



STANFORD UNIVERSITY

BUDGET PLAN 2012/13

This Budget Plan was approved by the Stanford University Board of Trustees June 13-14, 2012. 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/plan13.html>

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Front Cover Photo: Map of Stanford Campus by Edward Farmer, 1934.
M401, Stanford University Archives Map Collection,
Stanford University Libraries.

The painting on the front cover is by Edward M. Farmer (1901-1969). Farmer graduated from Stanford Phi Beta Kappa in 1923 and was Professor of Art from 1923-1964, serving as department chair from 1932-1946. As stated in the Memorial Resolution for Farmer from the Stanford Academic Council, Farmer "held the Art Department together almost single-handedly during the depression years, and it was under his leadership at that time that the department was rejuvenated and commenced its subsequent growth." Farmer was primarily a painter, but was also interested in the history of architecture and interior design and initiated courses in those fields at Stanford. The resolution notes that "he is probably best known for his landscapes which were painted.....in the environs of Stanford." This painting of the Stanford campus was completed in 1934.

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STANFORD UNIVERSITY
BUDGET PLAN 2012/13



EXECUTIVE SUMMARY

To The Board of Trustees:

Stanford moves into 2012/13 in a very strong financial position. While we have not quite returned to the heights of 2007/08, the past two years of solid investment returns, the success of the Stanford Challenge, and a highly competitive research program have put us in an enviable position among our leading research university peers. This Budget Plan builds on our renewed strength by making some strategic investments in programs and enhancing support for the Stanford faculty. We have been cautious in allocating incremental resources in order to maintain surpluses for the foreseeable future in the Consolidated Budget and its General Funds component. The projected surpluses will provide flexibility for future programmatic initiatives, as well as a cushion for unforeseen financial downturns.

This document presents Stanford's 2012/13 Budget Plan for Trustee approval. The Budget Plan has two parts. The first is the Consolidated Budget for Operations, which includes all of Stanford's anticipated operating revenue and expense for next year. The second is the Capital Budget, which is set in the context of a multi-year Capital Plan. The budgets for the Stanford Hospital and Clinics and the Lucile Packard Children's Hospital, both separate corporations, are not included in this Budget Plan, although they are included in the university's annual financial report.

Some highlights of the Budget Plan:

- The Consolidated Budget for Operations projects a surplus of \$219.6 million on \$4.4 billion of revenues, \$4.1 billion in expenditures, and \$127.5 million in transfers. Revenues are expected to increase by 4.1% over the projected 2011/12 year-end results. This is principally due to a 7.0% growth in investment income and a 4.6% increase in health care services, partly offset by just a 2.5% increase in sponsored research. Expenses are up 4.2% due mainly to the impact of a 4.6% increase in total compensation and a modest increase in other operating expenses.
- The Consolidated Budget includes \$1.1 billion in general funds, of which \$176.7 million flows to the Graduate School of Business (GSB), the School of Medicine, and the Continuing Studies and Summer Session Programs in accordance with previously agreed upon formulas. We anticipate a general funds surplus of \$43.1 million, due to tight expense management and cautious allocations of incremental funding.
- This Budget Plan also presents the projected 2012/13 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 \$151.9 million surplus.
- The Capital Budget calls for \$529.5 million in expenditures in 2012/13. These expenditures are in support of a three-year Capital Plan that, when fully completed, will require approximately \$2.1 billion in total project expenditures. Principal expenditures in 2012/13 will be directed toward:
 - ◆ Substantial work on the Stanford Energy System Innovations (SESI) project
 - ◆ The repurposing of the GSB South building as the replacement for Meyer Library
 - ◆ Continued progress on the Bioengineering/Chemical Engineering building
 - ◆ Preliminary work on the Stanford Research Computing Facility

STRATEGIC CONTEXT

Stanford is poised to make strategic investments over the next several years, having fully adjusted to the effects of the recession. Our improved financial position is due to several factors:

- After the sharp decline in the endowment in 2008/09, Stanford responded with a significant budget reduction program that stabilized the university's finances.
- As the market has strengthened, endowment payout has returned to more normal growth rates. We have also seen strong growth in returns from the Stanford Research Park.
- While we have made selective programmatic investments over the past year, we have avoided adding back expenses that were cut in 2009/10 and 2010/11.
- The successful completion of the Stanford Challenge has further enhanced our academic and research programs, student support, and facilities.

Although our finances are solid, we have been cautious in developing the budget for next year. The rate of recovery of the national economy is still slow, signaling that we must be careful anticipating continued strong endowment returns. Moreover, the federal budget situation will remain under pressure for the foreseeable future, prompting us to be guarded in our projection of government research funding.

As a result, we adopted several operating principles in establishing our budget allocations:

- 1) strengthen the competitive salary position for faculty and staff;
- 2) provide a continuing base of general funds support for the generous undergraduate financial aid program;
- 3) attempt to support the highest priority requests from the schools and principal administrative units;
- 4) maintain an on-going general funds surplus to provide capacity for potential future program growth.

The specifics are:

Salary Program

A central component of the budget process this year was an extensive review of our competitive salary position. As a result of that review, we discovered several areas, particularly among the faculty, where our salaries were not as competitive as we would like. Consequently, we have made supplemental allocations beyond the regular merit salary program to address these shortfalls.

Undergraduate Financial Aid

Stanford is proud to support one of the most generous undergraduate financial aid programs in the country. The Stanford resources directed to undergraduate need-based scholarships have increased from \$75.2 million in 2007/08, before the recession and before substantial enhancements to the program, to \$130.2 million budgeted for 2012/13. We have funded this growth through increases in restricted funds, support from presidential funds and general funds. In addition, we are making good progress toward realizing the goal of \$300 million in new endowments supporting undergraduate scholarship set during the Stanford Challenge. For 2012/13 we will add another \$11.8 million in base general funds to support financial aid. These funds will be used to maintain the aid program in light of the tuition and room and board increases, and they will replace \$10 million in president's funds currently supporting the program. Our plan is to continue to increase general funds and restricted funds for student aid in order to eliminate the remaining \$10.7 million in presidential funds by 2017.

Academic Support

An important theme in this year's budget process was adding funds to support academic programs. The most significant allocation was an incremental \$1 million added to the Library Materials Budget. This is a 6.8% increase above inflation, and will allow some of the purchasing power lost during the recession to be restored. Funding was also provided for the second of three incremental faculty positions in Geobiology, an emerging field in the School of Earth Sciences. In addition, we allocated funds to several independent laboratories to help them meet their growing administrative and compliance needs.

Responding to the Recommendations of the Study of Undergraduate Education at Stanford (SUES)

With the completion of SUES, the university is turning its attention to the implementation and resource requirements of the recommendations. The SUES plans are far reaching and will take time to implement. As a result, their budget impacts will be absorbed over several years. For 2012/13 the elimination of the Introduction to the Humanities program will allow funds to be redirected to the new Thinking Matters courses. Over the course of the next academic year incremental operating and capital requirements will be assessed and a longer-term plan developed. Further discussion of SUES may be found on page 41.

Facilities

We have made great progress in recent years in enhancing Stanford's teaching and research facilities. While our progress slowed slightly during the economic downturn, we have maintained an ambitious capital plan. Several exciting new buildings will come online in 2012/13, notably the Bing Concert Hall and a west campus recreation facility. These structures will require general funds allocations to support utilities, operations and maintenance, and debt service, funding for which has been included in the Budget Plan.

Rebuilding Reserves

Stanford has three principal categories of financial reserves:

Expendable reserves - We project Stanford's expendable reserves will stand at \$2.7 billion at the end of 2012/13. Of that amount, \$1.2 billion is a combination of restricted expendable funds or unspent restricted endowment payout. These monies are spread widely across the university and are largely controlled by individual faculty members, departments, programs, or deans. The remaining \$1.5 billion is held principally in designated funds, which are not legally restricted but are managed at the local school and department level in accordance with various university policies.

Tier I Buffer - We project the Tier I Buffer will stand at \$846 million by the end of 2012/13. The buffer's funds are generated by the investment returns on our expendable reserves. The money is invested as funds functioning as endowment, the payout from which supports the general funds component of the Consolidated Budget. In 2006/07, prior to the recession, the Tier I Buffer stood as high as \$820 million. The Tier I Buffer acts as a backstop to maintain the value of those expendable funds invested in the merged pool. It is testimony to Stanford's financial strength that the Tier I Buffer is now above its pre-recession levels.

Tier II Buffer - Our estimate of the Tier II Buffer is \$845 million by the end of 2012/13. Like the Tier I Buffer this fund is invested as funds functioning as endowment, the payout from which is used at the discretion of the president. The highest value of the Tier II Buffer was \$1.1 billion in 2006/07.

THE STANFORD CHALLENGE AND THE UNIVERSITY'S BUDGET

In December, Stanford completed the largest fund raising campaign in the history of higher education. The success of the five-year \$6.2 billion Stanford Challenge places our university on an even higher trajectory.

As we celebrate the Stanford Challenge, it is important to recognize how the campaign will affect the university's budget. Some of the major accomplishments of the campaign have a direct bearing on this Budget Plan — and future budgets:

- ❖ **Undergraduate financial aid** - When Stanford made important enhancements in its financial aid program in 2008, the campaign target for financial aid was increased from \$200 million to \$300 million. The endowment support has been essential to maintaining our need-based aid policy, and it has helped markedly in limiting the amount of general funds in supporting financial aid.
- ❖ **Graduate fellowships** - The Stanford Challenge raised 366 new endowed fellowships, including 53 Stanford Interdisciplinary Graduate Fellowships. In a period of scarce federal funding for research and graduate student support, these funds are critical for advancing our graduate education programs. Without the success of the campaign, the Stanford budget would be under considerable strain to support graduate students, and potentially at risk of having to reduce our numbers.
- ❖ **Professorships** - The Stanford Challenge raised funding for 139 new faculty positions, directorships, and senior fellows. From a budgeting perspective this has two effects. First, for those new endowed professorships supporting an existing faculty position, general funds will be released and directed to other priorities or made available for future use. Second, the endowments supporting incremental positions will help to expand Stanford's programmatic reach.
- ❖ **Facilities** - Facilities were a central and very visible part of the transformations brought about by the Stanford Challenge. In all, 38 buildings were constructed or renovated during the campaign. Capital contributions relieve the university budget of debt service. Typically, however, the operations, maintenance, and utilities on a new building are supported by the university's general funds budget. We are fortunate that the budget has been able to absorb these costs.

The accomplishments of the Stanford Challenge significantly strengthen the university's financial base and position us to play a central role in addressing global problems and educating tomorrow's leaders. Many elements of the campaign are reflected in the budget as we plan for the expansion of programs and research across the university. Also, by placing permanent funding under existing programs, the campaign has increased our flexibility and capacity to make further strategic investments in the coming years. So in that sense, the Stanford Challenge is not only transforming the university today, but it is also laying the groundwork for future growth and effectiveness.

CONSOLIDATED BUDGET FOR OPERATIONS, 2012/13

[IN MILLIONS OF DOLLARS]

2010/11 ACTUALS	2011/12 BUDGET JUNE 2011	2011/12 PROJECTED ACTUALS		2012/13 CONSOLIDATED BUDGET	CHANGE FROM PROJECTED ACTUALS
Revenues					
688	722	721	Total Student Income	745	3.4%
650	650	657	Direct Costs-University	667	1.6%
366	346	357	Direct Costs-SLAC	378	5.9%
225	217	227	Indirect Cost	227	0.0%
1,242	1,213	1,241	Total Sponsored Research Support	1,272	2.5%
559	549	573	Health Care Services	599	4.6%
164	205	200	Gifts In Support of Operations	200	0.0%
106	80	105	Net Assets Released from Restrictions	110	4.8%
935	987	1,016	Investment Income	1,087	7.0%
381	374	415	Special Program Fees and Other Income	430	3.5%
4,075	4,131	4,270	Total Revenues	4,443	4.1%
Expenses					
2,205	2,292	2,332	Total Compensation	2,439	4.6%
230	240	242	Financial Aid	250	3.4%
159	165	156	Debt Service	168	7.7%
1,140	1,128	1,202	Other Operating Expenses	1,239	3.1%
3,734	3,824	3,932	Total Expenses	4,096	4.2%
341	307	338	Operating Results	347	
(158)	(104)	(126)	Transfers	(128)	
183	203	212	Operating Results after Transfers	220	
2,122	2,153	2,305	Beginning Fund Balances	2,517	
2,305	2,356	2,517	Ending Fund Balances	2,736	

CONSOLIDATED BUDGET FOR OPERATIONS

The table above shows the main revenue and expense line items for 2012/13 and compares those numbers to our current projection of final results for 2011/12. Some highlights of both income and expense follow.

Revenue

Student Income - This figure is the sum of tuition and room and board income and is expected to grow by 3.4%. Tuition income is projected to grow 3.5% over the projected 2011/12 actuals as the result of a 3.0% increase in the general undergraduate and graduate tuition rates and a slight growth in the number of students. Room and board income is projected to increase 3.0%.

Sponsored Research - Total sponsored research (including SLAC) is expected to increase by 2.5% over 2011/12 year-end results. Direct research, exclusive of SLAC, is projected to grow at 1.6%. SLAC expects to grow by 5.9%, due to increased funding for the Linac Coherent Light Source II facility.

Health Care Services Income - Revenue from health care services is projected to increase 4.6% in 2012/13. This revenue consists principally of payments from the hospitals to the Medical School for

faculty physician services, which are expected to grow at 5%. This is offset by slower growth in the blood center, as that facility works to remain competitive in light of increased consolidation in the regional blood product market.

Expendable Gifts - The Office of Development anticipates that 2011/12 will be the largest fundraising year in Stanford's history as the Stanford Challenge concludes. Consequently, we kept our estimate of expendable gifts for 2012/13 flat at \$200.0 million. This figure does not include gifts to endowment or gifts for capital projects, which do not appear in the Consolidated Budget for Operations. In addition, net assets released from restrictions — payments made on prior year pledges and prior year gifts released for current use — are expected to increase by 4.8%.

Investment Income - This category consists of income paid out to operations from the endowment (\$925.5 million) and from other investment income (\$161.6 million), the majority of which is payout from the expendable funds pool (EFP). Overall, investment income is expected to be up by 7.0% in 2012/13. Endowment income is projected to increase by 7.3%, based on our long-term assumption of 10% for total endowment return and our forecast of \$352 million in new gifts and additions to endowment. Payout from the EFP is governed by university policy specifying that the payout will be 5.5% if the prior year's return is greater than 5.5%, which is currently the case.

Expense

Salaries and Benefits - We anticipate total compensation to increase 4.6% over 2011/12 year-end results. The increase is the result of our salary increase program, some growth in headcount, and supplemental salary allocations for enhancing our market position for selected faculty and staff groups, as noted above. Fringe benefits expense is expected to increase by 4.4%. The cost of health insurance, on a per capita basis, is expected to increase by about 7%.

Financial Aid - The costs for need-based financial aid, athletic aid, and graduate student aid will increase by 3.4%. This increase allows Stanford to maintain its generous need-based aid program for undergraduates, consistent with our tuition increase. It also reflects the assumption of a slight improvement in the financial circumstances of some of our families on need-based aid.

Other Operating Expenses - This line item is the amalgam of graduate stipends, operations and maintenance costs, utilities, capital equipment, materials and supplies, travel, library materials, subcontracts, and professional services. We are budgeting growth of 3.1% for these expenses, in line with anticipated inflation and internal cost control measures.

School Initiatives

Stanford's principal academic organizations, the seven schools, are advancing their research and teaching agendas and will continue to accelerate progress in 2012/13. A few highlights of their plans are:

Graduate School of Business - Having completed the move to the new Knight Management Center, the school will turn its sights to faculty growth and to the expansion of the Stanford Institute for Innovation in Developing Economies (SEED). The GSB intends to expand its 110 member faculty by ten over the next few years. The SEED program is the largest of several initiatives designed to build upon the school's global presence.

Earth Sciences - In addition to expanding its Geobiology program, as noted above, Earth Sciences will enhance its high performance computing capabilities. In 2012/13 the school will be launching a new master's degree in computational environmental science in partnership with Stanford's Institute for Computational and Mathematical Engineering.

Education - The school is developing a comprehensive strategic plan under first year Dean Claude Steele. New directions will likely include an increase in collaborative research with educational practitioners, as well as an international expansion of Stanford's highly successful teacher preparation program.

Engineering - As a result of strong fundraising, the school has restored funding under those faculty positions cut during the recession. Engineering will be hiring three to five new faculty annually in the coming years. In addition, the school continues to reinvent its online learning programs, with thousands of students expressing interest in one or more courses.

Humanities and Sciences - The school's financial position has strengthened, despite the recession. Humanities and Sciences now has 529 faculty, the largest number in its history. The budget for 2012/13 will focus on bringing salaries to levels consistent with top-ranked competitors. Rationalizing and increasing graduate student support continues to be a high priority.

Law - Maintaining a competitive faculty salary program, as well as a strong student financial aid program, are the top priorities for the Law School. Progress continues on both fronts with the recruitment of several important new legal scholars and the announcement of an ambitious \$20 million endowment campaign for financial aid.

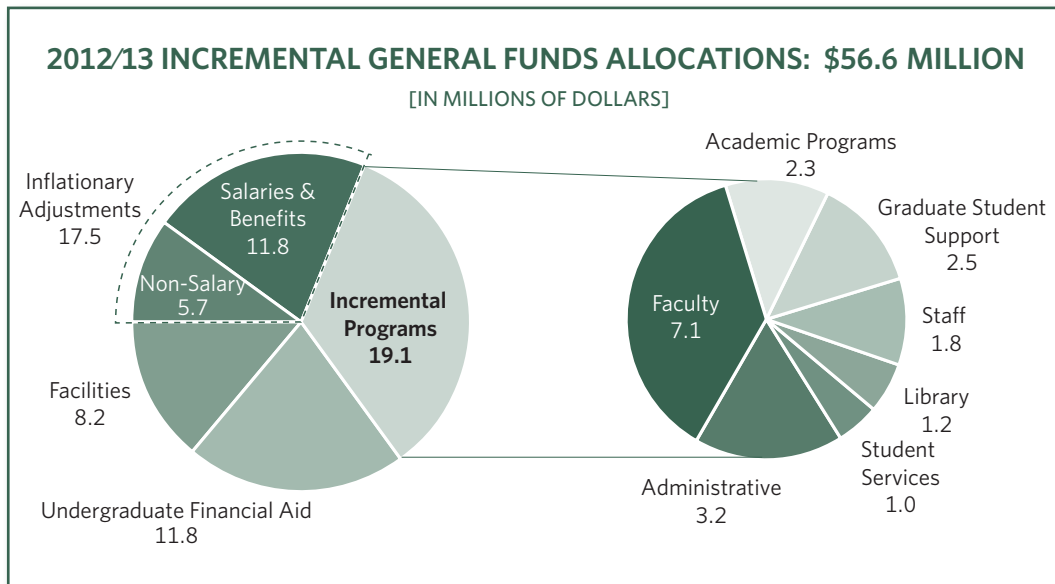
Medicine - Although federal sponsored research funding has slowed, the Medical School continues to develop its five interdisciplinary Stanford Institutes of Medicine, as well as three strategic centers. The impacts of healthcare reform will also put pressure on revenues. Nevertheless, strong growth in clinical activity will help to drive a positive bottom line for 2012/13.

GENERAL FUNDS BUDGET

A focal point of the budgeting process is the development of the general funds component of the Consolidated Budget. The \$1.1 billion in general funds can be used for any university purpose and supports many of the core academic and support functions of the university.

A year ago we forecasted a general funds surplus for 2012/13 of \$43.1 million. This forecast included a salary increase program and funding for new buildings planned to come online during the year. During the year the outlook has improved for several reasons: the endowment has performed better than expected; rental income has improved; the expendable funds pool, from which general funds receives a payout, has increased beyond our projection; health insurance costs increased more slowly than anticipated; utility costs came in below budget; and debt service has been lower due to continued low interest rates. These improvements have allowed us to allocate an additional \$11.8 million to the undergraduate financial aid budget, thereby relieving half of the contribution from the Tier II Buffer. It has also allowed for the allocation of \$19.1 million in incremental program support to both the academic and administrative units, while still leaving a planned surplus. Some examples of incremental program support follow:

- Academic Programs: Enhancements to the Library Materials Budget; permanent funding for the master's program in Public Policy; an Academic Technology Specialist for the History department.
- Administrative: Increased administrative support for several independent labs; expansion of outreach capacity in the Development Office; support for the Alumni Association in light of reduced external revenues.
- Faculty: Additional funding to strengthen Stanford's competitive faculty salary position; the second of three years of funding for new Geobiology faculty positions in Earth Sciences; three half billets for the Institute for Computational and Mathematical Engineering.



- Student Services: Additional staffing in Vaden Health Center; additional personnel in Admissions to support increased application review; additional academic directors in the office of the Vice Provost for Undergraduate Education.

The pie chart above reflects all of the incremental allocations.

As Stanford has emerged from the recession we have tried to budget a surplus in general funds to protect the university against potential future downturns and to provide the capacity to respond to future opportunities. After making the incremental program allocations described above, we still anticipate a \$43.1 million surplus in 2012/13 and forecast comparable surpluses for each of the following two years.

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 2012/13 to 2014/15; 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 2012/13, as well as projects that will commence within the rolling three-year period through 2014/15. The Capital Budget and Capital Plan are subject to change based on funding availability, budget affordability, and evolving university priorities.

In 2012/13, capital budget expenditures are expected to total \$529.5 million. The major projects within the 2012/13 Capital Budget include continued work on the Bioengineering/Chemical Engineering building; substantial work on the Stanford Energy System Innovations (SESI); the McMurtry Building; and the repurposing of the GSB South building. The work on these structures represents approximately half of the total capital budget for 2012/13.

The three-year Capital Plan includes \$2.1 billion in construction and infrastructure projects and programs. The three-year Capital Plan will be funded from \$501.0 million in current funds, \$695.0 million in gifts, \$697.0 million in auxiliary and service center debt, \$222.0 million in academic debt, and \$19.0 million from other sources yet to be identified. The projects included in the plan can be readily accommodated within the constraints of the General Use Permit, given Santa Clara County's approval of Stanford's Sustainable Development Study in April 2009. When complete, the plan will add \$54.3 million in annual debt service and \$45.1 million in incremental operations and maintenance costs to the Consolidated Budget.

ACKNOWLEDGEMENTS

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

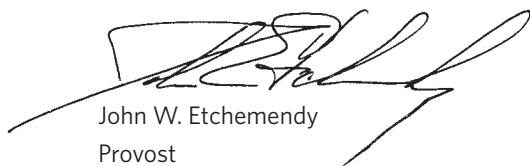
As always, I am incredibly grateful to the two hardworking advisory groups that assist me in formulating the general funds budget and capital plan. The University Budget Group consists of Margaret Brandeau, Adam Daniel, Harry Elam, Andrea Goldsmith, Patti Gumpert, Neil Hamilton, Rosemary Knight, Randy Livingston, Maureen McNichols, Dana Shelley, Bob Simoni, Buzz Thompson, and Tim Warner. Tim, Dana, and Neil keep the budget process on track, and deserve special recognition, as do the other members of the budget office, including Betsy Lewis, Creed Raftery, Serena Rao, and Andrew Harker, for the parts they play in producing the budget, creating this document, and carrying out the final decisions.

The Capital Planning Group consists of Jack Cleary, Megan Davis, Stephanie Kalfayan, Bob Reidy, Craig Tanaka, Bob Tatum, and Tim Warner. Craig guides the capital planning process in a masterfully efficient way, Megan keeps track of all things financial and oversees the final write-up, and of course Bob and Jack see to it that the plan becomes reality.

REQUESTED APPROVAL AND ORGANIZATION OF THIS DOCUMENT

The budget plan provides a university-level perspective on Stanford's programmatic and financial plans for 2012/13. 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 2012/13. Chapter 2 addresses program directions in the academic areas of the university. Chapter 3 provides a similar view of the administrative and auxiliary units. Chapter 4 contains details on the Capital Budget for 2012/13 and the Capital Plan for 2012/13-2014/15. The appendices include budgets for the major academic units and supplementary financial information.



John W. Etchemendy
Provost
June 2012

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INTRODUCTION: BUDGETING AT STANFORD

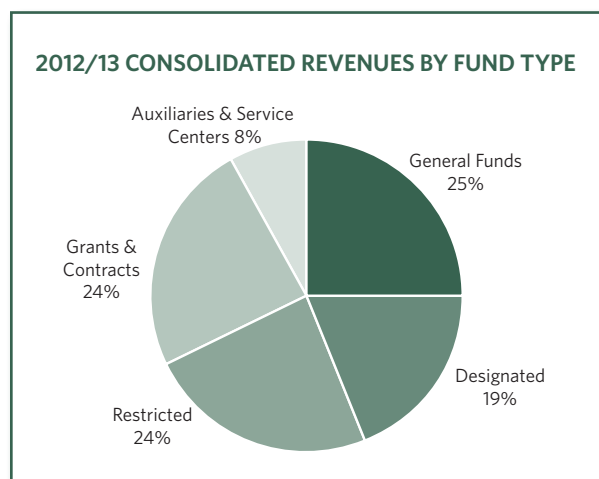
Budgeting at Stanford is a continuous process that takes place throughout the year and occurs at nearly every level within the university. The cycle starts with planning that considers programmatic needs and initiatives, continues with the establishment of cost drivers such as the approved salary program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

Fund Accounting

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

Budget Management

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



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. Schedule 21 in Appendix B shows under whose control these fund balances lie.

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

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.

CONSOLIDATED BUDGET FOR OPERATIONS

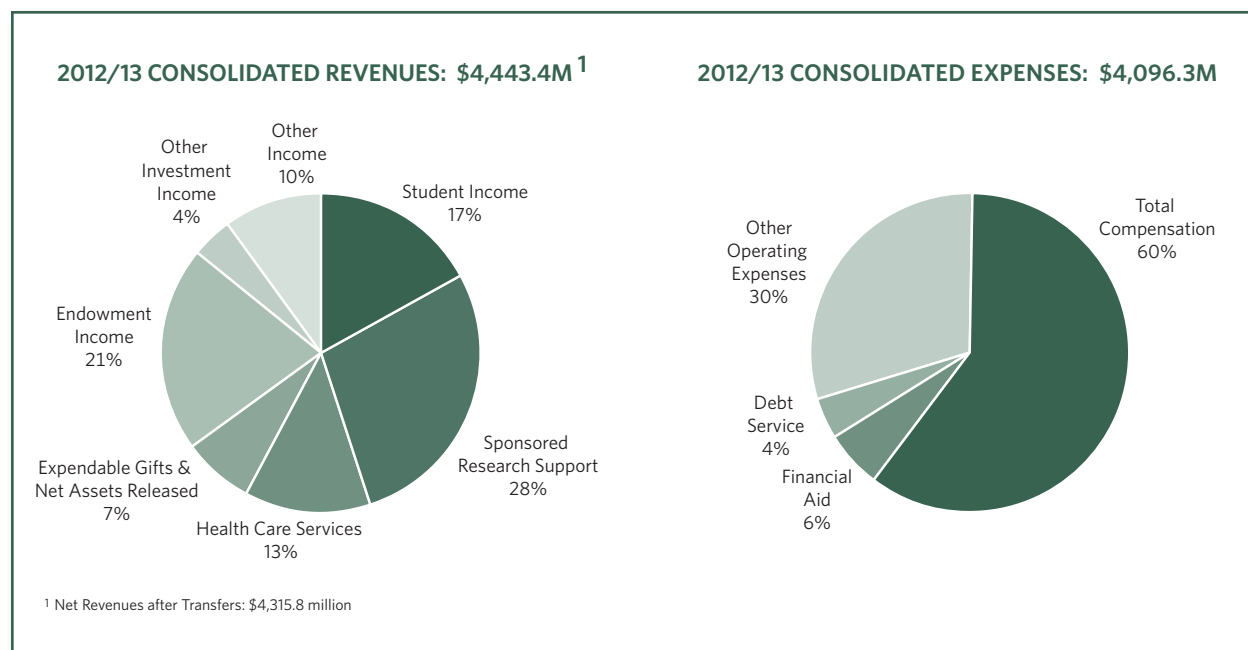
In this chapter we review the details of the 2012/13 Consolidated Budget for Operations, describe the general funds allocation process and results, and present a forecasted Statement of Activities.

CONSOLIDATED BUDGET FOR OPERATIONS

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

The 2012/13 Consolidated Budget for Operations shows total revenues of \$4,443.4 million and expenses of \$4,096.3 million, resulting in a net operating surplus of \$347.1 million. However, after estimated transfers of \$127.5 million, primarily to plant funds, the Consolidated Budget shows a surplus of \$219.6 million.

Total revenues in 2012/13 are projected to increase 4.1% over the expected 2011/12 levels, increasing by \$173.5 million. The overall growth is moderated by minimal growth in sponsored research. Endowment payout on existing funds will increase 3.0%, but total endowment income will rise 7.3%, due to gift and other additions to endowment principal as well as very strong growth in payout from Stanford



CONSOLIDATED BUDGET FOR OPERATIONS, 2012/13

[IN MILLIONS OF DOLLARS]

2010/11 ACTUALS	2011/12 BUDGET JUNE 2011	2011/12 PROJECTED ACTUALS	GENERAL FUNDS	DESIGNATED	RESTRICTED	GRANTS AND CONTRACTS	AUXILIARY & SERVICE CENTER ACTIVITIES	TOTAL
Revenues and Other Additions								
285.6	296.5	298.1	307.1	0.4				307.5
274.8	288.1	288.4	295.2	4.4				299.6
127.8	137.8	134.2					138.2	138.2
688.2	722.4	720.7	602.3	4.8			138.2	745.4
650.3	650.2	656.7				667.2		667.2
366.4	346.3	357.0				378.0		378.0
225.5	216.9	226.8	226.8					226.8
1,242.2	1,213.4	1,240.5	226.8			1,045.2		1,272.1
558.7	549.2	572.9	25.8	494.8	6.5		72.1	599.2
163.7	205.0	200.0	2.0		198.0			200.0
106.1	80.0	104.8	3.9	0.1	105.9			109.8
783.4	838.1	862.4	179.2		746.3			925.5
151.7	148.4	153.1	75.5	83.5	2.2	0.4		161.6
935.1	986.5	1,015.5	254.7	83.5	748.5	0.4		1,087.1
381.2	374.3	415.3	9.5	276.0	0.6		143.7	429.8
4,075.1	4,130.8	4,269.8	1,125.1	859.1	1,059.5	1,045.7	354.0	4,443.4
Expenses								
2,205.1	2,291.7	2,331.8	613.4	565.3	418.3	590.6	251.8	2,439.4
230.3	239.5	241.9	46.8	3.8	183.9	15.6		250.0
159.2	164.6	156.2	57.6	22.8	2.9		85.0	168.2
1,139.5	1,127.9	1,201.9	235.2	197.7	176.9	415.4	213.4	1,238.6
3,734.2	3,823.7	3,931.7	952.9	789.5	782.0	1,021.7	550.2	4,096.3
340.9	307.1	338.1	172.2	69.6	277.5	24.0	(196.2)	347.1
Transfers								
(150.4)	(2.3)	(31.9)	(4.0)	(35.2)	(9.1)		1.0	(47.3)
(66.1)	(132.0)	(130.9)	(88.8)	(34.8)	(0.7)			(124.3)
58.5	30.4	36.5	(36.4)	54.9	(148.3)	(23.9)	197.7	44.1
(158.0)	(103.9)	(126.3)	(129.1)	(15.2)	(158.0)	(23.9)	198.7	(127.5)
182.9	203.2	211.8	43.1	54.5	119.5	2.5	2.5	219.6
2,121.9	2,153.0	2,304.8	375.9	1,081.2	1,047.1		12.5	2,516.6
2,304.8	2,356.2	2,516.6	419.0	1,135.6	1,166.6		15.0	2,736.2

endowed lands. Total expenses are expected to grow by 4.2% over the projected year-end results for 2011/12. Non-research expenses are expected to outpace salary inflation due to increasing headcount for both faculty and staff. The table on the facing page shows the projected consolidated revenues and expenses for 2012/13. For comparison purposes, it also shows the actual revenues and expenses for 2010/11 and both the budget and the year-end projections for the current fiscal year, 2011/12. 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 3.4% in 2012/13 to \$745.4 million. Increases in student charges for next year were guided by a number of considerations: our programmatic needs, the effectiveness of our financial aid program, the impact of the economy on the families of our students, and our pricing position relative to our peers.

Tuition and Fees – Stanford expects to generate \$607.1 million in tuition and fee revenue in 2012/13, a 3.5% increase over 2011/12, somewhat higher than the general tuition rate

increase due to continued increases in graduate student enrollment. While total tuition and fees represent only 14% of Stanford's total revenue, it is 54% of general funds. As such, it is a particularly important source of revenue. In addition to supporting faculty and staff salaries and other direct academic program needs, tuition plays a crucial role in funding infrastructure, support services, and other operational activities.

The general tuition rate increase for 2012/13 is 3.0%, which results in a rate of \$41,250 for undergraduates and most graduate students. The Board of Trustees approved this rate in February, the lowest year-over-year increase in more than thirty years. As always, the rate increase was set after careful consideration of the current economic circumstances weighed against the budgetary needs. After a 3.5% tuition increase in 2011/12, Stanford moved down three positions, as it did in 2010/11, to 46th in a ranking of tuition charges in the Cambridge Associates survey of 99 participating private institutions. Among the tuition rates of the highly selective private universities that comprise the Consortium on Financing Higher Education (COFHE), Stanford's tuition currently ranks 14th out of 17, unchanged from last year, even though Stanford's tuition rate increase was below the COFHE university median increase of 3.9%.

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 allowances are not considered to be financial aid and are included in other lines in the Consolidated Budget.

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

The approved 3.0% tuition increase applies to the undergraduate tuition rate, the general graduate rate, and the graduate tuition rates for Engineering, the Law School, and students paying the terminal graduate registration fee. The School of Medicine will increase tuition by 3.5% for all MD students, and the Graduate School of Business will increase the rate of tuition for entering MBAs by 3.8%.

Room and Board – Total room and board income is expected to be \$138.2 million in 2012/13, an increase of 3.0%, which is somewhat lower than the approved increase in the room and board rate. The lower growth is the result of the temporary loss of graduate housing due to the demolition of “low-rise” apartments in preparation for 425 new beds in Escondido Village, as well as an assumed decrease in the number of students purchasing voluntary meal plans and participating in summer session programs. In February, the Trustees approved a combined room and board rate increase of 3.5% for 2012/13, bringing the undergraduate rate to \$12,721. The room rate will increase by 4.4%, and the board rate will increase by only 2.2%. We expect that these rates will maintain Stanford’s room and board rate ranking in the middle of the COFHE universities. The 2012/13 recommended rate increases will allow Residential and Dining Enterprises (R&DE) to have a balanced budget that includes the inflationary impacts on operating costs, including labor, food, and expendable materials and supplies, as well as incremental funding for the residential education program and debt service expense in support of critical deferred maintenance and capital improvement projects.

Sponsored Research and Indirect Cost Recovery

The budget for sponsored research is projected to be \$1,272.1 million in 2012/13. This figure includes the direct revenue from externally supported grants and contracts (\$667.2 million for university research and \$378.0 million for SLAC), as well as reimbursement for indirect costs (\$226.8 million) incurred by the university in support of sponsored activities. With the exception of 2008/09 when the university’s endowment payout was at its peak, sponsored research has been Stanford’s largest source of revenue for some time, and this trend will continue in 2012/13 as it will generate 28.6% of consolidated operational revenues. Direct research volume excluding SLAC will increase by 1.6% in 2012/13.

For a number of years before the economic downturn, non-federal research growth outstripped that of federal research. That trend reversed for two years as federal research grew

significantly with funds from the American Recovery and Reinvestment Act (ARRA), and non-federal sponsors, facing their own financial difficulties, slowed their support. With nearly all ARRA grants concluding in 2011/12, the trend will resume, as federal research is expected to decline by 1.3% while non-federal research will increase by 9.6%. Interestingly, nearly two-thirds of the non-federal increase in 2012/13 will be due to grants from the California Institute for Regenerative Medicine (CIRM). The School of Medicine’s Institute for Stem Cell Biology and Regenerative Medicine, among other campus units, has been a leading recipient of awards since CIRM’s inception, and that support is expected to continue for a number of years. Even without the CIRM increases, however, non-federal research is expected to grow by about 4%.

While the growth in non-federal research is encouraging — especially given uncertainties around future federal support for research — there will be a financial impact as the relative share of non-federal research increases. Specifically, many non-federal sponsors are unwilling to pay the same indirect cost recovery rate that federal sponsors pay. For instance, federal sponsors will contribute, on average, an additional 54 cents towards the university’s indirect costs for each dollar of direct research expense they support. For non-federal sponsors, that figure drops to 30 cents. So, in spite of a 2012/13 increase in direct research volume of 1.6%, indirect cost recovery will remain flat.

SPONSORED RESEARCH EXPENSES (Excluding SLAC)

[IN MILLIONS OF DOLLARS]

	2011/12	2012/13	PERCENT CHANGE
Federal Directs	484	478	-1.3%
Non-Federal Directs	173	190	9.6%
Total Directs	657	667	1.6%
Total Indirects	222	222	0.0%

Finally, though there are uncertainties about the 97% share of SLAC funding that comes from the Department of Energy, the laboratory is projecting a nearly 6% increase in activity in 2012/13. SLAC research activity is discussed in more detail in Section 2.

Health Care Services

Health Care Services income is budgeted to be \$599.2 million in 2012/13, a 4.6% increase over the projection for 2011/12. The majority of Health Care Services income

(\$514.7 million) is in the School of Medicine, including \$467.2 million paid by Stanford Hospital and Clinics and Lucile Packard Children's Hospital related to the clinical practices of the faculty. The 2012/13 clinical revenue growth rate over the year-end projection is somewhat lower than we have experienced in past years, due in part to increased competition for the services of the blood center in the market-place and due to a slight slowdown by the hospitals' use of School of Medicine faculty in clinical practice. The blood center's revenues of \$44.1 million reflect a modest increase of 2.0% over the projection for 2011/12. The School of Medicine also receives \$30.0 million of hospital payments for rent and use of the library and other non-clinical programs and services. In addition, the hospitals pay the university for a number of university provided services, including: \$17.5 million to Business Affairs IT, primarily for communications services; \$6.5 million to the Office of the General Counsel for legal services; \$13.7 million to Land, Buildings and Real Estate for operations and maintenance and utilities; \$4.5 million to the Office of Development for hospital fundraising support; and \$7.6 million to the central administration for general support.

Expendable Gifts

Expendable gifts are those immediately available for purposes specified by the donor and do not include gifts to endowment principal, gifts for capital projects, gifts pending designation, or non-government grants. Expendable gift income in support of operations is forecast to be \$200.0 million in 2012/13, the same level expected for the current year, 2011/12. Gift revenue in the current year is projected to increase by 22% over 2010/11, with the conclusion of the Stanford Challenge. In fact, it is expected that in 2011/12 gifts of all types, expendable, endowed, and for capital projects, will be the highest ever received. Because of the high level of gift receipts anticipated in 2011/12, we are not expecting growth in expendable gifts in 2012/13.

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. There are two types of revenue flows in this category. The first is cash payments on pledges made in prior years, and the second is pending gifts whose designation has been determined. Net assets released from restrictions took a big jump in 2010/11, going from \$78.3 million the year before to \$106.1 million. This increase coincides with the final stages of the Stanford

Challenge, as donors fulfill their final campaign commitments. In both the current year and next year, we anticipate that this income will continue to be strong, yielding \$109.8 million in 2012/13.

Investment Income

Total investment income, Stanford's second largest source of revenue, is expected to increase by 7.0% in 2012/13 to \$1,087.1 million, surpassing the pre-recession high of \$1,075.4 million in 2008/09. This total includes endowment payout to operations as well as other investment income.

Endowment Income - Endowment payout to operations in 2012/13 is expected to be \$925.5 million, an increase of 7.3% over 2011/12. Total endowment income includes payout from individual funds invested in the merged pool as well as specifically invested endowments (e.g., oil and mineral rights), and rental income from the Stanford Research Park and other endowed lands. Total endowment income is also impacted by new gifts to endowment and other transfers in and/or out of endowment principal.

The expected payout from an individual endowment fund in 2012/13 will increase by 3.0%, an increase that adequately matches ongoing expense increases. However, total merged pool payout is expected to increase by 6.3% due to several factors: gifts to endowment principal are expected to reach \$250 million; schools and departments are expected to transfer \$47 million from expendable funds to funds functioning as endowment; and \$55 million is assumed to be added to funds functioning as endowment in the Tier I Buffer as a result of excess expendable funds pool earnings in 2011/12. Together these additions contribute roughly \$19 million to endowment payout in 2012/13. Finally, significant increases in rental income from the Stanford endowed lands, described on the next page, are expected in 2012/13, further enhancing total expected endowment income.

The estimate of endowment payout from the merged pool is a product of a forecast of the endowment market value on November 30, 2012 and a smoothed payout rate. Stanford uses an established smoothing rule to dampen the impact on the budget of large annual fluctuations in the market value, thereby providing stability to budget planning. The smoothing rule sets the coming year's payout rate to be a weighted average of the current year's payout rate and the target rate. The smoothed payout rate trends up when the market declines, and it goes down when the market value

increases. As a result of the recovery of the market value of the merged pool, the smoothed payout rate in 2012/13 is projected to equal the target rate of 5.5%.

Of the total endowment income, \$179.2 million, or 19.4%, 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 increase substantially (12.4%) in 2012/13. One factor driving the growth in unrestricted endowment is an expected \$55 million addition to the Tier I Buffer, resulting from 2011/12 excess earnings on expendable reserves. The Tier I Buffer, a collection of unrestricted funds functioning as endowment, serves as a buffer against shortfalls in investment returns on Stanford's expendable reserves. The Tier I Buffer is expected to reach \$846 million by the end of 2012/13, nearly \$100 million higher than its peak of \$752 million at the end of 2007/08. A second reason for the healthy rise in unrestricted endowment income is a 23.1% increase in unrestricted rental income from the Stanford endowed lands due to several new negotiated leases that will bring the total to \$71.5 million.

Other Investment Income - Total other investment income is expected to rise from \$153.1 million in 2011/12 to \$161.6 million in 2012/13, a 5.8% increase.

Other investment income is generated from four main sources:

- Payout on the expendable funds pool (\$100.3 million) and income earned on unexpended endowment payout separately invested in the endowment income funds pool (\$2.0 million),
- Investment income distributed to support the operations of the Stanford Management Company, the real estate division of Land, Buildings and Real Estate, and a portion of investment accounting activities in the Controller's Office (\$31.8 million),
- Interest income on the Stanford Housing Assistance Center (SHAC) portfolio (\$15.4 million), and
- Miscellaneous other investment income including rents, security lending, and other interest income (\$12.1 million).

The largest of these sources, the expendable funds pool (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 an expected 2011/12 year-end balance of \$2.8 billion.

Payout from the EFP is governed by a trustee policy that was revised effective September 1, 2009. Under the 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. The remaining funds invested in the EFP receive an annual payout equal to a money-market return. These funds include the debt recycling pool, insurance and benefits reserves, student loan funds, certain plant funds, agency funds, gifts pending designation, and certain restricted gifts. 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.

Strong returns in the merged pool in 2010/11 guarantee a 5.5% payout to the zero-return portion of the EFP in 2011/12. Total return on the merged pool in 2011/12 is expected to be sufficient for full payout of 5.5% to the zero-return funds in 2012/13 as well. Income earned on unexpended endowment payout, separately invested in the endowment income funds pool, is expected to increase slightly as money market rates are expected to increase modestly. The non-EFP portion of other investment income is projected to increase 3.1% to \$59.3 million.

Special Program Fees and Other Income

This category includes the revenues from several different types of activities, such as technology licensing income, conference and symposium revenues, fees from the executive education programs in the Graduate School of Business and the Stanford Center for Professional Development, fees from travel/study programs, and revenues from corporate affiliates, mostly in the schools of Earth Sciences and Engineering. Another major component of this category is the revenue in auxiliary units for activities other than student room and board fees. This includes revenues from conference activity, concessions, rent, and other operating income in Residential & Dining Enterprises, athletic event ticket sales and television income in Athletics, and revenues

in HighWire Press, the University Press, Stanford West Apartments, and several other smaller auxiliaries. This category of revenue, much of which is based on outside demand for programs like executive education and travel study programs, has rebounded significantly over the past two years. Total special program fees and other income is budgeted at \$429.8 million in 2012/13, an increase of 3.5% over the expected level in 2011/12.

Expenses

Total Compensation

Total Compensation in the Consolidated Budget for Operations includes academic, staff, and bargaining unit salaries, fringe benefits, tuition benefits for research and teaching assistants, and other non-salary compensation such as bonuses and incentive pay. Total compensation in 2012/13 is budgeted to be \$2,439.4 million, a 4.6% increase over the 2011/12 year-end projection of \$2,331.8 million. This increase is driven by the approved merit programs for faculty and staff, as well as anticipated headcount growth. The overall growth in total compensation expenses is mitigated by the expected contraction in sponsored research. As discussed below, the fringe benefits rate applied to faculty and staff is decreasing slightly, which will cause total benefits expense to increase at a somewhat slower pace than total salary expense.

Salaries - Total salary expense, including SLAC, is expected to grow by 4.8% in 2012/13 to \$1,744.7 million. When SLAC is excluded, the growth rate for salary expense for faculty and staff increases to 5.4%, a result of the approved salary program, incremental funding to increase the competitiveness of our faculty salary program, enhancements to the staff bonus program, and general headcount growth. Similar to past years, the approved salary program takes into consideration the financial condition of the university as well as the current labor market status. Once again the annual salary program was guided by the university's compensation philosophy, which is to set faculty salaries at a level that will maintain Stanford's competitive position both nationally and internationally for the very best faculty and to set staff salaries to be competitive within the local employment market.

An important focus of the annual budget development process this year was a thorough review of faculty salaries relative to peer institutions. As a result of analysis conducted by each school, incremental general funds were allocated to allow the schools to make target adjustments. After care-

ful review of survey salary data in several local markets, it was determined that staff salaries were at or slightly higher than market median salaries in September 2011. The approved merit program for 2012/13 was set with the intention of maintaining this position. However, while Stanford staff salaries appear to be competitive in the local market, comparative compensation data revealed a lag in variable compensation. To address this, funds were allocated to enhance the existing staff bonus program.

Fringe Benefits - Fringe benefits expense is expected to increase by 4.4% in 2012/13 to \$450.0 million, consistent with the growth in overall salary expense and a slightly lower fringe rate for regular benefits-eligible employees.

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

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

Ninety-four percent of all fringe benefits expense is incurred for regular benefits-eligible employees, and the rate for this group in 2012/13 is expected to decrease slightly compared to the negotiated rate for 2011/12. There is greater volatility in the rates for the other three employee groups, with the rates increasing in 2012/13 for each of these groups. The primary factors impacting total fringe benefit expenses in 2012/13 are discussed below.

FRINGE BENEFITS RATES

	2011/12 NEGOTIATED BUDGET	2012/13 PROJECTED RATES
Regular Benefits-Eligible Employees	30.4%	30.3%
Post-Doctoral Research Affiliates	22.5%	28.4%
Casual/Temporary Employees	7.9%	8.2%
Graduate RAs and TAs	4.7%	5.0%
Average Blended Rate	27.8%	28.0%

Overall, the rate for regular benefits-eligible employees will decrease by 0.1 rate point in 2012/13 over the rate negotiated with the Office of Naval Research for 2011/12. Although the change in the benefit rate is minimal, several increases/decreases in particular programs should be noted:

- Health plan costs are expected to increase 8.3% as a result of several factors: medical cost inflation, enrollment growth, and continued enhancement of the BeWell incentive program. The per capita cost of our health plans is increasing by 7%. Due to the success of the 2012 incentive program, Stanford decided to expand the benefits to spouses and registered domestic partners in 2013. They will receive a \$240 (taxable) wellness reward by completing certain components of the BeWell program. As a result, the BeWell incentive program cost will grow by \$2.1 million in 2012/13. All health plan changes combined will increase the RBE rate by 0.3%.
- Costs for the Stanford Contributory Retirement Program are increasing by 9.1%, reflecting both projected headcount growth and a change in how employees are enrolled in the program. Specifically, the program will change from an opt-in model (in which employees must take action to make contributions from their paycheck, generating matching contributions from the university) to an opt-out model (in which employee contributions will automatically start upon eligibility, again generating matching contributions unless employees take action to cease contributions from their paycheck). With a planned mid-year rollout of the new model, university matching contributions are expected to increase \$3.5 million, adding 0.2% to the RBE fringe rate.
- Stanford Retirement Annuity Plan (SRAP) costs are expected to decline by \$2.8 million as required reserve contributions will drop in 2012/13. While a number of actuarial factors impact the reserve contribution calculation, solid performance of the plan's invested assets leads to most of the decline. Similar required contribution declines will take place in the retiree medical insurance program, and the combined reserve contribution declines will cause the RBE rate to decrease by 0.3%.
- The other significant impact to the RBE rate comes from carrying forward an over-recovery of fringe costs in 2010/11, reducing the RBE rate by 0.3%.

The benefits rate for postdoctoral research affiliates will increase substantially in the coming year, from 22.5% to 28.4%. There are two causes for this large increase. First, there was a significant premium increase in calendar year 2012, after the 2011/12 benefits rates were established, so the 2012/13 postdoctoral rate starts from a higher base than was projected for 2011/12. Second, increasing health care costs, a small pool size, and adverse claims experi-

ence are projected to lead to an additional 7.9% premium increase in calendar year 2013.

The fringe rate for casual or temporary employees will increase 0.3 points due to an increase in workers' compensation costs and net under-recoveries in recent years. The rate for graduate teaching and research assistants (RAs and TAs) will increase from 4.7% to 5.0% due mainly to an under-recovery of costs for this group in 2010/11.

Financial Aid

Stanford expects to spend a total of \$250.0 million on student financial aid for undergraduate and graduate students in 2012/13, \$46.8 million of which will come from general funds. Designated and restricted funds (\$187.6 million) and grants and contracts (\$15.6 million) will support the remainder. Total budgeted financial aid is 3.4% above the projected total for 2011/12, as discussed below.

Undergraduate Aid - Stanford has long been committed to need-blind admissions supported by a financial aid program that meets the demonstrated financial need of all admitted undergraduate students. It is estimated that in 2012/13 Stanford students will receive \$136.2 million in need-based scholarships, of which \$130.2 million will be from Stanford resources, an increase of 3.6% over the projected year-end, a somewhat higher increase than Stanford's student budget, due to an expected decline in non-Stanford funding. The remaining \$6.0 million will come from federal grants, mostly Pell and SEOG grants. In 2012/13 total federal grant aid is expected to decrease 8.2%, and support from Cal Grants, which are not reflected in the Consolidated Budget for Operations, will decline by \$1.4 million or nearly 40%.

The main features of Stanford's financial aid program remain unchanged in 2012/13. The relative share of funding sources supporting this critical program is, however, shifting. First, an incremental \$10 million in general funds will replace support from the president's Tier II Buffer. The table on the following page illustrates that in 2009/10, as a result of the decrease in endowment payout from the merged pool that coincided with a jump in the number of students on aid due to the state of the economy, a substantial infusion of presidential support was provided from the Tier II Buffer. As the economy recovers and as significant progress is made toward the Stanford Challenge goal of \$300 million in new endowment supporting need-based aid, the plan is to eliminate support from the Tier II Buffer by 2017.

UNDERGRADUATE NEED-BASED SCHOLARSHIP AID

[IN MILLIONS OF DOLLARS]

SOURCE OF AID	2007/08 ACTUALS	2008/09 ACTUALS	2009/10 ACTUALS	2010/11 ACTUALS	2011/12 PROJECTED	2012/13 PLAN
Department Funds and Expendable Gifts	2.0	2.2	2.1	2.2	1.9	2.1
Endowment Income	67.9	80.4	72.4	66.3	71.8	77.0
President's Funds - The Tier II Buffer		3.0	24.5	24.9	23.2	10.7
President's Funds - The Stanford Fund	5.3	17.4	15.0	15.6	15.0	16.2
General Funds			1.5	10.4	13.8	24.1
Subtotal Stanford Funded Scholarship Aid	75.2	103.0	115.5	119.4	125.7	130.2
Federal Grants	4.5	5.0	6.9	7.1	6.6	6.0*
Total Undergraduate Scholarship Aid	79.7	108.0	122.4	126.4	132.2	136.2
General Funds as a Share of Stanford Funding	0%	0%	1%	9%	11%	18%
President's Funds as a Share of Stanford Funding	7%	20%	34%	34%	30%	21%
Endowment Funds as a Share of Stanford Funding	90%	78%	63%	56%	57%	59%
Number of Students	2,811	3,136	3,401	3,396	3,460	3,415

* Excludes \$300,000 in work study funds.

The following sources support Stanford's overall commitment to undergraduate scholarship aid in 2012/13:

- Restricted income (endowment and gifts) will provide \$79.1 million, a 7.3% increase over 2011/12 due to new gifts to endowment.
- Funds controlled by the president will provide \$26.9 million, down 29.6% over the current year and \$13.6 million less than the peak support in 2010/11.
- General funds will increase from \$13.8 million in 2011/12 to \$24.1 million in 2012/13 to replace presidential support and to offset losses in federal and state funding.

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 \$20.3 million, an increase consistent with the rise in tuition.

Graduate Aid - Stanford provides several kinds of financial support to graduate students that are expected to total \$311.2 million in 2012/13. As the table below indicates, this includes the tuition component of fellowships in the

2012/13 FINANCIAL AID AND OTHER GRADUATE STUDENT SUPPORT FROM STANFORD RESOURCES

[IN MILLIONS OF DOLLARS]

PROJECTED 2011/12 YEAR-END		GENERAL FUNDS	DESIGNATED AND RESTRICTED	GRANTS & CONTRACTS	TOTAL
	Student Financial Aid				
132.5	Undergraduate	24.1	106.1	6.3	136.5
19.7	Undergraduate Athletic		20.3		20.3
89.7	Graduate	22.7	61.2	9.3	93.2
241.9	Total	46.8	187.6	15.6	250.0
	Other Graduate Support				
58.0	Stipends	16.2	27.1	16.6	59.9
65.5	Tuition Allowance	30.1	18.9	18.1	67.2
88.1	RA/TA Salaries and Benefits	21.0	29.5	40.3	90.9
211.6	Total	67.3	75.6	75.1	218.0
89.3	Postdoc Support	2.1	22.9	67.3	92.4
542.8	Total Student Support	116.2	286.2	158.0	560.4

amount of \$93.2 million, which is reflected in the Financial Aid line of the Consolidated Budget. Financial aid for graduate students is expected to increase by 4.0%, consistent with the planned increases in tuition in the various graduate programs and additional funds allocated for graduate support. The table also includes funding, not shown in the Financial Aid line of the budget, for stipends, tuition allowance, and RA and TA salaries of \$218.0 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 3.5% in 2012/13; tuition allowance expense is expected to increase by 2.6%.

Graduate student support is funded by all of Stanford's various fund types, with the exception of auxiliary funds. In aggregate, unrestricted funds (general funds and designated funds) contribute around 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.

While not matriculated as graduate students, Stanford also provides support to postdoctoral researchers. Roughly two-thirds of these individuals work in the School of Medicine, and the vast majority of their support (70%) is provided by sponsored research projects. Postdocs are charged a tuition fee of \$125 per quarter, which is almost always covered by school or departmental funds. They receive a salary or a stipend and health benefits in exchange for their work. The total expense for postdocs is expected to be \$92.4 million in 2012/13, an increase of 3.5% over 2011/12.

Total direct student support of all kinds is expected to be \$560.4 million in 2012/13, a 3.2% increase over the projected level for 2011/12.

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

Internal Debt Service

Stanford issues debt securities in the capital markets to finance capital projects and to bridge-finance the receipt

of gifts for capital projects. Internal loans are advanced to projects and amortized over the useful life of the assets being financed in equal installments. Internal loans are assessed the Budgeted Interest Rate (BIR), which is the weighted average rate of the debt issued to finance capital projects and includes bond issuance and administrative costs. The BIR has been set at 4.5% for 2012/13, unchanged from the current year rate.

Internal debt service in 2012/13 is projected to be \$168.2 million, a 7.7% increase over 2011/12. It includes debt service incurred to bridge finance the receipt of gifts and annual lease payments, and excludes \$9.2 million of debt service for Rosewood/SHR and \$19.8 million of annual lease payments. The year-over-year increase of \$12.0 million is due to initial costs related to the Stanford Energy Systems Innovations (SESI) project, particularly the accelerated amortization of infrastructure assets that will be stranded as a result of the new energy facility, as well as costs for the first phases of the conversion of underground steam pipes to a hot water distribution system. A small portion of the increase in internal debt service is due to additional planned and deferred maintenance projects in Residential and Dining Enterprises.

Other Operating Expenses

This expense category includes all non-salary expenditures in the Consolidated Budget for Operations except financial aid and internal debt service, which are detailed separately above. This category comprises nearly 30% of the total expenditures in the Consolidated Budget and is projected to increase 3.1% to just over \$1.2 billion in 2012/13. The overall growth in non-compensation expenses is returning to more of an inflationary rate, as units feel less constrained by budgetary pressures, although lower growth rates are projected for the grant and contract and auxiliary & service center fund types. Other operating expense is projected to increase only 1.8% for grants and contracts, due to the anticipated slowdown in total sponsored activity. Residential & Dining Enterprises, which in 2011/12 is undertaking substantial facilities renewal activities, expects other operating expense to remain flat in 2012/13.

The principal components in other operating expenses include: materials and supplies (\$207.1 million, of which about 44% is laboratory supplies); contracted outside services (\$161.7 in research subcontracts and \$86.9 million in other services); capital equipment and library materials purchases

FOCUS ON: THE LIBRARY MATERIALS BUDGET

The Library Materials Budget (LMB) is a pivotal component of the university's research infrastructure, enabling Stanford University Libraries and Academic Information Resources (SULAIR) to provide the diverse mix of print and electronic publications, online databases, audiovisual resources, and archival materials that directly support scholarship and teaching at Stanford. In 2011/12, the total LMB allocation, including both university funding and endowment payouts, was \$19.5 million.

While the LMB totals a significant sum, SULAIR librarians must make critical decisions about what resources to acquire. SULAIR completes an analysis each year to assess any loss in purchasing power of base funds and includes that analysis as part of the annual budget request. The university has been very responsive to SULAIR's needs, but has not been able to allocate enough base funds to keep pace with the loss of purchasing power since 2008/09. Although SULAIR received an additional \$1.0 million as part of its 2012/13 base allocation, a recent analysis indicated that it would take close to \$6.5 million in additional base funds to enable SULAIR to purchase the full spectrum of research resources.

SULAIR's 45 subject specialists work directly with Stanford faculty to match acquisition decisions to Stanford's programs of research and teaching. Subject specialists are primary decision-makers in acquiring materials. Particularly in the arts, humanities, and social sciences, the subject specialists collaborate with faculty to seek out and acquire unique and unusual materials that make Stanford a distinctive place for the practice of scholarship.

Subject specialists make acquisition decisions in the rapidly changing world of scholarly communications. SULAIR's collecting program is worldwide, with almost 250 countries – and nearly 270 languages – represented among publications it has received since 2005. In many of those countries, electronic publishing is not common, and consequently, SULAIR continues to acquire paper-based materials – books and archival manuscripts above all, but also print journals. However, over the past decade, English-language academic journals have almost completely shifted from print to electronic delivery, and both international journals and scholarly monographs are moving in that direction. While in many ways positive, this transformation presents challenges for collecting practices.

Each new technological development requires SULAIR to reevaluate the contractual and other terms under which it acquires materials. For example, with e-books, among the issues selectors must consider are:

- Buy or rent? Some providers offer the option of leasing e-book content, which in the short term is cheaper than purchasing these books. However, the books disappear the minute that the subscription ceases.
- Acquire directly from publishers or through a third-party supplier?
- Individual titles or packages? Acquisition of large packages of e-books can be less expensive than selecting them on a title-by-title basis. However, packages may include material of little interest to SULAIR's constituents, in some cases even while more marketable works, particularly reference works and textbooks, are withheld.
- Purchase the backlist? Does it make sense for the library to buy older content that it already owns in print format?
- What does "ownership" of e-books actually mean? This question speaks to the issue of their long-term preservation (a core concern of libraries vis à vis their print holdings). At present, this is largely left to the discretion of publishers.
- Trade e-books versus academic e-books: Notwithstanding the complexities that we have noted here, academic publishers see research libraries as a market to be tapped. The same observation cannot be made concerning trade publishers, which are oriented primarily to individual consumers. SULAIR acquires numerous high-end trade monographs, but for the time being is compelled to do so in print rather than electronically.

Journal price increases, which have outpaced inflation by a considerable margin for many years, can become even more difficult to manage in an electronic environment, where package subscription deals make it difficult to pare individual subscriptions. Even with a 1.5% increase in the operating budget and a 3.6% increase in the payout on endowments in 2011/12, the total LMB remained at just 93.2% of 2008/09 levels. During this same period, journal subscription costs rose by approximately 19%. As a result, libraries — including those at Stanford — frequently trim journal and database subscriptions, and limit book acquisition to maintain critical journal access.

Despite these challenges, SULAIR's library collections continue to grow and adapt to meet the needs of our faculty and students.

(\$90.0 million); graduate student and postdoc stipends (\$103.1 million); food, entertainment, and travel (\$111.2 million); external payments for facilities and equipment operations and maintenance (\$68.2 million); external payments for telecommunications and utilities commodities for campus buildings (\$54.7 million); services purchased from the hospitals (\$44.9 million); and rentals and leases (\$36.3 million).

Utilities – Campus utilities expenses, including commodities and distribution expenses, are expected to increase from \$66.4 million in 2011/12 to \$73.3 million in 2012/13, mostly due to accelerated amortization of infrastructure assets as described below. Natural gas and electricity prices are expected to decline slightly in 2012/13.

The delivery of utilities to the campus involves three significant components: 1) 45% for purchased utilities from outside of the university including electricity and natural gas from Cardinal Cogen for generating steam, chilled water, and electricity; 2) 29% for debt amortization on capital expenditures for system expansion, replacement, controls, and regulatory requirements; and 3) 26% for other expenditures, which include maintenance, supplies, and staff labor costs to operate the utility systems.

The university is moving forward with the Stanford Energy System Innovations (SESI) project, which will provide the campus with a new central energy plant and related infrastructure in the next five years. As a result, the remaining debt on current utility plant assets will be amortized over the next five years, a period shorter than originally planned. This will increase utility rates due to higher debt amortization costs.

Operations & Maintenance – Operations and Maintenance (O&M) includes grounds maintenance, custodial, trash, recycling, elevator repair, gutter maintenance, re-lamping, and other services along with preventive and reactive maintenance on buildings, roads, and infrastructure. Total budgeted O&M for the university, including the labor costs to provide these services, is projected to be \$125.1 million in 2012/13.

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

for about 11%; and the Department of Athletics, Physical Education and Recreation (DAPER) for approximately 6% of the campus.

The university will incur incremental O&M costs in 2012/13 of \$4.7 million, driven by the Bing Concert Hall (\$2.7 million), the Stanford Auxiliary Library III Phase 2 project (\$330,000), and various infrastructure projects.

Transfers

In order to determine the change in fund balances expected in each fund type and for the Consolidated Budget for Operations as a whole, we must account for the transfer of funds between units, between fund types, and out of the Consolidated Budget for Operations altogether. Overall, transfers result in a net reduction from operating results of \$127.5 million.

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

- **Transfers to Endowment Principal:** This line includes transfers of either expendable funds to endowment principal, which creates funds functioning as endowment (FFE), or withdrawals of FFE to support operations. In 2012/13 we are projecting that a net \$47.3 million will be transferred to FFE from current operating funds. This compares to a projected \$31.9 million transfer from current funds to FFE in 2011/12, an increase of \$15.4 million. This reflects continued school investments of expendable fund balances in FFE (\$23.6 million for Humanities & Sciences; \$3.5 million each for Engineering and Medicine; \$2.8 million for Hoover; and \$2.5 million for Earth Sciences), as well as an anticipated \$10.5 million investment of designated funds by the president for challenge matches.

- **Transfers to Plant:** The transfers in this category are primarily to plant for capital projects. Total transfers of \$124.3 million to plant and other assets are planned for 2012/13. Included in this is \$88.6 million in anticipated transfer from the Capital Facilities Fund (CFF) to support plant projects (see more on the CFF in Chapter 4). Additionally, Land, Buildings and Real Estate will transfer about \$9.3 million from the Planned Maintenance Program into plant improvement projects, while the School of Medicine expects to transfer \$13.6 million in funds for a variety of capital projects. The remainder is made up of smaller amounts distributed throughout the remaining units. These transfers will decrease slightly from the amount of \$130.9 million projected for 2011/12.
- **Other Internal Transfers:** There is other financial activity which affects the net results of the consolidated budget. Primarily, internal revenue and internal expense are generated from those charges that are made between departments within the university for services provided through charge-out mechanisms. Communication services provided by Business Affairs IT to university departments are one type of internal revenue and expense. Another is the charge that the Department of Project Management (the group that manages construction projects on campus) allocates to capital projects that use their services. These charges contribute to the revenue and expense of individual departments and fund types but, ultimately, are netted against each other in the presentation of the Consolidated Budget to avoid double counting. There is, however, a net \$44.1 million of internal revenue flowing into the Consolidated Budget, primarily from capital plant funds, which are outside the Consolidated Budget, into service centers and other funds within the Consolidated Budget. Additionally, this line represents transfers of current funds to student loan funds, such as the loan forgiveness programs in Education and Law. It also includes any transfers from living trusts and pending funds.

GENERAL FUNDS

The general funds budget is an essential element of the Consolidated Budget because general funds can be used for any university purpose, and they support the necessary administration and infrastructure for all core activities at the university. The main sources of these funds are student tuition, indirect cost recovery from sponsored activity, unrestricted endowment income, and income from the

expendable funds pool (EFP). Each school receives an allocation of general funds, which supports both academic and administrative functions. Administrative units are supported entirely by general funds.

General funds revenue in 2012/13 is projected to increase by 4.3% to \$1,125.1 million, a \$46.2 million increase over the expected level for 2011/12. Most revenue streams, including student income, healthcare services, and expendable gifts are increasing at the rate of 3.0-3.5%, resulting in \$21.7 million of the increase. The higher overall general funds growth is the result of a 10.6%, or \$24.5 million, increase in investment income. This growth is due to the increasing balance of and payout from the expendable funds pool and increased revenue from endowed lands. These items are described more fully in the earlier section on investment income.

2012/13 Non-Formula General Funds

Per negotiated formula arrangements, \$176.7 million of the total general funds revenue will flow to the School of Medicine, the Graduate School of Business, and the Continuing Studies/Summer Session programs. The remaining general funds revenue is controlled and allocated by the provost. In order to derive the total general funds available to allocate to the non-formula units, two annual adjustments are made: the transfers in from funds generated by the infrastructure charge on restricted funds, and transfers to reserves for minor facilities projects and for faculty and student housing expenses. These adjustments are reflected in the Transfers section of the Consolidated Budget for Operations. After adjustments, the 2012/13 non-formula general funds is \$925.3 million. The table on the following page shows how the \$925.3 million in non-formula general funds will be allocated in 2012/13.

During the 2012/13 general funds budgeting process, each budget unit met with the Budget Group, the provost's advisory body comprised of senior faculty and administrators, to 1) review the financial health and sustainability of the organization; 2) discuss the schools' faculty salary positions compared to peer universities; 3) report on the diversity, size, and financial support of graduate student and faculty populations, including any growth plans; 4) discuss other strategic directions; and, 5) submit requests for incremental general funds. At the end of the process, the provost made allocation decisions based on the units' presentations, consultation with the Budget Group, and a final forecast of available general funds.

SUMMARY OF 2012/13 BASE GENERAL FUNDS ALLOCATIONS

[IN MILLIONS OF DOLLARS]

2012/13 Projected General Funds Revenue	1,125.1
Allocations to Formula Units	(176.7)
Transfers In - Infrastructure Charge	24.5
Transfers Out - Facilities and Housing Reserves	(47.5)
2012/13 Non-Formula Base General Funds	925.3
2011/12 Non-Formula Base General Funds Allocations	758.7
Non-Discretionary Allocations	
Capital Facilities Fund	67.0
Incremental Facilities Costs	8.2
Subtotal	75.2
2012/13 Incremental Base General Funds Allocations	
Salary Program and Inflationary Adjustments	17.5
Undergraduate Financial Aid	11.8
Programmatic Allocations to Academic Units	14.2
Programmatic Allocations to Administrative Units	4.8
Subtotal	48.3
2012/13 Unallocated Surplus	43.1
2012/13 Non-Formula Base General Funds	925.3

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 2012/13 are detailed below and are reflected in the pie chart on the following page. Details of the allocation by unit can be found on page 83 in Appendix A.

Salary Programs and Inflationary Adjustments: \$17.5 million

To maintain the university's competitive position in faculty and staff salaries, \$11.8 million was allocated to fund a salary program and the attendant increase in benefits expense. General non-salary expenditures received an increase of 2.0% for 2012/13, with larger increases granted for graduate financial aid and student health care expenses. Total inflationary adjustments for non-salary expenditures were \$5.7 million.

Facilities Costs: \$8.2 million

Utilities and O&M expenses for existing facilities will increase by \$2.9 million in 2012/13, and these expenses will increase an additional \$3.9 million due to new facilities coming online, including the Bing Concert Hall, the Stanford

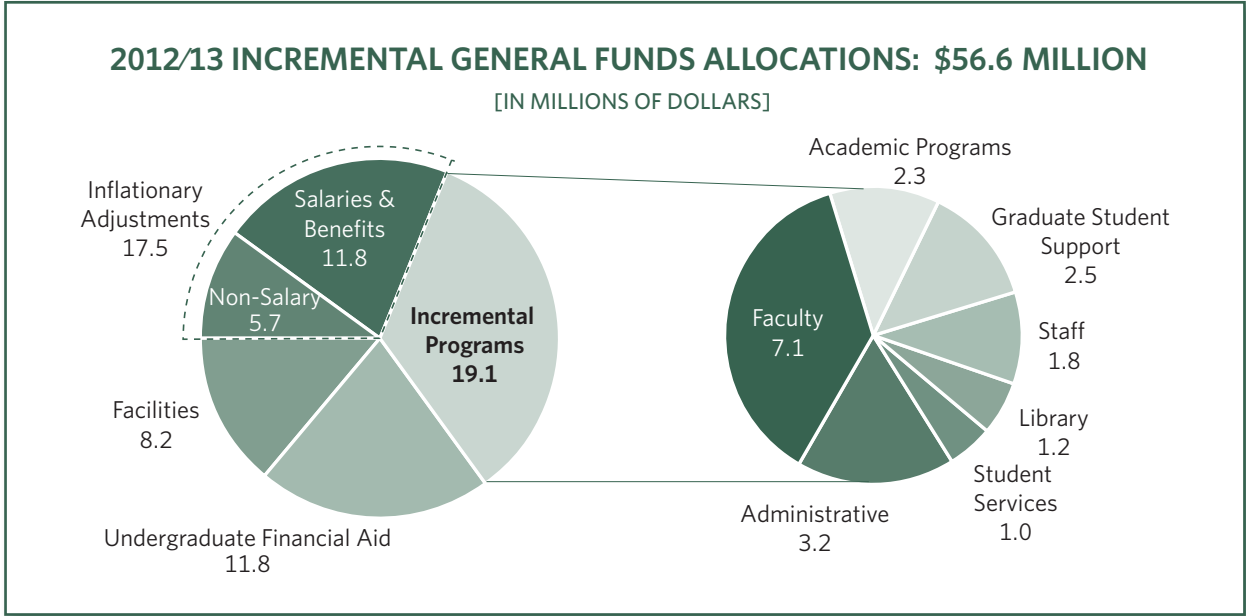
Auxiliary Library III, and the Knight and Littlefield buildings (existing buildings whose operational expenses are being moved from GSB funds to general funds). An additional \$1.3 million allocation was made to cover off-campus lease expenses for administrative staff.

Undergraduate Financial Aid: \$11.8 million

Entering this year's budget process, there were already plans to increase general funds support of undergraduate financial aid by \$1.8 million, part of a longer-term plan to reduce reliance on one-time funds from the Tier II Buffer. During the budget process a strategic decision was made to allocate an additional \$10 million investment of general funds to accelerate the shift away from one-time funds.

Faculty Support: \$7.1 million

As noted above, schools were asked to review and report on their faculty salary positions relative to peer universities. While the university's overall faculty salary position is quite strong, some subsets of the faculty were identified for targeted competitive salary adjustments. A total of \$5.6 million, including benefits, was allocated to the schools for this purpose. Rather than supplementing the normal salary program pool, each school has identified the particular



ranks or departments that will be eligible for these salary adjustments. Earth Sciences was allocated \$145,000 for the second year in a row to continue its growth in a new disciplinary direction, Geobiology, and Engineering received \$204,000 to create joint faculty appointments between its Institute for Computational and Mathematical Engineering and related academic departments. Also, the university continues to support the Faculty Development Initiative and Faculty Incentive Fund — established programs that encourage the recruitment of under-represented minorities to the faculty — and \$787,000 was allocated for this purpose.

Administrative Operations: \$3.2 million

A significant portion of the allocations to administrative units build on the momentum generated by the Stanford Challenge campaign. For instance, the Office of Public Affairs will receive \$515,000 to continue expanding the university’s presence in digital communications and for staff to manage the additional communications needs that have come with the rising profile of Stanford around the nation and the world. Also, the Office of Development received \$1.1 million to focus on three main areas: engaging the large number of potential donors who are not well supported through the annual giving or major gift programs, boosting outreach and volunteer management efforts, and meeting the increased stewardship responsibilities that resulted

from such a successful campaign. Of the \$1.0 million allocated to Business Affairs, nearly half will be used to augment human resources management and to improve HR communications across the entire campus. The remaining allocations to Business Affairs will be used to enhance quality control and audit efforts related to funds management, information technology and data security. Smaller allocations were made to the Alumni Association to maintain its programs in the face of lower external revenues and to Undergraduate Admissions and Financial Aid to manage the continuing increases in their volume of work.

Graduate Student Support: \$2.5 million

Two major allocations were made in support of graduate students. First, law students’ financial aid needs have been increasing for several years at the same time that payout on endowed financial aid funds has gone down. While endowment payout should keep pace with tuition growth going forward, \$1.0 million was allocated to the Law school to address the funding gap that developed in recent years. Second, an additional \$1.2 million was added to H&S and central accounts to cope with the increasing gap between the university’s tuition rate and the tuition support provided by governmental agencies for sponsored graduate fellowships.

Academic Programs: \$2.3 million

The independent labs, institutes, and centers within the Dean of Research (DoR) office have been very successful at garnering sponsored support for their research endeavors. Typically, though, that outside support cannot be used for administrative purposes, so \$800,000 was allocated to provide much-needed administrative support within DoR units and its central office. H&S received \$524,000, mostly to provide base funding for the Masters in Public Policy program, previously supported by one-time funds, and \$370,000 went to Engineering in further support of their research administration group and operations of the Institute for Computational and Mathematical Engineering. Additional allocations were made to Earth Sciences, Education and the Libraries for various academic and academic support programs.

Staff: \$1.8 million

After reviewing comparative market data, \$1.8 million was allocated to enhance the university's existing staff bonus program.

Library: \$1.2 million

The Libraries' materials budget has been increasingly strained in recent years due to prices rising at rates greater than inflation, limited general funds support to address those price increases, and reduced endowment payouts. \$1.1 million was allocated to ease that strain, and an additional \$100,000 was granted to add back a Japanese technical services librarian position that was cut during budget reductions.

Student Services: \$1.0 million

Academic Directors, Ph.D-level staff serving as professional academic advisors within academic residences, have played an important part in improving undergraduate academic advising in recent years. The Vice Provost for Undergraduate Education received \$300,000 to increase the number of academic directors from eight to ten. The remaining allocations in this category will go to support programs throughout the Vice Provost for Student Affairs office, including base support for existing programs on one-time funds, additional staffing in the Judicial Affairs/Office of Community Standards area, and additional health professionals in the Vaden Health Center.

PROJECTED STATEMENT OF ACTIVITIES

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

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

There are four different categories of funds:

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

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

COMPARISON OF CONSOLIDATED BUDGET AND STATEMENT OF ACTIVITIES, 2012/13

Unrestricted Net Assets

[IN MILLIONS OF DOLLARS]

STATEMENT OF ACTIVITIES			FISCAL YEAR 2012/13		
2010/11 ACTUALS	2011/12 JUNE 2011 BUDGET	2011/12 PROJECTED YEAR-END		PROJECTED CONSOLIDATED BUDGET	PROJECTED STATEMENT OF ACTIVITIES
			Revenues and Other Additions		
			Student Income:		
285.6	296.5	298.1	Undergraduate Programs	307.5	307.5
274.8	288.1	288.4	Graduate Programs	299.6	299.6
127.8	137.8	134.2	Room and Board	138.2	138.2
(230.3)	(239.5)	(241.9)	Student Financial Aid ^e		(250.0)
457.8	482.9	478.8	Total Student Income	745.4	495.3
			Sponsored Research Support:		
660.7	650.2	656.7	Direct Costs–University	667.2	667.2
366.4	346.3	357.0	Direct Costs–SLAC	378.0	378.0
220.2	216.9	226.8	Indirect Costs	226.8	226.8
1,247.4	1,213.4	1,240.5	Total Sponsored Research Support	1,272.1	1,272.1
493.8	490.0	514.5	Health Care Services ^{f,k}	599.2	(57.4)
163.7	205.0	200.0	Expendable Gifts In Support of Operations	200.0	200.0
113.7	80.0	104.8	Net Assets Released from Restrictions	109.8	109.8
			Investment Income:		
785.1	838.1	862.4	Endowment Income	925.5	925.5
127.6	116.4	119.7	Other Investment Income ^g	161.6	(34.8)
912.7	954.5	982.1	Total Investment Income	1,087.1	(34.8)
377.7	379.3	420.3	Special Program Fees and Other Income ^j	429.8	5.0
3,766.8	3,805.1	3,941.1	Total Revenues	4,443.4	(337.2)
			Expenses		
2,173.6	2,341.4	2,371.4	Salaries and Benefits ^{d,g,j}	2,439.4	42.7
	81.8	66.4	Debt Service ^h	168.2	(92.8)
			Capital Equipment Expense ^b	90.0	(90.0)
258.9	281.1	289.6	Depreciation ^c		297.2
			Financial Aid ^e	250.0	(250.0)
1,077.5	985.7	1,066.2	Other Operating Expenses ^{f,g,j}	1,148.6	(49.1)
3,510.1	3,690.0	3,793.5	Total Expenses	4,096.3	(142.0)
256.8	115.1	147.6	Revenues less Expenses	347.1	(195.2)
			Transfers		
			Additions to Endowment Principal ^a	(47.3)	47.3
			Other Transfers to Assets ^a	(124.3)	124.3
			Net Internal Revenue/Expense ⁱ	44.1	(44.1)
0.0	0.0	0.0	Total Transfers	(127.5)	0.0
256.8	115.1	147.6	Excess of Revenues Over Expenses After Transfers	219.6	(67.7)

funds are no longer available to support operations, so they decrease the Consolidated Budget for Operations operating results. These transfers, however, have no impact on the Statement of Activities operating results, as the net assets of the university have not changed.

Converting the Consolidated Budget into the Statement of Activities

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

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

- a) Eliminate Fund Transfers. The Consolidated Budget includes transfers of \$127.5 million of current funds to other fund groups, including plant, student loans, and funds functioning as endowment. The transfers out are added back.
- b) Remove Capital Equipment purchases. The Consolidated Budget includes the projected current year's purchases of capital equipment as expense. For GAAP purposes, the cost of capital equipment is recorded as an asset on the Statement of Financial Position. As a result, \$90.0 million is eliminated from Consolidated Budget expenses.
- c) Record Depreciation expense for the current year's asset use. The Statement of Activities includes the current year's depreciation expense related to capital assets being depreciated over their useful lives. Depreciation expense includes the depreciation of capital equipment and other capital assets, such as buildings and land improvements. This adjustment adds \$297.2 million of expense.
- d) Adjust Fringe Benefit expenses. The Consolidated Budget reports the fringe benefits cost based on the fringe benefits rate charged on all salaries; the rate may include over- or under-recovery from prior years. The Statement of Activities reflects actual expenses for fringe benefits, so the over- or under-recovery amount has to be removed from Salaries and Benefits. The Statement of Activities also includes accruals for certain benefits, such as pension and post-retirement benefits that are required by GAAP to be shown as expense in the period the employee earns the benefit. For 2012/13, GAAP expenses are expected to be higher than budgeted expenses by \$68.3 million.
- e) Reclassify Financial Aid. GAAP requires that the tuition portion of student financial aid be shown as a reduction of student revenue. In the Consolidated Budget, financial aid is reported as an operating expense. Accordingly, \$250.0 million of student financial aid expense is reclassified as a reduction of student revenues in the Statement of Activities.
- f) Adjust for Health Care Services. For GAAP purposes, Health Care Services revenues received from the hospitals are reported net of expenses that the hospitals charge the university. The Consolidated Budget presents these revenues and expenses on a gross basis. This adjustment results in a reduction of \$44.9 million in both Other Operating Expenses and Health Care Services revenues, with no net change to the bottom line.
- g) Adjust for Internal Investment Management Expenses. Included in the Consolidated Budget revenues and expenses are \$34.8 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 \$27.7 million from compensation and \$7.1 million from non-compensation expenses, with no net change in the bottom line.
- h) Adjust for Debt Service. The Consolidated Budget includes all internal debt service. It reflects the use of funds to amortize principal and interest. On a GAAP basis, interest expense is reported in the Statement of Activities and repayment of debt principal is reported as reductions in Notes and Bonds Payable in the Statement of Financial Position. It also includes debt service for Rosewood/SHR, which is not included in the Consolidated Budget for Operations. Therefore, Internal Debt Service expense must be reduced by the amount of internal principal amortization. In addition, adjustments must be made to account for the difference between internal and external interest payments. These combined adjustments reduce internal debt service expense by \$92.8 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

\$44.1 million from plant funds into the Consolidated Budget for purchases of internal services must be eliminated.

j) Include Stanford Sierra Camp. The Statement of Activities includes the revenues and expenses of the Sierra Camp that the Alumni Association runs as a separate limited liability corporation. \$5.0 million in revenues and \$5.0 million in expenses is added (\$2.1 million in Salaries and Benefits and \$2.9 million in Other Operating Expenses) to the Consolidated Budget for Operations.

k) Eliminate Hospital Equity transfers: Payments received from the hospitals for which no services are required to be provided by the University are considered transfers of equity between the University and the Hospitals and are not included in operating revenue in the Statement of Activities. In the Consolidated Budget, these show as health care services income. This adjustment removes \$12.5 million of revenue.

In summary, the impact of these adjustments decreases the Consolidated Budget's projected \$219.6 million surplus by \$67.7 million, resulting in a projected surplus of \$151.9 million in the Statement of Activities.

CHAPTER 2

ACADEMIC UNITS

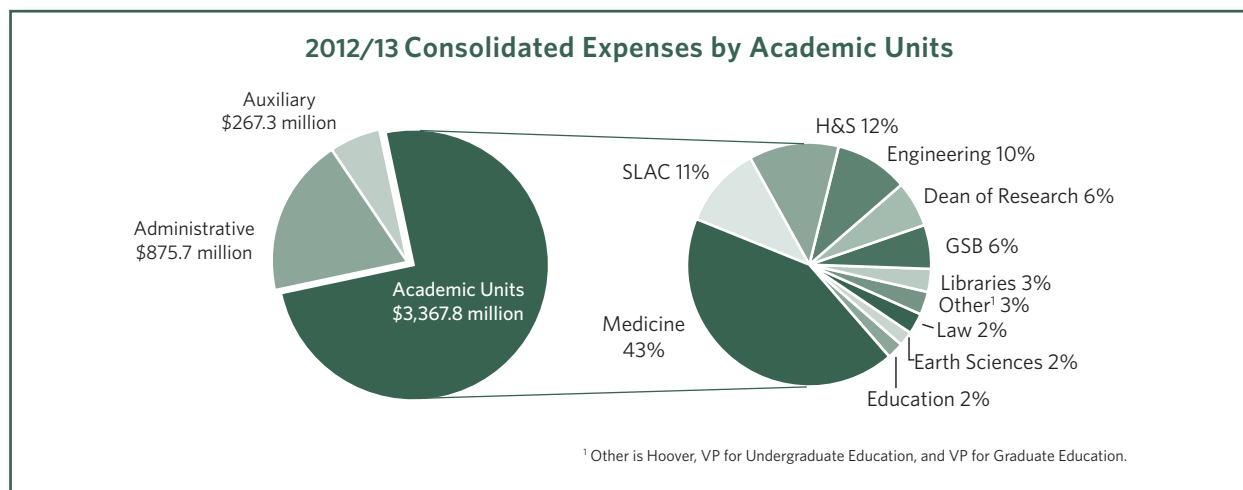
OVERVIEW OF ACADEMIC UNITS

This chapter summarizes programmatic and financial activity for each academic unit. The revenue expectation in 2012/13 for these academic units comprises over 75% of the university total revenue. Overall, the academic units project an operating surplus of \$68.6 million. After transfers to facilities and endowment, the unit budgets overall will be virtually balanced with a \$17.9 million surplus.

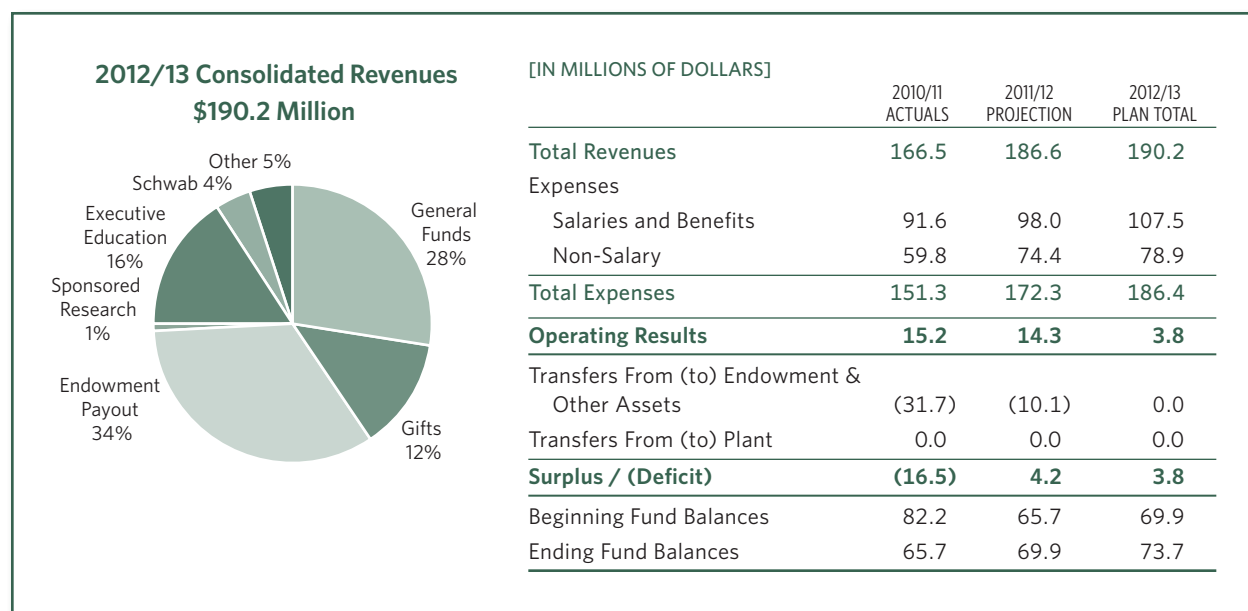
CONSOLIDATED BUDGET FOR OPERATIONS BY UNIT, 2012/13: ACADEMIC UNITS

[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	190.2	186.4	3.8		3.8
School of Earth Sciences	58.5	55.1	3.4	(3.5)	(0.1)
School of Education	53.6	54.2	(0.5)	(0.4)	(0.9)
School of Engineering	352.9	344.5	8.4	(3.6)	4.7
School of Humanities and Sciences	430.3	413.7	16.7	(23.6)	(7.0)
School of Law	72.9	69.0	3.9	(3.8)	0.1
School of Medicine	1,497.9	1,459.6	38.3	(17.1)	21.2
Vice Provost Dean of Research	190.0	195.9	(5.9)	4.8	(1.1)
Vice Provost for Undergraduate Education	45.0	43.5	1.5	(1.5)	
Vice Provost for Graduate Education	7.0	7.0			
Hoover Institution	47.5	45.3	2.2	(2.8)	(0.5)
Stanford University Libraries	105.9	109.5	(3.6)	1.0	(2.6)
SLAC	384.5	384.0	0.4		0.4
Total Academic Units	3,436.4	3,367.8	68.6	(50.6)	17.9



GRADUATE SCHOOL OF BUSINESS



Programmatic Directions

The Graduate School of Business (GSB) continues the momentum established over the last few years. It has completed the Knight Management Center, its new home for innovation, impact, and inclusiveness. The vision for the center reflects a commitment to creating space that enables collaboration between faculty and students, between the GSB and the rest of Stanford, and with the global business community. The buildings support today's GSB community and provide space flexible enough to enable growth and change over the next century and beyond. Certified by the U.S. Green Building Council as LEED Platinum®, its highest rating for environmental sustainability, the center is responsible in its use of energy, water, and materials while providing a wonderful environment for people. The Knight Management Center underscores and augments what is distinct about the GSB: its transformative education, preeminent scholarship, unrivaled community, and distinctive culture. By creating a home that facilitates intellectual discovery, ambitious dreams, and innovation, the school further inspires faculty, students, and alumni to change lives, change organizations, and change the world.

The GSB will continue to build upon its global impact and presence with the establishment of the Stanford Institute

for Innovation in Developing Economies (known informally as SEED). This institute was established with a \$150 million gift from Dorothy and Robert King, MBA '60. This gift is among the largest ever to Stanford University. The institute's aim is to stimulate, develop, and disseminate research and innovations that enable entrepreneurs, managers, and leaders to alleviate poverty in developing economies. Its work is based on the belief that a critical route for economic growth is the creation of new entrepreneurial ventures and the scaling of existing enterprises. The work of SEED will span research, education, and applied on-the-ground work to support entrepreneurs and help enterprises scale.

Non-degree programs in entrepreneurship and innovation are another avenue for expanding global presence and impact. The Program in Innovation and Entrepreneurship (PRIE) was the first such program at the GSB. Launched in 2010/11, PRIE is a four-month academic program for individuals formulating, developing, and commercializing ideas. It leverages design thinking and local entrepreneur and venture capital communities to conceive, develop, and accelerate the launch of new products. The program uniquely combines current Stanford masters, PhD, MD, and postdoc students with Silicon Valley innovators, scientists, and engineers. This is the only part-time program currently

offered at the GSB, but it is anticipated that additional part-time programs will be launched within the next few years.

Global study trips for faculty also expand the school's global presence without building facilities abroad. The purpose of these trips is for faculty to broaden and deepen their knowledge and to learn more about the culture, history, and business climate of the country visited. Each trip includes twelve to fifteen faculty members and a few senior staff. The destinations vary from year to year based on faculty interest. During 2011/12, trips to Brazil and Indonesia have been planned. Initial plans for 2012/13 include trips to Russia, the Middle East, and China. Feedback from the faculty has shown these trips to be excellent development efforts that strengthen the faculty both individually and as a whole.

Leadership at the GSB previously determined that 110 tenure-line faculty members are needed to support the teaching and research efforts of the school. After several years of aggressive recruiting in a difficult environment, the school met its goal of growing the faculty to this size for 2011/12, allowing it to better support academic requirements of teaching and research. Program growth and research initiatives, however, have led to the need for additional faculty. The school intends to add ten more tenure-line faculty members and has authorized searches in all disciplines during 2011/12. Three of these searches are related to SEED. The school also intends to grow the PhD program to match the complement of faculty so that the ratio is 1:1.

Consolidated Budget Overview

The 2012/13 GSB consolidated budget for operations shows total revenues of \$190.2 million and expenses of \$186.4 million, yielding a budget surplus of \$3.8 million.

Compared to the current year-end forecast, GSB revenues for 2012/13 are projected to grow by about \$3.6 million, with tuition revenue for degreed programs increasing 4.0%.

Tuition for first-year MBAs will increase 3.8%, which is similar to the increases in prior years. Sloan tuition will remain flat; however, planned growth in class size will contribute to overall tuition growth. The school forecasts executive education revenues to be flat due to programmatic changes intended to position the program for future growth.

Endowment income will increase about 10% over the current-year projection, driven by increased payout from the university, reinvestment of unrestricted reserves in the endowment, and, most significantly, new gifts, particularly the SEED gift. During 2010/11, the endowment provided 32% of overall funding for the school, particularly for teaching, research, and fellowships. In 2012/13 the school expects expendable gifts to be \$3 million lower than the current year-end forecast due to the end of the Stanford Challenge.

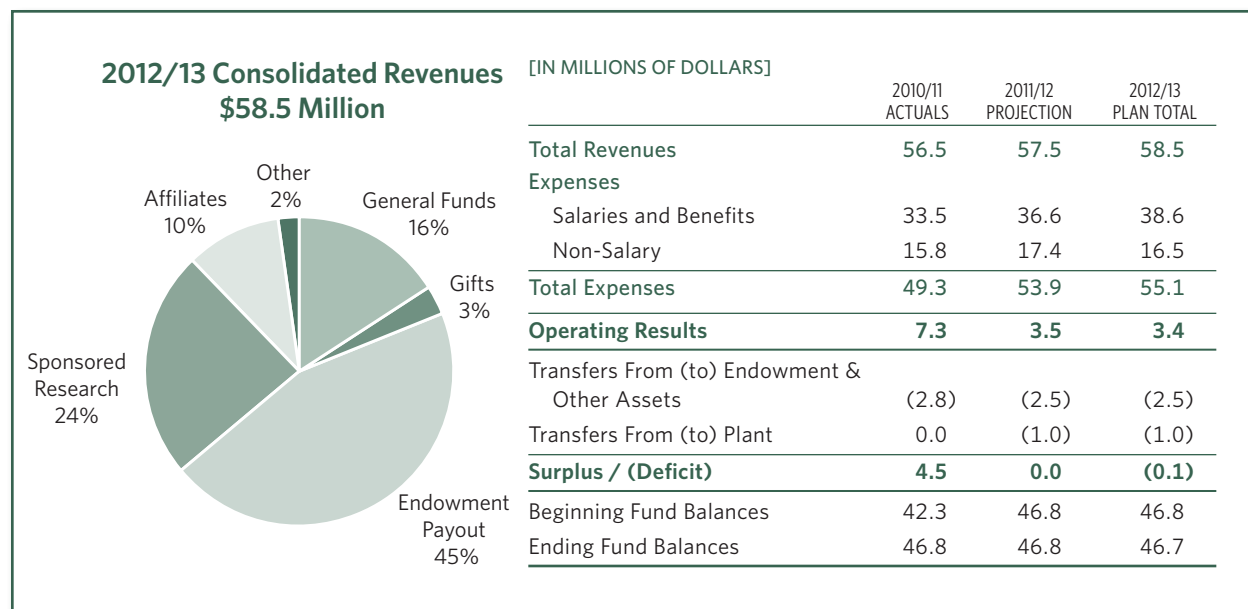
GSB projects that its expenses will increase about 8% from the 2011/12 year-end forecast as it launches the SEED initiative and adds faculty. The school also intends to increase financial aid support to match tuition increases, as it has in the past. In addition to the increased operating expense at the Knight Management Center, the school continues to fund relocation costs for the central university staff formerly located on Serra Street at a cost of about \$2.0 million per year.

The GSB expects to continue to have reserves available for contingency purposes. The largest portion of the reserves is expendable gifts, which are spent over multiple years. Over the past two years, the GSB has held the total reserve balance relatively flat by investing unrestricted reserves accumulated due to surpluses into endowment. Of the projected \$73.7 million in reserves, \$10 million are unrestricted.

Capital Plan

The GSB has begun a planning process to expand the Schwab Housing facility by 150 new beds.

SCHOOL OF EARTH SCIENCES



Programmatic Directions

The School of Earth Sciences (SES) has grown significantly in recent years, despite financial pressures created by the economic downturn. Dramatic increases in undergraduate and graduate enrollment, new faculty recruitment, new fields of study, and, it is hoped, a new building frame the school's plans for the upcoming year and beyond.

With the ever-growing environmental challenges facing the world, SES has seen applications for its graduate programs increase 64% since 2006/07. Enrollment is up 49% (including joint and coterminial master's students) over that period, creating a vibrant, committed, and diverse graduate community. Similar trends are seen in the undergraduate programs. Earth Systems now has close to 200 majors, many of whom go on to pursue a master's degree. It is an exciting time to be a school of earth, energy, and environmental sciences, and SES is committed to educating the leaders of tomorrow to help solve the world's most pressing problems of providing energy, water, and a safe and sustainable planet.

To expand its well-known strengths in the geosciences and engineering, SES is building a program in geobiology, an emerging discipline addressing fundamental questions at

the interface of the biological and the physical Earth sciences. With incremental resources from the university, the school hopes to welcome two new faculty in this area in 2012/13 and a third in 2013/14.

Advanced computational capabilities have become critical to all areas of SES research. Given the enormous complexity of the earth system and the growth in knowledge and observations of this system, high-performance computing (HPC) is seen as a key to leadership in these fields. In 2006 SES established the Center for Computational Earth and Environmental Sciences (CEES), which provides advanced HPC. CEES has grown into an intellectual hub for interdisciplinary research and education in computational geosciences. In response to this growth, CEES will be adding an executive director to manage the complex and sophisticated HPC hub. Additionally, in response to faculty and student demand, SES is launching a new master's degree in computational Earth, energy, and environmental science in partnership with Stanford's Institute for Computational and Mathematical Engineering (ICME). This new degree, CompGeo, will be funded with school and ICME funds as well as fellowship support from external sources. The inaugural class will enter in fall 2012.

Efforts to improve the school's diversity will continue through activities in the Office of Multicultural Affairs (OMA) as well as focused faculty recruitment efforts. While progress in faculty recruitment is slow, it is gaining momentum, and the school hopes to see success in the coming year. Through efforts such as a diversity incentive fund, SES has already succeeded in increasing the number of underrepresented minority (URM) students in its graduate population. The number of diversity applicants tripled from 22 in 2011 to 60 in 2012, and the number of incoming URM students in fall 2012 will be more than double that in fall 2011. While the absolute number remains small (the increase is from four to nine), the trend is very promising.

Finally, with the end of the Stanford Challenge and the school's central position in the Initiative on Environment and Sustainability, SES is examining how to position itself for the future. As a school dedicated to understanding and solving many environmental problems, SES must communicate effectively, clearly articulating and reintroducing its mission, scope, and impact in the world. During 2012/13, the school will take a close look at its brand representation and communication strategies to position itself well for the future.

Consolidated Budget Overview

The 2012/13 consolidated budget shows total revenues and transfers of \$58.5 million and expenses of \$55.1 million, with operating results of \$3.4 million. After Transfers to Endowment & Other Assets of \$2.5 million as well as Transfers to Plant of \$1 million, there is a projected deficit of \$135,000. The deficit will be funded from expendable reserves.

Restricted revenues in 2012/13 are projected to increase 2.3%, or \$1.1 million, from estimated 2011/12 levels. Endowment income is expected to increase 5.2%, or \$1.2 million, of which \$500,000 is to come from new gifts and pledge payments. Sponsored research revenue is projected to decrease very modestly. All other types of restricted revenue are expected to remain flat.

In 2012/13 total expenses are expected to grow 2.2%, or \$1.2 million. Compensation expenses are projected to increase 5.5%, or \$2.0 million, because of the salary program

and a modest planned increase in the number of staff and faculty. Anticipated faculty hires will be in geobiology, and CEES will add an executive director. Non-compensation expenses are projected to decrease 4.7%, or \$808,000. This is due to substantially lower levels of capital equipment and subcontract expenditures. In 2011/12, a \$700,000 expected equipment upgrade in CEES will cause a spike in spending, as will a large subcontract in federal grants and contracts.

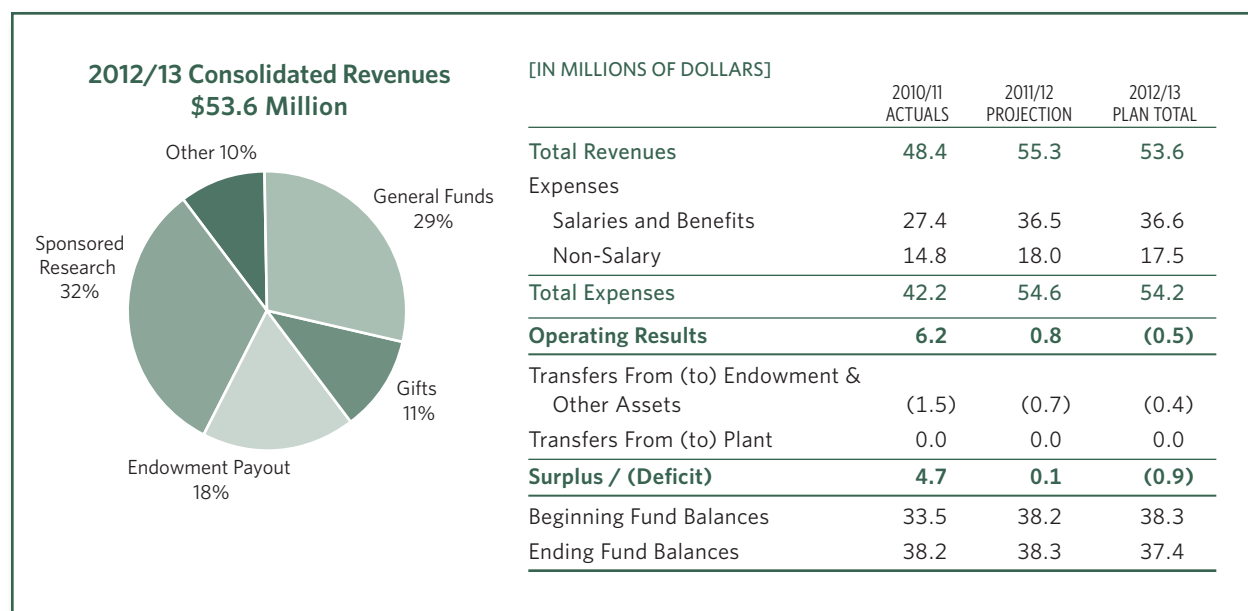
The expected \$135,000 deficit will naturally decrease the accumulated fund balance in 2012/13. While designated fund balances will increase as start-up funding for anticipated new faculty hires is received from the university, the school will draw on its healthy cumulative endowment balance to support program growth in areas such as OMA, CEES, and communications.

Capital Plan

The Earth Sciences capital plan for 2012/13 includes, most importantly, master planning for a cohesive SES campus, including a new building to replace Mitchell Earth Sciences. Mitchell has reached the end of its useful life as a science facility, and its infrastructure cannot support the research needs of a 21st-century school devoted to Earth, energy, and environmental sciences. In spring 2012, SES launched a project to develop a plan that maps out its physical organization across multiple buildings and articulates the general components of a new facility.

Other projects slated for 2012/13 include several laboratory renovations in Green Earth Sciences to accommodate recent faculty hires, along with consolidation of labs scattered throughout the building to improve the efficiency of both equipment and technical staffing. SES also hopes to finish a series of renovations of Geology Corner begun in 2007 to improve efficiency and meet university space guidelines. Continued growth in faculty requires the creation of several more offices. These construction projects are estimated to cost \$2.4 million. The school will request support from the university and is prepared to contribute significant resources of its own to execute these projects.

SCHOOL OF EDUCATION



Programmatic Directions

The School of Education (SUSE) is embarking upon its first comprehensive strategic planning effort in nearly two decades. The school is reviewing its mission statement, last revised in the early 1990s. The current mission emphasizes academic leadership in cross-disciplinary research on global problems in education and provision of exemplary professional training for teachers, researchers, and educational leaders. The new vision will not abandon these emphases but likely will increase the focus on collaborative research with educational practitioners that has useful generalizable findings for institutional reform at the K-12 and postsecondary levels. Some of the most exciting recent school initiatives have been in precisely this area.

While the school has a long tradition of outstanding basic educational research, it recognizes that to have meaningful impact in the classroom, it must continually strive to disseminate research and translate discoveries into practice and policy. The following examples highlight new efforts of SUSE faculty to positively impact teaching and learning at the local and global levels.

Perhaps nowhere is the school's impact greater than within the San Francisco Unified School District. The school re-

cently hired a director to improve coordination between its roughly two dozen professional development and research projects and the real needs of San Francisco schools. Highlights among these projects are efforts to understand interracial classroom interactions, enhance the efficacy of midcareer principals, develop more effective curricula in areas such as math and literacy, and evaluate teacher performance. Already, lessons learned about effective practices and policies are being shared with districts throughout the country. The collaboration plays a central role in SUSE's efforts to contribute to improvements in U.S. public education by developing a powerful model for how universities and districts can work together.

To further broaden its impact, the school is launching an education colloquium series that will feature the work of a wide array of scholars, school leaders, and policy makers. SUSE hopes that by convening key influencers, decision makers, and thought leaders, it will catalyze meaningful and lasting education reform.

One example of how the school is expanding its sphere of influence beyond the local and national levels is the recently established Inquiry into Stanford Teacher Education Program (iSTEP) Institute. Sponsored by STEP, this week-

long program shares Stanford's approach to successful teacher preparation by convening teams of educators from universities and K-12 schools around the globe. iStep participants discuss and analyze STEP's principles and practices; engage with STEP students, cooperating teachers, local K-12 administrators, and university faculty; and then apply elements of STEP's approach to enhance programs in their home countries.

Another example of SUSE faculty collaboration to improve public education internationally is the recent launch of the Lemann Center for Educational Entrepreneurship and Innovation in Brazil. This center seeks to develop new approaches to improve learning in Brazilian public schools, as well as to create new educational opportunities inside and outside the classroom, particularly for low-income students. In addition to training educational researchers and practitioners, the center will work with Brazilian policy makers, technology innovators, and entrepreneurs to improve access and quality in the Brazilian educational system.

Over the past decade the school has been able to expand into developing fields and establish joint positions with other academic areas of the university. Incremental faculty chairs and faculty center directors have fueled faculty growth from 40-45 a decade ago to 56 in 2011/12. The doctoral student cohort, however, has been flat at about 30 per year. Thanks to additional general funds support and several new fellowship funds, the school has been able to increase that cohort to 35 for 2012/13.

SUSE is fortunate to have a highly diverse student population and continues to be dedicated to increasing diversity among its cohorts. The school is exploring new ways to reach out to local colleges and communities to build relationships and pipelines for students who might consider education as a field for graduate study. SUSE is collaborating with H&S to expand the existing Summer Research College to invite undergraduate students from other institutions to campus to work with faculty and graduate students in the field of education. The hope is that this will serve as a pipeline program for diverse students who might consider SUSE's MA and PhD programs.

The school's physical space significantly constrains its ability to teach, conduct research, and convene thought leaders.

The dispersal of SUSE faculty, staff, and students across five buildings greatly impedes collaborative interdisciplinary work. The comprehensive strategic planning process will involve rigorous conceptual work to define school core values, priorities, and direction, which in turn will inform how its physical space can complement its academic and programmatic goals.

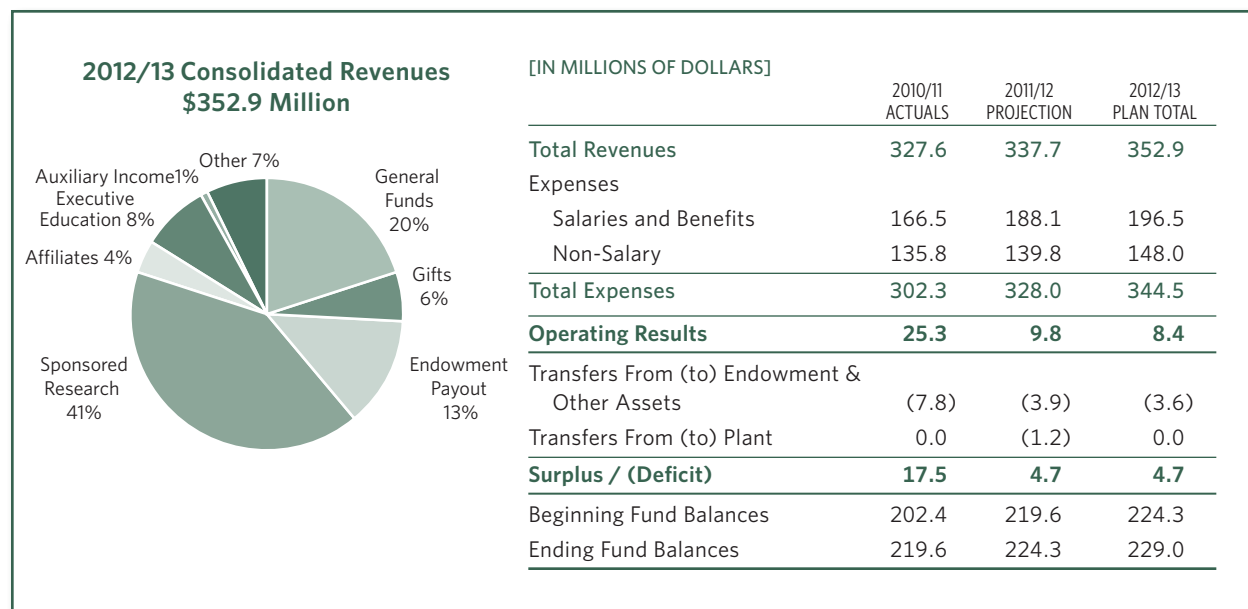
Consolidated Budget Overview

The School of Education projects revenues and operating transfers of \$53.6 million and expenses of \$54.2 million for 2012/13, resulting in an operating deficit of \$0.5 million. After \$400,000 in transfers to assets, the school expects to post a \$900,000 deficit, which will be funded from expendable reserves. School fund balances have grown significantly in recent years, and this projected deficit reflects an anticipated spend-down of some of these reserves. For example, the John Gardner Center intends to use endowment fund balances to support operations, and the school plans to use fellowship reserves to help fund the larger doctoral cohort in 2012/13. The school is also using reserves to fund several renovation projects to improve the functionality of common areas in two of its buildings.

Education is funding new fixed-term positions in Web development, new media development, and learning technology. It also recently established a Career Resources Office whose mission will be to engage alumni and students in a mutually beneficial, lifelong connection to each other and the school. A transfer of \$400,000 from designated reserves makes these pilot programs possible. If the pilots prove successful, the school will seek funding to continue staffing those positions.

Effective September 1, 2011, the Human Sciences and Technologies Advanced Research Institute (H-STAR) moved to SUSE from the Dean of Research. H-STAR, which is primarily funded by federal research awards, is projecting a significant decrease in revenue next year due to the completion of a very large project. As a result, the school's overall sponsored research budget is expected to decline by \$2 million in 2012/13. This reverses a recent trend: school sponsored research activity (excluding H-STAR) increased 27% from 2009/10 to projected year-end 2011/12.

SCHOOL OF ENGINEERING



Programmatic Directions

The current state of the School of Engineering (SoE) is one of growth — most notably in undergraduate enrollment, faculty hiring, online course experimentation, research, and construction. While growth is positive and demonstrates that Engineering is prospering, it presents some infrastructural challenges, and SoE is focused on resolving these pressures.

Undergraduate enrollment in SoE increased over the two past academic years, from its historical average of 20% of Stanford undergraduates to an average of 25%. Major changes to SoE's undergraduate programs and increased career opportunities for engineers are principal causes for the heightened levels. SoE expects further enrollment increases in 2014, when Bioengineering is able to fully accommodate an undergraduate major in its new facility in the Science and Engineering Quad (SEQ). The need for additional TAs and teaching faculty is SoE's key infrastructure challenge related to accommodating undergraduate growth.

SoE anticipates hiring three to five new faculty each year for the foreseeable future, given the fundraising accomplishments that have replenished its frozen billet fund. The school's strategy for allocating new billets focuses on supporting the best intellectual ideas that surface from depart-

ments; funding initiatives in energy, the environment, human health, nanoscience, and information technology; and growing SoE's smallest departments to a critical mass. The need for space is SoE's key infrastructure challenge related to hiring new faculty. To that end, the school is encouraging the use of shared facilities and constructing more open and modular space.

SoE is radically reinventing online learning for both degree and non-degree student courses. In 2011/12, several faculty in Computer Science launched a collection of free, experimental online courses. These have been immensely popular, with 356,000 students from 190 countries expressing interest in one or more courses and approximately 43,000 completing one. Students are clearly learning differently today, and SoE is leading the discovery of new teaching methods. Some of the key challenges facing this pioneering effort include branding, scaling, ownership, and delivery media. The Stanford Center for Professional Development (SCPD) is also rebounding, projecting growth over budget of \$5 million, or 25%, in 2011/12 designated income.

Research expenditures in 2012/13 (federal and non-federal) are expected to grow by \$6.5 million, or 4.7% over budget. SoE's research portfolio continues to be diverse (116 entities), suggesting that the school is not overly dependent

on a single funding agency. Faculty continue to have a high proposal-to-award ratio (58%) and this year were particularly successful in securing funds for several large center grants. Over the past two years, SoE has completely revamped the model for supporting researchers. Enabled by general funds support, Engineering Research Administration (ERA) now has professional staff members whom faculty rate highly for providing a valuable service. Staffing levels in ERA require ongoing monitoring, as ERA must keep pace with the demands of SoE's growing research productivity.

SoE is in the midst of constructing BioE/ChemE, an SEQ2 building dedicated to Bioengineering and Chemical Engineering. The structure is designed to foster interdisciplinary research and teaching by enabling the Schools of Medicine and Engineering to share labs and other space. Similar to SEQ2's other structures, BioE/ChemE features many open, light-filled common spaces that invite chance informal meetings and opportunities to collaborate and innovate. Although SoE remains optimistic that additional donors will come forth in support of BioE/ChemE, it will not pursue too many strategic initiatives using reserves until gifts for BioE/ChemE have been secured.

Consolidated Budget Overview

For 2012/13, the School anticipates \$352.9 million in consolidated revenues and \$344.5 million in associated expenses, resulting in a surplus of \$4.7 million after \$3.6 million in transfers to assets. Transfers to assets include mandatory and voluntary reinvestment of income to endowment principal of \$3.3 million. These figures represent increases over 2011/12 year-end projections in both revenue (4.5%) and expenses (5.1%).

The biggest increases over year-end projections are in sponsored research expenditures (\$5.9 million or 4.2%) and expendable gift income (\$2.9 million or 13.7%). Since 2000, SoE sponsored research expenditures (federal and non-federal) have steadily grown at a compound annual growth rate of 6%, as mentioned in the Programmatic Directions section. Expendable gifts are varied in their purpose and include support for graduate student aid and research.

Faculty and divisions or laboratories within departments control approximately 48% of designated fund balances

and approximately 72% of expendable gift fund balances. A substantial percentage of expendable and designated funds are earmarked for research. Endowment income funds have purposes mainly focused on faculty and student support.

Separate from figures reported in the university's financial system are reserves in SoE's venture capital investment fund, established 20 years ago. In September 2011, this fund's market value was \$70.3 million, down from its peak of \$111 million in September 2007. The drop was due to market downturns in 2009 and 2010 and the use of funds by SoE for capital projects and endowed chair and graduate fellowship matching.

Capital Plan

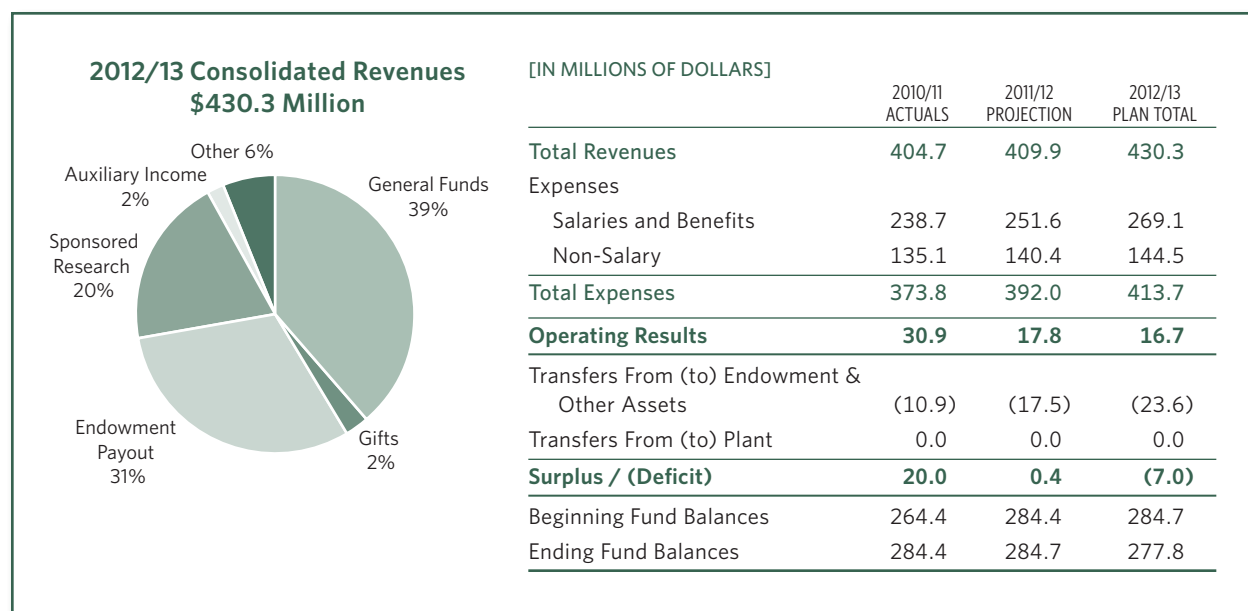
BioE/ChemE in SEQ2 will be ready for occupancy in the summer of 2014. Total costs for BioE/ChemE are \$211 million, with SoE responsible for up to \$49 million. Until gifts can be raised, SoE is bridge financing that \$49 million with debt in order to take advantage of low interest rates.

BioE/ChemE will provide a home for two currently dispersed and space-impacted departments (Chemical Engineering and Bioengineering); facilitate the school's efforts to attract top faculty through the availability of modern teaching and research facilities; foster SoE's strategic focus on interdisciplinary work; open up space in the Clark Center so that new programs can be developed there; and enable the school to vacate old buildings (Keck and Stauffer) so that other facilities can be constructed in accordance with the university's Master Plan.

The school is in the early stages of remodeling Buildings 520/524 in the Panama Mall. The goal is to return these historic buildings to their original open-space architecture and to create a stimulating and collaborative environment. Also in Panama Mall, SoE is renovating existing space to construct a million-dollar wind tunnel for a new faculty member to study the aerodynamics of bird flight.

SoE has made a concerted effort over the past 20 years to provide 21st-century facilities for all faculty and students. With the construction of the fourth and final building in SEQ2 and the remodeling of Buildings 520/524, SoE will have housed all nine departments in modern facilities.

SCHOOL OF HUMANITIES AND SCIENCES



Programmatic Directions

The School of Humanities and Sciences (H&S) has emerged from the past few years of economic turmoil in a strong financial and competitive position. The school's aggressive response to the financial downturn has resulted in consolidated surpluses in each of the past two years. For the first time in memory, the Dean's Office has a robust unrestricted reserve (\$74.8 million as of August 2011), which is now being deployed to take advantage of key opportunities.

Stanford's ability to quickly work through the economic crisis allowed H&S to field a large number of faculty searches, which resulted in an unusually large number of hires. The school was also successful in a number of very expensive senior-level searches that had been ongoing for several years. H&S's faculty now totals 529 — the largest it has ever been. This extraordinary success has created a substantial spike in recruitment costs, and pending commitments (totaling \$20 million) will be funded largely through school reserves across the next five years.

H&S faculty retention activity is also increasing. Offers to our faculty have become more frequent as competing universities regain their financial footing, and we anticipate that this trend will continue and ultimately reach levels

typical of the period before the economic crisis. H&S is taking several preemptive steps to retain faculty. The 2012/13 faculty salary pool will include \$3 million of incremental provostial funds for market-based adjustments in top-five ranked departments. The school's goal is to bring salaries for top faculty to levels consistent with those at top-ranked competitors. Achieving this goal will be a multiyear effort, but this year's increase will be a substantial move forward. The Dean's Office has also increased funding for endowed chair holders, adding \$500,000 of annual incremental support for research. The school has also committed over \$1 million to fund high-performance research computing while a new centralized facility is under development.

The federal grant funding environment continues to be a major concern for H&S. Constrained resources will potentially affect funding for new research grants as well as long-standing training grants to support graduate students. Federal caps on tuition continue to create shortfalls as tuition levels increase. The school has dealt with these issues through a combination of Vice Provost for Graduate Education (VPGE), Dean's Office, department, and faculty-controlled funds, but the overall shortfall is growing to a size that will require a more centralized response. The provost has provided \$885,000 to fund shortfalls related to training

grants, and the school will continue to assemble funding packages for shortfalls on other grants.

Increasing graduate student support continues to be a priority for H&S. Departments within H&S hold a substantial percentage of graduate support endowments, but their distribution is uneven. This circumstance, coupled with uneven access to external funding, has created graduate support surpluses in some departments, while others have had difficulty funding viable student cohorts. The Dean's Office is collecting detailed data to study this problem and has started to address it by reallocating graduate funding resources to departments with high student-to-faculty ratios and low or nonexistent grad aid reserves. Additional adjustments will be considered as detailed data are analyzed.

Consolidated Budget Overview

The H&S 2012/13 consolidated budget projects total revenues of \$430.3 million and expenses of \$413.7 million, for a net operating surplus of \$16.7 million. After \$23.6 million of transfers to plant and capitalization of endowment payout, the school projects a \$7.0 million net use of reserves. It is important to note that H&S projects small consolidated surpluses from ongoing inflows/outflows. The net use of reserves during 2012/13 and 2013/14 carefully matches one-time accumulated reserves for one-time uses.

Construction of the McMurtry Building is the largest component of the School's use of reserves. In 2011/12, the school will use \$9 million for this project. During 2012/13, \$18 million will support this new building (comprised of \$6 million of defined funding, plus another \$12 million of temporary bridge funding, until donor gift payments are received). The overall project cost (over several fiscal years) is expected to be \$85 million. The exceptional number of faculty recruitments has also steeply increased transfers to new faculty research accounts. Transfers increased by \$8.4 million (56%) in 2011/12 from prior years' levels and are projected to remain at the new levels during 2012/13. These higher costs will also be funded by school reserves.

New activities have also affected the budget. At the beginning of 2011/12, the Public Policy program moved from the Dean of Research to H&S. This program has piloted a new Masters of Public Policy degree, and the provost allocated \$470,000 of new base funding to support the program starting in 2012/13. Construction continues on the Bing Concert Hall, with performances commencing in January 2013. A detailed financial model is still under development, and H&S 2012/13 consolidated projections include preliminary projections for the new hall.

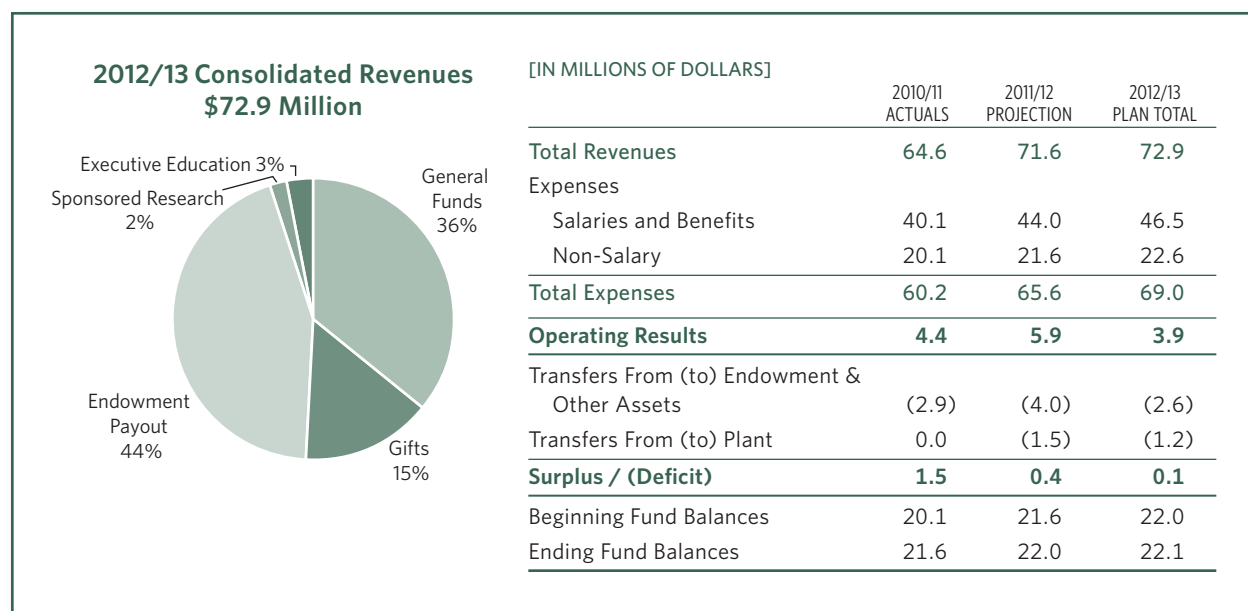
As a result of incremental funding and accelerated strategic initiatives, expenses will increase, particularly for faculty salaries, lab setup, and capital equipment. Funding of capital projects and of higher levels of recruitment and retention is projected to reduce Dean's Office unrestricted reserves significantly during 2011/12 and 2012/13. Consistent with trends in 2011/12, department and program-controlled fund balances are projected to grow only marginally during 2012/13. Capitalization of restricted endowment balances will continue in 2012/13 but is projected to decrease by \$2.2 million from 2011/12 levels, as most accumulated payout has already been reinvested in the past two to three years across the school.

Capital Plan

The 844-seat Bing Concert Hall will be completed in summer 2012, with its inaugural season and first public performance scheduled for January 2013. Programming and design of the McMurtry Building, to be located adjacent to the Cantor Arts Center, is well under way. H&S hopes to move forward with plans for a new Biology Research Building and Teaching Labs and Learning Center, and has initiated a study to define the scope of work required to realize these goals.

H&S continues to undertake a range of laboratory and other building renovations in support of faculty research, teaching, program growth, and ongoing needs.

SCHOOL OF LAW



Programmatic Directions

After weathering the lingering impact of the economic downturn, Stanford Law School (SLS) is well positioned to capitalize on the new academic initiatives launched over the past five years. Fortunately, the law school community of faculty, staff, students, and donors persevered through difficult times to implement these initiatives successfully. For example, SLS was able to accomplish virtually everything it set out to do in the recently completed Stanford Challenge. Although obstacles remain, SLS is fiscally stable, with the exception of graduate financial aid, and is moving quickly in its continued quest to reinvigorate legal education at Stanford and across the nation.

Faculty recruitment and hiring has been a primary initiative in recent years, and the results have been better than anticipated. The effects of the new hires are noteworthy. They have boosted the law faculty's sense of confidence and success and have substantially influenced the intellectual life of the school. Moreover, the recruitment of prominent legal scholars from other schools was big news in the legal press and delivered a resounding message about the increasing strength of the SLS faculty.

There is perennial concern regarding SLS salary parity with other law schools, especially its chief competitors, Yale and Harvard. Not surprisingly, a recent faculty salary analysis comparing peer law schools validated these worries. As a result, the 2012/13 faculty salary pool will include incremental provostial funds to help address this high priority. It is imperative that SLS provide a strong salary program to remain competitive.

Meeting financial aid demand is expected to remain a foremost budgetary pressure for the next three years. Prior to the economic downturn, SLS was able to fund all financial aid expenses with endowment payout. However, the 25% reduction in endowment payout resulted in the loss of nearly \$2 million of financial aid income. Additionally, in the past several years — without any change in school policies for awarding aid — the number of students with need great enough to qualify them for a scholarship rose from 50% to 60%, while the average award increased 20%. Financial aid fund balances will be wiped out, so for the first time, unrestricted funds will be used to cover shortfalls. SLS is extremely fortunate to have received incremental base and one-time general funds to partially offset the funding gap.

To close it permanently, SLS has undertaken an ambitious campaign to raise \$20 million in new financial aid endowment, which will eventually produce an annual payout in excess of \$1 million. It is also monitoring financial aid policies and will adjust them if and when needed.

In recent years, the Mills Legal Clinics have grown in breadth, effectiveness, and reputation. Since 2003/04, clinic faculty have increased from two to seven, while the clinic operating budget has increased fourfold to almost \$5 million. In 2011/12, approximately 80% of law students will spend a quarter in one of the ten clinics. Along with financial aid, the clinics were a priority focus for SLS in the Stanford Challenge. The campaign efforts enabled SLS to relaunch both of the clinics that were temporarily in abeyance due to budgetary constraints, one in international human rights and the other in intellectual property and innovation.

Consolidated Budget Overview

Planned 2012/13 consolidated revenues and transfers will grow 2%, to \$72.9 million, from \$71.6 million in 2011/12, due primarily to increases in expendable gifts and endowment income. However, general funds will decrease \$500,000 year over year because SLS received a \$2 million one-time allocation to address graduate financial aid in 2011/12. Consolidated expenses will grow 5.2%, to \$69 million, from \$65.6 million in 2011/12. Principal contributing factors include the ramping up of the Steyer-Taylor Center for Energy Policy and Finance, financial aid obligations that continue to increase (albeit more slowly than in previous fiscal years), and expenses for faculty retention and recruitment.

The 2012/13 consolidated surplus is \$3.9 million, down \$2 million from the surplus in 2011/12. After \$3.8 million in transfers to assets (of which \$2 million goes to the student loan program to fund the Loan Repayment Assistance Program), the 2012/13 consolidated budget reflects a small net surplus of \$64,000.

The school's consolidated fund balances will continue to hover around \$22 million. Slightly less than half of this amount, \$10.8 million, is currently invested in housing loans to faculty. Another \$9.7 million is highly/moderately restricted or committed to capital projects and housing

loans for newly recruited faculty. This leaves a perilously low unrestricted fund balance of \$1.5 million.

Lastly, 2011/12 was the final year of a three-year phase-in of larger JD and graduate student classes, as well as the second year of a two-year law school tuition increase of \$2,000 (\$1,000 per year) above the standard university graduate tuition increase. Over three years, these two revenue enhancement initiatives generated \$2.5 million in additional net general funds for the law school, which are now incorporated into the annual base allocation.

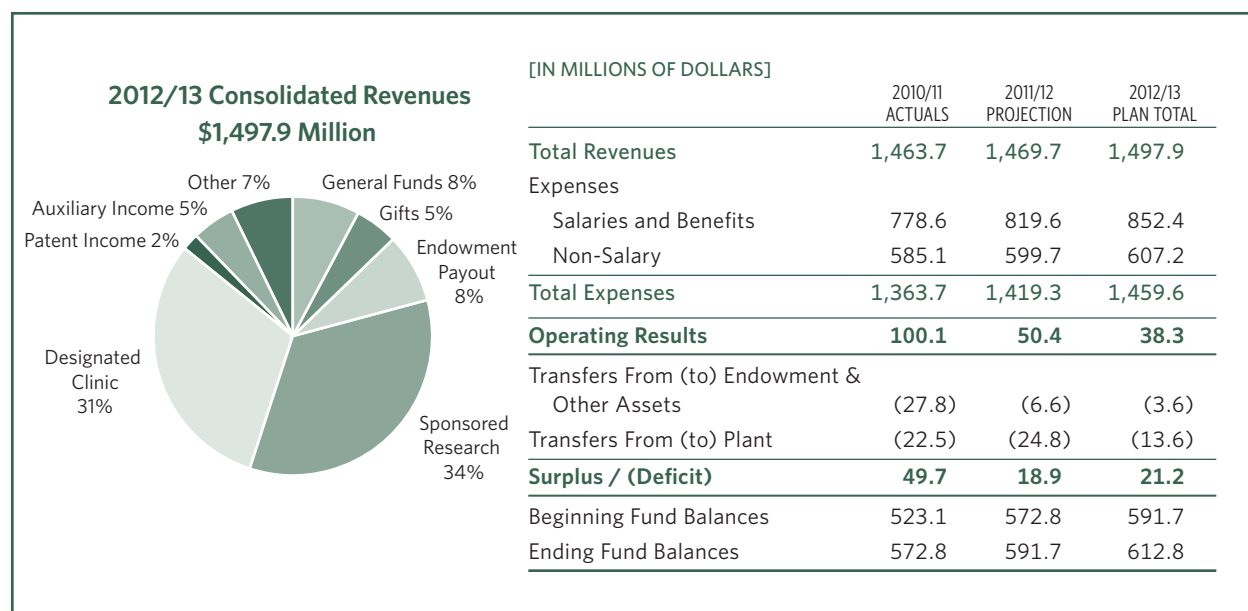
Capital Plan

After almost a decade of planning, fundraising, and construction, two capital project additions to the law school campus, the Munger Graduate Residences (completed in 2009) and the William H. Neukom Building, are finally complete. The total project cost for the Neukom Building was approximately \$65.1 million (including a \$4.6 million contribution to the GSB for the Kresge replacement), \$3.4 million less than the budgeted \$68.5 million. Almost 350 law students reside in the Munger Residences, and faculty and staff began moving into the Neukom Building this past summer.

Focus has now shifted to the final piece of the law school campus master plan, the renovation and modernization of the Crown Quadrangle. In addition to offering improved space for administrative departments and the law library and new space for student groups, Crown will house an innovative Institute for Law and Public Policy. The architects, in tandem with the law school project team, are presently evaluating university space guidelines, projecting headcount for programmatic needs, outlining alternative project options, and creating an efficient construction phasing plan.

Preliminary plans indicate that the current second-floor library staff offices and third-floor library collection can be moved to the Crown basement for \$3 million. A complete renovation of the third floor is estimated to cost \$14 million; renovating first- and second-floor offices to make them more efficient and bring them into line with university space policy guidelines will cost another \$3 million. The total Crown renovation thus will cost \$20 million. The law school plans to begin this renovation in the fall of 2012.

SCHOOL OF MEDICINE



Programmatic Directions

Many factors can dramatically affect the success of academic medical centers. Some are amenable to modulation or alteration, while others are not. One recent crucial event was the 2008 economic downturn, which affected the U.S. and global economies, with consequences for federal and state funding for biomedical research. Equally important is the political struggle over healthcare reform. Whatever the outcome, it will result in reduced revenues to hospitals, physicians, and academic medical centers. These rapidly unfolding changes underscore the continuing need to plan creatively. Stanford University Medical Center (SUMC) must sustain and enhance the resources supporting students, faculty, programs, and initiatives. The School of Medicine (SoM) must be prepared to change and adapt, but the changes must stay true to its fundamental underlying principles, and its directional compass must optimize success over time.

The school's strategic plan, *Translating Discoveries*, formulated in 2002, has been the basis of many of its initiatives over the past decade. Among the most notable of these are the university-wide interdisciplinary Bio-X programs and the joint SoM and School of Engineering Department of Bioengineering. In tandem, the school has evolved its strategic plan to develop five interdisciplinary Stanford Institutes of Medicine and three strategic centers to foster

collaboration, interaction, and innovation in education, research, and patient care. The Stanford Institutes of Medicine are the Cancer Institute, the Institute for Stem Cell Biology and Regenerative Medicine, the Cardiovascular Institute, the Institute for Neuro-Innovation and Translational Neurosciences, and the Institute for Immunity, Transplantation and Infection. Faculty in the institutes come from basic and clinical science departments in the school and the university. The institutes thus create new communities of faculty and trainees to promote innovation, discovery, and new models for education and training. The three strategic centers are the Center for Clinical Informatics, the Center for Biomedical Imaging, and the Center for Genomics and Personalized Medicine.

While excellence in basic science remains the foundation of the school, considerable effort and investment have also gone into enhancing programs in clinical and translational science. The Stanford Center for Clinical and Translational Education and Research, under the banner of Spectrum, includes a broad range of programs to support and educate students and faculty in clinical research. It also aligns with innovative programs such as BioDesign and SPARK, which is designed to identify partnerships between academia and enterprise to allow discoveries to move from Stanford's laboratories to applications for human health. These programs foster clinical and translational innovation, discovery,

and development for new drugs, biologics, and devices, and are extending the school's collaboration locally and globally.

The spirit of interdisciplinary interaction is strong at the SoM. Medical (MD) students may now pursue joint degree programs in every school at Stanford. Research, including a scholarly concentration, is a centerpiece of the MD curriculum introduced in 2003.

Patient care has received as much attention as research and education. Major changes will unfold through health-care reform, including the Affordable Care Act of 2010 or its replacement. The school has been collaborating with Stanford Hospital and Clinics (SHC) and Lucile Packard Children's Hospital (LPCH) to plan strategically and to transform SUMC into the national model for leading-edge innovation, coordinated complex care, and outstanding primary and secondary care. Integrated planning is under way to achieve these goals in cardiovascular health, cancer, neuroscience, and transplantation, as well as primary care and new models of healthcare delivery. Both hospitals have undertaken major initiatives to improve patient experience, enhance quality performance, increase efficiency, and reduce expenses. Both continue to make sizeable investments in information technology, electronic medical records, and construction of new hospital facilities — the largest and most comprehensive facilities project in the history of SUMC and the university.

Consolidated Budget Overview

The school projects total revenues and transfers of \$1,497.9 million in 2012/13 and expenses of \$1,459.6 million, yielding a surplus from operations of \$38.3 million and a net change in current funds of \$21.2 million.

Revenue

Revenues and transfers are projected to increase from \$1,469.7 million in 2011/12 to \$1,497.9 million in 2012/13. Key drivers include the following:

- New awards from the California Institute for Regenerative Medicine drive increases in non-federal sponsored research.
- Clinical programs expansion contributes to the 5.0% growth in professional service agreement and service payment revenues.
- Expendable funds pool payout is projected to be \$23.7 million in 2012/13, compared to \$22.1 million in 2011/12.

Gift revenue is projected to decline 8.6% in 2012/13 because the school received a sizeable gift in 2011/12 for the Asian Liver Center (ALC).

- Endowment income is projected to grow 3.6%, reflecting a modest influx of new gifts.

Expense

Expenses are projected to increase 2.8%, or \$40.3 million, from 2011/12 to 2012/13. Major components of the increase are:

- The projected net recruitment of 35 faculty, 20 in the university tenure line and 15 in the medical center line.
- A \$26.3 million increase in annual compensation for faculty and staff, primarily due to the salary program, incremental faculty, and clinical program growth.
- A \$13.9 million increase in benefits and payroll special expenses for academic and staff employees.
- Increases in operation, maintenance, and utilities expenses, primarily driven by double-digit rate increases for chilled water and steam, a full year of operation of the Jill and John Freidenrich Center for Translational Research (FCTR), and additional leased properties.
- Increases in federal and non-federal research non-compensation expenses, primarily in internal costs, subcontracts, and materials and supplies.

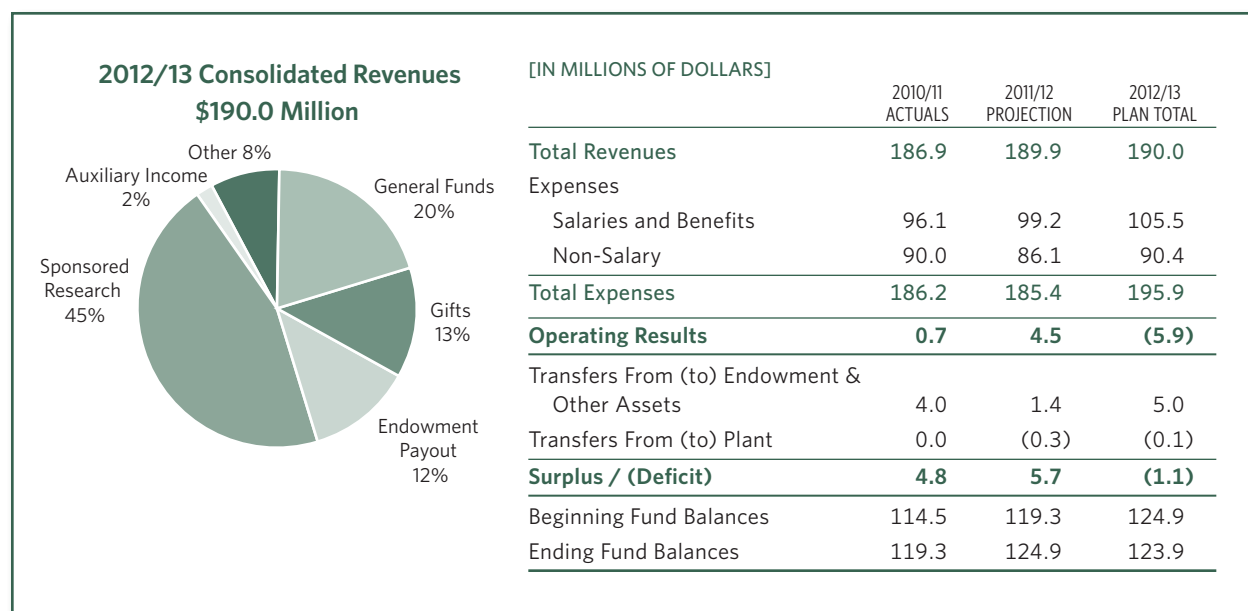
Transfers to Plant, Endowment, and Other Assets

The projected transfers to plant of \$13.6 million comprise \$6.2 million for tenant improvements for off-campus leased properties at Porter Drive, \$2.1 million for the ALC, \$1.3 million for seismic and research animal facilities rehabilitation projects, and \$4.0 million for strategic and routine capital projects. Transfers to other assets include departments' projected \$7.0 million transfer to FFE.

Capital Plan

In close proximity to the hospitals and the Stanford Cancer Institute, FCTR will provide work space for clinical researchers, biostatisticians, and research nurses who support the institute and the Stanford Center for Clinical and Translational Science. The project began construction in 2010/11. It is estimated to cost \$21.3 million and is on schedule to open in summer 2012. Adjacent to FCTR, construction on the 32,000-gross-square-foot ALC is planned to begin in early 2013. It is estimated to cost \$26.5 million and to open in spring 2014.

VICE PROVOST AND DEAN OF RESEARCH



The Office of the Vice Provost and Dean of Research (DoR) is responsible for research policies and facilitating faculty research and scholarship across all of the schools and departments. It has oversight for sixteen independent laboratories, institutes, and centers and manages the compliance and administrative offices that support research, including Environmental Health & Safety and the Offices of Technology Licensing/Industry Contracts, Research Compliance, Science Outreach, and the new Office of International Affairs (OIA). The DoR also oversees major shared facilities that support a broad range of research and scholarly activities, including the new Stanford Nanosciences Center, the Stanford Nanocharacterization Lab, the Stanford Mass Spectroscopy facility, and the Center for Cognitive and Neurobiological Imaging.

Programmatic Directions

The DoR organization has experienced a substantial increase in scope over the past few years. The Office of International Affairs was launched in 2011 with presidential support and a supporting gift. The new office serves as a centralized resource to encourage and support international research programs and activities. The office helps to

coordinate new international projects, such as the Stanford Center at Peking University, and facilitates the development of new collaborations on behalf of faculty, departments, and schools. The OIA works with other university offices and committees to address legal and liability issues related to Stanford's international activities and coordinates the university's international incident response planning. In 2012/13, the office will establish a seed-grant program to promote new faculty led research at locations throughout the world.

A new DoR Office for External Affairs has been created for development and fundraising that will support interdisciplinary research initiatives following completion of the Stanford Challenge campaign. The Office of Sponsored Research is now the joint responsibility of the DoR and the Vice President for Business Affairs; oversight of the Stanford Electronic Research Administration (SeRA) project is also shared and DoR directs the Research Administration Training and Development Group.

DoR is pursuing several important initiatives related to research compliance and administration that will be a priority in 2012/13. DoR is overseeing the revision of Stanford's

conflict of commitment and conflict of interest (COC/COI) policy and implementing required COI training. In parallel, DoR, in conjunction with the schools and Administrative Systems, is building an enhanced system for faculty reporting of Outside Professional Activities (OPACS). The redesigned OPACS will meet new federal regulations for university review and management of conflicts of interest and reduce faculty burden by eliminating the need to provide the same information in multiple systems, e.g., sponsored research proposals, human subjects protocols, or gifts. DoR is also leading an initiative to create an integrated website that will facilitate access to a broad range of information and tools in support of faculty research and scholarship. DoR is also working to explore the extension of the Community Academic Profile (CAP) system as a resource for professional information and links for faculty, students, and staff, including networking capacity.

The Center for Visualization and Textual Analysis is a faculty-led initiative for innovation in humanities research that will function as a new shared resource, with support through the Stanford Humanities Center. Three major collaborative research programs, including Mapping the Republic of Letters, The Literary Lab, and The Spatial History Project will be a nucleus for paradigm shifting work in the humanities. The initiative will leverage these programs, in order to broaden opportunities for faculty and students to use computer-based approaches on team-based work. The Center will take advantage of the skilled technical staff of the core programs and academic technology specialists provided through the Stanford libraries.

One of DoR's initiatives is to provide seed funding for proof-of-concept experiments that can enable faculty to compete for extramural grants. This is particularly beneficial to new and junior faculty. In 2012/13 seed funding will be distributed to support energy and environmental sciences, international initiatives and SLAC affiliated institutes. For example, the Center for Interface Science and Catalysis (SUNCAT) joint between SLAC and Stanford will offer funds to develop new catalysts that are essential for artificial photosynthesis, chemical fuels, and energy storage. Resources will also be provided to encourage new researchers to use the Stanford Nano Shared Facilities and the Center for Cognitive and Neurobiological Imaging.

Consolidated Budget Overview

DoR projects revenue to be \$190 million and \$5 million in transfers in from endowment and other assets. Expenses are projected to be \$196 million in 2012/13, resulting in the planned use of \$1 million from fund balances that have grown in recent years. For example, the Freeman Spogli Institute for International Studies is investing endowment funds for a multidisciplinary seed grant program that supports campus-wide, early stage research projects in the area of global underdevelopment and poverty alleviation.

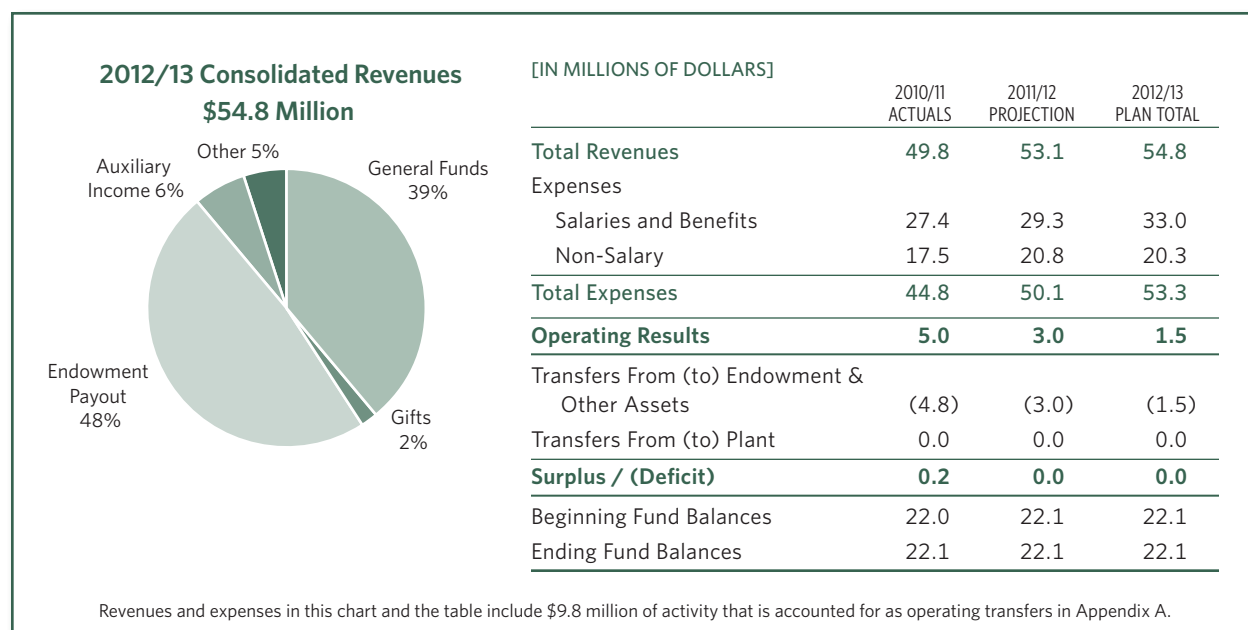
The DoR consolidated budget decreased in 2011/12 when the Human Sciences and Technologies Advanced Research Institute moved from DoR to the School of Education. Off-setting this decrease was the addition of new DoR programs, such as the Office of International Affairs, the Research Administration Training and Development Group, the Center for Visualization and Textual Analysis and the Wallenberg Network Initiative. These new programs will continue to ramp up in 2012/13. Faculty research programs in the independent laboratories, institutes, and centers continue to receive extramural funding. A new solar research program will contribute substantially to the Geballe Laboratory for Advanced Materials' program growth. The shared facilities, added to DoR in recent years, also project program growth. These facilities are developed to offer access to costly scientific instruments and education to the research community.

The DoR budget includes multi-year, multidisciplinary research awards distributed to Stanford faculty by independent labs such as Bio-X, Precourt Institute, and the Woods Institute.

Capital Plan

Data centers at the university and SLAC National Accelerator Laboratory are operating at the upper limits of capacity and must expand to handle the growth of research computing needs. To meet this growing demand, Stanford has planned the Stanford Research Computing Facility, which will be a modular, scalable, energy efficient and high-density scientific research computing facility located at SLAC. The project is budgeted at \$41.2 million. The research computing facility has received approval from the Board of Trustees and construction will begin in summer 2012.

VICE PROVOST FOR UNDERGRADUATE EDUCATION



Programmatic Directions

The Office of the Vice Provost for Undergraduate Education (VPUE) plays a key role for undergraduates through direct curricular and service offerings and broad advocacy across campus. The Study of Undergraduate Education at Stanford (SUES) highlights the breadth of VPUE's responsibilities. It touches on most VPUE programs and profoundly affects some of them. VPUE takes the SUES recommendations as an endorsement of several of its programs, including Introductory Seminars, Sophomore College, and the Bing Overseas Study Program (BOSP). In addition, VPUE accepts the challenge put forward by SUES to implement exciting new initiatives and to continue evolving in our service to Stanford undergraduates.

Many VPUE decisions over the last two years align well with the SUES recommendations. The expansion of Sophomore College and the reintroduction of the Bing Overseas Seminars were both funded last year and saw high student demand. In addition, VPUE and the Center for Teaching and Learning (CTL) piloted Faculty College and Faculty Boot Camp, both of which offered faculty dedicated time and resources to develop new courses or curricular ideas.

In 2012/13, Stanford Introductory Studies (SIS) will deliver the new one-quarter Thinking Matters requirement. The new courses, with faculty from across the university, have

been identified and will be ready for the class of 2016. In addition, a hybrid offering that combines the first-year writing requirement and the Thinking Matters requirement will be an option for freshmen in fall 2012.

One goal of the SUES committee was to "unpack" the freshman year, thereby increasing flexibility and choice for first-year students. Stanford has long thought of the freshman year as a time for transition, exploration, and discovery, and the class of 2016 will have more opportunity for these pursuits. However, a broader palette of choices will place a greater burden on the advising system. The established pre-major advising system has two components: full-time professional academic directors (ADs) based in the freshman residences and a pre-major advisor for each student. Since its creation, the AD program has been quite successful. Students rely significantly on the knowledge and proximity of the ADs and have reported much higher satisfaction with the advising system since their inception. The presence of the ADs has also permitted the pre-major advisors to focus on assisting students with the challenges of selecting a major rather than on the nuts and bolts of undergraduate requirements. In 2012/13, VPUE will add two ADs, for a total of 10, reducing the caseload of each AD below 400 students.

The SUES report postulates that overseas study advances virtually all of the essential aims of a Stanford education

and recommends increasing the number of students who study with BOSP each year. To accomplish this aim, BOSP will have to provide new and different opportunities. For 2012/13, the number of Overseas Seminars will increase from five to eight. In addition, the center in Kyoto, which is particularly attractive for students in technical fields, will offer a second seminar in the winter term to meet student demand. Finally, the center in Santiago will begin offering a quarter-length program in summer 2014 that will replace the current winter-quarter offering. This change will better align with the academic calendar in the Southern Hemisphere and will provide an option for students who feel they cannot be away from campus during the regular academic year.

Consolidated Budget Overview

VPUE projects revenues and transfers of \$54.8 million and expenses of \$53.3 million in 2012/13. It will reinvest the resulting operating surplus of \$1.5 million in endowment principal to balance the consolidated budget and fund future programming. The revenue increases are driven largely by greater endowment payout as well as increasing student revenue from the additional BOSP seminars and the second quarter in Kyoto. The expense increases are due to the program expansions described previously and on program development costs stemming from changes recommended by SUES.

Currency exchange rates remain a source of uncertainty in expenses, even for programs that remain largely unchanged. Most of the overseas centers' activities are carried out in local currency that is subject to varying exchange rates. BOSP expenses for 2012/13 are not fixed yet because VPUE has not purchased futures contracts to set the exchange rates, but BOSP's dedicated currency reserve is adequate to address these variances. Although this uncertainty is part of VPUE's annual budget process, there are processes in place to actively manage the risk.

Capital Plan

The center in Berlin is the only BOSP center owned by Stanford. The rest are leased. The building is undergoing \$1.2 million in renovations, including roof, electrical, and plumbing work, during the summer of 2012. VPUE is in the study phase of a project to move the Hume Writing Center and the speaking center into a consolidated location, but the plan is not developed enough to estimate the expenses of the move and any renovations required in the new location.

SUES and Its Budget Implications

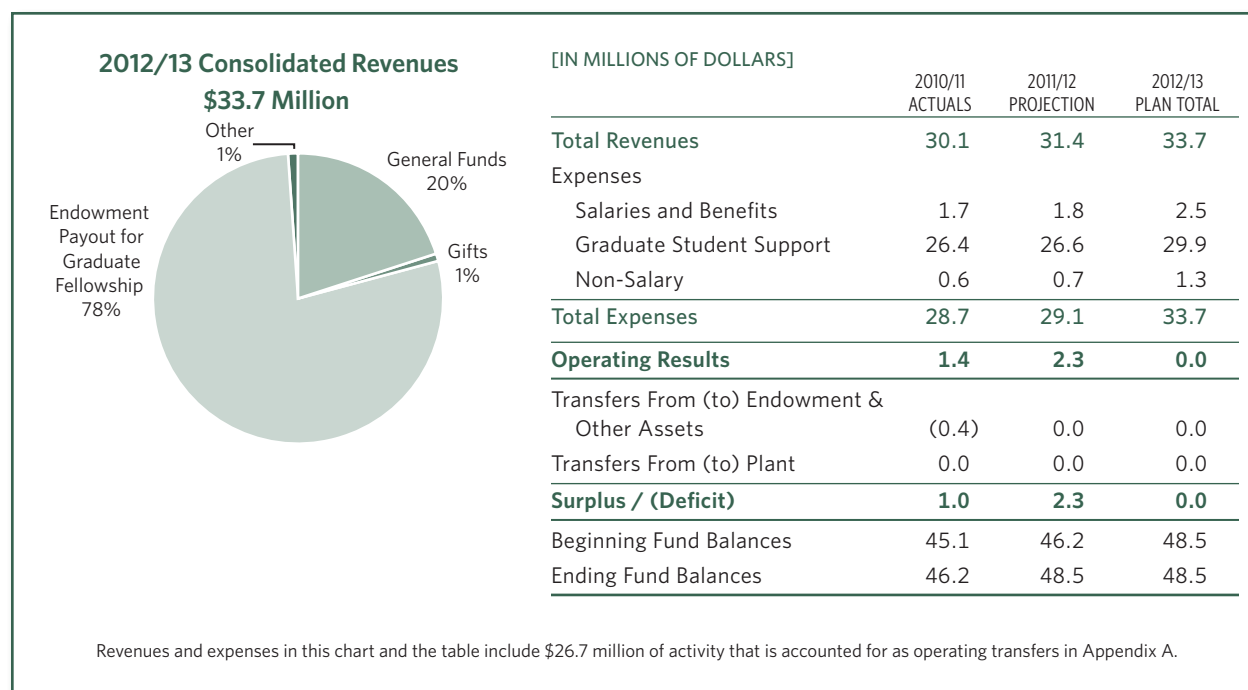
The Study of Undergraduate Education at Stanford (SUES) proposes an expansive set of recommendations intended to re-shape undergraduate education at Stanford. The report specifically addresses the current general education requirements, but additionally addresses the needs of today's Stanford student by imagining possibilities beyond traditional classroom learning. Given the far-reaching recommendations, some of the programs SUES envisions will not come to fruition for a few years, some will morph during implementation, and some will not be adopted at all. This makes budget implications difficult to predict at this point.

Beginning in fall 2012, the new one-quarter Thinking Matters course will replace the existing three-quarter Introduction to the Humanities (IHUM) requirement. Despite the high initial start-up costs associated with developing and launching over 30 new Thinking Matters courses, VPUE will field the Thinking Matters program with repurposed resources from the IHUM program. As the writing program remains unchanged, at least in the first year, there are no immediate budget implications associated with writing.

The budget impact of the adoption of SUES recommendations at the department level is an unanswered question. From the expansion of introductory seminars to a new model for breadth requirements, departments will need to determine how to integrate the major with general education and what resources will be needed to develop new courses. Furthermore, calls for expanded capstone experiences, integrated writing courses, innovative course formats, and much more will require departments to re-examine the deployment of both faculty time and financial resources in support of undergraduate teaching, while still meeting the challenges of graduate education and research. An assessment of these changes and potential funding needs is ongoing.

Looking beyond 2012/13, resource requirements for many of the SUES recommendations will become clearer as program development moves the recommendations from concept to reality. As an example, SUES recommends the development of additional residentially based freshman learning communities based on the current Structured Liberal Education program. Accordingly, a pilot Integrated Learning Environment (ILE), centered on the arts, is under development in the Faculty College with the plan of offering it in fall 2013. Access to performance, instructional, and creative space in or near the residences is a critical goal for the arts ILE, but new spaces may not be realistic in the first year. Near-term expenses will consist of instructor compensation and other programming expenses, while future expenses may include construction or renovation of dorms to integrate these creative spaces.

VICE PROVOST FOR GRADUATE EDUCATION



Programmatic Directions

The Vice Provost for Graduate Education (VPGE) continues to play a crucial leadership role, working collaboratively across the university's seven schools, to enhance the quality of graduate education for 8,800 students pursuing degrees in 90 degree programs and departments. VPGE's 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., interdisciplinarity and leadership development), and fostering innovation to strengthen the quality of graduate programs. A persistent need for direct graduate student funding has 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 low-cost pilot programs. VPGE-sponsored initiatives reach approximately 2,500 graduate students annually, and its seven fellowship programs will disburse over \$29 million in direct funding to 597 students.

Diversity

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

The largest general funds expenditure in this priority area goes to the direct funding of graduate students: tuition and stipend for Diversifying Academia, Recruiting Excellence (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 that enhances the quality of educational experiences for current students and promotes their academic success.

Interdisciplinarity and Leadership Development

VPGE develops interdisciplinary opportunities that encourage graduate students' intellectual exploration beyond their disciplines to better prepare them for their work lives after graduation. These programs enable students to engage in cross-disciplinary dialogues and build intellectual communi-

ties across schools as well as professional networks beyond their academic specializations.

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

VPGE has developed a framework for graduate professional development within which students can identify skills and competencies they need to develop, as well as locate the particular university resources that will help them do so. This framework encompasses communications, interpersonal skills, and personal and career development. Several VPGE-sponsored programs fall within the first two areas, and there is high demand for more offerings.

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 in the emerging educational needs of their graduate students. SPICE (Student Projects for Intellectual Community Enhancement) is an innovation fund enabling students to undertake projects to expand and sustain the intellectual community of their department or field of study.

VPGE continues to identify critical unmet needs in areas important to graduate student success. Workshops, seminars, and tutoring are offered in areas such as teaching, presenting, and writing. A high priority this past year has been to launch pilot initiatives to strengthen student-faculty advising relationships. These advising resources have been widely disseminated to students as well as to faculty. Dissertation Bootcamp has also become popular among advanced doctoral students, and there is evidence that it accelerates their degree completion.

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 Fellowships (SGF) Program in Science and Engineering.

Through 2012/13, VPGE will allocate central support (including endowed funds restricted to student aid) to help close tuition gaps in National Science Foundation fellowships. The goal is twofold: to alleviate pressure on schools, departments, and faculty; and to identify income from endowed funds that can replace general funds.

Consolidated Budget Overview

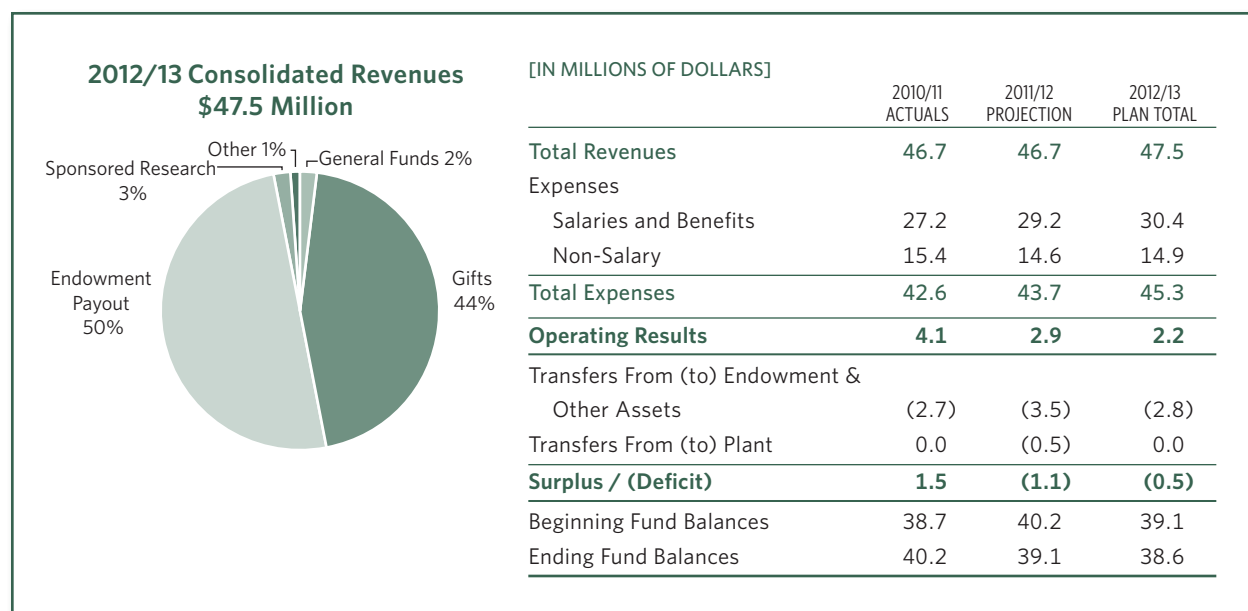
VPGE projects revenues of \$33.7 million and expenses of \$33.7 million, maintaining the healthy fund balance of \$48 million projected for the end of 2011/12.

Of the \$48 million fund balance, \$29 million is endowment income that is restricted to graduate student funding. The number of fellows has been and will continue to be increased with the intent to draw down the endowment fund balance to \$15 million by 2014/15. That balance was decreased from \$33 million to \$29 million in 2010/11. The goal is to fund a steady-state number of fellowships through the yearly payout and maintain a reserve to cover unanticipated fluctuations. The fellowships are mostly three-year awards, and funding commitments can be adjusted only when new awards are made, causing a lag in the decrease of the fund balance. The remainder of the fund balance is less restricted and will be used to expand pilot programs in priority areas and to maintain a reserve for responding to emerging needs.

Data comparing 2011/12 year-end projection to 2012/13 plan show that VPGE's graduate student funding increased from \$26.6 million to \$29.9 million, non-compensation expenses increased from \$0.7 million to 1.3 million, and compensation expenses increased from \$1.8 million to \$2.5 million. The non-compensation increase is due to expanded programming along with associated expenses and is expected to widen in future years. Graduate student funding will increase as well. Compensation expenses are expected to increase with new hires and expanded program offerings.

The 2012/13 consolidated expense budget for VPGE comprises 4% programmatic non-compensation expenses, 7% compensation and benefits, and 89% direct graduate student support.

HOOVER INSTITUTION



Programmatic Directions

The Hoover Institution is a prominent contributor to the public policy dialogue and a preeminent collector of materials supporting scholarly research on political, economic, and social change. To continue in those roles in the coming years, the institution plans to expand and develop its core fellowship; refine its collection philosophy and its relationship to technology in the library and archives; and look for new opportunities to affect public policy through outreach to a broad audience.

The institution is well positioned for fiscal year 2012/13, building on the programmatic and budget accomplishments of the past few years. Hoover has developed a research methodology using scholarly teams (working groups and task forces) that synthesizes current thinking, offers new perspectives, and conveys the results to a broad constituency. Eight of the ten originally planned teams are currently operational. Their research and output has contributed to the public dialogue on issues of the day, including the Arab Spring and economic recovery from the Great Recession. The institution's library and archives have added to their role as a key repository for critical materials by transitioning their holdings to digital formats. Hoover's communications and outreach efforts have developed a portfolio of products both in print and on the Web that are reaching an

ever-expanding audience of policy makers, the media, and the informed public. The institution has attained these accomplishments while maintaining a stable budget.

Hoover achieved budget stability during the downturn via budget reductions that disproportionately affected its research function. Given the revenue projections for the coming years, recruiting senior scholarly talent will be a priority. The aim is to add one to two new senior fellows each year, supplemented with term and visiting appointments to facilitate collaboration on projects and topics aligned with the priorities of the existing resident fellowship, as reflected in the working groups and task forces.

New fellows will be expected to engage collaboratively, following the model of the working groups and task forces, which has boosted institutional productivity and created effective focuses for research. Planned projects will focus on legal immigration policy, income and wealth distribution, and military history as it relates to contemporary conflicts. In addition, the institution will look for opportunities to engage youth. To this end, it anticipates expanded participation in Sophomore College.

Hoover's library and archives continue to evaluate their contribution to the research and educational mission of the institution and the university and their role as an archive

for important historical material. The coming year will see a concerted effort to make the library and archives a more integrated resource for the university as a whole. New collections will be drawn from areas aligned to the fellows' research and that of scholars at the university.

Most of the existing collections consist of specialized printed materials. Looking forward, Hoover expects that many collections of interest will be born digital, necessitating further evaluation of the collecting scope and philosophy. Preservation norms are shifting towards digital formats as well. Significant efforts will be made to add to the information resources and technological capacities of the library and archives.

As existing collections are digitized, Hoover hopes additional access leads to new areas of research. In that light, the library and archives are launching an initiative to digitize, catalogue, and make available to the public via the Web the collected works of Milton Friedman, including unpublished material held by Hoover.

Finally, a strategic communications plan will increase the use of new media platforms to make the work of Hoover fellows available to a broad audience as well as to policy makers. Efforts to disseminate material through a variety of channels will continue to expand in 2012/13. Hoover is revamping its blog *Advancing a Free Society*, which features daily brief commentary, to make it more responsive to fellows' needs; the changes will include the addition of regular audio podcasts. The institution also seeks to engage with policy makers from both parties by inviting individual leaders for roundtable policy discussions and convening groups of leaders through its Leadership Forum for organized colloquia to discuss particular policy problems. Because the pilot program for this effort proved remarkably successful, there are plans to make it permanent.

Consolidated Budget Overview

For 2012/13, the Hoover Institution projects total revenues of \$47.5 million and total expenses of \$45.3 million. A planned \$2.8 million transfer to the capital facilities fund will reduce fund balances by \$530,000 to \$38.6 million.

Revenues are projected to increase a modest \$800,000, or 2%, from 2011/12 to 2012/13. Endowment income is expected to grow 3.8%, including the payout on new endowment gifts and transfers. Ongoing expendable giving is

expected to grow 4%. However, the baseline for this forecast (the 2011/12 year-end projection) has been reduced by nearly \$1 million to account for the terminal-year receipt of a multiyear pledge supporting a special research project. This gift is the final pledge payment expected from Hoover's participation in the Stanford Challenge.

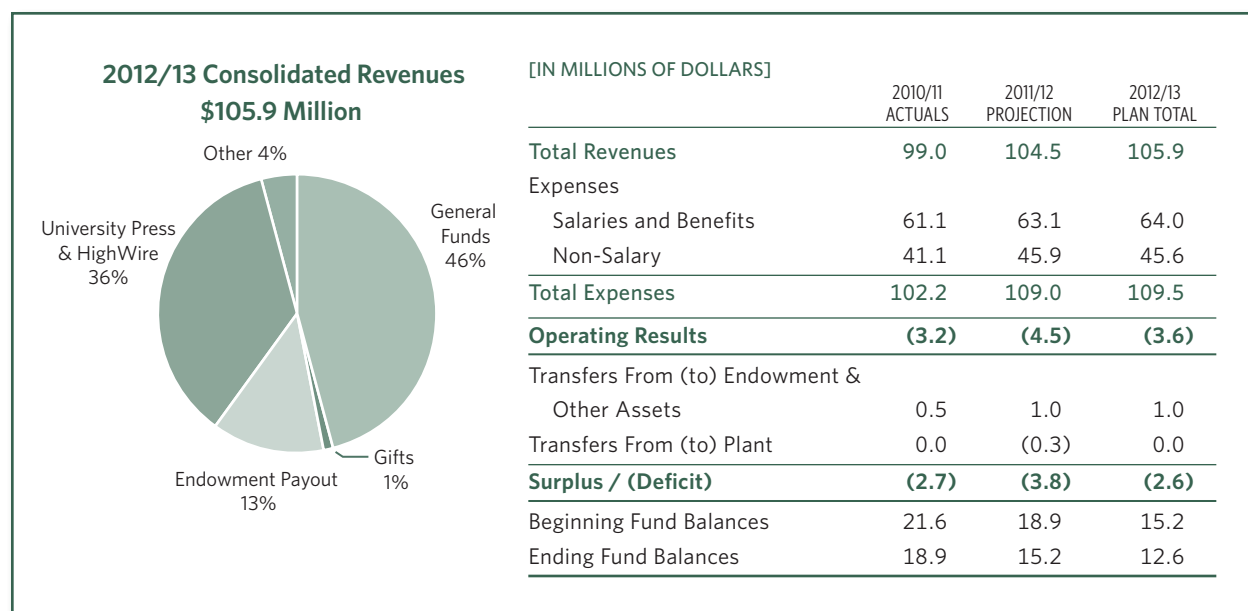
Expenses are expected to increase slightly more than revenues, growing by \$1.5 million, or 3.5%. Real growth is expected almost exclusively in the research area. Two new full-time-equivalent senior fellow appointments are anticipated next year, with additional appointments expected in future fiscal years. Given this growth, new staff hires are also expected to provide research and administrative support. Hoover plans to draw on reserves in the short term to support new fellow appointments, but only if it anticipates that long-term funding will be available for this support. Growth in the library and archives and communications and outreach, highlighted above, will be accomplished by reallocating existing resources.

The institution plans to transfer \$2.8 million to the facilities reserve account, bringing the balance of this unrestricted endowment account to approximately \$17.5 million by the end of 2012/13. Net of this transfer, Hoover expects a modest drawdown of current funds. The planned draw on reserves for fellow appointments is expected to be minor, less than 0.5% of the total budget. The institution's ongoing budget is expected to return to balance in the very near term. The remainder of the current funds decline is from the drawdown of restricted funds raised for specific projects of limited duration.

Capital Plan

The institution plans to renovate the archives reading room in 2012/13, using \$500,000 from the capital facilities fund. Plans for a new Hoover facility on the site of the Cummings Art Building continue to develop. The current project plan estimates groundbreaking during 2014/15. The new building will provide 50,000 square feet of much-needed conference and office space, which will accommodate additional scholars, staff, and events, at an estimated project cost of \$45.6 million. Fundraising is currently under way for this project. Hoover will also be expanding its IT infrastructure in the next few months by updating servers and storage to accommodate increased data capacity needs, particularly in the library and archives.

STANFORD UNIVERSITY LIBRARIES AND ACADEMIC INFORMATION RESOURCES



Programmatic Directions

Stanford University Libraries and Academic Information Resources (SULAIR) will focus on three principal tasks in 2012/13: rebuilding and enhancing collections for research through the library materials budget (LMB); enhancing subject specialist staff to support disciplines affected by budget cuts over the last several years; and planning, preparing for, and implementing several significant capital projects.

Library Materials Budget

The LMB was reduced in 2009/10 and 2010/11 in response to the economic downturn. Coupled with sharp annual increases in the prices of electronic books and journals in the sciences, this reduction had a significant negative impact on library collections in both physical and digital formats. Those price increases have not abated. As a result, SULAIR was forced to reduce access to certain databases in the humanities and social sciences. In recognition of this loss of purchasing power, SULAIR received a general funds increase of close to 7% for 2012/13. While this is a big step in the right direction, more will be needed to bring SULAIR's collections back to their previous stature. (Please see page 13 for further information.)

Support for Stanford Researchers

To make the Japanese Studies collection more accessible to the booming Japanese Studies program at Stanford, SULAIR will recruit a Japanese Studies librarian and a Japanese Studies technical processing librarian, both with true fluency in Japanese as well as serious disciplinary engagement.

SULAIR will add an academic technology specialist (ATS) for the Department of History in collaboration with the School of Humanities and Sciences. SULAIR hosts a handful of ATSs, who are versed in the academic disciplines they support, but whose role is to provide technology support for advanced research and teaching. They spend 80% of their time working with faculty colleagues and 20% working with one another and subject curators. In this collaborative environment, they identify and resolve common problems and leverage the expertise of the digital humanities team, which spans Academic Computing Services, the Social Sciences Data and Software Group, and Humanities Information Services. Together these technologists and the subject curators provide an important resource to the faculty, who are increasingly developing digitally involved research projects and publications.

SULAIR will add a technology specialist to assist faculty in the use of CourseWork as a vital adjunct for syllabi, course

requirements, assignments, tests, and assessment along with administrative functions such as registration, section assignments, and grade reporting. Some 1,200 courses per quarter use CourseWork, a course management system based on open-source software codeveloped by Stanford.

SULAIR will fund a curatorial position for the Archive of Recorded Sound (ARS), a unit of Stanford's Music Library and one of the nation's five great sound archives. The addition of curatorial expertise will aid faculty and students in accessing the most relevant of the hundreds of thousands of recordings and materials that the ARS houses. In particular, the curator will facilitate access to the ARS's rapidly growing collections in American jazz.

Consolidated Budget

SULAIR's consolidated revenue and transfers are expected to total \$105.9 million. Consolidated expenses are projected to total \$109.5 million, resulting in a planned operating deficit of \$3.6 million. Revenue and transfers consist of \$49.2 million in general funds, \$33 million in auxiliary revenue, and \$23.8 million in restricted funds. Compensation expenses are budgeted at \$64 million, operating expenses at \$22 million, and library materials acquisitions at \$23.5 million. The planned deficit of \$2.6 million has the following components.

SULAIR will allocate \$1.3 million of its endowed fund balances to library materials selectors to help offset the 25% decrease in endowment payout over 2009/10 and 2010/11. It will allocate another \$700,000 to efforts related to upcoming facilities projects and construction moves. SU Press will continue to fund operating expenses with draws from the Press Research Fund and expects to use \$1 million from this fund in 2012/13. HighWire will use \$200,000 of its reserves and the Lots Of Copies Keep Stuff Safe program (LOCKSS) will use \$300,000 of its reserves to balance operations in 2012/13.

SULAIR's operating budget is projected to grow 5% from the 2011/12 level, but budgeted decreases in auxiliary and sponsored research spending are projected to reduce overall growth to 1%.

Fund balances at the end of 2012/13 are expected to be \$12.6 million, including \$400,000 in designated funds, \$2.2 million in LOCKSS auxiliary reserves, and \$2.1 million in auxiliary operations (\$1.0 million for HighWire and \$1.1 million for LOCKSS). SULAIR projects balances of \$2.1 million in

expendable funds and \$5.8 million in endowed funds, both of which are heavily restricted by donor purpose.

Capital Plan

Over the next several years, SULAIR will be heavily involved in three major facilities projects, in planning for two future projects, and in a number of necessary facilities improvements. The first two projects are heavily connected and will require additional staff in Technical and Access Services to manage the logistics. All of these projects will result in facilities that promote and support teaching, learning, and research and provide access to the collections, both physical and digital, upon which all of Stanford's programs depend.

The first major facilities project will double the storage capacity of Stanford Auxiliary Library Three (SAL3) by adding three new storage modules. Construction commenced in January 2012, and completion is scheduled for February 2013. The expanded facility will also house a digitization lab. SULAIR is leasing storage space to accommodate materials during construction.

The second project is the 2013/14 relocation of services, staff, and collections from Meyer Library to renovated space in the former Graduate School of Business South Building. The East Asia Library and much of its collection, Academic Computing and its services, the Digital Language Lab, the 24-hour reading room, and most of SULAIR's Technical Services staff will be moving into modernized spaces. Meyer Library currently houses more than 600,000 books and journals; however, many of them will not be relocated to the new facility. SULAIR is embarking on a significant shift in collections, moving holdings to both on-campus and off-campus storage facilities, and developing new methodologies for determining what materials to store on campus.

The third project is the construction of a new Art Library as part of the new McMurtry Building, which will house the Department of Art and Art History. The new facility will employ compact shelving to maximize the on-campus holdings of this significant collection. Nevertheless, it will house less of the collection than the existing facility. SULAIR expects to implement Radio-frequency identification (RFID) tags in this new facility as one of several improved user services.

SULAIR is involved in separate sets of discussions regarding the future of the math library, as well as smaller projects within SULAIR spaces, including the development of the Rumsey map room in the Bing Wing of Green Library.

SLAC NATIONAL ACCELERATOR LABORATORY

Programmatic Directions

SLAC is a multiprogram national laboratory operated through a management and operating contract by Stanford University for the Department of Energy (DOE), Office of Science. The DOE recently announced it will extend the current contract another five years, through September 30, 2017. In 2010, the DOE renewed the land lease at SLAC for 33 years, through September 30, 2043. This lease extension guarantees the full usage of the Office of Science's Linac Coherent Light Source (LCLS) facility.

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

Scientific User Facilities

SLAC operates two major DOE Basic Energy Sciences user facilities: Stanford Synchrotron Radiation Lightsource (SSRL) and LCLS.

SSRL provides X-ray beams and advanced instrumentation for research in many areas of science, engineering, and technology. Applications range from energy storage and environmental remediation to drug discovery and magnetism in thin films. In 2012, about 1,500 unique scientific users are scheduled to perform research using SSRL's X-ray beam lines. The synchrotron runs at 350 milliamperes of current, and the plan is to ramp up to its top design current of 500 milliamperes. The increased current will make SSRL's X-ray beam lines even brighter, providing clearer experimental results and reducing the time needed for data collection, thus allowing examination of more samples in a given time.

The American Recovery and Reinvestment Act (ARRA) funded a new SSRL instrument for advanced spectroscopy that was commissioned in 2011. This instrument has unique capabilities for the study of catalysis, materials science, and biology.

LCLS is the world's first hard X-ray free electron laser. It began experimental operations in late 2009, and five of its

six instruments specifically designed for LCLS science are now in operation. The last instrument will go into operation in May 2012. LCLS has already attracted more than 500 unique users who take advantage of its ultra-bright X-ray beams. The LCLS science program, which complements that of SSRL, is opening new frontiers of discovery in areas including atomic physics, imaging of non-periodic nanoscale materials, nanocrystallography, ultra-fast structural and electro dynamics, and matter under extreme conditions. LCLS will probe the structure and dynamics of matter at nanometer-to-atomic dimensions and on femtosecond time scales, fast enough to resolve the motions of atoms and the forming and breaking of chemical bonds.

Based on the success of LCLS, the DOE approved planning for phase two (LCLS-II) in April 2010. SLAC received initial funding for the project in 2012. This expansion of LCLS, which will significantly enhance its scientific capability and capacity, is expected to be complete in 2018. LCLS and LCLS-II will maintain SLAC's position as a world leader in the emerging field of ultra-fast X-ray science, an area expected to see significant growth and impact in 2012 and beyond.

Photon Science Program

The photon science program at SLAC will grow in the new areas of chemical and materials science, as well as taking advantage of SSRL and LCLS capabilities. In addition to the Photon Ultrafast Laser Science and Engineering Center (PULSE) and the Stanford Institute for Materials and Energy Science (SIMES), SLAC coordinates with Stanford's Department of Chemical Engineering on SUNCAT, the Center for Sustainable Energy through Catalysis. SUNCAT focuses on creating better catalysts for use in alternative energy industries. SLAC anticipates a significant expansion of SUNCAT, and DOE is currently reviewing the SUNCAT-II proposal.

High-Energy Physics Program

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

In 2012, SLAC began operation of a new ARRA-funded facility called FACET, the Facility for Advanced accelerator Experimental Tests, with user-assisted commissioning. FACET uses two-thirds of the iconic SLAC linear accelerator to study plasma wakefield acceleration, one of the most promising approaches to advancing accelerator technology. It has the potential to accelerate subatomic particles 1,000 times faster over a given distance than existing accelerators, thus shrinking the size and cost of accelerators for scientific research, medicine, and industry.

SLAC is also a leading contributor to research and development for the International Linear Collider's accelerator and detector, a possible future facility for colliding electrons and positrons at tera-electronvolt (TeV) energies and elucidating properties of physics at the high-energy frontier. SLAC performs this research and development in close collaboration with other laboratories and universities as a partner in major international scientific ventures.

The Kavli Institute for Particle Astrophysics and Cosmology is involved with the Fermi Gamma-ray Space Telescope, research and development efforts for the next-generation dark-energy experiment, the ground-based Large Synoptic Survey Telescope (LSST), and the Super Cryogenic Dark Matter Search (CDMS) experiment. SLAC hosts the Instrument Science Operations Center for Fermi's main instrument, the Large Area Telescope, which was managed and assembled at the laboratory. The LSST is designed to determine the properties of dark energy with much higher precision, allowing us to better understand the "dark" universe and its dominant components. SLAC will be the lead laboratory for construction of the DOE-funded, 3.2 Gpixel camera for the project, while the National Science Foundation will support the telescope and data management systems. Super CDMS will be the next-generation underground experiment seeking to directly observe relic dark matter from the Big Bang.

Consolidated Budget Overview

The DOE's Office of Science is the major source of funding for SLAC. About 97% of SLAC's annual funding comes from its offices of Basic Energy Sciences and High Energy Physics.

In federal fiscal year 2011/12, SLAC has received funding of \$323 million; costs for the university fiscal year are expected to be \$362 million, including costs from carry-in funding. All of SLAC's projects — LCLS-II, the Large Synoptic Survey Telescope, the Research Support Building, and the Science and User Support Building — are funded to move forward on schedule. As SLAC continues to transition to a multiprogram laboratory, it continues to see a shift in DOE funding from High Energy Physics to Basic Energy Sciences programs.

The federal fiscal year 2012/2013 budget proposal is flat, but the fiscal year 2012 budget remains strong. The \$402 million proposed for SLAC includes funding for LCLS-II and for another new building to support users. On the other hand, given the upcoming fall elections and the large U.S. budget deficits, SLAC management continues to make contingency plans for absorbing potential budget reductions. Costs for university fiscal year 2012/13 are currently forecast at \$382 million.

Capital Plan

As part of the Office of Science's goal of modernizing the infrastructure of its labs, SLAC received funding for the construction of two new buildings and the remodeling of two existing buildings. In 2009, SLAC began the Research Support Building project, which involves the design of a new 64,000 square foot modern office building and the renovation of 68,000 square feet of existing space in two major buildings. Approximately 35 trailers and substandard buildings will be demolished. The project is estimated to cost \$97 million and will be completed in 2014.

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

By mid-2012, the SIMES/Building 40 renovation project will be completed. This project includes renovation of 14,750 gross square feet of existing space in the first-floor, second-floor, and third-floor wings of the Central Laboratory Building (Building 40) to address laboratory and office space program needs.

ADMINISTRATIVE & AUXILIARY UNITS

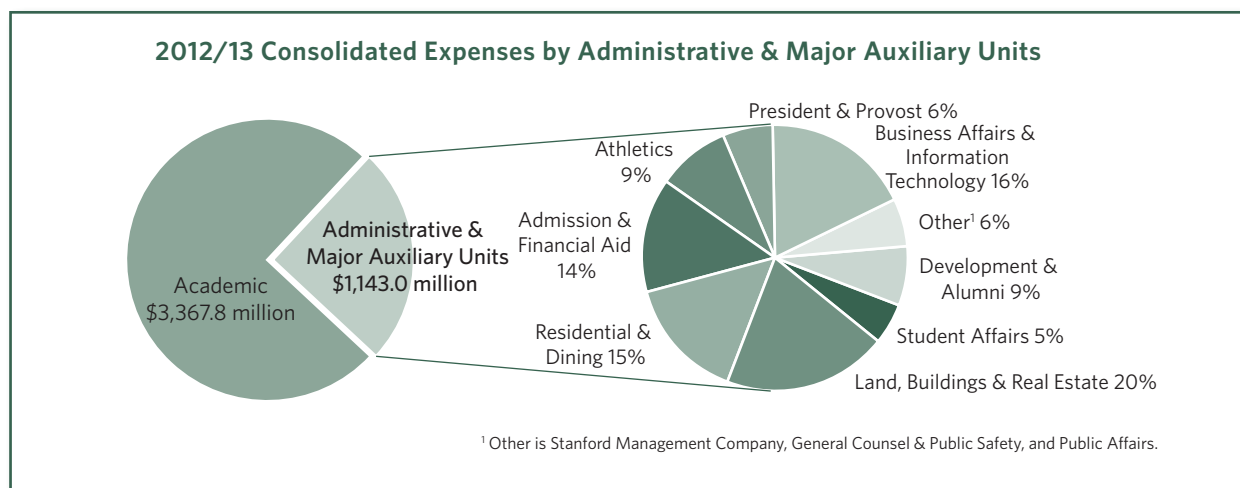
ADMINISTRATIVE UNITS

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

CONSOLIDATED BUDGET FOR OPERATIONS, 2012/13: ADMINISTRATIVE & MAJOR AUXILIARY UNITS

[IN MILLIONS OF DOLLARS]

	TOTAL REVENUES AND TRANSFERS	TOTAL EXPENSES	RESULT OF CURRENT OPERATIONS	TRANSFERS (TO)/FROM ASSETS	CHANGE IN EXPENDABLE FUND BALANCE
Administrative Units					
Business Affairs & Information Technology	190.4	191.6	(1.2)	(3.2)	(4.4)
Office of Development	57.0	57.0			
General Counsel & Public Safety	31.1	30.4	0.7		0.7
Land, Buildings and Real Estate	245.9	234.2	11.6	(9.3)	2.4
President and Provost Office	66.9	66.7	0.2	0.5	0.7
Public Affairs	9.7	9.7	(0.1)		(0.1)
Stanford Alumni Association	40.1	40.3	(0.2)		(0.2)
Stanford Management Company	27.8	27.8			
Student Affairs	55.4	57.6	(2.2)		(2.2)
Undergraduate Admission and Financial Aid	164.2	160.5	3.7	(1.5)	2.2
Major Auxiliary Units					
Athletics (Operations and Financial Aid)	97.4	97.4	(0.0)		
Residential & Dining Enterprises	168.1	169.8	(1.7)		(1.7)
Total Administrative & Auxiliary Units	1,153.8	1,143.0	10.8	(13.4)	(2.6)



BUSINESS AFFAIRS & INFORMATION TECHNOLOGY

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

The 2012/13 consolidated budget for Business Affairs shows revenues and transfers of \$190.4 million and expenses of \$191.6 million. Approximately \$3.2 million of reserves will be used to upgrade the legacy door access system, fund one-time requests for operations, and fund IT systems projects, resulting in projected non-systems reserve balances of \$20 million at year end.

Systems Fund Balances are expected to total \$17.2 million at the end of 2011/12. Commitments are made to systems projects which span fiscal years, resulting in growth or depletion of reserve funds each year, depending on the projects undertaken in a given period. Systems Project fund balances are projected to total \$14 million at the end of 2012/13. Business Affairs is building some IT systems reserve cushion in anticipation of a significant human resources enterprise resource plan (ERP) system upgrade.

Expenses are budgeted to be \$5 million higher in 2012/13 than in 2011/12, primarily due to growth in University Human Resources (UHR). Human Resources' strategic plan includes three key areas of focus: (1) improving the quality of leadership and management; (2) enhancing HR capability, efficiency, and service; and (3) fostering an environment in which employee engagement and efficiency can be optimized. Pursuant to this plan, UHR is beginning several initiatives under a center of excellence model, including centralizing transaction processing, providing an internal staffing function, and revamping Stanford's compensation model. In addition, employee communication, performance management, and management training initiatives are under way. These efforts are adding \$2.5 million of expense for Human Resources in 2012/13.

Start-up funding for the Stanford Research Computing Facility contributes \$1.6 million to the increased expense. Additional IT systems expense and other resource additions spread throughout the organization account for the remaining increase.

Business Affairs is focused on continuous improvement in delivering excellent service to its clients and becoming ever more efficient. Its efforts are making a significant difference in productivity in research administration, procurement, health benefits, and financial account management across campus.

Significant current Business Affairs initiatives include the following:

- Research Financial Compliance Services is leading a systems implementation initiative to manage shared facilities, including scheduling resources and transferring funds between centers and clients.
- Financial Management Services (FMS) is working with units across campus to provide more integrated management of finances and funding.
- The Procurement unit of FMS has a major transformation under way that involves numerous projects. One of these is raising the threshold for standard purchase orders. As a result of this change, Procurement now centrally manages only 2% of transactions, which represent 82% of total spend.
- A gift processing module released last October has reduced elapsed time between gift receipt and gift transmittal by 70%.
- The first two SeRA modules (Proposal Development & Routing Form, Proposal Tracking) are live and working well; the next two (Account Management, Sub-awards) are under way.
- Revised health plans rolled out for 2012 focus on enhancing employee/dependent health and slowing cost growth.
- Business Affairs is promoting and supporting several productivity application platforms developed to enhance school and department productivity: SALLIE for digital asset management; Nolij for document imaging, storage, and workflow; and Oracle eAM for project scheduling and cost management.

OFFICE OF DEVELOPMENT

The Office of Development (OOD) projects total revenue and transfers of \$57.0 million, and expenses of \$57.0 million. The main funding sources remain general funds and support from the School of Medicine and Stanford Hospital & Clinics for costs associated with medical center development.

OOD projects total expenses for 2012/13 that are nearly 2% lower than its 2011/12 year-end projection of \$58.0 million. The Stanford Challenge ended in December 2011, so 2011/12 was the final year of significant costs associated with the multiyear campaign. Although OOD received incremental general funds for 2012/13 for a new off-campus lease and additional staffing, this amount is lower than the campaign funding, so OOD's budget has been reduced accordingly.

Compensation costs will rise beyond growth assumptions because OOD expects to add a number of incremental positions. However, OOD will also reduce its staff size somewhat, as not all positions added during the campaign will continue into 2012/13. Non-salary costs will decline significantly, mainly because large-scale campaign finale events and other campaign-related events and publications will not be repeated.

OOD has spent considerable time evaluating its fundraising priorities and organizational structure to ensure continued high productivity in a post-campaign environment. Given incremental funds received for 2012/13, OOD plans to make investments in the following areas, which should help maintain significant new resource development:

- Annual and leadership giving and field qualification – OOD will create an even more robust annual and leadership giving program to increase the amount of discretionary, unrestricted gifts available to the president, provost, and deans and to build a stronger pipeline of eventual major gift donors to the university. To accomplish this, OOD plans to establish a new field qualification team charged with contacting local prospects to assess their inclination and capacity to make a gift to Stanford. In addition, OOD intends to create a leadership position charged with management and strategic planning for the annual and leadership giving functions

across campus, including all school programs and DAPER. With nearly 98% of all donors — particularly first-time contributors — coming through the various annual giving programs, this is an extremely important market for continued development.

- Stewardship – Stewardship continues to be a high priority across OOD, which engaged an outside firm to conduct a donor satisfaction survey in 2011/12. OOD expects the results to inform how it plans for a “best in class” stewardship program. It will add stewardship positions in two schools to expand stewardship capacity and allow greater focus on donor giving at the higher end.
- Dean of Research – OOD has established a new team to focus on coordinated and integrated fundraising for DoR priorities and needs. OOD will add dedicated staff for the Woods Institute, the Precourt Institute, and an emerging Stanford-wide neuroscience initiative.
- Development outreach and volunteer management – A key post-campaign goal is to keep volunteers actively engaged with Stanford. To that end, OOD will add two positions to create a comprehensive, coordinated plan to engage and cultivate major and principal gift prospects and to help plan a few large-scale campus events as stewardship of campaign donors.
- Arts fundraising leadership – The arts still have many fundraising needs. OOD will create a new leadership role to oversee fundraising for all arts-related activity at Stanford. This position will integrate its efforts to leverage resources and ensure successful fundraising for the Cantor Arts Center, Lively Arts, the Bing Concert Hall, the McMurtry Building, the new gallery for the Anderson Collection, and ongoing programming needs.

In addition, OOD expects to use a portion of its remaining reserves to fund new projects and positions that do not yet have general funds support. These include special stewardship events, a functional review of the PostGrads database (in anticipation of planning for its eventual replacement or significant enhancement), consulting for prospect management and analytics, and additional IT software licenses. These commitments build on financial investments begun in 2011/12 in data analytics and technology.

GENERAL COUNSEL AND PUBLIC SAFETY

The Office of General Counsel (OGC) projects a balanced consolidated budget of \$11.9 million in 2012/13, a 9.7% decrease over the 2011/12 year end projection. OGC projects a \$519,000 surplus in 2011/12, assuming no surprises. OGC does not anticipate any significant increase in operational costs in 2012/13 other than increased rates for outside counsel. OGC does not have an increase in general funds to compensate for these, but firms have agreed to limit their rate increases for calendar year 2012. OGC expects additional law firm rate increases in January 2013, 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 in 2012/13.

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.

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. It would like to allocate at least part of any surplus to the Public Safety building fund.

The 2012/13 consolidated budget revenues for Public Safety — which includes the Stanford Department of Public Safety and the contract with the City of Palo Alto for fire protection and emergency communications services — is expected to be \$19.1 million, down by \$1.3 million from the 2011/12 year end projection. Total expenses for 2012/13 are expected to be \$18.5 million, resulting in a projected surplus of \$669,000. This surplus exists primarily because additional general funds were allocated for 2012/13 to address the projected loss of reimbursement revenue from SLAC, which terminated its contract with the City of Palo

Alto for fire services. The projected expenses on the fire contract have decreased from the time of the initial budget allocation. The fire contract is being reviewed, and changes to the service model are expected.

Key initiatives for Public Safety operations in 2012/13 include bicycle safety and enforcement, safety in the student residences, community education, employee training and development, emergency management, and the university's Cleary compliance efforts domestically and internationally. Additionally, the department is undertaking several projects to improve efficiency in work processes, with a specific focus on using technology to gain efficiency.

LAND, BUILDINGS AND REAL ESTATE

Land, Buildings and Real Estate (LBRE) is responsible for 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 of land; and managing operations and maintenance for 242 academic buildings totaling over nine million square feet, Hopkins Marine Station, and other off-campus facilities.

LBRE projects total revenues and transfers of \$245.9 million and total expenses of \$234.2 million, yielding operating results of \$11.6 million. After an expected transfer of \$9.2 million for capital renewal projects, LBRE projects a small surplus of \$2.4 million. The surplus is located in the service centers and is used in subsequent years to smooth rates to the Stanford community. Total expenses in 2012/13 are expected to increase by \$16.3 million, or 7.5% over the projection for 2011/12. The increase is driven by incremental operations and maintenance and utility costs of \$5.3 million for new campus structures, \$5.8 million in accelerated debt service due to the Stanford Energy System Improvements (SESI) project, and general increases for compensation and materials.

LBRE has made significant inroads in efficiencies over the past few years, largely in the areas of reducing overtime costs due to better labor management and increased building efficiencies resulting in reduced utility costs. These savings have been reallocated to the Work Well program, an enhancement of the BeWell program, and sustainability initiatives among other programs.

PRESIDENT AND PROVOST OFFICE

The Office of the President and Provost (PPO) comprises the President and Provost Office, the Board of Trustees, Continuing Studies and Summer Session/Education Program for Gifted Youth (EPGY), Institutional Research/Decision Support, the University Budget Office, Diversity and Access, Faculty Development and Diversity, Faculty Affairs, the Academic Secretary, the Office of Religious Life, and Faculty/Staff Housing. In 2012/13 PPO shows total revenues and transfers of \$66.9 million and expenses of \$66.7 million, resulting in a surplus of \$195,000. This reflects revenues slightly lower than the 2011/12 year-end projection (\$67.4 million) and nearly constant expenses (\$66.7 million both years). The lower revenues reflect changes in EPGY.

PPO will continue to use reserves to support various staff development programs, cover unanticipated expenses throughout its organization, and reinstate the Springfest multicultural event. It is planning new initiatives in developing junior faculty and recruiting and retaining women faculty in science and engineering; these are not yet specific enough to be reflected in the 2012/13 budget plan but are a planned use of PPO reserves. The proposed level of general funds is sufficient to cover basic operating expenses, so no incremental general funds have been requested. Over the past twelve years PPO has built reserves to assist units with special requests and unbudgeted expenses, with 2011/12 accordingly showing a \$1.1 million surplus.

Key and transformative initiatives for EPGY are the potential licensing of online courses in mathematics and language arts through the Office of Technology Licensing and the creation of a new structure at Stanford called Stanford Pre-Collegiate Studies (SPCS). The objective of SPCS is to catalyze the creation and promotion of Stanford programs that enrich and enhance the educational experience of secondary and pre-secondary students worldwide. SPCS will serve as a home for these programs, helping them to achieve their objectives while furthering common goals across the university.

PUBLIC AFFAIRS

The Office of Public Affairs (OPA) projects total revenues of \$9.69 million and expenses of \$9.74 million, resulting in a net operating deficit of \$56,000. This deficit will be covered with reserves and is primarily due to expenses for internal and external projects, such as the Roundtable and support for other campus programs.

Total revenues are budgeted to increase 13.5% from \$8.5 million in 2011/12, while total expenses are expected to increase 11.9% from \$8.7 million. These increases are due mostly to the addition of several new positions, as well as higher costs for major events, such as Commencement, and one-time equipment purchases for the Ticket Office in preparation for the opening of the new Bing Concert Hall. Revenues from Stanford Video increased dramatically in 2011/12, due to the HD capability that was added last year and the improved budget situation of many campus departments, and are projected to remain at this higher level in 2012/13.

OPA forecasts an ending fund balance of \$569,000, of which \$104,000 is restricted to specific project and endowment-related expenditures. The unrestricted balance of \$465,000 will be used to maintain a modest reserve and to support OPA events, such as the Roundtable and TedX at Stanford, and other internal and external programs.

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

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

OPA is meeting this increased need for support by:

- Finding ways to use technology to better inform campus audiences — for example, the move from a weekly paper-based *Stanford Report* to a daily email publication that carries more content, covers more stories, and has higher readership.

- Harmonizing and strengthening content platforms across the university, thus allowing the university to present itself more effectively and more coherently to the outside world.
- Collaborating more with the various schools and institutes, thus identifying problem issues earlier and coordinating better when opportunities present themselves.

To keep up with the rising demand, OPA is adding the following positions/programs in 2012/13:

- Digital Innovation & Strategy - This program was initially established to support the Stanford Challenge but will now serve the university more broadly. The director of internet media outreach and the special projects director are responsible for setting and executing Stanford's digital outreach strategy, including the use of social media and other new media, to accomplish university objectives.
- Advocacy & Media Outreach - This program, developed to extend the reach of the Stanford Challenge, will now expand its scope to enhancing the reputation and outreach of the university through creative use of media and community engagement.
- Senior director of university communications - This new official will help handle complex and sensitive communications issues in response to the increased number of high-profile issues impacting the university's reputation and requiring specific media relations and issues management expertise.

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

STANFORD ALUMNI ASSOCIATION

The Stanford Alumni Association (SAA) projects \$40.1 million in gross revenue and transfers and \$40.3 million in total expenses in 2012/13, resulting in a decrease of \$175,900 in its consolidated fund balance. The balance is projected to stand at \$3.2 million at the end of 2012/13.

Roughly 70% of SAA's gross revenue will be generated by business and program revenue, coupled with income from life membership and building endowment fund payouts. The remaining 30% will come from base and one-time

general funds and one-time presidential funds. Gross revenue and expense will be higher than 2011/12 levels by 20% (\$6.7 million) and 17% (\$6.2 million), respectively. These increases are fueled by growth in three areas: SAA's travel/study business; Stanford Connects, an exciting new alumni outreach program; and new strategic initiatives focusing on alumni volunteers and current students.

SAA's travel/study program is one of the internal businesses that subsidize core alumni relations programs (Stanford Sierra Camp, affinity partnerships, membership sales, magazine advertising/voluntary contributions, wine sales, and alumni relations program revenue also are significant contributors). SAA is excited to extend its travel/study offerings with a new line of custom educational trips. This new line, coupled with an around-the-world jet trip, is projected to deliver \$3.2 million in incremental gross revenue and to incur \$2.8 million in incremental expense in 2012/13.

Stanford Connects is a new alumni outreach tour that will seek to energize alumni in eighteen cities around the world over the next five years by delivering content (both online and in person), building community (physical and virtual), and strengthening connections. This program, supported by \$2.2 million of presidential funds in 2012/13, will maintain the excitement, connection, and goodwill created through Leading Matters, the nineteen-city alumni outreach tour produced in partnership between SAA and the Stanford Challenge. Stanford Connects events, while at a significantly smaller production scale, seek to go even further in engaging alumni and building lasting community among them.

A new strategic initiative for volunteer engagement will be supported by \$100,000 in one-time general funds in 2012/13. Meaningful volunteerism drives connection, engagement, and support for the university. With new programs and technologies, SAA can provide fresh volunteer opportunities and engage new volunteers. As part of this effort, SAA will enhance the volunteer experience with better tools, shared best practices, and volunteer "stories." Videos, training sessions (both live and virtual), and content collection, curation, and communication will all contribute to the effort.

A second strategic initiative, supported by \$200,000 in one-time general funds, focuses on new programming, services, and networking opportunities for current students, thereby strengthening their connection with alumni. SAA

sees a tremendous opportunity to better connect both undergraduate and graduate/professional students with the vast benefits afforded by the Stanford alumni network. Internships, mentorships, and career networking opportunities are just some of the ways through which Stanford students can realize the value of the alumni family. SAA is also looking to include students in existing programming and to develop new student/alumni programming for 2012/13.

SAA's greatest challenge is to keep itself — and Stanford — relevant and value-creating to over 200,000 alumni while staying mindful of its financial realities. SAA's strategic priorities to engage new volunteers, strengthen student connections with alumni, and enhance alumni community and connections will help achieve these goals.

Meanwhile, SAA remains acutely aware of the ongoing need to cut costs, enhance revenue, and improve processes. It is excited to see the growing impact of technology, alumni connection/engagement, and efficiency initiatives put in place over the last few years. SAA continues to engage its staff at all levels to aid in these efforts, which ultimately allow SAA to better realize its mission to reach, serve, and engage all alumni and to garner alumni support, satisfaction, and goodwill.

VICE PROVOST FOR STUDENT AFFAIRS

Student Affairs' mission is to promote student learning and development as an essential component of the student experience, and as a complement to learning that occurs in academic settings. In 2012/13, Student Affairs will pursue strategic initiatives in residential education, compliance and risk management, program quality and capacity, and innovation in program and service delivery.

Student Affairs anticipates consolidated revenues and transfers of \$55.4 million, operating expenses of \$57.6 million, resulting in a net operating deficit of \$2.2 million. It will cover the deficit by drawing down accumulated reserves, leaving \$19.9 million in total fund balances at year end. Major contributors to the drawdown from reserves include:

- use of Vaden reserves to fund the dependent health care plan subsidy;
- use of central reserves to fund risk management programs, an initiative to centralize and enhance information technology resources, and assessments of programs and operations; and

- support for public service programs and initiatives in the Haas Center for Public Service.

At the same time, Student Affairs will use new base and one-time funding to support needs in several priority areas:

- Residential education – One-time general funds and incremental base rent funds will support the third and final year of a strategic reorganization and programming enhancement plan. In years one and two, the focus was building the staff and departmental infrastructure. In year three, Residential Education will build upon this infrastructure to grow a dynamic and engaging undergraduate residential program. New programs and enhancements will complement the findings and recommendations of the SUES Task Force and the Residential Education Advisory Group.
- Compliance and risk management – Student Affairs received a one-time funding increment to support a major new initiative establishing the Office of Alcohol Policy and Education. Incremental base funds will support an associate dean position to oversee the new Office of Community Standards, which has responsibility for the Office of Judicial Affairs, the Organization Conduct Board, and the Restorative Justice Project. It will also help administer the Involuntary Leave of Absence Policy. Incremental base funds will also support additional staff for Vaden Health Center's clinical nutrition and dietary education/outreach programs. A multiyear one-time general fund allocation will support an education coordinator/case manager in the Office of Sexual Assault & Relationship Abuse Education and Response (SARA).
- Maintenance of program quality and capacity – Incremental base and one-time funds were added to support operating needs in several areas:
 - ◆ Base funds will support a Web programmer to staff a strategic initiative to enhance and expand Web presence and resources. Funds will also support licensing fees for OrgSync, an application that allows staff and students to access and manage information for over 600 voluntary student organizations.
 - ◆ Vaden will add staffing to help meet high demand for medical services, particularly on weekends.
 - ◆ The Offices of the Dean for Student Life and the Dean for Educational Resources will add administrative support, as will the Bechtel International Center's Overseas Resources Center.

- ◆ Incremental base funds will support a number of programs to promote community development and engagement among students of different backgrounds and academic disciplines, and to help students develop leadership and collaborative skills. These include the New Graduate Student Orientation, the Graduate Student Programming Board, undergraduate class-based programs, Powwow, and the Office of Student Activities and Leadership's Peer Advisor Program.
- ◆ Other one-time general funds allocations will support a program manager for Diversity and First Gen Programs and a graduate student program coordinator in El Centro Chicano.
- ◆ Encouragement of innovation in program and service delivery - Incremental base funds will be used at the vice provost's discretion to support strategic initiatives and programs.

Student Affairs will continue to regularly assess and evaluate programs and operations through a comprehensive plan. These reviews provide the vice provost, his leadership team, and unit staff with critical information needed to shape strategic decisions. The Judicial Affairs Office, the Office of Student Activities and Leadership, and the Stanford Online Accessibility Program have most recently completed external evaluations. Assessments of the six community centers will take place during the next year.

UNDERGRADUATE ADMISSION, FINANCIAL AID, AND VISITOR INFORMATION SERVICES (ADMISSIONS)

Admissions projects total consolidated revenues and transfers of \$164.2 million and expenses of \$160.5 million, resulting in an operating surplus of \$3.7 million and 2012/13 ending fund balances of \$5.86 million. The consolidated budget is divided between the student aid and administrative budgets as follows:

- The budget for undergraduate need-based aid includes revenues of \$151.5 million and expenses of \$153.1 million, resulting in a net operating surplus of \$1.4 million. This surplus is composed chiefly of endowment funds that cannot be spent in the year in which they are earned. Ending student aid fund balances for 2012/13 are projected at \$2.74 million.

- The administrative budget projects revenues of \$9.7 million and expenses of \$9.0 million, resulting in a net operating surplus of \$750,000. This surplus will bring the projected 2012/13 administrative ending fund balances to \$3.12 million.

The following information pertains exclusively to the administrative operations of Admissions.

Admissions' total expenses for 2012/13 are budgeted to be slightly lower than the \$9.2 million projected for year-end 2011/12. Compensation costs will increase beyond growth assumptions because Admissions expects to add two incremental FTEs and ten part-time seasonal readers. Total compensation costs, therefore, are approximately 3.5% higher in 2012/13 than the year-end projection for 2011/12. Non-salary costs will decline, principally because Admissions' recurring five-year print, Web, and video collateral updates originally scheduled for 2010/11 will be completed in spring 2012.

Admissions is funded almost entirely from general funds. Gifts, campus tour fees, and the sale of related merchandise generate minimal additional revenue. In 2011/12 Admissions received midyear one-time funding of \$200,000 to implement a new constituent management system (CMS), which includes an alumni interview segment that will integrate data from Stanford's alumni database and provide an alumni online portal in support of the expansion of the alumni network interview program.

Three 2012/13 incremental uses of base funds will be:

- (1) A new assistant dean of admission to manage the expanded interview program approved by the Committee on Undergraduate Admission and Financial Aid in May 2011. An alumni interview will become an option for all applicants over the next five years.
- (2) A front-desk receptionist to permanently relieve current staff on rotation, so half days are not lost to reception responsibilities.
- (3) Significant expansion of the part-time seasonal reader team with the addition of ten readers. This brings the total number of part-time seasonal readers to 38. At full staffing, Admissions would employ 64 full- or part-time staff members with reading responsibilities.

In recent years, Admissions' reserves have increased significantly, from \$861,000 in August 2006 to \$2.4 million in August 2011. Nearly all of this increase stems from the unusually high level of position vacancies among admission

officers. Some of it, however, stems from outreach opportunities and activities that Admissions has been unable to pursue.

Admissions has plans to use these reserves over the coming two to four years. Addressing staffing needs is its top priority. Finalizing plans for and implementing a new staffing structure, which will increase personnel costs, will come first. Additionally, in 2012/13 previously foregone outreach activities, including domestic and international travel and targeted marketing, will ramp back up. Implementation of Admissions' new CMS will also require more travel and

training to prepare alumni volunteers for interviewing prospective applicants.

Admissions has developed a premier organization to attract and yield the brightest undergraduate students. Despite scaled-back outreach since 2008, the university received 36,813 applications in 2011/12, the largest number in its history and 7.2% more than in 2011/12. This success brings additional needs, however, as Admissions must maintain its careful attention to the proper processing, screening, and review of an ever-increasing volume of undergraduate applications.

MAJOR AUXILIARY UNITS

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

ATHLETICS

Like the rest of the university, the Department of Athletics, PE, and Recreation (DAPER) has experienced significant budget challenges over the last few years. While the outlook has improved in 2012/13, the fiscal environment remains challenging due to uncertainty in several revenue streams. DAPER projects a balanced budget in 2012/13 based on projected revenues, as well as expenses, of \$97.4 million. While significant incremental revenues are anticipated in 2012/13 in some areas, they are offset by decreases in other areas, slowing the overall expected growth in revenue to 2.6% over the projection for 2011/12. DAPER's consolidated budget consists of three distinct sets of activities: auxiliary operations (\$71.5 million), financial aid (\$20.2 million), and designated activities (\$5.7 million).

Auxiliary Operations

The projected revenues and transfers, as well as the expenses, for auxiliary operations in 2012/13 are \$71.5 million,

a 3.5% growth over the projected level of \$69.1 million in 2011/12. As in most years, DAPER's actual revenues for the year will largely be determined by the success of football ticket sales and annual fundraising efforts. In 2012/13, however, there is a potentially significant but uncertain new revenue source — the newly created Pac-12 television network, which will be in its first year of operations. There are also several other key changes on the revenue side compared to the 2011/12 projections. Intercollegiate revenues show a significant net increase of 28.4% due primarily to the new Pac-12 television agreement. However, this increase would be even greater if not for a significant decrease in football ticket sales in 2012/13 as a result of a less favorable home schedule. Restricted revenues are down due to a decrease in funding from the DAPER Investment Fund, a separately managed endowment that, for the last two years, has been contributing additional funds to cover budget shortfalls. On the expense side, compensation expenses are up over the projection for 2011/12 due to several new hires in the

football coaching staff as well as the addition of a few administrative staff. All other expense categories show relatively small changes as DAPER continues to work to hold expense growth down in challenging budget times.

Financial Aid

DAPER's financial aid endowment continues to be a huge asset to the department. For several years the payout from these endowments significantly overfunded financial aid needs. This allowed the department to work with donors to transfer the financial aid surplus to help with operating expenses. However, the decline in endowment payouts for 2009/10 and 2010/11, combined with continued increases in tuition costs, created financial aid expenses that exceeded the endowment payouts. Despite a rebound in the endowment, this problem will continue in 2012/13 and DAPER projects needing a transfer of approximately \$1.1 million from operating revenues to balance the financial aid budget. For 2012/13, projected revenues (including this transfer) and expenses are \$20.2 million, for a balanced financial aid budget. This budget provides approximately 340 scholarships that benefit nearly 500 student-athletes. This compares to projected 2011/12 revenues and expenses of \$19.6 million.

Designated Activities

DAPER's designated activities consist primarily of summer camps, which are mainly pass-through operations and not actively managed by the department. The remaining activities include incoming revenues that are transferred to support auxiliary operations each year. Significant changes are not expected in any designated activities in 2012/13. In total, revenues and expenses from designated activities are projected to be \$5.7 million in 2012/13, the same as projected in 2011/12.

RESIDENTIAL & DINING ENTERPRISES

Residential & Dining Enterprises (R&DE) shows total revenues and net transfers of \$168.1 million and expenses of \$169.8 million. The auxiliary operations anticipate a balanced budget, but a planned use of reserves for maintenance and capital projects yields a drop in fund balances of \$1.7 million for 2012/13. Revenues are planned to be 2.7% higher than the 2011/12 year-end projection of \$163.7 million, mainly due to planned room and board increases. Total 2012/13 expenses are projected to be higher than the 2011/12 year-end projection by \$0.4 million, 0.2%.

This plan reflects a combined undergraduate room and board rate increase of 3.5% (4.44% room and 2.25% board). This increase in student payments is necessary to cover regular inflationary impacts on operating costs, including regular and bargaining unit labor, food, maintenance, utilities, services, materials, and supplies. In addition, 2012/13 budgetary increases in asset renewal and new debt service are achievable given operational efficiencies and business optimization efforts, planned use of reserve funds, and reductions in both the fringe benefits rates and debt service interest rates.

The 2012/13 year is the third and last to include above-inflationary incremental funding to support enhanced Residential Education programs at 7% over the 2011/12 year-end projection. The plan also reflects the initial projected negative impact on utility costs stemming from Stanford Energy System Innovations (SESI), an impact expected to be more substantial in 2013/14 and future years.

The 2011/12 year was marked by the opening of the Arrillaga Family Dining Commons to rave reviews and the achievement of optimal labor efficiencies across the Stanford Dining and Stanford Hospitality & Auxiliaries divisions with no net increase in hourly staff positions. The 2011/12 year-end projection and 2012/13 plan demonstrate break-even auxiliary budgets while supplementing some operational initiatives with reserve funds. Over the past few years R&DE has been able to increase its reserves; it will use some in current and future years to fund unforeseen emerging priorities. During 2011/12 R&DE is assuming \$24 million in new debt to perform maintenance backlog work. R&DE plans to use reserves to fund the first two years of related debt service (\$0.9 million in 2011/12 and \$1.8 million in 2012/13) and another \$4.7 million in 2011/12 to complete 2010/11 projects and initiatives. These unusual activities explain the 2011/12 year-end projection increases in both transfers-in and expenses (EM&S and maintenance).

R&DE's plan for 2012/13 capital projects, forecasted at \$18.1 million, includes:

- Row House kitchen replacements;
- Escondido Village apartment heating system, roof, and fire sprinkler systems replacements;
- Florence Moore Residence utility systems, bathroom plumbing, and mechanical systems upgrade and replacement, as well as resident fellow apartments, kitchen, and servery renovation; and

- Infrastructure preparation for technology upgrades supporting residential academic programs.

R&DE's plan also includes \$27.1 million in renovation projects to reduce maintenance backlog, addressing safety system upgrades to meet current codes, exterior restorations, window and roof replacements, mechanical and electrical system upgrades, interior work, and plumbing/equipment replacement at various campus locations.

The R&DE Initiative for New Housing will commence in 2012/13 with design work to yield 750 new on-campus bed spaces over the next several years. This will provide additional on-campus housing for both graduate and undergraduate students, improve the campus-wide General Use Permit (GUP) position, support the SUES recommendations, and address uncrowding priorities. The initiative will do the following:

Build:

- approximately 425 bed spaces for graduate students at Escondido Village;
- roughly 125 bed spaces for undergraduate students at Manzanita;
- over 200 bed spaces for undergraduate students at Lagunita and
- one new resident fellow apartment at Crothers.

Convert:

- certain existing spaces from student rooms to academic program spaces;
- some student rooms to the original designed capacity and
- one-bedroom apartments to efficiency two-bedroom apartments.

R&DE continues to support the university's academic mission by providing the highest-quality services to students and the Stanford community in a sustainable, compliant, and fiscally responsible manner. R&DE ensures critical needs for seismic retrofit, the Americans with Disabilities Act, life safety, and code compliance are met while upholding safe, comfortable, and contemporary living and dining spaces.

HIGHWIRE PRESS

HighWire Press projects revenues of \$26 million and expenses of \$30.2 million in 2012/13. The 2012/13 projected operating deficit of \$4.2 million follows an anticipated \$6.3 million operating deficit in 2011/12. The reasons for the deficits are explained in the paragraphs that follow and are expected to be covered by a combination of transfers from HighWire Reserves, and SULAIR and provostial discretionary funds.

HighWire Press is at the forefront of strategic scholarly publishing, providing digital content development and hosting solutions to the scholarly publishing community. Innovating in partnership with influential societies, university presses, and other independent publishers, HighWire produces definitive online versions of high-impact, peer-reviewed journals such as *Science*, the *Proceedings of the National Academy of Sciences*, and the *British Medical Journal*, as well as books, reference works, and other scholarly content.

However, the market for online delivery, discoverability and curation of scholarly content is increasingly dynamic. New competitors are entering the space; old actors (for profit commercial publishers such as Elsevier) continue their assault on independent scholarly publishers and library budgets. Drivers such as mobile computing, the semantic Web, and social networking are providing challenges and opportunities.

In response, in March 2011, HighWire embarked upon a major revitalization initiative encompassing investments in staff, technology, and market positioning. The continuing goals are to 1) accelerate innovation in key areas and 2) improve operational efficiency across HighWire's systems and processes.

HighWire is on track with its operational plans through 2011/12. During the first half of 2011/12, HighWire completed its multi-year project to migrate more than 1,400 websites to its new technology platform. Total HighWire-hosted sites now exceed 1,650 - 1,000 of which have been optimized for mobile computing.

HighWire has invested resources to improve throughput, secure long-term customer revenue commitments, and

accelerate the rate of technology roll-out. While competition stabilizes and while HighWire works to secure long-term revenue commitments from current and prospective customers, HighWire will receive one-time support from SULAIR and provostial discretionary funds.

Revenue for several major publishing customers has already been contractually secured into calendar 2015. Recent market wins and the beginnings of a shift in market conditions favorable to HighWire signal an uptick to HighWire returns beginning in 2013/14, allowing the replenishment of reserve levels.

The market will continue to be dynamic and fast-moving; over the next 12-24 months competitors' strengths and weaknesses will become apparent, creating strong prospects that with bold action HighWire can become the dominant scholarly player in an ever-consolidating field.

STANFORD UNIVERSITY PRESS

The Stanford University Press consolidated budget for 2012/13 projects revenue and transfers of \$6.7 million and expenses of \$7.7 million. The Press will close the funding gap of \$1 million by drawing down that amount from the Press Research Fund, after fully utilizing the Press Sustaining Fund in 2011/12. The Research Fund has a market value of \$2.7 million and is expected to provide operational support for the next few years as the Press continues to explore funding strategies. Sales revenue reflects growth of 5% over the anticipated 2011/12 year-end total. Gross margin on sales (the income remaining after deduction of production costs, royalties, and write-down) is expected to hold steady at 60.5%, while overhead will drop 0.5% as a fraction of revenue. Through continuing margin improvement and cost control, the Press will keep its loss comparable to the 2011/12 year-end figure.

The marketplace for scholarly, educational, and professional information continues its very slow business model migration. Print sales still dominate the revenue stream, so the Press must retain the infrastructure and support for this model despite its declining revenue. At the same time, new digital initiatives are beginning to produce tangible results, with digital income rising by an order of magnitude over prior years. However, this income is still less than 10% of overall revenue, so the digital model will not be self-sustaining for some time. The most significant investment is in ensuring a platform-neutral digital strategy. Building for

divergent reading platforms has duplicated workflow, thus increasing the workflow overhead and reducing operational efficiency and savings opportunities. These problems are industry-wide, and the Press remains a leader in the development of efficient solutions, as evidenced by continued interest in, and sales of, its workflow and IT system.

The conversion of the backlist to electronic file format, coordinated with the assistance of Apple, is almost complete, and the entire rights-cleared backlist of close to 2,000 titles is presently loading into the full range of e-bookstores. In the library space, the Press is still assessing the business models of the newer aggregated content delivery systems, while renegotiating agreements with extant library aggregation partners. The Press will be positioned to enter 2012/13 participating in at least one new collection-based e-book model. Within the educational space, the Press continues to refine its rental-based e-textbook model. A number of new market entrants are hoping to deliver textbook content directly within the various learning management systems, such as Blackboard, and the Press is evaluating various proposals for content inclusion.

The Press has continued the inventory management initiative begun two years ago for both existing stock and new publications. The accelerated write-down plan has dramatically reduced inventory, which has dropped over 11% in 2011/12 and 50% over ten years. At the same time, the Press continues to reduce initial printings and is migrating printing as close as possible to the end customer, using print-on-demand technology at the major retail intermediaries, as well as globally distributed facilities operated by traditional print partners. These necessary changes will negatively impact gross margin in the short term. This impact, combined with the reduced per-unit revenue of the digital models, will adversely affect the bottom line for at least the next two years.

The overall revenue growth outlined in the first paragraph is aggressive, as in previous years, and predicated on continued growth of the digital retail market and quick pickup in the library-based collections market. Strong evidence supports these trends, but the market remains relatively unpredictable as technological developments focus on improving the digital reading experience. At the same time, new research methodologies will stretch the definition of "publication," and thus the Press's ability to keep pace with the market will depend, in part, on its ability to adapt quickly and take risks.

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.

Over the past thirteen years and under the current university administration, approximately \$4 billion of capital projects have been completed. The university has been and continues to be in the midst of the largest construction program in its history. This program addresses the need to replace and upgrade many aging facilities and also to invest in state-of-the-art buildings to accommodate the latest research and technologies. At \$2.1 billion, the 2012/13–2014/15 Capital Plan is 14% larger than last year's plan and is represented by significant projects in the areas of academic research, infrastructure, and housing.

This year's plan moves the university closer to completing the Science, Engineering and Medical Campus (SEMC) as it simultaneously moves forward the Arts Initiative and begins a new housing initiative for Residential and Dining Enterprises (R&DE). Beyond the final two SEMC projects (Bioengineering/Chemical Engineering (BioE/ChemE) and facilities for Biology Research and Teaching (Biology Research Building/Teaching Labs and Learning Center), academic projects include several School of Medicine (SoM) projects (including the Foundations in Medicine (FIM) 1), and repurposing of the vacated Graduate School of Business (GSB) complex. The Arts Initiative will see both the completion of the Bing Concert Hall and the commencement of the McMurtry Building for the Department of Art and Art History and the new building for the Anderson Collection at Stanford University. New housing plans propose significant additions to student housing including Escondido Village (EV) Comstock Graduate Housing, Lagunita and Manzanita Undergraduate Housing, and the GSB Housing Expansion. The Capital Plan also includes the new Stanford Energy System Innovations (SESI) project which at \$438 million represents 21% of the Capital Plan.

SESI will provide the campus with a new central energy plant and related infrastructure. This project is discussed in greater detail in the Strategic Initiatives section under Capital Planning Overview.

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 2012/13 Capital Budget, provides an overview of the capital planning process, describes current strategic initiatives, and presents the 2012/13–2014/15 Capital Plan and related constraints.

THE CAPITAL BUDGET, 2012/13

The 2012/13 Capital Budget at \$529.5 million reflects the university's significant capital projects including SESI, BioE/ChemE, McMurtry Building, Building 08-350 GSB South Repurposing, 3155 and 3165 Porter Drive Lab Renovations, Stanford Research Computing Facility, Arrillaga Outdoor Education and Recreation Center (formerly West Campus Recreation Center), Anderson Collection at Stanford University, Satellite Research Animal Facility (SRAF), and various infrastructure projects and programs. The projected 2012/13 expenditures reflect only a portion of the total costs of the capital projects, as most projects span more than one year. The table on the next page highlights major capital projects with significant expenditures that will be incurred in the 2012/13 Capital Budget, as well as the percentage of the project expected to be complete by the end of 2012/13.

MAJOR CAPITAL PROJECTS - PERCENT OF COMPLETION 2012/13¹

[IN MILLIONS OF DOLLARS]

	CAPITAL BUDGET 2012/13	ESTIMATED PROJECT COST	ESTIMATED PERCENT COMPLETE 2012/13
Stanford Energy System Innovations (SESI)			
New Central Energy Facility	73.6	230.0	30%
Piping, Building Conversions and Process Steam Plant	40.9	165.7	40%
New Electrical Substation	13.5	42.3	30%
Bioengineering / Chemical Engineering (Building and Connective Elements)	73.4	196.1	86%
McMurtry Building	16.2	85.0	42%
Building O8-350 GSB South Repurposing 3155 and 3165 Porter Drive	24.9	57.0	62%
Lab Renovations	29.5	43.4	100%
Stanford Research Computing Facility	25.5	41.2	100%
Arrillaga Outdoor Education and Recreation Center	19.3	35.5	100%
Anderson Collection at Stanford University	15.6	32.5	61%
Satellite Research Animal Facility (SRAF)	10.1	26.5	100%
	342.6	955.2	

¹ Includes projects scheduled to be in construction and with forecasted expenditures greater than \$10 million in 2012/13.

The size of the Capital Budget is based on the assumption that funding availability will align with approved project schedules. Historically, the Capital Budget has been substantially higher than actual spending due to project deferrals caused by funding gaps. In fact, the last decade's actual expenditures were 70% of the total budgeted. This has been less of a factor of late (76% over the past three years) because of the increased number of projects in recent Capital Budgets that have all funding identified, staff assigned, and Board of Trustees approval.

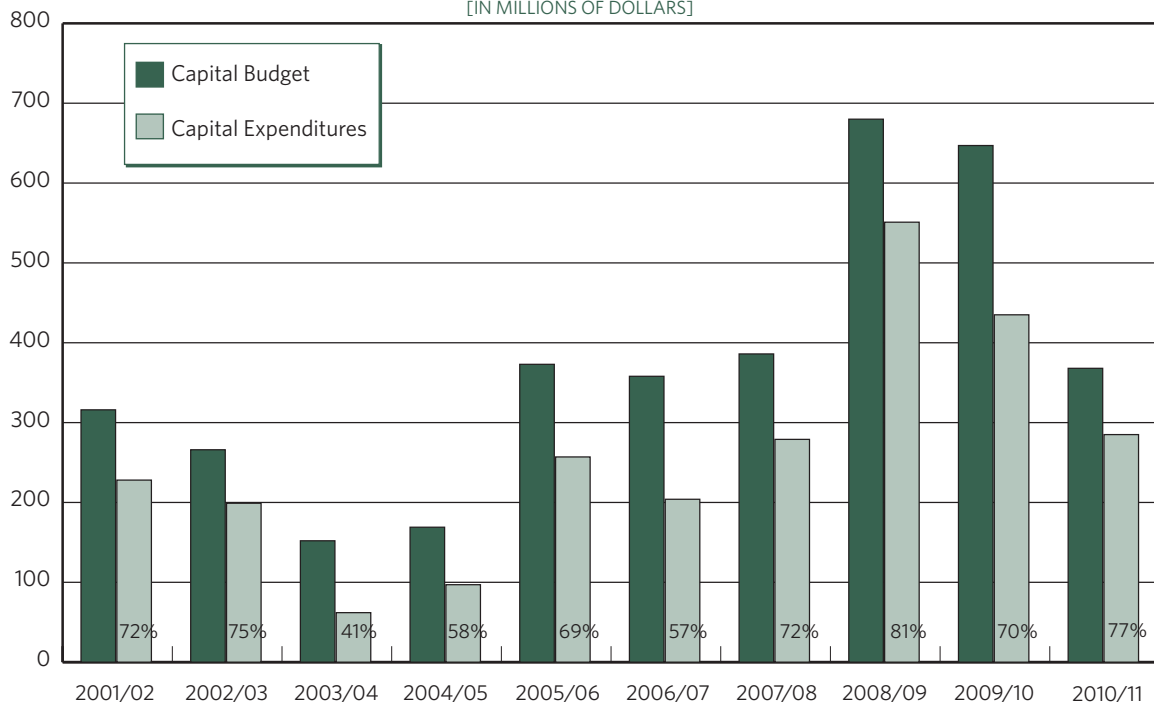
Sources and Uses

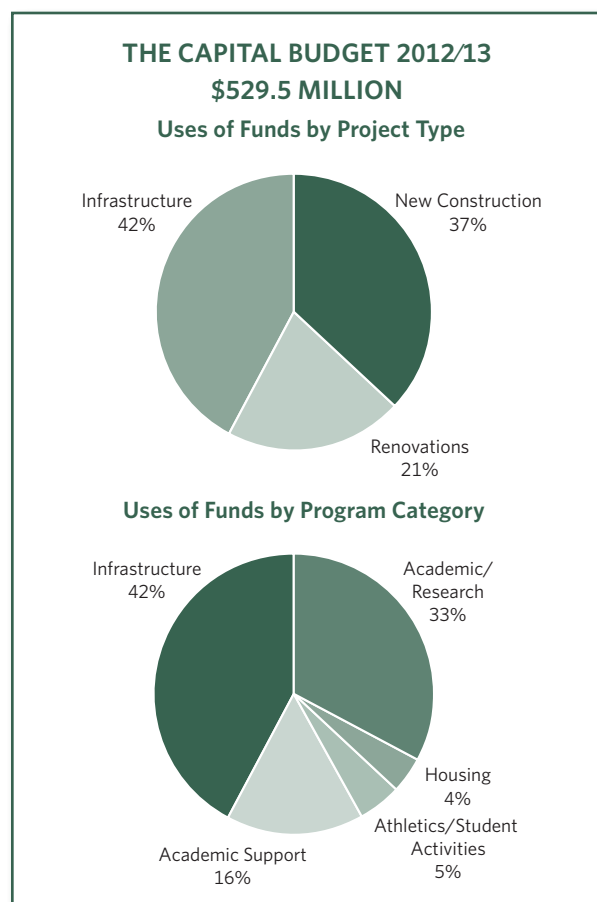
Sources of funds for the Capital Budget will be a combination of Current Funds (which include the Capital Facilities Fund (CFF), funds from university and school reserves, General Use Permit (GUP) and Stanford Infrastructure Program (SIP) fees, and a subvention from the Hoover Institution), gifts, and debt. The university typically allocates debt to projects in the absence of other available funding. The mix of project funding will be impacted by the timing of gift receipts, which may be bridge financed.

The uses of funds by project type and program category for the \$529.5 million Capital Budget are shown in the pie

CAPITAL BUDGET VS. EXPENDITURES 2001/02 to 2010/11

[IN MILLIONS OF DOLLARS]





charts above. The large infrastructure investment (42%) represents projected cash flow for the new SESI project, Investment in Plant (Planned Maintenance) and R&DE's Capital Improvement Program (CIP). Academic/Research projects (33%) include BioE/ChemE, 3155 and 3165 Porter Drive Lab Renovations and the McMurtry Building. Large Academic Support projects (16%) include GSB South Repurposing and the Stanford Research Computing Facility.

Capital Facilities Fund

A crucial source of funds for capital projects is the 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 0.5% payout releases unrestricted funds, which are held in the CFF to support major facilities projects.

Annual transfers to the CFF will be \$90 million in 2011/12 and \$92 million in 2012/13 with commitments of \$85.9 million in 2011/12 and \$106 million in 2012/13, as shown in the adjacent table, along with a detailed listing of projects funded by these funds.

CAPITAL FACILITIES FUND (CFF)

Funding Sources and Committed Uses of Funding

[IN MILLIONS OF DOLLARS]

	2011/12	2012/13
Sources of Funding		
Formula Units		
School of Medicine	11.7	10.5
Hoover Institution	3.7	3.8
President's Funds	9.3	9.4
Non-Formula	65.3	68.3
Total Funding	90.0	92.0
Committed Uses of Funding		
Porter Drive - School of Medicine	7.0	1.7
SUMC Entitlements - Palo Alto	1.8	
780 Welch Road (Asian Liver Center)	0.2	1.3
Stanford Institutes of Medicine (SIM1) funding return	(2.4)	
Strategic Projects	1.0	2.0
Various School of Medicine Projects	3.5	3.3
Hoover Institution Projects	3.7	3.8
Various Projects Funded by President's Funds	9.3	9.4
Building 08-350 GSB South Repurposing	14.3	42.7
Stanford Auxiliary Library III Phase 2	11.8	
3160 Porter Drive	8.2	
Bing Concert Hall (O&M)	7.0	
Arrillaga Outdoor Education and Recreation Center	5.9	
Crown Quadrangle Renovation	5.0	
Stanford Research Computing Facility	4.2	
Emergency Power and Management Programs	1.6	1.5
Arrillaga Family Athletic Facility at SLAC	1.0	
Redwood City Entitlements	0.9	
Roble Gym Renovation Documentation	0.8	
Arrillaga Family Dining Commons	0.6	
Teaching Labs and Learning Center		18.1
Knight and Littlefield Repurposing		8.0
Biology Research Building		3.6
Northwest Campus Electronic Communications Hub (ECH)		2.7
Access Control Enterprise System (ACES) Phase 2		2.5
Anderson Collection at Stanford University		2.0
Stanford Nanofabrication Facility/CIS		1.5
Forsythe Data Center Phase 4 Power and Cooling Upgrade		1.4
School of Education Building Seismic Renovation Phase 2		0.4
Other Projects	0.4	0.2
Total Commitments	85.9	106.0
Net Annual Activity	4.1	(14.0)
Balance at Beginning of Year	70.6	74.7
Uncommitted Balance	74.7	60.7

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

Capital Budget Impact on 2012/13 Operations

The 2012/13 Consolidated Budget for Operations includes incremental debt service and operations and maintenance (O&M) expenses for projects completing in 2012/13. Additionally, this budget includes an incremental increase in internal debt service and O&M expenses for projects completing in 2011/12 that were operational for less than 12 months.

Capital projects requiring debt are funded from internal loans that are amortized over the asset life in equal installments (principal and interest). The budgeted interest rate (BIR) used to calculate internal debt service is a blended rate of interest expense on debt issued for capital projects, bond issuance and administrative costs. The BIR for 2012/13 is 4.5%.

The projected incremental internal debt service funded by unrestricted funds, including formula units, in 2012/13 is \$1.6 million. This amount includes the additional debt service on Forsythe Data Center Phase III, Group 2 Retrofit, Stanford Research Computing Facility, Satellite RAF, Beckman Energy Retrofit, SoM's tenant improvements at Porter Drive locations and other smaller capital projects and programs. It is offset by decreases in the amount of gifts being bridge financed for the Jen-Hsun Huang Engineering Center, Center for Nanoscale Science and Engineering, Jerry Yang and Akiko Yamazaki Environment and Energy Building, Knight Management Center, Li Ka Shing Center for Learning and Knowledge, Lorry I. Lokey Stem Cell Research Building, and the Neukom Building. This additional debt service brings the total annual internal debt service borne by the unrestricted university budget to \$57.6 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 \$156.2 million to \$168.2 million. In addition, annual lease payments are projected at \$19.8 million in 2012/13.

The university will incur incremental O&M costs in 2012/13 of \$4.7 million, driven by the Bing Concert Hall (\$2.7 million), the Stanford Auxiliary Library III Phase 2 project (\$330,000), and various infrastructure projects.

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 forecasts of both cash flow and budget impacts by year, demonstrating the impact of projects beyond the three-year plan (see table on page 75).

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

Strategic Initiatives

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

- Arts Initiative
- Science, Engineering, and Medical Campus (SEMC)
- Stanford Energy System Innovations (SESI)/Sustainability and Energy Management (SEM)
- New Housing

Arts Initiative

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

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

The development of a long range vision to create an Arts District establishes a physical plan to support this initiative. This district, which flanks Palm Drive and the Oval at the main entrance into campus, leverages four existing Stanford venues — the Cantor Arts Center, Frost Amphitheater, Memorial Auditorium and the Art Gallery. Three new key building components of the Arts District will provide additional performance, exhibit, and academic space:

- Bing Concert Hall
- Anderson Collection at Stanford University
- McMurtry Building

Bing Concert Hall

The construction of this new 844-seat performance facility is under way. Located at the gateway to the campus, the 112,635 gross square foot (gsf) concert hall will sit adjacent to the existing Frost Amphitheater at the east end of Museum Way. The acoustically exceptional vineyard style hall will accommodate performances ranging from small chamber ensembles to full orchestra. It will also be equipped with state-of-the-art technical capacity to present multimedia and electronic music performances. The concert hall is set to open in January 2013.

Anderson Collection at Stanford University

The proposed 30,000 gsf building is being planned to house the Anderson Collection at Stanford — 121 works by 86 artists that include some of the foremost examples of post-World War II American art. The collection marks a major milestone in the Stanford Arts Initiative, a university-wide campaign to integrate the arts fully into the life of the Stanford campus. The site is located north of the Cantor Arts Center on the corner of Lomita and Campus Drive. Construction is anticipated to commence in late 2012; estimated completion is in 2014.

McMurtry Building

The McMurtry Building will serve as an interdisciplinary hub for the arts at Stanford. The proposed 96,000 gsf building will be the future home of the Art and Art History Department's programs in Art Practice, Art History, Film and Media Studies, and Documentary Film. The building is to be located on Roth Way between the Cantor Arts Center and Parking Structure 1 on the site of the now demolished Old Anatomy building. Construction is scheduled to begin in early 2013 with estimated completion in 2015.

To complement the three new buildings, plans are being developed for new connections in the landscape between these venues highlighting Stanford's existing collection of outdoor art, as well as provide future opportunities for new commissioned art.

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 projects, six of which have been completed:

- Astrophysics (completed in 2006)
- Jerry Yang and Akiko Yamazaki Environment and Energy Building (Y2E2) (completed in 2007)
- Lorry I. Lokey Stem Cell Research Building (SIM1) (completed in 2010)
- Jen-Hsun Huang Engineering Center (Huang) (completed in 2010)
- Center for Nanoscale Science and Engineering (Nano) (completed in 2010)
- Li Ka Shing Center for Learning and Knowledge (LKSC) (completed in 2010)
- Bioengineering/Chemical Engineering (BioE/ChemE) (to be completed in 2014)
- Biology Research Building/ Teaching Labs and Learning Center (to be completed in 2016)

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

Bioengineering/Chemical Engineering Building

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

The 196,172 gsf BioE/ChemE building will match the architectural character of the neighboring Y2E2 building, and

the Huang Engineering and Nano Centers. The Ginzton Laboratory has been demolished to clear the site. Mass excavation of the site commenced in 2011, with expected completion of the building by 2014.

Biology Research and Teaching

This year's Capital Plan includes the final project in the SEMC — the Biology Research building and the Teaching Labs and Learning Center.

Biology Research Building

The Biology Research building is intended as a replacement for the existing Herrin Laboratory building, which will ultimately be removed. The proposed \$86.1 million building will provide laboratory space for approximately half the department's faculty, plus the corresponding research staff of graduate students, post-docs and technicians. The 108,500 gsf building will be located north of the Gates Computer Science building and front onto Campus Drive; four stories above grade and one below are planned. Included in the building scope are laboratory support spaces, faculty offices, and conference areas. The new building will encourage collaboration and interdisciplinary work, allowing faculty with research in molecular biology, cell biology, neurobiology, biophysics, and molecular evolution to conduct their research across departmental and school boundaries. Construction is anticipated to begin in 2014.

Teaching Labs and Learning Center

In conjunction with the Biology Research building, this year's Capital Plan includes the renovation of the Old Chemistry (Old Chem) building into an undergraduate student learning center. The renovated facility will house Biology and Chemistry teaching laboratories, a combined sciences library for Biology, Chemistry and Math, as well as classrooms, auditoria, and student collaboration areas. Architectural programming has begun and design work is anticipated to begin later this year. Due to the historic status of Old Chem, the renovation will fully retain the building's exterior character and selected interior features. Construction is anticipated to begin in 2015.

Stanford Energy System Innovations/ Sustainability and Energy Management

Stanford Energy System Innovations

Included in the Capital Plan is the new Stanford Energy System Innovations (SESI) project, which at \$438 million

represents 21% of the Plan. SESI will provide the campus with a new central energy plant and related infrastructure.

Stanford currently receives most of its thermal (heating and cooling) and electrical energy from the Cardinal Cogeneration plant (Cogen). Cogen operations are based on a third-party operation and maintenance agreement with General Electric that expires in April 2015, at which time the plant will be 28 years old and at the end of its useful life. Other central energy plant equipment is or will also be at or near the end of its useful life.

Since 2007, nearly \$130 million of maintenance and system upgrade projects have been deferred pending consideration and selection of a Cogen replacement. In addition, campus growth projections and the addition of the Stanford Hospital and Clinics and Lucile Packard Children's Hospital expansion facilities will require an increase in both our thermal and electrical energy capacity of 20% by 2020. Approximately half of this increased demand in thermal energy is due to campus development and half attributed to the hospitals' growth, while all of the electrical growth is due to the campus since the hospitals are on the City of Palo Alto electrical grid.

In 2009, the Department of Sustainability and Energy Management (SEM) completed a long range Energy and Climate Plan for the university. A key component of this plan was replacement of the aging Cogen plant with a new facility. Over the subsequent two years, nine options were developed for a Cogen replacement strategy. These options not only addressed an aging central energy plant and its equipment but also considered its reliability, growth, seismic requirements, improved efficiency and sustainability. The options analysis considered purchased electricity through external energy markets as well as on-site generation. Each option was developed by staff in SEM and reviewed by two external engineering firms, financial consultants, and faculty experts.

In March 2011, the university was successful in obtaining Direct Access (DA) to the electricity markets. DA allows the university to directly purchase electricity from multiple generation companies and provide flexibility in the source of generation (i.e., gas, nuclear, solar, wind, etc.).

An Energy Advisory Committee was formed in June 2011 that includes members of the Board of Trustees, the President and the Provost. The charge of the committee was

to review the nine options and provide input and guidance for the selection of an option. The option for replacement of the Cogen facility was recommended by the Energy Advisory Committee and approved by the Board of Trustees in December 2011. This option, SESI, will meet the energy needs of the university through 2050 while providing full flexibility in how our electrical energy needs can be met. SESI includes the following components:

1. Procurement of electricity through Direct Access.
2. Installation of a new central energy facility that recovers waste heat from the campus chilled water system (which is currently discharged out of cooling towers) to meet the bulk of campus heating needs.
3. Conversion of the existing central steam system to a more efficient hot water system.
4. Relocation of the Central Energy Facility and expansion of the campus electrical substation on the west side of campus.
5. Decommissioning and demolition of the existing plant and electrical substation.

SESI offers the most energy efficient, economical, sustainable, and flexible energy supply choice of the many options studied, including modern on-site gas-fired cogeneration. It is one of the most efficient and innovative central district thermal energy system designs in the world and will further advance Stanford's leadership in engineering and environmental excellence while also "greening the bottom line" in the truest sense. Once SESI is completed, the campus will utilize 70% of the waste heat currently expelled from cooling towers to meet 80% of campus heat demands; reduce campus water consumption by more than 18%; and reduce greenhouse gas emissions to less than half what they are today and well below 1990 levels.

Sustainability and Energy Management (SEM)

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.

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, building operation scheduling, and use of efficient electrical and mechanical equipment. In addition, 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 will contribute to improved conservation and sustainability goals.

Existing buildings that have been identified as the largest energy-intensive facilities on campus are being renovated to meet sustainability standards in our Whole Building Energy Retrofit Program (see the discussion on page 73 for further information). Minor capital and operations improvements are funded through the Energy Retrofit Program (ERP). The Energy Conservation Incentive Program (ECIP) provides incentives for schools and other units to decrease energy use.

Across the university, Sustainable Working Teams are 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 awaiting completion of new studies at this time.

New Housing

Stanford University prides itself in having a housing program that provides a wide range of choices for its students. The vision for academic housing builds upon this program by providing the physical framework that would offer a variety of living options. The projects mentioned below are in the early planning stages.

R&DE proposes to add approximately 700 new graduate and undergraduate beds over the course of the next several years by constructing new buildings at Comstock, Lagunita and Manzanita. To facilitate construction of EV Comstock Graduate Housing, seven EV low-rise buildings will be demolished. An underground parking facility is also planned for the Comstock area.

In addition to the above, the GSB plans to expand their current housing stock by building 150 net new graduate beds commencing in 2015.

THE CAPITAL PLAN, 2012/13-2014/15

Stanford's central campus, including the Medical School but excluding the hospitals, has approximately 700 major buildings providing 15.3 million square feet of physical space. The physical plant has an historical cost of \$6.6 billion and an estimated replacement cost in excess of \$10.6 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. Board-level approvals are required for any of the following:

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

Expenditures in the 2012/13-2014/15 Capital Plan, which include major construction projects in various stages of development and numerous infrastructure projects and programs, total \$2.1 billion. The table below provides a comparison of the last three Capital Plans.

COMPARATIVE CAPITAL PLANS

[IN MILLIONS OF DOLLARS]

	2010/11	2011/12	2012/13
Design/Construction	795.9	495.3	1,030.6
Forecasted	221.8	1,106.1	840.3
Infrastructure	498.0	275.8	262.3
Total	1,515.7	1,877.2	2,133.2

Projects in Design and Construction

Projects in Design and Construction total \$1,030.6 million (48% of the plan). Construction of these projects is

contingent upon fundraising of \$129.8 million (13%). Thirteen projects are listed in this category, as shown in the related table on page 78.

The cost of projects in Design and Construction increased by \$535.3 million from 2011/12 as a result of projects moving from the Forecasted category and the addition of new projects, partially offset by the completion of certain projects. Projects moving from Forecasted to Design and Construction include SESI (\$438 million), McMurtry Building (\$85 million), Building 08-350 GSB South Repurposing (\$57 million), 3155 and 3165 Porter Drive Lab Renovations (\$43.4 million), Stanford Research Computing Facility (\$41.2 million), Satellite Research Animal Facility (\$26.5 million), and Arrillaga Family Sports Center Addition (\$17 million). The Anderson Collection at Stanford University (\$32.5 million) and Windhover Contemplative Center (\$4.2 million) are two new projects to the Capital Plan. Projects scheduled to be completed in 2011/12 include the Bing Concert Hall (\$111.9 million), Jill and John Freidenrich Center for Translational Research (\$21.3 million), Arrillaga Family Dining Commons (\$20.3 million), Stanford Center at Peking University (\$5.2 million), and Madera Grove Children's Center/Mulberry House (\$4.6 million). The Rains Houses Renovation project is no longer included in the Capital Plan as it has been moved beyond 2014/15.

Forecasted Projects

Forecasted Projects are those anticipated to receive Board of Trustees approval over the next three years. These projects total \$840.3 million (39% of the plan) and are listed on page 79. As with the projects in Design and Construction described above, these projects are contingent upon funding. For this group of projects, a total of \$270.8 million (32%) remains to be fundraised and \$19 million in funds have yet to be identified.

Project costs within this category have decreased by \$265.8 million from 2011/12, as a number of projects have moved into the Design and Construction category. The decrease was partially offset by new projects added to the Forecasted Projects section including FIM1 (\$197.5 million), Biology Research and Teaching (\$149.7 million), GSB Housing Expansion (\$63.2 million), Lagunita Undergraduate Housing (\$35 million), 780 Welch Road (Asian Liver Center) (\$26.5 million), Stone Complex Seismic (\$20 million), Roble Gym

Renovation (\$19 million), Governor's Corner Renovation - Phase 2 (\$18 million), RAF1/RAF2 Rehabilitation and Building Energy Retrofit (\$18 million), Buildings 02-520 and 02-524 Renovations (\$17 million), and Florence Moore Renovation (\$12.3 million).

Infrastructure

Stanford's ongoing efforts to renew its infrastructure are reflected in a budget of \$262.3 million (12% of the plan) and are listed on page 80. Infrastructure costs have decreased from last year's Capital Plan by \$13.5 million. Infrastructure programs include the Investment in Plant Program (Planned Maintenance), R&DE's Capital Improvement Program (CIP), General Use Permit (GUP) Mitigation Program, Capital Utilities Program (CUP), Whole Building Energy Retrofit Program Group 2, Stanford Infrastructure Program (SIP), Information Technology & Communications Systems, Emergency Generators, and Storm Drain projects. GUP mitigation and SIP projects are funded through construction project surcharges. The other categories of projects are funded by central funds or debt.

Investment in Plant - Planned Maintenance Program

Annual Investment in Plant assets 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 year's Planned Maintenance Program also includes funds for pathway, outdoor structures, and grounds. The planned costs and funding total \$128.9 million.

R&DE Capital Improvement Program

R&DE's CIP initiative is intended to address health and safety issues, seismic upgrades, code compliance, energy conservation and sustainability measures, and major programmatic improvements in the student housing and dining physical plant. CIP projects anticipated over the next three years total \$54.6 million. The plan includes continuation of the code compliance upgrades of various Row Houses, repairs to the EV slab heating system and infrastructure, as well as bathroom and kitchen renovations. In an effort to reduce deferred maintenance within R&DE facilities, a Deferred Maintenance Reduction Initiative (\$27.1 million) was started in 2011/12 to upgrade critical building systems

and components. This initiative is expected to be completed in 2012/13. Upon completion of CIP building renovations, the facilities will be maintained through the Stanford Housing Asset Renewal Program (SHARP) and the Dining Asset Renewal Program (DARP).

GUP Mitigation

Funding for GUP mitigations is generated by an internal fee levied on capital projects that increase school/department campus space allocations. The fee provides funding necessary for implementation of Santa Clara County GUP requirements and recommendations including trails, storm water management, transportation demand management, protection of biological resources, and other programs. Additionally, GUP fees fund new parking spaces.

Trails

For more than a decade, Stanford has been working to fulfill its obligations under the 2000 General Use Permit negotiated with Santa Clara County to build two public hiking trails (S-1 and C-1) crossing Stanford land as outlined in a Countywide Trails Master Plan (CTMP). In 2006 Stanford and the County reached agreement on specific trails alignments including segments in San Mateo County, Portola Valley, and Los Altos Hills that would meet objectives of the CTMP and fulfill the GUP requirement.

Following a lengthy process that was finally resolved in December of 2009 by a California Supreme Court ruling in which Santa Clara County and Stanford prevailed, construction resumed on the previously permitted segments of the S-1 trail in unincorporated Santa Clara County. The trail opened in June 2011 and with the completions of bike lane improvements to Deer Creek Road in November 2011, all Stanford obligations for the Santa Clara County trail elements have been fulfilled.

The C-1 trail would be on land owned by Stanford in San Mateo County and the town of Portola Valley. Stanford reached agreement with the Town of Portola Valley for construction of the trail segment through that community and construction was completed in 2011. The San Mateo County Board of Supervisors did not accept Stanford's offer to complete trail segments in that jurisdiction by the December 2011 deadline. Under the terms of the agreement, Stanford made a payment of \$10.4 million in February 2012 to Santa Clara County which fulfilled Stanford obligations for the C-1 trail.

WHOLE BUILDING ENERGY RETROFIT PROGRAM

PROJECT	RETROFIT STATUS	ESTIMATED ANNUAL CONSUMPTION SAVINGS	EARLY RESULTS
Stauffer I - Chemistry	Complete	38%	46%
Gordon & Betty Moore Materials Research ¹	Complete	32%	10%
Paul Allen Center for Integrated Systems (CIS)	Complete	15%	14%
Forsythe (George) Hall 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	Construction	13%	
Bing Wing (Green Library West)	Construction	16%	
Psychiatry Academic and Clinic Building	Design	56%	
Packard Electrical Engineering	Design	26%	
Mitchell Earth Sciences	Design	25%	
Green Earth Sciences	Study		
Clark Center	Study		
Arrillaga Alumni Center	Study		
Jordan Hall	Not started		
Varian Physics Laboratory	Not started		
Mechanical Engineering Laboratory	Not started		
Green Library East	Not started		
Sweet Hall	Not started		
RAF 1	Not started		
RAF 2	Not started		
Lucas Center	Delayed to 2011/12		
Center for Clinical Sciences Research (CCSR)	Delayed to 2012/13		
Herrin Hall - Biology ³	Cancelled		

¹ Construction scope reduced from original survey.

² Equipment installed as part of the Forsythe Hall retrofit uses less energy, however, the installation of additional computing equipment has offset the energy savings achieved by the retrofit.

³ Planned for demolition.

Stanford reached an agreement to build additional trail segments (C-2) in the Town of Los Altos Hills that would provide a link back to the original CTMP location of the S-1 trail. Completion of the C-2 trail is expected by the end of 2013. The total estimated cost for all trails is \$21.6 million.

Water-Related Programs

These projects are related to water conservation, water allocation (i.e., alternative supplies) and wastewater collection expansion. The estimated cost for the program for 2012/13-2014/15 is \$3.7 million.

Capital Utilities Program

The \$17.4 million three-year plan improves electrical, steam,

water, chilled water, and wastewater utility systems. The annual CUP program covers the areas of system expansion (\$13.4 million) and system replacement (\$4 million). The university annually budgets for the replacement of systems that are nearing the end of their useful life and expands systems as required by campus growth.

The CUP program costs are significantly less than in prior years in anticipation of the SESI initiative, which will subsume many energy-related CUP projects in the next few years.

Whole Building Energy Retrofit Program Group 2

This retrofit program seeks to reduce energy consumption in Stanford's largest energy-intensive buildings. The program

began in 2003/04 with studies of the top 12 energy using buildings, representing \$15.9 million of energy expenses per year, or nearly 36% of the total campus energy expense. It has since been expanded to include additional large energy consuming buildings that offer cost effective, capital intensive energy retrofit opportunities. The retrofits completed thus far have delivered annual energy cost savings of \$2.8 million annually, a discounted payback of about 4 years, and Pacific Gas and Electric rebates of \$2 million.

The table on the facing 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. Where results are less than expected and after one full annual building cycle has passed, troubleshooting will continue until conditions are understood, problems are addressed, and expectations are met or exceeded.

Stanford Infrastructure Program

SIP consists of campus and transportation projects and programs for the improvement and general support of the university's academic community, hospitals, and physical plant. SIP expenditures are expected to total \$12.7 million over the next three years (excluding funding for replacement parking spaces). 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 Communications Systems

The university's computing and communications systems provide comprehensive data, voice and video services to the campus community. Over time, these systems must be improved and/or replaced so that a consistently high level of service can be maintained. Additionally, new technologies are implemented that provide more efficient, faster, and/or more cost-effective solutions. For 2012/13-2014/15, a total of \$6.8 million has been allocated for upgrades to these critical university systems.

Emergency Generators

Comprehensive emergency preparedness planning includes the installation of emergency generators at major housing and dining facilities throughout campus. The program is scheduled to be completed in 2012/13 at a cost of \$2.4 million.

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 approaches such as bioswales, bioretention, and storm water capture to minimize contamination conveyed to natural water bodies from common storms. These treatment approaches will be incorporated on new building sites by those projects, where feasible. This program covers campus-wide storm water treatment facilities that meet these requirements beyond those met by new building projects. The estimated cost for the program for 2012/13-2014/15 is \$900,000.

Other Stanford Entities

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

Real Estate Investments

Under an approved land use development agreement with the City of Palo Alto, known as the Mayfield Agreement, the Real Estate department will be master planning the conversion of certain commercial sites on the edges of the Research Park to residential uses after the underlying ground leases expire in late 2013. The Real Estate department has begun the early planning for these development projects; detailed plans and project costs will be determined in future years. Project completion is anticipated in 2017.

Stanford Hospital and Clinics and Lucile Packard Children's Hospital

After nearly four years from date of application, the Stanford University Medical Center (SUMC) received, in July 2011, entitlements in Palo Alto to create a new hospital zone allowing development of approximately 1.3 million square feet of net new hospital, clinic, and medical office space. The new zone allows for an increase in the height limit from 50 feet to 130 feet. Approval of the SUMC entitlements allowed for the September 2011 commencement of the renovation and expansion of SHC and LPCH. Estimated project costs of SHC and LPCH are \$2.0 billion and \$1.2 billion, respectively.

SLAC National Accelerator Laboratory

In February 2011, SLAC completed its Long-Range Development Plan with its vision to consolidate research activities, upgrade infrastructure, and/or demolish and renovate facilities. In 2011/12, 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 campus and is scheduled for completion by 2014. These funds will be used to construct a new 64,000 gsf building to house accelerator research staff at the RSB, renovate 40,000 gsf in two mission-support buildings, and demolish 64,000 gsf of substandard buildings and trailers.

Additional projects within the Long-Range Development plan include three DOE funded projects — the \$65 million/65,000 gsf Science and User Support Building (SUSB) project, the \$55 million/55,000 gsf Photon Sciences Laboratory Building (PSLB), and the construction of the \$405 million/76,000 gsf Linac Coherent Light Source II (LCLS-II) facilities.

The SUSB project includes the demolition of the Panofsky Auditorium and SLAC's Cafeteria that are to be replaced by a new auditorium/cafeateria/user center, creating a new "front door" to the SLAC National Accelerator Laboratory and the first stop for researchers and visitors to SLAC. The SUSB will break ground in late 2013 with occupancy planned for 2015.

The PSLB project will construct new environmentally sustainable facilities that will include laboratory space, offices, and collaboration space to support SLAC's photon science mission. The PSLB is planning a ground breaking in 2015 with occupancy in 2017.

Based on the success of Linac Coherent Light Source (LCLS), the DOE approved the start of planning LCLS-II. This expansion of LCLS, which will significantly enhance its scientific capability and capacity, is expected to be ready for operational use in 2018.

In addition to the above, the university is constructing the Stanford Research Computing Facility at SLAC which is due to be completed in 2013.

Overall Summary

A summary table of the 2012/13–2014/15 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 2014/15.

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

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

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

SUMMARY OF THREE-YEAR CAPITAL PLAN 2012/13-2014/15

[IN MILLIONS OF DOLLARS]

	ESTIMATED PROJECT COST	CAPITAL BUDGET 2012/13	CURRENT FUNDS ¹	PROJECT FUNDING SOURCE				ANNUAL CONTINUING COSTS		
				GIFTS		UNIVERSITY DEBT		RESOURCES TO BE IDENTIFIED ²	DEBT SERVICE	OPERATIONS & MAINTENANCE ³
				IN HAND OR PLEDGED	TO BE RAISED	SERVICE CENTER/AUXILIARY DEBT	ACADEMIC DEBT			
Projects in Design & Construction	1,030.6	360.4	169.3	184.4	129.8	454.0	93.1	33.3	33.7	
Forecasted Projects	840.3	81.5	188.6	110.2	270.8	170.7	81.0	19.0	15.3	
Total Construction Plan	1,870.9	441.9	357.9	294.6	400.6	624.7	174.1	19.0	48.6	45.1
Infrastructure Programs	262.3	87.6	172.4			71.9	18.0	5.7		
Total Three-Year Capital Plan 2012/13-2014/15	2,133.2	529.5	530.3	294.6	400.6	696.6	192.1	19.0	54.3	45.1

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

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

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

CAPITAL PLAN CASH FLOWS

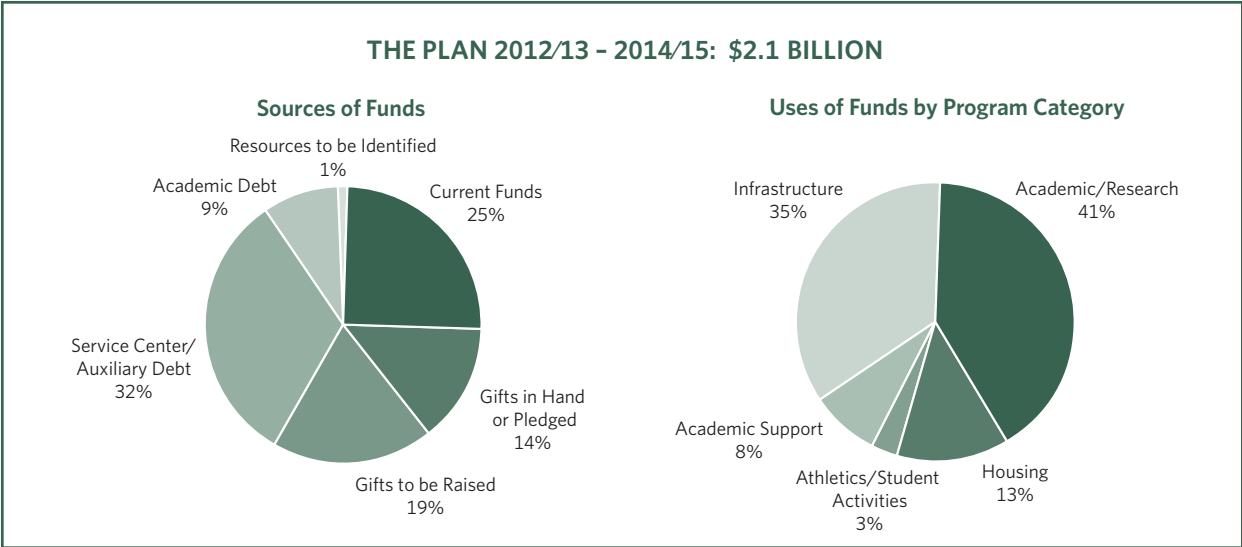
[IN MILLIONS OF DOLLARS]

	2011/12 & PRIOR	2012/13	2013/14	2014/15	2015/16 & THEREAFTER	TOTAL
Projects in Design & Construction	217.7	360.4	328.0	90.0	34.5	1,030.6
Forecasted Projects	12.5	81.5	202.3	244.6	299.4	840.3
Total Construction Plan	230.1	441.9	530.4	334.6	333.9	1,870.9
Infrastructure Programs	43.6	87.6	67.9	63.2		262.3
Total Three-Year Capital Plan 2012/13-2014/15	273.7	529.5	598.3	397.8	333.9	2,133.2

CAPITAL PLAN IMPACT ON BUDGET

[IN MILLIONS OF DOLLARS]

	2013/14	2014/15	2015/16 & THEREAFTER	TOTAL
Incremental Internal Debt Service				
General Funds	0.7	1.4	1.5	3.6
Formula and Other Schools	3.6	0.9	2.0	6.5
Auxiliary	4.5	1.8	8.9	15.2
Service Center	3.9	3.7	21.5	29.1
Incremental Internal Debt Service	12.6	7.7	33.9	54.3
Incremental Operations and Maintenance				
General Funds	0.5	9.5	9.4	19.4
Formula and Other Schools	4.4	1.9	0.9	7.2
Auxiliary	4.6	0.1	1.8	6.5
Service Center			12.0	12.0
Incremental Operations and Maintenance	9.5	11.5	24.1	45.1



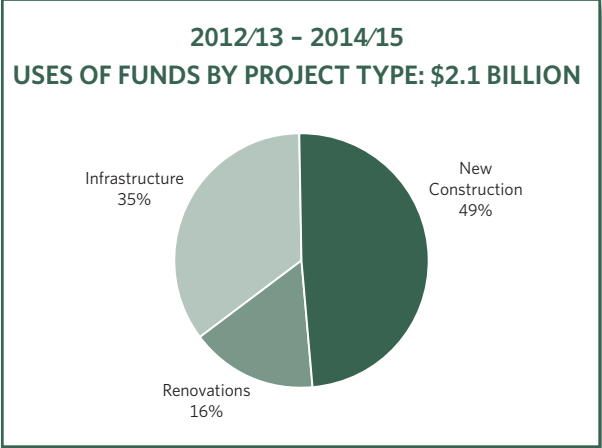
Capital Plan Funding Sources

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

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

Uses of Funds by Program Category and Project Type

The chart above divides the Capital Plan activity into program categories — Academic/Research, Infrastructure, Housing, Academic Support, and Athletics/Student Activities — with the largest categories being Academic/Research and Infrastructure at 41% and 35% of the Capital Plan, respectively. The chart below breaks out the same activity into project types — New Construction, Infrastructure, and Renovations — with New Construction and Infrastructure comprising 49% and 35% of the plan, respectively. Notably, with the addition of several major projects, Academic/Research now accounts for 41% of the Capital Plan compared to 23% in last year’s Capital Plan.



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 2012/13 to 2016/17) totals \$54.3 million annually (excluding debt service for bridge financing the receipt of gifts and operating lease payments). Of this amount, \$3.6 million will be serviced by general funds, \$44.2 million by auxiliary or service center operations, and \$6.5 million by formula schools (the GSB and SoM).

The additional O&M costs expected at the completion of all projects commencing in the three-year period total \$45.1

million per year. Of this amount, \$19.4 million will be serviced by general funds, \$18.5 million by auxiliary and service center operations, and \$7.2 million by the formula schools. O&M and debt service on capital projects compete directly with other academic program initiatives.

Debt Capacity

As of May 1, 2012 debt available to finance capital projects and faculty mortgages is estimated at \$587 million, including \$369 million of taxable commercial paper, \$207 million of tax-exempt commercial paper, and \$11 million of unexpended tax-exempt bond proceeds. In addition, through fiscal year-end 2011/12 and 2012/13, \$114 million of internal amortization proceeds on debt-funded projects will become available to lend to projects and \$119 million in forecasted pledge payments will retire debt issued to bridge finance the receipt of gifts.

The Capital Plan will require a total of \$1,402 million of debt:

- \$486 million to complete projects already approved or under construction;
- \$349 million for projects forecast to be approved in 2012/13; and
- \$567 million to bridge finance the receipt of gift pledges for projects under construction.

Additional debt will be required to finance the Faculty Staff Housing program. In the past five years, the portfolio of debt subsidized mortgages has grown an average of \$26 million per year. In the current low rate environment, however, mortgages are being refinanced and the portfolio has declined \$6 million to \$392 million year to date.

Projects identified in the three-year Capital Plan commencing after 2012/13 will require an additional \$162 million in debt. Debt for these projects has not been committed and allocations will be evaluated in the context of debt capacity, affordability, viability of the funding plan, and GUP limitations.

Entitlements

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

In December 2000, Santa Clara County approved a General Use Permit (GUP) that allows Stanford to construct up to

2,035,000 additional gross square feet of academic-related buildings on the core campus. The GUP also allows the construction of up to 2,000 new student housing units and over 1,000 units of housing for postdoctoral fellows, medical residents, faculty, and staff.

Conditions of approval included the following:

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

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

The 2012/13-2014/15 Capital Plan utilizes 393,325 of GUP square feet. This square footage, along with gsf previously allocated, brings the total GUP 2000 gsf 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 extend through 2025.

With the completion of planned housing projects, including EV Comstock Graduate Housing, GSB Housing Expansion, and Lagunita and Manzanita Undergraduate Housing, Stanford will have added 2,350 net new housing linkage units since approval of the GUP. The completion of these units will enable the university to construct 2 million gsf of new academic space under the GUP. The construction of square footage beyond this amount will require additional housing units.

CAPITAL PLAN PROJECT DETAIL

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

**2012/13-2014/15 CAPITAL PLAN
PROJECTS IN DESIGN & CONSTRUCTION**
[IN MILLIONS OF DOLLARS]

	PROJECT FUNDING SOURCE										ANNUAL CONTINUING COSTS	
	SCHOOL/ DEPARTMENT	FISCAL YEAR PROJECT SCHEDULE	ESTIMATED PROJECT COST	CAPITAL BUDGET 2012/13	CURRENT FUNDS ¹	GIFTS		UNIVERSITY DEBT		RESOURCES TO BE IDENTIFIED ²	DEBT SERVICE	OPERATIONS & MAINTENANCE ³
						IN-HAND OR PLEGGED	TO BE RAISED	SERVICE CENTER/ AUXILIARY DEBT	ACADEMIC DEBT			
Stanford Energy System Innovations (SESI)												
New Central Energy Facility	LBRE	2012-15	230.0	73.6				230.0			14.0	12.0
Piping, Building Conversions and Process Steam Plant	LBRE	2012-15	165.7	40.9			165.7				10.1	
New Electrical Substation	LBRE	2012-15	42.3	13.5			42.3				2.6	
Bioengineering / Chemical Engineering												
Base Building	SOE/SoM	2005-14	187.3	70.4	5.0	102.7	69.8		9.8		0.6	5.8
Connective Elements	SOE/SoM	2005-14	8.8	3.0	8.8							
Future Fit-up	SOE/SoM	TBD	19.4				19.4					
McMurtry Building	H&S	2012-15	85.0	16.2	35.0	34.5	15.5					2.6
Building O8-350 GSB South Repurposing	PRES/PROV	2012-14	57.0	24.9	57.0							2.9
3155 and 3165 Porter Drive Lab Renovations	SoM	2012-13	43.4	29.5	10.9				32.5		2.0	4.1
Stanford Research Computing Facility	DOR/ITS	2011-13	41.2	25.5	10.3				30.9		1.9	3.5
Arrillaga Outdoor Education and Recreation Center ⁴	DAPER	2011-13	35.5	19.3	11.0	24.5						0.9
Anderson Collection at Stanford University	PRES/PROV	2012-14	32.5	15.6	14.7	4.0	13.8					0.8
Satellite Research Animal Facility (SRAF)	SoM	2011-13	26.5	10.1	6.6				19.9		1.2	0.1
Manzanita Undergraduate Housing (125 new beds)	R&DE	2010-14	20.0	3.4	4.0			16.0			1.0	0.1
Arrillaga Family Sports Center Addition	DAPER	2012-13	17.0	7.5	5.7	11.3						0.2
Stanford Auxiliary Library III Phase 2	SULAIR	2011-13	14.8	6.8	14.8							0.5
Windhover Contemplative Center	PRES/PROV	2012-15	4.2	0.2	4.2							0.2
Subtotal - Projects in Design & Construction			1,030.6	360.4	169.3	184.4	129.8	454.0	93.1		33.3	33.7

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

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

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

⁴ Formerly West Campus Recreation Center.

2012/13-2014/15 CAPITAL PLAN FORECASTED CONSTRUCTION PROJECTS

[IN MILLIONS OF DOLLARS]

	SCHOOL/ DEPARTMENT	FISCAL YEAR PROJECT SCHEDULE	ESTIMATED PROJECT COST	CAPITAL BUDGET 2012/13	CURRENT FUNDS ¹	PROJECT FUNDING SOURCE				ANNUAL CONTINUING COSTS		
						IN HAND OR PLEGGED	GIFTS TO BE RAISED	SERVICE CENTER/ AUXILIARY DEBT	UNIVERSITY DEBT ACADEMIC DEBT	RESOURCES TO BE IDENTIFIED ²	DEBT SERVICE	OPERATIONS & MAINTENANCE ³
Foundations in Medicine (FIM) 1												
Building	SoM	2014-17	182.5	0.3	36.1		129.3		17.1		1.0	0.9
Tunnel Infrastructure	SoM	2014-17	15.0	0.3	13.5				1.5		0.1	
Biology Research and Teaching	H&S	2013-16	86.1	4.5	18.6	48.9	7.9		10.7		0.7	3.4
Biology Research Building	H&S	2013-16	55.0	3.0	18.1	25.6	7.0		4.3		0.3	1.8
Teaching Labs and Learning Center	H&S	2013-16	4.5	0.2		4.5						
Connective Elements	H&S	2016	4.1			4.1						
Demolitions (Herrin Lab/Herrin Hall/Mudd)												
EV Comstock Graduate Housing												
Comstock Studios and Apartments (363 net new beds)	R&DE	2013-15	110.0	5.9	20.0			90.0			5.5	0.7
Parking Structure (480 stalls)	LBRE	2013-15	20.0	1.1	20.0							0.8
GSB Housing Expansion (150 new beds)	GSB	2015-17	63.2				63.2					
Hoover Office Building (formerly Cummings Replacement)	HOOVER	2013-16	45.6	1.7		3.2	42.4					1.4
Lagunita Undergraduate Housing (200 new beds)	R&DE	2013-15	35.0	1.9	4.0						1.9	0.2
780 Welch Road (Asian Liver Center)	SoM	2012-14	26.5	7.1	3.0	12.5	11.0					0.2
Stone Complex Seismic Project ⁴	SoM	2013-15	20.0	0.9	6.0				14.0		0.9	
Crown Quadrangle Renovation	SLS	2012-14	20.0	8.7	5.0	5.0	10.0					
SESI - High Voltage Intertie	LBRE	2013-15	19.4	6.2				19.4			1.2	
Roble Gym Renovation	H&S	2012-14	19.0	7.9								19.0
Governor's Corner Renovation - Phase 2	R&DE	2015	18.0					18.0			1.1	
RAF1/RAF2 Rehabilitation & Building Energy Retrofit	SoM	2013-14	18.0	8.3	3.0				15.0		0.9	
Buildings 02-520 and 02-524 Renovations	SOE	2012-14	17.0	7.3	17.0							
Florence Moore Renovation	R&DE	2013	12.3	7.2				12.3			0.7	
Northwest Campus Electronic Communications Hub (ECH) ⁵	ITS/AS	2013-15	10.8	0.6	2.7				8.1		0.5	0.2
3172 Porter Drive Lab Renovation	SoM	2012-13	9.1	4.6	3.0				6.1		0.4	
School of Education Building Seismic Renovation Phase 2	SUSE	2014-16	8.6	0.2	2.2	6.4						
Knight and Littlefield Repurposing	PRES/PROV	2013-14	8.0	0.7	8.0							1.7
Forsythe Data Center Phase 4 Power and Cooling Upgrade	ITS/AS	2013-14	5.6	0.5	1.4				4.2		0.3	
Access Control Enterprise System (ACES) Phase 2	PRES/PROV	2010-15	3.8	0.8	3.8							0.1
Legacy Door Access Replacement	ITS/AS	2013-14	3.2	1.6	3.2							
Subtotal - Forecasted Projects			840.3	81.5	188.6	110.2	270.8	170.7	81.0	19.0	15.3	11.4
SUBTOTAL - CONSTRUCTION PLAN			1,870.9	441.9	357.9	294.6	400.6	624.7	174.1	19.0	48.6	45.1

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

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

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

⁴ Incremental cost of \$4. million for the Boswell portion of the project will be funded by SHC and is not reflected in this total.

⁵ Facility includes space for ECH, Remote Operator Facility, and the University's critical systems.

**2012/13-2014/15 CAPITAL PLAN
INFRASTRUCTURE PROGRAMS**

[IN MILLIONS OF DOLLARS]

	SCHOOL/ DEPARTMENT	FISCAL YEAR PROJECT SCHEDULE	ESTIMATED PROJECT COST	CAPITAL BUDGET 2012/13	CURRENT FUNDS ¹	PROJECT FUNDING SOURCE					ANNUAL CONTINUING COSTS		
						IN HAND OR PLEGGED	GIFTS TO BE RAISED	SERVICE CENTER/ AUXILIARY DEBT	UNIVERSITY DEBT	ACADEMIC DEBT	RESOURCES TO BE IDENTIFIED ²	DEBT SERVICE	OPERATIONS & MAINTENANCE ³
Investment in Plant (Planned Maintenance)													
Non-Formula/Admin Formula	LBRE SoM	2013-15	51.9	17.8	51.9								
R&DE (SHARP/DARP) ⁴	R&DE	2013-15	29.7	16.8	29.7								
DAPER	DAPER	2013-15	34.9	9.9	34.9								
Utilities ⁵	LBRE	2013-15	9.9	5.2	9.9								
Roads	LBRE	2013-15	2.5	0.6	2.5								
Subtotal-Investment in Plant (Planned Maintenance)			128.9	50.3	128.9								
R&DE Capital Improvement Program ⁴	R&DE	2013-15	54.6	10.7	3.1			51.5					3.1
GUP Mitigation Programs	LBRE	2005-13	21.6	0.3	21.6								
Trails	LBRE	2013-15	3.7	2.5	3.7								
Water-Related Programs			25.3	2.8	25.3								
Subtotal-GUP Mitigation Programs													
Capital Utilities Program (CUP)	LBRE	2013-15	13.4	5.8				13.4					0.8
System Expansion	LBRE	2013-15	4.0	1.4				4.0					0.2
System Replacement			17.4	7.2				17.4					1.1
Subtotal-CUP													
Whole Building Energy Retrofit Program Group 2	Various	2013-15	13.3	7.6						13.3			1.0
Stanford Infrastructure Program (SIP)	LBRE	2013-15	12.7	4.0	12.7								
Information Technology & Communications Systems	ITS	2013-15	6.8	2.3				3.0		3.8			0.4
Emergency Generators	EH&S	2013	2.4	2.4	2.4								
Storm Drains	LBRE	2013-15	0.9	0.3						0.9			0.1
Subtotal - Infrastructure Projects & Programs			262.3	87.6	172.4			71.9		18.0			5.7
Total Capital Plan			2,133.2	529.5	530.3			294.6		400.6			54.3
													19.0
													45.1

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

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

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

⁴ R&DE 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, 2012/13
- Summary of 2012/13 General Funds Allocations (Excludes Formula Units)

Consolidated Budget for Operations by Selected Units, 2012/13

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, 2012/13

[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	190.2	186.4	3.8		3.8
School of Earth Sciences	58.5	55.1	3.4	(3.5)	(0.1)
School of Education	53.6	54.2	(0.5)	(0.4)	(0.9)
School of Engineering	352.9	344.5	8.4	(3.6)	4.7
School of Humanities and Sciences ¹	430.3	413.7	16.7	(23.6)	(7.0)
School of Law	72.9	69.0	3.9	(3.8)	0.1
School of Medicine ¹	1,497.9	1,459.6	38.3	(17.1)	21.2
Vice Provost Dean of Research	190.0	195.9	(5.9)	4.8	(1.1)
Vice Provost for Undergraduate Education ¹	45.0	43.5	1.5	(1.5)	
Vice Provost for Graduate Education	7.0	7.0			
Hoover Institution	47.5	45.3	2.2	(2.8)	(0.5)
Stanford University Libraries ¹	105.9	109.5	(3.6)	1.0	(2.6)
SLAC	384.5	384.0	0.4		0.4
Total Academic Units	3,436.4	3,367.8	68.6	(50.6)	17.9
Administrative Units					
Business Affairs & Information Technology	190.4	191.6	(1.2)	(3.2)	(4.4)
Office of Development	57.0	57.0			
General Counsel & Public Safety	31.1	30.4	0.7		0.7
Land, Buildings and Real Estate	245.9	234.2	11.6	(9.3)	2.4
President and Provost Office	66.9	66.7	0.2	0.5	0.7
Public Affairs	9.7	9.7	(0.1)		(0.1)
Stanford Alumni Association	40.1	40.3	(0.2)		(0.2)
Stanford Management Company	27.8	27.8			
Student Affairs ¹	55.4	57.6	(2.2)		(2.2)
Undergraduate Admission and Financial Aid	164.2	160.5	3.7	(1.5)	2.2
Major Auxiliary Units					
Athletics (Operations and Financial Aid)	97.4	97.4	(0.0)		
Residential & Dining Enterprises	168.1	169.8	(1.7)		(1.7)
Total Administrative & Auxiliary Units	1,153.8	1,143.0	10.8	(13.4)	(2.6)
Internal Transaction Adjustment ²	(327.7)	(272.5)	(55.2)		(55.2)
Indirect Cost Adjustment ³	(226.8)	(226.8)			
Grand Total from Units	4,035.7	4,011.5	24.2	(64.0)	(39.8)
Central Accounts ⁴	252.1	84.8	167.3	(63.5)	103.8
Central Adjustment ⁵	155.6		155.6		155.6
Total Consolidated Budget	4,443.4	4,096.3	347.1	(127.5)	219.6

Notes:

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

² Internal revenues and expenses are included in the unit budgets. This adjustment backs out these internal activities from the Consolidated Budget to avoid double counting them. There is a net \$55.2 million balance in internal activity due to payments from Plant funds.

³ The academic unit budgets include both direct and indirect sponsored income and expenditures. Indirect cost funding passes through the schools and is transferred to the university as expenditures occur. At that point, indirect cost recovery becomes part of unrestricted income for the university. In order not to double count, indirect cost recovery of \$226.8 million received by the schools is taken out in the "Indirect Cost Adjustment" line.

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

⁵ The \$155.6 million of revenue is based on historical experience and reflects the expectation that the university will receive additional unrestricted and/or restricted income that cannot be specifically identified by unit at this time.

SUMMARY OF 2012/13 GENERAL FUNDS ALLOCATIONS (EXCLUDES FORMULA UNITS)

[IN THOUSANDS OF DOLLARS]

	2011/12 BASE GF ALLOCATION	PRICE & SALARY INFLATION	BASE GF ALLOCATIONS	2012/13 BASE GF ALLOCATIONS	2011/12 TO 2012/13 CHANGE	PERCENT CHANGE
School of Earth Sciences	7,068	215	688	7,971	903	12.8%
School of Education	13,694	412	719	14,825	1,131	8.3%
School of Engineering	61,760	1,841	2,159	65,759	3,999	6.5%
School of Humanities & Sciences	150,384	4,568	5,589	160,540	10,156	6.8%
School of Law	22,610	668	1,233	24,511	1,901	8.4%
Vice Provost and Dean of Research	34,518	966	919	36,403	1,885	5.5%
Vice Provost for Graduate Education	6,607	221	2	6,831	224	3.4%
Vice Provost for Undergraduate Education	19,632	544	345	20,521	889	4.5%
Stanford University Libraries	43,864	1,158	1,534	46,556	2,693	6.1%
Total - Academic¹	360,136	10,593	13,188	383,917	23,781	6.6%
Admission and Financial Aid Operations	9,195	259	213	9,666	472	5.1%
Student Affairs	26,139	842	759	27,739	1,601	6.1%
Office of the President & Provost	11,769	347	41	12,158	389	3.3%
Office of Public Affairs	5,846	170	549	6,565	719	12.3%
Business Affairs and Information Technology ²	103,420	2,930	1,581	107,931	4,511	4.4%
Office of Development and Alumni Association	42,316	1,196	2,793	46,305	3,989	9.4%
Land, Buildings and Real Estate ^{2,3}	15,391	306	79	15,775	384	2.5%
Other Administrative Units ⁴	22,587	571	175	23,333	746	3.3%
Central Obligations ^{2,5}	22,846	778	1,009	24,633	1,787	7.8%
Total - Administrative	259,509	7,399	7,198	274,106	14,598	5.6%
UG Financial Aid	12,250	368	11,450	24,068	11,818	96.5%
O&M and Utilities ³	72,233	2,857	3,946	79,036	6,803	9.4%
Debt Service	34,534	(505)		34,029	(505)	-1.5%
University 1-time Reserve	20,000			20,000		
Total - Other	139,017	2,719	15,396	157,133	18,116	13.0%
Total Non-Formula Allocations	758,662	20,712	35,783	815,156	56,494	7.4%
Unallocated Surplus	40,595			43,148	2,553	6.3%
Capital Facilities Fund	61,686			67,019	5,333	8.6%
Total Non-Formula General Funds	860,943	20,712	35,783	925,323	64,381	7.5%

Notes:

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

² For this table, property insurance, general insurance, and fire contract allocations have been moved to Central Obligations.

³ For this table, Operations and Maintenance (O&M) and Utilities allocations have been moved to Other.

⁴ Other Administrative Units includes general funds allocations for General Counsel, Hoover, SLAC National Laboratory, Athletics, Stanford University Press, and the Stanford Faculty Club.

⁵ Central Obligations include RA tuition allowance and miscellaneous university expenses. In addition, for this table, property insurance, general insurance, and fire contract allocations have been included in this line.

GRADUATE SCHOOL OF BUSINESS**2012/13 Consolidated Budget Plan**

[IN THOUSANDS OF DOLLARS]

	2010/11 ACTUALS	2011/12 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2012/13 TOTAL
Revenues									
General Funds Allocation	45,899	51,273	52,929						52,929
Restricted Revenues	115,833	130,946	1,195	38,576	24,000	64,219	1,671	3,197	132,858
Internal Revenue	5,138	4,362						4,455	4,455
Operating Transfers	(322)		81,755	(12,485)	(29,685)	(39,234)		(351)	
Total Revenues	166,548	186,582	135,879	26,091	(5,685)	24,985	1,671	7,301	190,242
Expenses									
Academic Salaries	38,615	41,412	41,627	4,876			29		46,532
Staff Salaries	29,740	31,932	28,842	4,274			342	859	34,317
Benefits & Other Compensation	23,200	24,619	23,233	2,891	185		117	271	26,698
Non-Salary Expenses	41,993	56,323	34,145	6,982	1,659	16,330	1,156	1,080	61,352
Internal Expenses	17,767	18,040	8,032	4,075	279		27	5,090	17,502
Total Expenses	151,315	172,328	135,879	23,098	2,123	16,330	1,671	7,301	186,401
Operating Results	15,233	14,254	0	2,994	(7,808)	8,655	0	0	3,841
Transfers From (to) Endowment & Other Assets	(31,723)	(10,052)							
Transfers From (to) Plant									
Surplus / (Deficit)	(16,490)	4,202	0	2,994	(7,808)	8,655	0	0	3,841
Beginning Fund Balances	82,152	65,662	1,383	16,694	40,554	11,233			69,864
Ending Fund Balances	65,662	69,864	1,383	19,687	32,746	19,888			73,704

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

2012/13 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2010/11 ACTUALS	2011/12 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2012/13 TOTAL
Revenues								
8,005	6,791	9,378						9,378
General Funds Allocation								
44,451	45,315		6,000	1,564	25,993	12,815		46,371
(56)	(141)		(141)					(141)
Internal Revenue								
4,122	5,518	20,922	1,704	2,736	(23,806)	1,350		2,906
Operating Transfers								
56,521	57,484	30,300	7,563	4,300	2,187	14,165		58,514
Expenses								
19,108	20,368	12,551	2,583	1,109	214	5,072		21,530
Academic Salaries								
5,013	5,369	4,780	461	185	51	171		5,648
Staff Salaries								
9,362	10,858	7,455	1,153	597	188	2,034		11,428
Benefits & Other Compensation								
13,763	15,220	4,282	1,614	1,343	476	6,698		14,412
Non-Salary Expenses								
2,010	2,131	1,232	347	331	31	190		2,131
Internal Expenses								
49,256	53,946	30,300	6,159	3,565	959	14,165		55,149
Total Expenses								
7,266	3,538	0	1,404	734	1,227	0		3,365
Operating Results								
(2,790)	(2,500)				(2,500)			(2,500)
Transfers From (to) Endowment & Other Assets								
	(1,000)			(1,000)				(1,000)
Transfers From (to) Plant								
4,476	38	0	1,404	(266)	(1,273)	0		(135)
Surplus / (Deficit)								
42,304	46,780	620	13,403	17,156	15,639			46,817
Beginning Fund Balances								
46,780	46,817	620	14,807	16,891	14,366			46,683
Ending Fund Balances								

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 83.
- 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 2012/13 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2010/11 ACTUALS	2011/12 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2012/13 TOTAL
Revenues								
13,843	15,413	15,618						15,618
General Funds Allocation								
29,191	37,933		3,610	6,155	9,390	16,907		36,062
44	(316)		(289)					(289)
Internal Revenue								
5,330	2,308	10,001	1,445	(2,114)	(7,077)			2,255
Operating Transfers								
48,408	55,337	25,619	4,766	4,041	2,313	16,907		53,645
Expenses								
11,627	15,596	9,819	901	241	181	4,243		15,385
Academic Salaries								
8,721	11,116	5,063	1,528	871	646	3,361		11,470
Staff Salaries								
7,014	9,796	5,240	1,028	364	290	2,841		9,762
Benefits & Other Compensation								
13,743	16,314	4,965	1,348	2,499	761	6,335		15,908
Non-Salary Expenses								
1,053	1,730	484	193	643	185	128		1,633
Internal Expenses								
42,158	54,552	25,571	4,998	4,619	2,063	16,907		54,157
Total Expenses								
6,250	785	48	(232)	(578)	250	0		(512)
Operating Results								
(1,547)	(680)			750	(1,180)			(430)
Transfers From (to) Endowment & Other Assets								
Transfers From (to) Plant								
4,703	105	48	(232)	172	(930)	0		(942)
Surplus / (Deficit)								
33,529	38,232	841	18,039	13,151	6,307			38,338
Beginning Fund Balances								
38,232	38,338	890	17,806	13,323	5,377			37,396
Ending Fund Balances								

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 83.
- 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
2012/13 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2010/11 ACTUALS	2011/12 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2012/13 TOTAL
Revenues								
61,163	65,187	69,446						69,446
General Funds Allocation								
237,355	250,076		52,020	22,000	46,269	141,384		261,673
574	641		(950)				1,400	450
Internal Revenue								
28,519	21,831	34,895	1,711	2,548	(22,148)	4,296		21,301
Operating Transfer								
327,611	337,735	104,341	52,781	24,548	24,121	145,680	1,400	352,870
Expenses								
90,990	102,189	38,810	12,314	7,024	2,651	44,957		105,757
Academic Salaries								
28,329	32,663	17,751	8,156	2,301	978	4,813	927	34,925
Staff Salaries								
47,171	53,283	24,574	6,884	3,473	1,179	19,399	288	55,797
Benefits & Other Compensation								
122,445	125,122	18,512	16,483	7,353	16,796	73,200	160	132,503
Non-Salary Expenses								
13,352	14,696	4,694	3,714	3,001	779	3,311	20	15,517
Internal Expenses								
302,286	327,953	104,341	47,551	23,152	22,382	145,680	1,395	344,500
Total Expenses								
25,325	9,782	0	5,230	1,396	1,739	0	5	8,370
Operating Results								
(7,842)	(3,861)		(135)	(144)	(3,370)			(3,649)
Transfers From (to) Endowment & Other Assets								
	(1,225)							
17,483	4,696	0	5,095	1,252	(1,631)	0	5	4,721
Surplus / (Deficit)								
202,357	219,598		102,918	71,502	49,852		23	224,294
Beginning Fund Balances								
219,598	224,294		108,013	72,754	48,221		28	229,015
Ending Fund Balances								

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 83.
- 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**2012/13 Consolidated Budget Plan**

[IN THOUSANDS OF DOLLARS]

	2010/11 ACTUALS	2011/12 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2012/13 TOTAL
Revenues									
151,093	156,445	166,612	166,612						166,612
219,842	225,682	3,786	3,786	10,666	134,419	81,401	4,392	234,665	
5,454	5,277	363	363				5,072	5,434	
28,267	22,452	38,844	38,844	2,720	(121,761)	1,607	560	23,622	
404,656	409,856	268,265	42,992	13,386	12,658	83,009	10,024	430,334	
Expenses									
132,800	141,228	110,750	14,660	1,863	1,501	22,389	116	151,280	
41,815	42,993	35,682	1,448	519	225	3,765	3,916	45,554	
64,064	67,398	54,505	5,847	1,339	517	8,847	1,250	72,305	
120,488	125,523	56,157	11,823	6,412	4,878	45,467	4,434	129,171	
14,628	14,907	9,606	1,110	1,425	470	2,541	194	15,346	
373,796	392,049	266,699	34,889	11,558	7,590	83,009	9,910	413,655	
30,860	17,807	1,566	8,103	1,828	5,067	0	114	16,679	
(10,860)	(17,454)	(4,028)	(18,050)	947	(2,500)			(23,631)	
20,000	353	(2,462)	(9,947)	2,775	2,567	0	114	(6,952)	
264,366	284,366	5,561	149,896	60,876	68,038		347	284,718	
284,366	284,718	3,099	139,949	63,651	70,605		461	277,766	

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 83.
- 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
2012/13 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2010/11 ACTUALS	2011/12 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2012/13 TOTAL
Revenues								
22,118	26,893	26,397						26,397
General Funds Allocation								
43,087	45,815		3,820	10,660	32,179	1,000		47,659
(141)	(148)		(153)					(153)
Internal Revenue								
(468)	(1,000)	38,604	(2,760)	(9,290)	(27,564)			(1,010)
Operating Transfers								
64,597	71,560	65,001	907	1,370	4,615	1,000		72,893
Total Revenues								
Expenses								
19,634	21,540	22,110	125	105	360	250		22,950
Academic Salaries								
10,519	11,659	11,780	25	100	127	131		12,163
Staff Salaries								
9,973	10,849	10,891	77	115	147	116		11,347
Benefits & Other Compensation								
18,175	18,444	17,320	565	228	650	498		19,261
Non-Salary Expenses								
1,894	3,135	2,900	105	104	195	5		3,308
Internal Expenses								
60,194	65,627	65,001	897	652	1,479	1,000		69,029
Total Expenses								
4,403	5,933	0	10	718	3,136	0		3,864
Operating Results								
(2,941)	(4,000)				(2,600)			(2,600)
Transfers From (to) Endowment & Other Assets								
	(1,500)			(700)	(500)			(1,200)
Transfers From (to) Plant								
1,461	433	0	10	18	36	0		64
Surplus / (Deficit)								
20,120	21,581	116	2,120	17,461	2,317			22,014
Beginning Fund Balances								
21,581	22,014	116	2,130	17,479	2,353			22,078
Ending Fund Balances								

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 83.
- 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 2012/13 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2010/11 ACTUALS	2011/12 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	DESIGNATED CLINIC	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2012/13 TOTAL
Revenues									
106,454	108,906	109,505							109,505
General Funds Allocation									
1,293,218	1,300,358		96,888	467,589	71,500	121,397	513,754	52,864	1,323,992
Restricted Revenues									
59,305	63,328		34,036	50	495			31,471	66,052
Internal Revenue									
4,748	(2,905)	109,921	4,288	(64,689)	(5,934)	(40,019)		(5,192)	(1,624)
Operating Transfers									
1,463,724	1,469,688	219,426	135,212	402,950	66,061	81,378	513,754	79,143	1,497,925
Expenses									
374,100	400,044	18,673	28,141	185,351	19,317	18,394	137,472	8,510	415,858
Academic Salaries									
155,381	162,620	54,960	15,269	32,566	6,905	4,885	25,998	27,171	167,753
Staff Salaries									
249,111	256,954	27,490	17,943	145,693	8,379	8,972	48,672	11,623	268,771
Benefits & Other Compensation									
483,003	503,669	83,161	50,899	17,919	24,119	21,788	281,011	29,018	507,916
Non-Salary Expenses									
102,060	96,041	35,143	6,442	21,421	9,398	3,387	20,601	2,908	99,299
Internal Expenses									
1,363,656	1,419,329	219,426	118,693	402,950	68,118	57,426	513,754	79,229	1,459,597
Total Expenses									
100,068	50,359	0	16,518	0	(2,056)	23,952	0	(86)	38,328
Operating Results									
(27,831)	(6,638)		(7,284)		3,700				(3,584)
Transfers From (to) Endowment & Other Assets									
(22,535)	(24,810)		(13,562)						(13,562)
Transfers From (to) Plant									
49,702	18,911	0	(4,328)	0	1,644	23,952	0	(86)	21,182
Surplus / (Deficit)									
523,054	572,756	71	240,128	22,603	175,597	155,436		(2,169)	591,667
Beginning Fund Balances									
572,756	591,667	71	235,800	22,603	177,241	179,388		(2,255)	612,848
Ending Fund Balances									

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

2012/13 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

	2010/11 ACTUALS	2011/12 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2012/13 TOTAL
Revenues									
General Funds Allocation	35,477	37,044	37,447	575					38,022
Restricted Revenues	146,492	147,406	1,004	6,654	23,961	22,903	92,595	914	148,032
Internal Revenue	4,949	4,438	1,741	120				2,624	4,485
Operating Transfers	(18)	1,030	22,311	5,448	(6,341)	(14,809)	(7,397)	255	(533)
Total Revenues	186,901	189,918	62,504	12,797	17,620	8,094	85,198	3,793	190,006
Expenses									
Academic Salaries	37,818	37,634	5,862	2,166	4,542	4,221	21,106	1,683	39,580
Staff Salaries	34,230	37,091	28,786	2,179	2,277	1,582	4,584	275	39,683
Benefits & Other Compensation	24,085	24,523	11,322	1,443	2,110	1,884	8,899	607	26,265
Non-Salary Expenses	80,187	76,002	12,536	5,633	7,817	4,131	48,596	1,038	79,750
Internal Expenses	9,860	10,119	3,997	1,080	2,159	1,260	2,013	134	10,643
Total Expenses	186,180	185,369	62,504	12,500	18,904	13,078	85,198	3,738	195,921
721	4,549	4,549	0	297	(1,283)	(4,985)	0	55	(5,916)
4,048	1,431			2,200	2,784			4,984	
	(285)		(149)						(149)
4,770	5,695	5,695	0	148	917	(2,200)	0	55	(1,081)
114,480	119,250		2,927	50,726	45,277	26,085		(69)	124,945
119,250	124,945		2,927	50,874	46,193	23,884		(13)	123,865

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 83.
- 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 2012/13 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

	2010/11 ACTUALS	2011/12 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2012/13 TOTAL
Revenues									
14,811	20,631	21,557	21,557						21,557
General Funds Allocation									
29,777	31,448	665	665	1,323	905	26,460		3,277	32,630
(60)	(64)			(66)					(66)
Restricted Revenues									
(4,820)	(8,686)	18,004	18,004	(833)		(25,995)		(264)	(9,088)
Internal Revenue									
Operating Transfers									
39,708	43,330	40,225	40,225	424	905	464		3,014	45,033
Total Revenues									
Expenses									
5,840	6,729	7,438	7,438						7,438
Academic Salaries									
10,347	11,431	13,715	13,715						13,715
Staff Salaries									
5,446	6,171	6,661	6,661						6,661
Benefits & Other Compensation									
11,571	14,228	10,577	10,577	109				3,186	13,872
Non-Salary Expenses									
1,492	1,805	1,835	1,835						1,835
Internal Expenses									
34,695	40,364	40,225	40,225	109	0	0		3,186	43,520
Total Expenses									
5,013	2,966	0	0	315	905	464		(173)	1,512
Operating Results									
(4,847)	(2,966)					(1,512)			(1,512)
Transfers From (to) Endowment & Other Assets									
Transfers From (to) Plant									
166	0	0	0	315	905	(1,048)		(173)	0
Surplus / (Deficit)									
21,967	22,133	667	667	8,237	3,796	9,417		15	22,133
Beginning Fund Balances									
22,133	22,133	667	667	8,552	4,701	8,369		(157)	22,133
Ending Fund Balances									

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 83.

VICE PROVOST FOR GRADUATE EDUCATION
2012/13 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2010/11 ACTUALS	2011/12 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2012/13 TOTAL
Revenues								
5,539	6,599	6,823						6,823
23,628	25,214			478	26,132			26,609
11	8		2					2
(23,146)	(23,978)	(3,999)	4,333	204	(26,939)			(26,402)
6,033	7,843	2,823	4,335	682	(808)			7,032
Expenses								
181	161	361						361
1,171	1,414	1,616	66	26				1,707
406	446	539	23	8				570
2,452	3,031	806	2,164	444	458			3,872
375	443	171	26	55	270			522
4,585	5,495	3,492	2,278	534	728			7,031
1,449	2,348	(669)	2,056	148	(1,536)			0
(428)	(25)							
1,021	2,323	(669)	2,056	148	(1,536)			0
45,134	46,155	1,710	15,613	2,289	28,866			48,478
46,155	48,478	1,041	17,669	2,437	27,330			48,478

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 83.

HOOVER INSTITUTION 2012/13 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2010/11 ACTUALS	2011/12 PROJECTION		OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2012/13 TOTAL
		Revenues							
764	805	General Funds Allocation	831						831
45,972	45,833	Restricted Revenues	15	350	21,156	23,933	1,225		46,679
47	30	Internal Revenue							
(36)		Operating Transfers	43,191	(350)	(18,931)	(23,910)			
46,747	46,668	Total Revenues	44,037	0	2,225	23	1,225		47,510
		Expenses							
12,610	13,870	Academic Salaries	13,947				517		14,465
7,927	8,245	Staff Salaries	8,415				109		8,524
6,700	7,041	Benefits & Other Compensation	7,212				193		7,406
13,928	13,170	Non-Salary Expenses	13,051				340		13,391
1,457	1,395	Internal Expenses	1,418				65		1,483
42,622	43,722	Total Expenses	44,043	0	0	0	1,225		45,268
4,124	2,946	Operating Results	(6)	0	2,225	23	0		2,242
(2,669)	(3,500)	Transfers From (to) Endowment & Other Assets			(2,775)				(2,775)
	(500)	Transfers From (to) Plant							
1,455	(1,054)	Surplus / (Deficit)	(6)	0	(550)	23	0		(533)
38,747	40,202	Beginning Fund Balances	6	1,123	36,026	1,993			39,148
40,202	39,148	Ending Fund Balances		1,123	35,476	2,017			38,615

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 83.

STANFORD UNIVERSITY LIBRARIES AND ACADEMIC INFORMATION RESOURCES
2012/13 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2010/11 ACTUALS	2011/12 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2012/13 TOTAL
Revenues								
45,071	47,458	48,702					508	49,210
48,628	49,793	750	1,500	725	13,924	179	32,975	50,052
249	116		64				15	79
5,058	7,130	12,390	(2,180)	(156)	(7,858)		4,393	6,588
99,005	104,496	61,842	(616)	569	6,066	179	37,891	105,930
Expenses								
8,103	8,249	8,142				29	119	8,290
38,059	39,638	20,021		380		105	19,262	39,769
14,940	15,206	9,483		120		38	6,253	15,894
35,753	41,301	23,378		200	7,000	7	11,069	41,654
5,327	4,583	818		56	560		2,506	3,940
102,182	108,978	61,842	0	756	7,560	179	39,210	109,546
(3,178)	(4,481)	0	(616)	(187)	(1,494)	0	(1,319)	(3,616)
517	980						980	980
	(250)							
(2,661)	(3,751)	0	(616)	(187)	(1,494)	0	(339)	(2,636)
21,610	18,950		3,243	2,299	7,238		2,418	15,198
18,950	15,198		2,627	2,112	5,744		2,079	12,562

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 83.
- 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

ATHLETICS

2012/13 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2010/11 ACTUALS	2011/12 PROJECTION	AUXILIARY	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	ENDOWMENT SCHOLARSHIP	ENDOWMENT OTHER	2012/13 TOTAL
Revenues							
23,697	30,418	34,436					34,436
17,317	18,048				19,069		19,069
15,500	17,001			10,525		4,667	15,192
12,982	10,256	10,243					10,243
7,388	7,053	7,172					7,172
4,740	5,084	3,639	1,100				4,739
6,324	6,560	890	5,700				6,590
551		15,172	(1,100)	(10,525)	1,120	(4,667)	
88,499	94,420	71,551	5,700	0	20,189	0	97,440
Expenses							
37,407	39,956	39,995	1,500				41,495
18,393	19,692	110			20,189		20,299
8,366	8,857	9,167					9,167
9,580	8,448	8,744					8,744
12,347	11,868	7,425	4,200				11,625
4,873	4,884	4,945					4,945
817	527	442					442
426	699	723					723
92,209	94,931	71,551	5,700	0	20,189	0	97,440
3,434	1,463						
(276)	952	0	0	0	0	0	0
(2,621)	(2,897)	(8,461)	2,608	3,699		209	(1,945)
(2,897)	(1,945)	(8,461)	2,608	3,699		209	(1,945)

AUXILIARY ACTIVITIES

RESIDENTIAL & DINING ENTERPRISES

2012/13 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

	2010/11 ACTUALS	2011/12 PROJECTION	2012/13 PLAN
Revenues			
Student Payments	120,565	125,472	129,144
Student Payments: Off Campus	598	804	974
Stanford Guest House	3,581	3,830	3,868
Conferences Housing and Dining	12,406	12,366	12,942
Other Operating Income	20,066	22,467	21,769
Interest Income	192	100	102
Total Revenues	157,408	165,039	168,799
Transfers			
Grad Housing Subsidy: Off Campus	1,167	1,701	2,337
Debt Service Subsidies	4,499	4,815	5,261
Miscellaneous Transfers	(2,320)	5,982	2,035
Transfers to ResEd, GLO and ResComp	(7,179)	(8,112)	(8,588)
Total Transfers	(3,833)	4,386	1,045
Total Revenues and Transfers	153,575	169,425	169,844
Expenses			
Salaries and Benefits	43,407	47,282	50,795
Food Cost	11,245	12,204	12,314
Expendable Material and Supplies	18,085	21,918	18,834
Rental and Leases: Off Campus	1,462	2,183	2,826
Utilities and Telephone	9,647	10,033	11,412
Repair and Maintenance	17,501	26,345	21,948
Debt Service	38,756	41,879	44,048
Distribution of G&A Expenses	7,199	7,581	7,667
Total Expenses	147,302	169,425	169,844
Auxiliary Operating Results	6,273	0	0
Change in Reserve and Endowment Funds	145	(5,740)	(1,728)
Consolidated Surplus/(Deficit)	6,418	(5,740)	(1,728)
Beginning Fund Balance	13,815	20,233	14,493
Ending Fund Balance	20,233	14,493	12,765

SUPPLEMENTARY INFORMATION

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

Schedule 1 - Student Enrollment for Autumn Quarter

2011/12 produced the largest undergraduate and graduate student body ever. Undergraduate enrollment continued to increase slowly, reaching a total of 6,927 students. Graduate student enrollment increased by a small margin to 8,796 students. Federal policy requiring research contracts and grants to directly pay for the tuition of Research Assistants continues to be an incentive for eligible graduate students to register as terminal graduate registrants (TGRs).

Schedule 2 - Freshman Student Apply/Admit/Enroll Statistics

The number of applicants for the present freshman class increased to 34,348 in 2011/12, the largest pool in Stanford's history. As Stanford has become increasingly selective over the past ten years, only 7.1% of applicants were accepted. Stanford's yield rate, at 70%, remains strong and is among the highest in the country.

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

The number of applicants to Stanford's graduate and professional programs rose 2%, to 38,750 in 2011/12. The admit rate for Stanford's graduate and professional programs continues to decline, and only 11.8% of all applicants were admitted this year. The yield rate for graduate admits was 57.5%, just a little over the averaged five-year yield of 55.5%.

Schedule 4 - Postdoctoral Scholars by School and by Gender

The postdoctoral scholar population has been trending up across the university. Of 1,937 postdoctoral students, nearly two-thirds reside in the School of Medicine, although the growth rate dropped considerably in 2011/12 due to the termination of federal stimulus (ARRA) funds. Females also comprise a bigger share of the total scholars, 41% in 2011/12 as compared to 36% in 2001/02.

Schedule 5 - Graduate Student and Postdoc Support

At Stanford, Teaching Assistants and Research Assistants earn salaries as part of their compensation and most also receive an allowance towards their tuition charges. Graduate Fellows receive grants that cover some or all of their tuition charges, and many receive stipends that help cover living expenses. Postdoctoral students receive salaries and benefits as part of their appointment, and many also receive living expense stipends.

Grants and contracts cover 28.5% of graduate student expenses and nearly 73% of postdoctoral scholar expenses. University and school unrestricted (or general use) funds, designated funds, and endowment funds restricted specifically to graduate student aid cover the remaining expenses. In 2010/11, the support to graduate students and postdoctoral scholars at Stanford increased 5.1% and 9.5% respectively.

Schedule 6 – Graduate Enrollment by School and Degree

This table shows the trend of graduate student enrollment within each school and across degree programs. H&S and Engineering continued to have the largest graduate student cohort at Stanford. In 2011/12, approximately 64% of all graduate students fall into either H&S or Engineering. While most schools have been trending more or less upwards over the ten year span, Engineering added 675 students as the largest growth quantity-wise, and Earth Sciences increased its graduate student enrollment by 35% as the largest growth percentage-wise.

Schedule 7 – Undergraduate Tuition and Room & Board Rates

The 2012/13 rate of undergraduate tuition is projected to increase to \$41,252 and the cost of room and board is projected to increase to \$12,721, with an average increase of 3.1% from the previous year. In real terms, the average annual increase over the past decade has been only 2%.

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

This schedule shows the total amount of all types of financial aid awarded to undergraduate students (including non-need based scholarships for athletics). In 2010/11 4,544 students received Stanford scholarships and external grants totaling \$158.5 million. In addition, 947 students received approximately \$6.96 million in long-term loans, and another 525 students received a total \$1.2 million from the Federal Work-Study Program.

Schedule 9 – Undergraduate Financial Aid Budget Needs and Sources

This schedule shows the total needs and sources of support for undergraduate students who receive need-based financial aid. The total needs are driven by the growth in the student budget and by the number of students on aid. The number of students on need-based aid will decrease by 1.3% in 2012/13, but total needs in dollars will increase by 1.7%. This increase is primarily driven by a 3.1% rise in combined tuition, room and board rates. The extra costs will primarily be met in 2012/13 with an increased total family contribution, new gifts restricted to the financial aid program, plus an addition of \$10.2 million in general funds.

Schedule 10 – Majors with the Largest Number of Degrees Conferred

This schedule shows the twelve undergraduate majors that consistently granted the most degrees in the past nine years. Human Biology and Economics are on average the most popular across the nine year span, although Biology outpaced Economics in 2010/11. International Relations also demonstrated continued strength.

Schedule 11 – Students Housed on Campus

The percent of undergraduates housed on-campus has been about 90% for the 19 years shown in this table. The percent of graduate students housed by Stanford grew rapidly from 1998/99 through 2002/03, coincident with the availability of subsidized off-campus housing. In recent years the subsidized off-campus housing program has been scaled back, and thus more graduate students are housed on-campus.

Schedule 12 – Total Professorial Faculty

The total professoriate has increased by 31 (about 1.6%) to a total of 1,934 in 2011/12. The number of tenure-line faculty has increased by 59 in the last five years (about 4.7%), while the non-tenure line faculty, consisting mostly of Medical Center Line faculty, has increased by 46 (about 8.6%) over the same period.

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

This schedule provides a disaggregated view of the data in Schedule 12 over the last three years. It shows that the total number of tenured faculty has increased by 25 in the past three years, and the number of non-tenured faculty has decreased by 14. The number of non-tenure line faculty has also increased by 13 during the same period.

Schedule 14 – Number of Non-Teaching Employees

This schedule shows the number of regular non-teaching employees by organization. To maintain consistency over time despite reorganizations, the activity categories have been defined broadly. The number of employees increased by 424 (3.7%) in 2011. In particular, School of Medicine added 116 employees due to continuously strong sponsored research activities; Office of Development added 25% more employees due to an organizational shift where the

School of Medicine's 53-people development team was moved into Office of Development in fall 2011; and Student Services including VP for Student Affairs and Undergraduate Admissions & Financial Aid demonstrate a 13.5% growth primarily due to the transfer of Student Services Center from Business Affairs and additional Financial Aid staff serving increasing graduate student population.

Schedule 15 - Fringe 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 medical insurance costs are the primary drivers of the benefits rates. Overall, total fringe benefits program costs increased by 4.6% in 2010/11.

Schedule 16 - Sponsored Research Expense by Agency and Fund Source

In 2010/11 direct expenses from research sponsored by the federal government increased for the second consecutive year, by \$45.5 million (about 11%). Meanwhile, direct expenses from research sponsored by non-federal sources increased by \$5.6 million (about 4%) over the previous year. Non-federal sponsored research has ranged between 15% and 26% of total sponsored research expense in the past seven years. This schedule does not include SLAC.

Schedule 17 - Sponsored Research Contracts and Grants by School

This table presents the sponsored research revenue of various units over a span of seven years. School of Medicine revenue, as a percentage of campus-wide sponsored projects, stands with 60% in 2010/11, a rise from 51% of the revenue in 2004/05. Among other schools, recent major growth shows in the School of Education, the School of Humanities and Sciences, and the Dean of Research.

Schedule 18 - Plant Expenditures by Unit

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 figures. The total plant expenditures increased by \$20.9 million in 2010/11; however, the pace of growth dropped compared to the \$253.9 million increase from 2006/07 to 2008/09. Much of the increase is the finishing of the GSB Knight Management Center, the beginning of the Law School's Neukom Building, the renovation of the Earth Science's Geology Corner, and Athletic Staff Rental Housing. The details behind these plant expenditures can be found in "Section 4, Capital Budget 3-Year Capital Plan."

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

The annual nominal rate of return for the merged pool in 2010/11 was 22.4%. The nominal return on invested funds has been positive for all years except for 2000/01 and 2001/02, and then in 2008/09 when the nominal return plummeted to negative 25.9% affected by the economic downturn. The target payout rate is 5.5% in 2010/11.

Schedule 20 - Expendable Fund Balances at Year End

This schedule shows total expendable fund balances (excluding sponsored research) by academic unit over the past decade. The largest compounded annual growth expected in 2012/13 is found in School of Education at 13.4%, followed by School of Earth Sciences, Humanities & Sciences, and VP for Undergraduate Education, all with approximately 7.0%. The School of Medicine shows the largest dollar growth over the decade, with ending fund balances expected to grow \$258.8 million between 2002/03 and 2012/13.

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

This schedule shows total fund balances (excluding sponsored research) by the level of control within the academic units over the last three years along with the compound annual growth. Level of control indicates where the control over the usage of funds lies within the school and how high up or how far down within the school the decision over whether to use the funds are made. The dynamics of fund balance growth has varied by level of control among the schools.

SCHEDULE 1

STUDENT ENROLLMENT FOR AUTUMN QUARTER 2002/03 through 2011/12

YEAR	UNDERGRADUATE			GRADUATE			TGR ¹			TOTAL	TOTAL
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	GRADUATE	ALL
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
2010/11	3,334	3,553	6,887	2,635	4,678	7,313	597	869	1,466	8,779	15,666
2011/12	3,342	3,585	6,927	2,651	4,675	7,326	571	899	1,470	8,796	15,723

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.

FRESHMAN APPLY/ADMIT/ENROLL STATISTICS

Fall 2002 through Fall 2011

YEAR	TOTAL APPLICATIONS		ADMISSIONS		ENROLLMENT	
	NUMBER	PERCENT CHANGE FROM PREVIOUS YEAR	NUMBER	PERCENT OF APPLICANTS ADMITTED	NUMBER	PERCENT OF ADMITTED APPLICANTS ENROLLING
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%
Fall 2010	32,022	5.2%	2,340	7.3%	1,674	71.5%
Fall 2011	34,348	7.3%	2,437	7.1%	1,707	70.0%

SCHEDULE 3

NEW GRADUATE STUDENT APPLY/ADMIT/ENROLL STATISTICS

Fall 2002 through Fall 2011

YEAR ENTERING STANFORD	TOTAL APPLICATIONS		ADMISSIONS		ENROLLMENT	
	NUMBER	PERCENT CHANGE FROM PREVIOUS YEAR	NUMBER	PERCENT OF APPLICANTS ADMITTED	NUMBER	PERCENT OF ADMITTED APPLICANTS ENROLLING
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%
Fall 2010	37,983	4.6%	4,580	12.1%	2,608	56.9%
Fall 2011	38,750	2.0%	4,570	11.8%	2,628	57.5%

POST-DOCTORAL SCHOLARS BY SCHOOL AND BY GENDER¹
2002/03 through 2011/12

By School	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
GSB	0	0	0	0	0	0	0	2	0	0
Earth Sciences	21	24	27	22	30	32	26	40	44	50
Education	9	8	4	5	10	10	10	11	9	9
Engineering	101	107	129	127	117	144	158	202	212	228
Humanities and Sciences	269	277	297	268	263	283	284	315	392	401
Law	0	1	1	1	0	0	1	1	0	2
Medicine	1,010	995	1,006	968	1,042	1,037	1,033	1,090	1,231	1,247
Total	1,410	1,412	1,464	1,391	1,462	1,506	1,512	1,661	1,888	1,937

By Gender

Female	560	549	573	512	557	581	607	673	754	795
Male	850	863	891	879	905	925	905	988	1,134	1,142

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]

	2009/10				2010/11				2009/10 TO 2010/11			
	GENERAL/SCHOOL FUNDS ¹	DESIGNATED FUNDS	RESTRICTED STUDENT AID FUNDS	GRANTS & CONTRACTS	TOTAL	GENERAL/SCHOOL FUNDS ¹	DESIGNATED FUNDS	RESTRICTED STUDENT AID FUNDS	GRANTS & CONTRACTS	TOTAL	AMOUNT	PERCENT
Graduate Student Support												
Salaries												
Teaching Assistants	9.1	0.4	9.5	0.1	19.0	10.0	0.5	9.8	0.1	20.4	1.4	7.5%
Research Assistants	4.5	6.5	10.6	37.1	58.7	5.7	5.4	11.3	38.2	60.5	1.9	3.2%
Other Salaries	0.2	0.9	0.3	0.2	1.7	0.2	0.7	0.3	0.4	1.6	(0.1)	-6.8%
Benefits	2.5	3.9	4.9	3.5	14.9	2.7	4.2	5.1	3.5	15.5	0.6	3.7%
Total Salaries & Benefits	16.3	11.7	25.4	40.9	94.2	18.6	10.8	26.4	42.1	98.0	3.8	4.0%
Tuition Allowance	32.8	3.2	5.6	19.4	60.9	34.1	2.7	6.8	19.1	62.6	1.7	2.8%
Fellowship Tuition	14.8	3.2	53.8	8.2	80.0	15.7	3.3	57.5	8.3	64.9	4.9	6.1%
Stipends	11.5	2.3	21.7	14.8	50.3	12.7	2.4	23.7	15.9	54.6	4.4	8.7%
Total Graduate Student Support	75.4	20.3	106.5	83.3	285.5	81.2	19.2	114.4	85.4	300.2	14.7	5.1%
Percent of Total	28.6%	7.1%	37.3%	29.2%	100.0%	27.0%	6.4%	38.1%	28.5%	100.0%		
Postdocs												
Salaries	1.2	5.8	6.1	40.2	53.2	1.6	6.0	7.0	45.9	60.5	7.3	13.7%
Benefits	0.2	1.2	1.3	8.4	11.2	0.3	1.2	1.3	8.8	11.6	0.4	4.0%
Tuition	0.3	0.0	0.0	0.0	0.3	0.4	0.1	0.0	0.0	0.5	0.1	34.1%
Stipends	0.3	1.7	5.3	14.1	21.4	0.3	1.9	5.5	14.0	21.7	0.3	1.5%
Total Postdoc Support	2.0	8.7	12.7	62.8	86.2	2.6	9.2	13.8	68.8	94.4	8.2	9.5%
Percent of Total	2.3%	10.1%	14.7%	72.9%	100.0%	2.7%	9.7%	14.6%	72.9%	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.

GRADUATE ENROLLMENT BY SCHOOL AND DEGREE¹
2002/03 through 2011/12

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Graduate School of Business	895	919	902	893	906	883	877	895	928	940
Doctorate	103	114	106	99	101	101	99	97	101	105
Masters	55	54	55	56	57	55	60	57	56	67
Professional	737	751	741	738	748	727	718	741	771	768
Earth Sciences	250	247	256	251	252	242	256	286	309	338
Doctorate	188	189	201	197	207	195	202	219	233	270
Masters	62	58	55	54	45	47	54	67	76	68
Education	332	314	335	366	348	333	346	335	365	355
Doctorate	182	173	178	175	174	174	178	166	181	171
Masters	150	141	157	191	174	159	168	169	184	184
Engineering	2,777	2,912	3,055	3,126	3,153	3,133	3,267	3,289	3,452	3,452
Doctorate	1,366	1,393	1,427	1,438	1,496	1,474	1,568	1,593	1,604	1,694
Masters	1,411	1,519	1,628	1,688	1,657	1,659	1,699	1,696	1,848	1,758
Humanities & Sciences	1,942	1,997	2,088	2,044	2,061	2,091	2,103	2,092	2,162	2,159
Doctorate	1,672	1,712	1,787	1,758	1,731	1,756	1,746	1,748	1,799	1,794
Masters	270	285	301	286	330	335	357	344	363	365
Law	597	577	567	586	600	593	586	590	636	631
Doctorate	55	63	58	63	67	61	60	52	80	79
Masters					1	1				
Professional	542	514	509	523	532	531	526	538	556	552
Medicine	814	834	889	910	881	911	893	954	927	921
Doctorate	335	360	397	404	404	433	422	434	427	428
Masters	29	30	45	47	37	34	35	62	59	64
Professional	450	444	447	459	440	444	436	458	441	429
University-wide	7,607	7,800	8,092	8,176	8,201	8,186	8,328	8,441	8,779	8,796
Doctorate	3,901	4,004	4,154	4,134	4,180	4,194	4,275	4,309	4,425	4,541
Masters	1,977	2,087	2,241	2,322	2,301	2,290	2,373	2,395	2,586	2,506
Professional	1,729	1,709	1,697	1,720	1,720	1,702	1,680	1,737	1,768	1,749

Data Source: Registrar's Office third week enrollment figures

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

SCHEDULE 7

UNDERGRADUATE TUITION AND ROOM & BOARD RATES

1981/82 through 2012/13

[IN DOLLARS]

YEAR	UNDERGRADUATE TUITION	PERCENT CHANGE FROM PREVIOUS YEAR	ROOM & BOARD	PERCENT CHANGE FROM PREVIOUS YEAR	TOTAL COST	PERCENT CHANGE FROM PREVIOUS YEAR
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	38,700	3.5%	11,876	3.6%	50,576	3.5%
2011/12	40,050	3.5%	12,291	3.5%	52,341	3.5%
2012/13	41,252	3.0%	12,721	3.5%	52,973	3.1%

	TUITION	ROOM & BOARD	TOTAL
Average Annual Increase, 1981/82-2011/12:	6.2%	5.1%	5.9%
Average Annual Increase, 2002/03-2011/12:	4.5%	4.0%	4.3%
Average Annual Real Increase ¹ , 1981/82-2011/12:	3.2%	2.1%	2.9%
Average Annual Real Increase ¹ , 2002/03-2011/12:	2.1%	1.7%	2.0%
Average Annual CPI Increase, 1981/82-2011/12:			3.0%
Average Annual CPI Increase, 2002/03-2011/12:			2.3%

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

UNDERGRADUATE FINANCIAL AID BY TYPE OF AID AND SOURCE OF FUNDS¹
2001/02 through 2010/11
 [IN THOUSANDS OF DOLLARS]

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Stanford Scholarships										
Need-based Awards ²										
Stanford Unrestricted Funds	10,664	14,010	14,277	14,663	12,927	5,539	997	4,310	26,829	36,269
Gifts and Endowment Income ³	35,711	38,317	41,357	43,749	47,983	61,026	74,487	99,682	89,180	83,352
Athletic Awards	10,627	11,331	11,809	12,687	13,393	14,999	15,227	15,942	16,756	17,381
Total Stanford Scholarships	57,003	63,658	67,443	71,099	74,303	81,565	90,711	119,934	132,765	137,002
External Grants										
Federal	4,846	5,262	5,491	5,041	4,408	5,005	5,285	5,627	7,495	7,581
State	4,723	4,922	5,123	5,291	4,263	3,780	3,860	3,117	3,548	3,811
Other	8,256	10,248	10,747	11,035	9,690	10,317	10,070	10,216	10,304	10,085
Total External Grants	17,824	20,431	21,361	21,367	18,361	19,102	19,215	18,961	21,348	21,477
Loans										
Federal	8,475	8,955	9,956	9,815	8,656	7,876	6,545	4,447	5,396	5,083
Other	2,692	2,735	2,611	2,456	2,893	2,885	3,044	3,194	1,610	1,874
Total Loans	11,168	11,690	12,567	12,271	11,549	10,761	9,589	7,641	7,006	6,957
Federal Work-Study Earnings	587	648	925	1,201	1,485	1,150	1,022	1,078	1,227	1,212
Grand Total	86,581	96,426	102,296	105,938	105,698	112,579	120,537	147,614	162,345	166,647

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

² Include endowed funds that are not need-based per donors' wishes. The amount is on average 260,000 annually.

³ Thus, the figures in this schedule will not equal the sum of the amounts for Stanford funded need-based awards in Schedule 9. Includes support from the Stanford Fund.

SCHEDULE 9

NEEDS AND SOURCES for Undergraduates on Need-based Financial Aid Including Parental and Student Contributions¹

[IN THOUSANDS OF DOLLARS]

	2010/11 ACTUALS	2011/12 PROJECTED	2012/13 BUDGET	2011/12 TO 2012/13 CHANGE	
				AMOUNT	PERCENT
Needs					
Tuition, Room & Board	168,664	177,679	180,809	3,130	1.8%
Books and Personal Expenses	17,175	17,742	17,968	226	1.3%
Travel	2,553	2,604	2,658	54	2.1%
Total Student Expenses	188,392	198,025	201,435	3,410	1.7%
Sources					
Total Family Contribution (Includes parent contribution for aided students, self-help, summer savings, assets, etc.)	53,027	56,826	57,700	874	1.5%
Stanford Fund/President's Funds	40,506	38,162	26,948	(11,214)	-29.4%
Department Sources	954	850	858	8	0.9%
Unrestricted Funds	10,407	13,849	24,068	10,219	73.8%
Endowment Income ²	66,265	71,789	77,042	5,253	7.3%
Expendable Gifts	1,226	1,000	1,250	250	25.0%
Federal Grants	7,101	6,580	6,041	(539)	-8.2%
California State Scholarships	3,738	3,500	2,118	(1,382)	-39.5%
Outside Awards	5,168	5,469	5,410	(59)	-1.1%
Total Sources	188,392	198,025	201,435	3,410	1.7%
Number of Students on Need-Based Aid ³	3,396	3,460	3,415	(45)	-1.3%

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

² Endowment income includes reserve funds and specifically invested funds.

³ These numbers are not in thousands.

MAJORS WITH THE LARGEST NUMBER OF BACCALAUREATE DEGREES CONFERRED¹
2002/03 through 2010/11

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Biology	128	131	141	156	151	131	97	100	121
Computer Science	150	111	108	82	70	66	65	86	87
Economics	158	171	194	164	143	165	162	141	120
Electrical Engineering	46	48	65	69	48	37	47	36	43
English	81	87	79	88	92	57	75	69	58
History	66	83	63	60	71	50	59	63	56
Human Biology	171	162	184	187	167	193	228	219	191
International Relations	120	90	97	91	87	107	102	108	103
Management Science	66	66	72	58	56	54	51	59	64
Mechanical Engineering	56	52	61	67	59	55	48	54	56
Political Science	109	91	111	113	103	96	71	74	72
Psychology	87	93	107	97	102	80	73	79	72

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 2011/12

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

TOTAL PROFESSORIAL FACULTY¹
1977/78 through 2011/12

	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
2010/11	826	237	261	1,324	579	1,903
2011/12	839	246	265	1,350	584	1,934

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 FACULTY¹ 2009/10 through 2011/12

SCHOOL UNIT OR PROGRAM	2009/10				2010/11				2011/12			
	TENURED	NON- TENURED	NON- TENURE LINE	TOTAL	TENURED	NON- TENURED	NON- TENURE LINE	TOTAL	TENURED	NON- TENURED	NON- TENURE LINE	TOTAL
Earth Sciences	33	10	6	49	34	11	5	50	33	12	6	51
Education	39	11	4	54	38	9	6	53	39	9	7	55
Engineering	166	48	22	236	169	45	23	237	169	43	21	233
Humanities and Sciences	403	116	17	536	401	108	16	525	411	112	17	540
Humanities	(162)	(52)	(10)	(224)	(164)	(49)	(9)	(222)	(170)	(45)	(10)	(225)
Natural Sciences & Math	(129)	(26)	(5)	(160)	(124)	(26)	(4)	(154)	(128)	(29)	(5)	(162)
Social Sciences	(112)	(38)	(2)	(152)	(113)	(33)	(3)	(149)	(113)	(38)	(2)	(153)
Law	38	6	5	49	40	5	6	51	42	5	7	54
Other	0	0	11	11	0	0	13	13	0	0	11	11
Subtotal	679	191	65	935	682	178	69	929	694	181	69	944
Business	70	34	1	105	71	32	1	104	73	33	1	107
Medicine	254	74	500	825	250	75	506	831	261	70	511	842
SLAC	33	4	5	42	32	4	3	39	33	5	3	41
Total	1,036	303	571	1,910	1,035	289	579	1,903	1,061	289	584	1,934

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

NUMBER OF NON-TEACHING EMPLOYEES
As of December 15 Each Year¹
2002 through 2011

ORGANIZATION	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2010 TO 2011	
											CHANGE AMOUNT	PERCENT
School of Medicine	2,471	2,819	2,910	2,973	3,020	3,146	3,360	3,419	3,609	3,725	116	3.2%
Other Schools:												
Business, Earth Sciences, Education, Engineering, Humanities & Sciences, Law	1,506	1,576	1,641	1,705	1,764	1,841	1,940	1,828	1,834	1,910	76	4.1%
Dept of Athletics, Physical Education and Recreation	123	127	130	141	147	151	167	153	158	175	17	10.8%
Dean of Research	427	448	437	464	480	497	531	527	537	569	32	6.0%
Stanford Linear Accelerator Center	1,415	1,432	1,496	1,456	1,512	1,604	1,383	1,436	1,539	1,572	33	2.1%
Student Services:												
Student Affairs, Admissions & Financial Aid	248	266	261	265	291	294	303	286	282	320	38	13.5%
Libraries ²	466	515	515	528	541	562	572	537	572	569	(3)	-0.5%
Administrative Systems/Information Technology Services	498	457	430	394	400	432	428	421	418	429	11	2.6%
Office of Development	153	155	170	196	216	242	280	249	251	314	63	25.1%
Land, Buildings and Real Estate	375	389	392	405	422	467	503	452	452	475	23	5.1%
Residential & Dining Enterprises	404	488	521	508	531	534	538	524	556	550	(6)	-1.1%
Stanford Alumni Association	113	98	104	108	114	116	124	111	114	107	(7)	-6.1%
Stanford Management Company	69	62	62	66	69	58	61	61	64	72	8	12.5%
Other Academic												
Hoover ² , Learning Technology & Extended Education (through 2001/02), VPUE, VPGE (starting in 2006)	205	160	248	175	255	277	292	281	270	290	20	7.4%
Administration												
Business Affairs, President's Office, Provost's Office, General Counsel, Press (until 2003/04), VP for Public Affairs (2003/04-present)	698	642	698	757	751	775	785	770	755	758	3	0.4%
Total	9,171	9,634	10,015	10,141	10,513	10,996	11,267	11,055	11,411	11,835	424	3.7%
Percent Change	1.2%	5.0%	4.0%	1.3%	3.7%	4.6%	2.5%	-1.9%	3.2%	3.7%		

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

FRINGE BENEFITS DETAIL

2004/05 through 2010/11

[IN THOUSANDS OF DOLLARS]

Fringe Benefits Program	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Retirement Programs							
University Retirement	78,200	83,084	89,418	92,656	97,748	99,373	104,407
Social Security	70,387	72,420	82,794	87,460	92,586	93,704	97,920
Faculty Early Retirement	7,864	6,108	8,787	8,270	7,501	24,931	1,301
Other	4,120	528	558	418	364	468	332
Total Retirement Programs	160,571	162,140	181,557	188,804	198,199	218,476	203,960
Insurance Programs							
Medical Insurance	56,721	71,774	71,473	85,206	95,611	101,060	110,018
Retirement Medical	16,747	17,321	11,602	16,585	16,583	14,245	22,710
Worker's Comp/LTD/ Unemployment Ins	11,253	6,646	5,743	17,294	20,338	16,969	15,740
Dental Insurance	9,134	9,874	10,674	11,295	12,150	12,592	12,817
Group Life Insurance/Other	9,523	12,374	12,343	13,225	14,761	15,382	15,431
Total Insurance Programs	103,378	117,989	111,835	143,605	159,443	160,248	176,716
Miscellaneous Programs							
Severance Pay	6,339	3,595	3,818	11,839	16,189	2,948	6,096
Sabbatical Leave	12,551	11,943	13,287	14,047	15,689	14,187	14,360
Other	10,977	11,329	11,596	11,697	13,012	12,064	12,489
Total Miscellaneous Programs	29,867	26,867	28,701	37,583	44,890	29,199	32,945
Total Fringe Benefits Programs	293,816	306,996	322,093	369,992	402,532	407,923	413,621
Carry-forward/Adjustment from Prior Year(s)	13,606	15,577	6,300	(6,702)	(10,841)	985	14,096
Total With Carry-Forward/Adjustment	307,422	322,573	328,393	363,290	391,691	408,908	427,717
Weighted Average Fringe Benefits Rate	27.5%	27.2%	25.7%	26.4%	26.8%	27.7%	27.2%

Note:

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

SPONSORED RESEARCH EXPENSE BY AGENCY AND FUND SOURCE¹**2004/05 through 2010/11**

[IN THOUSANDS OF DOLLARS]

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
US Government²							
Department of Defense	59,958	60,037	58,600	56,439	58,447	58,153	71,627
Department of Energy (Not including SLAC)	25,591	25,584	28,102	23,160	16,110	20,458	24,338
National Aeronautics and Space Administration	94,606	61,338	47,704	39,092	24,214	24,988	22,471
Department of Education	1,922	1,280	1,246	1,359	2,757	2,757	4,921
Health & Human Services	317,604	322,937	331,206	324,737	317,534	395,209	446,906
National Science Foundation	63,083	58,544	60,874	60,920	59,397	71,645	68,856
Other US Sponsors	14,858	12,596	9,499	5,923	6,922	9,063	7,952
Sub-Total for US Government Agencies	577,623	542,316	537,232	511,629	485,381	582,274	647,071
Direct Expense-US	428,025	396,225	392,153	373,067	349,089	417,867	463,313
Indirect Expense-US ³	149,598	146,091	145,089	138,562	136,292	164,407	183,758
Non-US Government							
Subtotal for Non-US Government	105,143	108,254	117,437	132,628	167,115	170,536	180,105
Direct Expense-Non US	85,814	89,086	96,799	108,586	136,551	140,618	146,174
Indirect Expense-Non US	19,329	19,168	20,638	24,042	30,564	29,918	33,931
Grand Totals-US plus Non-US							
Grand Total	682,766	650,570	654,669	644,257	652,496	752,810	827,176
Grand Total Direct	513,714	485,311	488,953	481,653	485,640	558,485	609,487
Grand Total Indirect	168,928	165,259	165,727	162,604	166,856	194,325	217,689
% of Total from US Government	84.6%	83.4%	82.1%	79.4%	74.4%	77.3%	78.2%

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

² Agency figures include both direct and indirect expense.

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

SCHEDULE 17

SPONSORED RESEARCH CONTRACTS AND GRANTS BY SCHOOL¹

2004/05 through 2010/11

[IN THOUSANDS OF DOLLARS]

School/Unit	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Graduate School of Business	860	538	1,539	774	511	925	1,265
School of Earth Sciences	18,156	12,527	13,997	11,708	9,188	10,035	12,675
School of Education	11,009	10,324	10,811	6,874	9,332	9,291	15,056
School of Engineering	101,268	112,867	110,132	116,039	122,938	136,999	135,921
School of Humanities and Sciences	75,122	68,833	69,382	71,144	72,075	74,733	77,342
School of Law	254	176	88	440	414	491	389
School of Medicine	347,893	347,292	362,295	358,599	365,911	433,863	498,174
Vice Provost and Dean of Research	125,358	93,269	81,801	73,484	67,168	78,637	82,265
Other ²	2,845	4,743	4,627	5,195	4,958	7,835	4,088
Total	682,766	650,570	654,669	644,257	652,495	752,811	827,176

Source: Office of Research Administration, Sponsored Projects Report for the Year Ended August 31, 2011; page 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.

PLANT EXPENDITURES BY UNIT¹**2003/04 through 2010/11**

[IN THOUSANDS OF DOLLARS]

UNIT	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
GSB		129	309	2,023	17,902	69,038	116,731	295,433
Earth Sciences	204	227	647	458	771	2,197	2,950	5,117
Education		583	2,626	1,934	2	2,201	2,955	843
Engineering	1,258	2,873	1,838	6,273	28,169	55,430	55,976	19,198
H & S	16,830	16,774	10,763	7,802	8,796	11,255	14,419	7,930
Law	2,319	1,429	992	19,595	64,256	78,973	43,434	50,185
Medicine	16,900	22,631	13,769	31,908	57,759	134,165	104,880	31,731
Libraries	3,809	332	1,131	219	457	3	280	
Athletics	16,098	25,691	83,362	28,875	8,753	22,988	10,963	16,639
Residential & Dining Enterprises	14,144	10,308	14,054	17,568	13,101	31,135	21,773	14,288
All Other ²	53,744	61,105	165,127	142,782	220,724	105,925	92,761	46,668
Total	125,305	142,080	294,618	259,436	420,692	513,313	467,123	488,032

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 19

ENDOWMENT MARKET VALUE AND MERGED POOL RATE OF RETURN 2000/01 through 2010/11

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
2000/01	8,249,551	-7.3%	-9.6%
2001/02	7,612,769	-2.6%	-3.7%
2002/03	8,613,805	8.8%	7.2%
2003/04	9,922,041	18.0%	15.4%
2004/05	12,205,035	19.5%	17.0%
2005/06 ³	14,084,676	19.5%	16.2%
2006/07	17,164,836	23.4%	20.7%
2007/08	17,214,373	6.2%	4.0%
2008/09	12,619,094	-25.9%	-27.1%
2009/10	13,851,115	14.4%	13.4%
2010/11	16,502,606	22.4%	20.0%

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.

EXPENDABLE FUND BALANCES AT YEAR-END:

2002/03 through 2012/13

[IN MILLIONS OF DOLLARS]

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	PROJECTED 2011/12	PLAN 2012/13	2002/03 TO 2012/13 COMPOUND CHANGE
Academic Units:												
Graduate School of Business	41.7	40.2	43.5	62.8	62.9	64.0	67.0	82.2	65.7	69.9	73.7	5.9%
School of Earth Sciences	23.7	26.1	26.0	24.1	24.8	30.5	37.9	42.3	46.8	46.8	46.7	7.0%
School of Education	10.6	15.7	18.3	18.1	22.7	25.1	32.2	35.5	38.2	38.3	37.4	13.4%
School of Engineering	122.4	130.0	149.0	153.9	162.4	184.6	199.7	202.5	219.6	224.3	229.0	6.5%
School of Humanities & Sciences	138.3	140.3	136.8	142.4	174.0	206.4	245.8	264.3	284.4	284.7	277.8	7.2%
School of Law	16.5	18.3	20.7	21.1	21.4	25.3	19.1	20.1	21.6	22.0	22.1	3.0%
School of Medicine	354.0	350.7	372.6	427.3	459.0	443.7	477.4	523.1	572.8	591.7	612.8	5.6%
VP for Undergraduate Education	11.1	10.6	15.0	19.1	17.2	17.3	19.9	22.0	22.1	22.1	22.1	7.1%
Dean of Research	65.3	72.2	84.3	106.4	93.0	105.1	108.2	111.2	119.2	124.9	123.9	6.6%
VP for Graduate Education					20.0	28.4	39.1	45.1	46.2	48.5	48.5	
Hoover Institution	23.3	13.5	11.3	16.1	19.1	35.5	35.2	38.7	40.2	39.1	38.6	5.2%
University Libraries	6.5	9.5	4.0	10.0	9.0	10.5	17.5	21.6	18.9	15.2	12.6	6.8%
Total Academic Units (excluding SLAC)	813.4	827.1	881.5	1,001.4	1,085.5	1,176.4	1,299.0	1,408.6	1,495.7	1,527.5	1,545.2	7.3%

SCHEDULE 21

ACADEMIC UNIT EXPENDABLE FUND BALANCES

By Level of Control

2008/09 through 2010/11

[IN MILLIONS OF DOLLARS]

	2008/09	2009/10	2010/11	3-YEAR COMPOUND ANNUAL GROWTH RATE
School of Earth Sciences	37.9	42.3	46.8	11.1%
School	17.4	21.6	22.8	14.6%
Department/Program	14.9	14.7	16.5	5.2%
Faculty/PI	5.6	5.9	7.5	15.7%
School of Education	32.2	35.5	38.2	8.9%
School	20.7	21.7	21.9	2.8%
Department/Program	8.2	9.9	11.6	19.2%
Faculty/PI	3.3	3.9	4.6	18.8%
School of Engineering	199.7	202.5	219.6	4.9%
School	58.0	54.6	58.5	0.4%
Department/Program	70.9	71.3	78.6	5.3%
Faculty/PI	70.8	76.6	82.5	8.0%
School of Humanities & Sciences	246.8	264.3	284.4	7.4%
School	100.8	107.0	120.6	9.4%
Department/Program	96.4	101.4	108.1	5.9%
Faculty/PI	49.6	55.9	55.7	6.0%
School of Law	19.1	20.1	21.6	6.4%
School	14.9	14.5	16.0	3.7%
Department/Program	4.2	5.6	5.1	11.3%
Faculty/PI	0.0	0.0	0.4	357.7%
School of Medicine	477.4	523.1	572.8	9.5%
School	152.8	179.3	202.4	15.1%
Department/Program	200.1	223.7	244.8	10.6%
Faculty/PI	124.5	120.1	125.6	0.4%
Vice Provost & Dean of Research	108.2	111.2	119.2	5.0%
VP/Dean	18.2	16.4	19.3	3.0%
Lab/Center/Institute	80.2	83.2	85.7	3.4%
Faculty/PI	9.8	11.6	14.3	20.4%
Graduate School of Business¹	67.0	82.2	65.7	-1.0%
Hoover Institution¹	35.2	38.7	40.2	6.8%
Vice Provost for Graduate Education¹	39.1	45.1	46.2	8.7%
Vice Provost for Undergraduate Education¹	19.9	22.0	22.1	5.5%
University Libraries¹	17.5	21.6	18.9	4.0%
All Academic Units (excluding SLAC)				
School/Institution/VP	543.8	600.2	634.0	8.0%
Dept/Prog/Lab/Ctr/Institute	492.1	533.9	570.6	7.7%
Faculty/PI	264.0	274.5	291.1	5.0%
Total All Academic Units (excluding SLAC)	1,299.9	1,408.6	1,495.7	7.3%

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

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

