's asset renewal programs and housing maintenance backlog as well as substantial increased funding supporting Residential Education's new program model. These increased expenses, together with external market conditions, will be offset by the room and board increase, a debt service interest rate reduction, revenue growth, and continuous cost efficiency and business optimization efforts.

R&DE's budget plan will yield a balanced budget while achieving the following:

- Managing lower revenue growth for summer conferences, executive dining, catering, and retail sales. The plan maintains previously introduced optimization strategies and budget reductions and continues efforts to optimize labor, streamline operations, consolidate administrative functions, strategically manage long-term purchasing contracts, reduce EM&S, improve technological business solutions, and partner with students on ongoing sustainable energy conservation initiatives.
- Funding a merit salary increase program, for both exempt and non-exempt employees as the economic recovery continues.
- Continued funding for existing Residential Education programs, the Graduate Life Office, and Residential Computing. In addition, 2010/11 is the first year of a three-year plan, with increased funding, to support Residential Education's new program model.
- Absorbing additional maintenance costs due to prior years' deferral of capital improvement projects and the growing maintenance backlog
- Funding critical incremental asset renewal while continuing to address seismic retrofit needs, American with Disabilities Act upgrades, and life safety and code compliance updates
- Funding debt service for 2009/10 capital improvement projects:
    - Wilbur bathrooms/fire sprinkler renovation (Juniper, Okada, Soto, and Trancos)
    - Escondido Village slab heat systems replacement (Phase 7 of 13)
- Planning for capital projects scheduled for 2010/11:
    - New construction of 120 additional bed spaces in Manzanita Hall
    - Construction of east campus dining complex to support repurposed Crothers bed spaces, improve service, and save operational costs
    - Abrams Escondido Village midrise apartments sprinkler (Phase 1 of 5), roof (Phase 1 of 4), and Dwyer kitchen units (Phase 1 of 2)
    - Stern sewer and domestic water line replacement (Phase 1 of 4)
    - Wilbur bathrooms/fire sprinkler renovation (Otero and Rinconada)
    - Robert "Bob" Moore, Storey, and Casa Italiana renovations
    - Mars, Haus Mitt, French House upgrades of kitchen plumbing, electrical, and fire safety equipment (Phase 4 of 7)
    - Escondido Village slab heating system replacement (Phase 8 of 13) and exterior site lighting
    - Garbage disposal code upgrades and grease containment (Phase 2 of 2)
    - Conversion of Quillen Escondido Village apartments to efficiencies

HIGHWIRE PRESS

HighWire Press was founded in 1995 to actively address the challenges of scholarly communication in the digital age. HighWire's mission is to ensure the continuing success of independent, society-based and other scientific and scholarly publishers in disseminating high-quality content worldwide. HighWire builds both the community and the technological environment that such publishers require to thrive in the challenging business of electronic publishing. With its publishing partners, HighWire develops and explores new ideas and emerging technologies to innovate sustainable solutions that meet the ongoing challenges of research communication. Among the 1,319 titles represented by HighWire are some of the world's highest-impact scholarly publications, such as the Oxford English Dictionary, Science, Proceedings of the National Academy of Sciences, and the Journal of Biological Chemistry, to name but a few.

As planned, in 2009/10 HighWire invested in staff and outsourcing to stage the migration of its approximately 140 publisher clients and more than 1,300 websites to a new technology platform (HighWire 2.0, aka H2O). That investment, self-funded through reserves generated in previous years, will continue in 2010/11. This technology migration will demand many of HighWire's resources, so revenue is projected to be flat from 2009/10 through 2010/11. Because the migration activity will peak in 2010/11, HighWire projects an operating deficit of approximately $1.4 million for that period.

After allowing for this operating deficit and a transfer of $500,000 to Stanford University Libraries, HighWire's reserve as of August 31, 2011, is projected to be approximately $2.4 million. In subsequent years, upon conclusion of the technology transition, HighWire expects to return to a steady state in which small annual surpluses from operations continue to build reserve levels.

While managing expense and resources through the H2O transition, HighWire is positioning itself for growth in the changing world of online publishing. In addition to continuing to innovate in putting books (as well as journals) online, HighWire is leading its customers in anticipating and working toward the need for scholarly applications in mobile computing devices, such as the iPad, the iPhone, other smartphones, the Kindle, and other e-readers. Continuing investment in those areas will help to secure HighWire's technical vitality and customer loyalty for the future.

STANFORD UNIVERSITY PRESS

For all publishers, 2009/10 has been characterized by strenuous efforts to hold the line on revenues and costs in the face of the recession (following average revenue downturns in double digits in the preceding year), while attempting to migrate as much content as possible to one or more of the emerging electronic delivery platforms (e-book, Web, aggregated collection)—most of which have nascent, often unprofitable, business models at best.

Compared with many other academic publishers, SUP had a slight head start on the year, having suffered a sales decline of "only" 4% in 2008/09. After the first six months of trading, it is on track to achieve its budgeted revenue target for 2009/10—which is 5% greater than the revenue achieved in 2008/09. This makes achievable the budget target of netting out to zero on the bottom line (following administrative charge-backs from the university, a disbursement from the general fund, and a transfer from one of the press's own quasi-endowment funds).

Behind these numbers, however, lies a major push on the part of the press to be an industry leader in the migration to electronic and other alternative means of delivery of both content and marketing message. Workflows and systems have been reengineered and considerable content is now being migrated to proprietary e-books (such as the Kindle), to the press's own e-book platform, and to Google for both read-only access and full-text delivery to the desktop. At the same time, the press has created a range of new shopping-cart options—especially for the student space—that will allow e-content to be rented on a short- or long-term basis, sold on its own, or bundled with paper content. And, as part of its ongoing Print on Demand initiative, the press is in the process of creating a portal for the sale of those hundreds of thousands of artifacts in the Stanford Libraries collections that are in the public domain. At the same time, the press has been funding from the P&L an initiative to accelerate inventory write-down so that reduced sales of paper copies do not result, downstream, in overvalued inventory and a disproportionate inventory-to-sales ratio.

Both financially and operationally, 2010/11 is likely to resemble the current year. With the economic "recovery" of late 2009 having slowed and title output at maximum capacity—160% of what it was a decade ago—SUP expects to achieve 5% revenue growth again. And while the ongoing cost-cutting program (which has included a 30% reduction in headcount over 10 years) will hold expenditures to less-than-inflationary increases (despite the accelerated write-down program and a steady increase in bad-debt exposure), the press will again be reliant on a combined general fund disbursement and quasi-endowment fund transfer to net to zero on the bottom line.

CHAPTER 4

CAPITAL BUDGET AND THREE-YEAR CAPITAL PLAN

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

The university has been in the midst of the largest construction program in its history, addressing the need to replace and upgrade many aging facilities for science, medicine, and engineering. The 2010/11 – 2012/13 Capital Plan includes the Knight Management Center and the repurposing of the old Graduate School of Business (GSB) buildings, a new Bioengineering/Chemical Engineering building, a new concert hall, a new building for the arts, a Law School clinics and faculty office building, a scientific computing center, and several housing projects.

Though the $1.5 billion Capital Plan is still substantial, it is 46% lower than the $2.8 billion plan submitted two years ago. This is due to both the completion of many major facilities projects and the delay and suspension of construction as a result of the economic downturn. Stanford anticipates this declining trend to continue with the planned completion of $529.5 million of capital projects in 2010/11.

The Capital Plan reflects the significant investment that Stanford is making in its facilities, driven by the academic priorities for teaching, research, and related activities described in Chapter 2, and the initiatives of the administrative and auxiliary units that support the academic mission, described in Chapter 3. This chapter includes a discussion of the 2010/11 Capital Budget, provides an overview of the capital planning process, describes forthcoming strategic initiatives, and presents the 2010/11 – 2012/13 Capital Plan and its constraints.

THE CAPITAL BUDGET, 2010/11

The 2010/11 Capital Budget at $368.2 million reflects the university's significant capital initiatives including GSB's Knight Management Center, the Bioengineering/Chemical Engineering building, Bing Concert Hall, William H. Neukom Building (formerly known as the Law School Clinics and Faculty Office Building), Olmsted Terrace Faculty Homes, Jill and John Freidenrich Center for Translational Research, East Campus Dining Commons, laboratory fit-ups in the Nanoscale Science and Engineering and the Jen-Hsun Huang Engineering centers, Olmsted Road Staff Rental Housing, Cognitive and Neurobiological Imaging (CNI) Center, Stanford Center in China at Peking University, Madera Grove Children's Center/Mulberry House, and various infrastructure projects and programs. The projected 2010/11 expenditures reflect only a portion of the total costs of the capital projects, as most projects span more than one year. The following table highlights the major capital projects in the plan, the project costs that will be incurred in the 2010/11 Capital Budget, as well as the percentage of the project that is expected to be complete by the end of 2010/11.

Major Capital Projects Percent of Completion 2010/11 [1]

[in millions of dollars]

	Capital Budget 2010/11	Estimated Project Cost	Estimated Percent Complete 2010/11
Knight Management Center and Parking Structure (PS7)	122.1	345.3	100%
Bing Concert Hall	48.9	111.9	63%
William H. Neukom Building	22.5	63.9	100%
East Campus Dining Commons	17.6	20.3	100%
Bioengineering/Chemical Engineering	16.2	136.9	30%
Jill and John Freidenrich Center for Translational Research	10.0	24.0	53%
Total Major Projects	**237.3**	**702.3**	

[1] Includes projects scheduled to be in construction and with forecasted expenditures greater than $10 million in 2010/11.

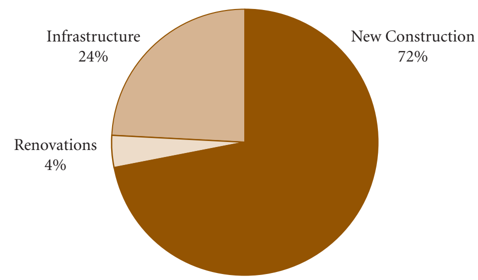
The magnitude of the Capital Budget is based on the assumption that funding availability will align with approved project schedules. The Capital Budget has historically been substantially higher than actual spending due to project deferrals caused by funding gaps. In fact, actual expenditures have averaged only 68% of the budget over the past nine years. This has been less of a factor in recent years as most of the projects in the last two Capital Budgets have had funding identified, staff assigned, and have received preliminary Board of Trustees approval. Actual expenditures in 2008/09 were 81% of the Capital Budget and expectations are that expenditures in 2010/11 will be close to the budget.

Sources and Uses

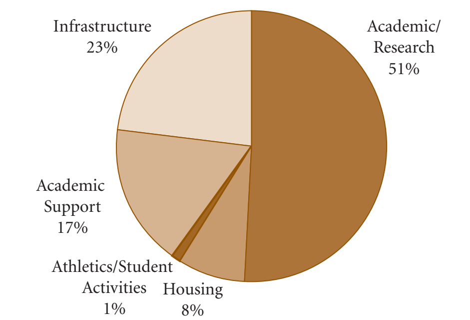
Sources of funds for the Capital Budget will be a combination of Current Funds (which include the Capital Facilities Fund, fund balances, and a subvention from the Hoover Institution), gifts, and debt. The university typically uses debt on projects if no other funding is available. The mix of project funding will be impacted by the timing of gift receipts, which may be bridge financed with medium term debt.

The Capital Budget 2010/11
$368.2 Million

Uses of Funds by Project Type

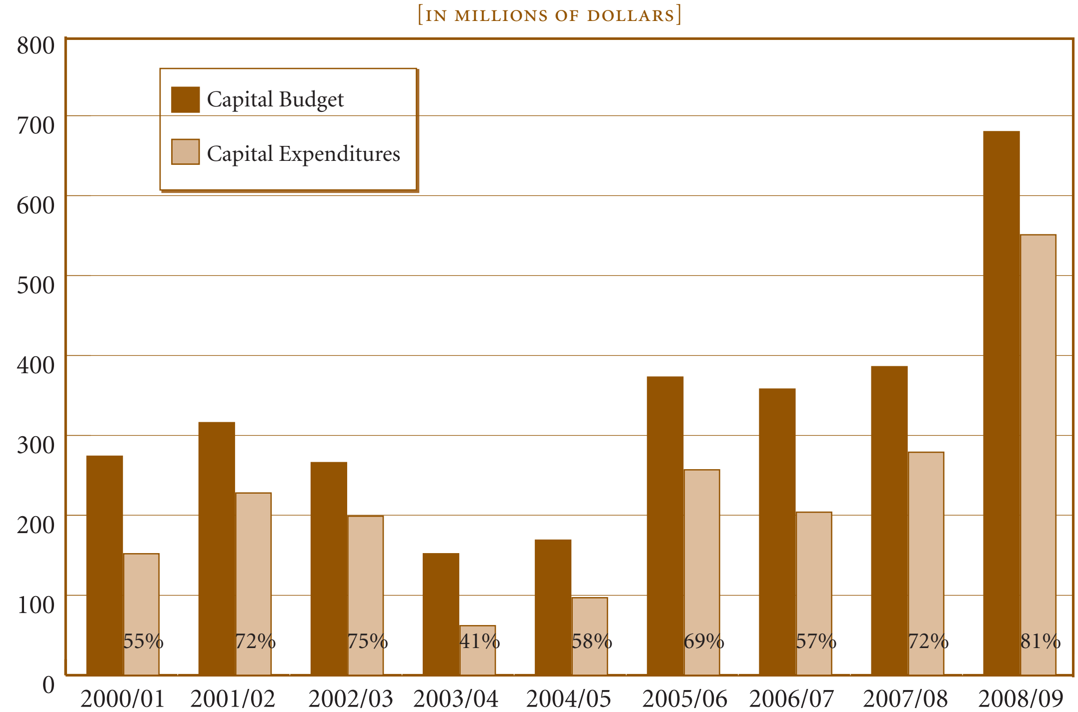


Uses of Funds by Program Category



Capital Budget vs. Expenditures
2000/01 to 2008/09

[in millions of dollars]



Of the $368.2 million in the overall Capital Budget, 51% will be spent on Academic/Research projects (as shown in the lower pie chart on the facing page). Infrastructure, Academic Support, Housing, and Athletics/Student Activities will represent 23%, 17%, 8%, and 1%, respectively. Looking at the upper pie chart, an estimated 72% of the budget will be spent on new construction projects. The majority of these expenditures are for Knight Management Center and Parking Structure 7, the Bioengineering/Chemical Engineering building, Bing Concert Hall, William H. Neukom Building, Jill and John Freidenrich Center for Translational Research, and East Campus Dining Commons. Approximately 24% will be spent on infrastructure projects and programs including the Investment in Plant Maintenance Program, R&DE Capital Improvement Program, Capital Utilities Program (CUP), and GUP Mitigation Program. The remaining 4% will be spent on renovations including the CNI Center and the Forsythe Data Center Phase 3 Expansion.

Capital Facilities Fund

A crucial source of funds for capital projects is the Capital Facilities Fund (CFF). In June 2007, the Board of Trustees approved an increase in the target endowment payout rate from 5.0% to 5.5%. The additional payout releases unrestricted funds, which have been sequestered in the CFF to support major facilities projects.

Transfers to the CFF will be $43.3 million in 2009/10 (net of the EFP shortfall) and $85.9 million in 2010/11, with commitments of $93.8 million in 2009/10 and $29.6 million in 2010/11, as shown in the following table.

Non-formula CFF funds are allocated for projects that are difficult to support through restricted sources, and thus reduce the call for debt serviced by general funds. Among other uses, non-formula CFF is funding $35.7 million for the Bing Concert Hall, internal loans on both the Olmsted Terrace Faculty Homes and East Campus Dining Commons, and enhanced sustainability features for the Bioengineering/Chemical Engineering building.

The formula units determine uses of their CFF funds according to their highest priority.

Capital Facilities Fund (CFF)

Funding Sources and Committed Uses of Funding

[in millions of dollars]

	2009/10	2010/11
Sources of Funding		
Formula Units		
School of Medicine	13.1	11.3
Graduate School of Business	0.0	0.0
Hoover Institution	4.2	3.6
President's Funds	15.0	12.8
Non-formula	11.0	58.2
Total Funding	**43.3**	**85.9**
Committed Uses of Funding		
Various Projects Funded by President's Funds	15.0	12.8
Bioengineering/Chemical Engineering		5.0
Jill and John Freidenrich Center for Translational Research	3.0	3.5
Various School of Medicine Projects	7.2	3.3
Emergency Power and Management Programs	3.4	2.7
Lorry I. Lokey Stem Cell Research Building	1.5	2.0
Li Ka Shing Center for Learning and Knowledge	2.9	0.3
Bing Concert Hall	35.7	
Porter Drive Improvement	9.5	
Olmsted Terrace Faculty Home Loans	5.2	
East Campus Dining Commons Loan	4.5	
Jerry Yang and Akiko Yamazaki Environment and Energy Building	3.6	
Access Control Enterprise System (ACES) Phase 2	1.2	
Madera Grove Children's Center/Mulberry House	0.7	
Center for Nanoscale Science and Engineering Fit-up	0.5	
Total Commitments	**93.8**	**29.6**
Annual Uncommitted Balance	(50.5)	56.3
Balance at Beginning of Year	147.0	96.5
Uncommitted Balance	96.5	152.8

Capital Budget Impact on 2010/11 Operations

The 2010/11 Consolidated Budget for Operations includes incremental debt service and O&M expenses for projects completing in 2010/11. Additionally, this budget includes an incremental increase in debt service and O&M expenses for projects completing in 2009/10 that were operational for less than 12 months.

Capital projects that require debt are funded from internal loans that are amortized over the asset life in equal installments (principal and interest). The budgeted interest rate (BIR) used to calculate internal debt service is a blended rate of interest expense on debt issued for capital projects, bond issuance costs, and administrative costs. The BIR is reset annually. The projected BIR for 2010/11 is 4.85%.

The projected incremental internal debt service funded by unrestricted funds, including formula units, in 2010/11 is $10.6 million. This amount includes the additional debt service on the Center for Nanoscale Science and Engineering (Nano), Lorry I. Lokey Stem Cell Research Building, School of Medicine Connective Elements, Knight Management Center, William H. Neukom Building, and other smaller capital projects and programs. It also includes interest on medium term debt required to bridge finance gifts receipts for the Huang Engineering Center, Nano, Knight Management Center, Li Ka Shing Center for Learning and Knowledge, Lorry I. Lokey Stem Cell Research Building, and Neukom Building. This additional debt service brings the total annual internal debt service borne by the unrestricted university budget to $53.6 million.

Consolidated internal debt service, including that borne by formula units, auxiliaries, service centers, Faculty Staff Housing, and real estate investments is projected to increase from $158.4 million to $170.6 million. In addition, annual lease payments are projected at $19.9 million.

The university will incur additional O&M costs in 2010/11 of approximately $11.2 million, of which $3.2 million will be funded by the Graduate School of Business and $5.2 million by the School of Medicine. The incremental costs are due to those facilities that will be ready for occupancy in 2010/11, offset by projected savings on the demolition of the Terman and Ginzton buildings.

CAPITAL PLANNING OVERVIEW

Capital Planning at Stanford

Stanford's Capital Plan is a three-year rolling plan with budget commitments made for the first year and then only for projects with fully identified and approved funding. Cash flow expenditure forecasts for these projects extend beyond the three-year period, with budget impacts for operations, maintenance, and debt service commencing at construction completion. The plan includes tables forecasting both cash flow and budget impacts by year, demonstrating the impact of projects beyond the three-year plan.

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

In the 2009/10 – 2011/12 Capital Plan, the university delayed or suspended $1.1 billion in planned capital projects due to the impact of the global financial crisis. The delayed or suspended projects were reviewed in the 2010/11 – 2012/13 plan to determine feasibility and funding changes. As a result of this review, the plan includes the reactivation of $73 million in projects, as detailed in the table on the following page. The remaining delayed or suspended projects will be reevaluated annually as part of the capital planning process.

The economic downturn impacted the university's ability to fund incremental operations and maintenance (O&M) and debt service on both new and renovated buildings as they are occupied. O&M expenses include planned and reactive/preventive maintenance, utilities, contracts, grounds, and outdoor lighting. For the delayed or suspended projects, estimated deferrals of debt service and O&M are $29.7 million and $17.4 million, respectively.

STRATEGIC INITIATIVES

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

- Science, Engineering, and Medical Campus (SEMC)
- Sustainability and Energy Management (SEM) / Central Energy Plant Optimization Project

Projects Reactivated, Delayed and Suspended

[in millions of dollars]

	School/ Department	Estimated Project Cost	Debt Service	Operations & Maintenance
Reactivated Projects				
Art Building	H&S	64.6		1.4
Madera Grove Children's Center/Mulberry House	PRES/PROV	4.6		0.1
Access Control Enterprise System (ACES) – Phase 2	PRES/PROV	3.8		
Total – Reactivated Projects		**73.0**		**1.5**
Delayed Projects				
Foundations in Medicine (FIM) 1	SOM	157.6	1.0	1.5
Biology including teaching laboratories (SEMC project)	H&S	108.3	4.5	2.4
Encina Renovation	DOR/H&S	67.2	2.7	
Meyer Replacement	SUL	46.1		
Cummings Replacement	HOOVER	45.6		1.5
Panama Mall Renovations	SOE	20.8		0.1
Buildings 02-520 and 02-524 Renovations ($12 million)				
Durand Phase 4 ($6.8 million)				
Building 02-560 ($2 million)				
Public Safety Building	PRES/PROV	16.6		0.4
Mechanical Engineering (Building 630 Replacement)	SOE	14.9		0.4
Stanford Auxiliary Libraries (SAL) 3 – Phase 2	SUL	14.0		0.5
Green Dorm (47 beds)	SOE	12.7		0.1
Golf Club House, Pro Shop, Cart Barn	DAPER	10.1		0.1
Multiple Non-Board of Trustee Level Projects	Multiple	15.9	0.2	0.1
Subtotal – Delayed Projects		529.7	8.4	7.2
Suspended Projects				
Redwood City Campus Master Plan Phase 1	PRES/PROV	379.0	18.5	8.9
Memorial Auditorium Renovation	PRES/PROV	63.2		
Old Chemistry	H&S	47.7	2.8	1.1
Maples Parking Structure	LBRE	40.0		0.2
Subtotal – Suspended Projects		529.9	21.3	10.2
Total – Delayed and Suspended Projects		**1,059.6**	**29.7**	**17.4**

Science, Engineering, and Medical Campus

Over the course of the SEMC initiative, the university has invested in the upgrade of aging facilities for the science, engineering, and medical programs.

The SEMC consists of eight new buildings, six of which are now completed and one of which is delayed:

- Astrophysics (completed in 2006)
- Jerry Yang and Akiko Yamazaki Environment and Energy Building (Y2E2) (completed in 2007)
- Lorry I. Lokey Stem Cell Research Building (SIM 1) (completed in 2010)
- Jen-Hsun Huang Engineering Center (completed in 2010)
- Center for Nanoscale Science and Engineering (completed in 2010)
- Li Ka Shing Center for Learning and Knowledge (LKSC) (completed in 2010)
- Bioengineering/Chemical Engineering (BioE/ChemE) (in planning)
- Biology (delayed)

This year's Capital Plan includes the Bioengineering/Chemical Engineering building, one of the two remaining SEMC projects. At $136.9 million, the Bioengineering/Chemical Engineering building is the final component of the Science and Engineering Quad 2 (SEQ 2). This building and its associated connective elements will facilitate interdisciplinary study through the placement of two related programs - Bioengineering and Chemical Engineering - in one location. The building will be predominantly comprised of wet laboratories and associated support spaces designed for intensive research for each of the departments. Included in the building scope are classrooms, faculty offices and conference spaces.

The 158,000 gross square foot (gsf) Bioengineering/ Chemical Engineering building will match the architectural character of the neighboring Y2E2, Jen-Hsun Huang Engineering Center, and the Center for Nanoscale Science and Engineering. The Ginzton Laboratory will be demolished to clear the site. Mass excavation of the site will commence in late 2010, with expected completion by 2013.

Sustainability and Energy Management / Central Energy Plant Optimization Project

Stanford is committed to advancing sustainability in the design, construction, and operation of campus facilities. The reduction of overall energy consumption and the use of cleaner energy sources are integral to creating a sustainable campus. Stanford continues a decade-long commitment to energy conservation and efficiency.

Current energy-saving strategies are expected to decrease energy consumption through 2011. In 2012, additional demand from new buildings may require enhanced conservation efforts. While Stanford produces energy from the Cardinal Cogeneration plant, an efficient natural gas-fired combined heat and power plant, the university is exploring renewable energy solutions through the Central Energy Plant Optimization Project.

The Central Energy Plant Optimization Project ($250 million) is the result of a year-long planning effort. This capital utilities project will transition the university from reliance on the third-party owned and operated Cardinal Cogeneration plant, which contractually ends in 2015. The project will replace the combined heating and power "cogeneration" plant with a combined heating and cooling "regeneration" plant that reuses waste heat from our campus wide central cooling system to satisfy most of our campus heating and hot water needs. Included in the project scope will be replacement of our steam distribution system with a hot water distribution system; modification of approximately 125 buildings to accept a lower temperature heat source; and an upgrade of the electrical infrastructure to support campus growth and added central plant load.

This new plant will provide the university with an energy supply that is projected to reduce the university's long-term energy cost by an estimated 20% (with estimated payback in 16 years), greenhouse gas emissions by 30%, and water use by 25% between 2015 and 2050. Additionally, the Central Energy Plant Optimization Project will achieve increased cost stability by reducing reliance on fossil fuel.

Stanford is also pursuing approaches to reduce the use of non-renewable resources and minimize environmental impacts. Under the university's sustainability standards, new buildings are required to use 30% less energy and 25% less water than building codes require. This is achieved through a combination of building orientation relative to the sun, adept space use planning and building operation scheduling, use of efficient electrical and mechanical equipment, use of native drought-tolerant landscaping and non-potable or reclaimed water for irrigation and other suitable applications, education and training of building occupants, and other measures. Existing buildings that have been identified as the largest energy-intensive facilities on campus are being renovated to meet the sustainable standards through the Whole Building Energy Retrofit Program (please see the discussion on page 70 for further information). Minor capital and operations improvements are funded through the Energy Retrofit Program (ERP), the Energy Conservation Incentive Program (ECIP), and other capital retrofit projects. ECIP provides incentives for schools and other units to decrease energy use.

Across the university, Sustainable Working Teams are also collaborating to advance sustainable approaches to operations in other areas such as green purchasing, food service, recycling, and transportation. Revised long-term master plans for increased sustainability efforts in the areas of campus water use and transportation are in draft form and under review within Sustainability and Energy Management (SEM) at this time.

THE CAPITAL PLAN, 2010/11 – 2012/13

Stanford's central campus, including the Medical School but excluding the hospitals, has more than 700 buildings providing more than 14.2 million gross square feet of physical space. The physical plant has a historical cost of $5.8 billion and an estimated replacement cost in excess of $7 billion.

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

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

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

Expenditures in the 2010/11 – 2012/13 Capital Plan, which include major construction projects in various stages of development and numerous infrastructure projects and programs, total $1.5 billion. The table below provides a comparison of the last three Capital Plans.

Comparative Capital Plans

[in millions of dollars]

	2008/09	2009/10	2010/11
Design/ Construction	2,068.3	1,427.0	795.9
Forecasted Projects	420.0	79.6	221.8
Infrastructure	280.0	294.0	498.0
Total	**2,768.3**	**1,800.6**	**1,515.7**

Projects in Design and Construction

Projects in Design and Construction represent $795.9 million (52% of the plan). Construction of these projects is contingent on fundraising of $21.3 million (3%). Thirteen projects are listed in this category, as shown in the related table on page 76.

The cost of projects in Design and Construction has decreased by $631.1 million from 2009/10 due to the completion of the Lorry I. Lokey Stem Cell Research Building ($202.9 million), Jen-Hsun Huang Engineering and Nanoscale Science and Engineering centers ($194.6 million), Li Ka Shing Center for Learning and Knowledge ($144.2 million), John A. and Cynthia Fry Gunn (SIEPR) Building ($32 million), Crothers Hall and Crothers Memorial Hall Renovation ($22 million), and School of Education Building Seismic Renovation Phase 1 ($6.5 million). Offsetting these decreases is $31.5 million in projects previously in the Forecasted Projects section, including the Jill and John Freidenrich Center for Translational Research ($24 million) and the CNI Center ($7.5 million). A project which was reactivated from the Delayed and Suspended Projects table is the Madera Grove Children's Center/Mulberry House ($4.6 million).

Forecasted Projects

Forecasted Projects are those anticipated to receive Board of Trustees approval over the next three years. These projects total $221.8 million (15% of the plan) and are listed on page 77. As with the projects in Design and Construction described above, these projects are contingent upon funding. For this group of projects, a total of $34.5 million, or 15%, remains to be fundraised.

Project costs within this category have increased by $142.2 million from 2009/10, as a number of new and existing projects have either been added to the plan or moved into the Forecasted Projects category. New to the Forecasted Projects section of the 2010/11 Capital Plan are the GSB Complex Repurposing ($71 million), Art Building ($64.6 million), Manzanita Undergraduate Housing ($20 million), School of Education Building Seismic Renovation Phase 2 ($8.6 million), Forsythe Data Center Phase 3 Expansion ($6.4 million), Access Control Enterprise System (ACES) Phase 2 ($3.8 million), and Escondido Village Conversions Phase 2 ($3.4 million). The availability of the existing GSB complex after the School relocates to the Knight Management Center creates an opportunity to repurpose these three buildings for use by other academic and support functions.

As noted above, the Jill and John Freidenrich Center for Translational Research and the Cognitive and Neurobiological Imaging (CNI) Center projects are now included in Design and Construction.

Infrastructure

Stanford's ongoing efforts to renew its infrastructure are reflected in a budget of $498 million (33% of the plan). Infrastructure costs have increased from last year's Capital Plan by $204 million. Infrastructure programs include the Central Energy Plant Optimization Project, Investment in Plant (Planned Maintenance) Program, R&DE's Capital Improvement Program (CIP), Capital Utilities Program (CUP), GUP Mitigation Program, Whole Building Energy Retrofit Program Group 2, Stanford Infrastructure Program (SIP), Information Technology & Communications Systems, Emergency Generators, Lagunita Diversion Facility Remediation, and Storm Drain projects. GUP mitigation and SIP projects are funded through construction project surcharges. The other categories of projects are funded by central funds or debt.

Central Energy Plant Optimization Project

The Infrastructure costs increase is largely due to the inclusion of the Central Energy Plant Optimization Project ($250 million). In the fall of 2009, Stanford approved further study of a conversion of the campus energy supply system from a third-party owned and operated gas-fired Cardinal Cogeneration plant to an innovative Stanford owned and operated heat recovery plant. See the preceding Sustainability and Energy Management/Central Energy Plant Optimization Project section for further discussion.

Investment in Plant – Planned Maintenance Program

Annual Investment in Plant assets represent the maintenance funds planned to be "invested" to preserve and optimize Stanford's existing facilities. These projections are based on the life cycle planning methodology, the key concept being that life expectancies of facility subsystems are known and, as a result, maintenance schedules can be predicted. This program includes deferred and planned maintenance for building subsystems. The planned costs and funding total $91 million and are detailed by area on page 78.

R&DE Capital Improvement Program

The Residential & Dining Enterprises Capital Improvement Program (CIP) is intended to address health and safety issues, seismic upgrades, code compliance, energy conservation and sustainability measures, and major programmatic improvements in the student housing and dining physical plant. CIP projects anticipated over the next three years total $60 million. The plan includes continuation of the code compliance upgrades of various Row Houses, repairs to the Escondido Village slab heating system and infrastructure, as well as bathroom and kitchen renovations. Upon completion of CIP building renovations, the facilities are maintained through the Stanford Housing Asset Renewal Program (SHARP) and the Dining Asset Renewal Program (DARP). The East Campus Dining Commons ($20.3 million) is in addition to these CIP totals and is listed on the Projects in Design and Construction table at the end of this chapter.

Capital Utilities Program

The three-year plan allocates a total of $37.6 million to the Capital Utilities Program (CUP) to improve electrical, steam, water, chilled water, and wastewater utility systems. The annual CUP program covers the areas of system expansion and system replacement.

Of the total $37.6 million CUP allocation, the three-year plan carries $25.1 million for the anticipated system replacement portion of the program. The university annually proposes the replacement of systems that are nearing the end of their useful life. Included in the replacement process are distribution pipes, conduits, switchgear, and Central Energy Facility (CEF) production equipment.

CUP projects are subject to revision as the Central Energy Plant Optimization Project is further developed.

GUP Mitigation

Stanford reached agreement with Santa Clara County on the implementation of the required trails in the County and other jurisdictions. Santa Clara County segments were permitted for construction and began in 2005. Construction was suspended when the Committee for Green Foothills sued the County and Stanford over the adequacy of the EIR. The litigation was resolved on February 11, 2010 by a California Supreme Court ruling in favor of Stanford University and Santa Clara County to proceed with development of the trails located in the foothills along Page Mill Road. The Capital Plan provides for $12.6 million in capital expenditures for this project and mitigation. Funding is generated by an internal fee levied on capital projects that increase school/department campus space allocations.

Whole Building Energy Retrofit Program Group 2

Stanford's first phase of a comprehensive energy reduction program is near completion. In this phase, Stanford's largest energy-intensive buildings were analyzed to identify potential for decreased energy use. The buildings selected for retrofit represented $15.9 million of energy expenses per year, or nearly 36% of the total campus energy expense. The retrofit program aims to reduce energy consumption through a range of recommendations with varying costs and benefits. The large-scale projects are in varying stages of completion and constitute a capital investment of approximately $16 million.

The table on the following page summarizes the status of these projects, expected annual savings, and early results. It should be noted that early results may not be indicative of expected long-term improvements due to the imprecise nature of estimating potential energy savings from major renovations as well as the time needed for the changes to take full effect. Some projects will return higher than expected savings and some less than expected due both to the nature of the work and potential changes in expected building occupancy and use, equipment, tenant improvements, operating schedules, or weather patterns. Where results vary significantly from expectations (more than ±5%) and after at least one full annual building cycle has passed, troubleshooting will continue until any identified problems are fixed and expectations are met or exceeded. This troubleshooting will be undertaken unless unforeseen building changes or weather patterns, though unlikely, materially affect the design intent of the retrofit. Note that the Herrin Hall-Biology retrofit was cancelled due to the limited expected life of this building.

A second group of 12 buildings has been identified for the energy retrofit studies and implementation program. These 12 buildings together consume $7.6 million in energy each year, or an additional 14% of Stanford's total energy usage. The estimated capital investment for this group of buildings is $15 million. These buildings include the Bing Wing (Green Library West), Green Earth Sciences, Clark Center, Psychiatry Academic and Clinic Building, Packard Electrical Engineering, Mitchell Earth Sciences, Jordan Hall, Varian Physics Laboratory, Mechanical Engineering Laboratory, Arrillaga Alumni Center, Green Library East, and Sweet Hall.

Stanford Infrastructure Program (SIP)

The SIP consists of planning and transportation projects and programs for the improvement and general support of the university's academic community, hospitals, and physical plant. SIP expenditures are expected to total $12.1 million over the next three years. SIP projects include the construction of campus transit improvements, parking lot infrastructure improvements, site improvements, landscape design and enhancements, bicycle, cart and pedestrian paths, lighting, signage, and outdoor art.

Information Technology and Communication Systems

The university's communications and networking systems provide voice, data, and video services to all buildings on campus. Over time, these systems must be replaced and/or improved so that a consistently high level of service can be maintained. Additionally, new technologies are implemented that provide more efficient, faster, and/or more cost effective solutions. A total of $9.6 million has been allocated for upgrades to network and communication systems.

Emergency Generators

The comprehensive emergency preparedness planning includes the installation of emergency generators at strategic locations throughout the campus. The planned locations are focusing on housing facilities and the associated equipment maintenance. In the 2010/11 – 2012/13 Capital Plan, the emergency generators program cost is $4 million.

Lagunita Diversion Facility Remediation

The Lagunita Diversion Facility on San Francisquito Creek consists of a dam and fish ladder to allow passage primarily for steelhead. As the current facility is not code compliant, the State of California is requiring that the university meet current requirements for steelhead passage. The university is investigating solutions and estimates the project cost will be $1.5 million.

Whole Building Energy Retrofit Program — 12 Building Energy Study

Project	Retrofit Status	Expected Annual Savings	Early Results
Stauffer I – Chemistry	Complete	38%	46%
Gordon & Betty Moore Materials Research[1]	Complete	32%	10%
Paul Allen Center for Integrated Systems (CIS)	Complete	15%	14%
Forsythe (George) Hall[2]	Complete	8%	0%
Stauffer II - Physical Chemistry	Complete	38%	43%
Gates Computer Science	Complete	29%	27%
Beckman Center for Molecular and Genetic Medicine	Construction	43%	
Gilbert Biological Sciences	Construction	34%	
Cantor Center for Visual Arts	Program/Design	TBD	
Lucas Center	Program/Design	TBD	
Center for Clinical Sciences Research (CCSR)	Delayed to 2014/15	TBD	
Herrin Hall – Biology[3]	Cancelled		

[1] Construction scope reduced from original survey.

[2] Additional work in the server area in progress to improve consumption savings results.

[3] Limited life expectancy on Herrin Hall.

Storm Drains

The ongoing storm drainage program includes projects for improving and expanding the capacity of the campus storm drainage system, replacing deteriorated pipes, and improving drainage around buildings. In addition, increasingly stringent storm water quality regulations are necessitating new storm water treatment facilities, such as bioswales, bioretention, and storm water capture, to minimize contamination conveyed to natural water bodies from small storms. These storm runoff treatment facilities throughout the campus will supplement new onsite storm water design features that will be incorporated on new building sites by those projects, where feasible.

Other Stanford Entities

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

Real Estate Investments

While insulated to a degree by its premier location and branding, the Stanford Research Park is by no means immune to impacts from the global recession. The market conditions during the last 12 months have resulted in decreased leasing activity and a slowly rising vacancy rate, from 7.7% last year to the current 9%. That said, the Research Park continues to be a desirable location for a variety of corporations, creating a relatively stable environment.

Under an approved land use development agreement with the City of Palo Alto, known as the Mayfield Agreement, the Real Estate division will be master planning the conversion of some commercial sites on the edges of the Research Park to residential sites by the year 2014, when the underlying ground leases expire.

Stanford Hospital and Clinics and Lucile Packard Children's Hospital

The Stanford University Medical Center (SUMC) is requesting entitlements in Palo Alto to create a new hospital zone, which would allow development of approximately 1.3 million square feet of net new hospital, clinic, and medical office space. Approval of the SUMC entitlements would permit the renovation and expansion of Stanford Hospital and Clinics, the Lucile Packard Children's Hospital and the building of new medical school facilities. In addition, the new zone would allow for an increase in the height limit from 50 feet to 130 feet. The estimated project costs of the Stanford Hospital and Clinics and the Lucile Packard Children's Hospital are $2 billion and $1.1 billion, respectively.

Since the fall of 2006, representatives from the two hospitals, the School of Medicine, and university administration (including Land, Buildings and Real Estate (LBRE), Public Affairs, and the Office of the General Counsel) have worked together to manage the entitlement process. The formal project application was submitted in August 2007. The City Council hearing on the final Environmental Impact Report (EIR) and approval of the Development Agreement are now targeted for mid-2010. The ability to meet targeted environmental review and ultimate entitlement dates will be a significant challenge given the discretionary nature of this process.

SLAC National Accelerator Laboratory

Currently, the SLAC National Accelerator Laboratory is updating its Long-Range Development Plan with a vision to consolidate research activities, upgrade infrastructure, and/or demolish and renovate facilities. In 2010/11, the Research Support Building (RSB) and Infrastructure Modernization project, totaling approximately $97 million funded by the Department of Energy (DOE), will begin at the SLAC National Accelerator Laboratory campus and is scheduled for completion by 2014. These projects include the construction of a new 64,000 gross square foot building to house accelerator research staff at the RSB, renovation of three mission-support buildings, and the demolition of 57,000 square feet of substandard buildings and trailers.

SLAC National Accelerator Laboratory received funding from the DOE Office of Science through the American Recovery and Reinvestment Act (ARRA) to modernize and seismically upgrade the SLAC electrical substation and enhance existing infrastructure systems. Additionally, an 11,750 gross square foot renovation of the Stanford Institute for Materials and Energy Science (SIMES) facility will commence during the 2010/11-2012/13 Capital Plan period to provide new laboratory, conference and administrative spaces.

Overall Summary

A summary table of the 2010/11 – 2012/13 three-year Capital Plan appears on the next page. Included are projects and programs in Design and Construction, Forecasted, and Infrastructure that are anticipated to commence in the next three years.

To differentiate between the estimated costs of the three-year Capital Plan and the forecasted spending to complete its projects and programs, an additional table (Capital Plan Cash Flows) is included along with the Capital Plan Summary. This table forecasts the expenditure outflow of the Capital Plan based on project and program schedules. These cash expenditures are anticipated to be spent over a period extending beyond 2012/13.

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

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

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

Capital Plan Funding Sources

As the chart on the following page shows, Stanford's Capital Plan relies on several funding sources including Current Funds (which include the Capital Facilities Fund, fund balances, and a subvention from the Hoover Institution), gifts, and debt. Depending upon fundraising realities and time frames, some projects will prove more difficult than others to complete. As a result, it is possible that additional projects on the Capital Plan—beyond those already delayed or sus-

Summary of Three-Year Capital Plan 2010/11–2012/13

[in millions of dollars]

			Project Funding Source							
				Gifts		University Debt			Annual Continuing Costs	
	Estimated Project Cost	Capital Budget 2010/11	Current Funds[1]	In Hand or Pledged	To Be Raised	Service Center/ Auxiliary Debt	Academic Debt	Resources To Be Identified[2]	Debt Service	Operations & Maintenances[3]
Projects in Design & Construction	795.9	265.1	153.7	507.3	21.3	8.6	105.0		7.2	14.3
Forecasted Projects	221.8	15.9	35.8	30.1	34.5	6.4	44.0	71.0	3.2	6.9
Total Construction Plan	1,017.7	281.0	189.5	537.4	55.8	15.0	149.0	71.0	10.4	21.2
Infrastructure Programs	498.0	87.2	114.4			352.1	22.5	9.0	25.1	0.3
Total Three-Year Capital Plan 2010/11–2012/13	**1,515.7**	**368.2**	**303.9**	**537.4**	**55.8**	**367.1**	**171.5**	**80.0**	**35.5**	**21.5**

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

2 Anticipated funding for this category is through a combination of school, department, and university reserves yet to be identified.

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

Capital Plan Cash Flows

[in millions of dollars]

	2009/10 & Prior	2010/11	2011/12	2012/13	2013/14 & Thereafter	Total
Projects in Design & Construction	355.0	265.1	99.5	59.9	16.3	795.9
Forecasted Projects	0.7	15.9	54.3	73.9	77.0	221.8
Total Construction Plan	355.7	281.0	153.8	133.8	93.3	1,017.7
Infrastructure Programs	1.0	87.2	97.6	125.5	186.7	498.0
Total Three-Year Capital Plan 2010/11–2012/13	**356.7**	**368.2**	**251.4**	**259.3**	**280.0**	**1,515.7**

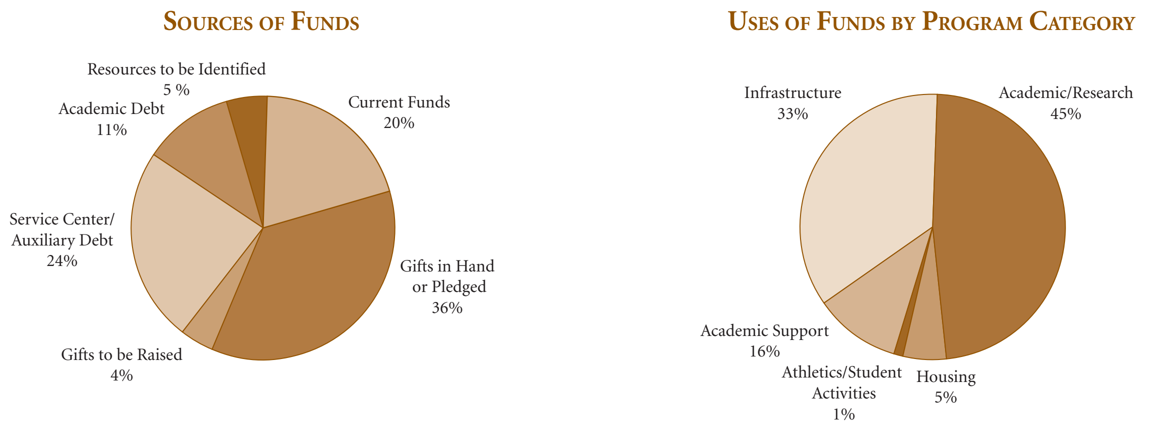
Capital Plan Impact on Budget

[in millions of dollars]

	2011/12	2012/13	2013/14 & Thereafter	Total
Debt Service				
General Funds	0.6	0.9	5.6	7.1
Formula and Other Schools[1]	4.7			4.7
Auxiliary	2.0	1.2	1.6	4.8
Service Center	1.2	0.7	16.9	18.8
Total Debt Service	**8.5**	**2.8**	**24.1**	**35.5**
Operations and Maintenance				
General Funds	0.4	2.4	11.0	13.8
Formula Schools	6.7			6.7
Auxiliary	0.5		0.3	0.8
Service Center	0.2			0.2
Total Operations and Maintenance	**7.8**	**2.4**	**11.3**	**21.5**

1 Including Law School

The Capital Plan 2010/11 – 2012/13: $1.5 Billion



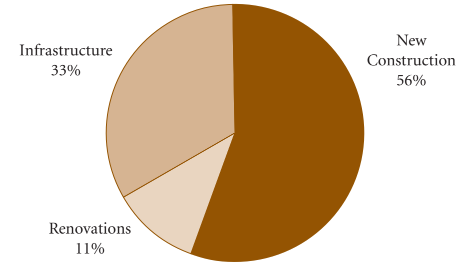
pended—will have to be cancelled, delayed, or scaled back in scope. As illustrated in the chart above, 36% of the plan is anticipated to be funded from gifts in hand or pledged and 4% is from gifts to be raised, for a total of 40%. This is comparable to last year's total, where 49% of the plan came from these fundraising categories.

Last year, 7% of the Capital Plan was dependent on Gifts to be Raised, compared to just 4% this year. Less than 1% of last year's Capital Plan was dependent on Resources to be Identified, compared to 5% this year. For any projects relying on gifts to be raised, the Office of Development has determined that fundraising plans are feasible, although the time frames for the receipt of gifts are subject to change. Resources to be Identified includes funds yet to be fully identified, with the expectation that funds will come from a combination of gifts and/or school, department, and university reserves.

Uses of Funds by Program Category and Project Type

The chart above divides the Capital Plan activity into program categories—Academic/Research, Infrastructure, Academic Support, Housing, and Athletics/Student Activities—with the largest category being Academic/Research at 45% of the Plan. The chart at the right breaks out the same activity into project types—New Construction, Infrastructure, and Renovations—with New Construction being the largest type at 56% of the Plan. Notably, because of the completion of several major projects during 2009/10, both Academic/Research and New Construction are relatively smaller portions of activity compared to last year's Capital Plan (Academic/Research declines from 69% to 45% of the Plan; New Construction declines from 82% to 56%). Conversely, the Infrastructure portion of the plan—whether viewed as a program category or a project type—will increase from 16% of last year's Plan to become 33% of this year's Plan due to the inclusion of the Central Energy Plant Optimization Project.

2010/11 – 2012/13
Uses of Funds by Project Type: $1.5 Billion



Capital Plan Constraints

Affordability

The incremental internal debt service expected at the completion of all projects commencing in the three-year plan period (completion dates range from 2010/11 to 2014/15) totals $35.5 million annually (excluding debt service for medium term debt bridge financing the receipt of gifts). Of this amount, $7.1 million will be serviced by general funds, $23.7 million by auxiliary or service center operations, and $4.7 million by formula schools (the GSB and the SoM and Law).

The additional O&M costs expected at the completion of all projects commencing in the three-year period total $21.5 million per year. Of this amount, $13.8 million will be serviced by general funds, $1.0 million by auxiliary and service center operations, and $6.7 million by the formula schools. O&M and debt service on capital projects compete directly with other academic program initiatives.

The university has recently issued $250 million of long-term tax-exempt bonds to refinance $131 million commercial paper outstanding and finance projects under construction. As of May 15, 2010 debt available to finance capital projects and faculty mortgages is estimated at $571 million, including $239 million of taxable commercial paper, $213 million of tax-exempt commercial paper, and $119 million of unexpended tax-exempt bond proceeds. In addition, through fiscal year-end 2010/11, $89 million from internal amortization will become available for internal lending. Forecasted pledge payments of $92 million will retire debt issued to bridge finance the receipt of gifts.

The Capital Plan will require a total of $636 million of debt:

- $243 million to complete projects already approved or under construction,
- $145 million for projects forecast to be approved in 2010/11,
- $248 million to bridge finance the receipt of gift pledges for projects under construction, and

Projects commencing after 2010/11 will require an additional $332 million in permanent debt. Debt for these projects has not been committed, and allocations will be evaluated in the context of debt capacity, affordability, viability of the funding plan, and GUP limitations.

Additional debt will be required to finance the Faculty Staff Housing program. As of April 30, 2010 the portfolio of debt-subsidized mortgages had increased by $8 million to $370 million.

Entitlements

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

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

Conditions of approval included the following:

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

Given the stringent requirements imposed by the GUP and the increasingly difficult entitlement environment, Stanford carefully manages the allocation of new growth. The total GUP square footage allocation was originally projected to be expended over 15 years at an average rate of approximately 135,000 gross square feet per year. Subsequent experience has lengthened this projection.

The 2010/11 – 2012/13 Capital Plan includes 634,271 gross square feet of GUP square feet currently in Design and Construction and 19,707 net GUP square feet in Forecasted Projects. In addition, 7,027 GUP square feet is shown in the Infrastructure category for the Central Energy Plant Optimization Project. This square footage, along with gross square feet previously allocated, brings the total GUP 2000 gross square feet expended or planned to over one million. Given the university's longer-term capital forecast, coupled with funding and affordability challenges and ongoing scrutiny of expansion, the current GUP allocation may endure until 2025.

As for the housing requirement, with the completion of the Olmsted Road Staff Rental Housing project, Olmsted Terrace Faculty Homes, and Escondido Village Conversion housing projects, Stanford will have added 1,442 net new housing linkage units since approval of the GUP. The completion of these units will enable the university to construct up to 1,499,999 gross square feet of new academic space under the GUP.

CAPITAL PLAN PROJECT DETAIL

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

2010/11–2012/13 Capital Plan
Projects in Design & Construction
[in millions of dollars]

					Project Funding Source							
						Gifts		University Debt			Annual Continuing Costs	
	School/ Department	Fiscal Year Project Schedule	Estimated Project Cost	Capital Budget 2010/11	Current Funds[1]	In Hand or Pledged	To Be Raised	Service Center/ Auxiliary Debt	Academic Debt	Resources to be Identified[2]	Debt Service	Operations & Maintenance[3]
Knight Management Center and Parking Structure (PS7)	GSB	2006-11	345.3	122.1	32.4	257.9			55.0		3.5	5.2
Bioengineering / Chemical Engineering	SOE	2005-13	136.9	16.2	5.0	99.5	2.4		30.0		1.9	4.4
Bing Concert Hall	PRES/PROV	2009-12	111.9	48.9	35.7	76.2						2.4
William H. Neukom Building	SLS	2008-11	63.9	22.5	4.7	35.8	3.4		20.0		1.3	1.5
Olmsted Terrace Faculty Homes (39 units)	LBRE	2008-11	28.6	8.1	28.6							
Jill and John Freidenrich Center for Translational Research	SOM	2010-12	24.0	10.0		8.5	15.5					
East Campus Dining Commons	R&DE	2009-11	20.3	17.6	4.5	7.2		8.6			0.5	0.3
Center for Nanoscale Science and Engineering Fit-up Engineering Fit-up	DOR/H&S/ SOE	2009-11	17.7	4.2	17.7							
Olmsted Road Staff Rental Housing (25 units)	DAPER	2008-11	16.0	3.6	1.5	14.5						0.2
Jen-Hsun Huang Engineering Center Fit-up	SOE	2009-11	14.0	3.3	14.0							
Cognitive and Neurobiological Imaging (CNI) Center	H&S	2009-11	7.5	2.2	7.5							0.2
Stanford Center in China at Peking University	DOR	2008-11	5.2	2.7	0.6	4.6						
Madera Grove Children's Center/Mulberry House	PRES/PROV	2008-11	4.6	3.8	1.5	3.1						0.1
Subtotal – Projects in Design & Construction			795.9	265.1	153.7	507.3	21.3	8.6	105.0		7.2	14.3

[1] Includes funds from university and school reserves and the GUP and SIP programs.
[2] Anticipated funding for this category is through a combination of school, department, and university reserves yet to be identified.
[3] Operations & Maintenance includes: planned and reactive/preventive maintenance, zone management, utilities, contracts, grounds and outdoor lighting.

2010/11–2012/13 Capital Plan
Forecasted Construction Projects
[in millions of dollars]

	School/ Department	Fiscal Year Project Schedule	Estimated Project Cost	Capital Budget 2010/11	Project Funding Source: Current Funds[1]	Gifts: In Hand or Pledged	Gifts: To Be Raised	University Debt: Service Center/ Auxiliary Debt	University Debt: Academic Debt	Resources to be Identified[2]	Annual Continuing Costs: Debt Service	Annual Continuing Costs: Operations & Maintenance[3]
Graduate School of Business (GSB) Complex Repurposing	PRES/PROV	2011-13	71.0	3.8						71.0		5.2
Art Building	H&S	2011-14	64.6	3.4	20.0	30.1	14.5					1.4
Scientific Research Computing Facility	DOR/ITS	2013-15	44.0	0.1					44.0		2.8	
Manzanita Undergraduate Housing (100-125 units)	R&DE	2011-13	20.0	1.1			20.0					0.3
School of Education Building Seismic Renovation Phase 2	SUSE	2013-15	8.6		8.6							
Forsythe Data Center Phase 3 Expansion	ITS/AS	2011-11	6.4	5.3				6.4			0.4	
Access Control Enterprise System (ACES) Phase 2	PRES/PROV	2010-15	3.8	0.6	3.8							
Escondido Village Conversions Phase 2	R&DE	2011-12	3.4	1.6	3.4							
Subtotal – Forecasted Projects			221.8	15.9	35.8	30.1	34.5	6.4	44.0	71.0	3.2	6.9
Subtotal – Construction Plan			**1,017.7**	**281.0**	**189.5**	**537.4**	**55.8**	**15.0**	**149.0**	**71.0**	**10.4**	**21.2**

1 Includes funds from university and school reserves and the GUP and SIP programs. Also includes the $20M Hoover subvention for the Art Building.

2 Anticipated funding for this category is through a combination of school, department, and university reserves yet to be identified.

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

2010/11–2012/13 Capital Plan
Infrastructure Projects & Programs
[in millions of dollars]

					Project Funding Source						Annual Continuing Costs	
						Gifts		University Debt				
	School/ Department	Fiscal Year Project Schedule	Estimated Project Cost	Capital Budget 2010/11	Current Funds[1]	In Hand or Pledged	To Be Raised	Service Center/ Auxiliary Debt	Academic Debt	Resources to be Identified[2]	Debt Service	Operations & Maintenance[3]
Capital Utilities Projects												
Central Energy Plant Optimization Project	LBRE	2011-21	250.0	1.5				250.0			16.3	
Subtotal-Capital Utilities Projects				250.0	1.5				250.0			16.3
Investment in Plant (Planned Maintenance)												
Non-Formula/Admin	LBRE	2011-13	43.0	13.0	43.0							
Formula	SOM	2011-13	20.3	5.4	20.3							
R&DE (SHARP/DARP)[4]	R&DE	2011-13	16.5	4.7	16.5							
DAPER	DAPER	2011-13	9.0	0.6						9.0		
Utilities[5]	LBRE	2011-13										
Roads	LBRE	2011-13	2.2	0.5	2.2							
Subtotal-Investment in Plant (Planned Maintenance)			91.0	24.2	82.0					9.0		
R&DE Capital Improvement Program[4]	R&DE	2011-13	60.0	16.1				60.0			3.9	
Capital Utilities Program (CUP)												
System Replacement	LBRE	2011-13	25.1	10.8				25.1			1.6	
System Expansion	LBRE	2011-13	12.5	6.6				12.5			0.8	0.2
Subtotal-CUP			37.6	17.4				37.6			2.4	0.2
GUP Mitigation Program												
Trails	LBRE	2005-12	12.6	12.6	12.6							
Water-Related Program	LBRE	2011-13	3.7	1.1	3.7							
Subtotal-GUP Mitigation Programs			16.3	13.7	16.3							
Whole Building Energy Retrofit Program Group 2	Various	2011-13	15.0	6.0					15.0		1.4	
Stanford Infrastructure Program (SIP)	LBRE	2011-13	12.1	4.0	12.1							
Information Technology & Communications Systems	ITS	2011-13	9.6					4.5	5.1		0.9	
Emergency Generators	EHS	2011-13	4.0	2.5	4.0							
Lagunita Diversion Facility Remediation	LBRE	2011-11	1.5	1.5					1.5		0.1	
Storm Drains	LBRE	2011-13	0.9	0.3					0.9		0.1	0.1
Subtotal – Infrastructure Projects & Programs			498.0	87.2	114.4			352.1	22.5	9.0	25.1	0.3
TOTAL CAPITAL PLAN			**1,515.7**	**368.2**	**303.9**	**537.4**	**55.8**	**367.1**	**171.5**	**80.0**	**35.5**	**21.5**

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

2 Anticipated funding for this category is through a combination of school, department and university reserves yet to be identified.

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

4 R&DE Capital Improvement Program generally includes program and code upgrades vs. Planned Maintenance which includes subsystem replacement.

5 Included under CUP – System Replacement below.

Appendix A

consolidated budgets for selected units

Consolidated Budget for Operations
by Unit, 2010/11

Academic Units

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

Auxiliary Units

- Athletics
- Residential & Dining Enterprises

Consolidated Budget for Operations by Unit, 2010/11

[IN MILLIONS OF DOLLARS]

	Total Revenues and Transfers	Total Expenses	Result of Current Operations	Transfers (to)/from Assets	Change in Expendable Fund Balance
Academic Units:					
Graduate School of Business[1,2]	146.7	150.1	(3.4)		(3.4)
School of Earth Sciences	47.4	45.1	2.3	(3.0)	(0.7)
School of Education	39.0	38.6	0.5	(1.5)	(1.0)
School of Engineering	310.4	304.4	6.1	(0.3)	5.8
School of Humanities and Sciences[1]	396.1	379.7	16.4	(9.2)	7.2
School of Law	61.6	58.8	2.8	(3.2)	(0.4)
School of Medicine[1,2]	1,328.7	1,293.9	34.9	(25.6)	9.3
Vice Provost and Dean of Research	171.6	179.4	(7.7)	2.1	(5.7)
Vice Provost for Undergraduate Education[1]	39.3	39.2			
Vice Provost for Graduate Education	1.8	6.1	(4.2)		(4.3)
Hoover Institution	44.1	42.7	1.5	(4.0)	(2.5)
Stanford University Libraries[1]	97.1	101.2	(4.2)	0.7	(3.5)
SLAC	353.4	353.2	0.2		0.2
Total Academic Units	3,037.4	2,992.3	45.1	(44.0)	1.1
Administrative Units					
Business Affairs	58.3	59.1	(0.8)	0.8	
Business Affairs – Information Technology	123.0	123.7	(0.7)		(0.7)
Office of Development	42.0	42.0			
General Counsel	31.7	31.7			
Land, Buildings and Real Estate	217.9	211.2	6.8	(7.3)	(0.5)
President's and Provost's Office	62.0	61.9	0.1	0.6	0.7
Public Affairs	7.4	7.6	(0.1)		(0.1)
Stanford Alumni Association	34.6	35.8	(1.2)	0.6	(0.6)
Stanford Management Company	24.5	23.4	1.1	(1.1)	
Student Affairs	39.4	39.9	(0.4)	(0.4)	(0.8)
Undergraduate Admissions and Financial Aid	131.9	131.9			
Major Auxiliary Units					
Athletics (Operations and Financial Aid)	85.7	85.7			
Residential & Dining Enterprises	150.2	150.1	0.1		0.1
Total Administrative and Auxiliary Units	1,008.7	1,003.9	4.8	(6.7)	(1.9)
Internal Transaction Adjustment[3]	(275.2)	(255.0)	(20.2)	20.2	
Indirect Cost Adjustment[4]	(197.9)	(197.9)			
Total from Units	3,573.0	3,543.2	29.8	(30.6)	(0.8)
Central Accounts[5]	208.4	107.9	100.5	(76.6)	23.9
Central Adjustment[6]	61.1		61.1		61.1
Total Consolidated Budget	**3,842.5**	**3,651.1**	**191.4**	**(107.2)**	**84.2**

Notes:

1 The budget lines for the School of Medicine, Graduate School of Business, Humanities and Sciences (H&S), VPUE, and Libraries include auxiliary revenues and expenses. These auxiliary operations include Medical School Blood Center, the Schwab Center of the GSB, Highwire Press and University Press in Libraries, Bing Overseas Studies in VPUE, and Stanford in Washington and Bing Nursery School in H&S. These items are separately identified in the Schools' Consolidated Forecasts in Appendix A.

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

3 Internal revenues and expenses are included in the unit budgets. This adjustment backs out these internal activities from the Consolidated Budget to avoid double counting them. There is a net $20.2 million balance in internal activity due to payments from Plant funds.

4 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 $197.9 million received by the schools is taken out in the "Indirect Cost Adjustment" line.

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

6 The $61.1 million of revenue is based on historical experience and reflects the expectation that the university will receive additional unrestricted and/or restricted income that cannot be specifically identified by unit at this time.

Summary of 2010/11 General Funds Allocations (Excludes Formula Units)

[in thousands of dollars]

	2009/10 Base GF Allocation	Price and Salary Inflation	GF Mitigation of Endowment Payout Decline	Base GF Allocations[1]	2010/11 Base GF Allocation	2009/10 to 2010/11 Change
School of Earth Sciences	3,949	248	1,463	775	6,436	2,487
School of Education	11,745	419	623	183	12,970	1,225
School of Engineering	49,714	1,547	1,514	4,315	57,089	7,376
School of Humanities & Sciences	126,583	5,134	10,466	(4)	142,178	15,595
School of Law[2]	14,799	614	2,774	2,763	20,951	6,151
Vice Provost and Dean of Research	30,691	816	66	1,748	33,321	2,631
Vice Provost for Graduate Education	4,325	56	54	1,000	5,435	1,110
Vice Provost for Undergraduate Education	16,669	387	1,394	200	18,650	1,981
Stanford University Libraries	40,485	1,204	788		42,477	1,992
Total - Academic[3]	298,960	10,424	19,143	10,980	339,507	40,547
Admission and Financial Aid Operations	8,326	231		110	8,667	341
Student Affairs	21,264	726	12	256	22,259	994
Office of the President & Provost	11,001	353	15		11,369	368
Office of Public Affairs	5,404	159			5,562	159
Business Affairs and Information Technology[4]	97,532	2,536		1,518	101,587	4,054
Development and Alumni Association	37,291	964	19	1,265	39,538	2,248
Land, Buildings and Real Estate[4]	49,141	2,204	1	420	51,766	2,625
Other Administrative Units[5]	20,707	369		439	21,515	808
Central Obligations[3,4,6]	49,284	(360)	83	550	49,557	273
Total - Administrative	299,950	7,183	130	4,558	311,820	11,870
UG Financial Aid				10,000	10,000	10,000
Incremental O&M and Utilities				2,814	2,814	2,814
Debt Service	30,446			3,383	33,829	3,383
University 1-time Reserve	15,750			4,250	20,000	4,250
Total - Other	46,196	0	0	20,447	66,643	20,447
Total Non-Formula Allocations	645,106	17,607	19,273	35,985	717,970	72,864
Unallocated Surplus	39,265				26,249	(13,016)
Capital Facilities Fund	19,975				58,158	38,183
Total Non-Formula General Funds	**704,346**	**17,607**	**19,273**	**35,985**	**802,378**	**98,032**

Notes:

1 Base GF Allocations include $3.1 million of funding reductions, which represent the second and final year of base reductions implemented during the 2009/10 budget process. Affected units are Humanities & Sciences ($2.1 million), Libraries, ($660 thousand), Dean of Research ($290 thousand), and SLAC ($91 thousand).

2 Base GF allocations to Law include $1.5 million for select faculty recruitments, the funding for which will be allocated upon successful search outcome(s).

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

4 For this table, insurance, fire contract, and utilities allocations have been moved to Central Obligations.

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

6 Central Obligations include RA tuition allowance and miscellaneous university expenses. In addition, for this table, utilities, insurance and fire contract allocations have been included in this line.

Graduate School of Business (Includes Schwab)
2010/11 Consolidated Budget Plan
[in thousands of dollars]

2008/09 Actuals	2009/10 Projection		Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary & Service Center	2010/11 Total
		Revenues							
39,050	42,744	General Funds Allocation	48,284						48,284
112,578	96,791	Restricted Revenues		28,189	20,000	45,836	1,017	2,401	97,443
3,898	2,926	Internal Revenue		673				3,349	4,022
(464)		Operating Transfers	64,133	(17,706)	(18,679)	(30,805)			(3,055)
155,062	142,460	Total Revenues	112,418	11,157	1,321	15,032	1,017	5,750	146,694
		Expenses							
36,341	35,970	Academic Salaries	34,489	3,268	15				37,771
31,811	29,121	Staff Salaries	26,975	2,929				677	30,581
21,286	21,934	Benefits & Other Compensation	21,451	1,989	238			217	23,896
37,088	41,282	Non-Salary Expenses	24,109	4,976	574	13,342	1,017	1,130	45,148
13,585	11,800	Internal Expenses	6,160	2,085	499	190		3,727	12,662
140,111	140,108	Total Expenses	113,184	15,247	1,326	13,532	1,017	5,753	150,058
14,950	2,353	Operating Results	(766)	(4,091)	(5)	1,500	0	(3)	(3,364)
(11,923)		Transfers From (to) Endowment & Other Assets							
	(13,500)	Transfers From (to) Plant							
3,027	(11,147)	Surplus / (Deficit)	(766)	(4,091)	(5)	1,500	0	(3)	(3,364)
64,018	67,045	Beginning Fund Balances	924	18,161	28,747	8,066	0	0	55,898
67,045	55,898	Ending Fund Balances	158	14,070	28,742	9,566	0	(3)	52,534

Notes:

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

School of Earth Sciences
2010/11 Consolidated Budget Plan

[in thousands of dollars]

2008/09 Actuals	2009/10 Projection		Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary & Service Center	2010/11 Total
		Revenues							
4,003	5,469	General Funds Allocation	7,443						7,443
46,926	41,734	Restricted Revenues	10	4,900	1,500	22,452	10,156		39,018
23	6	Internal Revenue	4	(21)				23	6
4,421	3,163	Operating Transfers	12,139	863	2,957	(14,997)			963
55,373	50,372	Total Revenues	19,597	5,742	4,457	7,455	10,156	23	47,429
		Expenses							
16,541	17,859	Academic Salaries	7,669	2,987	1,177	3,026	3,555		18,415
4,644	4,726	Staff Salaries	4,282	421	136	53	72		4,963
8,017	9,069	Benefits & Other Compensation	4,321	1,223	659	1,604	1,674		9,481
12,656	11,577	Non-Salary Expenses	2,358	1,350	452	1,817	4,748	17	10,742
1,972	1,511	Internal Expenses	967	296	100	41	107		1,511
43,829	44,743	Total Expenses	19,597	6,276	2,524	6,541	10,156	17	45,111
11,544	5,629	Operating Results	0	(534)	1,933	914	0	6	2,319
(4,116)	(2,518)	Transfers From (to) Endowment & Other Assets				(2,500)			(2,500)
	(1,510)	Transfers From (to) Plant			(500)				(500)
7,428	1,601	Surplus / (Deficit)	0	(534)	1,433	(1,586)	0	6	(681)
30,468	37,896	Beginning Fund Balances	0	10,612	14,406	14,473	0	6	39,497
37,896	39,497	Ending Fund Balances	0	10,077	15,839	12,888	0	12	38,815

Notes:

- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 81.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

School of Education
2010/11 Consolidated Budget Plan
[in thousands of dollars]

2008/09 Actuals	2009/10 Projection		Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	2010/11 Total
		Revenues						
13,316	12,647	General Funds Allocation	13,553					13,553
26,233	25,412	Restricted Revenues		1,218	3,262	8,204	11,485	24,168
66	65	Internal Revenue		68				68
(363)	1,129	Operating Transfers	7,921	598	(700)	(6,561)		1,257
39,252	39,253	Total Revenues	21,473	1,883	2,562	1,643	11,485	39,046
		Expenses						
10,449	12,510	Academic Salaries	8,837	155	553	47	3,036	12,627
6,745	7,153	Staff Salaries	3,852	343	416	306	2,268	7,185
5,803	6,949	Benefits & Other Compensation	4,528	210	320	99	1,793	6,949
10,437	10,654	Non-Salary Expenses	4,051	1,088	1,113	353	4,219	10,824
1,082	971	Internal Expenses	305	180	294	30	169	978
34,515	38,236	Total Expenses	21,572	1,975	2,696	834	11,485	38,563
4,737	1,017	Operating Results	(99)	(92)	(134)	808	0	484
1,035	(733)	Transfers From (to) Endowment & Other Assets				(1,300)		(1,300)
	(750)	Transfers From (to) Plant		(150)			0	(150)
5,772	(465)	Surplus / (Deficit)	(99)	(242)	(134)	(492)	0	(966)
25,092	30,864	Beginning Fund Balances	488	14,385	8,868	6,656	0	30,398
30,864	30,398	Ending Fund Balances	389	14,144	8,734	6,164	0	29,432

Notes:

- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 81.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

School of Engineering
2010/11 Consolidated Budget Plan

[in thousands of dollars]

2008/09 Actuals	2009/10 Projection		Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary & Service Center	2010/11 Total
		Revenues							
60,264	58,917	General Funds Allocation	58,505						50,030
217,303	225,956	Restricted Revenues		33,800	15,000	35,457	142,445		226,701
602	498	Internal Revenue		(679)				1,261	582
23,391	25,422	Operating Transfers	36,997	332	2,708	(15,395)			33,116
301,559	310,794	Total Revenues	95,502	33,453	17,708	20,061	142,445	1,261	310,430
		Expenses							
88,821	94,757	Academic Salaries	37,991	7,264	4,802	2,141	45,798		97,995
27,666	26,868	Staff Salaries	13,495	5,047	1,252	869	5,815	859	27,338
44,236	50,928	Benefits & Other Compensation	21,775	4,946	2,726	961	19,773	271	50,451
106,890	114,987	Non-Salary Expenses	18,175	10,885	6,378	12,841	67,792	106	116,177
13,357	12,116	Internal Expenses	4,299	1,996	2,293	522	3,267	31	12,407
280,969	299,656	Total Expenses	95,735	30,138	17,451	17,333	142,445	1,267	304,369
20,589	11,138	Operating Results	(233)	3,315	257	2,728	0	(6)	6,061
(5,202)	637	Transfers From (to) Endowment & Other Assets		(265)	334	(350)			(282)
	(10,822)	Transfers From (to) Plant							
15,387	953	Surplus / (Deficit)	(233)	3,050	590	2,378	0	(6)	5,779
184,285	199,672	Beginning Fund Balances	569	78,241	64,843	56,979	0	(7)	200,625
199,672	200,625	Ending Fund Balances	336	81,291	65,433	59,357	0	(13)	206,404

Notes:

- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 81.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

School of Humanities and Sciences
2010/11 Consolidated Budget Plan
[in thousands of dollars]

2008/09 Actuals	2009/10 Projection		Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary & Service Center	2010/11 Total
		Revenues							
130,757	132,908	General Funds Allocation	146,983						146,983
242,702	227,982	Restricted Revenues	20	2,575	8,623	117,348	80,693	3,973	213,231
6,392	5,792	Internal Revenue	6	532	21			5,393	5,952
25,596	24,971	Operating Transfers	97,310	28,930	2,743	(99,761)		700	29,921
405,447	391,653	Total Revenues	244,319	32,036	11,386	17,587	80,693	10,066	396,087
		Expenses							
125,416	128,553	Academic Salaries	94,578	14,115	1,812	1,435	21,240	426	133,607
41,069	40,965	Staff Salaries	32,116	1,583	809	112	4,095	3,626	42,339
56,881	61,843	Benefits & Other Compensation	47,286	5,545	1,141	466	8,328	1,292	64,059
115,515	116,420	Non-Salary Expenses	57,174	9,909	5,515	3,826	44,298	4,513	125,234
14,948	14,329	Internal Expenses	8,510	1,132	1,393	455	2,732	221	14,444
353,829	362,109	Total Expenses	239,664	32,284	10,670	6,293	80,693	10,077	379,683
51,618	29,544	Operating Results	4,655	(248)	716	11,293	0	(11)	16,404
(12,160)	(7,580)	Transfers From (to) Endowment & Other Assets	(15)	(13)	(535)	(4,002)			(4,565)
	(2,998)	Transfers From (to) Plant	(4,640)						(4,640)
39,458	18,966	Surplus / (Deficit)	0	(261)	181	7,292	0	(11)	7,200
206,333	245,790	Beginning Fund Balances	5,570	139,959	51,213	67,812	0	202	264,757
245,790	264,757	Ending Fund Balances	5,570	139,698	51,394	75,104	0	191	271,957

Notes:

- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 81.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

School of Law
2010/11 Consolidated Budget Plan
[in thousands of dollars]

2008/09 Actuals	2009/10 Projection		Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	2010/11 Total
		Revenues						
15,343	17,285	General Funds Allocation	22,020					22,020
47,712	44,736	Restricted Revenues		4,000	8,020	27,700	758	40,478
(146)	(140)	Internal Revenue		(140)				(140)
(279)	(750)	Operating Transfers	33,009	(2,700)	(6,000)	(25,019)		(710)
62,630	61,131	Total Revenues	55,029	1,160	2,020	2,681	758	61,648
		Expenses						
18,730	19,155	Academic Salaries	19,815	46	270	66	170	20,367
10,390	9,415	Staff Salaries	9,020	56	264	250	90	9,680
9,208	9,797	Benefits & Other Compensation	9,748	134	223	110	71	10,286
17,503	15,919	Non-Salary Expenses	15,067	810	291	250	427	16,845
1,350	980	Internal Expenses	1,379	81	111	75		1,646
57,180	55,267	Total Expenses	55,029	1,127	1,160	750	758	58,824
5,450	5,864	Operating Results	0	33	860	1,931	0	2,824
(11,621)	(3,500)	Transfers From (to) Endowment & Other Assets			(1,000)	(2,200)		(3,200)
	(3,000)	Transfers From (to) Plant						
(6,171)	(636)	Surplus / (Deficit)	0	33	(140)	(269)	0	(376)
25,257	19,087	Beginning Fund Balances	219	2,110	13,593	2,530	0	18,451
19,087	18,451	Ending Fund Balances	219	2,143	13,453	2,261	0	18,075

Notes:
- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 81.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

School of Medicine
2010/11 Consolidated Budget Plan
[in thousands of dollars]

2008/09 Actuals	2009/10 Projection		Operating Budget	Designated Funds	Designated Clinics	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary & Service Center	2010/11 Total
		Revenues								
81,241	99,399	General Funds Allocation	105,677							105,677
1,064,485	1,112,637	Restricted Revenues		86,196	399,752	83,616	106,500	448,345	50,331	1,174,739
51,085	52,243	Internal Revenue		29,505	68				24,936	54,509
11,723	(6,060)	Operating Transfers	99,720	2,121	(56,870)	(6,531)	(40,006)		(4,652)	(6,219)
1,208,534	1,258,219	Total Revenues	205,397	117,821	342,950	77,085	66,494	448,345	70,615	1,328,707
		Expenses								
327,390	347,636	Academic Salaries	15,524	21,657	150,600	18,254	22,698	129,349	6,284	364,366
143,275	150,069	Staff Salaries	47,293	13,856	31,711	6,229	7,280	24,564	24,605	155,539
209,171	230,282	Benefits & Other Compensation	22,728	14,231	124,880	7,973	11,170	45,713	9,849	236,545
378,983	421,491	Non-Salary Expenses	83,700	40,832	16,525	21,428	25,905	230,801	27,437	446,629
83,586	77,665	Internal Expenses	36,152	4,961	19,233	7,130	2,938	17,917	2,442	90,772
1,142,404	1,227,142	Total Expenses	205,397	95,537	342,950	61,014	69,991	448,345	70,618	1,293,851
66,129	31,077	Operating Results	0	22,284	0	16,071	(3,497)	0	(2)	34,855
(14,219)	(4,242)	Transfers From (to) Endowment & Other Assets		(530)						(530)
(17,903)	(14,845)	Transfers From (to) Plant		(25,050)						(25,050)
34,007	11,990	Surplus / (Deficit)	0	(3,296)	0	16,071	(3,497)	0	(2)	9,275
443,358	477,365	Beginning Fund Balances	0	178,969	7,524	167,835	134,938	0	88	489,355
477,365	489,355	Ending Fund Balances	0	175,673	7,524	183,906	131,441	0	85	498,630

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

Vice Provost and Dean of Research
2010/11 Consolidated Budget Plan

[in thousands of dollars]

2008/09 Actuals	2009/10 Projection		Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary & Service Center	2010/11 Total
		Revenues							
34,166	35,034	General Funds Allocation	34,706	625					35,331
129,260	133,348	Restricted Revenues	506	5,252	19,600	21,829	79,890		127,077
3,314	3,492	Internal Revenue	1,825	242				1,515	3,581
10,612	2,684	Operating Transfers	18,347	4,322	(4,132)	(12,903)			5,635
177,352	174,558	Total Revenues	55,384	10,441	15,468	8,926	79,890	1,515	171,624
		Expenses							
33,184	34,664	Academic Salaries	5,994	2,786	4,800	3,133	18,424	598	35,735
33,446	32,973	Staff Salaries	23,335	2,007	2,686	1,842	4,664	147	34,681
20,800	22,632	Benefits & Other Compensation	9,686	1,503	2,409	1,575	8,330	227	23,729
70,449	82,923	Non-Salary Expenses	12,694	5,755	6,456	4,414	46,607	470	76,396
8,901	8,960	Internal Expenses	3,817	597	1,619	909	1,864	22	8,828
166,780	182,151	Total Expenses	55,527	12,648	17,969	11,872	79,889	1,463	179,369
10,572	(7,593)	Operating Results	(143)	(2,207)	(2,502)	(2,945)	0	52	(7,745)
(26,360)	(2,537)	Transfers From (to) Endowment & Other Assets			2,200	(150)			2,050
		Transfers From (to) Plant							
(15,788)	(10,131)	Surplus / (Deficit)	(143)	(2,207)	(301)	(3,096)	0	52	(5,695)
126,938	111,150	Beginning Fund Balances	2,652	38,286	30,408	29,553	0	119	101,019
111,150	101,019	Ending Fund Balances	2,509	36,079	30,107	26,457	0	171	95,324

Notes:

- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 81.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

Vice Provost for Undergraduate Education
2010/11 Consolidated Budget Plan
[in thousands of dollars]

2008/09 Actuals	2009/10 Projection		Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Auxiliary & Service Center	2010/11 Total
		Revenues						
17,817	17,566	General Funds Allocation	20,084					20,084
31,089	32,099	Restricted Revenues	530	785	564	24,394	3,149	29,421
(46)	(54)	Internal Revenue		(110)				(110)
(8,508)	(8,625)	Operating Transfers	15,075	(521)	(361)	(24,468)	147	(10,128)
40,352	40,985	Total Revenues	35,689	154	204	(75)	3,295	39,267
		Expenses						
6,816	6,492	Academic Salaries	6,756					6,756
10,902	11,298	Staff Salaries	12,156					12,156
5,393	5,997	Benefits & Other Compensation	6,358					6,358
11,017	10,536	Non-Salary Expenses	9,105	123		110	3,295	12,633
1,779	1,324	Internal Expenses	1,314			9		1,323
35,906	35,647	Total Expenses	35,689	123	0	119	3,295	39,226
4,446	5,338	Operating Results	0	31	204	(194)	0	41
(1,894)	(1,162)	Transfers From (to) Endowment & Other Assets						
		Transfers From (to) Plant						
2,552	4,176	Surplus / (Deficit)	0	31	204	(194)	0	41
17,359	19,911	Beginning Fund Balances	2,492	6,134	2,227	13,216	18	24,087
19,911	24,087	Ending Fund Balances	2,492	6,165	2,431	13,023	18	24,128

Notes:

- Operating equity represents reserves and balances available for future uses and may include funds that are specifically invested and therefore not available for expenditure in the current period.
- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 81.

Vice Provost for Graduate Education
2010/11 Consolidated Budget Plan

[in thousands of dollars]

2008/09 Actuals	2009/10 Projection		Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary & Service Center	20010/11 Total
		Revenues							
6,844	4,503	General Funds Allocation	5,515						5,515
30,082	27,601	Restricted Revenues			356	23,160			23,516
2	3	Internal Revenue							
(21,445)	(22,997)	Operating Transfers	(1,903)	2,214	(200)	(27,299)			(27,187)
15,482	9,110	Total Revenues	3,612	2,214	156	(4,139)			1,844
		Expenses							
312	253	Academic Salaries	421	1					422
1,066	1,193	Staff Salaries	1,352	60	28				1,439
407	513	Benefits & Other Compensation	633	21	9				663
1,669	2,590	Non-Salary Expenses	952	1,655	203	452			3,263
101	163	Internal Expenses	228	52	18				298
3,555	4,711	Total Expenses	3,587	1,789	257	452			6,085
11,927	4,399	Operating Results	25	425	(101)	(4,591)			(4,242)
(2,112)	(1,185)	Transfers From (to) Endowment & Other Assets	(25)						(25)
		Transfers From (to) Plant							
9,815	3,215	Surplus / (Deficit)	0	425	(101)	(4,591)			(4,267)
29,273	39,088	Beginning Fund Balances	1,942	7,449	1,869	31,043			42,303
39,088	42,303	Ending Fund Balances	1,942	7,874	1,768	26,452			38,036

Notes:

- 2008/09 is the first year of Vice Provost for Graduate Education Operations.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 81.

Hoover Institution
2010/11 Consolidated Budget Plan
[in thousands of dollars]

2008/09 Actuals	2009/10 Projection		Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	2010/11 Total
		Revenues						
851	761	General Funds Allocation	590					590
47,412	47,650	Restricted Revenues		450	21,100	21,500	500	43,550
20		Internal Revenue						
(57)		Operating Transfers	41,577	(450)	(19,677)	(21,450)		
48,227	48,411	Total Revenues	42,166		1,423	50	500	44,140
		Expenses						
13,157	12,910	Academic Salaries	12,300					12,300
7,917	7,575	Staff Salaries	7,925					7,925
6,302	6,714	Benefits & Other Compensation	6,616					6,616
14,678	15,225	Non-Salary Expenses	14,225				500	14,725
1,362	1,250	Internal Expenses	1,100					1,100
43,417	43,674	Total Expenses	42,166	0	0	0	500	42,666
4,810	4,737	Operating Results	0	0	1,423	50	0	1,473
(5,078)	(2,400)	Transfers From (to) Endowment & Other Assets			(4,000)			(4,000)
		Transfers From (to) Plant						
(268)	2,337	Surplus / (Deficit)	0	0	(2,577)	50	0	(2,527)
35,453	35,185	Beginning Fund Balances	0	1,415	34,536	1,571	0	37,522
35,185	37,522	Ending Fund Balances	0	1,415	31,959	1,621	0	34,995

Notes:

- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 81.

Stanford University Libraries and Academic Information Resources
2010/11 Consolidated Budget Plan

[in thousands of dollars]

2008/09 Actuals	2009/010 Projection		Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary & Service Center	2010/11 Total
		Revenues							
47,036	42,803	General Funds Allocation	43,954					491	44,445
52,100	50,818	Restricted Revenues	806	2,000	300	12,628		32,348	48,082
214	50	Internal Revenue		19				30	49
5,162	4,491	Operating Transfers	13,022	(1,470)	(148)	(6,889)		(32)	4,482
104,512	98,162	Total Revenues	57,782	549	152	5,739		32,837	97,058
		Expenses							
7,860	7,278	Academic Salaries	7,000		57			112	7,169
37,726	37,102	Staff Salaries	19,315		138			18,966	38,419
13,241	13,970	Benefits & Other Compensation	8,826		63			6,122	15,011
34,476	35,273	Non-Salary Expenses	21,654	500	150	6,550		7,701	36,555
5,277	5,445	Internal Expenses	986		33	524		2,520	4,063
98,579	99,067	Total Expenses	57,782	500	440	7,074		35,422	101,218
5,932	(905)	Operating Results	0	49	(288)	(1,335)		(2,585)	(4,160)
1,103	790	Transfers From (to) Endowment & Other Assets						680	680
		Transfers From (to) Plant							
7,036	(115)	Surplus / (Deficit)	0	49	(288)	(1,335)		(1,905)	(3,480)
10,509	17,545	Beginning Fund Balances	0	3,103	1,851	7,747		4,730	17,430
17,545	17,430	Ending Fund Balances	0	3,152	1,562	6,412		2,825	13,950

Notes:

- This schedule does not reflect an allocation of tuition revenue or central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- This schedule does not include endowment principal, student loan funds, and plant funds.
- The general funds allocation shown in this schedule includes one-time allocations (including tuition allowance) and therefore will not match the base figure shown in the table on page 81.
- Grants and Contracts revenue includes Indirect Cost Recovery; this same amount is charged as a Non-Salary Expense for infrastructure and general administrative costs of research.

Auxiliary Activities
2010/11 Consolidated Budget Plan
[in thousands of dollars]

ATHLETICS

	2008/09 Actuals	2009/10 Projection	2010/11 Total
Operating			
Revenues			
Intercollegiate	19,123	21,031	21,061
Gifts/Endowments	14,743	15,658	16,638
University Funds	10,691	10,075	12,350
Auxiliaries	7,505	7,935	8,128
Other	3,910	4,021	4,321
Transfer from/(to)			
Scholarships	4,522	1,049	(2,456)
Camps	730	820	841
Total Revenues	61,224	60,589	60,883
Expenses			
Compensation	33,015	32,524	33,301
Travel/Entertainment	8,506	7,451	7,600
Facilities/Maintenance	8,460	7,525	7,675
General Services	3,783	3,504	3,574
General Supplies	4,267	3,669	3,743
Other	3,210	3,823	3,899
Debt Service	1,208	1,865	698
Capital Expenditures	287	384	392
Total Expenses	62,736	60,745	60,883
Operating Gain/(Loss)	(1,511)	(156)	0
Financial Aid			
Revenues	17,027	18,935	19,593
Expenses	17,027	18,935	19,593
Financial Aid Gain/(Loss)	0	0	0

RESIDENTIAL & DINING ENTERPRISES

	2008/09 Actuals	2009/10 Projection	2010/11 Total
Revenues			
Student Payments	102,668	113,360	119,000
Student Payments: Off Campus	1,432	345	494
Stanford Guest House	2,829	3,108	3,134
Conferences Housing & Dining	10,339	10,639	11,258
Other Operating Income	14,212	15,043	15,861
Interest Income	495	662	560
Total Revenue	131,975	143,157	150,307
Transfers			
Grad Housing Subsidy: Off Campus	1,326	1,402	1,635
Debt Service Subsidy: Grad Housing	3,000	3,000	3,000
Debt Service Subsidy: Munger Residence	1,264	1,611	1,622
Debt Service Subsidy: Crothers Housing		709	779
Miscellaneous Transfers	(622)	(88)	(88)
Transfer to ResEd, GLO and ResComp	(6,602)	(6,498)	(7,179)
Total Transfers	(1,634)	136	(231)
Total Revenue and Transfers	130,341	143,293	150,076
Expenses			
Salaries and Benefits	40,662	42,098	45,723
Food Cost	8,234	9,983	9,981
EM&S	15,892	15,302	16,041
Rental & Leases: Off Campus	2,650	1,491	1,692
Utilities & Telephone	8,763	9,561	10,383
Repair & Maintenance	11,467	16,110	17,543
Debt Service	32,554	41,400	41,191
Distribution of G&A Expenses	6,678	7,290	7,522
Total Expenses	126,900	143,235	150,076
Operating Gain/(Loss)	3,441	58	0

APPENDIX B

SUPPLEMENTARY INFORMATION

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

Schedule 1 – Student Enrollment

Undergraduate enrollment continues to increase slowly, and 2009/10 produced the largest undergraduate student body ever. The number of TGRs (Terminal Graduate Registration) increased markedly in the late 1990s, 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 eligible graduate students to register as TGRs. Graduate student enrollment continues to increase (by 77 students in 2009/10) leading to the largest graduate student body ever.

Schedule 2 – Freshman Student Apply/Admit/Matriculate Statistics

The number of applicants for the present freshman class increased to 30,429, the largest pool in Stanford's history. Only 8.0% of applicants were accepted, as Stanford has become increasingly selective over the past ten years. Stanford's yield rate, at 69.8%, is very strong and is among the highest in the country.

Schedule 3 – Graduate Student Apply/Admit/Enroll Statistics

The number of applicants to Stanford's graduate and professional programs rose 5.1%, from 34,566 in 2008/09 to 36,326 in 2009/10. The admit rate for Stanford's graduate programs continues to decline steadily, and only 12.2% of all applicants were admitted in 2009/10. The yield for graduate admits was 53.1% and has averaged just under 55% the past five years.

Schedule 4 – Postdoctoral Scholars

This schedule shows the total Post-doctoral Scholars by school and by gender for those schools that offer these programs. The trend is general growth across the university. Also interesting is that in 2000/01, females comprised about 35% of the participants, and more recently comprise about 41% of post-doctoral scholars.

Schedule 5 – Graduate Student Support

Stanford supports its graduate students and postdoctoral fellows with a variety of fund sources.

Teaching Assistants and Research Assistants earn salaries as part of their appointment and most also receive an allowance applied against their tuition charges as part of their compensation. Graduate Fellows receive grants that cover some or all of their tuition charges, and many receive stipends that help cover living expenses. Postdoctoral students, over two-thirds of whom reside in the School of Medicine, also receive salaries as part of their appointment. Many also receive living expense stipends.

Grants and contracts cover much of the research assistant expenses, while university and school unrestricted (or general use) funds and expendable and endowment funds restricted specifically to graduate student aid cover the remaining expenses.

Schedule 6 – Graduate Enrollment by School

For those schools offering graduate degrees, this table shows the trend within each school as well as across the university. 63% of all graduate students fall into either H&S or Engineering. Starting in 2002/03, Engineering has been trending more or less upwards every year, adding about 512 students over the eight year span (an 18.4% increase).

Schedule 7 – Tuition and Room & Board Rates

The 2010/11 total cost of Undergraduate Tuition plus Room & Board is projected to increase by 3.5% over the previous year. In real terms, the average annual increase over the past decade has been 2.6%. These results are due to the university committing (in the early 1990s) to restraining tuition growth, which continues today, despite increased budget pressure.

Schedule 8 – 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 almost 25% in 2008/09, due mainly to a 34% increase in gift and endowment income. In 2008/09, $3 million in unrestricted funds were used for scholarships and grants, in response to student needs during the economic downturn. Loan amounts have decreased for the last five years, while the work component, by far the smallest component of financial aid, increased by 46%.

Schedule 9 – Needs and Sources, Including Parental and Student Contributions

This schedule shows the total needs and sources of support for undergraduate students who receive need-based financial aid. The total needs are driven by the growth in the student budget and by the number of students on aid. The total student budget will decrease by 3.0% in 2010/11, but total needs will increase slightly a fractional 0.1%. This fractional increase is driven by a decrease of 100 fewer students expected to receive need-based aid, in combination with a rise in tuition, room and board rates. Significant enhancements in the financial aid program, aimed at helping middle-income families, will result in more students qualifying for aid with the average family contribution varying from year to year. These factors are concurrent with an expected drop in endowment income and expendable gifts. The extra costs will primarily be met in 2010/11 with an increased total family contribution and the allocation of President's funds to the financial aid program, plus the addition of $10.0 million in general funds.

Schedule 10 – Twelve Majors with the Largest Number of Degrees

Although data migrates over time, the table shows the twelve undergraduate majors that ostensibly granted the most degrees in the past nine years. Human Biology and Biological Sciences are among the most popular, with continued strength in Economics too. Electrical Engineering and English have bounced back in 2008/09 when compared to the previous year.

Schedule 11 – Students Housed on Campus

The percent of undergraduates housed on-campus has been about 90% for most of the past decade, several percentage points higher than the level during the mid-1990s due to a tighter and more expensive local rental market. The percent of graduate students housed by Stanford grew rapidly from 1997/98 through 2002/03, coincident with the availability of subsidized off-campus housing. Stanford has essentially eliminated the off-campus subsidized housing program and replaced it with more on-campus housing.

Schedule 12 – Total Professorial Faculty

The total professoriate has increased by 34 (about 1.8%) since last year to a total of 1,910. The number of tenure-line faculty has increased by 77 in the last five years (about 6%), while the non-tenure line faculty (consisting mostly of Medical Center Line faculty) has increased by 60 (almost 12%) over the same period.

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

This schedule provides a disaggregated view of the data in Schedule 10 over the last three years. Schedule 11 shows that the total number of tenured faculty in the formula schools has increased by 39 in the past three years, and the number of non-tenured faculty has increased by 9. The number of non-tenure line faculty has increased by 33 during the same three year span.

Schedule 14 – 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 this data over time despite 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 number of employees decreased by 1.9% in 2009. School of Medicine added 59 employees and SLAC added 53 employees, partially due to ARRA funding. These hires were offset by reductions in other units, with a total overall reduction of 212 employees across the university.

Schedule 15 – Staff Employees Outside Medicine and SLAC

This graph shows the relative numbers and growth of staff employees who work in primarily academic versus administrative areas. Over the period shown, the number of academic and administrative staff grew an average of 2.9%. The number of employees in administrative areas decreased by 5.1% in 2009. Employment in the schools and independent labs had increased each of the last 9 years before decreasing 4.7% in 2009.

Schedule 16 – Staff Benefits Detail

The fringe benefits rates provide a mechanism to support the various components of non-salary compensation provided to employees. Stanford has four distinct fringe benefits rates for (1) regular benefits-eligible employees, which includes most faculty and staff, (2) postdoctoral research affiliates, (3) casual/temporary employees, and (4) graduate research and teaching assistants. This schedule shows the programs and costs that contribute to the weighted average of the four individual benefits rates. Retirement programs and health insurance costs are the primary drivers of the benefits rates. Medical insurance costs have increased in the past few years, and are expected to increase by about 7.2% in 2010/11. Retirement medical costs are also expected to increase, by 12.2%. These cost increases are slightly mitigated by decreases in Worker's Comp/LTD/Unemployment Insurance (budgeted to decrease by 4.2%) and severance pay (budgeted to decrease by 40.6% due to the slowing pace of personnel reductions). Overall, total staff benefits program costs are expected to decrease by 0.3%.

Schedule 17 – Sponsored Research Expense by Agency and Fund Source

In 2008/09 direct expense from research sponsored by the federal government decreased for the third consecutive year, by $24.0 million (about 6.4%). Meanwhile, direct expense from research sponsored by non-federal sources increased 25.8% in 2008/09 over the previous year. Non-federal sponsored research has ranged in the past seven years between 15% and 26% of total sponsored research expense. This schedule does not include SLAC.

Schedule 18 – Historical Sponsored Project Revenue

This table presents the sponsored research revenue of the various units over a span of seven years. School of Medicine revenue, as a percentage of campus-wide sponsored projects, brought in 51% of the revenue in 2002/03. At the time of the last measurement in 2008/09, the School of Medicine now stands with 56% of these revenues. Looking at other schools and their changes from year to year, recent growth shows in the School of Education, the School of Engineering, and the School of Medicine.

Schedule 19 – 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. Plant expenditures increased by $92.6 million in 2008/09, due in large part to the construction of the Knight Management Center, the Law School's Munger Residence halls, several buildings in the School of Medicine (including the Li Ka Shing Center for Learning and Knowledge), and the Science and Engineering Quad buildings. The details behind these plant expenditures can be found in "Section 4, Capital Budget 3-Year Capital Plan".

Schedule 20 – Endowment Value and Merged Pool Rate of Return

The annual nominal rate of return for the merged pool in 2008/09 was -25.9%. The nominal return on invested funds has been positive for all years in the table except for 2000/01 to 2001/02 and then in 2008/09. The target payout rate is 5.5%.

Schedule 21 – Expendable Fund Balances at Year End

This schedule shows total fund balances (excluding sponsored research) by academic unit over the past decade. The Google funds, which were considered part of Dean of Research last year but are now part of Presidential funds, no longer show in this table. The largest percentage change is found in School of Education at 12.2%, followed by VP for Undergraduate Education with 10.1%. The School of Medicine shows the largest dollar growth over the decade, with Ending Fund balances expected to grow $173.5 million between 2001/02 and 2010/11.

SCHEDULE 1

Student Enrollment for Autumn Quarter 2000/01 through 2009/10

Year	Undergraduate Women	Undergraduate Men	Undergraduate Total	Graduate Women	Graduate Men	Graduate Total	TGR[1] Women	TGR[1] Men	TGR[1] Total	Total Graduate	Total All
2000/01	3,243	3,305	6,548	2,405	4,348	6,753	360	587	947	7,700	14,248
2001/02	3,255	3,382	6,637	2,329	4,188	6,517	419	601	1,020	7,537	14,174
2002/03	3,301	3,430	6,731	2,305	4,109	6,414	467	727	1,194	7,608	14,339
2003/04	3,245	3,409	6,654	2,282	4,220	6,502	511	787	1,298	7,800	14,454
2004/05	3,250	3,503	6,753	2,363	4,408	6,771	529	792	1,321	8,092	14,845
2005/06	3,204	3,501	6,705	2,384	4,424	6,808	543	825	1,368	8,176	14,881
2006/07	3,240	3,449	6,689	2,389	4,492	6,881	522	798	1,320	8,201	14,890
2007/08	3,313	3,446	6,759	2,382	4,439	6,821	550	815	1,365	8,186	14,945
2008/09	3,384	3,428	6,812	2,450	4,509	6,959	548	821	1,369	8,328	15,140
2009/10	3,405	3,473	6,878	2,507	4,529	7,036	558	847	1,405	8,441	15,319

Source: Registrar's Office third week enrollment figures

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

SCHEDULE 2

Freshman Apply/Admit/Enroll Statistics
Fall 2000 through Fall 2009

	Total Applications		Admissions		Enrollment	
Year	Number	Percent Change from Previous Year	Number	Percent of Applicants Admitted	Number	Percent of Admitted Applicants Enrolling
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%
Fall 2002	18,599	-2.4%	2,368	12.7%	1,639	69.2%
Fall 2003	18,628	0.2%	2,343	12.6%	1,640	70.0%
Fall 2004	19,172	2.9%	2,486	13.0%	1,648	66.3%
Fall 2005	20,195	5.3%	2,426	12.0%	1,633	67.3%
Fall 2006	22,333	10.6%	2,444	10.9%	1,648	67.4%
Fall 2007	23,958	7.3%	2,464	10.3%	1,723	69.9%
Fall 2008	25,299	5.6%	2,400	9.5%	1,703	71.0%
Fall 2009	30,429	20.3%	2,426	8.0%	1,694	69.8%

SCHEDULE 3

New Graduate Student Apply/Admit/Enroll Statistics
Fall 2000 through Fall 2009

	Total Applications		Admissions		Enrollment	
Year	Number	Percent Change from Previous Year	Number	Percent of Applicants Admitted	Number	Percent of Admitted Applicants Enrolling
Fall 2000	27,095	-4.2%	4,422	16.3%	2,288	51.7%
Fall 2001	27,201	0.4%	4,271	15.7%	2,175	50.9%
Fall 2002	30,500	12.1%	4,202	13.8%	2,185	52.0%
Fall 2003	32,503	6.6%	4,443	13.7%	2,300	51.8%
Fall 2004	30,630	-5.8%	4,361	14.2%	2,378	54.5%
Fall 2005	30,381	-0.8%	4,356	14.3%	2,405	55.2%
Fall 2006	31,583	4.0%	4,323	13.7%	2,337	54.1%
Fall 2007	33,623	6.5%	4,352	12.9%	2,400	55.1%
Fall 2008	34,566	2.8%	4,350	12.6%	2,379	54.7%
Fall 2009	36,326	5.1%	4,419	12.2%	2,345	53.1%

SCHEDULE 4

Post-doctoral Scholars By School and By Gender[1]
2000/01 through 2009/10

By School	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
GSB	0	0	0	0	0	0	0	0	0	2
Earth Sciences	14	15	21	24	27	22	30	32	26	40
Education	5	6	9	8	4	5	10	10	10	11
Engineering	61	93	101	107	129	127	117	144	158	202
H & S	179	241	269	277	297	268	263	283	284	315
Law	0	0	0	1	1	1	0	0	1	1
Medicine	1022	993	1010	995	1006	968	1042	1037	1033	1090
Total	1281	1348	1410	1412	1464	1391	1462	1506	1512	1661

By Gender	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Female	446	488	560	549	573	512	557	581	607	673
Male	835	860	850	863	891	879	905	925	905	988

Data Source: Registrar's Office third week enrollment figures

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

SCHEDULE 5

Graduate Student and Postdoc Support
[in millions of dollars]

	2007/08					2008/09					2007/08 to 2008/09 Change	
	General/School Fungible Funds[1]	Designated Funds	Restricted Student Aid Funds	Grants & Contracts	Total	General/School Fungible Funds[1]	Designated Funds	Restricted Student Aid Funds	Grants & Contracts	Total	Amount	Percent
Graduate Student Support												
Salaries												
Teaching Assistants	15.4	0.2	1.4	0.1	17.2	11.9	0.2	5.6	0.1	17.8	0.7	3.9%
Research Assistants	6.9	4.9	6.0	30.8	48.7	8.6	5.8	8.2	34.3	56.9	8.2	16.9%
Other Salaries	0.2	0.7	0.1	0.1	1.2	0.2	0.9	0.3	0.3	1.7	0.4	34.9%
Benefits	0.6	0.1	0.6	1.2	2.5	1.2	0.3	0.4	1.6	3.4	0.9	36.5%
Total Salaries & Benefits	23.2	5.9	8.2	32.3	69.6	22.0	7.1	14.4	36.3	79.8	10.2	14.7%
Tuition Allowance	32.5	2.5	2.2	16.5	53.6	34.5	2.9	3.9	18.2	59.5	5.8	10.9%
Fellowship Tuition	12.7	2.6	48.8	9.8	73.9	9.4	2.5	57.4	9.2	78.5	4.6	6.3%
Stipends	7.8	1.5	22.8	15.7	47.8	6.5	2.4	25.1	15.4	49.3	1.5	3.1%
Fees	1.9	2.0	2.7	1.3	7.8	0.3	3.2	4.0	1.4	8.9	1.1	13.9%
Total Graduate Student Support	78.1	14.5	84.5	75.6	252.7	72.6	18.0	104.8	80.5	276.0	23.3	9.2%
Percent of Total	30.9%	5.7%	33.4%	29.9%	100.0%	26.3%	6.5%	38.0%	29.2%	100.0%		
Postdocs												
Salaries	4.2	4.5	2.9	30.9	42.4	0.6	5.2	7.2	32.8	45.9	3.4	8.1%
Benefits	0.9	1.1	0.6	6.2	8.7		1.1	1.5	6.6	9.1	0.4	4.3%
Tuition	0.2	0.1	0.2		0.4	0.1		0.2		0.4		-1.1%
Stipends	2.7	1.2	2.6	12.5	19.1	0.1	1.4	6.1	12.2	19.8	0.6	3.4%
Total Postdoc Support	8.0	6.9	6.2	49.5	70.7	0.8	7.7	15.0	51.6	75.1	4.5	6.3%
Percent of Total	11.4%	9.7%	8.8%	70.1%	100.0%	1.1%	10.2%	20.0%	68.7%	100.0%		

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

SCHEDULE 6

Graduate Enrollment by School[1]
2000/01 through 2009/10

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Graduate School of Business	866	893	895	919	902	893	906	883	877	895
Earth Sciences	224	238	250	247	256	251	252	242	256	286
Education	328	304	332	314	335	366	348	333	346	335
Engineering	2,965	2,809	2,777	2,912	3,055	3,126	3,153	3,133	3,267	3,289
Humanities & Sciences	1,959	1,880	1,943	1,997	2,088	2,044	2,061	2,091	2,103	2,092
Law	585	618	597	577	567	586	600	593	586	590
Medicine	773	794	814	834	889	910	881	911	893	954
Total	7,700	7,536	7,608	7,800	8,092	8,176	8,201	8,186	8,328	8,441

Data Source: Registrar's Office third week enrollment figures

[1] Includes doctoral (including Terminal Graduate Registration), masters, and professional students.

SCHEDULE 7

Undergraduate Tuition and Room & Board Rates 1980/81 through 2010/11

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%
2003/04	28,563	5.0%	9,073	4.5%	37,636	4.9%
2004/05	29,847	4.5%	9,500	4.7%	39,347	4.5%
2005/06	31,200	4.5%	9,932	4.5%	41,132	4.5%
2006/07	32,994	5.8%	10,367	4.4%	43,361	5.4%
2007/08	34,800	5.5%	10,808	4.3%	45,608	5.2%
2008/09	36,030	3.5%	11,182	3.5%	47,212	3.5%
2009/10	37,380	3.7%	11,463	2.5%	48,843	3.5%
2010/11	38,688	3.5%	11,876	3.6%	50,564	3.5%

Average Annual Tuition Increase, 1980/81-2009/10:	6.6%
Average Annual Tuition Increase, 2000/01-2009/10 (10 years):	5.0%
Average Annual Tuition Real Increase[1], 1980/81-2009/10:	3.2%
Average Annual Tuition Real Increase[1], 2000/01-2009/10 (10 years):	2.6%
Average Annual CPI Increase, 1980/81-2008/09:	3.3%
Average Annual CPI Increase, 2000/01-2009/10 (10 years):	2.4%

[1] Real growth calculated using tuition adjusted to 2010 dollars using US Annual CPI-U (Consumer Price Index) values.

SCHEDULE 8

Undergraduate Financial Aid by Source of Funds and Type of Aid[1]
1999/00 through 2008/09
[in thousands of dollars]

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Scholarships and Grants										
Stanford Unrestricted Funds	8,954	4,568	10,349	13,561	13,848	14,281	12,672	4,982		3,000
Gifts and Endowment Income: Non-Athletic[2]	26,871	35,660	35,711	38,317	41,357	43,749	47,983	61,026	74,487	99,682
Athletic Awards	8,874	9,842	10,627	11,331	11,809	12,687	13,393	14,999	15,227	15,942
Departmental Awards	2,238	3,263	3,766	3,853	4,712	4,783	4,937	5,823	6,344	6,610
Trademark Income						158	108	240	357	322
External Grants[3]	16,713	16,383	17,824	20,431	21,361	21,367	18,361	19,102	19,215	18,961
Subtotal for Scholarships and Grants	63,649	69,717	78,278	87,493	93,087	97,025	97,453	106,174	115,630	144,517
Loans										
University Funds	666	612	9		22					18
External Funds	11,279	9,987	11,159	11,690	12,544	12,271	11,549	10,761	9,589	7,623
Subtotal for Loans	11,946	10,599	11,168	11,690	12,567	12,271	11,549	10,761	9,589	7,641
Jobs										
University Funds[4]	2,252	1,120	1,408	1,458	1,839	1,236	1,368	1,503	1,458	2,936
External Funds	476	736	686	871	1,724	2,014	2,417	2,172	1,875	1,933
Subtotal for Jobs	2,728	1,857	2,094	2,329	3,563	3,250	3,785	3,675	3,333	4,869
Grand Total	78,323	82,173	91,540	101,511	109,216	112,546	112,787	120,610	128,551	157,027
Stanford Tuition plus Room and Board	30,939	32,471	34,221	35,884	37,636	39,347	41,132	43,361	45,608	47,212

[1] Figures are actual expenses and are in thousands of dollars. The data includes 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 9

Undergraduate Financial Aid
Projected 2010/11 Budget Needs and Sources, including Parental and Student Contributions[1]
[in thousands of dollars]

	2008/09 Actuals	2009/10 Projected	2010/11 Budget	2009/10 to 2010/11 Change Amount	2009/10 to 2010/11 Change Percentage
Needs					
Tuition, Room & Board	145,595	160,496	161,249	753	0.5%
Books and Personal Expenses	13,878	16,435	15,944	(491)	-3.0%
Travel	2,313	2,515	2,436	(79)	-3.1%
Total Needs	161,785	179,445	179,629	184	0.1%
Sources					
Total Family Contribution (Includes parent contribution for aided students, self-help, summer savings, assets, etc.)	45,956	51,054	54,791	3,737	7.3%
Endowment Income[2]	80,435	72,303	66,319	(5,984)	-8.3%
Expendable Gifts	880	850	850	0	0.0%
Stanford Fund/President's Funds	20,382	39,163	33,237	(5,926)	-15.1%
Federal Grants	5,042	6,918	5,225	(1,693)	-24.5%
California State Scholarships	3,092	3,518	3,203	(315)	-8.9%
Outside Awards	4,687	4,640	5,004	364	7.9%
Department Sources	1,310	1,000	1,000	0	0.0%
Unrestricted Funds	0	0	10,000	10,000	
Total Sources	161,785	179,445	179,629	184	0.1%
Number of Students on Need-Based Aid	3,136	3,350	3,250	(100)	-3.0%

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 7.

2 Endowment income includes reserve funds and specifically invested funds.

SCHEDULE 10

Majors with the Largest Number of Baccalaureate Degrees Conferred[1]
2000/01 through 2008/09

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Biological Sciences	136	129	128	131	141	156	151	131	97
Computer Science	119	154	150	111	108	82	70	66	65
Economics	181	158	158	171	194	164	143	165	162
Electrical Engineering	61	39	46	48	65	69	48	37	47
English	99	89	81	87	79	88	92	57	75
History	67	90	66	83	63	60	71	50	59
Human Biology	172	161	171	162	184	187	167	193	228
Management Science	45	52	66	66	72	58	56	54	51
International Relations	84	105	120	90	97	91	87	107	102
Mechanical Engineering	44	46	56	52	61	67	59	55	48
Political Science	70	94	109	91	111	113	103	96	71
Psychology	73	92	87	93	107	97	102	80	73

Data Source: Registrar's Office

[1] Though fluctuations occur, this table lists majors that have been consistently popular over the last nine years.

SCHEDULE 11

Students Housed on Campus
1993/94 through 2009/10

Year	Undergraduates Housed On-Campus	Percent of Undergraduates Housed On-Campus	Graduate Students Housed On-Campus	Graduate Students Housed in Off-Campus Subsidized Apartments	Percent of Graduate Students Housed by Stanford
1993/94	5,799	88%	3,069		41.3%
1994/95	5,734	87%	3,132		41.9%
1995/96	5,819	88%	3,090		41.4%
1996/97	5,749	88%	2,980		41.0%
1997/98	5,864	88%	3,320		44.6%
1998/99	5,917	90%	3,717	250	52.5%
1999/00	5,955	90%	3,408	584	52.4%
2000/01	5,969	91%	3,887	687	59.4%
2001/02	6,199	93%	3,748	932	62.1%
2002/03	6,138	91%	3,828	932	62.6%
2003/04	6,067	91%	4,013	632	59.6%
2004/05	6,046	90%	4,391	553	61.1%
2005/06	6,116	91%	4,218	430	56.8%
2006/07	6,050	90%	4,255	356	56.2%
2007/08	6,087	90%	4,421	130	55.6%
2008/09	6,160	90%	4,319	138	53.5%
2009/10	6,300	92%	4,650	0	55.1%

SCHEDULE 12

Total Professorial Faculty[1]
1977/78 through 2009/10

	Professors	Associate Professors	Assistant Professors[2]	Tenure Line Total	Non-Tenure Line Professors	Grand Total
1977/78	586	199	287	1,072	86	1,158
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[3]	756	205	263	1,224	182	1,406
1992/93	740	209	245	1,194	214	1,408
1993/94	729	203	241	1,173	225	1,398
1994/95	724	198	252	1,174	256	1,430
1995/96	723	205	241	1,169	287	1,456
1996/97	731	205	239	1,175	313	1,488
1997/98	750	213	231	1,194	341	1,535
1998/99	758	217	237	1,212	383	1,595
1999/00	771	204	255	1,230	411	1,641
2000/01	764	198	268	1,230	440	1,670
2001/02	768	204	274	1,246	455	1,701
2002/03	771	202	259	1,232	481	1,713
2003/04	783	196	269	1,248	498	1,746
2004/05	792	193	280	1,265	514	1,779
2005/06	789	210	263	1,262	511	1,773
2006/07	807	210	261	1,278	529	1,807
2007/08	813	217	261	1,291	538	1,829
2008/09	821	224	267	1,312	564	1,876
2009/10	836	233	270	1,339	571	1,910

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 1991/92, Medical Center Line and Senior Fellows in policy centers and institutes are included.

SCHEDULE 13

Distribution of Tenured, Non-Tenured, and Non-Tenure Line Professorial Faculty[1] 2007/08 through 2009/10

School Unit or Program	2007/08 Tenured	2007/08 Non-Tenured	2007/08 Non-Tenure Line	2007/08 Total	2008/09 Tenured	2008/09 Non-Tenured	2008/09 Non-Tenure Line	2008/09 Total	2009/10 Tenured	2009/10 Non-Tenured	2009/10 Non-Tenure Line	2009/10 Total
Earth Sciences	33	8	4	45	32	9	6	47	33	10	6	49
Education	36	6	4	46	35	10	3	48	39	11	4	54
Engineering	162	57	20	239	166	51	22	239	166	48	22	236
Humanities and Sciences	380	124	18	522	388	119	19	526	403	116	17	536
(Humanities)	(158)	(51)	(9)	(218)	(159)	(51)	(10)	(220)	(162)	(52)	(10)	(224)
(Natural Sciences & Math)	(122)	(28)	(5)	(155)	(125)	(24)	(5)	(154)	(129)	(26)	(5)	(160)
(Social Sciences)	(100)	(45)	(4)	(149)	(104)	(44)	(4)	(152)	(112)	(38)	(2)	(152)
Law	37	5	5	47	39	5	5	49	38	6	5	49
Other	9	1	14	24			16	16			11	11
Subtotal	657	201	65	923	660	194	71	925	679	191	65	935
Business	64	27	2	93	69	34	1	104	70	34	1	105
Medicine	251	62	468	781	256	62	487	805	254	74	500	828
SLAC	25	4	3	32	33	4	5	42	33	4	5	42
Total	997	294	538	1,829	1,018	294	564	1,876	1,036	303	571	1,910

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

SCHEDULE 14

Number of Non-Teaching Employees As of December 15 Each Year[1] 2000 through 2009

Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
School of Medicine	2,260	2,421	2,471	2,819	2,910	2,973	3,020	3,146	3,360	3,419
Other Schools: Business, Earth Sciences, Education, Engineering, Humanities and Sciences, Law	1,375	1,493	1,506	1,576	1,641	1,705	1,764	1,841	1,940	1,828
Dept of Athletics, Physical Education and Recreation	131	128	123	127	130	141	147	151	167	153
Dean of Research	375	391	427	448	437	464	480	497	531	527
Stanford Linear Accelerator Center	1,286	1,385	1,415	1,432	1,496	1,456	1,512	1,604	1,383	1,436
Student Services: Student Affairs, Admissions & Financial Aid	237	257	248	266	261	265	291	294	303	286
Libraries[2]	377	456	466	515	515	528	541	562	572	537
Administrative Systems/Information Technology	436	518	498	457	430	394	400	432	428	421
Office of Development	147	156	153	155	170	196	216	242	280	249
Land, Buildings and Real Estate	340	376	375	389	392	405	422	467	503	452
Residential & Dining Enterprises	338	373	404	488	521	508	531	534	538	524
Stanford Alumni Association	88	108	113	98	104	108	114	116	124	111
Stanford Management Company	54	63	69	62	62	66	69	58	61	61
Other Academic Hoover[2], Learning Technology and Extended Education (through 2001/02), VPUE, VPGE (starting in 2006)	242	219	205	160	248	175	255	277	292	281
Administration Business Affairs, President's Office, Provost's Office, General Counsel, Press (until 2003/04), VP for Public Affairs (2003/04-present)	699	716	698	642	698	757	751	775	785	770
TOTAL	8,385	9,060	9,171	9,634	10,015	10,141	10,513	10,996	11,267	11,055
Percent Change	2.1%	8.1%	1.2%	5.0%	4.0%	1.3%	3.7%	4.6%	2.5%	-1.9%

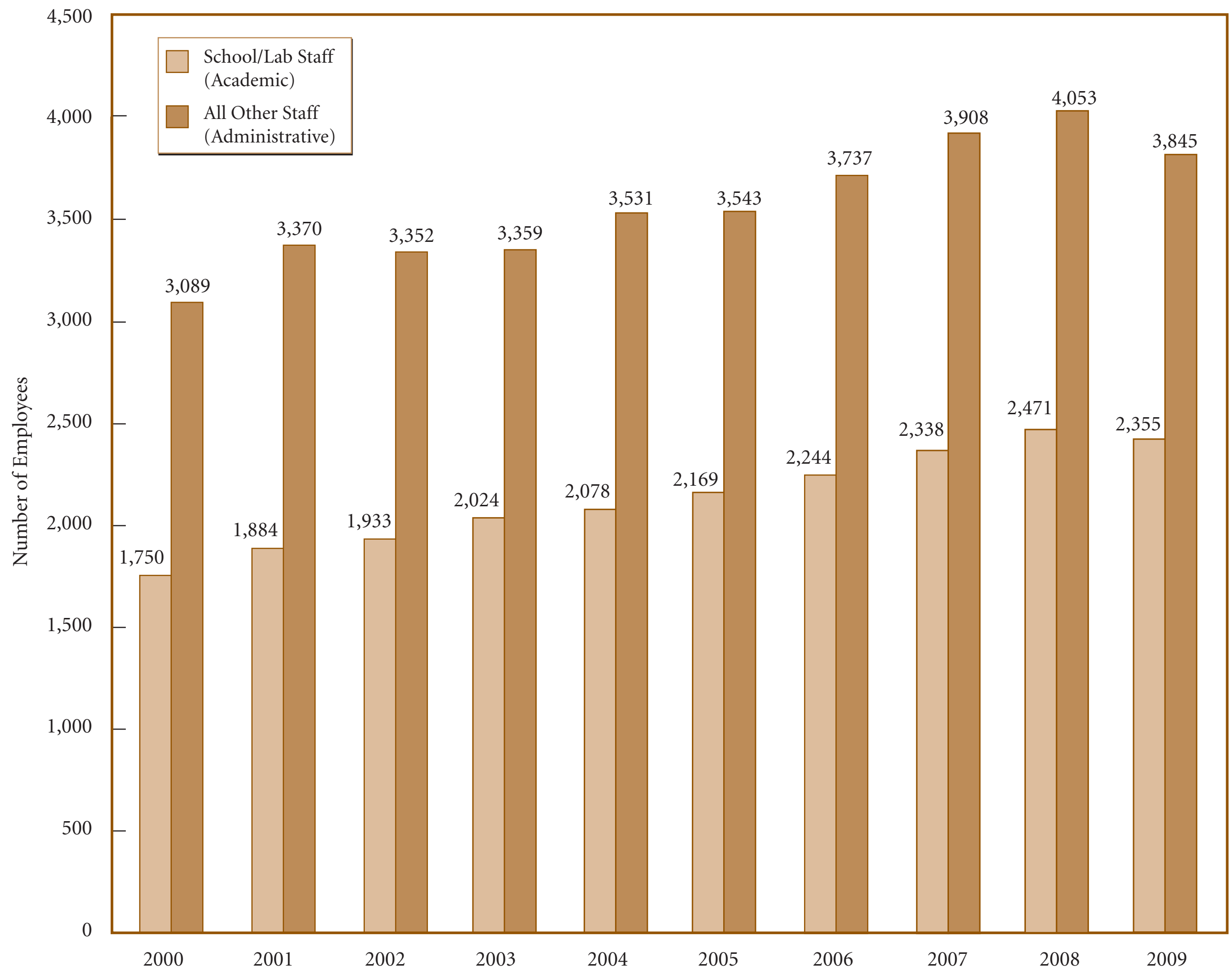
Notes

1 Does not include students, or employees working less than 50% time.

2 The Hoover Libraries staff moved to the University Libraries organization in 2000/01. The Libraries also acquired Media Solutions, and the University Press in 2002/03.

SCHEDULE 15

Staff Employees in Units Other than Medicine or SLAC 2000 through 2009, as of December 15 of Each Year



SCHEDULE 16

2010/11 Projected Consolidated Budget Fringe Benefits Detail

[in thousands of dollars]

Staff Benefits Program	2007/08 Actual Expenditures	2008/09 Actual Expenditures	2009/10 Negotiated Budget	2009/10 Projected Year-End	2010/11 Projected Budget	2009/10 to 2010/11 Change Amount	2009/10 to 2010/11 Change Percentage
Pension Programs							
University Retirement	92,656	97,748	99,045	98,941	103,157	4,216	4.3%
Social Security	87,460	92,586	96,182	94,768	99,417	4,649	4.9%
Faculty Early Retirement	8,270	7,501	12,020	27,336	7,725	(19,611)	-71.7%
Other	418	364	191	257	1,539	1,282	498.8%
Total Pension Programs	188,804	198,199	207,438	221,302	211,838	(9,464)	-4.3%
Insurance Programs							
Medical Insurance	85,206	95,611	108,188	104,836	112,340	7,504	7.2%
Retirement Medical	16,585	16,583	22,848	12,134	13,614	1,480	12.2%
Worker's Comp/LTD/ Unemployment Ins	17,294	20,338	18,086	19,749	18,918	(831)	-4.2%
Dental Insurance	11,295	12,150	13,430	13,192	13,934	742	5.6%
Group Life Insurance/Other	13,225	14,761	15,577	14,990	17,525	2,535	16.9%
Total Insurance Programs	143,605	159,443	178,129	164,901	176,331	11,430	6.9%
Miscellaneous Programs							
Severance Pay	11,839	16,189	6,197	7,695	4,571	(3,124)	-40.6%
Sabbatical Leave	14,047	15,689	14,682	15,062	15,069	7	
Other	11,697	13,012	12,431	13,291	13,288	(3)	
Total Miscellaneous Programs	37,583	44,890	33,310	36,048	32,928	(3,120)	-8.7%
Total Staff Benefits Programs	369,992	402,532	418,877	422,251	421,097	(1,154)	-0.3%
Carry-forward/Adjustment from Prior Year(s)	(6,702)	(10,841)	985	985	14,096	13,111	1,331.5%
Total with Carry-forward/Adjustment	363,290	391,691	419,862	423,236	435,193	11,957	2.8%
Budgeted Staff Benefits Rate	26.4%	26.8%	28.2%	28.7%	28.1%		

Notes:

- The University has four rates for 2010/11, and the single rate shown just above is the weighted average of those rates. The four rates are 30.8% for regular employees, which includes all faculty and staff with continuing appointments of half-time or more, 19.8% for post-doctoral scholars, 8.3% for contingent (casual or temporary) employees, and 4.4% for graduate teaching and research assistants.
- The fringe benefits costs in this table are not equal to the fringe benefit expense as expressed in the Consolidated Budget for Operations. The fringe rates for each year are based on an assumption of what the salary base will be. To the extent that the actual salary base incurred in a given year varies from the assumed salary base, the Consolidated Budget fringe benefits expense will be higher than these costs (over-recovery) or lower than these costs (under-recovery). The fringe benefits expenses for SLAC, included in the table above, are not included in the "Salaries & Wages" line of the Consolidated Budget. Additionally, the fringe benefits expense in the Consolidated Budget includes the additional charge for the Tuition Grant Program, as well as the graduate student health fee which is a charge on graduate student salaries.

SCHEDULE 17

Sponsored Research Expense by Agency and Fund Source[1]
2002/03 through 2008/09
[in thousands of dollars]

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
US Government							
Sub-Total for US Government Agencies	488,110	545,525	577,623	542,316	537,232	511,629	485,381
Agency[2]							
DoD	55,381	55,421	59,958	60,037	58,600	56,439	58,447
DoE (Not including SLAC)	24,496	20,957	25,591	25,584	28,102	23,160	16,110
NASA	87,311	97,727	94,606	61,338	47,704	39,092	24,214
DoEd	1,123	2,006	1,922	1,280	1,246	1,359	2,757
HHS	256,049	299,235	317,604	322,937	331,206	324,737	317,534
NSF	44,070	56,593	63,083	58,544	60,874	60,920	59,397
Other US Sponsors[3]	19,680	13,585	14,858	12,596	9,499	5,923	6,922
Direct Expense-US	364,036	405,342	427,900	396,225	392,153	373,067	349,089
Indirect Expense-US[4]	124,074	140,183	149,598	146,091	145,089	138,562	136,292
Non-US Government							
Subtotal for Non-US Government	87,352	96,001	105,143	108,254	117,438	132,628	167,115
Direct Expense-Non US	72,632	77,088	85,814	89,086	96,799	108,586	136,551
Indirect Expense-Non US	14,719	18,914	19,329	19,168	20,638	24,042	30,564
Grand Totals-US plus Non-US							
Grand Total	575,461	641,526	682,766	650,570	654,669	644,257	652,496
Grand Total Direct	436,668	482,430	513,714	485,311	488,953	481,653	485,640
Grand Total Indirect	138,793	159,097	168,928	165,259	165,727	162,604	166,856
% of Total from US Government	84.8%	85.0%	84.6%	83.4%	82.1%	79.4%	74.4%

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
DoEd=Department of Education
HHS=Health & Human Services
NASA=National Aeronautics and Space Administration
NSF=National Science Foundation

3 Prior to 2004, NSF contracts are included in the "Other" category

4 DLAM = Department of Laboratory Animal Medicine indirects are included in this figure.

SCHEDULE 18

Sponsored Research Contracts and Grants by School[1]
2002/03 through 2008/09

[in thousands of dollars]

School/Unit	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Graduate School of Business	2,226	662	860	538	1,539	774	511
School of Earth Sciences	8,396	13,353	18,156	12,527	13,997	11,708	9,188
School of Education	10,650	9,870	11,009	10,324	10,811	6,874	9,332
School of Engineering	90,126	92,225	101,268	112,867	110,132	116,039	122,938
School of Humanities and Sciences	56,459	64,787	75,122	68,833	69,382	71,144	72,075
School of Law	410	441	254	176	88	440	414
School of Medicine	294,407	333,120	347,893	347,292	362,295	358,599	365,911
Vice Provost and Dean of Research	109,859	124,250	125,358	93,269	81,801	73,484	67,168
Other[2]	2,927	2,820	2,845	4,743	4,638	5,195	4,958
Total	575,461	641,526	682,766	650,570	654,680	644,257	652,495

Source: Office of Research Administration, Sponsored Projects Report for the Year Ended August 31, 2009; p. 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 Other Units include Hoover Institution, Stanford University Libraries, Undergraduate Admission and Financial Aid, Vice Provost for Student Affairs, President's Office, Public Affairs, and Continuing Studies and Summer Session.

SCHEDULE 19

Plant Expenditures by Unit[1]
2001/02 through 2008/09
[in thousands of dollars]

Unit	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
GSB	2,993	161		129	309	2,023	17,902	69,038
Earth Sciences	941	132	204	227	647	458	771	2,197
Education	(50)	128		583	2,626	1,934	2	2,201
Engineering	15,541	7,361	1,258	2,873	1,838	6,273	28,169	55,430
H & S	17,927	39,412	16,830	16,774	10,763	7,802	8,796	11,255
Law	6,586	1,475	2,319	1,429	992	19,595	64,256	78,973
Medicine	14,240	11,143	16,900	22,631	13,769	31,908	57,759	134,165
Libraries	6,483	11,485	3,809	332	1,131	219	457	3
Athletics	5,708	10,583	16,098	25,691	83,362	28,875	8,753	22,988
Residential & Dining Enterprises	40,255	35,434	14,144	10,308	14,054	17,568	13,101	31,135
All Other[2]	154,837	135,229	53,744	61,105	165,127	142,782	220,724	105,925
Total	265,460	252,541	125,305	142,080	294,618	259,436	420,692	513,313

Source: Schedule G-5, Capital Accounting

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

2 Includes General Plant Improvements expense.

SCHEDULE 20

Endowment Market Value and Merged Pool Rate of Return 1998/99 through 2008/09

Year	Market Value of the Endowment (in thousands)[1]	Merged pool (for 12 months ending June 30) Annual Nominal Rate of Return	Annual Real Rate of Return[2]
1998/99	6,226,695	34.8%	33.3%
1999/00	8,885,905	39.8%	37.9%
2000/01	8,249,551	-7.3%	-9.6%
2001/02	7,612,769	-2.6%	-3.7%
2002/03	8,613,805	8.8%	7.2%
2003/04	9,922,041	18.0%	15.4%
2004/05	12,205,035	19.5%	17.0%
2005/06[3]	14,084,676	19.5%	16.2%
2006/07	17,164,836	23.4%	20.7%
2007/08	17,214,373	6.2%	4.0%
2008/09	12,619,094	-25.9%	-27.1%

Source: Stanford University Annual Financial Report

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

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

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

SCHEDULE 21

Expendable Fund Balances at Year-End: 2000/01 through 2010/11

[in millions of dollars]

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Projected 2009/10	Plan 2010/11	Avg Annual % Change 2000/01-2010/11
Academic Units:												
Graduate School of Business	37.6	33.3	41.7	40.2	43.5	62.8	62.9	64.0	67.0	55.9	52.5	3.4%
School of Earth Sciences	21.3	22.8	23.7	26.1	26.0	24.1	24.8	30.5	37.9	39.4	38.8	6.2%
School of Education	9.3	10.1	10.6	15.7	18.3	18.1	22.7	25.1	30.9	30.4	29.4	12.2%
School of Engineering	112.3	114.3	122.4	130.0	149.0	153.9	162.4	184.6	199.7	200.6	206.4	6.3%
School of Humanities & Sciences	112.2	140.0	138.3	140.3	136.8	142.4	174.0	206.4	245.8	264.8	272.0	9.3%
School of Law	12.4	14.7	16.5	18.3	20.7	21.1	21.4	25.3	19.1	18.5	18.1	3.9%
School of Medicine	307.0	325.1	354.0	350.7	372.6	427.3	459.0	443.7	477.4	489.4	498.6	5.0%
VP for Undergraduate Education	9.2	9.2	11.1	10.6	15.0	19.1	17.2	17.3	19.9	24.1	24.1	10.1%
Dean of Research	51.2	62.0	65.3	72.2	84.3	106.4	93.0	105.1	111.1	101.0	95.3	6.4%
VP for Graduate Education							20.0	28.4	39.1	42.3	38.0	
Hoover Institution	24.8	26.0	23.3	13.5	11.3	16.1	19.1	35.5	35.2	37.5	35.0	3.5%
University Libraries	7.4	8.0	6.5	9.5	4.0	10.0	9.0	10.5	17.5	17.4	14.0	6.6%
Total Academic Units (excluding SLAC)	704.6	765.5	813.4	827.1	881.5	1,001.4	1,085.5	1,176.4	1,300.6	1,321.3	1,322.2	6.5%

Printed on recycled paper
using soy ink and
Chemical free processing.

Design and Production by:
Pat Brito, Design & Print Services