

STANFORD UNIVERSITY
BUDGET PLAN 2011/12



This Budget Plan was approved by the Stanford University Board of Trustees June 8-9, 2011. 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/plan12.html>

STANFORD UNIVERSITY
BUDGET PLAN 2011/12



EXECUTIVE SUMMARY

To The Board of Trustees:

The past two years of budget reductions, combined with sharply improved investment results, have left Stanford in a more positive financial position than we could ever have expected in the difficult 2008/09 academic year. We have emerged from the recession well positioned to take advantage of selected academic and research opportunities, as well as to address important administrative and infrastructure needs. The Budget Plan for 2011/12 takes advantage of this position by making careful and strategic improvements in our programs, maintaining support for our students, investing in our faculty and staff, and enhancing our facilities. We have nonetheless remained cautious in our budget decisions, and so anticipate modest surpluses both on a consolidated basis and in most schools and administrative units.

This document presents Stanford's 2011/12 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 \$203 million on \$4.1 billion of revenues, \$3.8 billion in expenditures, and \$104 million in transfers. Revenues are expected to increase by 2.6% over the projected 2010/11 year-end results. This is principally due to a 4.2% growth in student income and a 7.7% increase in investment income, partly offset by a 1.7% reduction in sponsored research. Expenses are up 3.2% due mainly to the impact of our salary program and a slight increase in other operating expenses.
- The Consolidated Budget includes \$1 billion in general funds, of which \$164 million flow to the Graduate School of Business, the School of Medicine, and the Continuing Studies and Summer Session Programs in accordance with previously agreed upon formulas. After transfers and other adjustments, there remains \$861 million in general funds allocated directly by the provost. We anticipate a general funds surplus in the non-formula units of \$39 million, due to continued tight expense management and cautious allocations of incremental funding.
- This Budget Plan also presents the projected 2011/12 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 \$115 million surplus.
- The Capital Budget calls for \$456 million in expenditures in 2011/12. These expenditures are in support of a three-year Capital Plan that, when fully completed, will require approximately \$1.9 billion in total project expenditures. Principal expenditures in 2011/12 will be directed toward:
 - ◆ Completion of the Bing Concert Hall
 - ◆ Completion of the Jill and John Freidenrich Center for Translational Research
 - ◆ The Bioengineering/Chemical Engineering Building

- ◆ The West Campus Recreation Center
- ◆ Preliminary work to prepare for the replacement of the university's central energy facility

STRATEGIC CONTEXT

Over the past two years Stanford has moved quickly to adjust its budget in the face of the economic crisis. When the market value of the endowment dropped by almost 30% in 2008/09, we responded by reducing the endowment payout by 25% over the following two years. This required significant budget actions, including holding salaries flat in 2009/10 and implementing a 15% general funds reduction over the period 2009/10–2010/11.

The budget situation has now stabilized. As we look ahead to 2011/12 we will return to a more normal annual growth in endowment payout of about 4%. The reductions have helped to restore small surpluses in our projections and to position us well to make selected strategic investments.

Stanford's financial situation has been helped in the past two years by increases in sponsored research, resulting largely from the American Recovery and Reinvestment Act (ARRA) and support from the California Institute for Regenerative Medicine (CIRM). Since ARRA funding concludes this year and the federal budget remains under severe pressure, we expect a drop in research funding for 2011/12. The projected drop is tempered, however, by the fact that in tight federal budget years, Stanford's share of federal research tends to increase. In addition, our entrepreneurial faculty have historically been successful in finding alternatives to federal funding.

In developing the budget for 2011/12 we were guided by four key principles: 1) avoid adding back expenses that were cut over the prior two years, with the exception of faculty positions; 2) maintain our highly competitive salary and undergraduate financial aid programs; 3) make modest investments in our most compelling areas; and 4) maintain general funds surpluses to protect against future income shortfalls and to remain well positioned for future opportunities. These operating principles resulted in the following priorities:

Salary Program

As the economy begins to strengthen it is important that we provide a competitive salary program for faculty and staff. Consequently, we have developed a modest salary program that will allow us to maintain our market position and to address specific individual situations where we are below market or where there are significant equity or retention issues.

Undergraduate Financial Aid

Stanford remains committed to supporting one of the strongest undergraduate financial aid programs in the country. Stanford's resources directed to undergraduate financial aid have increased from \$96 million in 2007/08, before the economic crisis and before we made substantial improvements in our program, to \$149 million budgeted for 2011/12. We have funded this growth through increases in restricted funds, support from presidential funds, and an additional \$10 million in general funds. We also increased the target for financial aid in the Stanford Challenge from \$200 million to \$300 million and are making good progress toward realizing that goal. For 2011/12 we will add another \$2.3 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; to replace \$1 million in president's funds currently supporting the program; and to support a slight increase in the number of students on aid.

Graduate Aid

Support for graduate students continues to be one of the highest priorities for all of Stanford's schools. We have added almost \$1 million in general funds for graduate student support in the non-formula schools. This allocation, combined with the budgeted increase in endowment payout, will address these needs in the coming year. However, with the federal support for graduate students still under significant pressure, the long term funding issues for graduate students remain a source of concern.

Faculty Support

We have allocated general funds to build a faculty presence in the emerging field of geobiology in the School of Earth Sciences. This is an increasingly important new academic field in which Stanford is well positioned to excel. In addition, after freezing 50 faculty positions as part of the budget reduction effort, we have begun fundraising efforts to restore these positions with new endowment support. We expect to unfreeze several of these positions in Engineering in 2011/12 and in Humanities and Sciences during the 2012/13 fiscal year. Finally, the law and business schools will continue their ongoing efforts to expand their faculty.

Facilities

We have made great progress in recent years enhancing Stanford's teaching and research facilities. While our plans were slowed slightly during the economic downturn, we have maintained an ambitious capital plan. Several exciting new buildings will come on line in 2011/12, and these will require general funds allocations to support utilities, operations and maintenance, and debt service.

Reserves

We project Stanford's expendable reserves will stand at \$2.4 billion at the end of 2011/12. Of that amount, \$975 million 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 \$1.4 billion is held principally in designated funds, which are not legally restricted but are managed at the local school and department level in accord with various university policies. As a result of the management actions of the past two years, combined with strong returns in the endowment following the economic crisis, Stanford's expendable reserves have climbed from \$1.8 billion in 2008/09 to the projected level of \$2.4 billion, a 33% increase.

CONSOLIDATED BUDGET FOR OPERATIONS

The table on the next page shows the main revenue and expense line items for 2011/12 and compares those numbers to our current projection of final results for 2010/11. Some highlights of both income and expense follow.

Revenue

Student Income - This figure is the sum of tuition and room and board income, and is expected to grow by 4.2%. Tuition income is projected to grow 3.7% over the projected 2010/11 actuals as the result of a 3.5% increase in the general undergraduate and graduate tuition rates, and increases between 3.5% and 5.8% in the professional schools. Room and board income is projected to increase 3.6%, mostly due to the 3.5% increase in the undergraduate room and board rate. In addition, \$5.7 million in board revenue for the row houses, which was previously accounted for outside of the university's books, will move into the consolidated budget.

CONSOLIDATED BUDGET FOR OPERATIONS, 2011/12

[IN MILLIONS OF DOLLARS]

2009/10 ACTUALS	2010/11 BUDGET JUNE 2010	2010/11 PROJECTED ACTUALS		2011/12 CONSOLIDATED BUDGET	CHANGE FROM PROJECTED ACTUALS
Revenues					
658	680	694	Total Student Income	722	4.2%
603	607	663	Direct Costs-University	650	-2.0%
333	346	346	Direct Costs-SLAC	346	0.0%
204	198	225	Indirect Cost	217	-3.6%
1,139	1,151	1,235	Total Sponsored Research Support	1,213	-1.7%
506	519	540	Health Care Services	549	1.7%
156	165	200	Gifts In Support of Operations	205	2.5%
78	75	80	Net Assets Released from Restrictions	80	0.0%
904	905	916	Investment Income	987	7.7%
351	348	364	Special Program Fees and Other Income	374	2.9%
3,791	3,842	4,028	Total Revenue	4,131	2.6%
Expenses					
2,075	2,199	2,201	Total Compensation	2,292	4.1%
221	217	232	Financial Aid	240	3.3%
144	171	158	Debt Service	165	4.2%
1,057	1,063	1,116	Other Operating Expense	1,128	1.1%
3,497	3,651	3,706	Total Expense	3,824	3.2%
294	192	322	Operating Results	307	
(131)	(107)	(181)	Transfers	(104)	
164	84	141	Operating Results after Transfers	203	
1,849	2,010	2,012	Beginning Fund Balances	2,153	
2,012	2,094	2,153	Ending Fund Balances	2,356	

Sponsored Research - Total sponsored research (including SLAC) is expected to decrease by 1.7% over 2010/11 year-end results. After unanticipated, double-digit growth in the current year, due mainly to federal stimulus funding, we are expecting a 2% decrease in direct research, exclusive of the SLAC National Accelerator Laboratory. At SLAC we are budgeting no increase. Indirect cost recovery is expected to be down by 3.6% from the 2010/11 projected year-end results. These projections could change significantly as the federal budget picture becomes clearer.

Health Care Services Income - Revenue from health care services is projected to increase 1.7% in 2011/12. This is a lower rate of increase than in recent years. It is due principally to a one time extraordinary payment in 2010/11 resulting from an accounting change in the funds flow between the Children's Hospital and the School of Medicine. Also contributing to the slow growth is the impact of increased consolidation in hospital system blood product purchases.

Expendable Gifts - The Office of Development anticipates that revenue from non-capital gifts available for current expenses will grow by 2.5% to \$205 million. This figure brings us back above the pre-recession level of \$200 million reached in 2008/09. It also builds upon a growth in the 2010/11 projected actuals of \$200 million, significantly above the budget of \$165 million. This does not include gifts to

endowment or for capital projects, which do not appear in the Consolidated Budget for Operations. In addition, net assets released from restrictions—payments made on prior year pledges and prior year gifts released for current use—are expected to remain flat at \$80 million.

Investment Income – This category consists of income paid out to operations from the endowment (\$838 million) and from other investment income (\$148.5 million), the majority of which is payout from the Expendable Funds Pool (EFP). Overall, investment income is expected to be up by 7.7% in 2011/12. Endowment income will increase by 8.3%, due to improved investment returns, a return to our standard payout formula, which was suspended for the past two years in order to reduce payout more rapidly, and \$350 million in new gifts and additions to endowment principal. 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 we expect it to be.

Expense

Salaries and Benefits – We anticipate total compensation to increase 4.1% over 2011/12 year-end results. The increase is the result of our salary increase program and a small growth in headcount. Fringe benefits expense is expected to increase by 4.9%. This is due to an increase in the average blended fringe benefits rate from 28.0% to 28.7%.

Financial Aid – The costs for need-based financial aid, athletic aid, and graduate student aid will increase by 3.3%. This increase allows Stanford to maintain its generous need-based aid program for undergraduates, consistent with our tuition increase. It also reflects 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 operations and maintenance costs, utilities, capital equipment, materials and supplies, travel, library materials, subcontracts, and professional services. We are budgeting a growth of 1.1% for these expenses, in line with anticipated inflation and internal cost control measures.

School Initiatives

Having completed the budget reductions, Stanford’s schools are advancing their research and teaching agendas and will continue to accelerate progress in 2011/12. A few highlights of their plans are:

Graduate School of Business – The coming year will be significant in the history of the business school. The school will operate its first full year in the Knight Management Center. It will also mark the first full year of the Program in Innovation and Entrepreneurship. To maintain the quality of its programs and support its new curriculum, the school has been on a path to increase its faculty from 100 to 110. Following an aggressive, three-year recruitment effort, the school hopes to have the full complement of 110 faculty on board in 2011/12.

Earth Sciences – As a result of recent planning discussions, Earth Sciences will begin the development of a Geobiology program in 2011/12, with the first of three faculty appointments. This is a breakthrough area in the Earth sciences, and Stanford has unique assets that will allow the school to build a leading program. The school will also be expanding its efforts to attract underrepresented minority students.

Education – In its 2011/12 budget, the School of Education will continue to enhance its network of faculty-led centers, most notably in the K-12 area. All the centers are committed to furthering research that can inform both policy and practice. As the faculty has grown in recent years, doctoral student numbers have remained constant. Consequently, the school plans to expand its incoming doctoral cohort from 30 to 35 students in 2011/12, as part of a longer-term effort to reach a steady state of 40.

Engineering - Interdisciplinary collaboration between Engineering and other schools continues to grow with the opening of the Jen-Hsun Huang Center and the Center for Nanoscale Science and Engineering. The focus has now turned to fundraising and planning for the final building in the Science and Engineering Quad, which will house the Bioengineering and Chemical Engineering departments. The school has also restructured and increased administrative support for sponsored research, adding significant resources to the Engineering Research Administration office, a move that will facilitate research in a tightening funding climate.

Humanities and Sciences - The school has emerged from the budget reductions in a position of financial equilibrium. The challenges for the coming year will be to maintain a faculty hiring rate equivalent to departures, to increase the number of graduate students in certain programs, and to develop a funding model for graduate students that will have long term viability.

Law - Raising funds for financial aid and for the Mills Legal Clinic are two principal priorities for the Law School in 2011/12. The school also continues to recruit actively in its faculty development program, which is focused on attracting five new lateral hires from peer law schools. One such individual was hired last year, and the school is optimistic about future hiring.

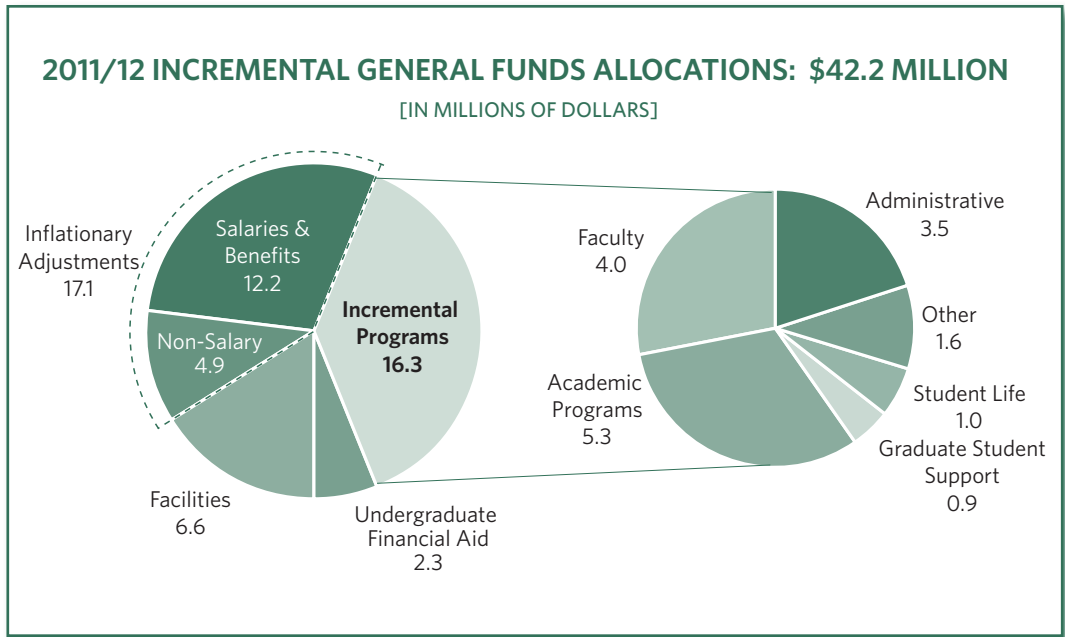
Medicine - After two years of strong growth in research funding from ARRA and CIRM, the Medical School is preparing for a period when federal research will likely not keep up with inflation. In addition, changes in healthcare funding will reduce clinical revenues to physicians and hospitals. In response the school will focus on integrated financial planning with the two hospitals. There will be renewed emphasis on raising funds for professorships, research support for junior faculty, and optimizing research space utilization.

GENERAL FUNDS BUDGET

A focal point of the budgeting process is the development of the general funds component of the Consolidated Budget. The \$1 billion in general funds can be used for any university purpose and supports most of the core academic and administrative activities of the university. Of the \$1 billion, \$164.1 million flows to the formula units.

A year ago we forecast a general funds surplus for 2011/12 of \$21 million. This forecast included a salary increase program and funding for new buildings planned to come on line during the year. During the year the outlook has improved for several reasons: the endowment has performed better than expected, utilities costs have been managed below budget, graduate student enrollment exceeded expectation, and debt service has been lower due to continued low interest rates. These improvements have allowed us to allocate an additional \$1 million to the undergraduate financial aid budget and \$16.3 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: Reinstate overseas seminar program in the Bing Overseas Studies Program; expanded digitization initiatives in the libraries; increased teaching assistant support in Economics; funding for undergraduate education minor; increased instruction budget for Stanford Language Center; and funding for shared scientific facilities.
- Administrative: Incremental support for the Engineering Research Administration office; increased administrative and compliance support for Stanford's international programs; support for mobile device security program; Office of Development support for medical development, stewardship program, and additional school-based development support.



- Faculty: Incremental geobiology positions in Earth Sciences; faculty equity and retention support in Humanities and Sciences.
- Student Life: Enhanced residential education program; additional staffing in Vaden Health Center; base funding for Student Services Center; incremental funding for graduate Community Associates program.

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 \$39 million surplus in 2011/12 and forecast similar surpluses in the next 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 2011/12 to 2013/14; 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 2011/12, as well as projects that will commence within the rolling three-year period through 2013/14. The Capital Budget and Capital Plan are subject to change based on funding availability, budget affordability, and evolving university priorities.

In 2011/12, capital budget expenditures are expected to total \$456 million. The major projects within the 2011/12 Capital Budget include the completion of the Bing Concert Hall; the completion of the Jill and John Freidenrich Center for Translational Research; substantial completion of the West Campus Recreation Center; and approximately half of the work on the bioengineering/chemical engineering facility. These structures represent approximately \$170 million of the total capital budget for 2010/11. The capital

budget also includes the initial components of work on a major effort to re-develop and enhance Stanford's central energy system. This project will span four years and cost \$558 million; in next year's capital budget we expect to spend \$65.9 million.

The three-year Capital Plan includes \$1.9 billion in construction and infrastructure projects and programs. This reflects a \$362 million increase from last year's plan. The three-year Capital Plan will be funded from \$333 million in current funds, \$452 million in gifts, \$722 million in auxiliary and service center debt, \$114 million in academic debt, and \$256 million from other sources. The projects included in the plan can be readily accommodated within the constraints of the General Use Permit, given Santa Clara County's approval of Stanford's Sustainable Development Study in April 2009. When complete, the plan will add \$58 million in annual debt service and \$23.3 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 both the budget officers and leadership in the schools and administrative units for the transparent and realistic budget requests they brought forward to the University Budget Group. I am particularly grateful to the leadership of the units 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 fell short. As a result, the budget proposals this year were both modest and persuasive, and the Budget Group did its best to provide support for the most pressing priorities.

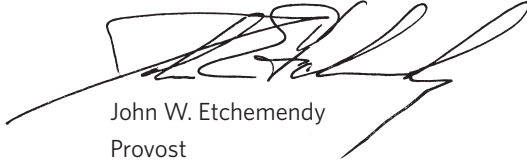
As always, I am incredibly grateful to the two hard-working advisory groups that assist me in formulating the general funds budget and capital plan. The University Budget Group consists of Adam Daniel, Harry Elam, Andrea Goldsmith, Patti Gumport, Neil Hamilton, Rosemary Knight, Randy Livingston, Maureen McNichols, Dana Shelley, Bob Simoni, Buzz Thompson, and Tim Warner. 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, 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, Suzanne Sangervasi, Craig Tanaka, Bob Tatum, and Tim Warner. Craig and Suzanne guide 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 2011/12. 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 2011/12. Chapter 2 addresses program issues in the academic areas of the university. Chapter 3 provides a similar view of the administrative and auxiliary units. Chapter 4 contains details on the Capital Budget for 2011/12 and the Capital Plan for 2011/12-2013/14. The appendices include budgets for the major academic units and supplementary financial information.



John W. Etchemendy
Provost
June 2011



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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.

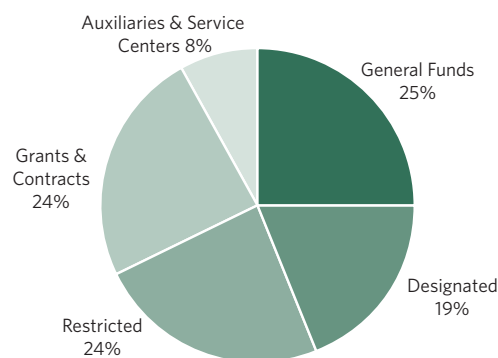
Fund Accounting

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 below.

Budget Management

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

2011/12 CONSOLIDATED REVENUES BY FUND TYPE



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.

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

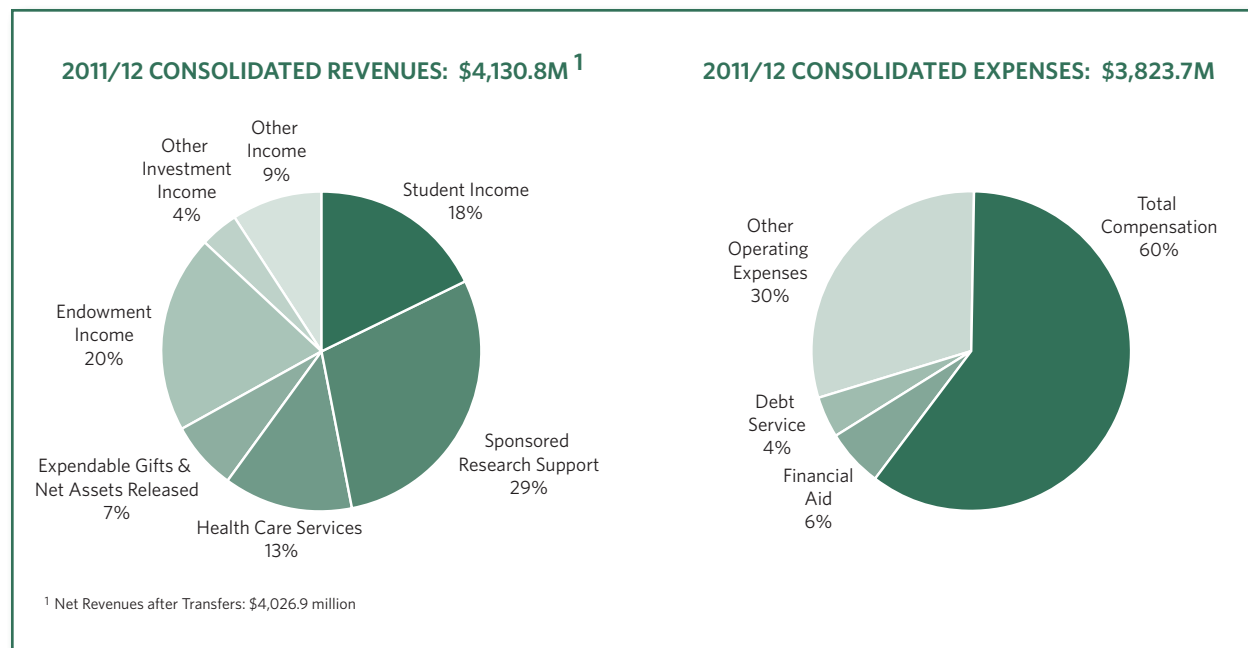
In this chapter we review the details of the 2011/12 Consolidated Budget for Operations, describe the general funds allocation process and results, and present a forecasted Statement of Activities.

CONSOLIDATED BUDGET FOR OPERATIONS

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

The 2011/12 Consolidated Budget for Operations shows total revenues of \$4,130.8 million and expenses of \$3,823.7 million, resulting in a net operating surplus of \$307.1 million. However, after estimated transfers, primarily to plant funds, the Consolidated Budget shows a surplus of \$203.2 million.

Total revenues in 2011/12 are projected to increase 2.6% over the expected 2010/11 levels, increasing by \$103.1 million. The overall growth is moderated by an anticipated decline in sponsored research, as spending on federal stimulus grants concludes. Endowment payout on existing funds will increase 3.6% after a nearly 25% decline over the past two years. Total expenses are expected to grow by 3.2% over the estimated year-end results for 2010/11. Again,



CONSOLIDATED BUDGET FOR OPERATIONS, 2011/12

[IN MILLIONS OF DOLLARS]

2009/10 ACTUALS	2010/11 BUDGET JUNE 2010	2010/11 PROJECTED ACTUALS	GENERAL FUNDS	DESIGNATED	RESTRICTED	GRANTS AND CONTRACT	AUXILIARY & SERVICE CENTER ACTIVITIES	TOTAL
Revenues and Other Additions								
274.9	282.5	285.7	296.5					296.5
260.3	271.9	278.1	283.1	5.0				288.1
122.5	125.7	129.8					137.8	137.8
657.7	680.1	693.6	579.6	5.0			137.8	722.4
602.6	607.1	663.4				650.2		650.2
332.8	345.7	346.3				346.3		346.3
203.8	197.9	224.9	216.9					216.9
1,139.2	1,150.7	1,234.6	216.9			996.5		1,213.4
505.7	518.5	540.0	21.4	455.9	5.3	0.0	66.6	549.2
155.6	165.0	200.0	2.0		203.0			205.0
78.3	75.0	80.0			80.0			80.0
854.5	758.1	774.0	146.1		692.0			838.1
49.9	146.6	141.6	64.1	82.3	1.4	0.3	0.3	148.4
904.4	904.7	915.6	210.2	82.3	693.4	0.3	0.3	986.5
350.5	348.4	363.9	10.5	237.3	0.7	0.5	125.3	374.3
3,791.4	3,842.4	4,027.7	1,040.6	780.5	982.4	997.3	330.0	4,130.8
Expenses								
2,074.8	2,199.3	2,200.5	556.2	511.5	398.9	584.4	240.7	2,291.7
220.7	217.4	231.9	31.9	4.7	186.7	16.2		239.5
144.0	171.4	157.9	58.4	22.4	1.6		82.2	164.6
1,057.4	1,062.7	1,115.9	203.6	183.6	169.0	371.0	200.7	1,127.9
3,496.9	3,650.8	3,706.2	850.1	722.2	756.2	971.6	523.6	3,823.7
294.5	191.6	321.5	190.5	58.3	226.2	25.7	(193.6)	307.1
Transfers								
(40.1)	5.9	(75.1)		(32.2)	26.1		3.8	(2.3)
(126.2)	(121.7)	(131.3)	(66.8)	(45.0)	(20.2)			(132.0)
35.7	8.6	25.5	(84.2)	110.3	(157.5)	(25.7)	187.5	30.4
(130.6)	(107.2)	(180.9)	(151.0)	33.1	(151.6)	(25.7)	191.3	(103.9)
163.9	84.4	140.6	39.5	91.4	74.6	0.0	(2.3)	203.2
1,848.5	2,009.6	2,012.4	121.9	1,112.9	900.5		17.8	2,153.0
2,012.4	2,094.0	2,153.0	161.4	1,204.3	975.1	0.0	15.5	2,356.2

this growth rate is offset by an overall decline in expenses related to sponsored research. 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 2011/12. For comparison purposes, it also shows the actual revenues and expenses for 2009/10 and both the budget and the year-end projections for the current fiscal year, 2010/11. Definitions of key terms are provided below.

The Consolidated Budget by Principal Revenue and Expense Categories

Revenues

Student Income

Student income is expected to increase by 4.2% in 2011/12 to \$722.4 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 \$584.6 million in tuition and fee revenue in 2011/12, a 3.7% increase over 2010/11, slightly higher than the general tuition rate

increase due to a small increase in student numbers. While total tuition and fees represents only 14% of Stanford's total revenue, it is 56% 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 2011/12 is 3.5%, which results in a rate of \$40,050 for undergraduates and most graduate students. The Board of Trustees approved this rate in February. As always, the rate increase was set after careful consideration of the current economic circumstances weighed against the budgetary needs. We do not anticipate that this increase will affect our position relative to our peer universities. After a 3.5% tuition increase in 2010/11, Stanford moved down three positions to 42nd in a ranking of tuition charges in the Cambridge Associates survey of 103 private institutions. Stanford's position among the participants of the Cambridge survey moves both up and down from year to year but has remained fairly stable around the 40th position. Among the tuition rates of the highly selective private universities that comprise the Consortium on Financing Higher Education (COFHE), Stanford's tuition currently ranks 14th out of 17, down one position from last year.

KEY TERMS

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

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

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

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

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

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

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

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

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

The 3.5% increase applies to the undergraduate tuition rate, the general graduate rate, and the graduate tuition rates for engineers, entering MBAs, and continuing medical students. The Law School is implementing a 5.75% increase in tuition in 2011/12, the second year of a two-year plan to increase the Law School's tuition by \$1,000 over the general university rate. This plan will allow the Law School to avoid additional cuts to key programs and services.

Room and Board - Total room and board income is expected to be \$137.8 million in 2011/12, an increase of 6.2%, which is substantially higher than the approved room and board rate increase due to the inclusion of \$5.7 million from board plans for students living in independent row houses that were previously managed outside Stanford. In February, the Trustees approved a combined room and board rate increase of 3.5% for 2011/12, bringing the undergraduate rate to \$12,291. The room rate will increase by 4.7%, and the board rate will increase by only 2.0%. We expect that these rates will sustain Stanford's room and board rate ranking in the middle of the COFHE institutions. The 2011/12 recommended increases in the room and board rates will allow Residential and Dining Enterprises (R&DE) to cover inflationary impacts on operating costs, including labor, food, and expendable materials and supplies, as well as incremental funding for the residential education program.

Sponsored Research and Indirect Cost Recovery

The budget for sponsored research is projected to be \$1,213.4 million in 2011/12. This figure includes the direct revenue from externally supported grants and contracts (\$650.2 million for university research and \$346.3 million for SLAC), as well as reimbursement for indirect costs (\$216.9 million) incurred by the university in support of sponsored activities. With the exception of 2008/09 when the university's endowment was at its peak, sponsored research has been Stanford's largest source of revenue for some time, and this trend will continue in 2011/12 as it will generate 29.4% of consolidated operational revenues. Direct research volume, excluding SLAC, will decline by 2.0% in 2011/12, although that growth will be from a 2010/11 base that is significantly higher than in recent history due, largely, to the American Recovery and Reinvestment Act (ARRA). Research in SLAC in 2011/12 is projected to be virtually the same as in 2010/11.

Perhaps the dominant feature of these projections, however, is the amount of uncertainty that surrounds them. As of this writing, the federal budget for 2011 was just passed into law, seven months into the government's fiscal year. While that budget included small funding decreases for the NIH, the NSF, and other federal agencies, the impact on Stanford is expected to be negligible. But, the 2012 federal budget and a national debt that is quickly approaching its legislated ceiling are issues currently without resolution, both of which could significantly impact the amount of federal dollars available to support research. There is further uncertainty with regard to the rate charged on research grants to recover the indirect costs associated with research activity. The university is currently operating under a provisional rate for 2010/11 and 2011/12 and does not expect to reach a final negotiated rate with the government until later in 2011.

There are several ways this uncertainty could negatively impact Stanford's research efforts. A surprising outcome of the last two years has been the growth of federal research grants outside of the surge created by ARRA funding. As noted in the first table on the facing page, federal non-ARRA research will grow from \$418 million in 2009/10 to \$446 million in 2010/11 and is expected to grow to \$454 million in 2011/12; research activity at that level would constitute an 20.3% increase since 2008/09. A worst-case outcome of the federal budget situation might mean not only declines in new research awards granted but even reductions in the amount of funding already committed during this recent period of growth. Indirect cost recovery could be impacted in two ways. If overall research volume declines, indirect cost recovery will also decline, and it could also decline if the final negotiated rate comes in lower than is currently anticipated. Recent growth in this important source of general funds (see the second table on the facing page) has enabled investments in the university's infrastructure, programs, and people even during the recent financial difficulties.

There are some encouraging factors, however, in the university's outlook on sponsored research. Non-federal support for research was essentially flat in 2009/10 as foundations and other sponsors responded to declines in their resources during the economic downturn. That support is expected to rebound significantly in 2010/11 and continue expanding in 2011/12, including substantial growth in funding from the California Institute for Regenerative Medicine. For a number of years before the economic downturn, non-federal research growth outstripped that of federal growth, a pattern

DIRECT SPONSORED RESEARCH EXPENSES (EXCLUDING SLAC)

[IN MILLIONS OF DOLLARS]

	2008/09	2009/10	2010/11 PROJECTED	2011/12 FORECASTED	PERCENT CHANGE FROM 2010/11	PERCENT CHANGE FROM 2008/09
Federal						
Non-ARRA						
Medicine	208	230	244	252	3.2%	21.2%
Non-Medicine	170	188	202	202	0.1%	19.1%
Total Non-ARRA	378	418	446	454	1.8%	20.3%
ARRA ¹						
Medicine		28	39	14	-64.3%	
Non-Medicine		4	4	0	-100.0%	
Total ARRA		32	43	14	-67.7%	
Total Federal	378	450	489	468	-4.3%	23.9%
Non-federal						
Medicine	83	84	103	107	4.4%	29.2%
Non-Medicine	69	70	72	75	4.5%	9.1%
Total Non-federal	152	154	175	182	4.4%	20.1%
Total Direct Research Expenses	530	603	663	650	-2.0%	22.8%

¹ Excluding SLAC, Stanford received \$91 million in direct research support from ARRA: \$8 million for non-formula units and the remainder for Medicine.

INDIRECT COST RECOVERY (EXCLUDING SLAC)

[IN MILLIONS OF DOLLARS]

	2008/09	2009/10	2010/11 PROJECTED	2011/12 FORECASTED	PERCENT CHANGE FROM 2010/11	PERCENT CHANGE FROM 2008/09
Federal	138	166	183	174	-4.9%	26.3%
Non-federal	31	31	36	37	3.1%	18.2%
Total Indirect Cost Recovery	169	197	219	211	-3.6%	24.8%

which will likely reemerge with 4.4% non-federal growth in 2011/12. Also, if another piece of history is to repeat itself, Stanford's highly regarded and entrepreneurial faculty will be able to increase the university's share of federal research dollars in times of tight federal budgets. Finally, though there are uncertainties about the 97% share of SLAC funding that comes from the Department of Energy (DoE), the laboratory has plans for several instruments and facilities at various stages of DoE approval, signifying strong support for the laboratory's science programs. SLAC research activity is discussed in more detail in Section 2.

Health Care Services

Health Care Services income is budgeted to be \$549.2 million in 2011/12, a 1.7% increase over the projection for 2010/11. The majority of Health Care Services income (\$499.3 million) is in the School of Medicine, including

\$428.5 million paid by Stanford Hospital and Clinics and Lucile Packard Children's Hospital related to the clinical practices of the faculty. The 2011/12 clinical revenue growth rate is somewhat lower than past years, because it is compared to a base that is augmented by a one-time payment in 2010/11 that results from a change in the way funds flow between the Lucille Packard Children's Hospital and the School of Medicine. Another factor holding down health care services income is the impact of increased consolidation in hospital system blood product purchases. This change is expected to cause prices to fall and result in flat revenue of \$41.9 million for the Stanford Blood Center. The School of Medicine also receives \$24.1 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: \$16.2 million to Business Affairs IT, primarily for

communications services; \$6.8 million to the Office of the General Counsel for legal services; \$12.0 million to Land, Buildings and Real Estate for operations and maintenance and utilities; and \$8.2 million to the central administration for general overhead payments.

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 expected to increase slightly from \$200.0 million in 2010/11 to a total of \$205.0 million in 2011/12. Although the growth is modest between the two years, the 2011/12 forecast represents more than a 37% increase in expendable gift support over the \$149.0 million received in 2008/09. Another factor contributing to the expected amount of expendable gifts in support of operations is the recent trend, since 2008/09, of donors choosing to give to expendable gift purposes rather than to endowment or plant. As a result, support for expendable gifts has increased while giving to endowment and plant has decreased.

Net Assets Released from Restrictions

This category represents funds previously classified as temporarily restricted that will become available for spending as specific donor restrictions are satisfied. These include cash payments on pledges made in prior years and pending gifts whose designation has been determined. In 2011/12, we anticipate that this income will remain flat at \$80 million. As we near the end of The Stanford Challenge there may be an increase in the pending fund transfers portion as the development office seeks to fully fund all remaining campaign initiatives and donors make final campaign commitments.

Investment Income

Total investment income, Stanford's second largest source of revenue, is expected to increase by 7.7% in 2011/12 to \$986.5 million, only \$89 million less than 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 2011/12 is expected to be \$838.1 million, an increase of 8.3% over 2010/11. 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.

Following Stanford's aggressive two-year plan to reduce the merged pool endowment payout commensurate with the decline in the market value, the expected payout from an individual fund in 2011/12 will increase by 3.6%, an increase that adequately matches ongoing expense increases. However, total merged pool payout is expected to increase by 7.5% due to several factors: gifts to endowment principal are expected to reach \$150 million; schools and departments are expected to transfer \$75 million from expendable funds to funds functioning as endowment; and \$129 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 2010/11. Together these additions contribute roughly \$20 million to endowment payout in 2011/12. Finally, significant increases in rental income from the Stanford endowed lands, described below, are expected in 2011/12, further enhancing total expected endowment income.

After a two-year suspension of Stanford's established smoothing rule, the university will return to its long used formula for calculating payout. Generally, the smoothing rule is used to dampen the impact on the budget of annual fluctuation in the market value of the endowment, 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 actual payout rate and the target rate. The target rate is 5.5%, and the smoothed payout rate projected for 2011/12 is 5.58%.

Of the total endowment income, \$146.1 million, or 17.4%, 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 (19.2%) in 2011/12. One factor driving the growth in unrestricted endowment is partial restoration of the Tier I Buffer, which was essentially eliminated in 2008/09. The Tier I Buffer will reach \$400 million after the expected transfer of \$129 million at the end of the current year, adding \$7.3 million to unrestricted payout in 2011/12. A second reason for the healthy rise in unrestricted endowment income is a 25.9% increase in unrestricted rental in-

come from the Stanford endowed lands due to several new negotiated leases that will bring the total to \$56.4 million.

Other Investment Income - Total other investment income is expected to rise from \$141.6 million in 2010/11 to \$148.4 million in 2011/12, a 4.8% increase.

Other investment income is generated from four main sources:

- Payout on the expendable funds pool (\$87.3 million) and income earned on unexpended endowment payout separately invested in the endowment income funds pool (\$1.3 million),
- Investment income distributed to support the operations of the Stanford Management Company and the real estate division of Land, Buildings and Real Estate (\$31.9 million),
- Interest income on the Stanford Housing Assistance Center (SHAC) portfolio (\$14.0 million), and
- Rents, security lending, and other interest income (\$13.7 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 a current average balance of approximately \$2.4 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 so-called money-market accounts include the debt recycling pool, insurance and benefits reserves, student loan funds, certain plant funds, agency funds, gifts pending designation, and certain restricted gifts. Differences between the stipulated payout and actual investment returns are backstopped by the

Capital Facilities Fund and by the Tier I and Tier II Buffers.

Strong returns in the merged pool in 2009/10 and in the current year will result in the full payout of 5.5% to the zero-return funds in 2010/11 and 2011/12.

The non-EFP portion of other investment income is projected to increase 7.4% to \$59.6 million, led by increases in the operations of the Stanford Management Company. Additionally, income earned by the endowment income funds pool, the balance of unexpended endowment payout, is expected to increase based on the assumption of higher money market rates in 2011/12.

Special Program Fees and Other Income

This category includes the revenues from several different types of activities, such as technology licensing income, conference and symposium revenues, fees from the executive education programs in the Graduate School of Business and the Stanford Center for Professional Development, fees from travel/study programs, and revenues from corporate affiliates, mostly in the schools of Earth Sciences and Engineering. Another major component of this category is the revenue from auxiliary activities, other than student room and board fees. This includes revenues from conference activity, concessions, rent, and other operating income in Residential & Dining Enterprises, athletic event ticket sales and television income, HighWire Press, the University Press, Stanford West Apartments, and several other smaller auxiliaries. Total special program fees and other income are budgeted at \$374.3 million in 2011/12, an inflationary increase of 2.9% over the expected level in 2010/11.

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 2011/12 is budgeted to be \$2,291.7 million, a 4.1% increase over the year-end projection of \$2,200.5 million. This increase is driven by the approved merit programs for faculty and staff, additional salary allocations for equity and retention, 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 increasing slightly, so total benefits expense will grow somewhat faster than total salary expense.

Salaries – Total salary expense is expected to grow by 4.7% in 2011/12 to \$1,412.1 million as a result of the approved salary program and roughly 2.0% headcount growth. As has been the case in past years, the approved staff salary program takes into consideration the financial condition of the university as well as the current labor market status. Once again the annual salary program was guided by the university’s compensation philosophy, which is to set faculty salaries at a level that will maintain Stanford’s competitive position both nationally and internationally for the very best faculty and to set staff salaries to be competitive within the local employment market. After careful review of survey salary data in several local markets, it was determined that Stanford staff salaries were at or slightly higher than market median salaries in September 2010. The approved merit program for 2011/12 was set with the intention of maintaining this position. Additionally, an important component of the salary program for staff is the inclusion of funding to address equity and retention issues, providing managers the flexibility to make appropriate adjustments to individual salaries. While there is no specific element in the salary program for faculty to address equity and retention, this is a major issue in all schools and will be managed by each Dean as appropriate. However, incremental allocations were made to the School of Humanities and Sciences to address specific equity and retention issues among the faculty.

Fringe Benefits – Fringe benefits expense is expected to increase by 4.9% in 2011/12 to \$479.5 million, consistent with the growth in overall salary expense and a slightly higher 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-five percent of all fringe benefits expense is incurred for regular benefits-eligible employees, and the rate for this group in 2011/12 is expected to increase 0.3 percentage points over the negotiated rate for 2010/11. There is greater

volatility in the rates for the other three employee groups. The primary factors impacting total fringe benefit expenses in 2011/12 are discussed below.

FRINGE BENEFITS RATES

	2010/11 NEGOTIATED BUDGET	2011/12 PROJECTED RATES
Regular Benefits-Eligible Employees	31.1%	31.4%
Post-Doctoral Research Affiliates	19.8%	22.5%
Casual/Temporary Employees	8.3%	7.9%
Graduate RAs and TAs	4.4%	4.7%
Average Blended Rate	28.3%	28.7%

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

- Overall retirement program costs will increase substantially in 2011/12 due to payments required to rebalance the assets and liabilities in the Stanford Retirement Annuity Plan (SRAP). SRAP is a defined benefit plan funded by the university. Even though SRAP is closed to new participants, the university is required to maintain appropriate reserves to fund the current and future costs of the plan. Over the past several years, solid investment performance precluded the need to make contributions to the reserves, so SRAP had a minimal impact on the fringe rate. In 2011/12 the university will have to make a substantial contribution to the SRAP plan due to investment losses suffered in 2009, impacting the rate by nearly 1.0 point.
- The costs of the health plans for active regular benefits-eligible employees, the single largest program in the fringe pool, are projected to increase by 10.3% over the expected actuals in 2010/11, for a total of \$125.6 million. The increase is driven by continued medical cost inflation, health care reform, and enhancements in the BeWell incentive program. Beginning in January 2012, BeWell will provide an opportunity for all benefits-eligible faculty and staff to receive a reduction in their medical plan contributions by completing certain components of the 2011 BeWell Employee Incentive Program. For most medical plans, the employee’s 2012 contribution

will be reduced by \$20 per pay period. It is estimated that nearly 10,000 employees will take advantage of the incentive program, adding \$3.2 million to the fringe pool.

- Retirement medical costs are expected to increase 15.3% to \$28.2 million in 2011/12, based on the current assumption that government payments will be reduced to Medicare Advantage plans, currently among the university's lowest cost retiree health plans. This and other provisions have increased the university's retiree medical liability, resulting in increased contributions to retiree medical reserves. In addition, an actuarial study of current employees has determined that the number of retirees will increase significantly in the coming years as our employee population ages.
- Offsetting the increases described above are the elimination of post-employment benefit costs resulting from a recent plan change. Under the new plan, terminated participants covered under Long Term Disability must move to a Stanford Medicare plan on January 1, 2011, or as soon thereafter as eligible; Stanford will help participants bridge to Medicare. This change has led to a reduction in the plan's liability, thereby eliminating the need for a contribution to reserves, typically a charge to the fringe rate.

Over-recovery of fringe costs in 2009/10 will reduce the regular benefits-eligible rate in 2011/12 by 0.2 points.

The benefits rate for Post-Doctoral research affiliates will increase substantially in 2011/12, due to soaring health insurance costs caused by a few severe medical cases. The fringe rate for casual or temporary employees will decline nearly one half point due to an over-recovery of costs for this group in 2009/10. The fringe rate for graduate teaching and research assistants will increase due to higher Cardinal Care health insurance premium costs.

Financial Aid

Stanford expects to spend a total of \$239.5 million on student financial aid for undergraduate and graduate students in 2011/12, \$31.9 million of which will come from general funds. Designated and restricted funds (\$191.4 million) and grants and contracts (\$16.2 million) will support the remainder. Total budgeted financial aid is 3.3% above the projected total for 2010/11, 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 admit-

ted undergraduate students. We estimate that in 2011/12 Stanford students will receive \$128.7 million in need-based scholarships, of which \$122.2 million will be from Stanford resources, an increase of 3.6% over the projected year-end, consistent with the increase in Stanford's student budget. The remaining \$6.6 million will come from federal grants, mostly Pell and SEOG grants. The total amount of federal grant aid is expected to decrease in 2011/12, because the Academic Competitiveness and National SMART programs are expected to end in the current fiscal year.

The main features of Stanford's financial aid program remain unchanged in 2011/12. However, students are being asked to take on a greater portion of their expenses through a \$250 increase in the amount of their work expectation. Similarly, new parents at upper income levels will see increased expectations as we phase in reduced asset allowances and allowances for multiple children in college. These changes are projected to save about \$2.0 million in scholarship funds in 2011/12.

Stanford funding in support of undergraduate need-based aid in 2011/12 will be almost double the amount in 2006/07, increasing from \$66.5 million to \$122.2 million, due to substantial program enhancements intended to increase affordability for low- and middle-income students and the downturn in the economy. The number of students receiving scholarship aid is expected to increase from 2,775 to 3,425 over the same time period.

The following sources support Stanford's overall commitment to undergraduate scholarship aid in 2011/12:

- Restricted income (endowment and gifts) will provide \$72.4 million, a \$5.1 million increase over 2010/11 due to new gifts to endowment.
- Funds controlled by the president will provide \$37.6 million, down from \$40.3 million in the current year. President's funds from the Tier II buffer will be decreased over time as campaign goals for scholarship fundraising are met.
- General funds will increase from \$10.4 million in 2010/11 to \$12.2 million in 2011/12 to cover the cost of the slightly larger undergraduate population expected in the coming year.

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

UNDERGRADUATE NEED-BASED SCHOLARSHIP AID

[IN MILLIONS OF DOLLARS]

SOURCE OF AID	2006/07 ACTUALS	2007/08 ACTUALS	2008/09 ACTUALS	2009/10 ACTUALS	2010/11 PROJECTED	2011/12 BUDGET
Department Funds and Expendable Gifts	1.8	2.0	2.2	2.1	1.9	1.9
Endowment Income	49.7	67.9	80.4	72.4	65.4	70.5
President's Funds	10.0	5.3	20.4	39.5	40.3	37.6
General Funds	5.0	0.0	0.0	1.5	10.4	12.2
Subtotal Stanford Funded Scholarship Aid	66.5	75.2	103.0	115.5	118.0	122.2
Federal Grants	4.2	4.5	5.0	6.9	7.5	6.6*
Total Undergraduate Scholarship Aid	70.7	79.7	108.0	122.4	125.5	128.7
General Funds as a Share of Stanford Funding	7%	0%	0%	1%	9%	10%
President's Funds as a Share of Stanford Funding	15%	7%	20%	34%	34%	31%
Endowment Funds as a Share of Stanford Funding	75%	90%	78%	63%	55%	58%
Number of Students	2,775	2,811	3,136	3,401	3,380	3,425

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

Athletic scholarships, which are not need-based, will be awarded to undergraduate students in the amount of \$19.9 million, an increase that reflects the cost of tuition.

Graduate Aid - Stanford provides several kinds of financial support to graduate students that are expected to total \$314.8 million in 2011/12. As the table below indicates, this includes the tuition component of fellowships in the amount of \$90.6 million, which is reflected in the Financial Aid line of the Consolidated Budget. Financial aid for graduate students is expected to increase by 4.1%, 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 \$224.2 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 3.0% in 2011/12; tuition allowance expense is expected to increase by 3.4%.

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 des-

2011/12 FINANCIAL AID AND OTHER GRADUATE STUDENT SUPPORT FROM STANFORD RESOURCES

[IN MILLIONS OF DOLLARS]

PROJECTED 2010/11 YEAR-END		GENERAL FUNDS	DESIGNATED AND RESTRICTED	GRANTS & CONTRACTS	TOTAL
	Student Financial Aid				
125.7	Undergraduate	12.2	110.0	6.9	129.0
19.2	Undergraduate Athletic		19.9		19.9
87.0	Graduate	19.7	61.6	9.3	90.6
231.9	Total	31.9	191.4	16.2	239.5
	Other Graduate Support				
54.8	Stipends	13.8	26.7	15.9	56.3
64.1	Tuition Allowance	27.7	17.5	21.1	66.3
98.6	RA/TA Salaries and Benefits	20.8	37.0	43.8	101.6
217.4	Total	62.2	81.1	80.8	224.2
83.7	Postdoc Support	0.7	25.2	60.7	86.6
533.0	Total Student Support	94.8	297.8	157.7	550.3

Graduate Student Support

Over the past 25 years, graduate student enrollment at Stanford has increased 32%, and a little over half of that growth occurred in just the last ten years. This rapid growth and the prospect that it will continue are cause for concern, as providing competitive and stable financial support for graduate students is one of Stanford's highest priorities. But graduate student enrollment and funding support is complex due to the decentralization of graduate admissions and the myriad funding sources for graduate student support. Schools and departments make admissions decisions locally, depending on available resources, and, in general, a combination of university resources and external funding is used to support doctoral students; masters and professional students typically pay their own way.

The sources of graduate student support include a combination of university restricted and unrestricted resources, as well as federally sponsored fellowships, research grants, and training grants. Grants and contracts from industry and foundations round out the picture. Together, funds from these sources cover all elements of graduate support: tuition allowance, fellowship stipends, salaries for serving as teaching assistants and research assistants, and health insurance.

To continue to attract the very best graduate students—and thereby support excellence in our faculty and research programs—requires that Stanford be mindful of several inter-related challenges:

- Over the past decade support for graduate students has increased more than fifty percent, from \$187.6 million in 1999/00 to \$285.5 million in 2009/10. Importantly, through the success of the Stanford Graduate Fellowships Program and other university fellowships, Stanford has reduced its dependence on the federal government for this support, resulting in a decrease in the share of graduate student funding from grants and contracts from 37.8% to 29.2% over this period. Nonetheless, a very constrained federal budget for the foreseeable future threatens to further erode federal support for graduate students.
- Two specific federally-funded programs, National Science Foundation fellowships and National Institutes of Health training grants, cap tuition reimbursement, which leaves substantial funding shortfalls in the Schools of Earth Sciences, Engineering, H&S, and Medicine. While some central university funding has been made available to offset the shortfall, the total will reach \$12 million in 2012/13, when the central commitment ends. Stanford is at a competitive disadvantage to many its peers who have lower tuition and/or grant tuition waivers as part of their financial aid packages.
- Each year schools and departments grapple with potential declines and discontinuities in the resources that support graduate students. In addition, they balance academic standards, faculty/student ratios, and cohort size when making admissions decisions. Some have asked whether our decentralized model is the best approach. While this is a reasonable question, this approach does encourage units to be creative and entrepreneurial in seeking additional resources to meet funding gaps and to support growth in graduate enrollment. The role of the central administration will likely continue to be, on a case-by-case basis, to step in when fundamental, systemic issues are encountered, such as the tuition caps required by federal programs.

Because graduate student funding is such a high priority, Stanford remains committed to identifying sufficient and stable flows of resources, knowing this will be an ongoing challenge for many years to come.

ignated funds) contribute a little less than 26%, restricted funds support about 45%, 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 \$86.6 million in 2011/12, an increase of 3.5% over 2010/11.

Total direct student support of all kinds is expected to be \$550.3 million in 2011/12, a 3.2% increase over the projected level for 2010/11.

Schedule 5 in Appendix B details graduate student 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 projected BIR for 2011/12 is 4.5% which is a decrease from the current year rate of 4.85%. The BIR is expected to increase slightly to 4.6% for 2012/13.

The 2011/12 internal debt service is projected to be \$164.6 million, a 4.2% increase over 2010/11. It includes debt service incurred to bridge finance the receipt of gifts and annual lease payments. The year-over-year increase is driven by additional planned and deferred maintenance projects in Residential and Dining Enterprises, the accelerated amortization of infrastructure assets that will be stranded as a result of the new energy facility project, and repayment of the stadium loan.

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 1.1% to just over \$1.1 billion in 2011/12. As is the case with salaries and benefits expense in 2011/12, the overall growth in non-compensation expenses is mitigated by the expected contraction in sponsored research. Non-salary expenses supported by all fund types except grants and contracts are expected to increase by 2.6%. The principal components in other operating expenses include: materials and supplies (\$244.0 million, of which about one-third are laboratory supplies); contracted outside services, which includes research subcontracts (\$277.8 million); capital equipment and library materials purchases (\$90.9 million); graduate student and post-doc stipends (\$90.4 million); food, entertainment, and travel (\$99.4 million); external payments for facilities and equipment operations and maintenance (\$48.8 million); external payments for telecommunications and utilities for campus buildings (\$47.6 million); services purchased from the hospitals (\$48.4 million); and rentals and leases (\$33.8 million).

Utilities and Operations & Maintenance - The delivery of utilities to the campus involves three significant components: 1) purchased utilities from outside of the university; 2) capital expenditures; and 3) other expenditures. Purchased utilities include electricity and natural gas from Cardinal Cogen for generating steam, chilled water, and electricity. Domestic water is purchased from the San Francisco Water District. For 2011/12 these purchased utilities represent approximately 51% of the total utilities cost. Capital expenditures are necessary for system expansion, replacement, controls and regulatory requirements. The amortization on these capital projects represents approximately 25% of the total utility costs. Amortization expense includes the cost of accelerating payments for a number of assets that will go out of service when the new central energy plant is constructed. Other expenditures include maintenance, materials, supplies, and staff labor costs to operate the utility systems. These expenses are about 24% of the utilities costs.

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

The 2010/11 budget included \$64.4 million for campus utilities costs, which was later reforecast to \$62.2 million due to recent significant decreases in the purchase price of natural gas, lower than budgeted sewer costs and lower purchased electricity prices. Utilities charge-out rates were reduced mid-year resulting in projected savings of approximately \$948,000 to the general funds budget. For 2011/12 budgeted campus utilities are expected to increase to \$70.1 million. This increase is primarily due to projected increases in natural gas and electricity prices, as well as projected costs associated with accelerating the debt payments for assets that will become obsolete when the new central energy facility is built.

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 \$109.0 million in 2011/12.

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, the 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 2011/12 of approximately \$3.7 million, of which \$344,000 will be funded by the Bing Concert Hall endowment. These O&M costs are primarily attributed to the 2011/12 completion of the Bing Concert Hall, the 3160 Porter Lease, and the Neukom Building and Serra Parking Structure, which were operational for less than 12 months in 2010/11. The incremental O&M costs are offset by projected savings resulting from the demolition of the Terman and Ginzton buildings.

Transfers

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

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

- **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

2011/12 we are projecting that a net \$2.3 million will be transferred to FFE from current operating funds. This compares to a projected \$75.1 million transfer from current funds to FFE in 2010/11, a decrease of \$72.8 million. The 2010/11 amount represents a significant amount of current funds transferred by the schools, including \$25 million by the GSB, almost \$14 million by the School of Medicine, and \$40 million of presidential funds from the Google investment proceeds, offset by an anticipated \$30.0 million withdrawal from the president's Tier II Buffer for a variety of university priorities. Our expectation is that several of these large transfers will not be repeated in 2011/12.

- **Transfers to Plant:** The transfers in this category are primarily to plant for capital projects. Total transfers of \$132.0 million to plant and other assets are planned for 2011/12. These transfers will increase slightly from the amount of \$131.3 million projected for 2010/11. Included in this is \$61.4 million in anticipated transfer from the Capital Facilities Fund (CFF) to support plant projects (see more on the CFF in Chapter 4). Additionally, the president and provost anticipate transferring \$18.3 million from their discretionary funds (principally the Tier II Buffer income fund) to support plant projects. Land, Buildings and Real Estate will transfer about \$9.8 million from the Planned Maintenance Program into plant improvement projects, while the School of Medicine expects to transfer \$24.7 million in funds for a variety of capital projects. The remainder is made up of a \$9.2 million general funds transfer for Academic Facilities Renovation, \$4.6 million transferred by the School of Humanities & Sciences, and smaller amounts distributed throughout the remaining units.
- **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 \$30.4 million of internal revenue flowing into the Consolidated Budget, primarily from capital plant funds, which are outside the Consolidated Budget, into service centers and other funds within the Consolidated Budget. Additionally, this line represents transfers of current funds to student loan funds, such as the loan forgiveness programs in Education and Law. It also includes any transfers from living trusts and pending funds.

This set of activity results in a net reduction from operating results of \$103.9 million.

GENERAL FUNDS

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

The general funds revenue in 2011/12 is projected to increase by 3.6% to \$1,040.6 million, a \$36.5 million increase over the expected level for 2010/11. While an increase in tuition revenue will virtually match the overall increase in general funds, several revenue items will decrease in 2011/12. The largest of these is indirect cost recovery from sponsored research, which is expected to decline \$7.9 million, or 3.6%, as federal stimulus funding will run out and federal research activity will slow. That decline and a smaller decline in Health Care Services funding from the hospitals will be offset by a 12.7% increase in investment income. Continued strong returns on the Expendable Funds Pool will result in a \$126 million addition to the Tier I buffer at the end of 2010/11, and that addition to unrestricted endowment will generate \$7.3 million in payout in 2011/12.

2011/12 Non-Formula General Funds

Per negotiated formula arrangements, \$164.1 million of the total general funds revenue will flow to the School of

Medicine, the Graduate School of Business, and the other formula units. The remaining general funds revenue is controlled and allocated by the provost. The total general funds available to allocate to the non-formula units in 2011/12 is \$860.9 million. This includes annual adjustments made for transfers to the university facilities and housing reserves, along with funds generated by the infrastructure charge. These adjustments are reflected in the Transfers section of the Consolidated Budget.

The Consolidated Budget for 2011/12 as anticipated a year ago included a \$21.2 million general funds surplus after accounting for increased expenses from new facilities costs, a salary program, and non-salary inflation adjustments. Numerous revenue streams have improved more than expected since that time, and continued restraint in increasing the base of expenses supported by general funds now results in a \$39.4 million surplus for 2011/12. The major changes since last year are as follows:

- Endowment income has increased by \$14.0 million due to stronger recovery of the market and additions to rebuild the Tier I Buffer along with increased lease revenue from endowed lands in the Stanford Research Park.
- Revenues will increase \$13.6 million due to tuition generated by additional students and indirect cost recovery from higher research volume, even after accounting for the effects of federal stimulus funding. Included in this total is additional revenue from Medicine through the formula agreement, partly due to changes in how the formula is calculated but also due to higher tuition, research and other revenue in that school.
- While some other revenues will decrease, such as the internal infrastructure charge, those decreases will be offset by expense decreases for utilities, debt service, and O&M. Due to the overall economy, salary and non-salary inflation adjustments were lower than anticipated, further reducing expenses by \$4.5 million.
- Because of these revenue increases and expense decreases, the university was able to allocate an additional \$1.3 million to undergraduate financial aid and \$12.9 million to various programs, on top of allocations anticipated a year ago, while still arriving at the higher surplus for 2011/12.

During the annual general funds budgeting process, each budget unit met with the Budget Group, the provost's budgetary advisory body comprised of senior faculty and

SUMMARY OF 2011/12 BASE GENERAL FUNDS ALLOCATIONS

[IN MILLIONS OF DOLLARS]

2011/12 Projected General Funds Revenue		1,040.7
Allocations to Formula Units		(164.1)
Infrastructure Charge Transfer In		25.6
Transfers to Facility/Housing/Other		(41.3)
2011/12 Non-Formula Base General Funds		860.9
Non-Discretionary Allocations		(68.3)
Capital Facilities Fund	(61.7)	
Incremental Facilities Costs	(6.6)	
2011/12 Allocable Non-Formula Base General Funds		792.6
2010/11 Non-Formula Base General Funds Allocations		717.7
2011/12 Incremental Base General Funds Allocations		35.6
Salary Program and Inflationary Adjustments	17.1	
Undergraduate Financial Aid	2.3	
Programmatic Allocations to Academic Units	10.5	
Programmatic Allocations to Administrative Units	5.8	
2011/12 Unallocated Surplus		39.4
2011/12 Allocable Non-Formula Base General Funds		792.6

administrators, to 1) review the financial health of the organization after budget reductions and two years of declining endowment payout; 2) report on the funding situation and size of graduate student and faculty populations, including any growth plans; 3) discuss other strategic directions; and, 4) 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.

The table above shows how the \$860.9 million in non-formula general funds will be allocated in 2011/12. As noted in the table, funds are set aside for the Capital Facilities Fund and incremental facilities costs to arrive at the \$792.6 million available to allocate to non-formula general units and to an unallocated surplus reserved for future needs.

The university's budgeting practice is to keep units' prior year general funds allocations in place and then make further additions or reductions based on programmatic necessity. The incremental allocations made for 2011/12 are detailed above and are reflected in the chart on the following page.

Salary Programs and Inflationary Adjustments: \$17.1 million

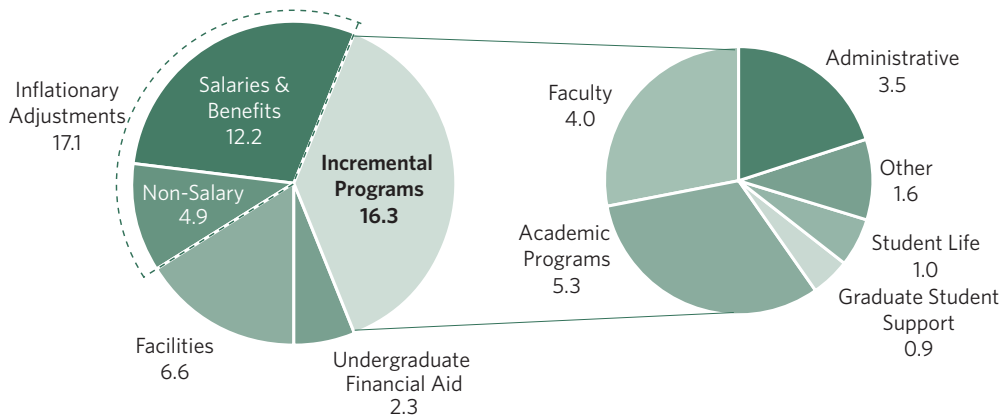
Although inflation and salary increases in academia have been quite low in recent years, \$12.2 million was allocated to fund a salary program and benefits increases to uphold the university's competitive position. After holding funding flat for most non-salary expenditures in 2010/11, a modest increase of 1.5% was allocated for 2011/12, and larger increases were granted for graduate financial aid and student health care expenses. Total inflationary adjustments for non-salary expenditures totaled \$4.9 million.

Facilities Costs: \$6.6 million

New facilities coming on-line during 2011/12 will require an incremental general funds allocation of \$4.3 million, for O&M, utilities, and debt service expenses. These include The Bing Concert Hall, the Neukom Building, and 3160 Porter Drive. Also, after declines in previous years, the cost for property and general insurance will increase \$1.0 million in 2011/12. Finally, the university will invest \$681,000 to increase the cleanliness standards provided by its custodial vendor, focusing on high-traffic and high-visibility buildings.

2011/12 INCREMENTAL GENERAL FUNDS ALLOCATIONS: \$42.2 MILLION

[IN MILLIONS OF DOLLARS]



Undergraduate Financial Aid: \$2.3 million

In the second year of a six-year plan to build up general funds support for the university's generous undergraduate financial aid program, an incremental \$1.0 million was allocated for 2011/12. Also, \$1.3 million was allocated to account for the 3.5% growth in tuition and the slight increase in the number of undergraduate students (which increases the number of students on aid). Both of these allocations are necessary to address growing costs in that program coupled with endowment payout declines the last two years, and there are increased efforts to fundraise additional scholarships in order to continue the program's strength.

Faculty Support: \$4.0 million

Like other schools, H&S hopes to use improving endowment payout and incremental endowed chairs created through fundraising to gradually increase its overall faculty size. While endowed chairs typically cover the ongoing salary and benefits costs of the chairholder, the school received \$1.5 million of incremental general funds to support the one-time costs associated with bringing a faculty member to the university (e.g., start-up packages, moving expenses, temporary support for summer salaries). The school will receive an additional \$1.6 million to address equity concerns among existing faculty and to be able to offer appropriate retention packages to faculty who receive outside offers. Earth Sciences will receive \$145,000 to support a new

faculty hire in a new disciplinary direction, Geobiology. Finally, \$753,000 of base general funds have been set aside to support new faculty in any school who qualify for the Faculty Development Initiative or Faculty Incentive Fund programs, established programs that encourage the recruitment of under-represented minorities to the faculty.

Academic Programs: \$5.3 million

Nearly a score of different items were funded to support academic programs throughout the university, the largest of which were \$1.2 million to revamp the research administration unit in Engineering, \$1.0 million to the Law School for overall support of their academic program, and \$1.0 million to the Vice Provost for Graduate Education in the final year of a multi-year commitment to build its base budget. Other notable items included \$450,000 to H&S for undergraduate teaching resources in economics and foreign languages, and \$500,000 to VPUE to reinstate the overseas seminar program.

Administrative Operations: \$3.5 million

The most significant allocations within administrative units went to Development and Business Affairs. Nearly \$800,000 of the \$1.7 million granted to Development was the last increment of a five-year commitment to build the unit's base operating support; remaining funds will be used to increase the number of major gift officers working on

behalf of the schools, to increase coordination with the Office of Hospital Development, and to bolster stewardship efforts. Of the \$1.4 million allocated to Business Affairs, \$625,000 will be used to mitigate risks and enhance compliance in the areas of financial management, information security, and global operations; and \$525,000 will be used to increase service and support for financial managers throughout the university. Smaller allocations were made to Undergraduate Admissions and Financial Aid to handle increased volume in applications for both admissions and financial aid, and to the Office of the President and Provost to increase institutional research resources.

Student Life: \$1.0 million

The Vice Provost for Student Affairs organization received incremental support for a number of the services it provides. Capacity for addressing students' mental and health needs will be improved through the addition of \$291,000 at the Vaden Health Center, and \$265,000 was added to fully staff the highly successful Student Services Center, a one-stop-shop for dealing with students' administrative and financial needs. A second year of incremental funding was provided to the Residential Education organization as that office continues to enhance and improve its offerings, and additional funds were provided to the Bechtel International Center for increased support of international students.

Graduate Student Support: \$908,000

Engineering had received significant one-time funding for a number of years to fully support their Teaching Assistant needs. Most of those funds were converted to base last year, and the final \$700,000 was converted to base in this year's allocations. Education received \$105,000 to help it increase its doctoral student population from 30 to 35, and \$103,000 was allocated to Education and Earth Sciences to fund staff positions in support of graduate students.

Other Allocations: \$1.6 million

The bulk of this funding went to Land, Buildings and Real Estate to support the investments that have been and continue to be made to reduce energy and natural resource consumption across campus. Faculty, staff, and student wellness remained a priority as one-time funds for the BeWell program were converted to base, and campus safety will be enhanced with the addition of one patrol deputy in the Department of Public Safety.

PROJECTED STATEMENT OF ACTIVITIES

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

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 follows the principles of fund accounting. It 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 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

COMPARISON OF CONSOLIDATED BUDGET AND STATEMENT OF ACTIVITIES, 2011/12

Unrestricted Net Assets

[IN MILLIONS OF DOLLARS]

STATEMENT OF ACTIVITIES			FISCAL YEAR 2011/12		
2009/10 ACTUALS	2010/11 JUNE 2010 BUDGET	2010/11 PROJECTED YEAR-END		PROJECTED CONSOLIDATED BUDGET	PROJECTED STATEMENT OF ACTIVITIES
			Revenues and Other Additions		
			Student Income:		
274.9	278.4	285.7	Undergraduate Programs	296.5	296.5
260.3	276.0	278.1	Graduate Programs	288.1	288.1
122.5	125.7	129.8	Room and Board	137.8	137.8
(227.4)	(217.4)	(231.9)	Student Financial Aid ^e		(239.5)
430.3	462.7	461.7	Total Student Income	722.4	482.9
			Sponsored Research Support:		
606.9	607.1	663.4	Direct Costs–University	650.2	650.2
332.8	345.7	346.3	Direct Costs–SLAC	346.3	346.3
203.0	197.9	224.9	Indirect Costs	216.9	216.9
1,142.6	1,150.7	1,234.6	Total Sponsored Research Support	1,213.4	1,213.4
454.2	459.7	480.0	Health Care Services ^{f,k}	549.2	(59.2)
159.7	165.0	200.0	Expendable Gifts In Support of Operations	205.0	205.0
87.8	75.0	80.0	Net Assets Released from Restrictions	80.0	80.0
			Investment Income:		
854.6	758.1	774.0	Endowment Income	838.1	838.1
28.3	119.1	112.7	Other Investment Income ^g	148.4	(32.0)
883.0	877.2	886.7	Total Investment Income	986.5	954.5
343.1	353.4	368.9	Special Program Fees and Other Income ^j	374.3	5.0
3,500.7	3,543.7	3,711.9	Total Revenues	4,130.8	(325.7)
			Expenses		
2,064.4	2,218.3	2,240.1	Salaries and Benefits ^{d,g,j}	2,291.7	49.7
65.3	98.1	72.0	Debt Service ^h	164.6	(82.8)
0.0	0.0	0.0	Capital Equipment Expense ^b	90.7	(90.7)
234.0	257.5	263.5	Depreciation ^c		281.1
			Financial Aid ^e	239.5	(239.5)
927.3	933.2	972.1	Other Operating Expenses ^{f,g,j}	1,037.2	(51.5)
3,291.0	3,507.1	3,547.7	Total Expenses	3,823.7	(133.7)
209.7	36.6	164.2	Revenues less Expenses	307.1	(192.0)
			Transfers		
			Transfers from (to) Endowment Principal ^a	(2.3)	2.3
			Transfers from (to) Plant ^a	(132.0)	132.0
			Other Internal Transfers ⁱ	30.4	(30.4)
0.0	0.0	0.0	Total Transfers	(103.9)	103.9
209.7	36.6	164.2	Excess of Revenues Over Expenses After Transfers	203.1	(88.0)
					115.1

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

Converting the Consolidated Budget into the Statement of Activities

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

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

- a) Eliminate Fund Transfers. The Consolidated Budget includes transfers of \$134.3 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, \$90.7 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 \$281.1 million of expense.
- d) Adjust Fringe Benefit expenses. The Consolidated Budget reports the fringe benefits cost based on the fringe benefit rate charged on all salaries; the rate may include over- or under-recovery from prior years. The Statement of Activities reflects actual expenses for fringe benefits, so the over- or under-recovery amount has to be removed from Salaries and Benefits. The Statement of Activities also includes accruals for certain benefits, such as pension and post-retirement benefits that are required by GAAP to be shown as expense in the period the employee earns the benefit. For 2010/11, GAAP expenses are expected to be higher than budgeted expenses by \$72.4 million.
- e) Reclassify Financial Aid. GAAP requires that the tuition portion of student financial aid be shown as a reduction of revenue. In the Consolidated Budget, financial aid is reported as an operating expense. Accordingly, \$239.5 million of student financial aid expense is reclassified as a reduction of revenues in the Statement of Activities.
- f) Adjust Health Care Services. For GAAP purposes, Health Care Services revenues received from the hospitals are reported net of expenses that the hospitals charge the university. The Consolidated Budget presents these revenues and expenses on a gross basis. This adjustment results in a deduction of \$47.3 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 \$32.0 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 \$24.8 million from compensation and \$7.2 million from non-compensation expenses, with no net change in the bottom line.
- h) Adjust 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. 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 \$82.8 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

\$30.4 million from plant funds into the Consolidated Budget for purchases of internal services must be eliminated.

j) Include Stanford Sierra Camp. The Statement of Activities includes the revenues and expenses of the Sierra Camp that the Alumni Association runs as a separate limited liability corporation. \$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).

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 \$11.9 million of revenue.

In summary, the impact of these adjustments decreases the Consolidated Budget's projected \$203.1 million surplus by \$88.1 million, resulting in a projected surplus of \$115.0 million in the Statement of Activities.

CHAPTER 2

ACADEMIC UNITS

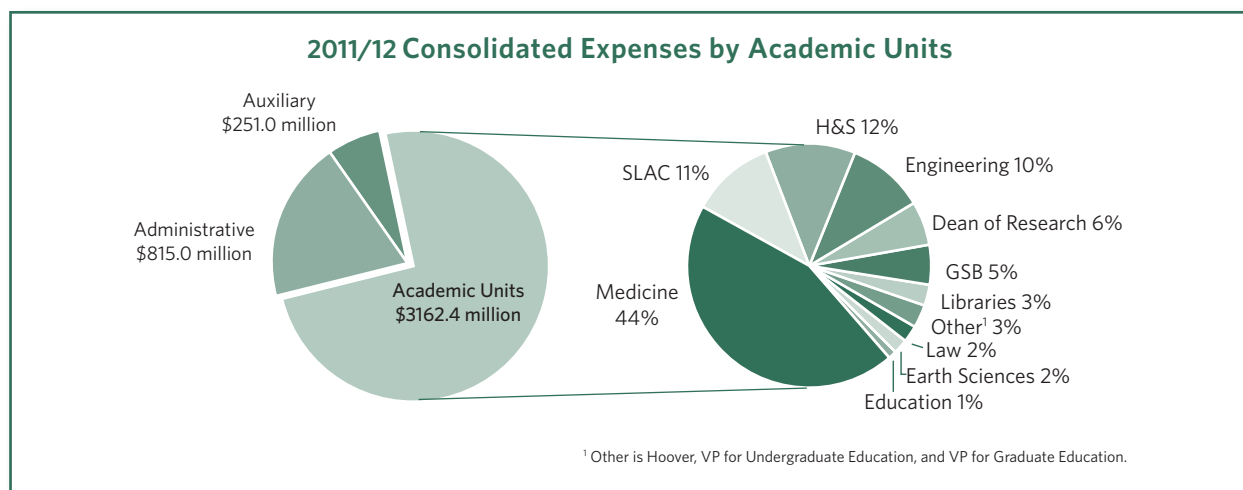
OVERVIEW OF ACADEMIC UNITS

This chapter summarizes programmatic and financial activity for each academic unit. It focuses particularly on financial conditions in each unit. The revenue expectation in 2011/12 for these academic units comprises about 78% of the university total revenue. Overall, the academic units project an operating surplus of \$77.1 million. After transfers to facilities and endowment, the unit budgets overall will be virtually balanced with a \$30.6 million surplus.

CONSOLIDATED BUDGET FOR OPERATIONS, 2011/12: ACADEMIC UNITS

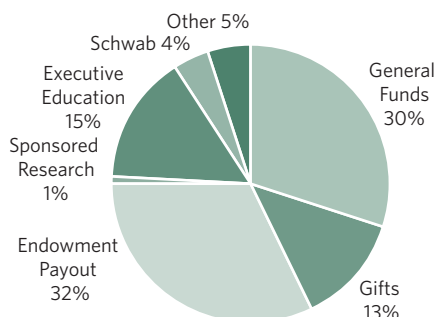
[IN MILLIONS OF DOLLARS]

	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	163.3	155.3	8.1	(2.0)	6.1
School of Earth Sciences	52.2	49.9	2.3	(3.0)	(0.7)
School of Education	43.3	43.2	0.1	(1.4)	(1.3)
School of Engineering	327.0	316.8	10.2	(1.8)	8.4
School of Humanities and Sciences	408.6	393.1	15.5	(7.1)	8.4
School of Law	68.7	65.1	3.6	(3.5)	0.1
School of Medicine	1,438.6	1,394.3	44.3	(27.4)	16.9
Vice Provost Dean of Research	190.5	196.1	(5.6)	4.2	(1.5)
Vice Provost for Undergraduate Education	42.7	41.2	1.6	(1.6)	(0.0)
Vice Provost for Graduate Education	3.7	5.7	(2.0)	(0.2)	(2.2)
Hoover Institution	45.5	43.0	2.6	(3.4)	(0.8)
Stanford University Libraries	101.0	104.4	(3.4)	0.8	(2.6)
SLAC	354.3	354.4	(0.1)		(0.1)
Total Academic Units	3,239.4	3,162.4	77.1	(46.5)	30.6



GRADUATE SCHOOL OF BUSINESS

2011/12 Consolidated Revenues \$163.3 Million



[IN MILLIONS OF DOLLARS]

	2009/10 ACTUALS	2010/11 PROJECTION	2011/12 PLAN TOTAL
Total Revenues	157.3	155.9	163.3
Expenses			
Salaries and Benefits	86.4	93.0	96.8
Non-Salary	49.0	57.6	58.5
Total Expenses	135.4	150.5	155.3
Operating Results	21.9	5.3	8.1
Transfers From (to) Endowment & Other Assets	1.0	(25.0)	(2.0)
Transfers From (to) Plant	(6.1)	(4.0)	0.0
Surplus / (Deficit)	16.8	(23.7)	6.1
Beginning Fund Balances	67.0	82.2	58.5
Ending Fund Balances	82.2	58.5	64.5

Programmatic Directions

The coming year will mark a milestone in the history of the Graduate School of Business (GSB), as it will be the first full academic year of operations at the newly completed Knight Management Center. After three years of construction, the Knight Management Center was dedicated as the new home for the GSB in April, 2011. The state-of-the-art complex offers flexible classroom spaces for hands-on experiential learning, small-group leadership labs, and team-based learning, which is critical for the innovative MBA curriculum. It engages faculty and students across the university, as well as alumni, global executives, and the broader world community.

The GSB Program in Innovation and Entrepreneurship (PRIE), which launched in January of 2011, is a four-month academic program for individuals formulating, developing and commercializing ideas. This innovative program provides exposure to both the fundamentals of business and the practical aspects of identifying, evaluating, and moving business ideas forward. The program uniquely combines current Stanford master's, Ph.D., M.D., and post-doc students with Silicon Valley innovators, scientists, and engineers. This is the only part-time program offered at

the GSB. The first session was very well received and the quality of the students exceeded expectations. This program will continue next year, and the intent is to enroll 60 students during the 2011/12 academic year.

One of the goals at the GSB is to expand the global presence of the school without building facilities abroad. To support this effort, the GSB faculty has begun to participate in faculty study trips during 2010/2011. The purpose of these trips is to increase the breadth and depth of faculty knowledge and to learn more about the culture, history and business climate of the country visited. The faculty also meets with local alumni and business leaders to learn about businesses and industries in which they are interested. Three trips will be conducted each year, and will include 12-15 faculty members on each trip. The trip is exclusive to faculty and a few senior staff who assist with trip administration. The plans are to visit India and China annually, as these are areas of strategic importance in the world. The location of the third trip will be decided by the faculty each year. Brazil has been selected to be the third location in 2011/12. Feedback from the faculty has shown these trips to be excellent development efforts that strengthen the faculty both individually and as a whole.

When the new MBA curriculum was developed, the GSB leadership determined that 110 tenure line faculty were needed to optimally deliver the components of the program. However, in spite of aggressive recruitment efforts during the 2009/10 academic year, the overall faculty level has remained flat in 2010/11 at 100. This is partially due to retirements, other departures, and a different recruiting environment. The GSB continues to recruit aggressively this year and hopes to have the full complement of 110 faculty in place for 2011/12. At the same time, the school plans to grow the Ph.D. program from 100 to 110 students, resulting in one Ph.D. student per faculty member.

Consolidated Budget Overview

The 2011/12 GSB consolidated budget for operations shows total revenues of \$163.3 million and expenses of \$155.3 million. After transfers for funding relocation costs associated with the move to the Knight Management Center, the consolidated budget is better than break-even at approximately \$6.1 million.

GSB revenues for 2011/12 are projected to grow slightly. Tuition increases will contribute to the overall revenue growth, as will a slight increase in expendable giving. Tuition revenue for degreed programs is expected to increase 6.1% over the current budget plan. The tuition for first year MBAs will increase by 3.9%, which is similar to the increases in prior years. Sloan students' tuition will remain flat. The main driver of the tuition growth is the result of small growth in class size for the MBA program, and greater growth for Sloan due to increased capacity at the Knight Management Center. The school forecasts executive education revenues to remain relatively flat, as the program experienced 10.5% growth over the last two years.

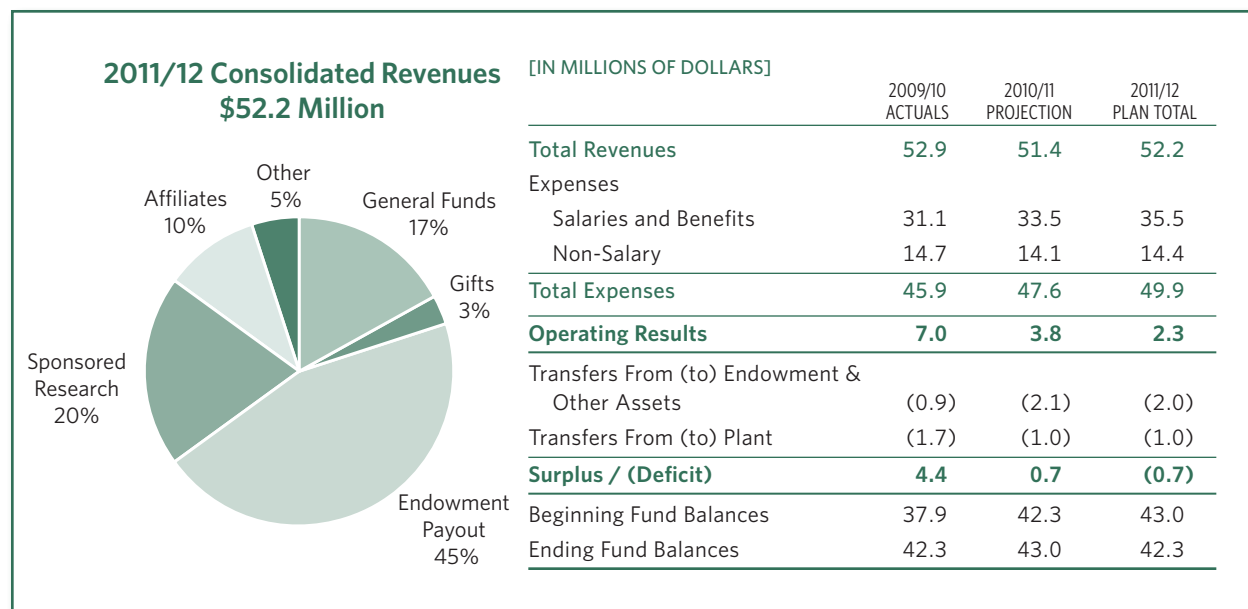
Endowment income is expected to increase 9.2% due to the planned payout rate from the university, payout from new gifts received in 2010/11, and payout from a planned investment of \$25 million of unrestricted reserves during 2010/11 for the Knight Management Center. During the 2009/10 academic year, the endowment provided 34% of overall funding for the school, particularly in the areas of teaching, research, and fellowships. In addition, the school expects an increase of 3% in expendable gifts over the current year-end projection. The GSB has been extremely fortunate in that alumni have been able to show continued generosity and

support of the school for both ongoing operations and the Knight Management Center.

GSB expenses are projected to increase by about 3% in comparison to the 2010/11 year end projection, excluding onetime expenses associated with the move to the Knight Management Center. Part of the growth is due to plans for increasing faculty as part of the longer term goals of the school to support the curriculum. The school intends to increase financial aid support at the same rate as tuition increase. The school will also incur incremental costs (estimated at \$1.9 million) associated with running operations at the Knight Management Center. Another incremental expense will be the debt service associated with the new buildings. The school is anticipating \$48 million of long term debt associated with the Knight Management Center, and a full year of debt service will be incurred in 2011/12.

The school expects 2011/12 reserves will show an increase of \$6.1 million over the projected ending balance for 2010/11. 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 \$4.0 million per year. This commitment reduces to \$2.0 million per year starting in 2012 as the school will vacate the Knight and Littlefield buildings which will be utilized by the university.

SCHOOL OF EARTH SCIENCES



Programmatic Directions

The School of Earth Sciences (SES) has engaged in strategic planning discussions focused on research and educational directions for the next decade. Several critical growth opportunities emerged that will distinguish Stanford Earth Sciences for the next generation.

In addition to the school's current areas of strength in energy resources, environmental and ecosystems sciences, and solid Earth sciences, geobiology poses the greatest opportunities. New disciplines emerge relatively infrequently, and few are as game changing for the study of Earth as is geobiology. Just as the integration of physics and chemistry with geology shaped the study of the planet in the twentieth century, biology is shaping it today. Geobiology addresses a range of fundamental questions at the interface between the biological and the physical Earth sciences. Stanford has a unique blend of expertise and facilities that will enable the development of a distinctive geobiology program unlike anything peer institutions can achieve. The School of Earth Sciences is poised to begin that development. With the help of incremental resources from the university, the school will search for one geobiology faculty member in 2011/12 and two more in successive years.

Equally, if not more, important is the school's commitment to diversifying its community. This is a national problem for the Earth sciences, with very few underrepresented minorities (URMs) receiving undergraduate or graduate degrees in these fields. For the past several years, SES has been developing a comprehensive diversity program and investing significant school resources in it, particularly in graduate student fellowships. In 2010/11, with corporate support, the school created the Office of Multicultural Affairs (OMA), which focuses on a range of efforts to improve the pipeline of diverse students and scientists to the Earth sciences. OMA's programs focus on student, postdoctoral scholar, faculty, and staff diversity; university-to-university collaborations; and international partnerships.

In 2011/12, with critical support from the university, the OMA will implement a full suite of activities, ranging from a summer residential program for URM undergraduates from other institutions to a "mini-sabbatical" program encouraging URM faculty from other institutions to spend two to four weeks at Stanford. SES will also bolster its Diversity Incentive Fund (DIF), which provides incremental graduate aid to departments for diversifying their pools of new graduate students. Critical incremental funding will allow

the school to increase by more than 30% the number of DIF fellowships awarded next year, and by 2013/14 SES hopes to have a fully implemented program with a steady state of 25 diversity fellowships.

The school has also earmarked resources to create a DIF for faculty hiring. Much like the university's Faculty Incentive Fund, the school's faculty DIF provides incremental resources for faculty hires of women and other URMs. All departments in the school are encouraged to identify top scientists from underrepresented groups as possible target-of-opportunity hires. Over the next several years SES hopes to add at least two incremental faculty through this effort.

SES hopes that these programs, taken together, will have demonstrable, long-term impact on the diversity of its overall population and yield a community more reflective of the diversity of American society.

As mentioned last year, the financial crisis and ensuing budget reductions interrupted the school's growth plans. With the economic climate substantially improved, Earth Sciences is looking forward to resuming faculty hiring in 2011/12. In addition to conducting the search in geobiology and potentially making a diversity hire or two, SES will recruit for faculty in energy resources and land and water use.

Consolidated Budget Overview

The 2011/12 consolidated budget shows total revenues and transfers of \$52.2 million and expenses of \$49.9 million. However, after estimated transfers to plant funds and endowment principal, the consolidated budget shows a deficit of \$700,000. Restricted revenues in 2011/12 are projected to increase 2.5% over the expected 2010/11 levels, growing by \$1.0 million. Endowment income is expected to grow 4.3%, or \$0.9 million, including \$150,000 of income from new gifts anticipated in 2011/12. All other types of restricted revenue, including sponsored research, are expected to remain relatively flat. Expenses are projected to increase 4.8%, or \$2.3 million, due primarily to salary increases, additional graduate aid allocated specifically to support junior faculty, increased spending for the diversity program, and a modest planned increase in staff and faculty. The school's accumulated balances are projected to decrease \$700,000 during 2011/12. Much of the decrease is anticipated in endowment. The school draws on its endowment balances to

pay for faculty start-up costs and facilities projects, as well as for the additional graduate student support for junior faculty. It is expected that future budgets will be balanced as a result of increased fund raising and growth in endowment payout.

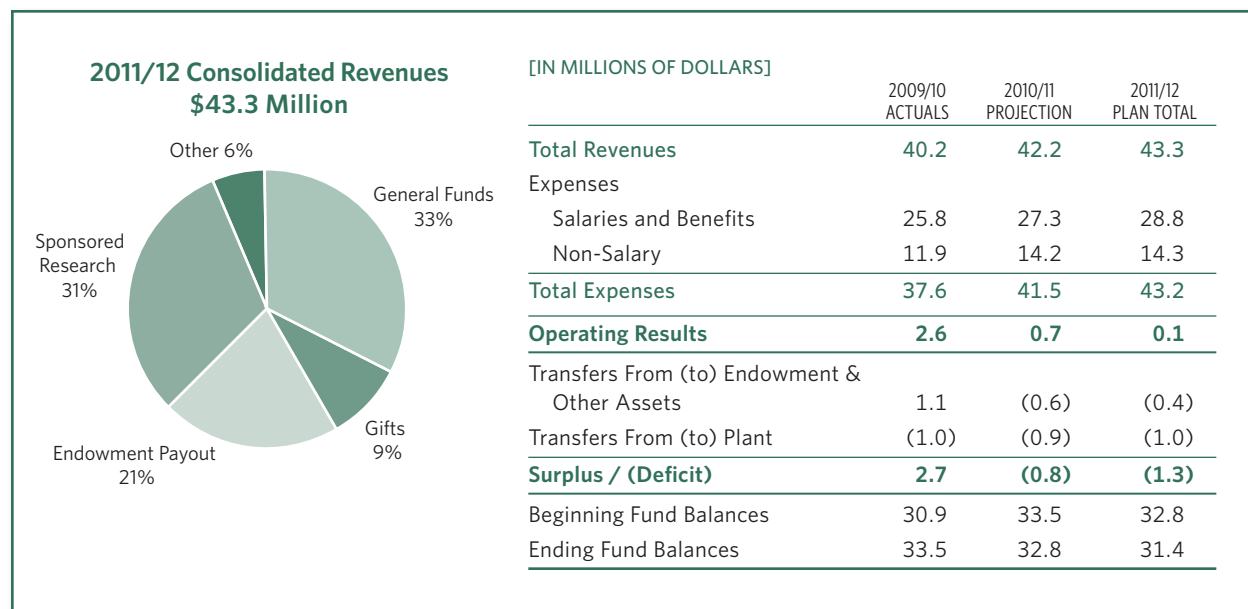
The year-end projection for 2010/11 shows an ending balance of \$43 million, with a net increase of \$700,000 across all fund types. Endowment fund balances will increase, primarily due to the change in payout restrictions on a number of fellowship funds. Designated balances are projected to increase as well, due to continued strong corporate support. Starting in 2010/11, school-sourced graduate aid has been funded through the operating budget as part of the school's efforts to have that budget more accurately reflect its true annual budget for core operations. Therefore, the operating budget for 2010/11 will have grown by about \$6.0 million (from its 2010/11 consolidated forecast), and corresponding expenses in restricted funds will decline.

Capital Plan

Earth Sciences' 2011/12 capital plan focuses on a handful of efforts aimed at using the school's limited space resources as efficiently as possible. Lack of adequate wet lab space has become an increasingly vexing problem as the school's facilities age and no longer meet current demands for power, cooling, air handling, etc. Therefore, the school will consolidate and renovate several laboratories in Green Earth Sciences to accommodate new faculty. SES will also examine the utilization and location of its classrooms and teaching labs with the hope of improving instructional spaces and freeing up much-needed laboratory space in Green.

Other efforts will focus on improvements to Branner Library, in collaboration with the University Libraries, and provision of adequate temporary and permanent space for the Center for Computational Earth and Environmental Sciences (CEES), the school's high-performance computational facility. CEES is fast outgrowing available capacity in Mitchell; the school is working with university partners to develop Stanford's Research Computing Facility with the hope of relocating CEES there by 2014. Finally, in recognition that it is running out of space to meet current and future demands, Earth Sciences will enter the planning stage for a new building.

SCHOOL OF EDUCATION



Programmatic Directions

In spite of a significant reduction in general funds two years ago, the School of Education has continued to grow, fueled primarily by restricted revenue generated by a network of interrelated, faculty-led centers. The university's K-12 Initiative has led to the formation of two new centers: the Center in Support of Excellence in Teaching (CSET) and the Center for Education Policy Analysis. Both encompass work focusing on improving leadership in education. In addition, School of Education faculty have successfully grown several other centers that explore issues around equity, opportunity, assessment, student stress, technology, organizations, and youth.

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

The school is committed to supporting these important areas of research while building faculty capacity and expanding and improving the student experience. As the demands for research, practice, teaching, and interdisciplinary efforts increase, a primary challenge has been—and will continue to be for the foreseeable future—helping faculty balance their many commitments. The school has benefited from a 20% increase in its faculty base over the past decade, which has enabled it to expand into developing fields and establish joint positions with other academic areas of the university. Recent and anticipated faculty appointments include affiliations with the Woods Institute for the Environment, the Center on Comparative Studies in Race and Ethnicity, Jewish Studies, and the Freeman Spogli Institute for International Studies. The school also hopes to bring aboard a cognitive neuroscientist, a move that will expand research in the science of learning. While these appointments broaden the school's footprint across campus, its faculty is interdisciplinary by nature, with its 53 members reflecting nearly 20 fields of study.

A recent programmatic initiative has been to expand the school's doctoral program from a baseline of 30 students to closer to 40 per year. While the faculty has grown significantly over the past decade, its doctoral cohort has not. To remain competitive the school needs to provide four years

of guaranteed funding for all doctoral students, but this, coupled with the sharp decline in endowment, has strained its graduate aid budget. Thanks in part to incremental funding from the provost, the school has been able to increase the cohort to 35, effective 2011/12.

In addition, over the past several years the school has made great strides in increasing the engagement of undergraduate students. It sponsors an honors program, the Education and Society theme residence, a master's cotermin program, and a minor in education that gives official credit to undergraduates interested in learning how to apply the knowledge they gain in their majors to the diverse field of education.

A key challenge for the school will be achieving its programmatic goals given constrained resources. The school anticipates that unrestricted funds will grow minimally over the next several years. Thus, leveraging restricted funds—expendable gifts, endowments, and contracts and grants—will be essential if it is to continue to thrive. As school centers receive no general funds support, their growth must come from successful fundraising.

The school must also continue to be strategic about deploying its existing resources, most notably staff, but also equipment and space. Over the past two years the school has explored a number of opportunities to increase administrative efficiencies. These include restructuring several jobs to shift staff to address the most pressing needs, sharing staff members between two or more units, enhancing systems to empower individuals to access useful information without administrative assistance, and streamlining processes to eliminate redundancies.

The scarcity of available office space in the school's three buildings presents an ongoing challenge, but the school has made significant efforts to consolidate and free up space for necessary growth. It has revised the student office space policy, converted common areas and meeting rooms into offices, and invested funds to improve space configurations.

In spite of recent financial, administrative, and space challenges, the School of Education is well-positioned to continue its efforts to generate new knowledge, train educational researchers and practitioners, improve educational practice, and inform policy.

Consolidated Budget Overview

The School of Education projects a \$1.3 million consolidated deficit in 2011/12 after an estimated \$1.0 million transfer

to plant for a major lecture hall renovation project. Aside from this capital expenditure and a slight drawdown in accumulated gift and faculty designated funds, the school anticipates an essentially balanced budget. Similarly, the projection for 2010/11 indicates an \$800,000 deficit after a \$900,000 transfer for a lab build-out project. School revenues are expected to increase significantly this year due to strong growth in grants and contracts, in particular from non-federal sources, which contribute over two-thirds of the school's research support.

The School of Education is maintaining a healthy level of sponsored research activities. The volume of proposal submissions remains consistently high as a result of the new centers, new faculty, and the trend toward more collaborative research across disciplines. While the school has not benefited greatly from American Recovery and Reinvestment Act (ARRA) funds, increased efforts to access federal funds have yielded moderate growth in proposals submitted to agencies such as the U.S. Department of Education's Institute of Education Sciences and the National Science Foundation. The school projects that non-federal activities will remain strong due to improvement in the general economy and the endowment outlook of private foundations. Federal activity is expected to decrease slightly.

School reserves will be somewhat diminished due to the facilities projects noted above. However, the level of reserves provides an adequate contingency. Going forward, the school will seek to carve out base funding to address ongoing facilities needs.

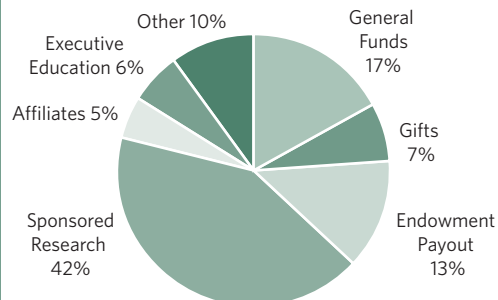
Capital Plan

To support leadership in academic programs and to attract outstanding students, staff, and faculty, the School of Education is upgrading and improving its existing spaces. In 2011/12, the school plans to invest funds to transform an aging 150-seat lecture hall into a state-of-the-art auditorium. The school is also committed to improving student space configurations and revitalizing gathering spaces as the demands of new centers and multidisciplinary activities necessitate more efficient use of space. University and school reserves will fund these projects.

The school anticipates the second phase of the Cubberley Building seismic update, which will add concrete shearwalls in the remainder of the building. The specific scope and timing of this project are still to be determined.

SCHOOL OF ENGINEERING

2011/12 Consolidated Revenues \$327.0 Million



[IN MILLIONS OF DOLLARS]

	2009/10 ACTUALS	2010/11 PROJECTION	2011/12 PLAN TOTAL
Total Revenues	313.3	314.4	327.0
Expenses			
Salaries and Benefits	161.5	176.3	183.8
Non-Salary	130.5	127.7	133.0
Total Expenses	292.0	303.9	316.8
Operating Results	21.3	10.5	10.2
Transfers From (to) Endowment & Other Assets	(4.9)	(11.2)	(1.8)
Transfers From (to) Plant	(8.0)	(0.2)	0.0
Surplus / (Deficit)	8.5	(0.9)	8.4
Beginning Fund Balances	199.5	202.5	201.6
Ending Fund Balances	202.5	201.6	210.0

Programmatic Directions

In June 2010, the School of Engineering (SoE) moved into its new home, the Jen-Hsun Huang Engineering Center on the Science and Engineering Quad (SEQ). The Huang Engineering Center is an inviting hub that welcomes the Stanford community to engage in interdisciplinary scholarly collaboration and further positions the school to achieve great things.

SoE is now focused on fundraising for and designing SEQ's fourth and final building, the future home for the Bioengineering (BioE) and Chemical Engineering departments (Building 4). This critical building will feature specialized labs and offices for faculty, students, and administrators. It will connect underground to its neighboring structures and complete the SEQ in 2014. Preparing Building 4 is a major programmatic undertaking for SoE and is also a fiscal concern (see Capital Plan section), mainly because of slow fundraising. Aside from Building 4, the financial issues SoE faces are largely associated with day-to-day operations.

SoE ranks alongside MIT as one of the nation's top engineering schools. It continues to succeed in recruiting graduate students, even in head-to-head competition with peer institutions. The school is also generally able to recruit any

faculty member to whom it makes an offer and has very few retention problems. Following successful fundraising in support of faculty, the school opened nine billets in mid-2011 and is once again recruiting.

A competitive strength of SoE is that it sits within one of the world's great liberal arts universities and thus is able to build partnerships with world-class experts in essentially all academic disciplines. SoE has leveraged Stanford's broader strengths by, for example, building the unique BioE department, jointly managed by the engineering and medical schools. BioE remains the only such department managed this way in the country, and the only department jointly managed by two schools at Stanford. This interdisciplinary structure will help to make BioE the top-ranked program in the country in a few more years.

SoE is making major changes to its undergraduate and graduate programs to prepare students for 21st-century careers. The Stanford Technology Ventures Program (STVP), for example, hones skills in entrepreneurship, innovation, and creativity. The National Academy of Engineering recently recognized STVP as the best program of its kind, awarding it the Gordon Prize.

SoE continues to champion the establishment of major shared research laboratories in areas such as nanoscience and nanotechnology. Through shared labs, faculty benefit from experimental equipment that would be cost prohibitive to obtain on an individual basis.

SoE is well known for its impact on Silicon Valley, creating new ideas for existing and start-up companies and educating the people who create and drive them. Historically this impact has been primarily in information technology (semiconductors, computers, software), with over 1,000 companies tracing their roots to SoE. While this IT impact shows no signs of abating, the school's portfolio of new companies and new technologies has expanded in recent years.

Research continues to be of great strategic and fiscal importance to SoE. To better support its prolific principal investigators (PIs), the school implemented an entirely new Engineering Research Administration (ERA) service model in 2010/11. With additional university support, ERA increased its staffing levels, which had stagnated since 1998 and not kept pace with the increase in research activity and complexity. The new ERA locates research administrators (RAs) proximate to PIs, fostering collaboration, communication, and rapport. RAs had previously worked from an isolated, central location. ERA will continue to report to the Dean's Office, ensuring consistent research administration across the school. At the request of PIs, ERA will also continue to manage research both pre- and post-award, providing one RA contact to handle every phase.

Consolidated Budget Overview

In 2011/12, the school anticipates an \$8.4 million surplus leading to ending fund balances of \$210 million (approximately 4% over the beginning balances). It anticipates that both revenue and expense will grow by \$13 million (4% over 2010/11), producing a \$327 million consolidated revenue budget and a \$316 million consolidated expense budget for 2011/12.

The projected surplus is due to anticipated stronger showings in designated income, restricted expendable gifts, and endowment income. Faculty and divisions or laboratories within departments control 48% of designated fund balances. Faculty or divisions and laboratories control 73% of expendable fund balances. Substantial percentages of restricted expendable and designated funds are earmarked for research. Endowment income funds are mainly focused on faculty and student support.

For 2011/12, sponsored research expenditures are projected to represent 44% of the school's consolidated budget, though the rapid growth seen recently (compound annual growth rate of 6% for 10 years) is projected to level off.

For 2010/11, SoE projects a deficit of \$900,000 after \$11.2 million in transfers to assets. This deficit is a change from the budgeted surplus (in August 2010) of \$3.7 million, and is due largely to departments reinvesting endowment income to principal, and using designated and gift funds to establish new endowments.

For 2010/11, the school projects \$7 million less expense than in the August 2010 budget, due in part to a slowing of sponsored research spending. Sponsored research activities are projected level off soon, having spiked the previous two years. In 2010/11, SoE's research expenditures in federal and non-federal award are projected to total \$141 million. Approximately \$54 million in sponsored research conducted by SoE faculty is associated with the Dean of Research, representing the interdisciplinary approach.

Capital Plan

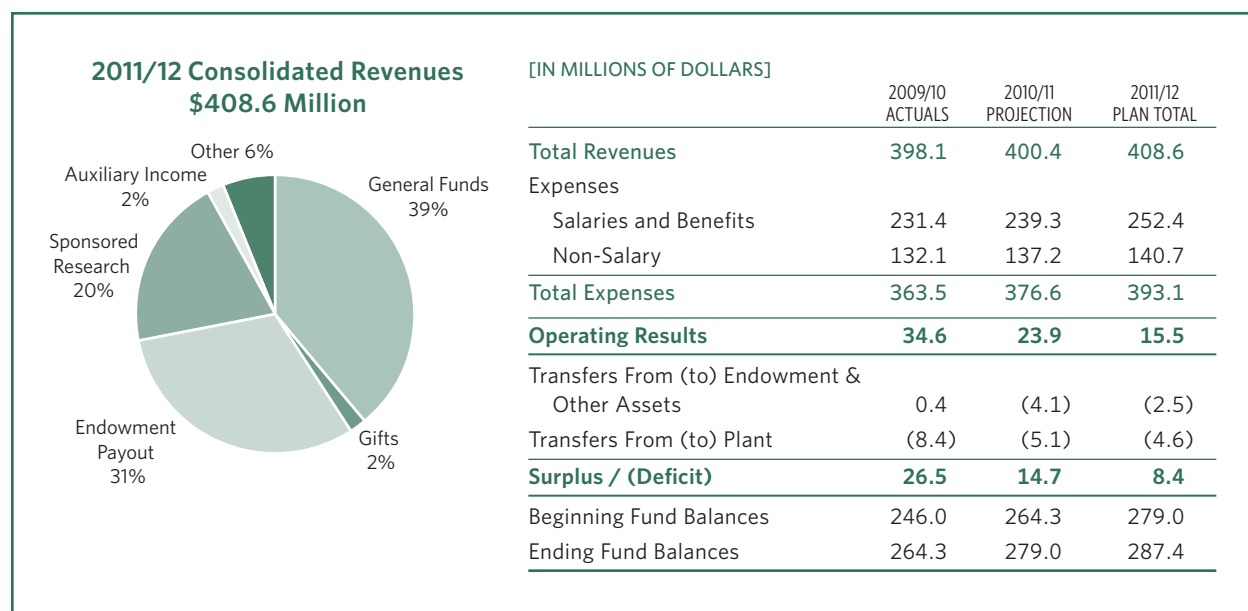
SoE has made continued progress toward its strategic goal of housing all departments in "21st-century" facilities. Major planning is now under way for SEQ's largest and final building, Building 4. The demolition of Terman and Ginzton Labs and the construction of Building 4 in Ginzton's place are both slated for summer 2011. Building 4 will cost \$211 million, with SoE responsible for up to \$49 million.

Last year, the school put a hold on Panama Mall capital projects because of economic uncertainty. It used this period to evaluate its plans and prioritize projects. Based on this evaluation, SoE will focus on renovating Building 02-520, Building 02-524, and Durand, starting in summer 2011. These renovations will provide needed space for Mechanical Engineering, Materials Science & Engineering, and Aeronautics & Astronautics.

The school has identified specific locations to meet its Registrar's Office obligations to provide replacement classroom spaces and is in the process of either renovating or building such spaces.

Funding constraints continue to delay the Green Dorm project.

SCHOOL OF HUMANITIES & SCIENCES



Programmatic Directions

Although the financial pressures of the past two years have created significant stresses and challenges, the School of Humanities & Sciences (H&S) has emerged in a strong position, able to advance strategic goals and take advantage of opportunities as they arise. Successful implementation of reduction plans over the past two years has resulted in greater efficiencies, and resource streams are now better aligned with school priorities. The H&S budget is fundamentally in equilibrium, with school reserves large enough to support onetime costs associated with several key priorities.

The strategic priorities for H&S continue from prior years. Achieving faculty hiring equivalent to departures has become the school's primary concern as it works to reverse net decreases in faculty FTE resulting from retrenchment during the past two years. H&S also remains committed to increasing diversity in the graduate student population and has joined with the provost to increase funding to encourage departments and programs to admit a more diverse doctoral student body. More broadly, increasing the overall number of graduate students remains a priority. While some departments are able to support the desired number of graduate students, achieving a viable cohort is still a problem in others. Larger cohorts will better enable these

departments to meet teaching needs and adequately support faculty research programs. H&S will continue to seek fundraising opportunities and ways to more efficiently use existing resources to achieve this goal. A detailed analysis of faculty salaries conducted in 2010/11 revealed equity issues across the school, particularly at the full professor rank. The provost has provided an additional salary pool to correct this problem during the 2011/12 salary-setting cycle, and the school will continue to monitor the issue.

The economic downturn has provided a temporary respite from faculty retention cases. As the economy recovers and competing universities resume hiring, H&S anticipates a significant upswing in retention cases. During 2011/12 the school will work with the provost to create strategies to address this problem. Tuition shortfalls on training grants and nationally competitive fellowships are an emerging problem in H&S and across the university. Tuition caps imposed by grantors are widening the funding gap historically filled by departments and faculty. The overall shortfall has grown to the point that a more sustainable solution will need to be found. H&S will continue working with the Office of the Vice Provost for Graduate Education (VPGE) and the provost to better understand this growing problem and identify solutions.

Consolidated Budget Overview

The 2011/12 Consolidated Budget for Operations shows total revenues of \$408.6 million and expenses of \$393.1 million, for a net operating result of \$15.5 million. After \$7.1 million of transfers to plant and capitalization of endowment payout, the school's net surplus is \$8.4 million. This surplus is \$6 million less than the 2010/11 surplus, primarily due to overall expense growth rates that exceed revenue growth rates and incremental expenses for the ramp-up of strategic priorities.

Planning assumptions for most ongoing revenues and expenses are in alignment with university guidelines. Endowment payouts are projected to be 1% above the 3.6% university growth parameter due to new endowment funds and other funds that do not contain total return policy language and that were underwater in 2010/11. Sponsored research volume decreased 2% during 2010/11 but is projected to recover in 2011/12.

For 2011/12, H&S received \$3.5 million of incremental provostial funding for key strategic areas. This figure includes funding to increase faculty recruitment to achieve replacement-rate hiring, two faculty salary funding pools targeted at correcting gender equity issues and reducing the number of retention cases, additional support to increase diversity among graduate students, and increasing support of undergraduate teaching in Economics and the Language Center.

An increased number of faculty searches begun in 2010/11 will yield new hires during 2011/12, and onetime expenses for faculty start-up packages are projected to increase by \$4 million. For the most part, departments and programs are maintaining the conservative expenditure rates established with expense cuts two years ago. Funding and expense timing differences across 2010/11 and 2011/12 related to the Cognitive and Neurobiological Imaging Center in the Psychology Department result in a \$2 million decrease to the school's net surplus.

While 2010/11 fund balance growth is projected to be fairly evenly split between the Dean's Office and departments and programs, two-thirds of this growth in 2011/12 will accrue to departments and programs. Dean's Office endowment flows were disproportionately affected by the 25% endowment payout reduction across the past two years because this control point holds all endowed chairs and many graduate aid funds. As annual payouts were reduced, a larg-

er proportion of payout was used for operating budget support, ending the large surpluses experienced in 2008/09 and 2009/10. Across the past three years, fund balance growth has also been slowed somewhat by an intensive effort to capitalize highly restricted accumulated balances. Capitalizations are projected to decrease by \$2 million from 2010/11 levels as opportunities for them diminish.

Unspent fund balances at the end of 2011/12 are projected to total \$287 million, with approximately 40% controlled by the Dean's Office, 40% controlled by departments/programs and 20% controlled by faculty. Wealth is very unevenly spread across departments and programs and the Dean's Office continues to consider actual and target balances when making funding decisions. Faculty-controlled balances are largely comprised of research support that will be spent during the next five years.

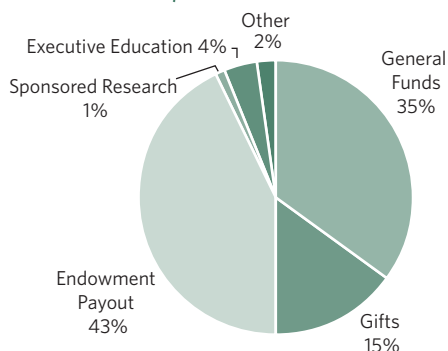
Capital Plan

H&S recently began programming and design on the McMurtry Art and Art History Building. The project will move the department, including the Film and Media Studies programs, to a new facility adjacent to the Cantor Arts Center. Along with the Bing Concert Hall, on schedule to be completed in summer 2012, the McMurtry Building will help support new H&S and campus-wide Arts Initiative interdisciplinary programs.

The school hopes to move forward within the next few years on a new Biology/Chemistry undergraduate teaching lab facility. The building will support innovation in the undergraduate curriculum in ways that the current outdated teaching laboratories cannot. The school also hopes to revive plans for a new Biology research building to replace the outdated laboratories in Herrin Labs and facilitate state-of-the-art research. The school continues to undertake a range of laboratory and other renovations in support of new faculty recruitment, program growth and development, and ongoing needs.

SCHOOL OF LAW

2011/12 Consolidated Revenues \$68.7 Million



[IN MILLIONS OF DOLLARS]

	2009/10 ACTUALS	2010/11 PROJECTION	2011/12 PLAN TOTAL
Total Revenues	62.2	63.8	68.7
Expenses			
Salaries and Benefits	36.8	40.5	43.9
Non-Salary	17.5	19.7	21.2
Total Expenses	54.3	60.2	65.1
Operating Results	8.0	3.5	3.6
Transfers From (to) Endowment & Other Assets	(4.8)	(2.5)	(1.5)
Transfers From (to) Plant	(0.1)	(1.1)	(2.0)
Surplus / (Deficit)	3.1	0.0	0.1
Beginning Fund Balances	19.1	20.1	20.1
Ending Fund Balances	20.1	20.1	20.2

Programmatic Directions

Over the past few years, Stanford Law School (SLS) has aggressively responded to the unprecedented challenges posed by the global economic downturn. When the downturn began in 2008/09, endowment payout represented 61% of the school's consolidated budget. In 2011/12, it will cover less than 45%. The decline in both school endowment and university general funds required the law school to reduce its consolidated budget by \$4.7 million, or 8%.

The school accomplished this without reducing academic support or student services, instead resorting to solutions such as decreasing its administrative staff 12.5% (cross-training remaining staff to ensure service continuity), creating online forms to bundle tasks and purchase orders, moving the telephone system to VoIP, and reducing the number and size of external relations events. As a result, though challenges remain, SLS has turned the corner on most pressing financial matters and is now fiscally stable and primed to capitalize on new opportunities. The goodwill of students, faculty, staff, and alumni has been paramount in this recovery.

Financial aid remains an extremely high priority. In the past several years, without any change in school policies for

awarding aid, the percentage of students with need great enough for them to receive scholarships rose from 50% to 60%, while the average award increased 20%. The net result is a planned deficit in the school's dedicated financial aid budget of almost \$3 million. The financial aid expense increases were not attributable solely, or even mostly, to the economy. They resulted from factors such as an older student applicant pool, a greater number of students pursuing employment in public service and public interest (rather than the private sector), and the decision by law firms to shorten their summer programs from ten to eight weeks, thereby reducing the self-help component used to calculate financial aid packages. For now, the law school is covering the deficit with reserves. To solve the shortfall permanently, it plans to raise \$20 million specifically for this purpose and to adjust financial aid policies as needed.

SLS would like to make experiential learning through the Mills Legal Clinic an essential part of every law student's course work. To have sufficient slots requires ten fully operational clinics. SLS had just reached that goal in 2008/09 when the economy collapsed, forcing it to put two clinics into abeyance. Along with financial aid, raising money for the Mills Legal Clinic has become a priority of SLS

fundraising. Its efforts have allowed the school to relaunch both inactive clinics, one in international human rights, the other in intellectual property and innovation. Searches are under way for new directors so that these two clinics can be operational in 2011/12. Lastly, the school has further fundraising goals to ensure long-term financial stability for the clinic program.

Last year, SLS embarked on a program to hire five new faculty members, taking advantage of opportunities to make strong lateral hires from peer schools. The figure of five represents a compromise between having a faculty sufficiently large and diverse to offer rich curriculum and having one small enough to preserve an interactive and collaborative educational environment. The school has had early success with one hire. There are numerous twists in the recruiting process, but SLS remains optimistic and continues to recruit aggressively.

Consolidated Budget Overview

SLS is projecting a minimal consolidated budget surplus of \$92,000 in 2011/12. Consolidated revenues are \$68.7 million, up from \$63.8 million in 2010/11 as a result of increases in general funds, expendable gifts, and, for the first time in two years, endowment income payout. In 2011/12, consolidated expenses will increase to \$65.1 million from \$60.2 million in 2010/11, in large part due to the reactivation of two clinics, creation of the Steyer-Taylor Center, growth in existing centers, and continued augmentation of the faculty. From an operating perspective, this results in a 2011/12 consolidated surplus of \$3.6 million, the same as in the previous year. Transfers to assets are \$3.5 million in 2011/12. The Law School will transfer \$1.5 million to cover the annual cost of its loan repayment assistance program, and \$2 million to capital to start the third floor remodel of Crown Quadrangle. The school's consolidated fund balances will remain virtually unchanged at \$22 million.

A three-year phase-in of larger JD and graduate student classes that will increase income by roughly \$450,000 will conclude in 2011/12. This is also the second year of a planned two-year SLS tuition increase of \$2,000 (\$1,000 per year) above the standard university graduate tuition increase. This increase will provide additional 2011/12 income of almost \$550,000. In addition, SLS projects an 11% increase in gift proceeds in 2011/12. This is due principally

to two new gifts: a pledged \$1 million payment (spread over two years) from the Crown family, designated for renovating the Crown Quadrangle building, and approximately \$800,000 from Tom Steyer and Kat Taylor for the new Steyer-Taylor Center for Energy Policy and Finance.

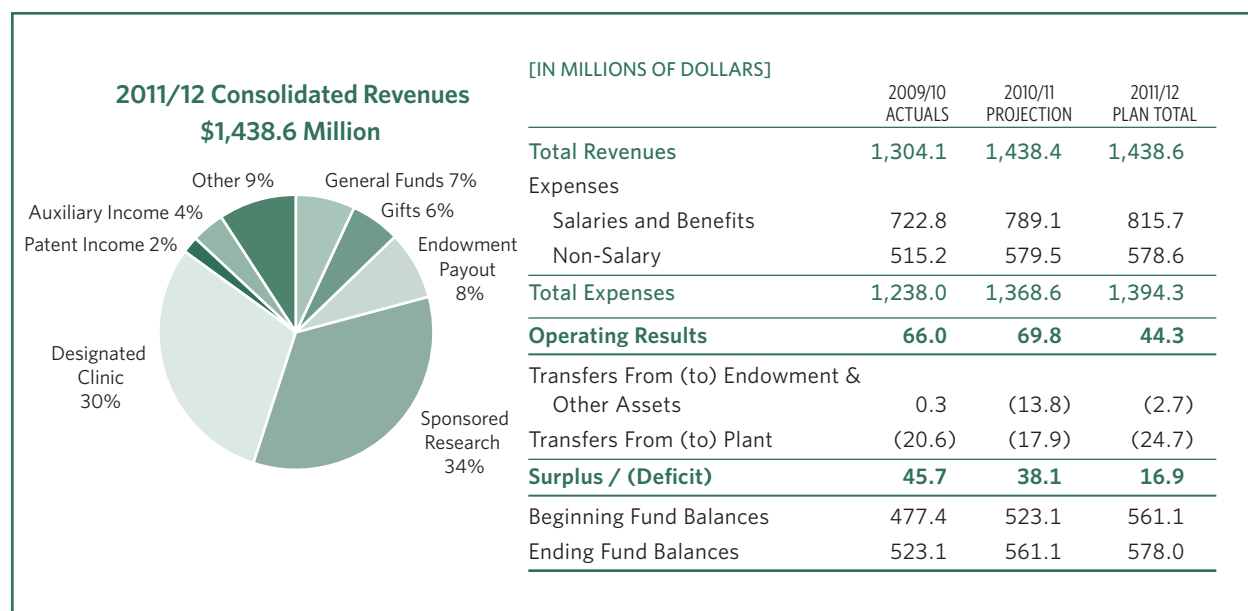
For myriad reasons, expense growth in 2011/12 will be approximately 8% higher than in the previous year. There will be across-the-board increases in compensation (\$3.3 million) and non-compensation expenses (\$1.6 million). Finally, SLS will begin moving into the William H. Neukom Building in summer 2011, which will trigger incremental debt service and other non-compensation expenses in 2011/12.

Capital Plan

Construction of the William H. Neukom Building is nearly complete. Faculty and staff will begin moving in soon after the building is dedicated on May 20, 2011. This facility will provide much-needed space for expansion of the Mills Legal Clinic and for work in the ever-expanding field of empirical legal studies. Total project cost is expected to be on budget at \$68.5 million (which includes a \$4.6 million contribution to the GSB for the Kresge replacement), significantly less than the \$80 million originally projected.

To complement the Neukom Building, the law school is developing a phased strategy to renovate and modernize the Crown Quadrangle. Phase one involves renovating the basement and third floor. Initial surveys indicate the current second-floor library staff offices and third-floor library collection can be moved to the basement at a cost of \$2 million, while full renovation of the third floor is estimated at \$11 million. Phase two involves renovating the first- and second-floor offices to make them more efficient and bring them into line with university space policy guidelines. The estimated cost for this phase is another \$2 million. Hence, preliminary total project costs are anticipated to be approximately \$15 million. The school plans to begin the renovation in summer 2012. Early estimates indicate it will create as much as 15,000 square feet of space for interdisciplinary programs.

SCHOOL OF MEDICINE



Programmatic Directions

After a decade of planning, the Li Ka Shing Center for Learning and Knowledge (LKSC) officially opened in September 2010. Within a month, the Lorry I. Lokey Stem Cell Research Building opened. These two buildings constitute the new face of the School of Medicine and bring harmony and architectural integrity to the school. The LKSC symbolizes the transformation of medical education, in concert with the school's new curriculum, which began its first phase in 2003 and continues to evolve, and is supported by this facility. The Lokey Building, funded through generous donors (especially the naming donor, Lorry Lokey) and a \$43.6 million grant from the California Institute of Regenerative Medicine (CIRM), is the largest dedicated stem cell research facility in the nation. The 33 research laboratories in the building focus on stem cell research discoveries and their translation into preclinical applications, innovative therapies, and treatments.

Basic science research funding through American Recovery and Reinvestment Act (ARRA) and CIRM provided opportunities to create knowledge and potential future cures of human disease. Unfortunately, the federal research budget seems unlikely to keep pace with inflation during the years ahead. Accordingly, the school's highest priorities are to support current faculty by raising gifts for professorships

and research support for junior faculty, diversifying research funding sources, addressing critical research needs, and optimizing research space utilization. At the same time, it is important to make progress on the next phase of the school's Master Plan, including Foundations in Medicine 1, the Jill and John Freidenrich Center for Translational Medicine, the CJ Huang Building, and the BioE/Chemical Engineering facility. In tandem, it is imperative to develop new approaches for the efficient and effective management of research cores (including critically needed animal facilities) and assure continual recruitment of research faculty of the highest quality.

A related challenge is funding for graduate education and postdoctoral training. Think tanks on medical student, graduate student, and postdoctoral training were held in fall 2010. The school anticipates continued work on medical and graduate education over the next year, focusing on new technologies along with efforts to enhance humanism and professionalism. The Affordable Care Act of 2010 will dramatically change the healthcare landscape over the next decade. Reductions in clinical revenues to physicians and hospitals are virtually certain, although their nature and timeline are not. They highlight the importance of engineering efficiency and focusing on patient-centered care that features quality, safety, and cost-effectiveness.

The school has achieved integrated clinical planning with Lucile Packard Children's Hospital (LPCH) and is currently engaging with Stanford Hospital & Clinics in comprehensive planning. Integrated plans on service lines, such as cardiovascular services, cancer care, and neuroscience, are under way. Additional considerations to support this integrated clinical planning are under evaluation.

Consolidated Budget Overview

The school projects an overall surplus of \$16.9 million in 2011/12, compared to \$38.1 million in 2010/11. Surplus from operations will be \$44.3 million in 2011/12, a \$25.5 million (36.5%) decrease from \$69.8 million in 2010/11. Transfer to plant and endowment will be \$27.4 million, which is lower by \$4.3 million (13.6%) than the 2010/11 projection of \$31.7 million.

Revenue

Revenue and transfers for 2011/12 are projected to stay flat at \$1,438.6 million, compared to \$1,438.4 million in 2010/11. Key drivers include the following:

- The majority of awards from ARRA end in 2010/11, driving federal and non-federal sponsored research revenues down 4.6% from 2010/11 to 2011/12. This decline, however, is from a total research revenue base that increased 11.7% between 2009/10 and 2010/11, the first and second years of ARRA funding. In addition, growth in incremental faculty and new awards from CIRM will dampen the decrease between 2010/11 and 2011/12.
- Clinical professional service agreement and service payment revenues are projected to grow 2.8% from 2010/11 to 2011/12. This growth reflects clinical program expansion and a onetime revenue stream in 2010/11 resulting from the change in LPCH's funds flow payment.
- Expendable funds pool payout is projected to be \$23.2 million in 2011/12, compared to \$21.4 million in 2010/11, based on the new calculation on zero-interest fund balances. Gift revenue is projected to grow 5.8%.
- Endowment income is projected to grow 4.4% from 2010/11 to 2011/12, reflecting a 3.56% payout increase on existing assets and a modest influx of new gifts.

Expense

The school's 2011/12 plan includes the projected net recruitment of 24 faculty—twelve from the medical center line and twelve from the university tenure line—and associated

expenses, including program and staff support. The faculty will be recruited primarily for the interdisciplinary institutes, BioE, genetics/genomics, and the cancer center, and to support growth in the clinical practices.

Expenses are projected to increase 1.9%, or \$25.7 million, from 2010/11 to 2011/12. The major components of this increase are:

- A \$16.3 million increase in annual compensation for faculty and staff, primarily from the salary program, incremental faculty recruitment, and clinical program growth.
- A \$10.3 million increase in benefits for academic and staff employees, reflecting the benefit rate and salary increases.
- A \$16.7 million decrease in non-compensation federal research expenses, primarily in indirect costs, materials and supplies, and subcontracts.
- Increases in operations and maintenance expenses for a full year of operation of the Lokey Building, additional leased properties, higher utility rates, increased permanent debt service payments, and rent and operating expenses.

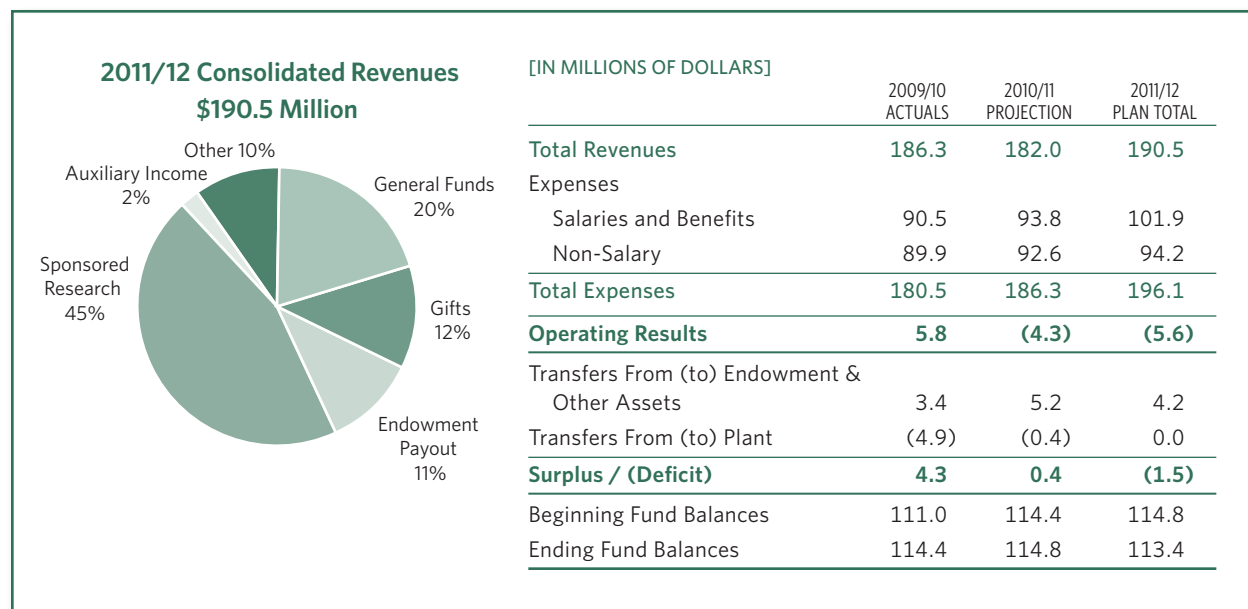
Transfers to Plant, Endowment, and Other Assets

The projected transfers to plant of \$24.7 million include \$12.0 million for tenant improvements for off-campus leased properties at Porter Drive; \$10.0 million for the Foundations in Medicine 1 building; \$2.8 million for the CJ Huang Building; \$2.3 million for utility, seismic, and research animal facilities rehabilitation projects; and \$2.0 million to fund strategic capital projects.

Capital Plan

The Jill and John Freidenrich Center for Translational Medicine began construction in 2010/11. Close to the hospitals and patient subjects, the building will provide work space for clinical researchers, biostatisticians, and research nurses who support clinical and translational research as part of SPECTRUM (the Stanford Center for Clinical and Translational Education and Research) and the Stanford Cancer Center. The building is estimated to cost \$21.0 million and to open in summer 2012.

VICE PROVOST AND DEAN OF RESEARCH



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

Programmatic Directions

Stanford has a long history of independent laboratories, institutes and centers that function across school boundaries and are intended, by policy, to facilitate multidisciplinary scholarship and research. These entities have become increasingly significant to the research and education missions of the university. While discipline-based research will remain the foundation of excellence, some problems are best addressed with complementary intellectual and technical approaches. Working across disciplines can yield new conceptual frameworks; integration across discipline-based approaches often fosters innovation in fundamental research and scholarship and has broader relevance, consistent with the 'Finding Solutions' theme of the Stanford Challenge.

Among these initiatives, new interdisciplinary programs are focused on energy-related research. The Precourt Institute

for Energy (Precourt) serves as the hub for a network of faculty from various science, technology, behavioral and policy disciplines who are studying the world's pressing energy problems. Faculty from at least five independent laboratories, as well as twenty-two departments (across many schools), pursue energy-related issues in their research and teaching. Precourt is using a combination of new faculty appointments and pilot project awards to engage Stanford faculty who have expertise relevant to energy applications but have not necessarily been active in energy research. Pilot project funds allow investigators to do proof-of-concept experiments that, if successful, can enable them to compete for extramural grants and contracts. The \$25 million commitment to the Center for Advanced Molecular Photovoltaics is an example of research that was supported early by the Global Climate and Energy Project which led to major funding from an external source. Precourt is also working with the Woods Institute and the Geballe Laboratory for Advanced Materials to develop an industrial affiliates program to enhance the engagement of companies with Stanford research in energy sciences so that new ideas can move rapidly to commercialization and public benefit.

The Bio-X NeuroVentures program was launched in 2008 with presidential support and a founding gift; its first accomplishment was to build the Optogenetics Innovation

Laboratory in the Clark Center, which opened in June 2010. Bio-X Neuroventures is a university-wide research initiative that targets projects with exceptional potential to develop the field of neuroscience in fundamentally new ways. Bio-X and the Woods Institute are also collaborating to bring together Stanford biologists and engineers concerned about the environment with those concerned about evolution and medicine; this effort led to a joint symposium on 'Unnatural Evolution' and could evolve into a new Bio-X venture on dynamic evolution.

Stanford is enhancing opportunities for faculty by hiring a Center Grants Coordinator. The coordinator will assist in preparing center grants and other complex proposals for submission to federal agencies and foundations. In addition, the coordinator will help Stanford faculty respond to new opportunities for interdisciplinary research offered by federal agencies.

The Office of International Affairs (OIA) is a new office that will report to the Vice Provost and Dean of Research. OIA was created to fill a growing need for a centralized resource to help encourage and support faculty whose work involves international programs and activities. The office will offer coordination and communications services, administration of a new seed-grant program for global initiatives by faculty, assistance with legal and liability issues, and help with developing new overseas facilities. OIA will also establish processes and mechanisms to ensure that Stanford faculty and students have access to a dynamic, comprehensive information base relevant to their global research and education.

Consolidated Budget Overview

DoR projects consolidated revenues of \$190.5 million, net transfers from endowments and other assets of \$4.2 million, expenses of \$196.1 million in fiscal year 2011/12 and a planned deficit of \$1.5 million. The consolidated budget reflects an increase of 5% in revenue and expenses as compared to fiscal year 2010/11. The increase is primarily the result of continued growth in various programs of the independent labs, including Bio-X, the Woods and Precourt Institutes, and the Stanford Materials and Energy Sciences and Economic Policy Research Institutes.

Also contributing to the growth in DoR is the addition of shared facilities which house costly instruments that are an essential resource for research as well as education. The DoR established the Stanford Nanosciences Center, a new

shared facility in the Center for Nanoscale Sciences and Engineering. In 2010/11, DoR assumed responsibility for the Stanford University Mass Spectrometry facility, formerly operated by H&S, as well as the new Cognitive Neurobiological Imaging Center. The addition of the shared facilities to DoR has resulted in an increase in internal income and expenses for salaries, instrumentation and other non-salary expenses.

Multi-year, multidisciplinary research awards distributed to Stanford faculty by independent labs such as Bio-X, the Freeman Spogli Institute for International Studies, Human Sciences and Technologies Advanced Research Institute, Precourt Institute for Energy and the Woods Institute for the Environment are expected to continue in 2011/12.

The independent laboratories often receive gifts for multiple years in advance. These gifts are spent over several years. The impact of the expenditure of funds received by the independent labs in a prior fiscal year is the planned deficit of \$1.5 million in 2011/12.

Capital Plan

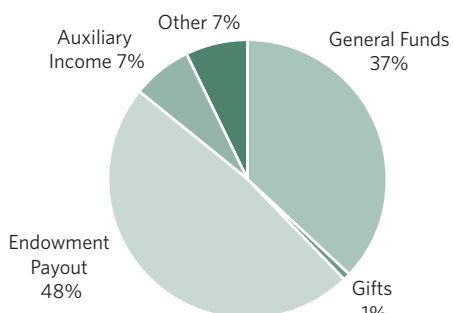
The recently completed Center for Nanoscale Science and Engineering, houses the Ginzton laboratory and shared facilities that provide access to cutting edge equipment and space for the Stanford faculty and students engaged with science at the nanoscale. The Stanford Center at Peking University (PKU) is under construction and is expected to open in 2011/12. The Center, located in the historic heart of the PKU campus will offer a beautiful and highly functional 'home base' for short and longer term research and education in China, including the Bing Overseas Studies Program as well as many new initiatives.

Research computing infrastructure is currently operating at capacity at both the university and at the SLAC National Accelerator Laboratory. To meet the critical and accelerating demand, DoR is participating in planning for a state of the art, scalable, energy efficient, and high density scientific research computing facility, to be located at SLAC. The plan will be presented to the Board of Trustees in June 2011. If approved, the project should be completed by the end of 2012/13.

The Encina Hall complex renovation, which is a goal of the International Initiative, has been postponed until additional resources are identified.

VICE PROVOST FOR UNDERGRADUATE EDUCATION

2011/12 Consolidated Revenues \$52.3 Million



[IN MILLIONS OF DOLLARS]

	2009/10 ACTUALS	2010/11 PROJECTION	2011/12 PLAN TOTAL
Total Revenues	48.5	49.8	52.3
Expenses			
Salaries and Benefits	26.1	27.4	29.9
Non-Salary	17.7	19.5	20.9
Total Expenses	43.7	46.9	50.8
Operating Results	4.8	2.9	1.6
Transfers From (to) Endowment & Other Assets	(2.7)	(3.0)	(1.6)
Transfers From (to) Plant			
Surplus / (Deficit)	2.1	(0.1)	(0.0)
Beginning Fund Balances	19.9	22.0	21.9
Ending Fund Balances	22.0	21.9	21.9

Revenues and expenses in this chart and the table include \$9.6 million of activity that is accounted for as operating transfers in Appendix A.

Programmatic Directions

This is a significant moment of both transition and reaffirmation for the Office of the Vice Provost for Undergraduate Education (VPUE). With a new vice provost, Professor Harry Elam, in place, a primary objective is to further establish VPUE as a vibrant intellectual center for undergraduate education. To achieve this goal, VPUE must strengthen core programs as well as implement new initiatives that reinforce and expand Stanford's vision of excellence. The Study of Undergraduate Education at Stanford (SUES) is critical to this process and is currently working on a broad slate of general education initiatives through seven subcommittees comprising faculty, staff, and students. The final recommendations the SUES committee delivers to the Faculty Senate in fall 2011 will broadly reshape undergraduate education at Stanford and, consequently, VPUE.

Recognizing that implementation of the SUES recommendations will likely require new resources in the future, VPUE seeks to be fiscally conservative without sacrificing innovation in the present. The fresh memories of the 2008/09 budget crisis and the resulting reductions and layoffs inform this plan. In addition, the past year's budget surplus and current healthy reserves enable VPUE to finance certain

new pilots and other continuing signature programs internally. Accordingly, VPUE intends to use reserves to fund a new program aimed at encouraging curriculum innovation, pedagogical experimentation, and collaboration provisionally called "Faculty College." New incremental funding of \$500,000 will allow VPUE to reinstitute the Bing Overseas Studies seminars, one of the most popular programs with students and faculty. During the economic downturn of 2008, VPUE put this program on hiatus until better financial times, and it believes now is the time to bring the overseas seminars back.

The extremely popular overseas seminars serve students who desire an academic experience abroad but feel unable to leave campus for an entire quarter due to course load pressures or athletic demands. Hence these seminars play a significant role in ensuring access and equity at Stanford by providing the opportunity for more students to study abroad. Moreover, the seminars broaden and diversify the intellectual and geographic possibilities of the overseas studies program. One of their objectives is to expand the reach of the Bing Overseas Studies Program (BOSP). With campuses in Florence, Paris, Berlin, Madrid, and Oxford, BOSP has remained rather Eurocentric. The seminar pro-

gram provides opportunities for academic experiences in non-Western locations. In addition, the very nature of the seminars, the collective travel, and the living arrangements bring faculty and students together in intensive interactions inside and often outside the classroom. As a result, the seminars enable a different learning experience than the quarter-long overseas programs do. Students and faculty can study and learn in a concentrated format without the dedicated infrastructure a center requires.

In 2008/09 VPUE reorganized several units to reduce staff size and achieve immediate budgetary savings. It created a more efficient organization able to operate with reduced administrative and overhead costs while still delivering outstanding programs to students. These operational efficiencies allow it to invest strategically in programs that will affect students immediately and are unlikely to be radically changed by SUES. Signature Stanford programs that will expand include Sophomore College, which will increase by four courses, and Introductory Seminars, which will grow by fifteen courses focused on oversubscribed subject areas. Two successful new programs, the Arts Intensive and the overseas campus in South Africa, are in their final year of onetime start-up funding provided by the President's Fund, but VPUE will continue delivering these programs with internally reallocated funds after 2011/12.

Undergraduate research is another outstanding Stanford program that was scaled back in recent years, but reallocation of onetime funding allowed VPUE to increase research grants 20% in 2010/11. In 2011/12, VPUE plans to continue supporting undergraduate research at this increased level, which should fund an additional 140 full-time students and will help meet student, faculty, and departmental demand. In 2010/11, some 31% of student grant requests, 21% of departmental requests, and 68% of faculty requests went unfunded, so grants remain highly competitive even with additional funding. Research is a cornerstone of the Stanford undergraduate experience, and one that Stanford promotes widely to prospective students. Research experiences stimulate undergraduates to engage with faculty and to immerse themselves in their chosen disciplines, so research will remain a high VPUE funding priority.

VPUE is directing financial resources into programs that reaffirm its central mission of connecting Stanford students with tenure-line faculty. By doing so, VPUE not only reinforces its founding principles, but also looks to the

future by ensuring that Stanford remains at the forefront of undergraduate education. Similarly, the SUES report will provide fresh opportunity for Stanford to innovate and lead in undergraduate education.

Consolidated Budget Overview

VPUE projects a balanced consolidated budget in 2011/12 with the targeted programmatic expansion described in the preceding section. The operating results will yield a \$1.6 million surplus that VPUE plans to reinvest to endowment principal in order to fund future programming. However, VPUE does not expect an operating surplus of this magnitude to continue beyond 2011/12 because several sources of one-time, start-up funding will end this year. In subsequent years, VPUE will maintain those programs with existing resources and projects a balanced operating budget. Increases in 2011/12 revenue are driven largely by increasing endowment payout as well as increasing student revenue from BOSP seminars and expanded Sophomore College enrollment. Increases in 2011/12 expenses all center around expansion of the programs described previously and enhancements to other existing programs.

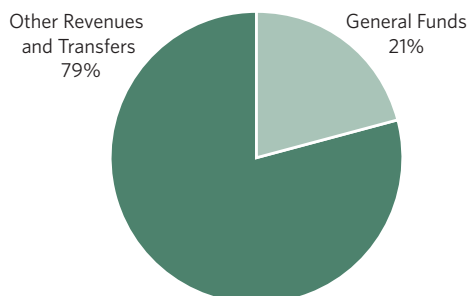
Currency exchange rates are a primary concern for VPUE, and rates remain volatile and unfavorable by historical standards. Most of the overseas centers' activities are carried out in local foreign currency and are adversely affected by this volatility. However, the improving U.S. economy has led VPUE to revise a reasonable worst-case scenario from one that continues to deteriorate year over year to one where rates remain unfavorable but flat. Hedges put in place in April 2010 saved approximately 9% compared to budget, and VPUE will look to hedge for 2011/12 in the coming months. Building a dedicated currency reserve for BOSP to address exchange rate fluctuations more effectively remains a high priority.

Capital Plan

Berlin is the only city where the university owns a BOSP center rather than leasing space. The building was donated to BOSP and is a historic structure that is due for extensive renovations including roof, electrical, and plumbing work. Renovations are scheduled for summer 2012 using \$1.2 million from facilities reserve funds, and the work should not disrupt the study-abroad program.

VICE PROVOST FOR GRADUATE EDUCATION

2011/12 Consolidated Revenues \$31.9 Million



[IN MILLIONS OF DOLLARS]

	2009/10 ACTUALS	2010/11 PROJECTION	2011/12 PLAN TOTAL
Total Revenues	33.7	31.3	31.9
Expenses			
Salaries and Benefits	1.8	1.8	2.3
Graduate Student Support	24.3	30.4	30.7
Other Expenses	0.4	1.0	1.0
Total Expenses	26.5	33.1	33.9
Operating Results	7.2	(1.8)	(2.0)
Transfers From (to) Endowment & Other Assets	(1.1)	(0.6)	(0.2)
Transfers From (to) Plant			
Surplus / (Deficit)	6.1	(2.5)	(2.3)
Beginning Fund Balances	39.1	45.1	42.7
Ending Fund Balances	45.1	42.7	40.4

Revenues and expenses in this chart and the table include \$28.2 million of activity that is accounted for as operating transfers in Appendix A.

Programmatic Directions

VPGE has completed its fourth year of operation to ensure Stanford's preeminence in 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 more than 8,800 students in 70 degree programs and departments. Resources are used for the most pressing challenges that affect the quality of graduate students' educational experiences. Under guidance from the provost as well as deans and departmental leaders, the top priority is to address three programmatic areas cited by the Commission on Graduate Education as the most critical university priorities: advancing diversity, facilitating cross-school learning (i.e., 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 more graduate students by developing low-cost pilot programs. The sheer numbers are noteworthy:

- VPGE-sponsored initiatives reach approximately 2,500 graduate students annually.
- In 2010/11, over 1,100 students will receive over \$32 million in direct funding from VPGE's seven fellowship programs (up from 430 receiving \$14 million in 2006/07).

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

Below is an overview of developments in the three priority areas. Some VPGE programs address more than one of these areas. For example, the DARE (Diversifying Academia, Recruiting Excellence) Doctoral Fellowship Program advances diversity, cross-school learning (leadership), and professional development.

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 expenditure of general funds in this priority area goes to the direct funding of graduate students: tuition and stipend for DARE fellows and graduate fellows in the Center for Comparative Studies in Race and Ethnicity, and bridge funds to support students in science and engineering. The remaining funds go to programming that enhances the quality of experiences for current students and promotes their academic success.

Cross-School Learning: Interdisciplinary 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 communities across schools as well as professional networks beyond their academic specializations.

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

Strengthening Core Quality in Graduate Programs

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

In addition, VPGE identifies critical unmet needs in graduate programs and develops an array of pilot programs (workshops, seminars, tutoring) in areas such as teaching, presenting, writing, and other communications skills. For ex-

ample, a high priority moving forward is to design pilot initiatives to strengthen student-faculty advising relationships.

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 Program in Science and Engineering.

Through 2011/12, VPGE allocates central support (including endowed funds restricted to student aid) to help close tuition gaps in National Institutes of Health Training Grants and NSF Fellowships. The goal is twofold: to alleviate pressure felt by schools, departments, and faculty on these two federally funded programs and to identify income from endowed funds that can replace general funds.

Consolidated Budget Overview

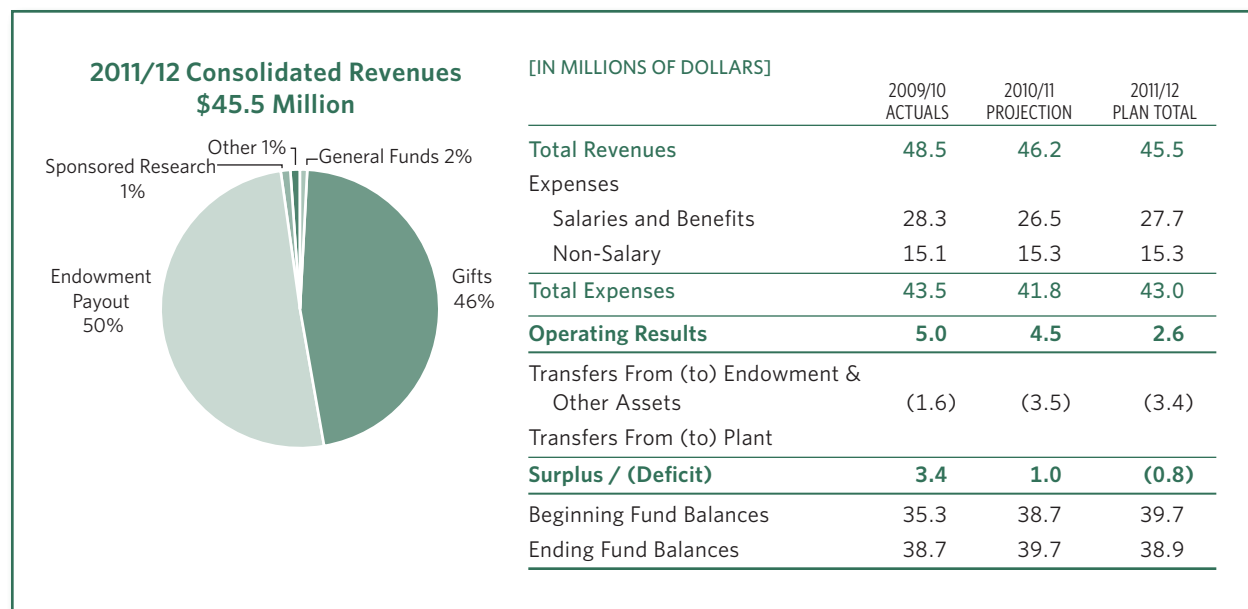
VPGE expects revenue of \$31.9 million and expenses of \$33.9 million. VPGE has a healthy fund balance that it will use to fund the \$2 million shortfall. Overall it expects its fund balances to go from \$42.7 million at the end of 2010/11 to \$40.4 million at the end of 2011/12.

The 2011/12 consolidated expense budget comprises 6% programmatic non-compensation expenses, 7% compensation and benefits, and 87% direct graduate student support. Direct student funding accounts for the greatest portion of VPGE revenue and expenses. Since the fellowships are mostly three-year awards, their funding can be adjusted only when granting new awards.

Of the \$40.4 million fund balance, \$29 million is endowment income that is restricted to graduate student funding. Over the next five years the number of fellows will be increased with the intent to draw down the fund balance to below \$10 million. Ultimately, the goal is to fund a steady-state number of fellowships through the yearly payout, and maintain a reserve of between \$5 to \$8 million to cover unanticipated fluctuations.

VPGE will continue to assist with university priorities; expand diversity programming by working with diversity officers across the seven schools; increase interdisciplinary programming through SGSI offerings; add workshops for leadership, advising, writing, and teaching; and pilot other programming as critical unmet needs are identified.

HOOVER INSTITUTION



Programmatic Directions

The Hoover Institution is a public policy research center and library and archives devoted to advanced study of politics, economics and political economy, and international affairs. Hoover fellows participate in ongoing programs of policy-oriented research that have established the institution as a prominent contributor to the public policy dialogue. The library and archives strive to collect a broad spectrum of materials to support scholarly research on political, economic, and social change.

Due to expense reductions during the last three budget years, the institution is well positioned for 2011/12. The reductions allowed the institution to achieve a balanced budget annually on the ongoing operations of its research, library and archives, and administration, despite revenue declines of 25% from 2007/08 levels. Budget reductions were made strategically rather than across the board. All aspects of operations were examined to identify ways to increase efficiency. As a result, the institution will be able to take advantage of gradually increasing revenues by growing in areas that best align with its priorities and focus.

The library and archives continue to pursue the mission envisioned by Herbert Hoover in 1919 to acquire, preserve, and

make available for research unique materials documenting war, revolution, and peace in the 20th (and now 21st) century. In keeping with this mission, the focus remains on documents at risk due to political upheaval and revolutionary change; much like war correspondents, the library and archives go where the action is. Thus, while the institution continues its commitment to traditionally strong collecting areas like the former Soviet Union and China, collecting also focuses on newer areas of conflict (a new project aims to preserve documents of Khmer Rouge crimes against humanity) and movements that cross geographic boundaries, such as terrorism, Islamic fundamentalism, and emerging democracy. The mission has not changed, but loyalty to that mission requires flexibility in response to a changing world.

What has changed, however, is the manner in which the library and archives collect, preserve, and provide access to holdings in an increasingly digital world. Rare books in the library are being digitized as part of the Google Books project. In the archives, more born-digital collections are being acquired and more paper collections are being digitized. These collections can then be made available online to a worldwide audience, respecting copyright limitations. Additionally, online access opens new avenues for international collaboration. For instance, the Polish state archives

recently made available online the World War II records of the Polish government-in-exile in London (preserved, organized, and microfilmed at Hoover). Beyond providing broader access, digitization allows countries to retain their cultural patrimony while sharing it with the world. Therefore, the institution will continue to develop its digital capabilities in the coming year.

Funding for the library and archives is a high priority. Unrestricted revenue of the institution is used extensively to supplement designated gifts, payout, and university general funds. To best utilize these resources in coming years, pilot projects are being launched now around new collecting areas and digital opportunities. These projects are expected to lead to broader initiatives within the next year.

Elsewhere, budget reductions disproportionately hit the research function at the institution, affecting the ranks of the fellows. Refreshing the senior scholarly talent at the institution through recruitment will be a priority over the next couple of years. The target is to add one to two new senior fellows each year. Additionally, the institution will supplement full-time appointments with term and visiting appointments to facilitate collaboration on projects and topics aligned with the priorities of the existing resident fellows. Hoover will attempt to secure new restricted funding where possible for these appointments; however, forecast growth in expendable giving and endowment payout is also available to cover these increased costs.

Due to successful targeted fundraising over the last five years, Hoover has built a substantial fund balance for certain research projects, notably its task forces and working groups. With their fundraising goals largely met, these projects will continue their activities at full capacity in the coming year.

To disseminate the thoughts and ideas of the scholars to a broader audience, Hoover will continue to develop new communication vehicles. Like the library and archives, these vehicles are increasingly digitally based. The *Defining Ideas* journal, launched to highlight the work of the task forces and working groups, has been repurposed as an online publication. In addition, the institution has recently reached an agreement with Scribd, a social network-based publishing tool, intended to provide the institution with a means to promote scholarly work in an increasingly digital book publishing environment.

Consolidated Budget Overview

The 2011/12 consolidated budget calls for total revenues of \$45.5 million and expenses of \$43 million. The resulting projected surplus and a planned \$3.4 million transfer to the facilities reserve for an expanded facility yield a projected current funds decline of \$830,000 to \$38.9 million.

The projected revenue represents a modest decline from the \$46.3 million expected for 2010/11. However, this decline belies growth in endowment payout and ongoing expendable giving. 2010/11 represents the institution's terminal year of participation in the Stanford Challenge. Removing gifts to fulfill pledges from 2010/11 totals provides a more realistic base of giving, and modest growth is expected from this baseline in 2011/12. Additionally, endowment income is expected to grow 3.6% in 2011/12, and payout on new endowment gifts is expected to increase growth in this revenue category even further.

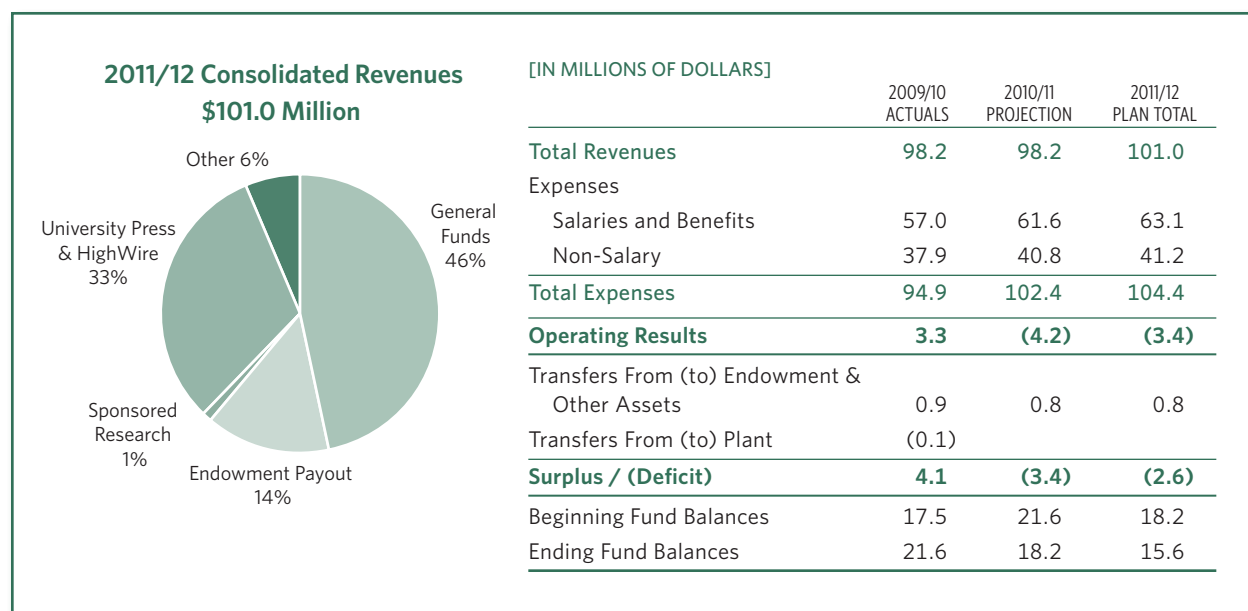
Final budget reductions in response to the recent economic crisis will be made during 2010/11. Netting these costs from 2010/11 projections leaves a baseline for expenditures that allows room for real growth if anticipated revenues are realized. As previously indicated, the institution is actively pursuing the recruitment of new senior fellows.

Additionally, the library and archives will continue expanding in the digital realm and aggressively collecting and preserving historical documents that are at risk. The institution's ongoing budget remains in balance even while allowing for growth in these areas. Anticipated declines in current funds after transfers represent the drawdown of restricted funds raised for specific projects with limited duration.

Capital Plan

Plans for a new Hoover facility on the site of the current Cummings Art Building were delayed as part of the university's response to the economic downturn. They have now been reactivated, their timing dependent upon the construction and occupancy of the new Art and Art History building. The current project plan estimates breaking ground on the new building in December 2014. The new building will provide needed office space and technology-enhanced conference and meeting facilities for a range of activities and has an estimated project cost of \$45 million.

STANFORD UNIVERSITY LIBRARIES AND ACADEMIC INFORMATION RESOURCES



Programmatic Directions

SULAIR will continue to work toward the strategic goals of providing, in physical or virtual formats, information resources supportive of and responsive to the plethora of programs of research, teaching, and learning undertaken by the Stanford professoriate and its students.

Particular initiatives revolve around the ongoing development of digital academic information offerings and related information services. In addition, investigations are under way regarding a new location for SULAIR people, programs, and collections now housed in Meyer Library. Planning and authorization for adding a second set of modules to Stanford Auxiliary Library 3 in Livermore are under way as well.

Programs

Continued development of the Stanford Digital Library and the Stanford Digital Repository is a primary focus for SULAIR. A major goal of the Stanford Digital Library development team will be to merge a federated search function into the search and virtual browsing functions already available in the SearchWorks interface to the library catalog. Federated search, which allows searching across multiple databases and other information resources with a single search, will save faculty and students significant time and effort in their search for information. The Stanford Digital

Repository is concurrently being expanded to serve faculty whose research grants demand auditable data management plans. This service builds upon planning conducted last year and prototypes tested with a limited number of faculty.

Another key digital library program is the implementation of specialized information portals for departmental programs and ongoing research projects. Finally, SULAIR is pleased to be able to permanently fund its Digital Forensics Lab. The lab, which preserves and provides access to digital files produced on historical computing platforms and legacy media, has developed into an essential piece of SULAIR's digital preservation effort. These materials represent an increasing portion of the digital archival material the library receives, and without near-term action, they are at great risk of loss.

SULAIR's map and geospatial information services are used by faculty and staff in 20 different departments, and demand for them is increasing. In support of that need, SULAIR is actively collecting both physical and digital maps, and it makes geographic information systems (GIS) software available on over 800 computers across campus. SULAIR will add a map curator and a GIS development specialist to its staff to better assist faculty and students in accessing and using SULAIR's maps, its GIS resources, and the growing collection of digital maps that bridge the space between those two collections.

Incoming Stanford students are enormously well qualified, but few of them have worked in an information environment as rich and diverse as Stanford's. The librarians and curators who staff SULAIR's Information Center offer bibliographic instruction and information literacy sessions in over 100 courses each quarter, particularly in the Program in Writing and Rhetoric and the Introduction to the Humanities. These services are core to SULAIR's mission. To ensure integrated, dynamic, and effective instruction, SULAIR is adding an instruction coordinator

Over 1,200 courses, two-thirds of all courses taught at Stanford, use the CourseWork course management environment. SULAIR was instrumental in developing the underlying open-source software supporting the system, Sakai, and is still active in that project. SULAIR will incorporate findings from several experimental, small-scale course management systems devised by faculty in Computer Science to enrich CourseWork's functional offerings and contribute to the multi-institutional Sakai 3.0 development effort.

Collections

The Library Materials Budget will increase only 1.5% this year, but SULAIR is endeavoring to apply various fund balances resulting from tightly constrained book fund endowments to more general purposes. There has been a strong uptick in acquisitions of special collections materials, particularly archives of prominent Stanford faculty, Silicon Valley innovators, and related figures. Holdings of maps in physical and virtual form are increasing thanks to gifts in kind and "digital philanthropy." SULAIR is rising to the challenge of absorbing the historical record in these innovative media formats.

Consolidated Budget Overview

SULAIR's consolidated budget is projected to grow 4% over 2010/11. Revenue and transfers are expected to total \$101 million: \$46.6 million in general funds, \$34.8 million in auxiliary revenue, and \$19.6 million in restricted funds. Compensation expenses are projected to be \$63.2 million, operating expenses \$18.9 million, and library materials acquisitions expenses \$22.3 million, resulting in a planned operating deficit of \$3.4 million. The planned deficit has the following components:

- SULAIR will allocate \$1.7 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.

- HighWire continues to invest in staff and outsourcing to stage the migration of its approximately 140 publisher clients and more than 1,400 websites to a new technology platform (HighWire 2.0, aka H2O). In 2011/12, HighWire will fund that investment with \$0.9 million of reserves.
- SU Press will fund operating expenses with draws of \$0.4 million from the Press Sustaining Fund and \$0.4 million from the Press Research Fund in 2011/12.

Fund balances at the end of 2011/12 are expected to be \$15.6 million, consisting of \$3.4 million in designated funds (including \$2.2 million in LOCKSS Auxiliary Reserves); \$1.6 million in expendable funds and \$8.2 million in endowed funds, both heavily restricted by donor purpose, and \$2.4 million in the auxiliaries: \$1.5 million for HighWire, \$0.4 million for LOCKSS, and \$0.5 million in SU Press endowments.

Capital Plan

Stanford's library collections continue to grow, even as on-campus library facilities face space constraints. To accommodate that growth, SULAIR is developing a second set of storage modules at its offsite storage facility, Stanford Auxiliary Library 3. This project, known as SAL3.2, was on hold for some time, and the space is sorely needed. Materials in this highly efficient, carefully climate controlled facility are stored by size and located by incredibly precise and carefully checked decision-support software. This new set of modules is planned to also enable the addition of a digital scanning facility, as well as a cold storage room for film.

Due to the planned demolition of Meyer Library, an investigation of alternative locations for the programs housed in Meyer continues to progress. The East Asia Library, Academic Computing Services, and access to approximately 600,000 volumes in below-grade stacks constitute the principal public services in Meyer, but it also houses essential back-of-the-house operations, primarily SULAIR's Technical Services. SULAIR and Land, Buildings and Real Estate have completed a study to relocate these services South Building of the GSB, and have determined that the fit is promising. LBRE is now conducting a more detailed cost study. SULAIR hopes the project will be approved by the provost and presented to the trustees in the course of 2011/12.

SLAC NATIONAL ACCELERATOR LABORATORY

Programmatic Directions

SLAC is a multiprogram national laboratory operated by Stanford for the Department of Energy's Office of Science. SLAC is a host of DOE scientific user facilities providing world-class, state-of-the-art electron accelerators and related experimental facilities used by 3,000 scientists each year 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: the Stanford Synchrotron Radiation Lightsource (SSRL) and Linac Coherent Light Source (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 2011, about 1,500 scientific users are scheduled to perform research using SSRL's X-ray beam lines. The synchrotron ran at 200 milliamperes of current in 2009/10; it will begin the 2011/12 run at a much higher 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 length of time needed for data collection, thus allowing examination of more samples in a given period of time.

ARRA funded a new SSRL instrument for advanced spectroscopy that is being 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 four of the six instruments specifically designed for LCLS science are now in operation. The remaining two are expected to be installed and commissioned by 2012. The LCLS science pro-

gram, which is complementary to that of SSRL, is opening new frontiers of discovery in areas including atomic physics, imaging of nonperiodic nanoscale materials, ultrafast 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. Its first biological imaging results were recently published in *Nature*.

Based on the success of LCLS, the DOE approved the start of planning for LCLS-II in April 2010. This expansion of LCLS, which will significantly enhance its scientific capability and capacity, is expected to move forward to completion in 2017. LCLS and its planned future expansion, LCLS-II, will maintain SLAC/Stanford/DOE's position as a world leader in the emerging field of ultrafast X-ray science, an area expected to see significant growth and impact in 2011 and beyond.

Photon Science Program

The photon science program at SLAC will see growth in multidisciplinary research areas that take advantage of the capabilities of SSRL and LCLS. In addition to the Photon Ultrafast Laser Science and Engineering Center (PULSE) and SIMES, SLAC has begun a new initiative in coordination with Stanford's Department of Chemical Engineering: SUNCAT, the Center for Sustainable Energy through Catalysis. SUNCAT will focus on creating better catalysts for use in alternative energy industries. It is a part of the Joint Center for Artificial Photosynthesis, an Energy Innovation Hub established by the DOE to create a new class of materials that capture the energy of the sun and store it in a form usable as fuel.

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 our universe.

In 2011, SLAC will begin the user-assisted commissioning of a new ARRA-funded facility called FACET, the Facility for Advanced aCcelerator Experimental Tests. FACET will use 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 accelerator and detector for the International Linear Collider, a planned facility for colliding electrons and positrons at tera-electronvolt energies and elucidating properties of physics at the high-energy frontier.

SLAC has been a member of the ATLAS experiment and the accelerator R&D program associated with the Large Hadron Collider (LHC) at CERN, the European high-energy physics laboratory in Switzerland. The experiment accumulated initial physics data in spring 2010, and this first run is now planned to extend through the end of calendar 2012. The LHC will be the flagship high-energy frontier facility for the next decade, with prospects for discovering super-symmetry and its possible dark-matter candidate, the neutralino; new spatial dimensions suggested by quantum gravity theories; or even mini black holes, all potential constituents of a new understanding of the universe.

The Kavli Institute for Particle Astrophysics and Cosmology is involved with the Fermi Gamma-ray Space Telescope, R&D efforts for the next-generation dark-energy experiment, the ground-based Large Synoptic Survey Telescope (LSST), and the Super Cryogenic Dark Matter Search (CDMS) experiment. Fermi has embarked on a decadelong program of space-based gamma-ray observations that will transform our understanding of the high-energy universe. SLAC hosts the Instrument Science Operations Center for Fermi's main instrument, the Large Area Telescope, which was managed and assembled at the laboratory. The LSST is designed to probe the properties of dark energy, allowing us to better understand the "dark" universe and its dominant components. Super CDMS will be the next-generation underground experiment seeking to directly observe relic dark matter from the Big Bang.

Consolidated Budget Overview

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

SLAC has not yet received its 2011 funding from the federal government. Congress has approved multiple continuing resolution bills to fund the federal government since Oct. 1, 2010. Under these continuing resolutions, SLAC is expected to operate at the 2010 level of \$350 million, which has the US President's budget for new funding of \$320 million and a spend down of prior year carryover of \$34 million. Our current expectation is that SLAC's capital construction plan will not be severely impacted by the 2011 U.S. government budget stalemate.

The 2012 federal budget proposal shows robust funding for the DOE, and for SLAC in particular. The \$329 million proposed for SLAC includes funding for LCLS-II and for another new building to support users. On the other hand, given the large U.S. budget deficits and worries about government spending, the chance that SLAC will receive this budget is small. SLAC management continues to make contingency plans for absorbing potential budget reductions.

Capital Plan

SLAC has initiated a project to renovate 14,750 square feet of existing space in the Central Laboratory Building to provide research office and laboratory space for materials synthesis and characterization. Construction bids have been received, and an award is anticipated in the next few weeks. The expected completion date of this project is early 2012.

As part of the Office of Science's goal of modernizing the infrastructure of its labs, SLAC received funding in 2009/10 to begin the design of a new 64,000-square-foot modern office building and the renovation of 68,000 square feet of existing space in three major buildings. Approximately 35 trailers and substandard buildings will be demolished. The project is estimated to cost \$96 million and will be completed in 2015.

The DOE's Office of Science has approved a \$64 million, 60,000 square foot science and user support building. Construction should begin in early 2012.

CHAPTER 3

ADMINISTRATIVE & AUXILIARY UNITS

ADMINISTRATIVE UNITS

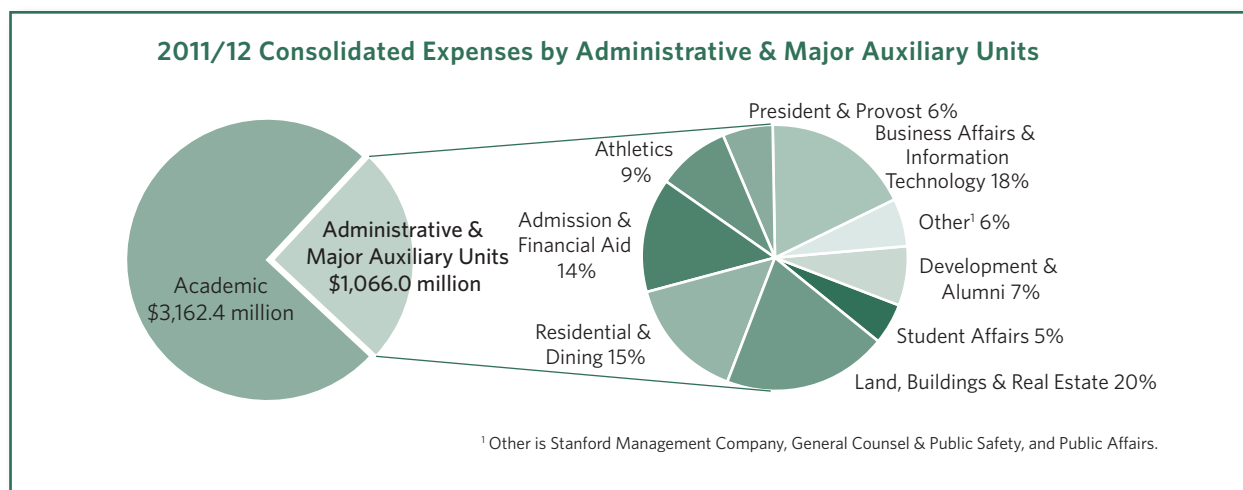
This chapter focuses on initiatives and priorities in the administrative and auxiliary units of the university. These units provide the needed administrative, academic, and student support that allow faculty and students to do their best work.

CONSOLIDATED BUDGET FOR OPERATIONS, 2011/12:

Administration & 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	184.2	187.3	(3.1)	(0.2)	(3.3)
Development	42.9	44.2	(1.3)		(1.3)
General Counsel & Public Safety	31.9	31.9			
Land, Buildings and Real Estate	225.4	218.2	7.3	(9.8)	(2.6)
President and Provost Office	66.6	66.3	0.3	0.4	0.8
Public Affairs	7.7	7.8	(0.1)		(0.1)
Stanford Alumni Association	35.0	35.4	(0.4)	0.1	(0.3)
Stanford Management Company	24.9	24.9			
Student Affairs	50.3	51.8	(1.5)		(1.5)
Undergraduate Admission and Financial Aid	147.3	147.3			
Major Auxiliary Units					
Athletics (Operations and Financial Aid)	87.3	91.3	(4.0)	3.1	(1.0)
Residential & Dining Enterprises	157.7	159.7	(2.0)		(2.0)
Total Administrative & Auxiliary Units	1,061.4	1,066.0	(4.6)	(6.5)	(11.1)



BUSINESS AFFAIRS & INFORMATION TECHNOLOGY

The 2011/12 consolidated budget for Business Affairs shows revenues and transfers of \$184.2 million and expenses of \$187.3 million. It projects use of \$3.3 million of reserves to fund onetime requests for operations, cover service center shortfalls, and fund research and IT systems projects in 2011/12. In 2010/11 Business Affairs projects use of \$2.3 million in reserves, primarily to fund systems projects. Such projects span fiscal years and use or create reserve funds annually, depending on the projects undertaken in a given period.

General funds account for nearly 60% of Business Affairs revenues, service center operations for 36%. The remaining 4% comes from operational services to the hospitals, students, the School of Medicine, and the Stanford Management Company, and from internal and external credit card merchant compliance and service programs.

Business Affairs provides integrated financial, IT, business, and human resource services for the benefit of the university community. Its business units include Human Resources (HR) (dual reporting to the president), Financial Management Services (FMS), IT Services (ITS), Administrative Systems (AS), IT and Research Systems Projects, Research Financial Compliance and Services (RFCS), Office of Sponsored Research (OSR), Information Security (ISO), Internal Audit and Institutional Compliance (IAIC), Risk Management, and Business Development & Privacy (BDP).

FMS, created in 2010/11, includes five primary areas: the Controller's Office, Office of the Treasurer, Purchasing & Payment Services, Global Activities, and Consulting & Support. This newly combined unit will be able to better manage complex, interdependent financial business challenges, more effectively address compliance issues, and improve the efficiency of financial processes in central offices, schools, and departments. As part of the reorganization, the Student Services Center (SSC) unit was transferred from the Controller's Office to Student Affairs.

In 2010/11 the Office of Research Administration was divided into two departments: OSR, which reports jointly to Business Affairs and the vice provost for research, and RFCS.

Under the vision "We will work together to make administration seamless and efficient to enable and support

teaching, learning, and research," Business Affairs has five strategic goals:

1. Create an environment that attracts, retains, and develops world-class staff.
2. Transform administrative processes, systems, and infrastructure throughout the university so that people can spend more time on value-added activities.
3. Deliver accurate, timely, and useful information to support decision making.
4. Create a comprehensive and balanced approach to university-wide risk management.
5. Continuously improve the satisfaction of faculty, staff, students, and other clients with administrative services.

Business Affairs is focused on continuous improvement in delivering excellent service to clients and becoming ever more efficient. This focus has enabled it to maintain the same number of staff (850 FTEs) over the past decade, compared to a 29% staff growth rate across the university.

The following are some highlights of Business Affairs' continuous-improvement initiatives:

- OSR and AS deployed Module 2 (SPIDERS replacement) of the Stanford Electronic Research Administration System (SeRA) this spring and are completing the requirements for the next two SeRA modules for delivery in 2011/12.
- FMS, AS, RFCS, and OSR are implementing a centralized account setup and maintenance application that will eliminate several manual processes and paper forms, cut the gift transmittal process by roughly three days, and provide better data security and a central electronic location for account information. The first steps included implementation of (1) digital files for endowment and gift funds, allowing immediate and simultaneous access to fund records by multiple departments, improving file tracking, and eliminating physical file space and courier service, and (2) the PTA maintenance application, which will also serve as the account setup module for SeRA.
- HR and the chief financial officer are redesigning health benefit plans to improve the health of participants and slow the growth in premiums.
- IAIC, with support from several other units, is leading an enterprise risk management process with detailed reviews of risks associated with earthquakes, global

initiatives, student health and well-being, and potentially declining federal research funding.

- ITS, BDP, and ISO are implementing mobile device security, multifactor authentication, and other solutions to prevent online account abuse.
- ITS is completing the rollout of converged voice/data communications (VoIP) with simplified billing.
- AS, HR, and OSR are rolling out “business intelligence” dashboards for research and HR data.

OFFICE OF DEVELOPMENT

The Office of Development (OOD) shows total revenues of \$42.9 million and expenses of \$44.2 million, resulting in a net operating deficit of \$1.3 million. This deficit will be covered by drawing down accumulated reserves. The Stanford Challenge campaign comes to an end in December 2011, so OOD will receive a final transfer of presidential funds to cover campaign costs in 2011/12. The other significant source of funding remains a transfer from Stanford Hospital and Clinics for costs associated with the Office of Hospital Development. Revenue from events and other items remain quite modest.

OOD’s total expenses for 2011/12 are budgeted to be slightly higher than its 2010/11 year-end projection of \$43.4 million. Compensation costs will increase beyond growth assumptions as OOD expects to add a number of incremental positions. Therefore, total compensation costs are about 12% higher in 2011/12 than the year-end projection for 2010/11. Nonsalary costs will decline significantly, mainly because OOD’s Leading Matters outreach program will end in May 2011.

Over the last several years, OOD has been able to increase its reserves significantly, and it plans to use some of those funds as seed funding for new projects in 2011/12. Two main areas of investment are data analytics and technology.

- OOD will hire a new full-time director of prospect management and analytics in 2011/12. The position will work to ensure that development officers are engaged in the most value-added activities, prospects are receiving the attention they need, and the university’s fundraising goals have a high probability of being achieved. As the growing number of prospects exceeds OOD’s capacity given its current number of fundraisers, this position will play a critical role in focusing their efforts.

- OOD’s donor database is now more than fifteen years old and is shared by the Stanford Alumni Association (SAA). To extend its useful life as long as possible, OOD and SAA plan to add incremental IT positions. Their focus will be enhanced reporting capabilities; support for video and mobile interactions with donors and alumni; performance metrics collection and analysis for fundraisers; and additional system support to ensure the system runs efficiently, securely, and reliably every day.

In addition, OOD expects to focus in 2011/12 on completion of the Stanford Challenge and celebration of its strong success. The campaign ends on December 31, 2011. Two large events will be held on campus to highlight its achievements. In October, OOD will host an on-campus Leading Matters event open to all faculty, staff, and students. In February, there will be an on-campus celebration for those most closely tied to the campaign and its successes. As the campaign ends, OOD will need to reevaluate priorities for raising funds, how to effectively keep organized the numerous active and engaged volunteers, and how to develop the most effective outreach programs. OOD will continue to partner with SAA in post-campaign outreach.

As the campaign concludes, OOD must turn its attention more than ever to stewardship. The campaign has generated much new support for the university; more than 650 households have committed \$1 million or more to the Stanford Challenge, and this is the first time many of them have made a commitment at this level. OOD is working hard to provide personalized and meaningful stewardship to donors at all gift levels.

GENERAL COUNSEL AND PUBLIC SAFETY

The Office of General Counsel (OGC) projects a \$490,000 surplus in 2010/11. OGC does not anticipate any significant increase in operational costs other than increased rates for outside counsel. OGC does not have an increase in general funds to compensate for these. Firms have agreed to limit their rate increases for calendar year 2011, but additional increases are expected in January 2012, although it is too early to predict the amounts. The proposed level of general funds along with anticipated client retainers is expected to cover operating expenses absent any unanticipated extraordinary matters.

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

OGC anticipates providing legal services at the required level but 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. OGC would like to allocate at least part of any surplus to the Public Safety building fund.

The Department of Public Safety (DPS) projects a balanced budget in 2010/11. DPS continues to operate with lean staffing, especially of sworn personnel. In August 2010, the university and the Deputy Sheriffs Association, which represents approximately 25 deputies and community service officers, agreed to a five-year contract providing salary increases each year. The focus for the department for 2011/12 will be continuing to provide high-quality public safety services to the Stanford community while remaining efficient and, where possible, implementing process improvements and other cost-saving strategies. Any budget surplus would be allocated to the Public Safety building fund.

LAND, BUILDINGS AND REAL ESTATE

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

The \$218 million consolidated expenses budget for 2011/12 (including the Real Estate unit, and before elimination of internal revenue and expense) is \$15.2 million greater than the 2010/11 projection. The increase comprises \$4.5 million in accelerated debt service for stranded assets due to the Campus Energy System Improvements (CESI) initiative (see the Sustainability and Energy Management/CESI discussion

in the Capital Plan section); \$3.7 million for operations and maintenance for the new structures; \$3.5 million in salary, benefits, and other increases (delayed hiring for 2010/11 accounts for \$2.3 million of this increase); \$1.7 million for a new Outdoor World renewal program; \$1.1 million in energy savings reimbursements resulting from retrofit investments; and a \$0.7 million increase for janitorial service.

LBRE's 2011/12 consolidated budget includes the budgets for Utilities (39%), Building Maintenance (35%), Parking and Transportation (7%), Grounds Maintenance (5%), Event Services (3%), and Materials Management (1%). Project Management, the University Architect/Campus Planning Office, Land Use and Environmental Planning, and the Office of the Vice President account for 6% and Real Estate for the remaining 4%.

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.

PPO projects a \$770,000 surplus in 2011/12. PPO will continue to use reserves to support various staff development programs, cover unanticipated expenses throughout PPO and reinstate the Springfest multicultural event. New initiatives are being planned in the area of junior faculty development and recruiting and retaining women faculty in science and engineering that are not yet specific enough to be reflected in the 2011/12 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 11 years PPO has built reserves to assist units with special requests and unbudgeted expenses, with 2010/11 showing a \$734,000 surplus accordingly.

EPGYs proposed licensing of online courses in mathematics and language arts through the Office of Technology Licensing will expand upon the existing Online High School program and is estimated to bring in \$5M in incremental revenue in 2011/12, after kicking off in the current fiscal year.

PUBLIC AFFAIRS

The Office of Public Affairs (OPA) is projecting an operating loss of \$82,000 in 2011/12, resulting in an ending fund balance of approximately \$500,000. This operating loss is due mostly to spending reserves on various internal and external projects, such as survey research and support for other campus programs. The \$500,000 ending fund balance comprises \$380,000 in unrestricted funds, \$30,000 in restricted operating funds, and \$90,000 in restricted endowment funds. Total revenue and transfers in 2011/12 are expected to decrease 4.5% to \$7.7 million as the Dalai Lama visit in 2010/11 was a nonrecurring event. Total expenses are expected to decrease 6.5% to \$7.8 million. Salary expenses are expected to increase approximately 4.5% to \$6.2 million, but nonsalary expenses are estimated to decrease 33% to \$1.6 million. The higher nonsalary expenditures in 2010/11 were due to the Dalai Lama event as well as several large capital equipment purchases to upgrade OPA's video production unit to HD format. OPA will receive an additional \$125,000 of base general funds in 2011/12 to continue the Stanford on iTunes U/YouTube program, launched with onetime funds in October 2005.

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.

OPA is the communication hub for Stanford, providing professional news reporting services, designing and maintaining the Stanford home page, managing media relations, writing speeches for the president and provost, and coordinating internal/external communications for the entire university. In addition, OPA is responsible for managing government and community relations on all levels, lobbying for legislation that serves the interests of higher education, and garnering city and county approval for capital projects, such as the New Stanford Hospital. Through the Office of Special Events & Protocol, OPA plans and coordinates several of the university's annual ceremonies, such as

Commencement and Parents' Weekend, as well as other high-profile, high-impact events that promote the broadest accessibility to members of the university and its surrounding communities. OPA also implements special projects and provides ad hoc services for the offices of both the president and the provost.

Communications and media are evolving at an incredibly rapid pace, and OPA has positioned Stanford as a new media leader through its Stanford on iTunes U/YouTube program and its efforts in digital innovation through social media networks, such as Facebook and Twitter. OPA is also leading the effort to launch a centralized Web services group in 2011/12 that will provide strategic planning and management of Stanford's Web presence, including oversight of Stanford's Web templates and style guidelines; development, design, and production services for digital communications; and coordination of outsourcing to vendors.

OPA will continue its focus on new media strategies, social media, digital innovation, and mobile platforms to keep Stanford at the forefront of university leadership in communications. OPA is adequately funded through 2011/12 to accomplish these goals, but to expand these programs and maintain Stanford's leadership role in these areas, as well as the even faster-growing mobile applications platforms, will require additional resources in the years to come.

STANFORD ALUMNI ASSOCIATION

SAA expects its consolidated fund balance to decrease by \$332,500 in 2011/12 as it uses reserves to offset anticipated ongoing softness in business revenue. SAA will continue to withdraw funds from the life membership endowment fund to underwrite the Web 2.0 project, though withdrawals in 2011/12 are projected to be significantly lower than in prior years.

Roughly 60% of SAA's revenue in 2011/12 will be internally generated, made up largely of business and program revenue coupled with income from endowment and life membership fund payouts. The remaining 40% will come from general funds. In 2011/12, SAA expects revenue to increase slightly over projected 2010/11 results and overall operating expenses to hold relatively flat.

Beginning in 2008/09, SAA undertook major efforts to manage and reduce operating expenses in a manner

designed to have the smallest possible impact on the alumni community and to support SAA's long-term ability to achieve its mission of reaching, serving, and engaging all alumni. These efforts have resulted in significant savings in SAA's largest expense areas. SAA continues to seek new cost efficiencies wherever possible, though it is becoming increasingly difficult to find significant new areas for cost containment.

SAA's greatest challenge is to remain relevant and continue to create value for Stanford alumni relative to potential substitutes, while staying mindful of its financial realities. To this end, SAA is focusing its communications, programs, and services to better meet the needs of alumni. It is delivering offerings that provide "Stanford-unique" benefits, such as special access to Stanford faculty, to other alumni, and to meaningful volunteer opportunities. All of these are known to increase alumni goodwill and a sense of connection to Stanford. A critical component of remaining relevant and value-creating is technology. As Stanford alumni broaden their use of technology, SAA must be positioned to meet them in the media and platforms of their choosing. SAA is therefore increasing its investment in technology tools and platforms in 2011/12.

VICE PROVOST FOR STUDENT AFFAIRS

For 2011/12, Student Affairs will continue its ongoing strategic initiatives in residential education, student mental health and well-being, technology development/integration, and program assessment. These priorities are in line with Student Affairs' fundamental mission: 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.

Fund balances are expected to decrease by \$1.5 million (7%) to total \$20.4 million. This projection assumes beginning fund balances of \$21.9 million, total revenues and transfers of \$50.6 million, expenses of \$51.8 million, and transfers to assets of \$343,000. Major factors contributing to the projected decrease in fund balances include:

- use of Vaden reserves to fund the dependent healthcare plan subsidy,
- use of central reserves to fund risk management programs, centralization of IT resources, new initiatives related to student mental health and well-being, and

expansion of career planning resources for graduate students,

- drawdown of accumulated funds in the operating budget to support student programs and division initiatives, and
- use of gift funds to support the newly created position of associate dean/director of diversity and first-gen programs.

At the same time, new base and onetime funding and reallocated base funds will support needs in several priority areas:

- Residential education—Incremental base and rent funds will support the second year of a proposed three-year plan for reorganization and programming enhancements. In 2011/12, Residential Education will continue to improve departmental systems and structures and further implement its new organizational and area models, dividing the leadership and functions of the undergraduate residential campus into three regional areas. Programmatically, Residential Education will focus on further promoting faculty engagement in undergraduate residences through a variety of means, including funding events and programs. Any program enhancements will complement the findings and recommendations of the Study of Undergraduate Education at Stanford and the Residential Education task force jointly appointed by Residential Education and the Vice Provost for Undergraduate Education. This will help ensure full integration into the university in meaningful and sustainable ways.
- Student mental health and well-being—Incremental base funds will allow expansion of the graduate student residence-based Community Associates program from academic-year-only to year-round coverage. They will also support two new positions in the Vaden Health Center: an additional clinical case manager to help address an increased caseload of students with the most difficult and complex mental health issues and a nurse practitioner/physician's assistant to help meet increased medical services caseloads. Onetime funds will support staffing and operations of the Sexual Assault and Relationship Abuse Prevention/Response program.
- Risk and liability reduction—Incremental base funding will support additional staffing in the Bechtel International Center to address the greater workload resulting from an increasing international student and scholar population, increasing immigration compliance

requirements and regulations, and related responsibilities assumed by Bechtel staff.

- Quality of services/operating efficiencies—Student Affairs received incremental base funds to support operations of the Student Services Center, which transferred to the division from Business Affairs in 2010/11, and onetime funds to support the division’s initiative to centralize IT services and resources. Student Affairs will also reallocate base funds to enhance summer schedules for 25 staff whose schedules had been reduced due to funding reductions in 2009/10.

Operating for its first full year in 2011/12 will be a new auxiliary operation, managed by Residential Education, that will oversee collection of board income and its dispersal to cover operating and programming expenses in independent, student-run residences on campus, primarily located on the Row. Previously board income from house residents was deposited to and dispersed from external accounts by a third-party vendor; Residential Education assumed this oversight role to help ensure accountability for and reduce potential liabilities related to disbursement and use of funds.

Student Affairs will continue to regularly assess and evaluate programs and operations through a comprehensive plan. These reviews provide the vice provost, his or her leadership team, and unit staff with critical information needed to shape strategic decisions. Tresidder Meeting Services, the Judicial Affairs Office, and the Office of Student Activities and Leadership have most recently completed or initiated external evaluations.

UNDERGRADUATE ADMISSION, FINANCIAL AID, AND VISITOR INFORMATION SERVICES

Emerging from the severe budget downturn, Undergraduate Admission (UGA), Financial Aid (FAO), and Visitor Information Services (VIS) are commencing a strategic outreach plan that will allow them to ramp up a presence worldwide. Undoubtedly, this will augment the ever increasing interest of prospective students and their families in the university. Stanford has benefited from the office’s efforts to increase prospective students’ understanding of the extraordinary opportunities available to them as undergraduates. Financial aid enhancements and proactive admission outreach resulted in application increases of 20% in 2009, 6.8% in 2010, and 7.3% in 2011, and demand

for service continues to grow. In 2010/11 Stanford had the largest number of visitors and applicants in its history, and the most competitive review cycle.

It is imperative that the university continue to provide the highest level of service and the most efficient communications with its constituencies to maintain the momentum. In 2011/12, UGA/FAO/VIS intends to upgrade all outreach and marketing efforts as it continues to strive for first-class service, including refinement of the comprehensive applicant review process, and to deliver strong financial aid support.

The necessary budget cuts made by UGA/FAO/VIS in 2009/10 resulted in almost untenable demands on staff and operations. To address the annual application growth and the infrastructure needs put on hold that year, UGA intends to clearly prioritize and implement initiatives for 2011/12, relying on systematic assessment to shape strategy and decision making. Strategic priorities include the following:

- Conversion of FTE positions from 10-month back to 12-month appointments,
- Addition of headcount in FAO to focus on graduate student issues and serve this increasing student population,
- Addition of more part-time seasonal readers and increase in experienced readers’ load per week,
- Reclassification of FAO student awards staff to reflect additional responsibilities proportionate to the 20% increase in financial aid applications,
- Implementation of a new technology portal, in coordination with OOD and SAA, to help shape student outreach and yield by increasing staff efficiency, improving workflow, targeting student interactions, and improving communication with the large alumni volunteer cohort,
- Growth in the alumni interview program nationally and internationally with significant investment in technology infrastructure and support to develop an online training program,
- International joint travel with peer institutions to address Stanford’s noticeable absence, and
- Reimplementation of professional development programs at local, regional, and national conferences.

UGA/VIS intends to use budget savings for the following strategic priorities:

- Purchase, install, and set up two new drivers for the new technology portal.

- Update all print marketing collaterals, including diversity pieces, and UGA/FAO/VIS websites.
- At the new Visitor Center, improve acoustics and lighting, provide a tour group audio conferencing system, and purchase an E-Learning online training module for the tour guides.

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) faced significant budget challenges in 2009/10 and 2010/11. While the outlook has improved in 2011/12, the fiscal environment remains challenging. DAPER produced a balanced budget in 2009/10 and is projecting balanced budgets in 2010/11 and 2011/12. Significant incremental revenues are anticipated in 2011/12 to help balance the budget, but zero or minimal increases in most controllable expense lines will also be required.

Projected revenues and expenses for 2011/12 are \$68.3 million. DAPER's revenues are largely determined by football ticket sales and will be positively impacted by the new television contract.

There are several key changes on the revenue side over 2010/11 projections. Intercollegiate revenues are increased due to changes in the Pac-12 conference television agreement and the addition of a Pac-12 championship football game. Additionally, DAPER has placed a significant focus on football ticket sales in 2011/12 to capitalize on the success of the football team last season, and revenues in this area are projected to be up significantly. Gifts/endowments are up due to the increased use of funds that recently became unrestricted. University funds are reduced due to the elimination of \$2.6 million in one-time funding to help ease budget pressures in 2010/11. On the expense side, compensation expenses are up over the projection for 2010/11 due to several midyear changes in the football coaching staff as well as changes in senior administrative staff. All other expense categories show relatively small increases

or decreases as DAPER continues to work to hold expense growth down.

DAPER's financial aid endowment continues to be a huge asset to the department. For several years its payouts significantly overfunded financial aid needs. This allowed the department to work with donors to transfer the surplus to help with operating expenses. However, the additional 15% decline in endowment payouts for 2010/11 combined with continued increases in tuition created financial aid expenses that exceeded the endowment payouts. Despite a modest rebound in the endowment, this problem will continue in 2011/12, and the department projects needing to transfer approximately \$2.1 million from operating revenues to balance the financial aid budget. For 2011/12, projected revenues (including this transfer) are \$19.8 million and projected expenses are \$19.8 million, for a balanced budget. This compares to projected 2010/11 revenues and expenses of \$19.1 million.

RESIDENTIAL & DINING ENTERPRISES

Residential & Dining Enterprises (R&DE) projects a break-even auxiliary budget for 2011/12, with revenues and net transfers of \$159.7 million. It also plans to use approximately \$2 million from reserve funds to pay debt service related to strategic borrowings that will be used to reduce deferred maintenance backlog on its residential and dining facilities.

R&DE's budget and initiatives in 2011/12 will provide incremental funding for continued stewardship of five million square feet of student living and dining space to ensure

that these environments remain comfortable, attractive, safe, code compliant, and in a living and learning environment that supports education, recreation, and personal development.

This plan reflects a combined room and board rate increase of 3.5% (4.65% room and 2.0% board). The increase in student payments is necessary to cover regular inflationary impacts on operating costs, including labor, food, expendable materials and supplies. The room and board increase, together with a debt service interest rate reduction, revenue growth, continuous cost efficiency and business optimization efforts, and a planned use of some of R&DE's reserve funds, allow for supplemental funding to be made toward R&DE's asset renewal programs and housing maintenance backlog, as well as increased funding to Residential Education and Graduate Life Office.

R&DE's budget plan will yield a balanced auxiliary budget while managing conservative revenue growth and maintaining previously introduced optimization strategies and budget reductions. It assumes R&DE will continue its efforts toward strategic management of long-term purchasing contracts, reductions in expendable materials and supplies, improved technological business solutions, and partnerships with students on ongoing sustainable energy conservation initiatives.

The budget provides funding for the merit salary increase program for exempt and non-exempt employees, as well as salary increases to bargaining unit employees in accordance with the union contract.

R&DE expects to continue its funding for established Residential Education programs, the Graduate Life Office, and Residential Computing. In addition, 2011/12 is the second year of a three-year plan that includes increased funding to support Residential Education's new program model. Various upgrades to Resident Fellows apartments, arts programming, and technology infrastructure in residences to support academic programs are also included in the Budget Plan.

Many critical asset renewal needs are addressed in the plan, including seismic retrofit needs, American with Disabilities Act upgrades, life safety and code compliance updates. The 2011/12 budget plan also anticipates funding additional new debt service on the Capital Improvement Projects just completed and financed in 2010/11.

R&DE will use \$24 million in new debt in 2011/12 to perform work that will help reduce the maintenance backlog. The \$1.8 million incremental debt service expense related to this borrowing will be funded by reserves. This additional debt service will bring the total debt service expense in 2011/12 to \$44 million.

R&DE's plan for capital projects in 2011/12 include the following:

- Wilbur (Junipero and Okada) Residence Hall safety upgrades and renovations of bathrooms, utilities, and hardscape,
- Row House kitchen replacements,
- Escondido Village apartment heating system replacement,
- Lagunita Residence Hall and Dining Hall replacement of underground utilities and hardscape, and renovation of bathrooms, and
- Planning for a new residence hall building at Manzanita (roughly 122 bed spaces) and the "spruce up" of the existing Manzanita residential and dining facilities.

The year 2011/12 will also be marked by the opening of the Arrillaga Family Dining Commons, bringing the next level of excellence in culinary experiences to Stanford students in support of the university mission. This new facility will create opportunities for operational efficiencies through central production strategies.

HIGHWIRE PRESS

As planned, in 2010/11 HighWire invested in staff and third-party services to continue the migration of its more than 140 publisher clients and more than 1,400 websites to a new technology platform. That investment, self-funded through reserves generated in previous years, will continue through the first few months of 2011/12.

At the same time, HighWire is facing new and significant external competitive threats. With additional internal investment from SULAIR, HighWire is taking steps to position itself for growth in the dynamic world of online publishing and to strengthen its market position. HighWire is supporting its publisher customers in mobile computing applications, the semantic Web, and integration across multiple content types, including non-HighWire-hosted content.

As a result of these technological, operational, and marketing initiatives, HighWire projects operating deficits of \$1.8 million in 2010/11 and \$0.9 million in 2011/12 after many years of operational surpluses. HighWire projects an ending fund balance of approximately \$1.5 million as of August 31, 2012. In subsequent years, HighWire expects to return to a steady state in which modest annual surpluses from operations rebuild reserve levels.

STANFORD UNIVERSITY PRESS

The Press consolidated budget for 2011/12 projects revenue from sales of paper and electronic editions to grow by 2.9% over the anticipated 2010/11 year-end total. Gross margin on sales (the income remaining after deduction of production costs, royalties, and write down) is expected to grow by 4.4%, while overheads will grow by less than 1%. This combination of margin improvement and cost control will reduce the pre-adjustment loss to 11.4% below the anticipated 2010/11 year-end figure. Considering this mix of pressures, top line growth of 2.9% and gross margin growth of 4.4% is aggressive. It is very difficult to predict the exact timing, as the current hybrid paper/electronic model will evolve to become an electronic/paper model, and potentially an electronic-only model.

The Press continues to support its operations with draws from the Press Sustaining Fund. After an anticipated draw of \$820,000 in 2010/11, it will use the remaining \$364,000 in 2011/12. The Press will then begin drawing funds from its Research Fund and expects to draw \$400,000 to support operations in 2011/12, leaving a balance of \$2.5 million in the fund.

Driving these numbers is a major upheaval in the marketplace for scholarly, educational, and professional information and a significant change in the underlying business model for disseminating that information — which together have necessitated a comprehensive overhaul of the workflow of the Press. All of these changes were anticipated in the new five-year plan produced by the Press in the spring of 2010. At the core of that plan were mutually supportive strategies to maximize the output of electronic editions for all market channels — retail, library, and educational — while managing the anticipated downturn in revenue from paper editions.

In the retail space, the e-book platforms that were either just launched or still in development last year are all now

loading content. To take advantage of these new revenue streams, the Press has signed distribution agreements with all the leading platforms including Kindle, Apple, Barnes and Noble, and Google. In the library space, where platforms have been a little slower to proliferate, the Press is assessing the potential for the newer entrants to deliver aggregated content cost effectively and will shortly extend the two current agreements with extant library aggregators by the addition of one or two of those new entrants. For the educational space, the Press has launched its own e-reader that allows students to rent electronic files for short or long periods, to buy e-files, and to bundle them with paper files. Press management is also in negotiation with third party course pack providers to license content for the creation of custom textbooks.

On the print side, print runs have been considerably reduced and inventory write down has been accelerated to take account of the cannibalization of paper sales by new electronic sales. These changes will have a negative impact on gross margin and, when taken together with the much lower per-unit revenue generated by electronic editions (which generally command prices 50% or more lower than the paper edition prices), the impact on the bottom line can be significant. Unfortunately, this is further compounded by the need for new workflows to accommodate the need for simultaneous production of both print files and e-files for every book, and by the cost of file conversion to meet the requirements of the multitude of e-platforms: hence the capping of overheads at 2010/11 levels.

Finally, with the print model in decline, the Press is launching two new strategies. The first migrates printing as fast as possible from the legacy model of offset printing of bulk stock to a model in which a small initial printing of a new title is produced, with the title then moving quickly to a print on demand (POD) model. The second allows both web-based retailers and overseas distribution partners to fill orders with their own POD editions, allowing them to deliver titles to almost all territories in 24 hours. In other words, books will be “born POD” as well as printed in bulk.

Returning to the 2011/12 numbers in the first paragraph, and taking account of this mix of pressures, even top line growth of 2.9% and GM growth of 4.4% is aggressive. And the rate at which the current hybrid paper/electronic model will flip to an electronic/paper model — and potentially an electronic-only model — is completely unpredictable.

CAPITAL BUDGET AND THREE-YEAR CAPITAL PLAN

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

The university has been in the midst of the largest construction program in its history, addressing the need to replace and upgrade many aging facilities. At \$1.9 billion, the Capital Plan is 24% larger than last year's plan. This year's plan includes significant projects in the areas of academic research, housing, and infrastructure. The 2011/12-2013/14 Capital Plan includes the new Bioengineering/Chemical Engineering building, a new concert hall, several School of Medicine projects (including plans to lease 255,124 gross square feet of Stanford Research Park space), the repurposing of the vacated Graduate School of Business complex, and a new building for the arts. Housing projects include the addition of the new Escondido Village Comstock Graduate Housing and Rains Houses Renovation projects. The Capital Plan also includes \$558 million for the new Campus Energy System Improvements projects.

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 2011/12 Capital Budget, provides an overview of the capital planning process, describes current strategic initiatives, and presents the 2011/12-2013/14 Capital Plan and related constraints.

THE CAPITAL BUDGET, 2011/12

The 2011/12 Capital Budget at \$455.5 million reflects the university's significant capital projects including the Bioengineering/Chemical Engineering building (BioE/ChemE), Bing Concert Hall, West Campus Recreation Center, Jill and John Freidenrich Center for Translational Research (Freidenrich Center), Campus Energy System Improvements (CESI), Stanford Research Computing Facility, Satellite Research Animal Facility (SRAF), tenant improvements at 3155 and 3165 Porter Drive, and various infrastructure projects and programs. The projected 2011/12 expenditures reflect only a portion of the total costs of the capital projects, as most projects span more than one year. The table below highlights major capital projects with sig-

MAJOR CAPITAL PROJECTS - PERCENT OF COMPLETION 2011/12¹

[IN MILLIONS OF DOLLARS]

	COSTS IN 2011/12	ESTIMATED PROJECT COST	ESTIMATED PERCENT COMPLETE 2011/12
Bioengineering/ Chemical Engineering	71.3	211.4	47%
Bing Concert Hall	53.5	111.9	100%
West Campus Recreation Center	26.3	35.5	93%
Jill and John Freidenrich Center for Translational Research	16.6	21.3	100%
Central Energy System Improvements	65.9	558.0	12%
Stanford Research Computing Facility	19.1	42.3	50%
Satellite Research Animal Facility (SRAF)	12.5	27.5	69%
3165 Porter Drive Tenant Improvements	17.7	22.0	100%
3155 Porter Drive Tenant Improvements	11.9	15.0	100%
	294.6	1,044.9	

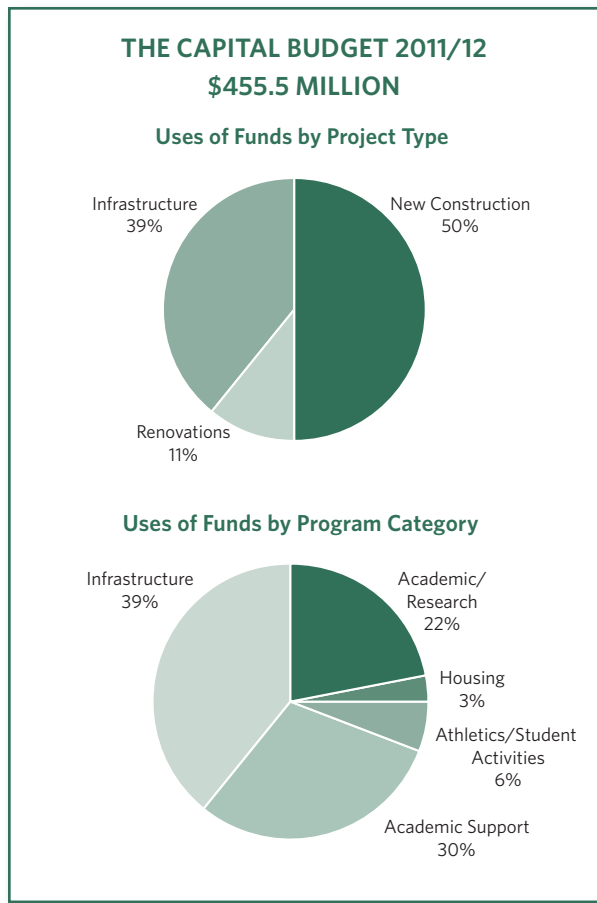
¹ Includes projects scheduled to be in construction and with forecasted expenditures greater than \$10 million in 2011/12.

nificant expenditures which will be incurred in the 2011/12 Capital Budget, as well as the percentage of the project expected to be complete by the end of 2011/12.

The magnitude 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 69% of the total budgeted. This has been less of a factor in the three past years because most of the projects in recent Capital Budgets have funding identified, staff assigned, and Board of Trustees approval. However, expenditures in 2011/12 may be lower than these averages due to the higher level of Gifts to be Raised and Resources to be Identified.

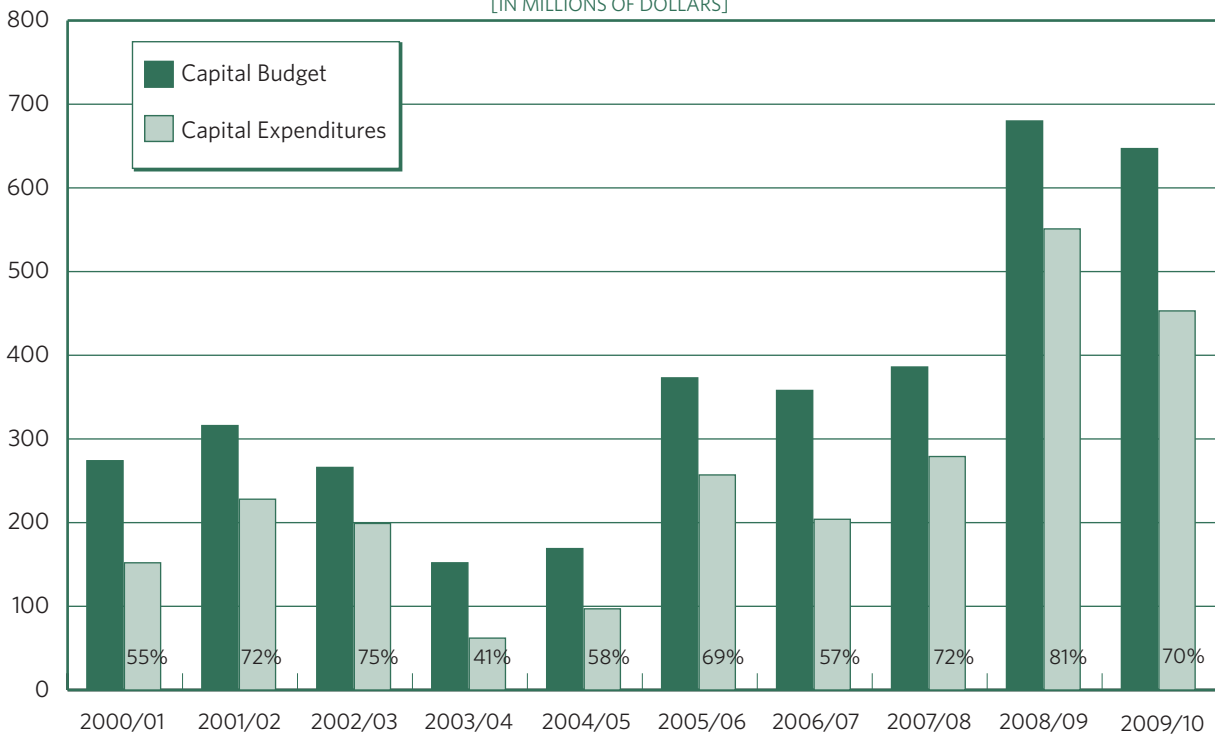
Sources and Uses

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, GUP and SIP programs, and a subvention from the Hoover Institution), gifts, and debt. The university typically allocates



CAPITAL BUDGET VS. EXPENDITURES 2000/01 to 2009/10

[IN MILLIONS OF DOLLARS]



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 with medium-term debt.

Of the \$455.5 million in the overall Capital Budget, as shown in the upper pie chart on the facing page, an estimated 50% of the budget will be spent on new construction projects. Infrastructure “project types” comprise 39% of the upper pie. The remaining 11% of funds will be spent on renovation projects. As shown in the lower pie chart on the facing page (capturing Uses of Funds by Program Category), approximately 39% will be spent on infrastructure projects. These include CESI, the Investment in Plant Program (Planned Maintenance), R&DE Capital Improvement Program (CIP), Capital Utilities Program (CUP), and the General Use Permit (GUP) Mitigation Program. Academic Support comprises 30% of the categorical picture in the lower pie chart, Academic/Research comprises 22%, Athletics/Student Activities represents 6%, and Housing comprises 3%.

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.

Transfers to the CFF will be \$81.8 million in 2010/11 and \$85.9 million in 2011/12 with commitments of \$35.9 million in 2010/11 and \$56.5 million in 2011/12, as shown in the adjacent table.

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. Among other uses, non-formula CFF is providing funding for the Stanford Auxiliary Library III Phase 2 (\$14.8 million), West Campus Recreation Center (\$11 million), Stanford Research Computing Facility (\$10.6 million), and enhanced sustainability features for the BioE/ChemE building (\$5 million). Loan repayment of \$19.1 million from the Olmsted Terrace Faculty Homes is anticipated in 2010/11.

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

CAPITAL FACILITIES FUND (CFF)

Funding Sources and Committed Uses of Funding

(IN MILLIONS OF DOLLARS)

	2010/11	2011/12
Sources of Funding		
Formula Units		
School of Medicine	10.7	11.4
Hoover Institution	3.6	3.8
President's Funds	9.3	9.3
Non-Formula	58.2	61.4
Total Funding	81.8	85.9
Committed Uses of Funding		
Various Projects Funded by President's Funds	9.3	9.3
Foundations in Medicine 1 (FIM1)	2.0	6.7
Lane/Alway	5.2	
Various School of Medicine Projects	9.4	2.9
Hoover Institution Project	3.6	3.8
West Campus Recreation Center	11.0	
Stanford Research Computing Facility	6.3	4.2
Bioengineering/Chemical Engineering	5.0	
Emergency Power and Management Programs	3.1	0.8
Stanford Auxiliary Library III, Phase 2	2.3	11.8
School of Education Building Reimbursement	(4.9)	
Olmsted Terrace Faculty Homes Loan Repayment	(19.1)	
Bing Concert Hall (O&M)		7.0
Biology		5.0
Crown Quad		5.0
Other Projects	2.7	
Total Commitments	35.9	56.5
Annual Uncommitted Balance	45.9	29.4
Balance at Beginning of Year	38.2	84.1
Uncommitted Balance	84.1	113.5

Capital Budget Impact on 2011/12 Operations

The 2011/12 Consolidated Budget for Operations includes incremental debt service and operations and maintenance (O&M) expenses for projects completing in 2011/12. Additionally, this budget includes an incremental increase in debt service and O&M expenses for projects completing in 2010/11 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 costs, and administrative costs. The BIR for 2011/12 is 4.5%.

The projected incremental internal debt service funded by unrestricted funds, including formula units, in 2011/12 is \$3.6 million. This amount includes the additional debt service on the Knight Management Center, William H. Neukom (Neukom) Building, the Beckman Energy Retrofit, and other smaller capital projects and programs. It also includes interest on debt required to bridge finance gift receipts for the Jen-Hsun Huang Engineering Center, Center for Nanoscale Science and Engineering, Jerry Yang and Akiko Yamazaki Environmental and Energy Building, Knight Management Center, Li Ka Shing Center for Learning and Knowledge, Lorry I. Lokey Stem Cell Research Building, and Neukom Building. This additional debt service brings the total annual internal debt service borne by the unrestricted university budget to \$58.4 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 \$157.9 million to \$164.6 million. In addition, annual lease payments are projected at \$22.9 million in 2011/12.

The university will incur additional O&M costs in 2011/12 of approximately \$3.7 million, of which \$344,000 will be funded by the Bing Concert Hall endowment. These O&M costs are primarily attributed to the 2011/12 completion of the Bing Concert Hall, the 3160 Porter Lease, and the prior year completions of the Neukom Building and Parking Structure 7 (PS7), which were operational for less than 12 months in that year. The O&M costs are offset by projected savings resulting from the demolition of the Terman and Ginzton buildings.

CAPITAL PLANNING OVERVIEW

Capital Planning at Stanford

Stanford's Capital Plan is a three-year rolling plan with budget commitments made for the first year and then only for projects with fully identified and approved funding. Cash flow expenditure forecasts for these projects extend beyond the three-year period, with budget impacts for operations, maintenance, and debt service commencing at construction completion. The plan includes forecasts of both cash flow and budget impacts by year, demonstrating the impact of projects beyond the three-year plan (see tables on page 74).

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

In the 2009/10–2011/12 Capital Plan, the university delayed or suspended \$1.1 billion in planned capital projects due to the impact of the global financial crisis. Each capital planning cycle, the delayed or suspended projects are reviewed to determine feasibility and funding changes. As a result of this review, the current plan includes the reactivation of \$135.8 million in projects, with \$3.4 million in associated O&M expenses. The remaining delayed and suspended projects will continue to be reevaluated annually, and are detailed on the facing page.

Strategic Initiatives

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

- Science, Engineering, and Medical Campus (SEMC)
- Sustainability and Energy Management (SEM) / Campus Energy System Improvements (CESI)

Science, Engineering, and Medical Campus

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

The SEMC consists of eight new buildings, six completed, one in planning and one delayed:

- Astrophysics (completed in 2006)
- Jerry Yang and Akiko Yamazaki Environment and Energy Building (Y2E2) (completed in 2007)
- Lorry I. Lokey Stem Cell Research Building (SIM 1) (completed in 2010)
- Jen-Hsun Huang Engineering Center (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)

2011/12-2013/14 CAPITAL PLAN REACTIVATED, DELAYED, SUSPENDED AND CANCELLED PROJECTS

[IN MILLIONS OF DOLLARS]

	ESTIMATED			
	SCHOOL/ DEPARTMENT	PROJECT COST	DEBT SERVICE	OPERATIONS & MAINTENANCE
Reactivated Projects				
McMurtry (Art) Building	H&S	67.0		1.4
Hoover Office Building (Cummings Replacement)	HOOVER	45.6		1.5
Stanford Auxiliary Library III, Phase 2	SUL	14.8		0.4
Madera Grove Children's Center/Mulberry House	PRES/PROV	4.6		0.1
Access Control Enterprise System (ACES) - Phase 2	PRES/PROV	3.8		
Total - Reactivated Projects		135.8		3.4

	ESTIMATED			
	SCHOOL/ DEPARTMENT	PROJECT COST	DEBT SERVICE	OPERATIONS & MAINTENANCE
Delayed Projects				
Foundations in Medicine (FIM) 1	SOM	172.7	2.1	2.3
Biology Building (SEMC project)	H&S	86.1	1.0	1.9
Encina Renovation	DOR/H&S	67.2	2.7	
Old Chemistry Classrooms with Library	H&S	55.0	1.8	1.2
Panama Mall Renovations	SOE	20.8		0.1
Buildings 02-520 and 02-524 Renovations (\$12M)				
Durand Phase 4 (\$6.8M)				
Building 02-560 (\$2M)				
Public Safety Building	PRES/PROV	16.6		0.4
Green Dorm (47 beds)	SOE	16.0		1.3
Golf Club House, Pro Shop, Cart Barn	DAPER	10.4		0.1
Multiple Non-Board of Trustee Level Projects	Multiple	13.0	0.2	0.1
Subtotal - Delayed Projects		457.7	7.8	7.4
Suspended Projects				
Redwood City Campus Master Plan Phase 1	PRES/PROV	379.0	18.5	8.9
Memorial Auditorium Renovation	PRES/PROV	63.2		
Subtotal - Suspended Projects		442.2	18.5	8.9
Cancelled Projects				
Meyer Replacement	SUL	46.1		
Maples Parking Structure	LBRE	40.0		0.2
Mechanical Engineering (Building 630 Replacement)	SOE	14.9		0.4
Subtotal - Cancelled Projects		101.0		0.6
Total - Delayed, Suspended and Cancelled Projects		1,000.9	26.3	16.9

- Bioengineering/Chemical Engineering (BioE/ChemE) (in planning)
- Biology (delayed)

This year's Capital Plan includes the BioE/ChemE building, one of the two remaining SEMC projects. At \$211.4 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 be predominantly comprised of wet laboratories and associated support spaces designed for intensive research for each of the departments. Included in the building scope are classrooms, faculty offices, and conference spaces.

The 196,315 gross square foot (gsf) BioE/ChemE building will match the architectural character of the neighboring Y2E2 building, and the Huang Engineering and Nano Centers. The Ginzton Laboratory will be demolished to clear the site. Mass excavation of the site will commence in 2011, with expected completion by 2014.

Sustainability and Energy Management / Campus Energy System Improvements

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

Existing energy-saving strategies are expected to decrease energy consumption through 2011. In 2012, additional demand from new buildings may require enhanced conservation efforts. Stanford currently receives most of its energy from the Cardinal Cogeneration plant. The contract for energy services from this plant expires in 2015, at which time it will be 28 years old and near the end of its useful life. The university is now exploring options for replacing the plant through the new CESI project.

Options being considered for this major capital utilities project range from a new like-kind, natural gas-fired cogeneration and steam supply system, to a fully electric heat recovery plant with a campus-wide steam to hot water conversion, to hybrids of the two. In most scenarios, a new central energy plant would be constructed in a new loca-

tion on the west side of campus, and the old plant would be phased out and demolished to make way for future academic development. Also included is an upgrade of the high voltage electrical infrastructure to support campus growth and added central plant load. Estimated costs for CESI are \$558 million.

Stanford is also pursuing approaches to reduce the use of non-renewable resources and minimize environmental impacts. Under the university's sustainability standards, new buildings are required to use 30% less energy and 25% less water than building codes require. This is achieved through a combination of building orientation relative to the sun, adept space use planning and building operation scheduling, 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 the Whole Building Energy Retrofit Program sustainable standards (please see the discussion on page 70 for further information). Minor capital and operations improvements are funded through the Energy Retrofit Program (ERP). The Energy Conservation Incentive Program (ECIP) 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 under review within SEM at this time.

THE CAPITAL PLAN, 2011/12-2013/14

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 \$6.3 billion and an estimated replacement cost in excess of \$7 billion.

The Capital Plan includes a forecast of Stanford's annual programs designed to restore, maintain, and improve campus facilities for teaching, research, housing, and related activities. The plan also outlines Stanford's needs for new

facilities. The Capital Plan is compiled, reviewed, and approved in a coordinated manner across the university. The plan carefully balances institutional needs for new and renovated facilities with the challenging constraints of limited development entitlements, available funding, and budget affordability.

Projects listed in the Capital Plan are those approved by the provost. Many of the projects are under the purview of the Board of Trustees. 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 2011/12-2013/14 Capital Plan, which include major construction projects in various stages of development and numerous infrastructure projects and programs, total \$1.9 billion. The table below provides a comparison of the last three Capital Plans.

COMPARATIVE CAPITAL PLANS

[IN MILLIONS OF DOLLARS]

	2009/10	2010/11	2011/12
Design/Construction	1,427.0	795.9	495.3
Forecasted	79.6	221.8	1,106.1
Infrastructure	294.0	498.0	275.8
Total	1,800.6	1,515.7	1,877.2

Projects in Design and Construction

Projects in Design and Construction represent \$495.3 million (26% of the plan). Construction of these projects is contingent on fundraising of \$111 million (22%) and identifying resources for the \$70.3 million funding gap (14%). Ten projects are listed in this category, as shown in the related table on page 77.

The cost of projects in Design and Construction decreased by \$300.6 million from 2010/11 as a result of the completion of certain projects offset by the addition of new projects. Completed projects include the Knight Management Center and PS7 (\$345.3 million), Neukom Building (\$63.9 million), Olmsted Terrace Faculty Homes (\$28.6 million), Nano Fit-up (\$17.7 million), Olmsted Road Staff Rental Housing (\$16 million), Huang Fit-up (\$14 million), and the

Cognitive and Neurobiological Imaging (CNI) Center (\$7.5 million). Offsetting these decreases is \$20.5 million from the Manzanita Undergraduate Housing project that was previously listed in the Forecasted Projects section. The Rains Houses Renovation (\$49.8 million) and the West Campus Recreation Center (\$35.5 million) are two new Capital Plan projects that further offset decreases by \$85.3 million. The Stanford Auxiliary Library III Phase 2 (\$14.8 million) was reactivated from the Delayed and Suspended Projects list.

Forecasted Projects

Forecasted Projects are those anticipated to receive Board of Trustees approval over the next three years. These projects total \$1.1 billion (59% of the plan) and are listed on page 78. As with the projects in Design and Construction described above, these projects are contingent upon funding. For this group of projects, a total of \$75.4 million (7%) remains to be fundraised and \$174.4 million (16%) requires funding to be identified.

Project costs within this category have increased by \$884.3 million from 2010/11, as a number of new and existing projects have either been added to the plan or moved into the Forecasted Projects category. The most significant impact to this figure is the new CESI initiative, which carries a project cost of \$558 million. Additional projects added to the Forecasted Projects section are the Escondido Village Comstock Graduate Student Housing and Parking Structure (\$175 million), Satellite Research Animal Facility (\$27.5 million), 1651 Page Mill Road Tenant Improvements (\$23 million), 3165 Porter Drive Tenant Improvements (\$22 million), 3155 Porter Drive Tenant Improvements (\$15 million), Crown Quad Renovation (\$15 million), Sports Center Expansion (\$14 million), Forsythe Data Center Phase 4 Electrical Upgrade (\$5 million), and North Campus Electronic Communications Hub (\$4.3 million). The Hoover Office Building (\$45.6 million) was reactivated from the Delayed and Suspended Projects table in the 2011/12 Capital Plan.

Infrastructure

Stanford's ongoing efforts to renew its infrastructure, excluding the CESI initiative, are reflected in a budget of \$275.8 million (15% of the plan). Infrastructure costs have decreased from last year's Capital Plan by \$222.2 million, due to the CESI initiative now reflected in Forecasted

Projects. Infrastructure programs include the Investment in Plant Program (Planned Maintenance), R&DE's Capital Improvement Program (CIP), GUP Mitigation Program, Capital Utilities Program (CUP), Whole Building Energy Retrofit Program Group 2, Stanford Infrastructure Program (SIP), Information Technology & Communications Systems, Emergency Generators, Lagunita Diversion Facility Remediation, and Storm Drain projects. GUP mitigation and SIP projects are funded through construction project surcharges. The other categories of projects are funded by central funds or debt.

Investment in Plant - Planned Maintenance Program

Annual Investment in Plant assets represents the maintenance funds planned to be "invested" to preserve and optimize Stanford's existing facilities. 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 \$5 million in pathway, outdoor structures, and grounds. The planned costs and funding total \$117.6 million and are detailed by area on page 79.

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 \$43.4 million. The plan includes continuation of the code compliance upgrades of various Row Houses, repairs to the Escondido Village slab heating system and infrastructure, as well as bathroom and kitchen renovations. In an effort to reduce deferred maintenance within R&DE facilities, a Backlog Reduction Initiative (\$27.1 million) will be under way to upgrade critical building systems and components. Upon completion of CIP building renovations, the facilities are maintained through the Stanford Housing Asset Renewal Program (SHARP) and the Dining Asset Renewal Program (DARP).

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.

Stanford reached agreement with Santa Clara County on the implementation of the required trails in the County and other jurisdictions. Santa Clara County segments were permitted for construction and began in 2005. Construction was suspended when the Committee for Green Foothills sued the County and Stanford over the adequacy of the Environmental Impact Report (EIR). The litigation was resolved on February 11, 2010 by a California Supreme Court ruling in favor of Stanford University and Santa Clara County to proceed with development of the trails located in the foothills along Page Mill Road. The total estimated cost for all trails is \$21.7 million.

Capital Utilities Program

The \$20.1 million three-year plan improves electrical, steam, water, chilled water, and wastewater utility systems. The annual CUP program covers the areas of system expansion (\$11 million) and system replacement (\$9.1 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.

Included in the replacement and expansion process are distribution pipes, conduits, switchgear, Central Energy Facility (CEF) production equipment, software and hardware for metering and monitoring utility systems, and water systems. The CUP program is significantly less than in prior years in anticipation of the CESI initiative, which will subsume many energy-related CUP projects in the next few years.

Whole Building Energy Retrofit Program Group 2

The Whole Building Energy 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 now been expanded to include the top 26 energy using buildings, representing an additional \$9.2 million of energy expenses (total of \$25.1 million) per year and 60% of the total campus. The retrofits completed thus far have delivered a discounted payback of

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.

3.3 years and Pacific Gas and Electric rebates of \$440,000. An additional \$1.85 million in PG&E rebates are anticipated for projects in construction.

The table above 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 vary significantly from expectations (more than $\pm 5\%$) and after at least one full annual building cycle

has passed, troubleshooting will continue until any identified problems are addressed and expectations are met or exceeded. This troubleshooting will be undertaken unless unforeseen building changes or weather patterns, though unlikely, materially affect the design intent of the retrofit.

Stanford Infrastructure Program

The 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 \$12.2 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 Communication 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 2011/12-2013/14, a total of \$8.3 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. In the 2011/12-2013/14 Capital Plan, the cost of the emergency generators program is \$2.4 million.

Lagunita Diversion Facility Remediation

The Lagunita Diversion Facility on San Francisquito Creek consists of a dam, water diversion facilities, and a fish ladder to allow passage primarily for steelhead. Water diversion operations were discontinued at this facility in the 1980s because of repeated collapse of the diversion channel and the facility's replacement by a downstream pump station diversion facility. The State of California Department of Fish and Game has expressed concerns about the facility's adequacy for fish passage, and Stanford has proposed removal of the entire dam and diversion facility as part of the Habitat Conservation Plan, currently under review by federal agencies. The university estimates that the remaining project costs to remove the facility and stabilize the creek's banks will be \$1 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 2011/12-2013/14 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, the Stanford Hospital and Clinics (SHC), Lucile Packard Children's Hospital (LPCH), and the SLAC National Accelerator Laboratory. Although the Capital Plan tables at the end of this chapter do not include these other entities, brief descriptions of their capital programs follow:

Real Estate Investments

Under an approved land use development agreement with the City of Palo Alto, known as the Mayfield Agreement, the Real Estate division will be master planning the conversion of some commercial sites on the edges of the Research Park to residential sites by the year 2014, when the underlying ground leases expire. The Real Estate group has begun the early planning phase for these development projects; detailed plans and project costs will be determined in future years.

Stanford Hospital and Clinics and Lucile Packard Children's Hospital

The Stanford University Medical Center (SUMC) is requesting entitlements in Palo Alto to create a new hospital zone, which would allow development of approximately 1.3 million square feet of net new hospital, clinic, and medical office space. Approval of the SUMC entitlements would permit the renovation and expansion of Stanford Hospital and Clinics, the Lucile Packard Children's Hospital and the building of new medical school facilities. In addition, the new zone would allow for an increase in the height limit from 50 feet to 130 feet. The estimated project costs of the Stanford Hospital and Clinics and the Lucile Packard Children's Hospital are \$2 billion and \$1 billion, respectively.

Since the fall of 2006, representatives from the two hospitals, the School of Medicine, and university administration (including Land, Buildings and Real Estate, Public Affairs, and the Office of the General Counsel) have worked together to manage the entitlement process. The formal project application was submitted in August 2007. The City Council hearing on the final Environmental Impact Report (EIR) and approval of the Development Agreement is now targeted for May 2011.

SLAC National Accelerator Laboratory

In February 2011, the SLAC National Accelerator Laboratory 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 National Accelerator Laboratory campus and is scheduled for completion by 2014. The enabling projects include the construction of a new 64,000 gross square foot building to house accelerator research staff at the RSB, renovation of two mission-support buildings, and the demolition of 64,000 square feet of substandard buildings and trailers.

Additional projects within the Long-Range Development plan include renovation of office space and construction of new laboratory space for the Stanford Institute for Materials and Energy Science (SIMES) program, construction of a new Science and User Support Building, and the construction of the Linac Coherent Light Source II (LCLS-II) facilities (see Chapter 2 SLAC National Accelerator Laboratory section for additional project details).

SLAC National Accelerator Laboratory is collaborating with the university to determine a feasible solution for a scalable, efficient and high density scientific research computing facility as data centers at both SLAC and on campus are currently operating at maximum capacity.

Overall Summary

A summary table of the 2011/12-2013/14 three-year Capital Plan appears on page 74. 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 2013/14.

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.

Capital Plan Funding Sources

As the first chart on page 75 shows, Stanford's Capital Plan relies on several funding sources including Current Funds (which include the Capital Facilities Fund, funds from university and school reserves, GUP and SIP programs and a subvention from the Hoover Institution), gifts, and debt. Depending upon fundraising realities and time frames, some projects will prove more difficult than others to complete. As a result, it is possible that additional projects on the Capital Plan—beyond those already delayed or suspended—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

SUMMARY OF THREE-YEAR CAPITAL PLAN 2011/12-2013/14

[IN MILLIONS OF DOLLARS]

	ESTIMATED PROJECT COST	CAPITAL BUDGET 2011/12	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 PLEGDED	TO BE RAISED	SERVICE CENTER/ AUXILIARY DEBT	ACADEMIC DEBT			
Projects in Design & Construction	495.3	183.4	74.2	220.8	111.0	9.2	9.8	70.3	1.2	8.9
Forecasted Projects	1,106.1	160.6	108.9	45.2	75.4	621.0	81.2	174.4	48.6	14.1
Total Construction Plan	1,601.4	344.0	183.1	266.0	186.4	630.2	91.0	244.7	49.8	23.0
Infrastructure Programs	275.8	111.5	149.7			92.0	23.3	10.8	8.2	0.3
Total Three-Year Capital Plan 2010/11-2012/13	1,877.2	455.5	332.8	266.0	186.4	722.2	114.3	255.5	58.0	23.3

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

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

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

CAPITAL PLAN CASH FLOWS

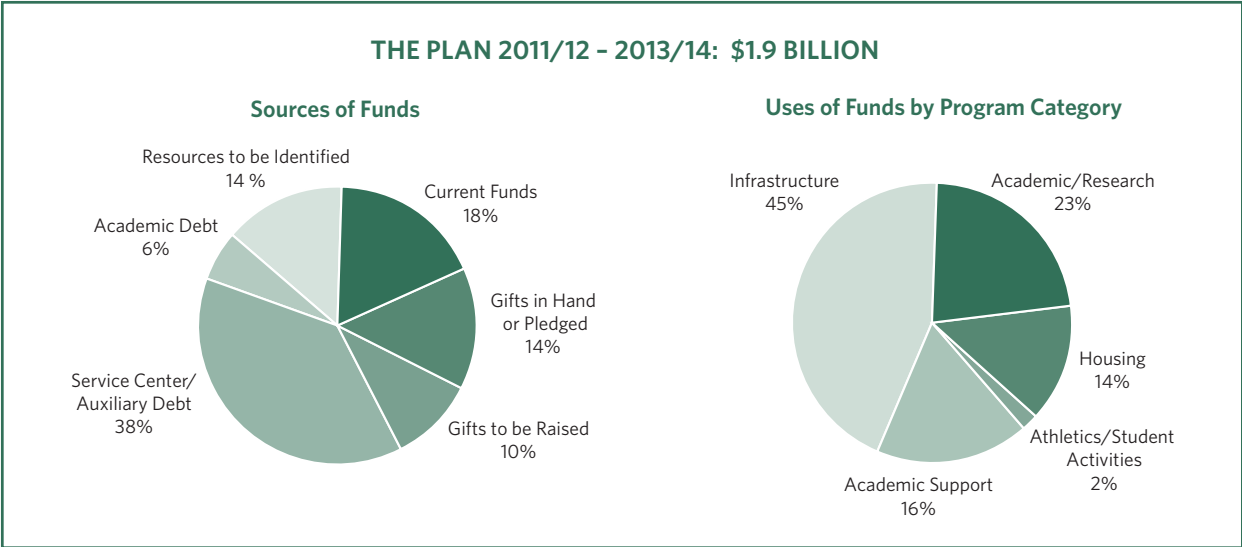
[IN MILLIONS OF DOLLARS]

	2010/11 & PRIOR	2011/12	2012/13	2013/14	2014/15 & THEREAFTER	TOTAL
Projects in Design & Construction	126.3	183.4	78.7	79.5	27.4	495.3
Forecasted Projects	12.1	160.6	330.4	309.8	293.2	1,106.1
Total Construction Plan	138.4	344.0	409.1	389.2	320.6	1,601.4
Infrastructure Programs	11.0	111.5	88.9	62.9	1.6	275.8
Total Three-Year Capital Plan 2011/12-2013/14	149.4	455.5	498.0	452.1	322.2	1,877.2

CAPITAL PLAN IMPACT ON BUDGET

[IN MILLIONS OF DOLLARS]

	2012/13	2013/14	2014/15 & THEREAFTER	TOTAL
Debt Service				
General Funds		2.0	0.6	2.6
Formula and Other Schools	2.3	1.2		3.5
Auxiliary	0.6	2.1	5.6	8.3
Service Center	0.6	1.1	41.9	43.6
Total Debt Service	3.5	6.4	48.1	58.0
Operations and Maintenance				
General Funds	2.5	1.9	12.5	16.9
Formula and Other Schools	1.2	0.1		1.3
Auxiliary	0.3	0.9	2.5	3.7
Service Center	0.3	0.2	0.9	1.4
Total Operations and Maintenance	4.3	3.1	15.9	23.3



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, Academic Support, Housing, and Athletics/Student Activities—with the largest category being Infrastructure at 45% of the Capital Plan. The chart below breaks out the same activity into project types—New Construction, Infrastructure, and Renovations—with Infrastructure and New Construction comprising 45% and 43% of the plan,

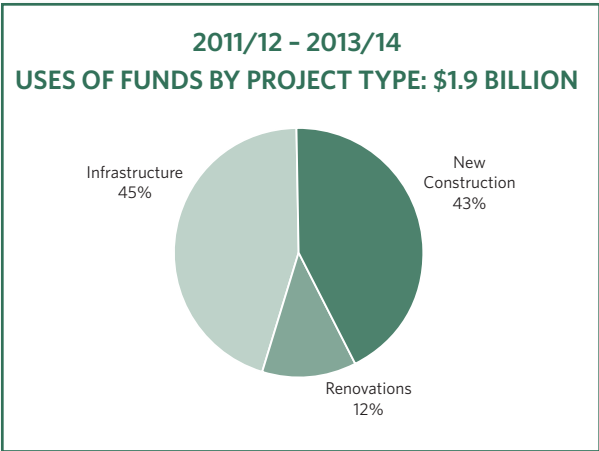
respectively. Notably, because of the completion of several major projects during 2010/11, Academic/Research has a relatively smaller portion of activity compared to last year’s Capital Plan with a decline from 45% to 23% of the plan. Conversely, the Infrastructure portion of the plan—whether viewed as a program category or a project type—will increase from 33% of last year’s plan to become 45% of this year’s plan due to the inclusion of the CESI initiative.

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 2011/12 to 2018/19) totals \$58 million annually (excluding debt service for debt bridge financing the receipt of gifts). Of this amount, \$2.6 million will be serviced by general funds, \$51.9 million by auxiliary or service center operations, and \$3.5 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 \$23.3 million per year. Of this amount, \$16.9 million will be serviced by general funds, \$5.1 million by auxiliary and service center operations, and \$1.3 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 2, 2011 debt available to finance capital projects and faculty mortgages is estimated at \$763 million, including \$269 million of taxable commercial paper, \$218 million of tax-exempt commercial paper, \$40 million of unexpended tax-exempt bond proceeds and \$236 million unexpended taxable bond proceeds. In addition, through fiscal year-end 2010/11, \$106 million from internal amortization on debt-funded projects will become available to lend to projects and \$101 million in forecasted pledge payments will retire debt issued to bridge finance the receipt of gifts.

The Capital Plan will require a total of \$746 million of debt:

- \$243 million to complete projects already approved or under construction,
- \$319 million for projects forecast to be approved in 2011/12,
- \$184 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. As of May 2, 2011 the portfolio of debt-subsidized mortgages had increased by \$11 million to \$388 million.

Projects identified in the three-year Capital Plan commencing after 2011/12 will require an additional \$524 million in long-term 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 comprises 8,180 acres, which fall within six jurisdictions. Of this total, 4,017 acres, including most of the central campus, are within unincorporated Santa Clara County.

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

Conditions of approval included the following:

- 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.)
- Construction of 605 units of housing for each 500,000 gross square feet of new academic building

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

The 2011/12–2013/14 Capital Plan includes 356,850 gross square feet of GUP square feet currently in Design and Construction and 120,338 net GUP square feet in Forecasted Projects. This square footage, along with gross square feet previously allocated, brings the total GUP 2000 gross square feet expended or planned to over one million. Given the university's longer-term capital forecast, coupled with funding and affordability challenges and ongoing scrutiny of expansion, the current GUP allocation may extend through 2025.

With the completion of the Escondido Village Conversions and various housing unit credits, Stanford will have added 1,448 net new housing linkage units since approval of the GUP. The completion of these units will enable the university to construct up to 1.5 million gross square feet 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.

**2011/12-2013/14 CAPITAL PLAN
PROJECTS IN DESIGN & CONSTRUCTION**

[IN MILLIONS OF DOLLARS]

	SCHOOL/ DEPARTMENT	FISCAL YEAR PROJECT SCHEDULE	ESTIMATED PROJECT COST	CAPITAL BUDGET 2011/12	CURRENT FUNDS ¹	PROJECT FUNDING SOURCE				ANNUAL CONTINUING COSTS			
						IN HAND OR PLEGDED	GIFTS TO BE RAISED	SERVICE CENTER/ AUXILIARY DEBT	UNIVERSITY DEBT	RESOURCES TO BE IDENTIFIED ²	DEBT SERVICE	OPERATIONS & MAINTENANCE ³	
Bioengineering / Chemical Engineering													
Base Building	SOE/SOM	2005-14	175.3	67.5	5.0	95.5	65.0		9.8		0.6	4.4	
Connective Elements	SOE/SOM	2005-14	3.5	2.0		3.5							
Fit-up	SOE/SOM	2011-14	32.6	1.8			32.6						
Bing Concert Hall	PRES/PROV	2009-12	111.9	53.5	35.7	75.1	1.1					2.4	
Rains Houses Renovation ⁴	R&DE	2011-15	49.8	0.9						49.8			
West Campus Recreation Center	DAPER	2011-13	35.5	26.3	11.0	24.5						0.9	
Jill and John Freidenrich Center for Translational Research	SOM	2010-12	21.3	16.6	0.5	8.5	12.3						
Manzanita Undergraduate Housing (100-125 units) ⁴	R&DE	2010-14	20.5	0.3									
Arrillaga Family Dining Commons	R&DE	2009-12	20.3	3.5	5.1	6.0		9.2				0.4	0.3
Stanford Auxiliary Library III, Phase 2	SULAIR	2011-13	14.8	8.2	14.8						0.6	0.4	0.4
Stanford Center at Peking University	DOR	2008-12	5.2	1.7	0.6	4.6							
Madera Grove Children's Center/Mulberry House	PRES/PROV	2008-12	4.6	1.2	1.5	3.1							0.1
Subtotal - Projects in Design & Construction			495.3	183.4	74.2	220.8	111.0	9.2	9.8	70.3	1.2	8.9	

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

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

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

⁴ Projects are on hold pending program and/or funding development.

**2011/12-2013/14 CAPITAL PLAN
FORECASTED CONSTRUCTION PROJECTS**

[IN MILLIONS OF DOLLARS]

	SCHOOL/ DEPARTMENT	FISCAL YEAR PROJECT SCHEDULE	ESTIMATED PROJECT COST	CAPITAL BUDGET 2011/12	CURRENT FUNDS ¹	PROJECT FUNDING SOURCE			ANNUAL CONTINUING COSTS			
						IN-HAND OR PLEGGED	GIFTS TO BE RAISED	SERVICE CENTER/ AUXILIARY DEBT	UNIVERSITY DEBT	RESOURCES TO BE IDENTIFIED ²	DEBT SERVICE	OPERATIONS & MAINTENANCE ³
Campus Energy System Improvements (CESI) ⁴												
	LBRE	2012-17	247.8	11.6				247.8			16.0	
	LBRE	2012-19	215.1	21.9				215.1			16.1	
	LBRE	2012-14	40.8	13.0				40.8			2.6	
	LBRE	2012-14	39.3	12.5				39.3			2.9	
	LBRE	2012-13	15.0	6.9				15.0			1.1	
	R&DE	2012-15	155.0	8.3				54.0		101.0	3.5	1.7
	LBRE	2012-15	20.0	1.1	20.0							0.8
	PRES/PROV	2012-14	51.0	2.3						51.0		3.5
	PRES/PROV	2012-14	20.0	1.1						20.0		1.7
	H&S	2012-15	67.0	2.5	20.0		30.6	14.0				1.4
	HOOVER	2013-16	45.6	0.5			3.2	42.4				1.5
	DOR/ITS	2011-13	42.3	19.1	10.6							1.5
	SOM	2012-13	27.5	12.5	8.0							1.2
	SOM	2013	23.0	2.1	23.0							0.1
	SOM	2012	22.0	17.7	7.1							0.7
	SOM	2012	15.0	11.9	4.9							0.5
	SLS	2012-14	15.0	3.6	5.0		5.0	5.0				0.2
	DAPER	2012-14	14.0	0.8				14.0				0.1
	ITS/AS	2011-12	9.0	8.4				9.0				0.1
	SUSE	2013-15	8.6	0.2	2.2		6.4					0.1
	ITS/AS	2014-15	5.0		4.3							0.2
	ITS/AS	2012-13	4.3	0.9	3.8							0.2
	PRES/PROV	2010-13	3.8									
			1,106.1	160.6	108.9	45.2	75.4	621.0	81.2	174.4	48.6	14.1
			1,601.4	344.0	183.1	266.0	186.4	630.2	91.0	244.7	49.8	23.0

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

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

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

⁴ CESI O&M included in CUP - see Infrastructure table.

2011/12-2013/14 CAPITAL PLAN INFRASTRUCTURE PROJECTS & PROGRAMS

[IN MILLIONS OF DOLLARS]

	SCHOOL/ DEPARTMENT	FISCAL YEAR PROJECT SCHEDULE	ESTIMATED PROJECT COST	CAPITAL BUDGET 2011/12	CURRENT FUNDS ¹	PROJECT FUNDING SOURCE				ANNUAL CONTINUING COSTS		
						IN HAND OR PLEGGED	GIFTS TO BE RAISED	SERVICE CENTER/ AUXILIARY DEBT	UNIVERSITY DEBT	RESOURCES TO BE IDENTIFIED ²	DEBT SERVICE	OPERATIONS & MAINTENANCE ³
Investment in Plant (Planned Maintenance)												
Non-Formula/Admin	LBRE	2012-14	51.3	16.7	51.3							
Formula	SOM	2012-14	23.3	5.9	23.3							
R&DE (SHARP/DARP) ⁴	R&DE	2012-14	30.0	8.3	30.0							
DAPER	DAPER	2012-14	10.8	4.1					10.8			
Utilities ⁵	LBRE	2012-14										
Roads	LBRE	2012-14	2.2	0.3	2.2							
Subtotal-Investment in Plant (Planned Maintenance)			117.6	35.3	106.8					10.8		
R&DE Capital Improvement Program ⁴	R&DE	2012-14	70.5	39.9	3.1			67.4			4.2	0.2
GUP Mitigation Programs	LBRE	2005-12	21.7	10.7	21.7							
Trails	LBRE	2012-14	2.5	0.8	2.5							
Water-Related Programs			24.2	11.5	24.2							
Subtotal-GUP Mitigation Programs												
Capital Utilities Program (CUP)	LBRE	2012-14	11.0	3.8				11.0			0.8	
System Expansion	LBRE	2012-14	9.1	5.2				9.1			0.8	
System Replacement			20.1	9.0				20.1			1.6	
Subtotal-CUP												
Whole Building Energy Retrofit Program Group 2	Various	2012-14	18.6	6.9					18.6		1.8	
Stanford Infrastructure Program (SIP)	LBRE	2012-14	12.2	4.0	12.2							
Information Technology & Communications Systems	ITS	2012-14	8.3	2.8				4.5	3.8		0.5	
Emergency Generators	EH&S	2012-14	2.4	0.8	2.4							
Lagunita Diversion Facility Remediation	LBRE	2012-13	1.0	1.0	1.0							
Storm Drains	LBRE	2012-14	0.9	0.3					0.9		0.1	0.1
Subtotal - Infrastructure Projects & Programs			275.8	111.5	149.7			92.0	23.3	10.8	8.2	0.3
TOTAL CAPITAL PLAN			1,877.2	455.5	332.8	266.0	186.4	722.2	114.3	255.5	58.0	23.3

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

² Anticipated funding for this category is through a combination of school, department, 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, 2011/12
- Summary of 2011/12 General Funds Allocations (Excludes Formula Units)

Consolidated Budget for Operations by Selected Units, 2011/12

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, 2011/12

[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	163.3	155.3	8.1	(2.0)	6.1
School of Earth Sciences	52.2	49.9	2.3	(3.0)	(0.7)
School of Education	43.3	43.2	0.1	(1.4)	(1.3)
School of Engineering	327.0	316.8	10.2	(1.8)	8.4
School of Humanities and Sciences ¹	408.6	393.1	15.5	(7.1)	8.4
School of Law	68.7	65.1	3.6	(3.5)	0.1
School of Medicine ¹	1,438.6	1,394.3	44.3	(27.4)	16.9
Vice Provost Dean of Research	190.5	196.1	(5.6)	4.2	(1.5)
Vice Provost for Undergraduate Education ¹	42.7	41.2	1.6	(1.6)	(0.0)
Vice Provost for Graduate Education	3.7	5.7	(2.0)	(0.2)	(2.2)
Hoover Institution	45.5	43.0	2.6	(3.4)	(0.8)
Stanford University Libraries ¹	101.0	104.4	(3.4)	0.8	(2.6)
SLAC	354.3	354.4	(0.1)		(0.1)
Total Academic Units	3,239.4	3,162.4	77.1	(46.5)	30.6
Administrative Units					
Business Affairs & Information Technology	184.2	187.3	(3.1)	(0.2)	(3.3)
Development	42.9	44.2	(1.3)		(1.3)
General Counsel & Public Safety	31.9	31.9			
Land, Buildings and Real Estate	225.4	218.2	7.3	(9.8)	(2.6)
President and Provost Office	66.6	66.3	0.3	0.4	0.8
Public Affairs	7.7	7.8	(0.1)		(0.1)
Stanford Alumni Association	35.0	35.4	(0.4)	0.1	(0.3)
Stanford Management Company	24.9	24.9			
Student Affairs ¹	50.3	51.8	(1.5)		(1.5)
Undergraduate Admission and Financial Aid	147.3	147.3			
Major Auxiliary Units					
Athletics (Operations and Financial Aid)	87.3	91.3	(4.0)	3.1	(1.0)
Residential & Dining Enterprises	157.7	159.7	(2.0)		(2.0)
Total Administrative & Auxiliary Units	1,061.4	1,066.0	(4.6)	(6.5)	(11.1)
Internal Transaction Adjustment ²	(294.9)	(246.9)	(48.0)		(48.0)
Indirect Cost Adjustment ³	(216.9)	(216.9)			
Grand Total from Units	3,789.0	3,764.6	24.5	(53.0)	(28.5)
Central Accounts ⁴	202.2	79.2	122.8	(50.9)	71.9
Central Adjustment ⁵	159.9		159.9		159.9
Total Consolidated Budget	4,150.9	3,843.8	307.2	(103.9)	203.3

Notes:

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

² Internal revenues and expenses are included in the unit budgets. This adjustment backs out these internal activities from the Consolidated Budget to avoid double counting them. There is a net \$48.0 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 \$216.9 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 \$159.9 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 2011/12 GENERAL FUNDS ALLOCATIONS (EXCLUDES FORMULA UNITS)

[IN THOUSANDS OF DOLLARS]

	2010/11 BASE GF ALLOCATION	PRICE & SALARY INFLATION	BASE GF ALLOCATIONS	2011/12 BASE GF ALLOCATIONS ¹	2010/11 TO 2011/12 CHANGE	PERCENT CHANGE
School of Earth Sciences	6,551	208	213	6,972	421	6.4%
School of Education	13,008	392	240	13,640	632	4.9%
School of Engineering	57,736	1,843	2,070	61,649	3,913	6.8%
School of Humanities & Sciences	142,619	4,123	3,450	150,191	7,573	5.3%
School of Law	21,092	593	1,022	22,707	1,615	7.7%
Vice Provost and Dean of Research	33,266	880	471	34,618	1,352	4.1%
Vice Provost for Graduate Education	5,440	170	1,000	6,609	1,170	21.5%
Vice Provost for Undergraduate Education	18,702	496	500	19,697	996	5.3%
Stanford University Libraries	42,568	1,055	400	44,023	1,455	3.4%
Total - Academic¹	340,981	9,760	9,366	360,107	19,126	5.6%
Admission and Financial Aid Operations	8,685	252	301	9,238	553	6.4%
Student Affairs	22,343	662	955	23,959	1,616	7.2%
Office of the President & Provost	11,400	320	96	11,816	415	3.6%
Office of Public Affairs	5,588	162	125	5,875	287	5.1%
Business Affairs and Information Technology ²	102,123	2,808	1,425	106,356	4,233	4.1%
Development and Alumni Association	39,627	1,040	1,697	42,364	2,737	6.9%
Land, Buildings and Real Estate ^{2,3}	11,946	149	1,816	13,911	1,964	16.4%
Other Administrative Units ^{2,4}	21,669	484	487	22,639	970	4.5%
Central Obligations ^{2,5}	21,092	1,305	753	23,149	2,057	9.8%
Total - Administrative	244,474	7,180	7,655	259,307	14,832	6.1%
UG Financial Aid	10,000	350	1,900	12,250	2,250	22.5%
O&M and Utilities ³	68,375	1,895	3,399	73,669	5,294	7.7%
Debt Service	33,829	705		34,534	705	2.1%
University 1-time Reserve	20,000			20,000		0.0%
Total - Other	132,204	2,951	5,299	140,453	8,249	6.2%
Total Non-Formula Allocations	717,658	19,891	22,318	759,867	42,209	5.9%
Unallocated Surplus	26,561			39,388	12,826	48.3%
Capital Facilities Fund	58,158			61,686	3,528	6.1%
Total Non-Formula General Funds	802,378	19,891	22,318	860,940	58,562	7.3%

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, 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 (Includes Schwab)**2011/12 Consolidated Budget Plan**

[IN THOUSANDS OF DOLLARS]

2009/10 ACTUALS	2010/11 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2011/12 TOTAL
Revenues								
43,355	46,592	49,539						49,539
109,324	104,728		29,319	21,700	52,077	1,671	2,946	107,713
4,318	4,553	3,794	(1,168)				3,437	6,063
320		63,473	(6,973)	(21,178)	(35,055)		(267)	0
157,318	155,873	116,805	21,179	522	17,022	1,671	6,116	163,314
Expenses								
35,800	38,835	36,707	3,865					40,572
28,518	29,910	26,928	3,095				761	30,784
22,071	24,230	22,624	2,290	254			250	25,418
35,395	42,426	21,274	6,134	10	12,052	1,671	1,249	42,390
13,591	15,134	9,274	1,744	257	964		3,855	16,094
135,375	150,535	116,805	17,128	522	13,016	1,671	6,116	155,258
21,943	5,338	0	4,050	0	4,006	0	0	8,056
(721)	(25,000)		(2,000)					(2,000)
(6,116)	(4,000)							
15,107	(23,662)	0	2,050	0	4,006	0	0	6,056
67,045	82,152	1,362	7,432	34,905	14,790	0	0	58,489
82,152	58,489	1,362	9,483	34,905	18,796	0	0	64,545

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
2011/12 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2009/10 ACTUALS	2010/11 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2011/12 TOTAL
Revenues								
4,784	7,736	8,707	115					8,822
General Funds Allocation								
43,381	39,999		5,500	1,500	23,571	10,410		40,981
Restricted Revenues								
57	(45)	5	(50)					(45)
Internal Revenue								
4,658	3,669	19,177	1,651	2,360	(21,698)	941		2,431
Operating Transfers								
52,880	51,361	27,889	7,216	3,860	1,874	11,350		52,190
Total Revenues								
Expenses								
17,983	18,661	10,746	2,942	1,077	451	4,262		19,478
Academic Salaries								
4,501	5,108	5,082	391	128		77		5,679
Staff Salaries								
8,636	9,750	6,540	1,312	596	172	1,683		10,303
Benefits & Other Compensation								
12,692	12,289	3,716	1,671	1,511	580	5,191		12,669
Non-Salary Expenses								
2,056	1,799	1,078	240	305		136		1,759
Internal Expenses								
45,869	47,607	27,162	6,556	3,617	1,203	11,350		49,889
Total Expenses								
7,011	3,754	728	660	243	671	0		2,301
Operating Results								
(903)	(2,056)				(2,000)			(2,000)
Transfers From (to) Endowment & Other Assets								
(1,701)	(1,000)	(1,000)						(1,000)
Transfers From (to) Plant								
4,408	698	(272)	660	243	(1,329)	0		(699)
Surplus / (Deficit)								
37,896	42,304	503	10,706	15,025	16,769	0		43,002
Beginning Fund Balances								
42,304	43,002	231	11,366	15,267	15,440	0		42,302
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
2011/12 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2009/10 ACTUALS	2010/11 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2011/12 TOTAL
Revenues								
12,271	13,946	14,375						14,375
General Funds Allocation								
25,746	27,116		1,389	4,004	9,208	13,159		27,760
6	2		2					2
Restricted Revenues								
2,151	1,125	9,181	941	(2,131)	(6,843)			1,147
Internal Revenue								
Operating Transfers								
40,174	42,188	23,555	2,332	1,873	2,364	13,159		43,284
Expenses								
11,412	11,818	8,947	249	361	322	2,586		12,465
Academic Salaries								
7,509	8,313	4,251	663	370	255	3,207		8,745
Staff Salaries								
6,848	7,175	4,814	401	238	224	1,943		7,620
Benefits & Other Compensation								
10,816	13,083	5,043	961	1,545	410	5,315		13,273
Non-Salary Expenses								
1,035	1,067	487	255	186	40	103		1,072
Internal Expenses								
37,619	41,457	23,543	2,529	2,700	1,250	13,154		43,175
Total Expenses								
2,555	731	13	(197)	(827)	1,114	5		109
Operating Results								
1,094	(646)			750	(1,180)			(430)
Transfers From (to) Endowment & Other Assets								
(984)	(856)		(1,000)					(1,000)
Transfers From (to) Plant								
2,666	(771)	13	(1,197)	(77)	(66)	5		(1,321)
Surplus / (Deficit)								
30,864	33,529	525	14,091	11,006	7,130	6		32,758
Beginning Fund Balances								
33,529	32,758	537	12,895	10,929	7,064	11		31,437
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
2011/12 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2009/10 ACTUALS	2010/11 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2011/12 TOTAL
Revenues								
59,486	61,826	53,930						53,930
General Funds Allocation								
228,895	224,145		39,093	21,000	43,038	133,071		236,201
Restricted Revenues			(815)					
575	588						1,350	535
Internal Revenue								
24,376	27,829	49,485	(1,355)	5,645	(22,825)	5,350		36,300
Operating Transfers								
313,333	314,388	103,415	36,923	26,645	20,213	138,421	1,350	326,967
Total Revenues								
Expenses								
88,432	96,070	39,142	8,703	5,580	1,965	44,523		99,913
Academic Salaries								
26,476	29,690	15,396	6,388	1,720	790	5,719	884	30,897
Staff Salaries								
46,602	50,500	23,989	5,408	3,014	973	19,279	286	52,949
Benefits & Other Compensation								
117,994	115,267	20,486	13,247	5,763	14,944	65,541	160	120,140
Non-Salary Expenses								
12,499	12,410	4,320	2,083	2,368	729	3,359	20	12,878
Internal Expenses								
292,002	303,937	103,332	35,829	18,444	19,400	138,421	1,350	316,776
Total Expenses								
21,331	10,451	83	1,094	8,201	813	0	0	10,191
Operating Results								
(10,312)	(11,167)		(65)	(660)	(1,065)			(1,790)
Transfers From (to) Endowment & Other Assets								
(8,014)	(200)							
Transfers From (to) Plant								
3,004	(916)	83	1,029	7,541	(252)	0	0	8,401
Surplus / (Deficit)								
199,505	202,510	122	80,887	74,701	45,885	0	(1)	201,594
Beginning Fund Balances								
202,510	201,594	205	81,916	82,241	45,632	0	(1)	209,994
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
2011/12 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

	2009/10 ACTUALS	2010/11 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2011/12 TOTAL
Revenues									
128,909	150,874		157,392	850					158,242
232,171	214,617			3,599	9,564	125,915	78,859	4,292	222,229
6,127	5,900			322	5			5,567	5,894
30,857	29,043		96,332	32,796	1,653	(111,188)	2,150	495	22,238
398,063	400,433		253,724	37,566	11,223	14,727	81,009	10,354	408,603
Expenses									
126,937	132,933		101,433	13,515	2,145	1,351	21,787	71	140,302
40,623	41,299		32,374	2,027	812	156	4,186	3,535	43,091
63,822	65,097		51,703	5,528	1,430	459	8,669	1,174	68,963
115,385	121,146		53,285	12,825	5,617	4,341	43,644	4,695	124,406
16,685	16,084		10,314	1,280	1,424	407	2,722	176	16,324
363,453	376,559		249,109	35,175	11,429	6,713	81,009	9,650	393,086
34,610	23,873		4,615	2,391	(207)	8,014	0	704	15,517
(7,881)	(4,072)		0	(504)	1,000	(3,000)	0	0	(2,504)
(8,448)	(5,093)		(4,615)	0	0	0	0	0	(4,615)
18,281	14,709		0	1,887	793	5,014	0	704	8,398
246,033	264,314		7,020	145,397	54,679	70,786	0	1,141	279,024
264,314	279,024		7,020	147,284	55,473	75,800	0	1,845	287,422

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
2011/12 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2009/10 ACTUALS	2010/11 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2011/12 TOTAL
Revenues								
17,190	21,959	24,221						24,221
General Funds Allocation								
45,880	42,722		4,500	10,410	29,672	836		45,418
(192)	(146)		(156)	10				(146)
Internal Revenue								
(662)	(770)	37,200	(2,800)	(7,825)	(27,400)			(825)
Operating Transfers								
62,216	63,765	61,421	1,544	2,595	2,272	836		68,668
Total Revenues								
Expenses								
17,528	19,480	20,455	135	165	165	140		21,060
Academic Salaries								
10,087	10,845	11,328	12	163	75	120		11,698
Staff Salaries								
9,187	10,217	10,716	56	206	79	78		11,133
Benefits & Other Compensation								
16,151	17,640	16,512	701	371	327	446		18,358
Non-Salary Expenses								
1,304	2,067	2,410	150	132	82	52		2,827
Internal Expenses								
54,257	60,249	61,421	1,054	1,037	728	836		65,076
Total Expenses								
7,959	3,516	0	490	1,558	1,544	0		3,592
Operating Results								
(6,852)	(2,450)				(1,500)			(1,500)
Transfers From (to) Endowment & Other Assets								
(74)	(1,050)		(450)	(1,550)				(2,000)
Transfers From (to) Plant								
1,033	16	0	40	8	44	0		92
Surplus / (Deficit)								
19,087	20,120	121	2,777	14,235	3,002	0		20,136
Beginning Fund Balances								
20,120	20,136	121	2,817	14,243	3,046	0		20,228
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
2011/12 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2009/10 ACTUALS	2010/11 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	DESIGNATED CLINIC	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2011/12 TOTAL
Revenues									
96,151	109,665	104,563							104,563
			98,468	428,886	86,534	115,075	487,198	51,754	1,267,915
1,154,205	1,266,489		32,535	68	481			29,077	62,161
53,956	60,091		8,957	(60,158)	(5,398)	(44,303)	4,526	(4,423)	3,943
(253)	2,158	104,741							
1,304,059	1,438,403	209,304	139,960	368,797	81,617	70,772	491,724	76,408	1,438,582
Expenses									
347,284	382,590	17,041	24,503	164,088	17,465	22,344	140,360	8,389	394,189
146,541	159,472	51,512	15,849	31,708	7,964	7,266	22,483	27,417	164,199
228,977	247,031	26,334	16,491	135,263	8,373	10,607	48,333	11,909	257,310
426,316	490,216	78,113	45,319	17,968	29,812	25,172	262,069	26,071	484,524
88,892	89,307	36,304	6,932	19,769	6,497	3,631	18,481	2,496	94,109
1,238,010	1,368,617	209,304	109,093	368,797	70,111	69,020	491,724	76,282	1,394,331
66,049	69,786	0	30,867	0	11,506	1,752	0	126	44,251
256	(13,836)		(7,188)		5,510	(1,000)			(2,678)
(20,616)	(17,878)		(22,398)		(2,310)				(24,708)
45,689	38,073	0	1,282	0	14,706	752	0	126	16,866
477,365	523,054	0	239,754	12,454	182,067	126,805	0	46	561,126
523,054	561,126	0	241,036	12,454	196,773	127,558	0	172	577,992

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
2011/12 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2009/10 ACTUALS	2010/11 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2011/12 TOTAL	
Revenues									
33,272	36,760	36,604	1,075					37,679	
General Funds Allocation									
141,394	142,332	502	6,808	22,403	21,972	91,318	105	143,108	
Restricted Revenues									
3,751	4,802	2,705	82				3,390	6,177	
Internal Revenue									
7,890	(1,909)	18,660	7,963	(5,583)	(12,793)	(4,735)		3,512	
Operating Transfers									
186,308	181,985	58,470	15,928	16,820	9,178	86,583	3,495	190,475	
Expenses									
34,868	36,827	6,306	3,073	5,337	3,762	21,074	1,477	41,030	
Academic Salaries									
33,136	33,346	24,411	2,511	2,254	1,861	3,936	219	35,192	
Staff Salaries									
22,545	23,577	10,207	1,977	2,333	1,767	8,921	507	25,712	
Benefits & Other Compensation									
79,521	83,328	12,151	7,128	9,343	4,011	50,545	1,246	84,423	
Non-Salary Expenses									
10,396	9,236	3,895	515	1,579	1,518	2,108	131	9,746	
Internal Expenses									
180,467	186,315	56,969	15,204	20,847	12,920	86,583	3,580	196,103	
Total Expenses									
5,841	(4,330)	1,501	724	(4,026)	(3,742)	0	(85)	(5,627)	
Operating Results									
2,474	5,166	Transfers From (to) Endowment & Other Assets							4,177
(4,921)	(400)	Transfers From (to) Plant							
3,393	436	1,501	724	(1,684)	(1,907)	0	(85)	(1,450)	
Surplus / (Deficit)									
110,986	114,379	3,510	45,339	37,243	28,799	0	(75)	114,815	
Beginning Fund Balances									
114,379	114,815	5,011	46,063	35,559	26,892	0	(160)	113,365	
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.

VICE PROVOST FOR UNDERGRADUATE EDUCATION 2011/12 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2009/10 ACTUALS	2010/11 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2011/12 TOTAL
Revenues								
14,889	18,530	19,432						19,432
30,663	29,078	609	1,270	716	25,126		3,354	31,075
(43)	(61)		(64)				(64)	
(6,020)	(7,085)	17,907	(626)	(31)	(24,743)		(214)	(7,706)
39,488	40,462	37,948	581	685	383		3,140	42,737
Expenses								
6,215	6,094	6,205						6,205
9,844	10,287	12,648						12,648
5,370	5,913	5,723						5,723
11,696	13,859	12,421	109				3,140	15,670
1,598	1,368	925						925
34,723	37,520	37,922	109	0	0		3,140	41,171
4,765	2,942	27	471	685	383		0	1,566
(2,663)	(3,027)	(27)			(1,540)		0	0
Transfers From (to) Endowment & Other Assets								
Transfers From (to) Plant								
2,102	(84)	0	471	685	(1,157)		0	0
19,865	21,967	2,163	7,249	3,010	9,515		(55)	21,882
21,967	21,882	2,163	7,720	3,695	8,359		(55)	21,882

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

2011/12 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2009/10 ACTUALS	2010/11 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2011/12 TOTAL
Revenues								
4,465	5,440	6,609						6,609
27,305	23,833			286	23,964			24,250
5	5		5					5
(20,409)	(26,033)	(3,103)	3,770	(16)	(27,791)			(27,140)
11,366	3,245	3,507	3,775	270	(3,827)			3,725
Expenses								
260	203	372		26				398
1,090	1,154	1,257	64	2				1,324
409	444	536	23	2				561
2,330	3,122	813	1,736	230	458			3,236
96	206	169	24	21				215
4,185	5,130	3,147	1,847	281	458			5,733
7,181	(1,885)	359	1,928	(11)	(4,285)			(2,009)
(935)	(638)	(25)		(200)				(225)
6,246	(2,522)	334	1,928	(211)	(4,285)			(2,234)
39,088	45,134	1,111	10,901	1,827	28,773			42,612
45,134	42,612	1,445	12,829	1,617	24,488			40,379

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 2011/12 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2009/10 ACTUALS	2010/11 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2011/12 TOTAL
Revenues								
761	779	788						788
47,918	45,417		375	20,775	22,830	726		44,705
33	53		50					50
(186)		41,465	(425)	(18,340)	(22,700)			
48,525	46,248	42,253	0	2,435	130	726		45,544
Expenses								
12,847	12,185	12,600				165		12,766
7,447	7,720	7,874				125		7,999
8,041	6,575	6,841				91		6,932
13,869	13,975	13,663				344		14,007
1,279	1,298	1,275				0		1,275
43,483	41,753	42,253	0	0	0	726		42,979
5,043	4,496	0	0	2,435	130	0		2,565
(1,615)	(3,500)			(3,400)				(3,400)
Transfers From (to) Endowment & Other Assets								
Transfers From (to) Plant								
3,428	996	0	0	(965)	130	0		(835)
35,319	38,747	9	1,349	36,515	1,870	0		39,743
38,747	39,743	9	1,349	35,550	1,999	0		38,908

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
2011/12 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

2009/10 ACTUALS	2010/11 PROJECTION	OPERATING BUDGET	DESIGNATED FUNDS	RESTRICTED EXPENDABLE	RESTRICTED ENDOWMENT	GRANTS & CONTRACTS	AUXILIARY & SERVICE CENTER	2011/12 TOTAL
Revenues								
43,228	44,494	46,090					498	46,588
General Funds Allocation								
49,786	48,994	825	2,000	300	14,328	905	33,071	51,430
Restricted Revenues								
322	55		23				36	59
Internal Revenue								
4,852	4,695	12,389	(2,010)	(152)	(8,500)		1,184	2,912
Operating Transfers								
98,188	98,239	59,304	13	148	5,829	905	34,790	100,988
Expenses								
7,535	7,569	7,468				200	116	7,784
Academic Salaries								
35,852	39,093	19,354				300	19,750	39,405
Staff Salaries								
13,653	14,939	9,215				162	6,583	15,960
Benefits & Other Compensation								
32,850	37,473	22,299		150	7,000	243	8,134	37,826
Non-Salary Expenses								
5,005	3,353	969		12	560	0	1,853	3,393
Internal Expenses								
94,894	102,428	59,304	0	162	7,560	905	36,437	104,368
Total Expenses								
3,293	(4,189)	0	13	(14)	(1,731)	0	(1,647)	(3,380)
Operating Results								
852	820	Transfers From (to) Endowment & Other Assets					763	763
(80)		Transfers From (to) Plant						
4,066	(3,369)	0	13	(14)	(1,731)	0	(884)	(2,617)
Surplus / (Deficit)								
17,545	21,610	0	3,426	1,654	9,895	0	3,266	18,241
Beginning Fund Balances								
21,610	18,241	0	3,439	1,640	8,164	0	2,382	15,625
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.

AUXILIARY ACTIVITIES

ATHLETICS

2011/12 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

	2009/10 ACTUALS	2010/11 PROJECTION	2011/12 PLAN
Operating			
Revenues			
Intercollegiate	20,889	22,006	25,284
Gifts/Endowments	19,679	16,800	19,136
University Funds	10,304	12,446	10,136
Auxiliaries	8,399	8,317	8,324
Other	3,859	4,371	4,526
Camps	771	820	860
Total Revenues	63,900	64,760	68,266
Use of Reserves	4,109	2,862	0
Total Sources of Funds	68,008	67,622	68,266
Expenses			
Compensation	34,832	34,729	37,161
Travel/Entertainment	8,331	8,588	8,819
Facilities/Maintenance	10,481	8,204	8,284
General Services	4,303	3,825	3,959
General Supplies	3,756	3,618	3,744
Other	3,164	3,323	3,439
Debt Service	1,866	698	500
Capital Expenditures	637	425	300
Total Expenses	67,369	63,411	66,207
Transfer (from)/to Scholarships	(954)	1,999	2,059
Total Uses of Funds	66,415	65,410	68,266
Net Reduction in Cumulative Auxiliary Deficit	1,594	2,213	0
Financial Aid			
Revenues	18,528	17,128	17,737
Expenses	17,573	19,127	19,796
Transfer from/(to) Operating	(954)	1,999	2,059
Financial Aid Gain/(Loss)	0	0	0
Fund Balances			
Auxiliary			
Beginning Balance	(11,773)	(10,179)	(7,967)
Ending Balance	(10,179)	(7,967)	(7,967)
Endowment			
Beginning Balance	4,278	2,451	188
Ending Balance	2,451	188	188
Expendable			
Beginning Balance	4,867	2,833	2,233
Ending Balance	2,833	2,233	2,233
Designated			
Beginning Balance	448	201	201
Ending Balance	201	201	201
Total Fund Balances			
Beginning Balance	(2,180)	(4,695)	(5,345)
Ending Balance	(4,695)	(5,345)	(5,345)

RESIDENTIAL & DINING ENTERPRISES

2011/12 Consolidated Budget Plan

[IN THOUSANDS OF DOLLARS]

	2009/10 ACTUALS	2010/11 PROJECTION	2011/12 PLAN
Revenues			
Student Payments	115,514	120,375	124,707
Student Payments: Off Campus	412	584	447
Stanford Guest House	3,208	3,414	3,457
Conferences Housing & Dining	11,007	10,962	11,529
Other Operating Income	16,299	17,315	19,262
Interest Income	385	308	569
Total Revenue	146,825	152,958	159,971
Transfers			
Grad Housing Subsidy: Off Campus	1,224	1,221	1,368
Debt Service Subsidies (Grad, Crothers, AFDC)	4,368	4,454	4,709
Miscellaneous Transfers	(507)	2,667	1,774
Transfer to ResEd, GLO, and ResComp	(6,498)	(7,179)	(8,141)
Total Transfers	(1,413)	1,163	(290)
Total Revenue and Transfers	145,412	154,121	159,681
Expenses			
Salaries and Benefits	41,545	43,877	47,897
Food Cost	9,949	10,625	10,564
Expendable Material and Supplies	16,481	17,999	16,769
Rental & Leases: Off Campus	1,390	1,462	1,532
Utilities & Telephone	9,419	10,017	10,280
Repair & Maintenance	15,277	21,723	21,367
Debt Service	38,964	39,320	43,676
Distribution of G&A Expenses	7,109	7,671	7,596
Total Expenses	140,134	152,694	159,681
Operating Results	5,278	1,427	0
Change in Reserve and Endowment Funds	46	(2,937)	(1,950)
Consolidated Surplus/(Deficit)	5,324	(1,510)	(1,950)
Beginning Fund Balance	8,491	13,815	12,305
Ending Fund Balance	13,815	12,305	10,355

SUPPLEMENTARY INFORMATION

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

Schedule 1 - Student Enrollment

Undergraduate enrollment continues to increase slowly, and 2010/11 produced the largest undergraduate student body ever. Graduate student enrollment spiked up by 277 students in 2010/11, principally from Engineering which grew by 163 students, and from H&S which grew by 70 graduate students.

Schedule 2 - Freshman Student Apply/Admit/Matriculate Statistics

The number of applicants for the present freshman class increased to 32,022, the largest pool in Stanford's history. Only 7.3% of applicants were accepted, as Stanford has become increasingly selective over the past ten years. Stanford's yield rate, at 71.5%, is very strong and is among the highest in the country.

Schedule 3 - Graduate Student Apply/Admit/Enroll Statistics

The number of applicants to Stanford's graduate and professional programs rose 4.6%, from 36,326 in 2009/10 to 37,983 in 2010/11. The admit rate for Stanford's graduate programs continues to decline, and only 12.1% of all applicants were admitted in 2010/11. The yield for graduate admits was 56.9% and has averaged just under 55% the past five years.

Schedule 4 - Postdoctoral Scholars

This table shows the total Post-doctoral Scholars by school and by gender for those schools that offer these programs. The trend is general growth across the university. Also

interesting is that in 2001/02, females comprised about 36% of the participants, and more recently comprise about 40% of post-doctoral scholars.

Schedule 5 - Graduate Student Support

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

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

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

Schedule 6 - Graduate Enrollment by School

This table shows the trend in graduate enrollment within each school as well as across the university. In 2010/11, 64% of all graduate students fall into either H&S or Engineering. Starting in 2002/03, Engineering has been trending more or less upwards every year, adding about 675 students over the nine year span (a 24.3% increase).

Schedule 7 – Tuition and Room & Board Rates

The 2011/12 total cost of Undergraduate Tuition plus Room & Board is projected to increase by 3.5% over the previous year. In real terms, the average annual increase over the past decade has been 2.3%. These results are due to the university committing (in the early 1990s) to restraining tuition growth, which continues today.

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

This schedule shows the total amount of financial aid from all sources (including non-need-based scholarship aid for athletics) awarded to students. In 2009/10 5,315 students received scholarship/grant aid totaling \$160.1 million, a 10.8% increase over 2008/09. Another 984 students received a total of \$7.0 million in long-term loans, a decrease of 8.3% over the prior year. Overall, 80% of undergraduates received some form of financial aid from a variety of internal and external sources.

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

This schedule shows the total needs and sources of support for undergraduate students who receive need-based financial aid. The total needs are driven by the growth in the student budget and by the number of students on aid. The number of students on need-based aid will increase by 1.3% in 2011/12, but total needs in dollars will increase by 4.6%. This increase is driven by an increase of 45 more students expected to receive need-based aid, in combination with a rise in tuition, room and board rates. The extra costs will primarily be met in 2011/12 with an increased total family contribution and the allocation of president's funds to the financial aid program, plus the addition of \$2.3 million in general funds.

Schedule 10 – Majors with the Largest Number of Degrees

Although data migrates over time, the table shows the twelve undergraduate majors that granted the most degrees in the past nine years. Economics and Human Biology are on average the most popular across this nine year span, with continued strength in Biology and International Relations.

Schedule 11 – Students Housed on Campus

The percent of undergraduates housed on-campus has been about 90% for the 18 years shown in this table. The percent of graduate students housed by Stanford grew rapidly from 1996/97 through 2002/03, coincident with the availability of subsidized off-campus housing. The program has been scaled back in recent years.

Schedule 12 – Total Professorial Faculty

The total professoriate has decreased by 7 (about 0.3%, a small fractional change) since last year, to a total of 1,903. The number of tenure-line faculty has increased by 46 in the last five years (about 3.6%), while the non-tenure line faculty (consisting mostly of Medical Center Line faculty) has increased by 50 (about 9.5%) over the same period.

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

This schedule provides a disaggregated view of the data in schedule 12 over the last three years. Schedule 13 shows that the total number of tenured faculty has increased by 17 in the past three years, and the number of non-tenured faculty has decreased by 5. The number of non-tenure line faculty has increased by 15 during the same three year span.

Schedule 14 – Number of Non-Teaching Employees

This schedule shows the number of non-teaching employees by organization. To maintain consistency in this data over time despite reorganizations, the activity categories have been defined broadly, and the table contains footnotes explaining various shifts across the categories or other changes over the period. The number of employees increased by 3.2% in 2010. School of Medicine added 190 employees, and SLAC added 103 employees, partially due to ARRA funding. These hires were offset by slight reductions in other units, such as Administration and "Other Academic" as defined in the table.

Schedule 15 - Fringe Benefits Detail

Stanford has four distinct fringe benefits rates for (1) regular benefits-eligible employees, which includes most faculty and staff, (2) postdoctoral research affiliates, (3) casual/temporary employees, and (4) graduate research and teaching assistants. This schedule shows the programs and costs that contribute to the weighted average of the four individual benefits rates. Retirement programs and health insurance costs are the primary drivers of the benefits rates.

Schedule 16 - Sponsored Research Expense by Agency and Fund Source

In 2009/10 direct expense from research sponsored by the federal government increased sharply over the prior year, by \$103.5 million (about 29.6%). Meanwhile, direct expense from research sponsored by non-federal sources increased by \$4.1 million (about 3.0%) in 2009/10 over the previous year. Non-federal sponsored research has ranged in the past seven years between 15% and 26% of total sponsored research expense. This schedule does not include SLAC.

Schedule 17 - Sponsored Research by School

This table presents the sponsored research revenue of the various units over a span of seven years.

School of Medicine revenue, as a percentage of campus-wide sponsored projects, brought in 51.9% of the revenue in 2003/04. At the time of the last measurement in 2009/10, the School of Medicine now stands with 57.6% of these revenues. Looking at other schools and their changes from year to year, recent growth shows in the School of Engineering, the Dean of Research and H&S.

Schedule 18 - Plant Expenditures

This schedule shows expenses from plant or borrowed funds for building or infrastructure projects related to various units. General Plant Improvement expenses are included in the "All Other" category. To the extent possible, expenditures for equipment are excluded from these figures. Plant expenditures increased by \$46.2 million in 2009/10, but the pace of these expenditures dropped compared to the \$92.6 million increase seen in 2008/09. Much of the increase is the finishing of the Knight Management Center, the beginning of the Law School's Neukom building, and the completion of several buildings in the School of Medicine, and the Science and Engineering Quad buildings. The details behind these plant expenditures can be found in "Section 4, Capital Budget 3-Year Capital Plan".

Schedule 19 - Endowment Value and Merged Pool Rate of Return

The annual nominal rate of return for the merged pool in 2009/10 was 14.4%. The nominal return on invested funds has been positive for all years in the table except for 2000/01 to 2001/02 and then again in 2008/09, when the annual nominal rate of return was -25.9%. The target payout rate is 5.5%.

Schedule 20 - Expendable Fund Balances at Year End

This schedule shows total fund balances (excluding sponsored research) by academic unit over the past decade. The largest percentage change expected in 2011/12 is found in School of Education at 12.1%, followed by VP for Undergraduate Education with 9.0%. The School of Medicine shows the largest dollar growth over the decade, with ending fund balances expected to grow \$252.9 million between 2001/02 and 2011/12.

SCHEDULE 1

STUDENT ENROLLMENT FOR AUTUMN QUARTER 2001/02 through 2010/11

YEAR	UNDERGRADUATE			GRADUATE			TGR ¹			TOTAL	TOTAL
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	GRADUATE	ALL
2001/02	3,255	3,382	6,637	2,329	4,188	6,517	419	601	1,020	7,537	14,174
2002/03	3,301	3,430	6,731	2,305	4,109	6,414	467	727	1,194	7,608	14,339
2003/04	3,245	3,409	6,654	2,282	4,220	6,502	511	787	1,298	7,800	14,454
2004/05	3,250	3,503	6,753	2,363	4,408	6,771	529	792	1,321	8,092	14,845
2005/06	3,204	3,501	6,705	2,384	4,424	6,808	543	825	1,368	8,176	14,881
2006/07	3,240	3,449	6,689	2,389	4,492	6,881	522	798	1,320	8,201	14,890
2007/08	3,313	3,446	6,759	2,382	4,439	6,821	550	815	1,365	8,186	14,945
2008/09	3,384	3,428	6,812	2,450	4,509	6,959	548	821	1,369	8,328	15,140
2009/10	3,405	3,473	6,878	2,507	4,529	7,036	558	847	1,405	8,441	15,319
2010/11	3,334	3,553	6,887	2,635	4,678	7,313	597	869	1,466	8,779	15,666

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 2001 through Fall 2010

YEAR	TOTAL APPLICATIONS		ADMISSIONS		ENROLLMENT	
	NUMBER	PERCENT CHANGE FROM PREVIOUS YEAR	NUMBER	PERCENT OF APPLICANTS ADMITTED	NUMBER	PERCENT OF ADMITTED APPLICANTS ENROLLING
Fall 2001	19,052	3.8%	2,406	12.6%	1,615	67.1%
Fall 2002	18,599	-2.4%	2,368	12.7%	1,639	69.2%
Fall 2003	18,628	0.2%	2,343	12.6%	1,640	70.0%
Fall 2004	19,172	2.9%	2,486	13.0%	1,648	66.3%
Fall 2005	20,195	5.3%	2,426	12.0%	1,633	67.3%
Fall 2006	22,333	10.6%	2,444	10.9%	1,648	67.4%
Fall 2007	23,958	7.3%	2,464	10.3%	1,723	69.9%
Fall 2008	25,299	5.6%	2,400	9.5%	1,703	71.0%
Fall 2009	30,429	20.3%	2,426	8.0%	1,694	69.8%
Fall 2010	32,022	5.2%	2,340	7.3%	1,674	71.5%

SCHEDULE 3

NEW GRADUATE STUDENT APPLY/ADMIT/ENROLL STATISTICS

Fall 2001 through Fall 2010

YEAR	TOTAL APPLICATIONS		ADMISSIONS		ENROLLMENT	
	NUMBER	PERCENT CHANGE FROM PREVIOUS YEAR	NUMBER	PERCENT OF APPLICANTS ADMITTED	NUMBER	PERCENT OF ADMITTED APPLICANTS ENROLLING
Fall 2001	27,201	0.4%	4,271	15.7%	2,175	50.9%
Fall 2002	30,500	12.1%	4,202	13.8%	2,185	52.0%
Fall 2003	32,503	6.6%	4,443	13.7%	2,300	51.8%
Fall 2004	30,630	-5.8%	4,361	14.2%	2,378	54.5%
Fall 2005	30,381	-0.8%	4,356	14.3%	2,405	55.2%
Fall 2006	31,583	4.0%	4,323	13.7%	2,337	54.1%
Fall 2007	33,623	6.5%	4,352	12.9%	2,400	55.1%
Fall 2008	34,566	2.8%	4,350	12.6%	2,379	54.7%
Fall 2009	36,326	5.1%	4,419	12.2%	2,345	53.1%
Fall 2010	37,983	4.6%	4,580	12.1%	2,608	56.9%

POST-DOCTORAL SCHOLARS BY SCHOOL AND BY GENDER¹
2001/02 through 2010/11

By School	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
GSB	0	0	0	0	0	0	0	0	2	0
Earth Sciences	15	21	24	27	22	30	32	26	40	44
Education	6	9	8	4	5	10	10	10	11	9
Engineering	93	101	107	129	127	117	144	158	202	212
Humanities and Science	241	269	277	297	268	263	283	284	315	392
Law	0	0	1	1	1	0	0	1	1	0
Medicine	993	1,010	995	1,006	968	1,042	1,037	1,033	1,090	1,231
Total	1,348	1,410	1,412	1,464	1,391	1,462	1,506	1,512	1,661	1,888

By Gender

Female	488	560	549	573	512	557	581	607	673	754
Male	860	850	863	891	879	905	925	905	988	1,134

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 DOLLAR]

	2008/09				2009/10				2008/09 TO 2009/10			
	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 CHANGE
Graduate Student Support												
Salaries												
Teaching Assistants	10.0	0.2	7.5	0.1	17.8	10.9	0.4	7.7	0.1	19.0	1.2	6.6%
Research Assistants	5.4	5.8	11.4	34.3	56.9	5.1	6.5	10.0	37.1	58.7	1.8	3.1%
Other Salaries	0.3	0.9	0.2	0.3	1.7	0.2	0.9	0.3	0.2	1.7	0.0	0.5%
Benefits	2.5	3.4	3.9	3.0	12.8	2.9	3.9	4.5	3.5	14.9	2.1	16.4%
Total Salaries & Benefits	18.1	10.3	23.0	37.7	89.2	19.2	11.7	22.5	40.9	94.2	5.1	5.7%
Tuition Allowance	24.8	2.9	13.6	18.2	59.5	25.5	3.2	12.9	19.4	60.9	1.5	2.5%
Fellowship Tuition	16.2	2.5	50.6	9.2	78.5	17.2	3.2	51.4	8.2	80.0	1.5	2.0%
Stipends	12.1	2.4	19.7	15.4	49.6	13.5	2.3	19.7	14.8	50.3	0.7	1.4%
Total Graduate Student Support	71.3	18.1	106.8	80.5	276.7	75.4	20.3	106.5	83.3	285.5	8.8	3.2%
Percent of Total	25.8%	6.5%	38.6%	29.1%	100.0%	26.4%	7.1%	37.3%	29.2%	100.0%		
Postdocs												
Salaries	1.2	5.5	6.4	32.8	45.9	1.2	5.8	6.1	40.2	53.2	7.3	16.0%
Benefits	0.2	1.1	1.3	6.6	9.2	0.2	1.2	1.3	8.4	11.2	1.9	21.0%
Tuition	0.3	0.0	0.0	0.0	0.4	0.3	0.0	0.0	0.0	0.3		-11.3%
Stipends	0.3	1.4	5.9	12.2	19.8	0.3	1.7	5.3	14.1	21.4	1.7	8.5%
Total Postdoc Support	2.1	7.9	13.7	51.6	75.3	2.0	8.7	12.7	62.8	86.2	10.9	14.5%
Percent of Total	2.8%	10.5%	18.1%	68.5%	100.0%	2.3%	10.1%	14.7%	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 SCHOOL¹
2001/02 through 2010/11

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Graduate School of Business	893	895	919	902	893	906	883	877	895	928
School of Earth Sciences	238	250	247	256	251	252	242	256	286	309
School of Education	304	332	314	335	366	348	333	346	335	365
School of Engineering	2,809	2,777	2,912	3,055	3,126	3,153	3,133	3,267	3,289	3,452
School of Humanities & Sciences	1,880	1,943	1,997	2,088	2,044	2,061	2,091	2,103	2,092	2,162
School of Law	618	597	577	567	586	600	593	586	590	636
School of Medicine	794	814	834	889	910	881	911	893	954	927
Total	7,536	7,608	7,800	8,092	8,176	8,201	8,186	8,328	8,441	8,779

Data Source: Registrar's Office third week enrollment figures

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

SCHEDULE 7

UNDERGRADUATE TUITION AND ROOM & BOARD RATES

1981/82 through 2011/12

[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%

	TUITION	ROOM & BOARD	TOTAL
Average Annual Increase, 1981/82-2010/11:	6.3%	5.2%	6.0%
Average Annual Increase, 2001/02-2010/11:	4.7%	4.0%	4.5%
Average Annual Real Increase ¹ , 1981/82-2010/11:	3.2%	2.1%	2.9%
Average Annual Real Increase ¹ , 2001/02-2010/11:	2.5%	1.8%	2.3%
Average Annual CPI Increase, 1981/82-2010/11:			3.0%
Average Annual CPI Increase, 2001/02-2010/11:			2.2%

¹ Real growth calculated using amounts adjusted to 2011 dollars using US Annual CPI-U (Consumer Price Index) values.

UNDERGRADUATE FINANCIAL AID BY SOURCE OF FUNDS AND TYPE OF AID¹
2000/01 through 2009/10
 [IN THOUSANDS OF DOLLARS]

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Scholarships and Grants										
Stanford Unrestricted Funds	4,568	10,349	13,561	13,848	14,281	12,672	4,982		3,000	25,966
Gifts and Endowment Income: Non-Athletic ²	35,660	35,711	38,317	41,357	43,749	47,983	61,026	74,487	99,682	89,180
Athletic Awards	9,842	10,627	11,331	11,809	12,687	13,393	14,999	15,227	15,942	16,756
Departmental Awards	3,263	3,766	3,853	4,712	4,783	4,937	5,823	6,344	6,610	6,545
Trademark Income				158	158	108	240	357	322	292
External Grants ³	16,383	17,824	20,431	21,361	21,367	18,361	19,102	19,215	18,961	21,348
Subtotal for Scholarships and Grants	69,717	78,278	87,493	93,087	97,025	97,453	106,174	115,630	144,517	160,087
Loans										
University Funds	612	9		22					18	112
External Funds	9,987	11,159	11,690	12,544	12,271	11,549	10,761	9,589	7,623	6,894
Subtotal for Loans	10,599	11,168	11,690	12,567	12,271	11,549	10,761	9,589	7,641	7,006
Jobs										
University Funds ⁴	1,120	1,408	1,458	1,839	1,236	1,368	1,503	1,458	2,936	3,942
External Funds	736	686	871	1,724	2,014	2,417	2,172	1,875	1,933	1,239
Subtotal for Jobs	1,857	2,094	2,329	3,563	3,250	3,785	3,675	3,333	4,869	5,181
Grand Total	82,173	91,540	101,511	109,216	112,546	112,787	120,610	128,551	157,027	172,274
Stanford Tuition plus Room and Board	32,471	34,221	35,884	37,636	39,347	41,132	43,361	45,608	47,212	48,843⁵

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

² Includes support from the Stanford Fund.

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

⁴ Includes university match of funds from outside sources.

⁵ Beginning in 2009/10, students pay a mandatory health fee of \$501, but which is considered outside of the definition of tuition plus room and board.

SCHEDULE 9

UNDERGRADUATE FINANCIAL AID Projected 2011/12 Student Budget Needs and Sources, Including Parental and Student Contributions¹

[IN THOUSANDS OF DOLLARS]

	2009/10 ACTUALS	2010/11 PROJECTED	2011/12 BUDGET	2010/11 TO 2011/12 CHANGE	
				AMOUNT	PERCENT
Needs					
Tuition, Room & Board	163,055	167,725	175,882	8,157	4.9%
Books and Personal Expenses	16,690	17,080	17,557	477	2.8%
Travel	2,549	2,534	2,605	71	2.8%
Total Needs	182,295	187,338	196,044	8,706	4.6%
Sources					
Total Family Contribution (Includes parent contribution for aided students, self-help, summer savings, assets, etc.)	51,302	52,941	58,184	5,243	9.9%
Endowment Income ²	72,393	65,446	70,467	5,021	7.7%
Expendable Gifts	1,272	1,000	1,000	0	0.0%
Stanford Fund/President's Funds	39,468	40,284	37,644	(2,640)	-6.6%
Federal Grants	6,899	7,480	6,580	(900)	-12.0%
California State Scholarships	3,526	3,691	3,740	49	1.3%
Outside Awards	5,077	5,239	5,388	149	2.8%
Department Sources	863	850	850	0	0.0%
Unrestricted Funds	1,495	10,407	12,191	1,784	17.1%
Total Sources	182,295	187,338	196,044	8,706	4.6%
Number of Students on Need-Based Aid	3,401	3,380	3,425	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 7.

² Endowment income includes reserve funds and specifically invested funds.

MAJORS WITH THE LARGEST NUMBER OF BACCALAUREATE DEGREES CONFERRED¹
2001/02 through 2009/10

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Biology	129	128	131	141	156	151	131	97	100
Computer Science	154	150	111	108	82	70	66	65	86
Economics	158	158	171	194	164	143	165	162	141
Electrical Engineering	39	46	48	65	69	48	37	47	36
English	89	81	87	79	88	92	57	75	69
History	90	66	83	63	60	71	50	59	63
Human Biology	161	171	162	184	187	167	193	228	219
International Relations	105	120	90	97	91	87	107	102	108
Management Science	52	66	66	72	58	56	54	51	59
Mechanical Engineering	46	56	52	61	67	59	55	48	54
Political Science	94	109	91	111	113	103	96	71	74
Psychology	92	87	93	107	97	102	80	73	79

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 2010/11

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%

TOTAL PROFESSORIAL FACULTY¹
1977/78 through 2010/11

	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

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 2008/09 through 2010/11

SCHOOL UNIT OR PROGRAM	2008/09				2009/10				2010/11			
	TENURED	NON- TENURED	NON- TENURE LINE	TOTAL	TENURED	NON- TENURED	NON- TENURE LINE	TOTAL	TENURED	NON- TENURED	NON- TENURE LINE	TOTAL
Earth Sciences	32	9	6	47	33	10	6	49	34	11	5	50
Education	35	10	3	48	39	11	4	54	38	9	6	53
Engineering	166	51	22	239	166	48	22	236	169	45	23	237
Humanities and Sciences	388	119	19	526	403	116	17	536	401	108	16	525
(Humanities)	(159)	(51)	(10)	(220)	(162)	(52)	(10)	(224)	(164)	(49)	(9)	(222)
(Natural Sciences & Math)	(125)	(24)	(5)	(154)	(129)	(26)	(5)	(160)	(124)	(26)	(4)	(154)
(Social Sciences)	(104)	(44)	(4)	(152)	(112)	(38)	(2)	(152)	(113)	(33)	(3)	(149)
Law	39	5	5	49	38	6	5	49	40	5	6	51
Other	0	0	16	16	0	0	11	11	0	0	13	13
Subtotal	660	194	71	925	679	191	65	935	682	178	69	929
Business	69	34	1	104	70	34	1	105	71	32	1	104
Medicine	256	62	487	805	254	74	500	828	250	75	506	831
SLAC	33	4	5	42	33	4	5	42	32	4	3	39
Total	1,018	294	564	1,876	1,036	303	571	1,910	1,035	289	579	1,903

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
2001 through 2010**

ORGANIZATION	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2009 TO 2010 CHANGE	
											AMOUNT	PERCENT
School of Medicine	2,421	2,471	2,819	2,910	2,973	3,020	3,146	3,360	3,419	3,609	190	5.6%
Other Schools: Business, Earth Sciences, Education, Engineering, Humanities & Sciences, Law	1,493	1,506	1,576	1,641	1,705	1,764	1,841	1,940	1,828	1,834	6	0.3%
Dept of Athletics, Physical Education and Recreation	128	123	127	130	141	147	151	167	153	158	5	3.3%
Dean of Research	391	427	448	437	464	480	497	531	527	537	10	1.9%
Stanford Linear Accelerator Center	1,385	1,415	1,432	1,496	1,456	1,512	1,604	1,383	1,436	1,539	103	7.2%
Student Services: Student Affairs, Admissions & Financial Aid	257	248	266	261	265	291	294	303	286	282	(4)	-1.4%
Libraries ²	456	466	515	515	528	541	562	572	537	572	35	6.5%
Administrative Systems/Information Technology Services	518	498	457	430	394	400	432	428	421	418	(3)	-0.7%
Office of Development	156	153	155	170	196	216	242	280	249	251	2	0.8%
Land, Buildings and Real Estate	376	375	389	392	405	422	467	503	452	452	0	0.0%
Residential & Dining Enterprises	373	404	488	521	508	531	534	538	524	556	32	6.1%
Stanford Alumni Association	108	113	98	104	108	114	116	124	111	114	3	2.7%
Stanford Management Company	63	69	62	62	66	69	58	61	61	64	3	4.9%
Other Academic Hoover ² , Learning Technology & Extended Education (through 2001/02), VPUE, VPGE (starting in 2006)	219	205	160	248	175	255	277	292	281	270	(11)	-3.9%
Administration Business Affairs, President's Office, Provost's Office, General Counsel, Press (until 2003/04), VP for Public Affairs (2003/04-present)	716	698	642	698	757	751	775	785	770	755	(15)	-1.9%
Total	9,060	9,171	9,634	10,015	10,141	10,513	10,996	11,267	11,055	11,411	356	
Percent Change	8.1%	1.2%	5.0%	4.0%	1.3%	3.7%	4.6%	2.5%	-1.9%	3.2%		

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

2003/04 through 2009/10

[IN THOUSANDS OF DOLLARS]

Fringe Benefits Program	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Retirement Programs							
University Retirement	72,582	78,200	83,084	89,418	92,656	97,748	99,373
Social Security	66,361	70,387	72,420	82,794	87,460	92,586	93,704
Faculty Early Retirement	6,624	7,864	6,108	8,787	8,270	7,501	24,931
Other	5,979	4,120	528	558	418	364	468
Total Pension Programs	151,546	160,571	162,140	181,557	188,804	198,199	218,476
Insurance Programs							
Medical Insurance	45,318	56,721	71,774	71,473	85,206	95,611	101,060
Retirement Medical	18,732	16,747	17,321	11,602	16,585	16,583	14,245
Worker's Comp/LTD/ Unemployment Ins	15,620	11,253	6,646	5,743	17,294	20,338	16,969
Dental Insurance	8,738	9,134	9,874	10,674	11,295	12,150	12,592
Group Life Insurance/Other	8,997	9,523	12,374	12,343	13,225	14,761	15,382
Total Insurance Programs	97,405	103,378	117,989	111,835	143,605	159,443	160,248
Miscellaneous Programs							
Severance Pay	4,476	6,339	3,595	3,818	11,839	16,189	2,948
Sabbatical Leave	10,625	12,551	11,943	13,287	14,047	15,689	14,187
Other	10,091	10,977	11,329	11,596	11,697	13,012	12,064
Total Miscellaneous Programs	25,192	29,867	26,867	28,701	37,583	44,890	29,199
Total Fringe Benefits Programs	274,143	293,816	306,996	322,093	369,992	402,532	407,923
Carry-forward/Adjustment from Prior Year(s)	6,620	13,606	15,577	6,300	(6,702)	(10,841)	985
Total With Carry-Forward/Adjustment	280,763	307,422	322,573	328,393	363,290	391,691	408,908
Weighted Average Fringe Benefits Rate	26.6%	27.5%	27.2%	25.7%	26.4%	26.8%	27.7%

Notes:

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**2003/04 through 2009/10**

[IN THOUSANDS OF DOLLARS]

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
US Government							
Sub-Total for US Government Agencies	545,525	577,623	542,316	537,232	511,629	485,381	582,274
Agency²							
DoD	55,421	59,958	60,037	58,600	56,439	58,447	58,153
DoE (Not including SLAC)	20,957	25,591	25,584	28,102	23,160	16,110	20,458
NASA	97,727	94,606	61,338	47,704	39,092	24,214	24,988
DoEd	2,006	1,922	1,280	1,246	1,359	2,757	2,757
HHS	299,235	317,604	322,937	331,206	324,737	317,534	395,209
NSF	56,593	63,083	58,544	60,874	60,920	59,397	71,645
Other US Sponsors ³	13,585	14,858	12,596	9,499	5,923	6,922	9,063
Direct Expense-US	405,342	427,900	396,225	392,153	373,067	349,089	452,627
Indirect Expense-US ⁴	140,183	149,598	146,091	145,089	138,562	136,292	165,842
Non-US Government							
Subtotal for Non-US Government	96,001	105,143	108,254	117,438	132,628	167,115	170,536
Direct Expense-Non US	77,088	85,814	89,086	96,799	108,586	136,551	140,618
Indirect Expense-Non US	18,914	19,329	19,168	20,638	24,042	30,564	29,918
Grand Totals-US plus Non-US							
Grand Total	641,526	682,766	650,570	654,669	644,257	652,495	752,811
Grand Total Direct	482,430	513,714	485,311	488,953	481,653	485,640	593,246
Grand Total Indirect	159,097	168,928	165,259	165,727	162,604	166,856	195,760
% of Total from US Government	85.0%	84.6%	83.4%	82.1%	79.4%	74.4%	77.3%

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

² Agency figures include both direct and indirect expense. Agency names are abbreviated as follows:

DoD=Department of Defense

DoE=Department of Energy

DoEd=Department of Education

HHS=Health & Human Services

NASA=National Aeronautics and Space Administration

NSF=National Science Foundation

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

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

SCHEDULE 17

SPONSORED RESEARCH CONTRACTS AND GRANTS BY SCHOOL¹

2003/04 through 2009/10

[IN THOUSANDS OF DOLLARS]

School/Unit	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Graduate School of Business	662	860	538	1,539	774	511	925
School of Earth Sciences	13,353	18,156	12,527	13,997	11,708	9,188	10,035
School of Education	9,870	11,009	10,324	10,811	6,874	9,332	9,291
School of Engineering	92,225	101,268	112,867	110,132	116,039	122,938	136,999
School of Humanities and Sciences	64,787	75,122	68,833	69,382	71,144	72,075	74,733
School of Law	441	254	176	88	440	414	491
School of Medicine	333,120	347,893	347,292	362,295	358,599	365,911	433,863
Vice Provost and Dean of Research	124,250	125,358	93,269	81,801	73,484	67,168	78,637
Other ²	2,820	2,845	4,743	4,627	5,195	4,958	7,835
Total	641,526	682,766	650,570	654,669	644,257	652,495	752,811

Source: Office of Research Administration, Sponsored Projects Report for the Year Ended August 31, 2010; 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 Admissions and Financial Aid, Vice Provost for Student Affairs, President's Office, Public Affairs, and Continuing Studies and Summer Session.

PLANT EXPENDITURES BY UNIT¹**2002/03 through 2009/10**

[IN THOUSANDS OF DOLLARS]

UNIT	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
GSB	161		129	309	2,023	17,902	69,038	116,731
Earth Sciences	132	204	227	647	458	771	2,197	2,950
Education	128		583	2,626	1,934	2	2,201	2,955
Engineering	7,361	1,258	2,873	1,838	6,273	28,169	55,430	55,976
H & S	39,412	16,830	16,774	10,763	7,802	8,796	11,255	14,419
Law	1,475	2,319	1,429	992	19,595	64,256	78,973	43,434
Medicine	11,143	16,900	22,631	13,769	31,908	57,759	134,165	104,880
Libraries	11,485	3,809	332	1,131	219	457	3	280
Athletics	10,583	16,098	25,691	83,362	28,875	8,753	22,988	10,963
Residential & Dining Enterprises	35,434	14,144	10,308	14,054	17,568	13,101	31,135	21,773
All Other ²	135,229	53,744	61,105	165,127	142,782	220,724	105,925	92,761
Total	252,541	125,305	142,080	294,618	259,436	420,692	513,313	467,123

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 1999/00 through 2009/10

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
1999/00	8,885,905	39.8%	37.9%
2000/01	8,249,551	-7.3%	-9.6%
2001/02	7,612,769	-2.6%	-3.7%
2002/03	8,613,805	8.8%	7.2%
2003/04	9,922,041	18.0%	15.4%
2004/05	12,205,035	19.5%	17.0%
2005/06 ³	14,084,676	19.5%	16.2%
2006/07	17,164,836	23.4%	20.7%
2007/08	17,214,373	6.2%	4.0%
2008/09	12,619,094	-25.9%	-27.1%
2009/10	13,851,115	14.4%	13.4%

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:

2001/02 through 2011/12

[IN MILLIONS OF DOLLARS]

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	PROJECTED 2010/11	PLAN 2011/12	2001/02 TO 2011/12 PERCENT CHANGE
Academic Units:												
Graduate School of Business	33.3	41.7	40.2	43.5	62.8	62.9	64.0	67.0	82.2	58.5	64.5	6.8%
School of Earth Sciences	22.8	23.7	26.1	26.0	24.1	24.8	30.5	37.9	42.3	43.0	42.3	6.4%
School of Education	10.1	10.6	15.7	18.3	18.1	22.7	25.1	30.9	33.5	32.8	31.4	12.1%
School of Engineering	114.3	122.4	130.0	149.0	153.9	162.4	184.6	199.7	202.5	201.6	210.0	6.3%
School of Humanities & Sciences	140.0	138.3	140.3	136.8	142.4	174.0	206.4	245.8	264.3	279.0	287.4	7.5%
School of Law	14.7	16.5	18.3	20.7	21.1	21.4	25.3	19.1	20.1	20.1	20.2	3.3%
School of Medicine	325.1	354.0	350.7	372.6	427.3	459.0	443.7	477.4	523.1	561.1	578.0	5.9%
VP for Undergraduate Education	9.2	11.1	10.6	15.0	19.1	17.2	17.3	19.9	22.0	21.9	21.9	9.0%
Dean of Research	62.0	65.3	72.2	84.3	106.4	93.0	105.1	111.1	114.4	114.8	113.4	6.2%
VP for Graduate Education					20.0	28.4	28.4	39.1	45.1	42.6	40.4	
Hoover Institution	26.0	23.3	13.5	11.3	16.1	19.1	35.5	35.2	38.7	39.7	38.9	4.1%
University Libraries	8.0	6.5	9.5	4.0	10.0	9.0	10.5	17.5	21.6	18.2	15.6	6.9%
Total Academic Units (excluding SLAC)	765.5	813.4	827.1	881.5	1,001.4	1,085.5	1,176.4	1,300.6	1,409.8	1,433.4	1,464.1	6.7%



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