

**THE
STANFORD UNIVERSITY
BUDGET PLAN
2001/02**

**SUBMITTED FOR ACTION TO THE
BOARD OF TRUSTEES
JUNE 14-15, 2001**

This publication can also be found on the World Wide Web at:
<http://www.stanford.edu/dept/pres-provost/budget/plans/plan02.html>

EXECUTIVE SUMMARY

To the Board of Trustees:

I am pleased to submit the 2001/02 Stanford University Budget Plan for your approval. This budget reflects our strong financial condition, addresses a number of critical priorities, and establishes a sound basis to enhance the excellence of Stanford in the future.

In this first year of the new University administration, President Hennessy and I have worked to build upon the successes of the immediate past while initiating our own assessment of Stanford's future. Although we face the challenges of a slowing investment climate and an unforgiving market for academic medical centers, we have much to celebrate:

- The spectacular gift of \$400 million from the Hewlett Foundation, of which \$300 million will be directed to the School of Humanities and Sciences (H&S), will provide the School with the capacity to address its financial shortfalls and to position it for strategic programmatic expansion.
- The Stanford Bio-X Program, a bold interdisciplinary initiative that spans the Schools of Engineering, Medicine, and Humanities & Sciences, positions Stanford to become the world leader in the fields of bioengineering, biomedicine, and biosciences. Gifts will support the program and the construction of the Clark Center, which will serve as a hub to promote interdisciplinary research across the campus.
- Although local housing prices continue to challenge our faculty recruiting efforts, hiring the best faculty remains our highest priority. Thanks to an enhanced housing program, we are pleased to report that we continue to attract the best faculty in the world to Stanford.
- The Hewlett Foundation gift has accelerated progress on the Campaign for Undergraduate Education. This year we have finished implementing Stanford Introductory Studies, and we are moving forward with the planned enhancements to the Undergraduate Research Program, which provides support for undergraduate research and honors. We believe that Stanford is now offering one of the finest undergraduate educations in the nation.
- The Stanford Graduate Fellowship Program is now fully implemented and supports 345 graduate students in science, engineering, and the social sciences. The program is supported by \$291 million in endowment funds raised over the past five years.

In this context we have launched a broad scale assessment of Stanford's most important needs looking ahead to the next ten years. While this process will not conclude for several months, it has helped crystallize many of our most critical challenges. In developing the budget for 2001/02 we have already begun to address some of these

issues. The following discussion identifies those issues—as well as others that emerged in the regular budgeting process this year—and describes our response.

- **HOUSING** – Despite a slowdown in the local economy, the mid-Peninsula remains an extremely expensive place to live. The impact of this affects every part of the Stanford community: students, faculty, and staff. In November 2000, I announced significant enhancements to our faculty housing programs. These improvements provide a variety of additional subsidies enabling faculty to purchase a home in the area more easily. The cost of our faculty housing assistance programs will grow in 2001/02 by \$2.7 million, up from \$13.9 million in 2000/01. During this calendar year, the Stanford West apartment project will be completed, adding 628 new units of faculty and staff rental housing. We have also continued our program to build new graduate student housing, while providing support for students who cannot be housed on campus. Three years ago we began a modest program of subsidies for off campus rental properties. In 2001/02, we anticipate supporting 1,446 graduate students at a cost of almost \$11 million for on-campus and off-campus subsidized housing. The Capital Plan includes substantial additional undergraduate and graduate student housing projects.
- **COMPENSATION** – For the past several years Stanford’s aggregate staff salary program has lagged salary growth in the Silicon Valley employment market where we must compete for staff employees. We have had trouble maintaining our historical mid-market position, and our competitive position has deteriorated. In many job groups, and particularly in information technology, finance, and administrative support positions, we have lost considerable ground to the local market. The salary program implemented in the current year, 2000/01, took a big step toward addressing this problem, and we have closed the gap in our salary position in some areas. In this Budget Plan we are recommending a second year of a strong staff salary program aimed at further improving our market position. On the faculty side, our challenge is not so much the market position for salary. Rather, it is the housing issue, and we believe our new programs will make a substantial impact on this problem.
- **ENERGY COSTS** – Stanford’s budgeted energy costs for the current year, 2000/01, were \$45 million. We expect these costs to increase by \$10 million by the end of the fiscal year, August 31, 2001. The budget for 2001/02 is expected to be \$63 million, primarily representing additional anticipated price increases for natural gas and electricity.
- **FINANCIAL AID** – Stanford has made significant enhancements in its undergraduate financial aid program in recent years. Over the past three years we have increased the financial aid budget by \$8.1 million to reduce student borrowing and to enhance support for middle-income families and President’s Scholars. In this plan we are continuing our financial aid program improvements by lowering the self help expectation for a significant portion of our students, at a cost of \$905,000.
- **ALLOCATION OF GENERAL FUNDS** – About \$500 million of Stanford’s \$2 billion budget is sufficiently unrestricted or undesignated to be under the direct control of the Provost. These so-called “General Funds” can be used for any university purpose. Within this segment of the budget we allocated \$19.3 million in incremental base

budget funding to support new activities and to provide continuing funding for programs supported on one-time money. Of the \$19.3 million, \$8.5 million went to support academic unit initiatives, including \$3.4 million for the School of Humanities and Sciences. There is \$3.2 million of support for incremental debt service, operations and maintenance, and utilities on new buildings, notably for the Mechanical Engineering building and the Frances C. Arrillaga Alumni Center. We have made a significant investment in the Office of Development and the Alumni Association of \$2.2 million to enhance our fundraising capacity and to strengthen our ties to the alumni. We allocated approximately \$1.8 million to continue the enhancements to our undergraduate education programs, and another \$1 million to support the academic computing infrastructure.

- UNIVERSITY RESERVE – In previous years, the Budget Plan has included a \$10 million unrestricted general funds reserve to buffer against future income shortfalls. The 2001/02 budget does not include this reserve, but instead provides for \$10 million in funding for one-time expenses.

COMPONENTS OF THE 2001/02 BUDGET PLAN

This Budget Plan is presented in two parts. The first is the Consolidated Budget for Operations, which reflects all of Stanford's anticipated non-capital revenue and expense. The Consolidated Budget for Operations projects a surplus of \$92.8 million on net revenues after transfers of \$2,030.7 million and expenses of \$1,937.9 million. This modest surplus (4.8% of expenses) results primarily from an excess of restricted revenue over expense.

The second part of the plan is the Capital Plan and Capital Budget. The budget calls for \$316 million in capital expenditures next year supporting a range of initiatives. The 2001/02 Capital Budget is set in the context of a three year Capital Plan, running through 2003/04.

The budget for Stanford Hospital and Clinics (SHC), a separate corporation, is not included in this Budget Plan.

CONSOLIDATED BUDGET FOR OPERATIONS

The table on page vi shows the principal revenue and expense line items for 2001/02 and compares those numbers to the projected actuals for the current year. These figures include the incremental costs for the programs and initiatives noted above. Some highlights on both income and expense follow.

Revenue

STUDENT INCOME – This figure is the sum of all tuition and room and board income, less student aid. The 4.4% growth rate over the projected year-end actuals results from a 6% increase in general tuition, a 3.4% increase in room and board, and a 10.5% increase in student aid.

SPONSORED RESEARCH – The 4.2% growth in sponsored research will occur principally in the Medical School, which is expecting a 6.2% increase. Non-medical research

PROJECTED CONSOLIDATED BUDGET FOR OPERATIONS, 2001/02

(in millions of dollars)

1999/00 Actuals	2000/01 Projected Year-End		2001/02 Projected Current Funds
		Revenues and Other Additions	
279.8	293.3	Student Income	306.1
674.4	727.0	Sponsored Research Support	757.8
156.9	161.6	Health Care Services	164.3
113.2	116.6	Expendable Gifts in Support of Operations	120.0
435.6	471.3	Investment Income	534.1
187.5	203.8	Special Program Fees and Other Income	224.4
1,847.4	1,973.6	Total Revenues	2,106.7
(103.8)	(81.9)	Transfers and Other Adjustments	(76.0)
1,743.6	1,891.7	Net Revenues after Transfers	2,030.7
		Expenses	
871.3	973.9	Salaries and Benefits	1,060.7
179.9	203.9	SLAC	208.5
557.0	607.2	Institutional Support/Other Operating Expenses	668.7
1,608.2	1,785.0	Total Expenses	1,937.9
135.4	106.7	Surplus/(Deficit)	92.8

volume is budgeted to grow by 2.5%. The 2001/02 Indirect Cost Rate is budgeted at 57%, reflecting the second year of our pre-determined agreement with the federal government.

EXPENDABLE GIFTS – The figure of \$120 million includes only those non-capital gifts available for current expenses. This figure represents a conservative 3% increase.

INVESTMENT INCOME – This category consists of income paid out to operations from the endowment and the Expendable Funds Pool (EFP). Income payout from the endowment is expected to grow next year by 12%. While this may not seem possible given that the value of the endowment has dropped by about 8% during 2000/01, the growth in income from the endowment occurs as a result of the delaying effect provided by our payout rate smoothing formula. Even with the substantial 12% increase, the projected payout rate for 2001/02 is 4.68% versus a target payout rate of 5.15%. If the market continues to decline, we will experience a significantly slower growth in endowment income in 2002/03 and beyond.

Expense

SALARIES – We anticipate an increase in salary expense of 8.9% over the projected year-end actuals. In the faculty marketplace we compete nationally and internationally and anticipate maintaining a strong salary position with a 4.5% basic program and with some targeted funding to address equity and retention issues. We are also budgeting a

1.5% increase in academic staff, down from the 2% annual growth rate of recent years. On the staff side we are planning a second year of aggressive efforts to increase our competitive salary position with the local market. The staff salary program for 2001/02 includes growth of 4% in the cost base and an additional 2% for a broad-based market/equity/retention component. Staff growth is expected to be 2.5%, down from the 3.4% average annual growth over the past five years.

INSTITUTIONAL SUPPORT AND OTHER EXPENSES – These line items are comprised principally of operations and maintenance (O&M) costs, utilities, materials and supplies, travel, library materials, subcontracts, and professional services. We are budgeting a growth of 10.1% for these items, a rate consistent with growth in recent years.

CAPITAL BUDGET AND PLAN

The Capital Budget and Plan represents our intentions for new construction and renovation, after careful consideration of the following three constraints:

- Square footage: allocation of square footage under the General Use Permit (GUP);
- Project funding: allocation of University debt, use of institutional reserves, receipt of new gift funds; and
- Construction capacity: capacity for construction management at Stanford.

We are reasonably certain that projects included in the three year plan can be accommodated within our square footage and construction capacity requirements. However, many of the projects assume substantial amounts of new gift funds. These projects will only move forward when the fundraising goal is met with gifts in hand.

Capital Budget, 2001/02

This budget includes capital expenditures for the one year period on all active projects. Many of these projects will span more than one year. The Capital Budget represents both committed and planned projects totaling \$316 million, as follows:

- \$186 million for committed projects that are currently in Design & Construction;
- \$37 million for Forecasted Projects that will begin a feasibility review; and
- \$93 million for Infrastructure Projects & Programs.

The 2001/02 Consolidated Budget for Operations includes incremental internal debt service and operations and maintenance expenses for projects completing in 2000/01 and for projects completed in 1999/00 that were operational for less than twelve months. The projected impact of the additional internal debt service and operations and maintenance expenses is \$3.6 million and \$1 million, respectively.

Capital Plan, 2001/02 – 2003/04

The three year plan presents currently active projects as well as those anticipated to be presented to the Board of Trustees for approval prior to year-end 2003/04. Most of these projects are multi-year efforts and are scheduled to be completed by the end of 2007/08. The three year plan totals \$1.6 billion and will be funded from gifts of \$904 million, debt of \$360 million, current funds of \$218 million, and federal funds of \$115

million from the Department of Energy for Stanford Linear Accelerator Center (SLAC) construction projects.

The three year plan includes:

- \$444 million for committed projects, currently in Design & Construction;
- \$933 million for Forecasted Projects as follows: \$268 million for construction projects anticipated to be presented to the Trustees for approval in 2001/02; and \$665 million for construction projects forecast to be initiated in 2002/03 and 2003/04; and
- \$220 million for Infrastructure Projects and Programs as follows: \$49 million for committed projects currently active, \$78 million for infrastructure programs anticipated for 2001/02; and \$93 million for programs forecast to be initiated in 2003/04.

At plan completion, incremental annual internal debt service is expected to be \$29.4 million, of which \$13.5 million will be serviced by auxiliary or service center activities and \$15.9 million will be paid for by unrestricted funds. Incremental O&M costs are expected to total \$21.9 million per year, of which \$19.3 million will be paid for by unrestricted funds.

REQUESTED APPROVAL AND ORGANIZATION OF THIS DOCUMENT

This Budget Plan provides a university-level perspective on Stanford's programmatic and financial plans for 2001/02. We seek approval of the planning directions, the principal assumptions, and the high level supporting budgets contained here. As the year unfolds, we will make periodic reports, as necessary, on the progress of actual expenses against the budget. In addition, we will bring forward individual capital projects for approval under normal Board of Trustees guidelines.

This document is divided into three sections and two appendices. Section 1 describes the financial elements of the plan, including details on the Consolidated Budget for Operations and the projected Statement of Activities for 2001/02. Section 2 addresses program issues in the academic areas of the University. Section 3 contains details on the Capital Plan for 2001/02 – 2003/04 and the Capital Budget for 2001/02. The Appendices include budgets for the major academic units and supplementary financial information.

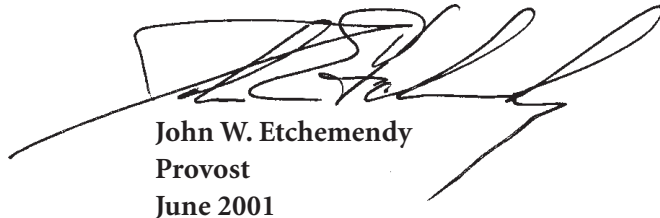
CONCLUSION

The budgeting and capital planning processes this year have been unusually difficult and time consuming for all those involved, in part because of the necessity of initiating a new provost to the process, but also for more substantive reasons. In constructing the budget, I asked the Budget Group (Keith Baker, Susan Calandra, Michael Hindery, Charles Kruger, Dana Shelley, Bob Simoni, Barton Thompson, and Tim Warner) to help me review the budget requests of all units at Stanford, rather than only administrative units, as had been the practice in the past. This group of faculty and senior staff measured a seemingly endless series of proposals against a long-range forecast that became a moving target as energy costs soared and the Nasdaq fell. I am deeply grateful for the long hours and weekends that the Budget Group devoted to this

process. The resulting Budget Plan represents a more thoughtful and measured allocation of the University's financial resources thanks to their careful effort.

The capital planning process was even more challenging, due to new constraints imposed, on the one hand, by the Community Plan and General Use Permit passed by Santa Clara County in December and, on the other, by the need to reduce our reliance on debt as a source of capital funding. The Capital Planning team (Chris Christofferson, Megan Davis, Stephanie Kalfayan, David Neuman, Bob Reidy, Lisa Sullivan, Langston Trigg, and Tim Warner) who oversaw this process had to balance the many new requirements and restrictions against the ambitious plans and undeniable needs of the University's many units. Over the course of several months, the team drafted seven successive versions of the plan before arriving at the one presented here. They too spent many long hours and weekends developing a responsible plan that should allow Stanford to flourish academically, address the student housing crisis, and live within the severe new constraints that will shape the capital planning process into the future. The University is indebted to them for these efforts.

Finally, I would like personally to thank Tim Warner, Vice Provost for Budget and Auxiliaries Management, Bob Reidy, Vice Provost for Land and Buildings, and their extremely capable senior staffs, for bringing me up to speed on the complexities of budgeting and capital planning for an organization the scale and scope of Stanford University.



John W. Etchemendy
Provost
June 2001

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SECTION 1 FINANCIAL OVERVIEW

The purpose of this section is to review the principal financial components of the 2001/02 Budget Plan. The programmatic elements are addressed in the next section, and the Capital Plan is discussed in Section 3.

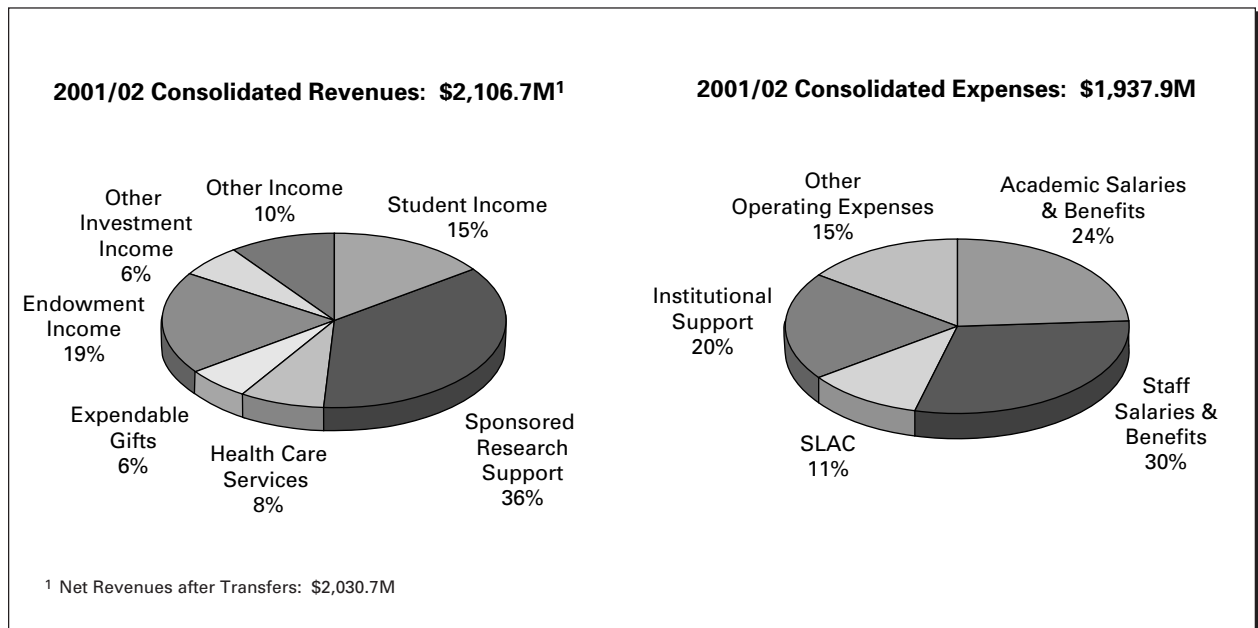
In this section we will review the Consolidated Budget from three perspectives: through an analysis of revenues and expenses, by type of funding source (e.g. general funds, restricted funds, etc.), and by organizational unit.

Unlike the Statement of Activities in the Annual Report, the Consolidated Budget for Operations is presented on a cash basis as opposed to an accrual basis, and it only shows those revenues and expenses available for current operations. It does not include plant funds, student loan funds, or endowment principal funds, although endowment income is reflected in this budget. At the end of this section, we make a series of adjustments to the

Consolidated Budget to convert it from a cash basis to an accrual basis in order to produce a projected Statement of Activities. This translation allows us to show how the projected budget would look if it were displayed in the Annual Report.

CONSOLIDATED BUDGET FOR OPERATIONS

The Consolidated Budget for Operations includes all non-capital revenues and expenditures. It is based on forecasts from the schools and the administrative areas. These forecasts are then merged with the general funds budget forecast and adjusted by the University Budget Office for consistency. The table on the next page shows the projected consolidated revenues and expenses for 2001/02. For comparison purposes, this table also shows the actual revenues and expenses for 1999/00 and both the budget and the year-end projections for the



PROJECTED CONSOLIDATED BUDGET FOR OPERATIONS, 2001/02

(in millions of dollars)

1999/00 Actuals	2000/01 Budget June 2000	2000/01 Projected Year-End	General Funds	Designated	Restricted	Grants and Contracts	Auxiliary Activities	Total Current Funds
Revenues and Other Additions								
<i>Student Income:</i>								
154.2	162.0	162.1	171.8					171.8
149.0	156.7	155.1	163.5					163.5
65.8	67.1	70.7					75.3	75.3
(89.2)	(94.7)	(94.6)	(23.9)	(1.6)	(70.7)	(8.3)		(104.5)
279.8	291.1	293.3	311.4	(1.6)	(70.7)	(8.3)	75.3	306.1
<i>Sponsored Research Support:</i>								
379.1	392.4	402.0				422.1		422.1
179.9	197.7	203.9				208.5		208.5
115.4	120.6	121.1	127.2					127.2
674.4	710.7	727.0	127.2			630.6		757.8
156.9	160.0	161.6		30.0			134.3	164.3
113.2	87.0	116.6	2.8		117.2			120.0
<i>Investment Income:</i>								
315.0	315.1	359.4	105.1					407.1
120.6	99.3	111.9	36.0	28.6		0.2		127.0
435.6	414.4	471.3	141.1	28.6		0.2		534.1
187.5	205.0	203.8	31.3	86.8	(7.0)	0.4	112.9	224.4
1,847.4	1,868.2	1,973.6	613.8	143.8	403.7	622.9	322.5	2,106.7
Transfers and Other Adjustments								
51.4	25.0	40.0						40.0
(74.6)	(24.4)	(45.0)		(20.0)	(20.0)			(40.0)
(80.6)	(80.6)	(76.9)	(21.9)	(30.0)	(6.7)		(17.4)	(76.0)
			(33.2)	48.5			(15.3)	
1,743.6	1,788.2	1,891.7	558.7	142.3	417.0	622.9	289.8	2,030.7
Expenses								
396.9	414.5	444.8	85.7	33.7	153.2	116.0	86.3	474.5
474.4	504.4	529.1	233.9	37.7	39.6	105.4	169.6	586.2
179.9	197.7	203.9				208.5		208.5
317.4	313.5	345.3	170.2	31.9	31.3	125.8	27.3	386.5
239.6	330.8	261.9	68.9	48.3	73.4	67.2	24.4	282.2
1,608.2	1,760.9	1,785.0	558.7	151.2	297.5	622.9	307.6	1,937.9
135.4	27.3	106.7		(8.9)	119.5		(17.8)	92.8

current fiscal year, 2000/01. In addition, definitions of key terms are provided on page 3.

The 2001/02 Consolidated Budget for Operations shows net revenues after transfers of \$2,030.7 million and expenses of \$1,937.9 million, resulting in a bottom line surplus of \$92.8 million, or 4.8% of total expenses.

Net revenues after transfers in 2001/02 are projected to increase 7.3% over the expected 2000/01 levels. This increase is consistent with the actual increase in our last audited fiscal year and is led by the expectation for continued strength in investment income. Total expenses are expected to grow by 8.6% over the estimated year-end results for 2000/01. The growth in expense is driven primarily by the recommendation for a continued strong salary program, the expectation for incremental faculty and staff, and growth in auxiliary activities.

The Consolidated Budget by Principal Revenue and Expense Categories

REVENUES (REFER TO TABLE ON PAGE 2)

Student Income

Increases in student charges are guided by a number of considerations. The most important are our programmatic needs, the affordability of a Stanford education, the effectiveness of our financial aid program, our market position, and price inflation in the local and national economies. Overall, total student income is expected to increase by 4.4% in 2001/02.

TUITION – The general tuition rate increase for 2001/02, which was approved by the Trustees in February, is 6.0%. With a second above-average increase in tuition in as many years, it is important to note that the University continues its strong commitment to the student financial aid program

KEY TERMS

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

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

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

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

Auxiliaries: Self-contained entities such as Housing and Dining Services and Intercollegiate Athletics that generate income and charge directly for their services. These entities usually pay the University for central services provided.

Net Assets Released from Restrictions: Under Financial Accounting Standards Board (FASB) reporting standards, gifts and pledges that contain specific donor restrictions preventing their spending

in the current fiscal year are classified as “temporarily restricted,” and are not included in the Consolidated Budget for Operations. In the future, when the restrictions are released, these funds become available for use. At this time, these funds are considered “released from restrictions” and are included as part of the Consolidated Budget in the line Net Assets Released from Restrictions.

Financial Aid: Includes expenses for undergraduate and graduate student aid. Consistent with the University financial statements, these expenses are reported as an offset to student income. Student stipends and tuition allowance are not considered to be financial aid and are classified as expenses in the Consolidated Budget.

Formula Areas: Budget units whose allocations of general funds are predetermined by a formula agreed to by the Provost and the unit. In most cases, the formula is tied to tuition and indirect cost recovery generated by the unit. Principal formula units include the Graduate School of Business, the School of Medicine, and the Hoover Institution.

and has made incremental investments in the program for the fourth year in a row. Undergraduate tuition revenue is on target to grow with the increase in the tuition rate. However, graduate tuition revenue is expected to increase by only 5.4% due to a planned reduction in the number of Engineering masters students in 2001/02.

ROOM AND BOARD – In February, the Trustees approved a combined room and board rate increase of 3.4% for 2001/02. This increase, for the first time in three years, is slightly above the projected rate of inflation due to large and unexpected increases in utility costs. In addition, the housing rates in 2001/02 continue to include the costs of the Capital Improvements Program, representing the tenth year of a sixteen year effort to renovate student residences. While the increases in the room and board rates remain moderate, the overall room and board revenue will grow by 6.5%. This increase is the result of the opening of new graduate housing in Escondido Village and the growth in subsidized off-campus rental housing.

STUDENT FINANCIAL AID – Stanford expects to spend a total of \$104.5 million in student financial aid for undergraduate and graduate students, \$23.9 million of which will come from general funds. As

the table below indicates, designated and restricted funds (\$72.3 million) and grants and contracts (\$8.3 million) will support the remainder. The total financial aid numbers are 10.5% above the projected total for 2000/01. This reflects an anticipated increase in the number of undergraduate students who receive scholarship aid, further investments in the scholarship budget intended to reduce self-help, and a significant increase in the undergraduate athletic scholarship budget due, in large part, to the unanticipated under-usage of available athletic aid in 2000/01 and the addition of nine new scholarships for women.

UNDERGRADUATE AID – This Budget Plan reflects Stanford's long-held commitment to need-blind admissions supported by a financial aid program that meets the demonstrated financial need of all admitted undergraduate students. Moreover, this plan includes funds for continued enhancements to our undergraduate scholarship program. We estimate that in 2001/02, Stanford students will receive \$56.1 million in need-based scholarships, of which \$45.6 million will be from Stanford resources. Of the \$45.6 million, only \$8.5 million will need to be general funds, including an incremental \$905,000 planned to lower self-help for "special recognition" students, as well as for

2001/02 Financial Aid and Other Graduate Student Support from Stanford Resources (in millions of dollars)

Projected 2000/01 Year-End		General Funds	Designated and Restricted	Grants & Contracts	Total
Student Financial Aid					
40.2	Undergraduate	8.5	37.1		45.6
10.3	Undergraduate Athletic		12.2		12.2
44.1	Graduate	15.4	23.0	8.3	46.7
94.6	Total	23.9	72.3	8.3	104.5
Other Graduate Student Support					
53.8	Stipends	5.1	29.3	22.4	56.8
35.4	Tuition Allowance	21.8	5.3	11.0	38.1
74.3	RA and TA Salaries	20.1	6.6	51.7	78.4
163.5	Total	47.0	41.2	85.1	173.3
258.1	Total Student Support	70.9	113.5	93.4	277.8

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

(in millions of dollars)

Source of Aid	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/00 Actual	2000/01 Projected	2001/02 Budget
Restricted	15.9	18.5	19.0	20.2	24.7	28.3
Stanford Fund/Presidential Funds	4.5	4.3	5.6	7.8	9.0	8.8
General Funds	13.6	12.2	12.4	7.9	6.5	8.5
Subtotal Stanford Funded Scholarship Aid	34.0	35.0	37.0	36.0	40.2	45.6
Government and Outside Awards	8.0	8.9	9.0	10.1	10.3	10.5
Total Undergraduate Scholarship Aid	42.0	43.9	46.0	46.0	50.5	56.1
General Funds as a Share of Total Aid	32%	28%	27%	17%	13%	15%
General Funds and Stanford Fund as a Share of Total Aid	43%	38%	39%	34%	31%	31%
Number of Students	2,584	2,610	2,573	2,519	2,500	2,520

standard aid category students. These changes will allow Stanford to approach Harvard's level of self-help.

The proportion of Stanford funded scholarship aid supported by general funds has decreased dramatically over the past five years, from 32% in 1996/97 to only 15% in 2001/02, due to the success of Stanford's fundraising and the tremendous growth in investment income over this time period. The Campaign for Undergraduate Education (CUE) is essential to reducing this fraction even more, allowing the University to redirect general funds to other purposes. Endowment income will provide \$27.6 million, and The Stanford Fund will provide \$8.8 million towards this portion of the budget. Along with a very small amount of expendable gifts, Stanford restricted funding will represent a full two-thirds of the total need-based scholarship budget. Government and outside awards will contribute \$10.5 million. Athletic scholarships, none of which are need-based, will be awarded to undergraduate students in the amount of \$12.2 million.

The table above shows the detail of undergraduate need-based scholarship aid. Between 1997/98 and 2000/01, the number of students on aid has fallen by 4.2%, largely due to the strong economy

of the past few years. We anticipate a slight increase in the number of students receiving scholarship aid in 2001/02. The additional number of students on aid, reductions in self-help expectations, and a 6% increase in tuition combine to push up the expected cost of our need-based scholarship program by 13.4%. Most of this increase will be paid for by incremental restricted funds that will become available as a result of the CUE. Appendix B (Schedules 5 and 6) includes additional information on undergraduate financial aid.

GRADUATE AID – Stanford provides several kinds of financial support to graduate students totaling \$220 million. As the table on page 4 indicates, this includes the tuition component of fellowships in the amount of \$46.7 million, which are reflected in the student financial aid line of the Consolidated Budget. It also includes funding, not shown in the student financial aid line of the budget, for stipends, tuition allowance, and Research and Teaching Assistant salaries of \$173.3 million. Consistent with the presentation of Stanford's financial statements, tuition allowance and RA and TA salary expenses are in the Academic Salaries and Benefits line, and the stipend amount is in the Other Operating Expense line of the Consolidated Budget for Operations on page 2.

The minimum rate for RA and TA salaries and stipends again will increase above the nominal salary increase for faculty and staff. In 2001/02, this increase will be 5.5% and is intended to help mitigate the impact of the high cost of living in the Bay Area.

Sponsored Research Support and Indirect Cost Recovery

The total budget for Sponsored Research Support is expected to be \$757.8 million in 2001/02, or 36% of the total revenues projected in the Consolidated Budget for Operations. Included in this figure are the total direct costs of externally supported grants and contracts (\$422.1 million for University research and \$208.5 million for SLAC), as well as reimbursement for the indirect costs (\$127.2 million) incurred by the University in support of sponsored activities.

Consistent with our pre-determined agreement on indirect cost rates with the federal government, we are budgeting a 57% rate for 2001/02. However, the overall indirect cost recovery is only 30% of total university research as a result of off campus research and indirect cost waivers on specific projects.

Direct research volume in the Medical School, which makes up more than half of the University's total volume, has experienced double-digit growth in each of the last four years. We expect the Medical School to realize strong but slightly slower growth of 8.2% in 2000/01 and 6.2% in 2001/02. Research volume in the non-medical area declined by 2% in 1999/00 but is on pace to increase by about 2% in 2000/01. For 2001/02, we are budgeting a 2.5% growth in non-medical research volume.

Total direct costs for SLAC are expected to increase by about 2.3% in 2001/02. The Department of Energy (DOE) still provides almost all of the funding for SLAC. However, in 1999, the National Institutes of Health (NIH) entered into an agreement with the DOE for enhancing the capabilities at the Stanford Synchrotron Radiation Laboratory (SSRL) to provide better support to the structural molecular biology community. The NIH agreed to

fund half of the cost to upgrade SPEAR, the existing synchrotron radiation facility. Most of the NIH funding for the SPEAR upgrade has been received in the last two years. Since 1999, NIH has also provided some operations support for the Structural Molecular Biology User Program at SSRL.

Investment Income

ENDOWMENT INCOME – Total endowment income in 2001/02 is expected to total \$407.1 million, an increase of 13.3% over 2000/01. This includes income from the Merged Endowment Pools, specifically invested endowment, and rental income from the Stanford Research Park and other endowed lands. In 1999/00, Stanford received a record \$242 million in gifts to endowment principal, up from \$96 million in 1998/99. The budgeted endowment income assumes \$200 million in new gifts in both 2000/01 and 2001/02.

Of the total endowment income, only \$105.1 million, or 26.1%, is unrestricted. This amount includes all of the income generated from Stanford endowed lands. Over the past several years, the Stanford Management Company has put considerable effort into generating income from the Research Park, and this budget reflects the results of that continued effort. The total net rental income from Stanford lands has increased from \$7.7 million in 1996/97 to \$27.9 million in 1999/00 and is projected to be \$32.7 million in 2001/02. Half of the income from this activity will support the general unrestricted budget; the other half will be transferred to designated funds where it will be used to support the new faculty housing programs and graduate student housing subsidies.

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

rate is 5.15%, and the smoothed payout rate projected for 2001/02 is 4.68%.

Even so, endowment income from the merged pools is expected to increase 11.3% in 2001/02. While this may not seem possible when the market value is expected to be down by as much as 8% by August 31, 2001, the growth in the payout results from the delaying effect provided by our payout rate smoothing rule. If the market continues to decline, we will experience a significantly slower growth in endowment income in 2002/03 and beyond.

OTHER INVESTMENT INCOME – Other Investment Income consists primarily of earnings on the Expendable Funds Pool, the investment pool for non-endowment funds. The Expendable Funds Pool consists of the University's general operating funds, non-government grants, expendable gifts and designated funds belonging to various schools and departments, as well as other short-term funds. The EFP is invested approximately 50% in the Merged Endowment Pool, and 50% in fixed income and money market instruments. By Trustee policy, the University guarantees the value of deposits in the EFP and a minimum payout of 4.0% annually. If actual earnings on the pool exceed 4.0%, an additional amount, up to 2.0%, may be used to support the unrestricted budget. If total return on the EFP is less than 4.0%, then a buffer reserve, which consists of unrestricted Funds Functioning as Endowment, will be used to supplement the actual earnings of the EFP so that the 4.0% can be paid out. If total return exceeds 6.0%, then the excess return is invested in the principal of the Tier II Buffer endowment fund, which is controlled by the President. The 2001/02 Consolidated Budget assumes a 5.5% return will be achieved. Total income from this source is expected to be \$127 million.

Health Care Services

Health Care Services income is budgeted to be \$164.3 million in 2001/02. This includes \$134.3 million paid to the Medical School for the Professional Services net revenues from the Stanford Hospital and Clinics and the Lucille Salter Packard Children's Hospital, the Stanford Blood Center, and

hospital service payments. In addition, there is \$30 million that comes to the University to cover activities such as communications services, legal services, operations and maintenance, and utilities.

Expendable Gifts

Non-capital gift income is expected to total \$120 million in 2001/02. This amount does not include gifts to endowment principal, gifts for capital projects, or gifts that are temporarily restricted. Gift receipts in support of current operations were up significantly in 1999/00 at \$113.2 million. Expendable gift receipts had averaged \$90 million over the five preceding years. We have assumed that gift income will continue at the higher fiscal year 1999/00 level, increased at an inflationary rate in 2000/01 and 2001/02.

Special Program Fees and Other Income

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

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

Overall, special program fees and other income is budgeted to increase by 10.1% to \$224.4 million in 2001/02.

TRANSFERS AND OTHER ADJUSTMENTS

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

- **Net Assets Released from Restrictions:** This represents the portion of funds previously classified as temporarily restricted that will become available for spending as specific restrictions are satisfied. In 2001/02, we anticipate that schools and departments will be able to use \$40 million of gifts received in previous years that had been classified as temporarily restricted. Temporarily restricted funds are University gifts and pledges that contain specific donor-imposed restrictions preventing their spending in the fiscal year in which they are received. Until they are released from restrictions, they are not included in the Consolidated Budget for Operations.
- **Additions to Funds Functioning as Endowment:** This line reflects our assumption that individual budget units will continue the practice of transferring some of their unspent revenues from designated and restricted funds to Funds Functioning as Endowment (FFE). We expect a total of \$40 million will be transferred to FFE in 2001/02, which is down from the 1999/00 actual of \$74.6 million.
- **Transfer to Plant:** These funds will move to the plant division to be used for capital projects. The total amount projected for next year, \$74.4 million, is comparable to previous years and is in keeping with the overall level of the capital program. In particular, we are budgeting \$21.9 million in general funds for academic facilities renovation and debt principal repayments. The academic units are budgeting nearly \$20 million from designated and restricted funds for a variety of capital projects. Another significant amount will come out of the auxiliaries, primarily Housing and Dining Services as they undertake another year in the Capital Improvement Plan.
- **Other Transfers:** These are transfers between fund types within the Consolidated Budget for Operations. They include the transfer of Stanford lands rental income to the housing reserve and to Housing and Dining Services to support faculty and graduate housing subsidies, the transfer of revenue from the President's

Tier II income fund to designated funds for approved projects and programs, and other similar transfers.

EXPENSES (REFER TO TABLE ON PAGE 2)

Academic Salaries

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

The salary program increase in 2001/02 for faculty salaries is 4.5%. We believe that this increase, when applied appropriately by Deans, will be sufficient to maintain Stanford's current competitive position. Total expenses for academic salaries and benefits are expected to increase 6.7% in 2001/02, reflecting the 4.5% increase in the base faculty salary program, additional targeted increases to address equity and retention issues, a 5.5% increase in Research and Teaching Assistant salaries, and a 7.6% increase in tuition allowance, which is reported in this expense category. In addition, we expect continued growth in the number of faculty billets of about 1.8% overall, concentrated mostly in the auxiliaries due to the addition of faculty members in the Medical School participating in clinical activities at the Stanford Hospital and Clinics and the Lucille Salter Packard Children's Hospital.

Staff Salaries

For the past several years Stanford's aggregate staff salary program has lagged salary growth in the Silicon Valley employment market where we must compete for staff employees. We have had trouble maintaining our historical mid-market position, and our competitive position has deteriorated. In many job groups, and particularly in information technology, finance, and administrative support positions, we have lost considerable ground to the local market. The salary program implemented in

the current year, 2000/01, took a big step toward addressing this problem, and we have closed the gap in our salary position in some areas. In this Budget Plan we are recommending a second year of a strong staff salary program aimed at further improving our market position.

The staff salary program for 2001/02 includes growth of 4% in our cost base and an additional 2% for a broad-based market/equity/retention component. We expect these allocations to bring our overall staff salary program to the mid-market position. There still will be job families that lag the market, and we will continue to narrow these gaps when possible. In addition to these salary allocations, there will be an authorization for units to reallocate other resources to fund additional base increases up to 2% of the continuing salary base and/or one-time, non-base performance bonuses up to 2% of the continuing salary base of the unit. Besides improving Stanford's competitive position in the marketplace, these program components will allow more flexibility to address differences in individual performance.

Total staff salaries and benefits expenses are projected to increase by 10.8% in 2001/02. The increase results from the various components of the staff salary program described above and assumed head count growth of roughly 2.5%.

Fringe Benefits

The fringe benefits rate for faculty and staff is budgeted to drop minimally from 24.1% to 24.0%. This small change incorporates some significant increases in costs, including two new programs, two enriched training and education programs for staff, and substantially increased costs for some insurance plans. Those increases will be offset by reductions in life insurance costs, the Faculty Early Retirement Program, and an over-recovery carry-forward from 1999/00, which results in a credit to the 2001/02 benefits pool.

The most important new benefits program for 2001/02 is the Child Care Affordability Program, designed to assist both faculty and regular benefits-eligible staff with one of the most vexing problems

associated with the cost of living in the Stanford area: the cost of day care for young children. For the first year, this support will be limited to care for children aged six and under, but the program is expected to expand later to include older children as well. The cost of the program for 2001/02 is budgeted at \$1.7 million. Additionally, funds are budgeted in the coming year to assist faculty and staff families with the cost of adoption. This adoption assistance program is budgeted at \$69,000 for 2001/02 and will be administered by the Work Life Office.

In the Staff Development area, the limits for both the Staff Training Assistance Program (STAP) and the Staff Tuition Reimbursement Program (STRP) are being increased. The new annual limits will be \$1,500 per employee for STAP (compared with \$800 this year) and \$5,000 per employee for STRP (compared with \$2,000). These limits are being increased in recognition of the increased cost of training, particularly for certificate programs, and of the tuition assistance offered by other local employers with which Stanford competes for staff. The total budgeted increase in Staff Development costs due to these changes is about \$800,000; the cost of other Staff Development programs is budgeted to increase by about \$400,000.

After several years of low to moderate increases, health insurance costs are on the rise again. As a result, University contributions towards the health plans for both active and retired employees will increase significantly. Because of the substantial increase in Stanford's liability for future retiree health costs, the actuarial expense for retiree medical costs in 2001/02 is more than 90% higher than the cost budgeted for 2000/01. The budgeted health insurance cost for active employees incorporates a 15% rate increase from vendors. Partially offsetting these increases are projected reductions in costs for Workers' Compensation (due in large part to growth of reserve assets in prior years) and Group Life Insurance (due to plan redesign).

The growth in total expenditures for retirement programs is slightly below the growth in the University's salary base. However, costs for the

Faculty Early Retirement Program (FERP) are decreasing, since there have been no new participants in that plan since 1994. The coming fiscal year is the last in which FERP payments will be made, as all participants will have reached the age of 70 by the end of next year.

Total costs in the benefits pool are budgeted to increase 8.1% from negotiated 2000/01 costs. Despite large increases in several cost areas, the overall rate shows a decrease because of the nearly 9% rate of growth in the overall salary base.

The benefits rates for post-doctoral research affiliates and contingent (casual or temporary) employees will decline in the coming year. These reductions are primarily due to over-recoveries in 1999/00, which result in credit carry-forwards that reduce the 2001/02 cost pools. In addition, Workers' Compensation costs are reduced, as noted above, and those costs are allocated to all three employee categories.

The actual 2000/01 and the recommended 2001/02 fringe benefits rates are as follows:

Fringe Benefits Rates	2000/01 Negotiated Budget	2001/02 Proposed Rates
Regular Benefits- Eligible Employees	24.1%	24.0%
Post-Doctoral Research Affiliates	13.5%	11.6%
Casual/Temporary Employees	8.5%	8.1%
Students	0.0%	0.0%
Average Blended Rate	23.2%	23.0%
Tuition Grant Program Recovery Rate	1.45%	1.45%

The Tuition Grant Program (TGP) rate of 1.45% is charged separately against regular benefits-eligible salaries only. In order to comply with Circular A-21, all federal government sponsored accounts are exempted from the charge. Academic service centers also are exempted.

Institutional Support and Other Operating Expenses

Together these two major cost categories total \$668.7 million and comprise one-third of the expenses of the Consolidated Budget for Operations. The principal components include: materials and supplies (\$129 million), maintenance and utilities for campus buildings (\$101 million), equipment purchases (\$76.6 million), student stipends (\$56.8 million), administrative and professional services (\$75 million), subcontracts (\$68.5 million), travel (\$25.2 million), and interest payments (\$18.7 million). Some of these categories are among the University's fastest growing expenses, resulting in an expected overall growth in institutional support and other operating expenses of 10.1%. A few of these areas warrant further comment.

MAINTENANCE AND UTILITIES – Stanford has experienced significant increases in energy costs attributable to the current energy crisis in California. Most of Stanford's energy needs are supplied by our third party owned cogeneration facility, and the provisions of our contract have the effect of passing on market rate changes in two different ways. The contract ties the price Stanford pays for electricity to the costs we would have paid to PG&E if we had not installed the plant. For that reason, the Governor's original intent to shelter ratepayers had the effect of delaying significant rate hikes for several months. However, the recent decision by the Public Utilities Commission to pass along increased costs to ratepayers will significantly increase our electric rates in the latter half of 2000/01 and into 2001/02. Final rate schedules have not yet been approved, but the budget reflects outside experts' best estimates for next year's costs.

Purchased energy prices are expected to be about 34% higher in 2001/02 than our expected year-end actual costs. These costs comprise about 60% of Stanford's total utility bill. The remaining 40% is the cost of maintenance, distribution, and overhead for the campus utility system. Those costs are expected to remain constant in 2001/02. We also expect that conservation measures will help to mitigate the total cost. The result is that Stanford's

utility costs are budgeted to increase by 16% in 2001/02 over the 2000/01 projected year-end.

In addition to the cost increases associated with running the existing campus facilities, an additional \$1 million is budgeted for incremental operations and maintenance, and utilities, primarily for the new Mechanical Engineering lab, the Frances C. Arrillaga Alumni Center, and other small projects.

DEBT SERVICE – The 2001/02 debt service is projected to be \$94 million. This number reflects the total external principal and interest payments on notes and bonds, including commercial paper. For internal purposes, the University charges its units for the use of debt according to the Debt Policy approved by the Board of Trustees in December 1997. Projects are funded from a central pool of available debt and make payments amortized over the useful life of the project based on a single, blended interest rate.

The \$94 million for total debt service is included in the Consolidated Budget for Operations in several categories, depending on the specific uses of debt and consistent with the University annual financial statements format. Principal payments for academic projects are budgeted in the Transfer to Plant line and interest payments are budgeted in the Other Operating Expenses line. Debt service for projects associated with Service Centers, such as utilities and networking, is included in the Institutional Support line.

ADMINISTRATIVE SYSTEMS – This Budget Plan includes \$24.5 million for administrative systems replacement and infrastructure using marketplace solutions. Nearly all of the budgeted amount is for projects already underway in 2000/01, including the second phase of the financial system replacement, a new student system, a new human resources system, and a student calendar and web portal project that will allow a common point of entry for students to a wide variety of student information. Two of these projects will be completed during 2001/02. The first is the new student system project, known as Axess 2000, a large-scale,

multi-year project that is using PeopleSoft's Student Administration system to replace the legacy Network for Student Information (NSI). Project implementation began in March 2000, and functionality will be released in a series of nine rollouts ending in early 2002. The second, the new human resources system, Persona, is an implementation of PeopleSoft's Human Resources Management System, which will replace Stanford's existing human resource information, payroll, salary management, leave, faculty affairs, and medical faculty systems. This project is scheduled to go into production by the end of calendar year 2001. While the funding for these projects comes from a variety of sources in the Consolidated Budget, including general funds and Presidential funds, the expenses are reflected in the infrastructure section of the Capital Budget.

The Consolidated Budget by Fund Type

GENERAL FUNDS BUDGET

The general funds budget is an important subset of the Consolidated Budget, because these funds can be used for any University purpose. The main sources of general funds are student income, indirect cost recovery, unrestricted expendable gifts, unrestricted endowment income, and income from the expendable funds pool. Total general funds revenue is projected to be \$613.8 million in 2001/02. In previous years, the Budget Plan has included a \$10 million unrestricted general funds reserve to buffer against future income shortfalls. The 2001/02 budget does not include this reserve, but instead provides for \$10 million in funding for one-time expenses

2001/02 GENERAL FUNDS ALLOCATIONS – The process of allocating general funds to non-formula budget units begins with a forecast of available revenue. Then an estimate is made of the 2001/02 continuing base budget for each unit, assuming growth factors for salaries, student aid, library acquisitions, operations and maintenance, and other expenses. After many years of no increase for general non-salary expense, this budget provides an inflationary growth factor in this category. The estimated

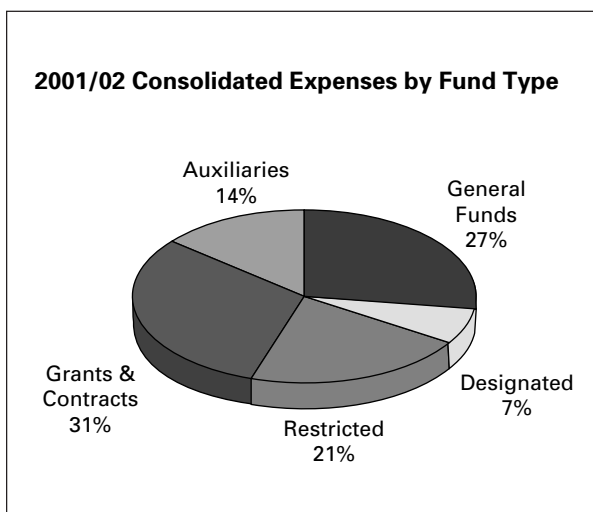
2001/02 continuing base budget reflects the cost of conducting this year's business at next year's cost, without any additional funds for innovation. However, the general funds forecast for 2001/02 allowed for an allocation of \$19.3 million in incremental general funds beyond the funds needed for normal inflation of expenses to the non-formula units to cover obligations such as incremental debt service, operations and maintenance, and utilities on new structures.

The total 2001/02 general funds allocations for each non-formula unit are detailed in the table below, and some of the incremental base allocations are highlighted in the description that follows:

- \$750,000 has been distributed to the School of Engineering for TA salaries and TA tuition allowance.
- Approximately \$3.4 million was allocated to the School of Humanities and Sciences. Of this, \$1 million will help reduce the School's operating deficit. The remainder provides funding for a variety of needs such as faculty salaries, the Cantor Center for Visual Arts, school-wide technology issues, teaching support to address increased student demand, and general support for departments and academic programs.
- The Law School will receive \$1 million for support of the Law Library, academic programs,

student services, faculty salaries, and general administration.

- Almost \$550,000 has been allocated to the Office of the Dean of Research for administrative support in the Independent Labs, Centers, and Institutes. Additionally, funding has been provided to the Research Compliance Office for staffing, training, and systems development.
- \$1.75 million has been allocated to the Vice Provost for Undergraduate Education as part of the University's planned build-up of the undergraduate program.
- Effective September 1, 2001, the Hoover Library collections will become part of the Stanford University Libraries/Academic Information Resources (SUL/AIR). As a result, approximately \$3.1 million in base funding has been removed from the Hoover Institution, \$2.4 million of which has been redirected to SUL. The remaining \$700,000 will be held centrally and used to cover the transition costs associated with this organizational change.
- The Vice Provost for Student Affairs will receive about \$900,000. This allocation includes incremental funds for enhancements to the undergraduate financial aid program, improved technology in the classrooms, Dean of Students staffing issues, and participation in a graduate student on-line application system.
- \$1.7 million in additional base funding was allocated to the Office of Development and the Alumni Association as part of a multi-year plan to enhance our overall fundraising capacity and to strengthen the Alumni Association's "core" business such as regional programs and volunteer relations. An additional \$500,000 was allocated to the Office of Development to augment the Stanford Fund budget.
- ITSS will receive \$1.0 million in funding for management and operations of the Campus Card ID program, academic hardware upgrades, network internet usage, and infrastructure support.



Summary of 2001/02 General Funds Allocations (excluding Formula units)

(in thousands of dollars)

	Fully Funded Allocation ¹	Incremental Programmatic Additions ²	Total General Funds Allocation
School of Earth Sciences	1,967	200	2,167
School of Education	8,641	140	8,781
School of Engineering	35,173	788	35,961
School of Humanities and Sciences	87,553	3,370	90,923
School of Law	10,335	1,000	11,335
Undergraduate Education	8,351	1,750	10,101
Dean of Research	17,709	538	18,247
Hoover Institution	4,223	(3,153)	1,070
Academic Total	173,950	4,634	178,584
Stanford University Libraries	32,316	3,000	35,316
Student Affairs	29,661	920	30,581
Academic Support Total	61,977	3,920	65,897
President and Provost's Office	12,223	580	12,803
Business Affairs	43,329	1,325	44,654
ITSS	36,473	1,025	37,498
Development and Alumni Association	16,007	2,240	18,247
Land & Buildings	59,372	90	59,462
Debt Service	17,067	2,372	19,439
O&M and Utilities on New Buildings		825	825
Other Administrative Units ³	3,579	662	4,241
Central Obligations ⁴	53,647	1,652	55,299
Administrative Total	241,697	10,771	252,468
Total Allocations	477,625	19,325	496,950

Notes:

- 1 Base general funds allocations support the continuation of ongoing academic and administrative programs and do not include any incremental allocations.
- 2 Incremental Programmatic Additions are funds allocated for implementation of new academic or administrative programs which are anticipated to be ongoing, commencing in 2001/02.
- 3 Other Administrative Units includes General Counsel, and SLAC general funds allocations.
- 4 Central Obligations include tuition allowance, the housing allowance program, graduate student housing support, the systems reserve, and the university reserve.

- Allocations to administrative areas include \$580,000 to the Office of the President and Provost for organization staffing, \$1.3 million to Business Affairs for staffing and non-salary costs in the Controller's Office, Human Resources, and the Office of Research Administration. In addition, \$650,000 has been provided to the Office of the General Counsel to offset increasing outside legal fees and litigation services.
- New and renovated buildings anticipated to come on-line in 2001/02 require incremental base general funds of \$825,000 for utilities and

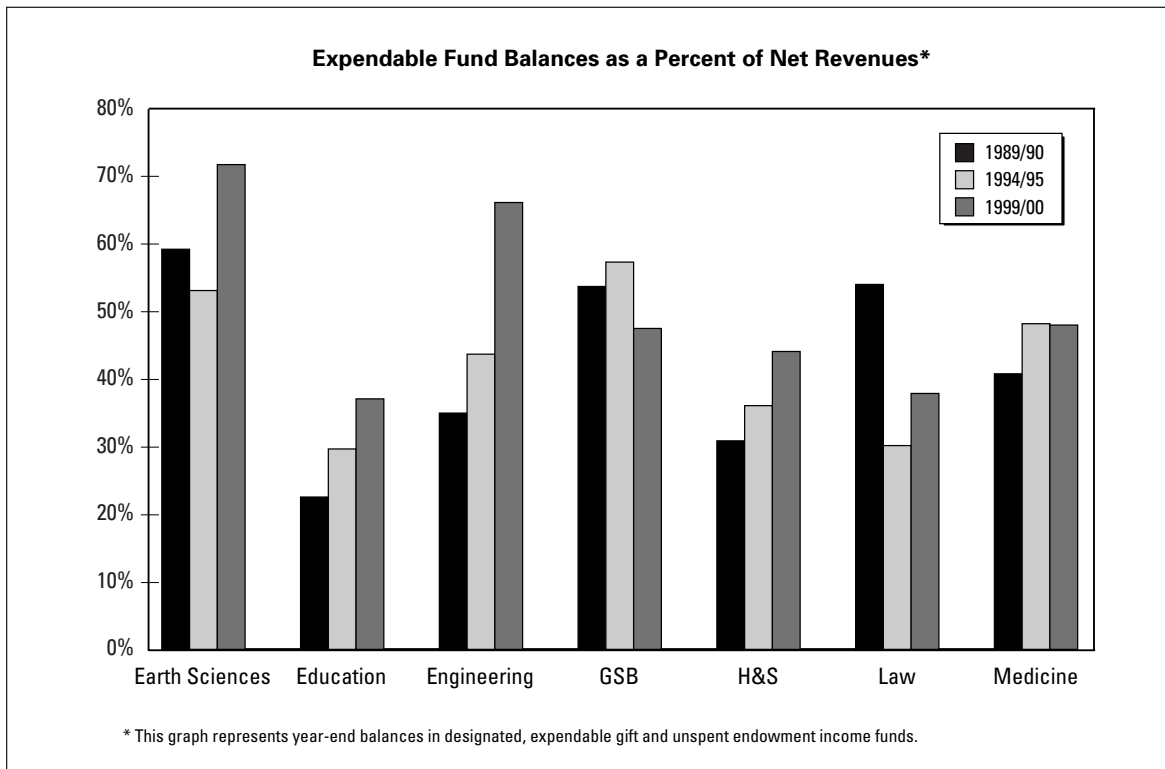
maintenance and almost \$2.4 million for debt service. These amounts reflect only a portion of the total charges resulting from Capital Budget projects. The other project-related expenses are included in the 2001/02 base budget, of which a portion is paid from auxiliary, service center, and formula school budgets.

DESIGNATED AND RESTRICTED FUNDS BUDGET

Funds in these budgets are controlled primarily by the schools, departments and programs, and individual faculty members. Of the total combined net revenues of \$559.3 million, \$302 million is endowment income and \$90.8 million is other investment income. Another \$112.6 million is special program fees, such as patent and royalty income, corporate affiliates payments, and executive education programs. The budgeted expenses reflect the combined forecasts of the schools. These budgets support faculty salaries and research programs, equipment purchases, and a variety of other costs. In addition, designated funds will be used in several schools to support capital projects.

Designated and restricted fund balances have grown in every academic unit in nearly every year over the past ten years. In fact, the annual average compound growth rate of designated and restricted fund balances for the academic areas between 1989/90 and 1999/00 was 8.9%. By the end of 1999/00, the total fund balances in these areas was \$617.4 million; it is expected that this trend will continue in both 2000/01 and 2001/02. Schedule 15 in Appendix B shows the academic area fund balances by unit.

Expendable fund balances are controlled by the schools, departments, and individual faculty members. School-controlled fund balances represent funds set aside to cover new initiatives, faculty housing payments, and research support. Department and faculty controlled funds are reserved to cover potential shortfalls in sponsored research funding, to supplement existing research funding, and to provide student support that cannot be met from other funding sources. The chart below shows expendable fund balances as a percentage of each school's net revenues over the past decade.



GRANTS AND CONTRACTS BUDGET

The grants and contracts budget of \$622.9 million (net of \$8.3 million for student aid) represents \$422.1 million of direct sponsored activity under the direction of individual faculty principal investigators and \$208.5 million in direct costs for SLAC. The University direct cost totals are formulated based upon the projected actuals for 2000/01. Total University research volume is expected to grow by 4.2% in 2001/02.

AUXILIARY ACTIVITIES

The principal auxiliary activities are the Stanford Alumni Association, Athletics, HighWire Press, Housing and Dining Services (H&DS), Medical School Professional Services, and the Stanford University Press. In addition, there are several other small auxiliaries such as the campus radio station. Each of these operations is essentially a self-contained financial entity supporting the broader purposes of the University. As such, these organizations charge both internal and external clients/customers for their services and programs. They also pay the University for central services provided. Together the auxiliaries are projecting a deficit of \$17.8 million in 2001/02.

ALUMNI ASSOCIATION – With the \$2.2 million increase in general funds over the past two years, the Stanford Alumni Association (SAA) plans to expand significantly its alumni relation activities, capitalizing on some major events and initiatives that began in 2000/01. The commencement of the Campaign for Undergraduate Education (CUE) coupled with the opening of the Frances C. Arrilaga Alumni Center provide the Association an opportunity to reach more alumni than ever before and to educate them about the University's goals and priorities. In addition, the Association will also be increasing its presence on the Web by helping to generate and facilitate information flow with the University. The increase in general funds allows the Association to experience significant staff and program growth and to project a 2001/02 balanced budget on revenues of \$37.2 million.

A key component of the Association's strategy is to use the Campaign for Undergraduate Education as

a springboard for work in the regions. SAA will invest over \$500,000 to increase staff and augment programs for its regional alumni relations area. The continued development of the Association's online capabilities will allow staff and key volunteers to reach alumni more effectively. An additional \$300,000 will be spent on activities such as providing free e-mail addresses to assure continued traffic to our website and developing a new online registration system (to SAA, and for regional events) that will greatly improve the capacity to capture more alumni information.

ATHLETICS – For 2001/02, Athletics is projecting a balanced operating budget and a \$296,000 surplus in its financial aid budget. The operating budget income includes an increase in football gate receipts due to a more favorable home schedule. There will also be an increase in income from the NCAA and Pacific 10 Conference, primarily from the resumption of the post-season conference basketball tournaments. Athletics will also receive a \$400,000 increase in its general funds allocation to help cover increased operating costs associated with facilities used by students, faculty, and staff.

Athletic Department compensation expenses have risen significantly in the past two years, consistent with the University's overall goal of making salary levels competitive with other Silicon Valley organizations. In addition, Athletics, which operates a large number of facilities, has been greatly impacted by California's rising utility costs and expects utilities increases of roughly \$500,000.

HIGHWIRE PRESS – The conversion of HighWire Press as a department of SUL/AIR to an auxiliary of SUL/AIR will occur in 2001/02. It is anticipated that there will be continued growth in clients and titles delivered through HighWire's services. More knowledge environments are in development to join existing ones in cellular signal transduction, cancer research and therapy, and bone research. The staff has moved to new facilities on Page Mill Road and continues to serve a constantly growing number of scholarly society publishers. HighWire's new expenses in occupying its building on Page Mill Road will affect pricing to publishers for

Total Auxiliary Activities, 2001/02

(in millions of dollars)

	Revenues and Transfers	Expenses	Excess of Revenues Over Expenses
Alumni Association	37.2	37.2	
Athletics ¹	36.5	36.5	
HighWire Press	14.6	14.6	
Housing & Dining Services	102.2	106.1	(3.9)
Medical School Professional Services	134.3	143.7	(9.4)
Press	3.4	5.2	(1.8)
Other	18.0	20.7	(2.7)
Total²	346.2	364.0	(17.8)

NOTES:

- 1 Financial Aid activity is not included.
- 2 This table represents gross revenues and expenses. When incorporated into the Consolidated Budget on page 2, interdepartmental transactions of \$56.4 million have been netted out.

services rendered, as well as potentially posing a challenge in balancing the 2001/02 budget. HighWire Press is projecting a balanced budget on revenues of \$14.6 million.

HOUSING AND DINING SERVICES – Student Housing and Dining Services is budgeting a 2001/02 net operating deficit of \$3.9 million on revenues of \$102.2 million.

The operating loss will be funded from Student Housing and Dining reserves as part of an approved long-term strategy to finance the debt associated with the Capital Improvement Program (CIP) for renovations of facilities. 2001/02 is the tenth year of the 16 year CIP. Projects to be initiated and/or completed this year include the Wilbur kitchen and food servery renovation, Phase II of the Mirrieles apartments renovation, miscellaneous capital projects on the row and in Escondido Village, and the opening of the new Frances C. Arrillaga Alumni Center Cafe.

University Dining Services will continue its Value Enhancement Program, which includes

improvements to facilities, menu, and special events while maintaining strong controls on the cost of food and labor.

MEDICAL SCHOOL PROFESSIONAL SERVICES – This category represents payments of \$134.3 million from Stanford Hospital and Clinics to the School of Medicine for physicians and staff services and hospital services payments (\$120.8 million), and the Stanford Blood Center (\$13.5 million). This auxiliary operation is projecting a deficit of \$9.4 million due principally to a negotiated reduction in hospital service payments.

Nearly 74% of the expenses and income are for faculty or staff physician salaries and benefits; another 14% is for staff expense. The non-salary expenses primarily reflect the materials and supplies and other operating expenses of the Stanford Blood Center.

With the difficult financial situation of the hospital and the continuing stress on the professional practice due to poor reimbursement for services, this source of funds to pay faculty compensation is at greater risk than in prior years. The projected deficits will be covered out of school and departmental reserves or negotiated agreements with the hospital. As Stanford Hospital and Clinics strives to balance its budget it will also be necessary to reach agreements on approaches to support faculty or staff physician compensation through the development of new or revitalized clinical programs.

STANFORD UNIVERSITY PRESS – In response to the continuing marketplace and financial pressures being experienced by all university presses, Stanford University Press has developed an aggressive plan for the future; a plan that will ensure the continuation of its long time commitment to scholars, while reducing its reliance on the University for financial support.

First, the Press has begun concentrating its scholarly program into fewer disciplines, focusing on its core strengths in the humanities and social sciences. Second, new programs are being developed that will take the Press into markets that are larger and less price-sensitive than its current markets.

These new programs will eventually generate enough profit to underwrite the costs of the scholarly programs. Books will be aimed at professionals and upper level students in Business, Economics, Law, Policy, Political Science, and Education. Third, the Press is building a more sophisticated sales and marketing department that will be able to maximize sales of the scholarly list while building a strong position in the new markets. Fourth, production processes are being re-engineered to improve efficiency and cut publishing times.

Financial projections show the Press breaking even in five years, and generating ongoing surpluses thereafter. Phased investment in the Press to underwrite this plan began in 2000/01, and performance to date has tracked to the plan. The 2001/02 budget shows a deficit of \$1.8 million, and reflects the continuation of the University's commitment and investment in the Press.

The Consolidated Budget by Organizational Unit

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

SCHOOL OF EARTH SCIENCES

The School of Earth Sciences plans a surplus of \$791,000 on revenues and transfers of \$26.4 million. The bulk of this surplus is in restricted funds. The School continues to experience significant growth in its endowment income stream, allowing it to sustain reductions in general funds over the past six years. Funds supporting school activities come from a variety of sources: income from endowment (33%); grants and contracts (31%); industrial affiliate programs (17%); gift and other income (10%); and general funds (9%). Revenue from affiliate income continues to decline due to changes in the oil industry. However, the loss of income has been less than expected. Income from federally sponsored research has increased slightly, thereby offsetting the decline in affiliate income. Significant investments will be made in

faculty salaries, which have become less competitive over the last decade. Increases in our salary base, along with significant costs related to faculty recruitment (laboratory renovation, equipment, etc.) and school infrastructure, will place increasing pressure on school-restricted funds, utilizing any unrestricted revenue surpluses the School may experience.

SCHOOL OF EDUCATION

The School of Education consolidated budget projects an excess of \$505,000 on revenues and transfers of \$27.8 million. This small surplus will be combined with existing reserves to provide future support for faculty recruitment, continued student support during external funding gaps, capital improvements, and funding for new initiatives such as the new Learning and Technology Center.

SCHOOL OF ENGINEERING

The School of Engineering anticipates a surplus of more than \$9 million, driven almost entirely by growth in restricted expendable and endowment funds. Much of the surplus will be used over time to support the School's initiatives in photonics, bioengineering, and materials.

While restricted fund sources have grown, the School's ongoing sources of core support have weakened. Growing student interest in Engineering programs has stretched general funds. The Stanford Center for Professional Development (SCPD) income—the traditional Engineering backstop for core program support—declined by 20% over the past year, and recent trends suggest that SCPD revenue will stabilize at the reduced level in 2001/02.

SCHOOL OF HUMANITIES & SCIENCES

As reported in the previous two years, H&S continues to be challenged by operational funding shortfalls. Unrestricted School reserves will be nearly exhausted by the end of 2000/01. In the short term, the School is addressing shortfalls through better use of its funds coupled with close partnering with the Provost and President.

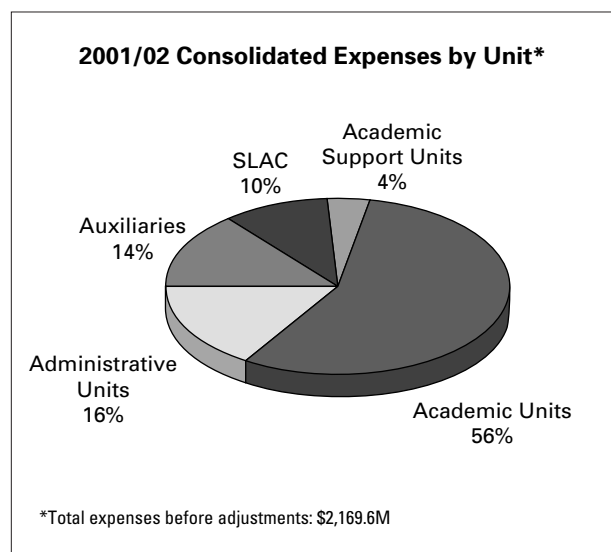
Projected Consolidated Budget for Operations by Unit, 2001/02

(in millions of dollars)

	Total Revenues and Transfers	Total Expenses	Excess of Revenues Over Expenses
Academic Units:			
School of Earth Sciences	26.4	25.6	0.8
School of Education	27.8	27.3	0.5
School of Engineering	177.2	167.4	9.8
School of Humanities & Sciences ¹	211.8	202.9	8.9
School of Law	32.4	32.5	(0.2)
Undergraduate Education	19.3	20.3	(1.0)
Dean of Research	125.7	123.2	2.6
Hoover Institution	29.4	29.4	
Graduate School of Business ^{1,2}	83.8	93.1	(9.3)
School of Medicine ^{1,2}	517.2	505.3	11.9
Total Academic Units	1,251.1	1,227.0	24.1
Academic Support Units:			
Stanford University Libraries	46.3	46.3	
Student Affairs	34.9	39.2	(4.3)
Total Academic Support Units	81.2	85.5	(4.3)
Total Administrative³	393.2	341.0	52.3
Auxiliary Activities	289.8	307.6	(17.8)
SLAC	208.5	208.5	
Indirect Cost Adjustment ⁴	(127.2)	(127.2)	
Student Financial Aid Adjustment ⁵	(104.5)	(104.5)	
Grand Total from Units	1,992.1	1,937.9	54.2
Other Anticipated Income⁶	38.6		38.6
Total Consolidated Budget	2,030.7	1,937.9	92.8

NOTES:

- The budget lines for the School of Medicine, Graduate School of Business, and H&S do not include auxiliary income and expenses. These items are shown in the Auxiliary Activities line. These auxiliary operations include Medical School Professional Services, the Schwab Center of the GSB, and Overseas Studies, Stanford In Washington, and Bing Nursery School in H&S. These auxiliary activities are shown in more detail in the Schools' Consolidated Forecasts in Appendix A.
- This budget reflects a direct allocation of tuition revenue in those units operating under a formula funding arrangement.
- The surplus of \$52.3 million in the Administrative areas primarily reflects the income from Presidential expendable and endowment funds. The associated expenses are included in the unit Consolidated Budgets.
- 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 \$127.2 million received by the schools is taken out in the "Indirect Cost Adjustment" line.
- In accordance with the University financial statement format, certain types of student financial aid are shown as a reduction against student income in the Consolidated Budget. Because it appears in the revenue and expense of the academic units, \$104.5 million is removed in the "Student Financial Aid Adjustment" line.
- The \$38.6 million shown in Other Anticipated Income is based on historical experience and reflects the expectation that the University will receive additional unrestricted and/or restricted income that cannot be specifically identified by unit at this time.



Longer-term solutions include implementation of better financial controls, a new budgeting process, and extensive fundraising plans. The volume of faculty recruitment has been greatly decreased from that of prior years, primarily in order to reduce one-time costs associated with hiring. For the next three years, the School plans to hire at a rate equal to anticipated faculty exits.

Operating projections show a \$5 million shortfall, which will be covered by incremental funding from the recent \$300 million Hewlett Foundation gift in addition to other University sources as needed. While operations continue to deplete reserves, the School's consolidated fund balances are projected to grow by \$8.9 million. Growth is comprised primarily of increases in department and faculty-controlled funds plus endowed chair funds with restrictive fund authorizations. The School, Budget Office, and University Development Office recently began a two-year review of H&S funds targeted at making restrictive funds more usable and aligning unusable funds with current School activities. As a result of this process, \$3 million in one-time funds have been incorporated into 2001/02 projections.

SCHOOL OF LAW

The Law School consolidated forecast shows a slight deficit of \$187,000. This deficit may increase as the School hires new faculty, develops its international program, expands and intensifies its clinical offerings, and invests in technology infrastructure and support. The deficit will be met, initially, with accumulated expendable gifts. Fundraising success will be critical for the continuation of these programs.

The Law School classroom buildings are in need of repair and are becoming technologically obsolete. To address the inadequacy of the School's physical plant, \$7 million will be withdrawn from Funds Functioning as Endowment. The School plans to reduce non-salary budgets throughout the Law School and to use a significant portion of its 2001/02 general fund allocation increase to replace the loss of income from these endowment funds.

DEAN OF RESEARCH

The consolidated budget of the Vice Provost and Dean of Research and Graduate Policy projects an overall increase in fund balances of \$2.6 million. As pledges for the Stanford Graduate Fellowship program are fulfilled and program expense grows more slowly than expected, endowment income fund balances have increased. Additionally, the Institute for International Studies is reserving endowment income to support Korean studies and Japanese economics programs in 2002/03.

GRADUATE SCHOOL OF BUSINESS

The Graduate School of Business (GSB) proposes investments in additional faculty, technology infrastructure and staffing, the internet, electronically-mediated learning (including a potential joint venture with Harvard Business School), and classroom and facility improvements result in total net use of fund balances and reserves of about \$9.25 million. Funds raised during the recent 75th Anniversary fundraising for critical innovative and competitive investments, as well as budget savings, will support the operating deficit and some capital investment, and gifts and/or the Stanford Business School Trust will support investment in a joint venture with Harvard Business School. Over time, the expectation is that investments in electronically-mediated learning and the joint venture may generate revenue to replenish reserves used in 2001/02 and for future investment, on their own or by leveraging faculty time to facilitate the delivery of more executive education programs.

SCHOOL OF MEDICINE

The Medical School is continuing its program investments resulting in a consolidated plan that shows significant growth in expenses and revenue. The consolidated plan projects revenues and transfers of \$651.5 million (including professional services), and total expenses of \$648.9 million. The 2001/02 Consolidated Plan assumes a 13.6% increase in revenues and transfers and an 11.3% increase in expenses over the 2000/01 Consolidated Plan.

Revenue Growth: The increase in revenues, before transfers, over the 2000/01 Consolidated Plan is 11.9%. It is related to continuing refinement of designated and restricted income forecasting, more complete tracking of clinical income and strong growth in sponsored projects. Year-end projections for 2000/01 show sponsored activities 5% higher than the 2000/01 plan, and the School's 2001/02 Consolidated Plan anticipates an additional increase of almost 6.6%.

Expense Growth: The School expects to recruit approximately 25 new tenure line faculty and 32 new medical center line faculty during 2001/02. The expenses related to all faculty growth, including incremental support and staff, are included in the consolidated plan. This anticipated increase in faculty and staff, when added to salary increases and changes in benefits rates, accounts for more than 48% of the anticipated increase in expenses in the 2001/02 consolidated plan. For the first time in 2001/02, the Dean's tax on clinical revenue is an expense on the books of the School. This accounts for 12% of the expense increase. Incremental investments in programs include approximately \$15.6 million to satisfy commitments made to recently appointed department leaders.

Transfers to Plant and Endowment: The 2001/02 Consolidated Plan reflects the recent decision to redefine the scope and program of the planned renovation of portions of the E.D. Stone Buildings. There will be some investment in planning activities during the period but significant transfers to plant will not occur until after August 2002. Transfers to endowment have been made in recent years by clinical departments with surpluses and by basic science departments with accumulated reserves as a mechanism to earn some return on the funds while holding them for future investments in new faculty or programs. These transfers are expected to continue in 2001/02 although in reduced amount.

STANFORD UNIVERSITY LIBRARIES/ACADEMIC INFORMATION RESOURCES

SUL/AIR projects a balanced Consolidated Budget for 2001/02. This results from a combination of

reductions in staffing and expendables in 2000/01 and increased use of reserves. SUL/AIR continues to have difficulty recruiting specialized staff in both library and academic computing roles due to the cost of housing in the Bay Area and the associated problems of long distance commuting.

The realignment of the Hoover Library with SUL/AIR will take place over the next several years, with staffing and service levels to be finalized by 2003/04. SUL/AIR anticipates a need for one-time funding for the retrospective conversion of the card catalog for the East Asia Library, as well as for remedial collection building based on the needs of the East Asia Studies program and other teaching and research programs formerly supported by the Hoover Institution. SUL/AIR continues to seek funding for the completion of two important initiatives. The Green Library East Information Center, a service that has only partly realized its fullest possibilities, needs a lot more technology support. And the project to digitize the archive of the General Agreement on Tariff and Trades at the World Trade Organization headquarters in Geneva will continue, but foundation or corporate funding is needed for its support and development.

IMPACT OF THE CAPITAL BUDGET ON THE CONSOLIDATED BUDGET FOR OPERATIONS

The 2001/02 Capital Budget calls for \$316 million in expenditures on capital projects. The impact of these expenditures on the Consolidated Budget for Operations is shown in two places. The first is \$3.6 million in incremental debt service for those projects that will be coming on-line in 2001/02 or which had less than a full year of debt service incurred in 2000/01. The second is \$1 million for the incremental operations, maintenance, and utilities costs required to run those facilities. The details of the Capital Budget for 2001/02 are included in Section 3 of this document.

PROJECTED STATEMENT OF ACTIVITIES

In order to provide a consistent and clear linkage between the Consolidated Budget for Operations and the various annual financial documents presented to the Stanford community, we are including a projected 2001/02 Statement of Activities, shown on page 22, that highlights the University's operations within the total unrestricted net assets. The Statement of Activities (analogous to a corporate profit/loss statement) is found in the audited annual financial report. In 1996, the University adopted Statement of Financial Accounting Standards (SFAS) 116 and 117. Under the provisions of SFAS 116 and 117, net assets, revenues, expenses, gains, and losses are classified into one of three categories: Unrestricted, Temporarily Restricted, and Permanently Restricted.

- **UNRESTRICTED NET ASSETS** are expendable resources used to support the University's core activities of teaching and research. Although these net assets are classified as "Unrestricted" under the new accounting standards, they may be designated by the University for specific purposes or be subject to contractual agreements with external parties or to donors' restrictions.
- **TEMPORARILY RESTRICTED NET ASSETS** contain donor-imposed restrictions that cannot be met during the fiscal year in which they are received.
- **PERMANENTLY RESTRICTED NET ASSETS** are subject to donor-imposed restrictions requiring that the principal be invested in perpetuity. Note that funds invested in the endowment because of a University decision, which are often referred to as funds functioning as endowment, are included in Unrestricted Net Assets, and not in Permanently Restricted Net Assets like the pure endowment funds.

Temporarily and Permanently Restricted Net Assets are not reflected in the budget, since they cannot be used for the current year operations. Therefore, the table on page 22 only represents the operating revenues and expenses in the Statement of Activities for Unrestricted Net Assets.

Converting the Consolidated Budget into the Statement of Activities

The following key points explain the connections between the Consolidated Budget for Operations and the Statement of Activities for Unrestricted Net Assets¹. There are two main differences between the Statement of Activities and the Consolidated Budget for Operations. First, the Consolidated Budget for Operations reflects only funds used for current operations while the Statement of Activities is a summary of all unrestricted net assets, including current, plant, student loans, and funds functioning as endowment. Second, the Consolidated Budget for Operations is essentially built on a cash basis, while the Statement of Activities is built on an accrual basis. Therefore, moving from one to the other requires the following adjustments:

1. Adjustments to Move from Only Current Funds² to All Types of Funds (Lettering Below, a-e, Refers to Line Items on Page 22):
 - a) Other Investment Income: This \$5 million adjustment represents interest earned by the Plant and Student Loan funds and is added to the Consolidated Budget investment income to equate to the Statement of Activities.
 - b) Additions to Funds Functioning as Endowment: The Consolidated Budget for Operations projects that the schools will transfer \$40 million to the endowment division, as FFE to be invested in the merged endowment pool. As explained above, the endowment division is part of total Unrestricted Net Assets, therefore transfers from current funds to FFE have a net effect of zero in the Statement of Activities. To create the Statement of Activities, these transfers are added back in.

¹ Certain non-operating components of Unrestricted Net Assets or gains in funds functioning as endowment, are not included in the Statement of Activities on page 22.

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

**Comparison of Consolidated Budget and Projected Statement of Activities,
2001/02 for Unrestricted Net Assets**
(in millions of dollars)

Statement of Activities			Fiscal Year 2001 / 2002		
1999/00 Actuals	2000/01 Budget	2000/01 Projected Year-End		Projected Consolidated Budget	Projected Statement of Activities
			Revenues and Other Additions		
			<i>Student Income:</i>		
154.2	162.0	162.1	Undergraduate Programs	171.8	171.8
149.0	156.7	155.1	Graduate Programs	163.5	163.5
65.8	67.1	70.7	Room and Board	75.3	75.3
(89.1)	(94.7)	(94.6)	Student Financial Aid	(104.5)	(104.5)
279.9	291.1	293.3	Total Student Income	306.1	306.1
			<i>Sponsored Research Support:</i>		
379.1	392.4	402.0	Direct Costs—University	422.1	422.1
179.9	197.7	203.9	Direct Costs—SLAC	208.5	208.5
115.4	120.6	121.1	Indirect Costs	127.2	127.2
674.4	710.7	727.0	Total Sponsored Research Support	757.8	757.8
156.7	160.0	161.6	Health Care Services	164.3	164.3
113.2	87.0	116.5	Expendable Gifts In Support of Operations	120.0	120.0
			<i>Investment Income:</i>		
315.0	315.1	359.4	Endowment Income	407.1	407.1
175.4	104.3	111.9	Other Investment Income ^a	127.0	132.0
490.4	419.4	476.3	Total Investment Income	534.1	539.1
191.2	205.1	203.8	Special Program Fees and Other Income	224.4	224.4
1,905.8	1,873.3	1,978.5	Total Revenues	2,106.7	2,111.7
			Transfers		
51.4	25.0	40.0	Net Assets Released from Restrictions	40.0	40.0
			Additions to Funds Functioning as Endowment ^b	(40.0)	40.0
			Transfer to Plant/Student Loan ^c	(76.0)	76.0
1,957.2	1,898.3	2,018.5	Total Revenues and Transfers	2,030.7	2,151.7
			Expenses		
394.2	413.2	444.8	Academic Salaries and Benefits	474.5	474.5
479.8	501.7	529.2	Staff Salaries and Benefits	586.2	586.2
171.3	156.6	175.0	Depreciation ^d		161.9
179.9	197.7	203.9	SLAC	208.5	208.5
317.3	342.1	338.9	Institutional Support	386.5	386.5
187.8	232.6	192.2	Other Operating Expenses ^e	282.2	205.6
1,730.3	1,843.9	1,884.0	Total Expenses	1,937.9	2,032.2
226.9	54.4	134.5	Surplus / (Deficit)	92.8	128.5
(48.0)			Hospital Deficit		NA
178.9	54.4	134.5	Excess of Revenues Over Expenses	92.8	128.5

c) Transfer to Plant/Student Loan: \$76 million of current funds are expected to be used to fund capital expenditures. For Financial Statement purposes, these are considered capital expenditures and are not reflected as expenses in the Statement of Activities.

2. Adjustments To Move From A Cash Basis To An Accrual Basis:

d) Depreciation: on all capital assets is projected to be \$161.9 million. Because it is a non-cash charge, depreciation expense is not included in the Consolidated Budget for Operations. Therefore, an adjustment is made to reflect \$161.9 million of depreciation in the Statement of Activities.

There has been a significant increase in depreciation expense since 1999/00 due primarily to the adoption of a revised set of estimated useful lives for the University's assets. Government regulations now require that useful lives

and methods used for indirect cost recovery purposes conform to those used in financial statements.

e) Equipment Expenditures: Of the total capital asset additions, approximately \$76.6 million of equipment expenditures will be funded from current operating funds. These expenditures are included in other operating expenses in the Consolidated Budget for Operations. For financial statement purposes, these expenditures are capitalized and are not reflected as expenses in the Statement of Activities. An adjustment is made to remove the \$76.6 million for equipment expenditures from the other operating expenses line.

In summary, the impact of capitalization and the flow of funds for plant purposes described above result in a change in the bottom line of \$35.7 million, from a \$92.8 million surplus in the Consolidated Budget projection to a \$128.5 million surplus in the Statement of Activities projection.

SECTION 2

ACADEMIC INITIATIVES AND PLANS

In this section, we focus on the programmatic elements of the Budget Plan by describing the principal planning issues in the schools, major labs and institutes, and academic support areas.

SCHOOL OF EARTH SCIENCES

The School of Earth Sciences' faculty population continues to undergo significant change. From 1997 to 2002, nearly a third of the faculty will have turned over. In academic year 2001/02, the School will have four new faculty members. The School also anticipates several retirements next year, increasing the rate of turnover in a faculty body that was previously stable for many years. With new faculty have come changes in programs, new research directions and, consequently, new needs in research facilities.

In addition the School is exploring several areas for potential growth in its academic program. Some of these potential growth areas include:

- **INTERDISCIPLINARY PROGRAM IN ENVIRONMENT, RESOURCE, AND EARTH SYSTEMS SCIENCE** – This initiative would bring together more effectively the diverse efforts occurring across campus, complementing and building on the strengths of the Earth Systems program, which is actively developing a small Ph.D. program to be launched in fall 2002.
- **CENTER FOR COMPUTATIONAL GEOSCIENCES** – This center would foster the development of advanced models and analytical tools in the areas of geological and physiochemical processes.
- **PLANETARY GEOLOGY AND ASTROBIOLOGY PROGRAM** – The School is also exploring the possibility of

developing a formal teaching and research program in this area.

- **EARTH SCIENCES POST-DOCTORAL FELLOWSHIP PROGRAM** – This program would allow us to compete for the best young Ph.D.s internationally by offering a prestigious post-doctoral fellowship.

Additionally, the School is developing a model to effectively meet support needs for technical and scientific instrumentation in research facilities. Despite its large investments in the purchase and/or development of research equipment, the school is making insufficient investment in ongoing maintenance or technician support. It is clear that in order to maintain a top academic ranking, the School must make resources available to maintain and utilize its research facilities effectively.

Earth Sciences has very strong graduate programs in all departments, but does not have a very robust undergraduate population other than in the Earth Systems program. Two departments, Geological and Environmental Studies (GES) and Geophysics, are actively attempting to reinvigorate their undergraduate programs through a variety of means. Resources will be focused on these efforts, including hiring an undergraduate program coordinator for GES and using technology more creatively to deliver curriculum materials.

SCHOOL OF EDUCATION

Several new initiatives will provide opportunities for research on subjects embedded in practical contexts and, at the same time, strengthen links between the School of Education and the community:

- **THE JOHN GARDNER CENTER FOR YOUTH AND THEIR COMMUNITIES** – This program involves a university-community partnership to build new practices, knowledge and capacity for youth development and learning in Bay Area communities. The Center aims ultimately to create a model of community collaboration for youth and to become a national resource for communities, universities, practitioners, and policy makers interested in youth development and learning.
- **THE CALIFORNIA SCHOOLS REDESIGN NETWORK AND PERFORMANCE ASSESSMENT COLLABORATIVE** – This initiative will coordinate secondary school reform efforts in local school districts. It will support practitioners throughout California by conducting research on school designs and outcomes and will help school leaders across the state redesign schools to achieve more powerful learning outcomes with diverse learners.
- **THE REDESIGN OF TEACHER EDUCATION** – This program is entering its third year. In 2001/02, Stanford co-term students will be admitted to the Stanford Teacher Education Program (STEP). In 2002/03 the program will launch a five-year blended program of teacher preparation in the areas of English, math, history and Spanish. The mission of the program will be to cultivate teacher leaders while students are still undergraduates. The new program will deepen the process STEP has already begun and will develop relationships with local reform-oriented schools and districts that are seeking to educate diverse students to high standards. The goal of these initiatives is to integrate service to the community with the training and research mission of the School.

Another major initiative for the School focuses on technology and learning. Our intention is to create a highly visible Learning and Technology Center involving faculty, graduate and undergraduate students, as well as technology experts in the for-profit sector. The Center's goals will be to promote and bring coherence to: development of

new technologies and uses of technology for educational purposes; research on teaching and learning using technology; and teacher training and professional development involving technology.

For the third consecutive year, the School continues to be in an intensive period of faculty recruitment that will lead to a replacement of over half its faculty between 1996 and 2002. Six new faculty members joined the School in 2000/01 and four searches are currently open. These include positions in counseling psychology, history of education, social studies education, and a joint search with the graduate School of Business in the area of organizational studies.

SCHOOL OF ENGINEERING

Over the past two years, the School has been engaged in extensive academic planning, which has included ongoing discussion and debate at the school, department and individual faculty levels about future directions. A significant number of emerging objectives involve interdisciplinary opportunities, which have been broadly discussed with other schools and with the Dean of Research. There is tremendous excitement within the School, as its faculty believes they can position Engineering not only to maintain its current status as one of the two best schools in the nation, but to take a leadership position in areas that are critical for the future.

Engineering's strongest opportunities include bioengineering, photonics, materials, and the creation of a state-of-the-art Science and Engineering Center. Other opportunities include building on existing programs in Management Science & Engineering, Computational Math & Engineering and Environmental Biotechnology. In order to succeed, these areas will require investment in new faculty billets, in faculty start-up and student support and in facilities and equipment.

The single highest priority for new investment is bioengineering. Clearly, the Clark Center will be a major plus for Stanford and for Engineering, but it does not address issues associated with

admitting students in bioengineering and with degrees in bioengineering. At this time, the plan is to transform the current Chemical Engineering Department into a new department, tentatively named Chemical and BioEngineering. This will create a new set of degree-granting programs at the undergraduate and graduate levels in bioengineering, while maintaining existing chemical engineering degrees.

The second highest priority for new investment is photonics. Broadly defined, photonic materials, devices, and components will provide the infrastructure around which “wired” communications systems will be built in the future. The opportunity exists to provide orders-of-magnitude improvement in the amount of information accessible to individuals and to groups and in the speed with which this information can be accessed. The remarkable developments in the power of silicon chips over the past 30 years will be duplicated by similar developments in optically-based information networks. The opportunity exists to replace the aging Ginzton facility with a new modern building, operating as an independent lab and housing faculty from Engineering and Humanities and Sciences.

The third priority for significant investment is a new Engineering and Science Center on the Science and Engineering Quad. This new multi-purpose building is expected to house a modern, digitally-based engineering and science library; a “high tech zone” to make engineering faculty, students, and staff the best “connected” people on earth; gathering places for engineering students and student groups; and teaching spaces designed for professional education. In addition, the new building will provide a home for the School of Engineering Dean’s Office and needed expansion space for electrical engineering and computer science.

Materials represents another broad Engineering initiative. While the Materials Science and Engineering department is arguably the “home” of materials research and teaching at Stanford, the fact is that materials research is distributed across

many departments, largely because it is often applications-driven and many applications reside in departments other than Materials Science and Engineering. One of the critical factors that will enhance materials research is a set of core experimental facilities for fabrication, synthesis, and characterization of new materials. Over the next several years, the plan is to establish, equip, and staff several key laboratories for the broad materials community at Stanford. This will result in the following benefits: (1) provide enabling facilities for materials faculty, (2) substantially improve national visibility for the materials program at Stanford, (3) enhance opportunities for students to do experimental work at the forefront of materials research, and, (4) offer an integrated materials curriculum cutting across departments, designed to make it easy for students to take a variety of materials classes. A Materials Council, consisting of senior faculty from Engineering and H&S, will provide overall guidance to the school deans and to the Dean of Research regarding materials research on campus.

In addition to these major initiatives, Engineering continues to strengthen its programs in Management Science and Engineering, Environmental Engineering and Biotechnology, and Computational Math and Engineering by adding resources and facilities, expanding industrial partnerships and developing new research directions.

The School does not expect these initiatives to result in significant overall growth in faculty, students, or space. Growth will occur principally in bioengineering, an endeavor which is largely new to the School of Engineering, but which is critical for the future. The other initiatives will be largely achieved through reallocation of existing billets and resources within the School.

The School of Engineering also anticipates a flattening in its research volume for 2001/02. Over the past three years, a number senior faculty—many of whom were leaders in their fields—have retired. Nearly 30 faculty have replaced them during the same period and are in the process of developing their own research groups. It is likely

that in the future, research volume will grow again as newer faculty develop their research programs and as the School's new academic initiatives mature.

SCHOOL OF HUMANITIES AND SCIENCES

As part of the university-wide needs assessment process, H&S has been actively engaged in comprehensive planning focused on establishing a clearer vision of the School's role in the university and ways in which it can move the School to the next level of excellence. In particular, the School is examining its role as the "core" of Stanford and addressing how it can strengthen its effectiveness within the university as a whole.

The School's needs assessment process has two major goals: (1) identifying a set of objectives to ensure the foundational strength of H&S across the disciplines; and (2) defining the cross-disciplinary themes and issues that take on new or renewed salience in the current intellectual, institutional, and social environment. This effort has been guided and integrated by a faculty advisory group in concert with the cognizant deans and the H&S Council, the School's outside advisory group.

H&S continues to seek perspectives from outside Stanford to assess the quality of its faculty, students, and curriculum. In 2000/01, external visiting committees have reviewed the departments of Drama, Statistics, and Classics. Reviews will be conducted during 2001/02 in the departments of Music, Philosophy, and Religious Studies. As a result of a review that took place in 1999/00, a reorganization has been proposed to bring the departments that currently make up the Division of Literatures, Cultures, and Languages into a single department.

An ad hoc Advisory Committee on International Studies has been charged to examine the scope of the current H&S curriculum on international topics, the range of faculty expertise, and the structure and organization of international studies in the School. Rather than conducting reviews of individual programs, the Committee

will think through the overall constellation of international studies in the School in order to identify lacunae and to determine if the current organizational structures are as effective as possible. The Committee's recommendations, which are due at the end of spring quarter, will be considered in the context of the needs assessment process.

During the past two years, the School has been reviewing the status of interdepartmental programs, their role in the teaching mission and the resources available to them. As a result, the School has begun to integrate programs more effectively into its budget process and governance structure, and programs have figured significantly in the current needs assessment process. Among other initiatives, the Dean's Office has recently allocated base budget supplements to programs in the form of discretionary and supplementary teaching funds that will be helpful in maintaining vibrant and interdisciplinary course offerings.

Finally, 2001/02 will be a year of transition, as H&S welcomes a new Dean, Sharon Long, who will chart a course for the next academic year and beyond.

SCHOOL OF LAW

Stanford Law School is at the strongest point in its history, but sees additional room for improvement. The School has three programmatic goals: (1) to become the preeminent center for the study of law and technology and a leader in the intelligent application of new technologies to legal teaching and research; (2) to develop a premier international program that prepares students for the global environment in which they will practice; and (3) to expand and intensify its clinical offerings.

To achieve these goals, the School will need to grow the size of the faculty, maintain competitive faculty compensation and adequate student scholarship aid, hire a new clinical director and clinical faculty, increase support for the Law Library, and address student housing and information resources issues.

The School will also address fundamental issues to ensure a strong base from which to grow. First, and most critical, is the inadequacy of the Law School's physical plant. The buildings are in need of repair and are becoming technologically obsolete. During the summer of 2001, the School will renovate classrooms and install the technology needed to bring the Law School into the 21st century. These costs will be paid utilizing \$7 million from funds functioning as endowment.

The School will continue to address competitive pressures on faculty salary packages from its peers. One of the largest discrepancies is in summer faculty compensation. While most peer institutions provide summer faculty compensation of up to 3/9ths of regular salaries, the Law School provides an average of only \$10,000 – far less than even 1/9th.

The Law Library's budget has not kept pace with inflation during the last decade. Its ranking dropped from 14th to 24th in just the last two years. The Law Library is the only library on campus with no information technology (IT) support, making it difficult to move fully into the digital age. The School will hire needed IT positions and begin addressing long-overdue acquisition and equipment needs in the Law Library.

VICE PROVOST FOR UNDERGRADUATE EDUCATION

The Vice Provost for Undergraduate Education promotes the highest quality education for all undergraduate students and supports faculty throughout the university in their undergraduate teaching and mentoring. The 2001/02 budget enables VPUE to carry out this mission in its complexity and vitality through careful and efficient management of its programs and services, while sustaining the steady rate of growth that has been projected during the past few years. It further enables the VPUE to sustain the quality of its excellent academic programs, to continue to build strong management practices, and to innovate strategically. Modest new investments in undergraduate education will promote improvement in

writing instruction and continuing expansion of student participation in faculty-supervised undergraduate research and honors during the 2001/02 academic year. The unpredictable pace of fundraising in the Campaign for Undergraduate Education launched during 2000/01 to support the successful programs introduced over the past five years has introduced some uncertainty in the income projections for funds available to support the 2001/02 budget.

The 2000/01 academic year marked the final stages of implementation for the Stanford Introductory Studies (SIS) initiatives begun in 1996. The Writing and Critical Thinking Program, which provides instruction to first-year students through courses that satisfy the University Writing Requirement, changed its name to Program in Writing and Rhetoric and thus signaled a new direction for writing programs at Stanford. In addition to revitalizing the professional community of writing instructors, the new director of the program led a successful effort to establish Stanford's first Writing Center. Set to open in autumn 2001, the Writing Center will provide individualized tutorials to supplement the feedback on writing provided by professors and graduate teaching assistants in courses throughout the curriculum.

The centerpiece of the past year was the full implementation and reorganization of Stanford Advanced Studies into a new structure, the Undergraduate Research Programs (URP) office. The new organization provides a full-service operation in support of undergraduate research and honors. It also provides, for the first time, a coordinated "one-stop shop" for students seeking advice and information on graduate fellowships and advanced degrees.

More than 20 departments from all three Schools offering undergraduate degrees received funding from the VPUE to provide faculty-supervised research experiences for more than 300 students in summer and term-time positions. The Summer Research College houses about 120 of these students on campus while they are working with faculty during the summer, doubling the College

residential capacity since the summer of 2000. In addition, 34 members of the faculty created research positions for 72 students through the faculty grant program of the URP. Most of these students had previously worked with the sponsoring faculty member in a Stanford Introductory Seminar or Sophomore College class, thus demonstrating the success of the SIS programs in forging mentoring relationships between faculty and students.

The 370+ students participating in the departmental and faculty grant programs of the URP are in addition to those participating in the continuing program of URO student grants, which funds expenses for over 400 student honors and research projects each year. In sum, the VPUE investment in reorganization and administration of Undergraduate Research Programs has almost doubled the number of students working in close partnership with faculty on the research mission of the University.

A third focus in 2000/01 has been expansion and consolidation of academic technology services for faculty teaching in Stanford Introductory Studies. Faculty teaching Freshman and Sophomore Seminars, Sophomore College, Introduction to the Humanities, and Writing and Rhetoric courses used web and video technology to enhance both instruction and organization of their courses under the expert guidance of Academic Technology Specialists from each of the SIS program offices. These hybrid staff positions combine doctoral-level education in the discipline with advanced training and expertise in technology and pedagogy. The investment in technology not only promoted faculty development in teaching. It also expanded the technical infrastructure in each of the SIS programs, enabling directors to streamline processes for communication with students and faculty and to collect assessment data necessary for program evaluation.

The budget plan for 2001/02 reflects VPUE's ongoing commitment to program evaluation and quality control. For example, the Science,

Mathematics, and Engineering Core (SME) will discontinue offering courses to satisfy the General Education Requirements. One of the initial experiments of SIS, the SME core courses saw enrollments drop to unsustainable levels in 2000/01, due primarily to students' preference for more flexibility and choice in course selection than was provided by a two- or three-quarter course sequence. The VPUE has undertaken a full assessment of the conditions shaping the SME program in the context of a Faculty Senate-mandated review of General Education Requirements in science, applied science, and mathematics. This budget supports expenses for curriculum and pedagogy anticipated to result from the recommendations of this faculty review.

Priority will go toward institutionalization of the new directions in writing and oral communication resulting both from the recent transition in faculty leadership and from the recommendations of an 18-month faculty review of writing programs at Stanford. Oral communication initiatives, begun as a pilot in "Speaking Across the Curriculum" through the Center for Teaching and Learning, will be expanded and enhanced by incorporating mixed media presentation skills into the range of abilities developed and encouraged in the curriculum. Key to the success of this approach will be the professional development of instructors throughout the University—in the Program in Writing and Rhetoric, the Center for Teaching and Learning, the Technical Communications Program of the School of Engineering, and in departments and degree programs.

The VPUE budget will provide support for an increased number of grants for undergraduate research. This steady growth is consistent with long-range strategic planning and is contingent upon continuing positive outcomes for evaluation of the faculty/student partnerships in research. Investments in services for honors programs will also grow modestly, anticipating that many of the 300+ students engaged in research experiences will undertake honors projects as they progress through their junior and senior years.

In recognition of the centrality of the thesis to departmental honors programs, writing tutorials are provided through the Undergraduate Research Programs office in coordination with the new Writing Center. Writing services take two forms: individual consultations with students working on their theses, from proposals through final drafts, and group workshops offered under the auspices of departmental sponsorship. More than 200 students take advantage of tutorials, including those who attend the Honors College, a residential program held in September before the opening of autumn quarter for 120 seniors to get a head-start on their honors projects.

Creating and sustaining a community of like-minded scholars and teachers is an important goal for both faculty and students in VPUE programs. For faculty who teach Stanford Introductory Seminars, this budget invests in faculty development activities in which seminar teachers reflect upon their common teaching experiences and provide mutual support for developing appropriate pedagogical approaches to materials for freshman and sophomore classes. For students, the budget supports expansion of peer advising in the major, through a joint initiative of the Undergraduate Advising Center and the Mentoring Fund of the VPUE.

DEAN OF RESEARCH

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

The Stanford Graduate Fellowship program now supports 345 outstanding graduate students in science, engineering and the social sciences. Of the students chosen as Stanford Graduate Fellows, 70 also earned nationally competitive fellowships and

are honored as joint fellows. In addition, the program supplements the stipend of students who come to Stanford with three year National Science Foundation or similar grants.

The nine independent laboratories, centers, and institutes reporting to the Dean of Research encourage and support Stanford's interdisciplinary research and scholarship and currently account for about 36% of the total non-Medical School research volume. The program and budget plans developed by these units demonstrate that they provide strong programs that both complement and supplement Stanford's departmentally-based research and scholarship programs, in addition to attracting excellent students, external scholars and scientists. Two examples are the new Fitzpatrick Photonics Center, which will incorporate the E. L. Ginzton Laboratory and establish a home for the broader photonics community on campus, and the Bio-X program for Bioengineering, Biomedicine and Biosciences at Stanford, an emerging collaboration of faculty in the Schools of Engineering, Medicine and H&S, to be housed in the new Clark Center for Biomedical Engineering and Sciences.

The budget also supports the following administrative units. The mission of the Office of Technology Licensing (OTL) is to transfer Stanford technology for public use and benefit and to generate royalty income to support research and education. It is notable that OTL's success in technology transfer has allowed the establishment of 25 Stanford Graduate Fellowships. The Environmental Health and Safety Office (EH&S) has established a stable program that devotes its resources to the continued support and welfare of the Stanford community and, especially, its research activities. The Research Compliance Office oversees five administrative panels that assure the university's compliance with federal, state and local regulations of research and teaching activities by reviewing those activities involving human subjects, laboratory animals, biohazardous agents, recombinant DNA or radiological hazards.

HOOVER INSTITUTION

In 2001/02, the Hoover Institution will expand its research program by adding up to seven new institutional initiatives to its current programs in American Public Education, National Security and End of Communism. Institutional initiatives are multi-year projects in which Hoover fellows and other scholars focus on specific and important topics related to the Institution's mission, which embraces the principles of individual, economic, and political freedom; private enterprise; and representative, yet limited, government.

New initiatives planned for 2001/02 include:

- Accountability of Government to Society
- American Individualism and Values
- Capital Formation, Tax Policy, and Economic Growth
- International Rivalries and Global Cooperation
- Population Growth
- Property Rights, the Rule of Law, and Economic Performance
- Transition to Democratic Capitalism

The result of the institutional research initiatives is a greater number of institutional book projects, conferences and forums. Institutional initiatives augment the scholarship that originates from Hoover scholars' individual research.

By September 1, 2001, the Hoover Library and the Stanford University Libraries will have implemented a plan to realign their respective collecting and operating responsibilities. The realignment transfers responsibility for acquiring general library materials (books, periodicals and newspapers) from the Hoover Library to the University Libraries. Accordingly, the Hoover Library will focus all its resources on gathering fugitive, archival and other special materials, and thus strengthen its capacity to fulfill its original mission as a special library of rare and unique materials.

The Hoover Library focuses on three programmatic areas: collection development, access and preservation. While the collecting efforts include all aspects of political, economic and social change

in modern times, an emphasis will be placed on three collecting priorities: the history of communism, transition to democracy and economic freedom, and cultural conflict, especially between the West and the Islamic movement. In order to enhance access, new efforts will be made to eliminate the cataloging backlog, improve access through the Internet, promote research and publication of archival documents through grants to scholars, and expand the exhibits and outreach program. In order to address preservation needs, Hoover is seeking to double its expenditures on preservation activities over the next five years. The funding objectives in these three programmatic areas will be met primarily through Hoover's fundraising program.

The Institution disseminates its scholarly work through a variety of media, including institutional books, Hoover-published journals, weekly essays, and television. Over the past three years, the Hoover Press and Hoover fellows have published 30 institutional initiative books. More than 35 are in various stages of production and will be published during the next two years. The following briefly describes the regularly appearing journals, essays, and television programs.

Hoover Digest: Research and Opinion on Public Policy – In its sixth year of publication, this quarterly journal remains the signature outreach vehicle for the Institution and its scholars.

Education Matters: A Journal of Opinion and Research – One of two additional journals, this publication is the joint product of the Hoover Institution and three other research institutions. It addresses important developments in school reform and serves as a valuable resource for the academic and policy communities as well as for business leaders, legislators, journalists, change-minded educators, and parents. The members of Hoover's Koret Task Force on K–12 Education serve as the editorial board of the journal.

Policy Review – This bimonthly journal first appeared as a publication of the Hoover Press in the summer of 2001. It is a general interest magazine of ideas that complements Hoover's publications

product line by offering a premier vehicle for advancing debate at the highest level. The Hoover Institution is committed to free and rigorous inquiry into the American condition, into the workings of U.S. government and of political and economic systems throughout the world, and into the role of the United States in the world. *Policy Review* offers the opportunity for civil discourse, the airing of reasoned disagreement, and a vigorous and open debate among scholars with an interest in current affairs and journalists interested in exploring the world in greater depth.

The Weekly Essays Series – Now entering its second year, the series is syndicated nationally by Knight Ridder/Tribune to its more than 400 subscriber newspapers. The Weekly Essays—all authored by Hoover fellows—appear in six national news and public policy journals with total readership of more than one million. The essays address current public policy issues.

*Uncommon Knowledge*TM – The Institution's weekly public affairs television series continues with 39 new shows each year providing original programming to PBS stations across the country.

GRADUATE SCHOOL OF BUSINESS

The School's most important goals, and the single most critical budget assumption, are the recruitment and retention of faculty. With 10 new faculty recruited in the last year (a net increase of four faculty in 2000/01), the proposed budget assumes a net increase of 12 faculty, with related increases in faculty support staff, research assistants, and school-funded housing support. It also assumes retention of key faculty, despite the intense competition for outstanding scholars that continues unabated.

In the course of its needs assessment process this year, the School has identified electronically-mediated learning, research and teaching regarding the impact of technology on management, and continued development of executive education as important priorities for the future. The proposed budget for 2001/02 allows for continued

investment in electronically-mediated learning, both within the School and in a potential joint venture with Harvard Business School. Faculty and staff are exploring alternatives for creating and capturing educational content and distributing it electronically to various audiences. These include alumni (as part of lifelong learning), students, and participants in executive education courses. A key objective is to extend GSB education to geographically-remote locations without sacrificing either faculty time or the quality of the classroom experience. These efforts will be funded at least in part by gifts to be raised and/or support from the Stanford Business School Trust. The School believes that this investment is necessary because of the uncertainty surrounding how teaching will evolve in the future and that, in the long run, it will benefit pedagogy, executive education programs and outreach to alumni.

Technology investment continues at a high level, supporting teaching, research and business processes. Major investments in the current year include outsourcing network services, server support and help desk support; ongoing upgrades to the network and desktop; staff involvement in the PeopleSoft Axess implementation; and initial steps in implementation of an integrated web platform to support teaching, research, student services, alumni outreach and business processes. This will continue in 2001/02, with additional investment in supporting instructional technology and electronically-mediated learning efforts.

Capital improvements during 2000/01 will include complete renovation of one executive education classroom to provide integrated video-conferencing capability, as well as standardizing classroom technology and equipping one classroom for professional-quality taping of teaching content. The 2001/02 budget provides for additional investment in taping and video-conferencing, refurbishment of several classrooms, and complete renovation of a second classroom (the latter to be supported by gifts). In addition, over the summer and into next year, the fourth floor of Jackson Library will be reconfigured from book and periodical shelving to doctoral student cubicles in order to provide

capacity within the School's existing facilities to absorb anticipated increases in faculty and staff. Looking ahead several years, proposed increases in students, faculty, and staff will require additional classroom, residential, and office space, all of which are under consideration in the capital plan and in the needs assessment process.

SCHOOL OF MEDICINE

The rapidly changing financial landscape impacting Stanford's teaching hospitals makes it difficult to develop the Medical School's financial forecast over the next several years. This is primarily due to potential changes in the projected flow of funds between the Medical School, Medical Center and the university. In addition, the new dean, Dr. Philip Pizzo, is developing a strategic plan that will allow the School to focus its energies and investments in specific areas. Notwithstanding these uncertainties, the School has continued its program of investing in the recruitment and retention of key faculty and faculty leaders.

The Stanford University School of Medicine and the Stanford hospitals have been dedicated to providing high-quality healthcare for more than a century, teaching successive generations of physicians and researchers, and conducting groundbreaking research. While our commitment to this mission is unchanged, academic medical centers across the country and particularly in northern California are compromised because of the rapid proliferation of managed care during the last decade as well as the significant reductions in federal support to teaching hospitals following the 1997 Balanced Budget Act. Because of these changes, academic medical centers are being paid only a fraction of the fair cost of the services they deliver. In order to balance the budget, Stanford Medical Center must consider several options: (1) renegotiating or exiting health plan contracts; (2) transferring some programs to other providers; and (3) closing some money-losing programs. Clearly, all of these difficult choices impact not only the services provided to the community but the

clinical, education and research programs of the School. Extensive analyses and very difficult decisions must be completed by the end of the current fiscal year in order to position the School and hospitals to reach financial stability within the next two years.

Dean Pizzo is developing a strategic plan that will allow the School to utilize its resources in pursuing the multiple facets of its mission. He intends to focus the curriculum in both M.D. and Ph.D. programs to foster the development of physician-scientists and leaders in academic medicine and biomedical research. He will also continue to develop and enhance excellence in basic and clinical investigation in conjunction with seeking ways to facilitate interdisciplinary research efforts.

One of the resources that will be carefully evaluated in the coming months is the School's physical facilities, particularly space dedicated to education, libraries and student support. Plans that had been developed for the revitalization of the E.D. Stone buildings are being reevaluated and will focus, for the present, on education and library facilities that more fully serve the School's mission. These investments are key at a time when approaches to education and the technology that supports it are progressing rapidly. Identifying appropriate resources to support this initiative will be a focus of development activities during 2001/02.

The School is fortunate to have accumulated reserves, both centrally and in the departments, but will continue to have pressing needs to develop and enhance existing programs and to satisfy program support and space commitments to department chairs and departments. As clinical revenues contract, the sources for replenishing those reserves also diminish. Development activities, as well as ongoing income and responsible use of reserves, will be critical to provide ongoing support as well as opportunities to invest as the strategic focus of the School is refined and the impact of changes in clinical program becomes clear.

STANFORD UNIVERSITY LIBRARIES / ACADEMIC INFORMATION RESOURCES

SUL/AIR, the merged organization of university library, academic computing services, and HighWire Press (an Internet publishing service), is experiencing and will continue to experience strong demand for its services and collections by all segments of the Stanford community and by readers, users and clients from afar. Insofar as it is possible to do, we will maintain the level of service and responsiveness to the individual and organizational needs of those in the Stanford community.

Certain trends are clear. We are circulating very large numbers of traditional books both inside and outside of our 13 facilities and demand for new books and other printed material remains high. Simultaneously, there is very strong use of digital information resources, especially those emanating from scholarly processes, governmental and non-governmental organizations, and other refereed publishing houses.

One of SUL/AIR's main challenges in 2001/02 and for several more years will be providing Stanford students and faculty with clear and intuitive access to information about information available for teaching, learning, and research. In attempting to meet this challenge, we have adopted the goal of making individually customized views of the universe of information and services available through SUL/AIR the norm. SUL/AIR's Academic Computing department has taken the strategic approach of teaching Stanford students and faculty to become more self-sufficient in making use of basic electronic tools in preparing and supporting courses, devising and composing reports, and conducting research. To that end, information technologists are working with a similar group at MIT to devise a modular toolkit of software, most of it commercially produced, for these purposes. In the Residential Computing unit, the focus turns increasingly to serving the full range of information and computing needs of the 9,500 students who live on campus, a change from the former need to assist students in assembling new computers and get them connected to SUNet. Residential

Computing Consultants are becoming out-riders in the student residences in much the same way that the Academic Technology Specialists have served in the faculty departments.

HighWire Press moves from strength to strength. The staff has relocated to a newly acquired building on Page Mill Road and serves a constantly growing number of scholarly society publishers. More growth is anticipated in clients and in the numbers of titles delivered through HighWire's services. More knowledge environments are in development to join those already created in cellular signal transduction, cancer research and therapy, and bone research.

Other key efforts for 2001/02 include:

- Completion of work on an off-campus collection storage building by September 2002. A three-year period of activation, will consolidate volumes scattered around many campus and commercial storage locations. Substantial effort on the deployment of collections on and off campus will be made. When complete, this facility should accommodate collection growth in all of Stanford's libraries for about 20 years.
- Absorption of the Hoover Library staff and collections, including the East Asia Library. This effort will be overseen by a sub-committee of the Academic Council Senate Committee on Libraries.
- Continuation of work on the integration of intellectual access to collections in both physical and digital form.
- Planning for numerous facilities projects on and off campus. A consultation process with faculty departments and schools has begun. Refinement of SUL/AIR's pieces in the campus plan is necessary by the end of 2001/02.

An ongoing concern to SUL/AIR in that recruitment and retention of specialized staff (including especially subject curators, catalogers, technical specialists and information technologists) is and will continue to be negatively affected by the cost of housing in the Bay Area.

STANFORD LINEAR ACCELERATOR CENTER

The 2001/02 budget for SLAC is expected to be relatively flat in the current year; however, growing program needs will require increased support in the future. Major initiatives are outlined below.

The PEP-II/BaBar B Factory project has been a great success on the high energy physics program. It achieved design luminosity in its first year of operations. An accelerator improvement program has been underway for operating efficiency enhancements and a two-stage luminosity upgrade. The PEP-II luminosity is expected to triple in 2003 and triple again in 2006. Upgrades to the BaBar detector are also being planned in order to keep up with the increasing luminosity of PEP-II. With the B Factory producing data at a very substantial rate, a critical increase in computing resources is needed to accommodate the anticipated data rates.

The B Factory program is complemented by the fixed-target experimental program at End Station A. The Moller scattering experiment, which utilizes SLAC's unique capability of a high-energy polarized electron beam, is taking data in 2001 and 2002. Preparation has begun for the next series of fixed-target experiments utilizing high-energy polarized photon beam.

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

Another key element in the high energy physics program is an extensive research and development (R&D) effort aimed at the eventual construction of a large electron-positron linear collider, which will make possible unique experimental investigations at the TeV energy scale. The Next Linear Collider (NLC) program is being carried out in close collaboration with SLAC's sister lab KEK (Japan's National Laboratory for High Energy Physics) and three other DOE National Laboratories.

The National Institutes of Health (NIH) is in partnership with DOE on the SPEAR3 project to upgrade the synchrotron radiation facility, SPEAR, at the Stanford Synchrotron Radiation Laboratory (SSRL). In parallel to the SPEAR3 upgrade, there is a multi-year program to upgrade the SPEAR beam lines in order to benefit from the increased beam power available with SPEAR3. The upgrade activities are being carried out while operation of SPEAR continues. When SPEAR3 is completed in 2003, it will provide capabilities for new science and technological developments.

The other major initiative of SSRL is the R&D program for an x-ray free-electron laser called the Linac Coherent Light Source (LCLS) which utilizes the last third of the linear accelerator. It is a multi-institution collaboration that includes four other DOE national laboratories and UCLA. We hope to have DOE approval soon to proceed with the conceptual design phase, completing a proposal to begin construction of the facility in 2003.

For many years, SLAC has requested increased funding from DOE for infrastructure support. Aside from addressing the routine programmatic or ES&H infrastructure requirements, SLAC needs to complete the replacement of 35-year-old equipment and utility systems and to finish a seismic upgrade program for the many buildings and structures on site.

SECTION 3

CAPITAL PLAN AND BUDGET

The 2001/02-2003/04 Capital Plan and the 2001/02 Budget include requests for new construction and renovation, after careful consideration of the following three constraints:

- Square footage: allocation of square footage under the General Use Permit (GUP);
- Project funding: allocation of debt, use of institutional reserves, receipt of new gift funds; and
- Construction capacity: capacity for construction management at Stanford.

We are reasonably certain that projects included in the Capital Plan can be accommodated within our square footage and construction capacity requirements. However, many of the projects assume substantial amounts of new gift funds. These projects will only move forward when the fundraising goal is met with gifts in hand.

THE CAPITAL PLAN, 2001/02 – 2003/04

The Stanford campus is an extraordinary resource that helps to shape and define University life. The central campus has more than 670 major buildings providing over 13 million gross square feet (gsf) of physical space for the University to carry out its academic mission. The physical plant has an historical cost of \$1.7 billion and a replacement cost of approximately \$5 billion.

The Capital Plan represents the University's ongoing efforts to restore, maintain and improve campus facilities for teaching, research and related activities. As Stanford's academic programs evolve, demands for new and improved teaching and research facilities continue to arise. Stanford's principal goals in capital planning are to protect

and extend the useful life of existing facilities; create new facilities where appropriate to support the work of students, faculty and staff; and integrate facilities and support systems into a coherent, effective and attractive campus. The plan is carefully balanced to meet the widespread institutional needs for new and renovated facilities within the constraining factors of limited development entitlements and available funding.

The Capital Plan, which includes 62 major construction projects and numerous infrastructure projects and programs, totals \$1.6 billion. A summary table of Project Commitments and Expenditures by fiscal year is displayed on page 39. In addition, a detailed list of these 62 projects is provided at the end of this section. The projects in the plan are divided into three parts:

- DESIGN & CONSTRUCTION – There are 19 projects listed in Design & Construction represent \$444 million of the total three year plan. These projects have already been approved by the Trustees and will continue to be active in 2001/02.
- FORECASTED CONSTRUCTION PROJECTS – Forecasted Projects total \$933 million and include 43 major projects that are expected to be presented to the Trustees for Concept Approval prior to year-end 2003/04. Eleven of these projects are anticipated to be presented to the Trustees in 2001/02, with the remaining 32 projects expected to be presented in 2002/03 and 2003/04. Expenditures are expected to total \$268 million for projects initiated in 2001/02 and \$665 million for those initiated in 2002/03 and 2003/04. Construction of many of these projects will be completed in subsequent years.

Summary of Three Year Capital Plan 2001/02 – 2003/04

(in millions of dollars)

	Estimated Total Cost	Capital Budget 2001/02	Project Funding Source						Annual Continuing Costs	
			Current Funds ¹	Department of Energy Funds	Gifts ²		Debt		Debt Service	Operations, Maintenance & Utilities
					In Hand or Pledged	To Be Raised	Service Center Auxiliary Debt	Academic Debt		
Projects in Design & Construction	443.7	185.9	35.4	7.2	197.3	31.9	67.1	104.8	13.1	8.1
Forecasted Projects	933.1	36.7	39.1	107.8	25.2	649.1	48.5	63.4	9.9	13.4
Total Construction Plan	1,376.8	222.6	74.5	115.0	222.5	681.0	115.6	168.2	23.0	21.5
Infrastructure Programs	219.7	93.2	143.9				62.4	13.4	6.4	0.4
Three Year Capital Plan	1,596.5	315.8	218.4	115.0	222.5	681.0	178.0	181.6	29.4	21.9

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

2 Includes gifts in hand, pledged and those to be raised, as April 30, 2001.

- **INFRASTRUCTURE PROJECTS & PROGRAMS** – These projects include four new parking structures, utility systems, information technology and communication systems, ADA upgrades, landscaping and transportation programs, GUP Mitigation and other infrastructure projects. These projects comprise the remaining \$220 million, \$49 million of which are currently active, \$78 million of which will commence in 2001/02 and \$93 million will commence in 2002/03 and 2003/04.

Capital Plan Funding Sources

Stanford's Capital Plan relies on a number of funding sources: Current Funds, Gifts, Service Center/Auxiliary debt and Academic debt, and the Department of Energy. As illustrated in the chart on page 40, gifts represent the largest funding source (57%), followed by the total of all debt classes (22%), current funds (14%) and Department of Energy funding sources (7%).

CURRENT FUNDS

The three year plan anticipates that \$218 million will be funded by current funds, which include School and Department Reserves, GUP mitigation assessments, and the Stanford Infrastructure Program.

GIFTS

At approximately \$904 million, gifts represent the single largest source of funding over the next three years. Stanford depends on the continued generous support from donors to accomplish this ambitious program. As of Spring 2001, 25% of the planned expenditures to be funded by gifts have been raised or pledged. The remaining 75% have yet to be raised. Projects will only move forward when the fundraising goal is met with funds in hand.

DEBT

Debt remains a significant financing source for the University's Capital Plan. Approximately one-fifth of projected expenditures will be funded by \$360 million of debt. Of this amount, \$178 million will be serviced by the budgets of auxiliaries and service centers, principally Student Housing & Dining Services and the CUP program. Another \$170 million will be supported by the unrestricted funds budget. The remaining \$12 million will be supported by School reserves.

DEPARTMENT OF ENERGY

Approximately \$115 million of funds for SLAC construction projects are expected to come from the Department of Energy.

Uses of Funds by Academic Category

The Capital Plan presents projects that fall into one of the following categories: Academic/Research, Academic Support, Athletics/Student Activities, Housing and Infrastructure.

ACADEMIC/RESEARCH

Academic/Research projects encompass those facilities that directly support the curriculum for teaching and research, and include buildings that have offices, classrooms and laboratories used by faculty and students. The following projects represent the majority (\$942 million, or 59%) of the three year plan:

- The Clark Center is an approximate 182,000 gsf innovative flexible laboratory facility, inspired by an academic initiative to create a center that will foster the integration of leading-edge research in basic, applied and clinical sciences. This Center will accommodate 45 faculty, their support staff, students, post-doctorate students and visiting scholars.
- The new 87,000 gsf Chemistry and Biology Building will provide laboratories for the chemical intensive research of Synthetic Chemistry, as well as additional laboratories for the Biology Department, and is anticipated to accommodate six Chemistry and five Biology Department faculty.
- The Mechanical Engineering Department's new 48,000 gsf laboratory will allow for research and teaching in the areas of combustion science, advanced manufacturing and design, bio-mechanical engineering and micro-scale engineering.
- The Building 160 Seismic and Program Renovations project will consolidate space on the academic quad, providing 71,400 gsf for the Stanford Learning Lab and Registrar's Office.
- The 12,300 gsf Cancer Biology Research Laboratories (CBRL) building will provide fully renovated and expanded research laboratory facilities for five to seven faculty and up to 50

Summary of Project Commitments & Expenditures

(in millions of dollars)

	Estimated Project Cost	Project Expenditures			
		Through 2000/01	2001/02	2002/03	2003/04 & Future
Construction Projects					
2000/01 & earlier	443.7	124.5	185.9	125.9	7.4
2001/02	268.2	16.8	36.7	39.7	174.9
2002/03	274.2	0.1		50.9	223.2
2003/04	390.7				390.7
Total	1,376.8	141.4	222.6	216.6	796.2
Infrastructure					
2000/01 & earlier	48.8	19.9	23.5	5.4	
2001/02	78.1		69.7	8.4	
2002/03	45.8			45.8	
2003/04	47.0				47.0
Total	219.7	19.9	93.2	59.6	47.0
Total Capital Plan					
2000/01 & earlier	492.5	144.4	209.4	131.3	7.4
2001/02	346.2	16.8	106.4	48.1	174.9
2002/03	320.0	0.1		96.7	223.2
2003/04	437.7				437.7
Total Capital Plan	1,596.5	161.3	315.8	276.1	843.3

research scientists. The program will focus on developmental biology and tissue engineering and their application to children’s health issues.

- The Crown Hall Classroom Technology renovation consists of HVAC, audio/visual, acoustical and code improvements for 16 Law School classrooms of 20,000 gsf.
- The Leslie Sun Field Station at Jasper Ridge Biological Reserve will provide 10,000 gsf of new meeting and classroom space for basic field research and instruction.
- The SLAC Research Office Building will provide 30,000 gsf of office and meeting space for the high-energy physics experimental program.

Additional Academic/Research projects that are planned for Board of Trustees Concept Approval in the next three years include six new buildings totaling an investment of approximately \$400 million. Four of these projects will support initiatives in the Sciences, Engineering and School of Medicine. They are: the Fitzpatrick Photonics Center, the School of Medicine Education/Library Building, a new Chemical & Bioengineering Facility and a Biology building to replace Herrin Labs. The other two are the Graduate School of Business/SIEPR Program Building and the Law & Technology Information Center. Renovations planned for existing buildings to support the

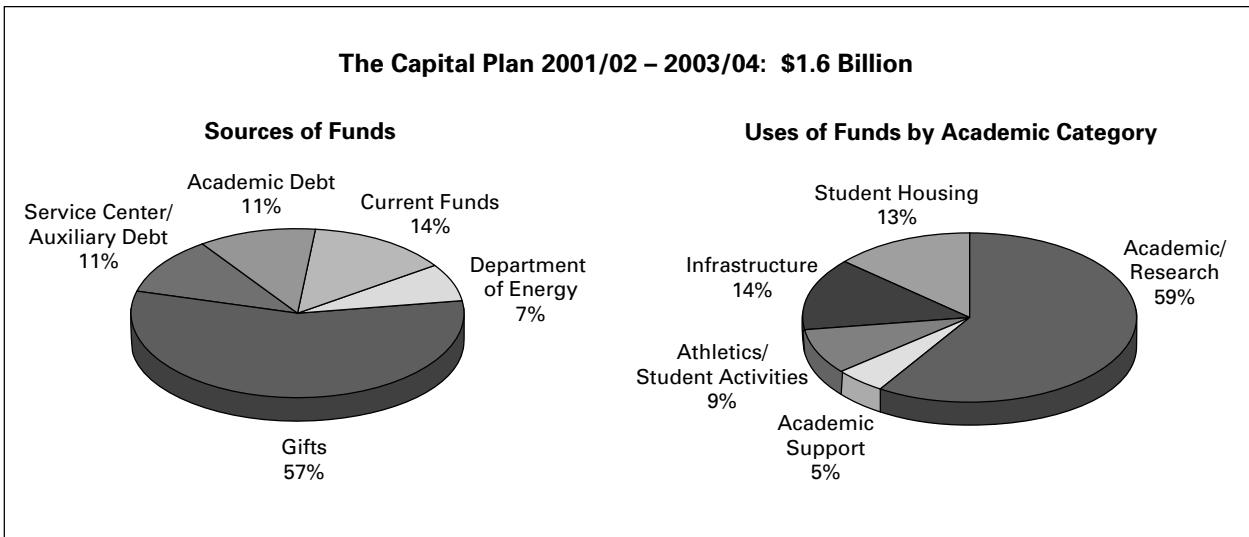
Humanities & Sciences include: Building 500/510 Archeology Art Center, Mudd Teaching & Lab Renovations, Tower House and Hopkins Teaching & Research Labs.

Four new facilities are planned to promote SLAC’s mission to provide research facilities and support for research in particle physics and synchrotron light science. They are: Particle Astrophysics Institute, Bio-X West, X-Ray Laboratory for Advanced Materials (XLAM) and Linac Coherent Light Source (LCLS). Funding for these buildings is anticipated to come from donor gifts and the Department of Energy.

ACADEMIC SUPPORT

The Academic Support category consists of facilities that help support the academic mission of the University. This category generally includes offices for operations of the administrative organization, as well as the libraries and museums. The following projects represent \$79 million, or 5% of the projects in the Capital Plan:

- The Off-Site Library Collections project will develop 38,000 gsf of specialized warehouse space for five million volumes of book storage for the Stanford Libraries. This facility will augment the current on-campus browsable storage and accommodate Stanford’s collection storage needs for the next 20 years.



- The Buck Estate project (15,000 gsf) includes exterior repairs, code and accessibility upgrades to these buildings on the Estate and restoration of the grounds.
- The Building 170 Seismic and Systems Upgrade addresses structural, ADA, mechanical and electrical deficiencies. This 22,600 gsf building houses staff for the Offices of the President and Provost, Chief Financial Officer, and General Counsel.

Major renovations of both the Old Union complex (90,486 gsf) and Meyer Library (100,000 gsf) are also planned.

ATHLETICS/STUDENT ACTIVITIES

The Athletics/Student Activities category covers those facilities that support campus sports and recreation functions, and other non-academic resources/services for students. The projects support Athletics/Student Activities and represent \$138 million, or 9% of total Capital Plan expenditures. These projects include:

- The Redwood City Boathouse Facility is a 16,000 gsf facility that will replace the previously leased facility for the Crew and Sailing Teams.
- The new Student Health Services Building (28,400 gsf) will replace the existing facility and accommodate current and future program needs.
- The new Career Development Center/Disability Resource Center (CDC/DRC) is a 20,000 gsf facility that will provide a variety of services to the undergraduate and graduate student population including career counseling, career resources, workshops, and job listings.

Additional projects planned in the near future for Athletics and Student Activities include the expansion of Maples Pavilion and construction of the Arrillaga Family Recreation Center, a new intramural recreational sports facility.

STUDENT HOUSING

The following Student Housing projects represent \$216 million, or 13% of total Capital Plan expenditures.

These projects reflect the efforts of the University to provide more affordable housing for graduate students and to upgrade existing facilities. The Capital Improvement Program (CIP), which is in the 10th year of a 16 year plan, is intended to address deferred maintenance, seismic upgrades, code compliance and major programmatic improvements in all areas of the student housing system.

The Escondido Village Graduate Student Housing Studios 5 & 6 Wellseley project will provide 326 new studio units of approximately 350 gsf each. The 160,000 gsf project includes three new buildings and will be complete in September and December of 2002, respectively.

The 33,300 gsf User Lodging Facility Phase I at SLAC will consist of 110 dormitory-type rooms and will accommodate visiting scholars for both SLAC and the University.

The Mirrieles Seismic Renovation Phases I & II (96,000 gsf) project features apartment-style units that will be upgraded for ADA, fire, and seismic code compliance. The modifications will also allow for one additional bed per apartment unit.

The Wilbur Kitchen Renovation (19,000 gsf) will provide upgrades to the dining rooms, common kitchen and two serveries, improving the functionality and appearance of the existing facility.

The Law School Student Housing Quad will add 190 units and a dining facility.

Childcare at Olmstead will be a new childcare facility to accommodate over 100 children.

In addition to these projects, two new undergraduate dorms are planned: Mayfield Undergraduate Row Houses and Manzanita 3 Undergraduate Housing. Branner Seismic Renovation is also planned.

INFRASTRUCTURE

Stanford's ongoing effort to renew its infrastructure is reflected in a \$220 million allocation (14%) in the Capital Plan. A total of \$73 million will be spent on creating four new parking structures. In

addition, a total of \$147 million will be spent on major infrastructure programs, such as utilities, information technology & communication systems, GUP mitigation and other infrastructure projects and programs, as described below.

Parking

The three year plan provides \$73 million for the construction of four new parking structures across campus. The Stockfarm Road and Pasteur Drive structures are currently active. The Maple/Serra Street and Stockfarm Expansion structures are forecasted. The four structures will provide approximately 4,400 parking spaces. These projects will serve to replace displaced parking created by new construction. The cost of an additional 2,300 parking spaces approved under the GUP agreement is included in the GUP Mitigation costs described below.

Capital Utility Program (CUP)

The three year plan allocates a total of \$40.9 million for CUP projects. These projects aim to improve and enhance electrical, steam, water, chilled water and wastewater utility systems. The program is driven by four conditions: system replacement, regulatory issues/code compliance, system expansion and system controls.

Information Technology & Communication Systems

A total of \$56.9 million has been allocated for information systems applications, infrastructure development and upgrades to networks and communication systems.

Compliance and Other

A total of \$16.7 million has been allocated toward the implementation of four compliance and other projects: the ADA Barrier Removal Program which funds general accessibility improvements, the East & West Campus Storm Drain Improvements program, and the installation of emergency generators within various campus facilities. The Family Farm road project is a major component of ongoing efforts to minimize the potential for flooding in the Family Farm Road area.

GUP Mitigation Costs

This is the first time that the three year plan addresses capital expenditures for GUP mitigation. These planned expenditures represent the conditions of approval under the General Use Permit approved by Santa Clara County in December 2000. Expenditures to meet these conditions total \$21.4 million and relate to parking, road improvements, water conservation, parks & recreation facilities and habitat conservation. Funding for these expenditures will be generated by an internal expansion tax. This tax will be levied upon capital projects that increase the school's/department's current core campus space allocation.

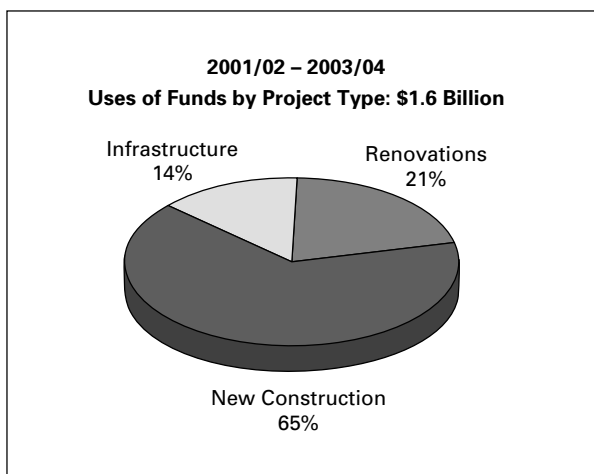
Stanford Infrastructure Program (SIP)

SIP consists of campus planning and transportation projects and programs proposed and developed for the improvement and general support of the University's academic community and physical plant. SIP expenditures are expected to total \$11.1 million over the three year period. Of this total, \$5.1 million is allocated to Parking and Transportation Services projects. These projects include the construction of small increments of additional parking, campus transit improvements, parking lot infrastructure improvements and enhancements to support bicycle use. The remaining \$6 million represents campus landscaping and planning projects, including circulation projects, outdoor art and habitat mitigation.

Uses of Funds by Project Type

NEW CONSTRUCTION

Of the 62 major construction projects, the three year plan anticipates 30 new buildings. These projects account for \$1.04 billion or 65% of the three year plan, ranging in size from \$3 million to \$147 million. Most of these buildings will support academic and research programs and increase Student Housing. New facilities will also be constructed for Student Services, Athletics and Parking. In addition, a new library collection facility is planned to be constructed off-site.



RENOVATIONS

As is illustrated in the chart above, thirty-two renovation projects represent \$331 million, or 21% of the total project costs over the three year period. One-third of the renovation projects represent the final phase of the Unreinforced Masonry (URM) building seismic upgrades. The URM program has been a significant part of the Capital Plan since the 1989 Loma Prieta earthquake. These URM renovations include Building 160, Building 500/510, Building 630, Bakewell, CPPC and Tower House. The remaining two-thirds include major renovations of some of Stanford's older buildings, including Old Union, Branner, Encina Commons and the Buck Estate.

INFRASTRUCTURE

Infrastructure projects and programs totaling \$220 million comprise the remaining 14% of the Capital Plan.

Other Stanford Entities

For the first time, the 2001/02 Capital Planning process has included all Stanford entities. However, due to their independent organizational structures, projects managed by Stanford Management Company and Stanford Hospital & Clinics have not been included in this Capital Plan/Budget. In order to present a comprehensive view of all planned construction on Stanford land, a brief description of these projects follows:

STANFORD MANAGEMENT COMPANY

FACULTY AND STAFF HOUSING – The Stanford Management Company will plan and develop over 800 housing units for both rent and sale over the next ten years. This effort addresses a University priority to recruit and retain faculty and staff.

SAND HILL CORRIDOR PROJECTS – Three projects are scheduled to be complete by November 2001: The Sand Hill Road/Infrastructure project, the Shopping Center Improvements, and the 628 rental units at Stanford West. The Senior Housing project (388 units) will be developed and managed by an outside operator and is anticipated to start construction in 2003/04.

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

STANFORD HOSPITAL & CLINICS

The Center for Cancer Treatment & Prevention/Ambulatory Care Pavilion is a 218,000 gsf project, which is anticipated to be complete in 2002/03.

Capital Plan Constraints

ENTITLEMENTS

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

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

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

Conditions of approval include:

- The creation of an academic growth boundary to limit the buildable area to the core campus.
- The stipulation that a sustainable development

Study be approved before new construction is developed beyond one million gross square feet.

- For each 500,000 gsf of new academic building, a total of 650 units of housing be constructed.

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

DEBT CAPACITY

In April 2001, the University issued \$100 million of 32-year tax exempt bonds to finance the Capital Budget and \$50 million of 10-year taxable notes to finance faculty mortgages. In conjunction with these debt offerings, the rating agencies confirmed the University's Triple A bond ratings. Total Academic debt outstanding is projected to be \$1.3 billion at the end of 2000/01 including these two new debt issuances. Of the April 2001 cash raised from debt issuances, \$20 million is projected to be available at the end of 2000/01 to finance capital projects.

We will require an additional \$330 million of new debt to finance:

- \$168 million for projects currently committed or under construction;
- \$127 million for forecasted projects commencing in 2001/02, and
- \$35 million for the faculty mortgage portfolio.

Of this amount, \$200 million will be required in 2001/02, and \$130 million will be needed for projects started in 2001/02 and completed by the end of 2005/06. Projects commencing beyond 2001/02 will require an additional \$175 million in debt. It is important to note that, these projects are not currently committed and will be evaluated in the context of debt capacity and GUP limitations.

The debt policy approved by the Board of Trustees in 1997 includes four external ratios based on Stanford's published financial statements:

Interest Coverage (*Debt Burden Ratio*): Interest Payments must not exceed 5% of Total Revenue.

The Debt Burden Ratio will increase to approximately 3.5% at the end of 2000/01, and to approximately 3.8% at the end of 2001/02.

Leverage (*Leverage Ratio*): Total Debt must not exceed 20% of the Unrestricted and Temporarily Restricted Net Assets.

The Leverage Ratio will increase to approximately 15% at the end of 2000/01, and to approximately 17% at the end of 2001/02.

Liquidity (*Liquidity Ratio*): The University must maintain 1.5% Cash and Cash Equivalent of Short Term Debt.

The Liquidity Ratio is not currently limiting.

Variable Debt (*Risk Ratio*): Variable Debt must not exceed 40% of Total Debt.

The Risk Ratio is not currently limiting.

In addition to the external debt ratios described above, the debt policy imposes internal debt guidelines to management.

Debt Burden on Unrestricted Revenue Ratio: Debt service for capital projects supported by unrestricted funds must not exceed 5% of unrestricted revenue.

The projects included in the proposed three year plan will not complete until 2007/08. These academic projects will require \$181.6 million of debt funding by that time. Debt service on these projects will add an incremental \$15.9 million supported by unrestricted funds. This will bring the total debt service supported by unrestricted funds to \$40.7 million by the end of 2007/08. At that time, the Debt Burden on Unrestricted Revenue ratio is estimated to be 4.1%.

Service Center Debt Burden Ratio: Debt service for service centers supported by general funds revenue must not exceed 3% of unrestricted revenue.

The Service Center ratio is not currently limiting.

Auxiliary Debt Burden: Requires that auxiliaries balance their revenues and expenses in their annual budgets.

The University is providing \$11 million in subsidies to Housing & Dining Services to support the critical institutional priority of providing affordable housing to graduate students, both on and off campus.

AFFORDABILITY

The additional internal debt service costs expected at the completion of all projects commencing in the three year plan (completion dates will range from 2001/02-2007/08) total \$29.4 million; \$15.9 million of which will be paid for by unrestricted funds, and \$13.5 million will be serviced by auxiliary or service center operations.

The additional O&M costs expected at the completion of all projects commencing in the three year plan total \$21.9 million. Of this amount, \$2.6 million per year will be covered by auxiliary and service center operations. The remaining \$19.3 million per year will be paid by unrestricted funds.

General funds of the University pay a portion of the debt service on capital projects, as well as the operations, maintenance and utilities (O&M) costs. These capital-related costs compete directly for this limited resource against academic program initiatives.

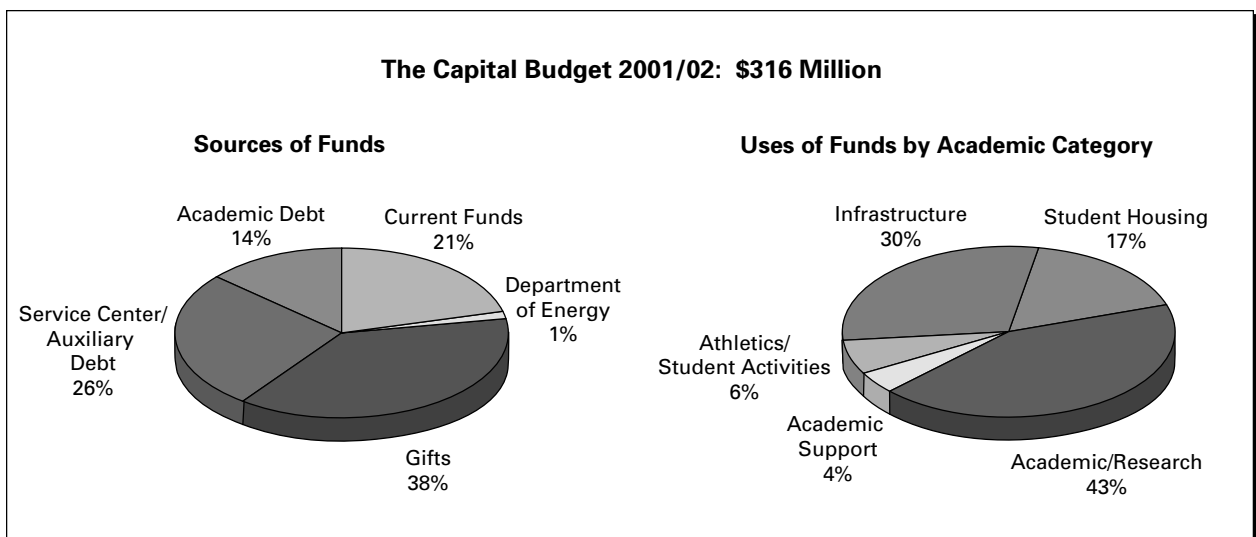
THE CAPITAL BUDGET, 2001/02

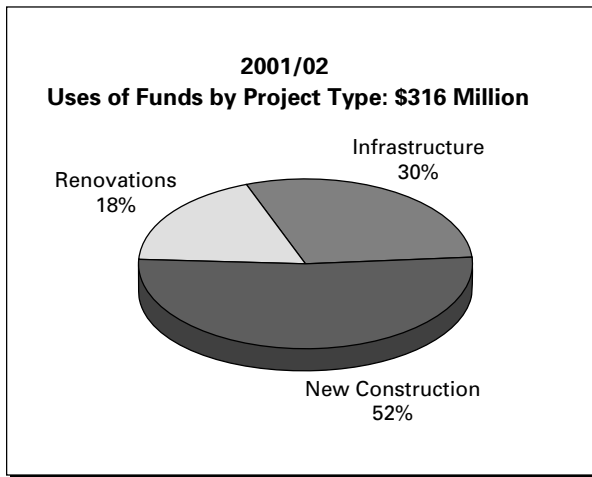
The 2001/02 Capital Budget represents capital expenditures for the upcoming fiscal year in the amount of \$316 million. Most of these expenditures reflect only a portion of the total costs of the capital projects listed, as most projects have a duration exceeding one year.

Sources and Uses

A breakdown of the Capital Budget’s sources and uses of funds is presented in the following charts. At 40% (academic debt: 14%; service center/auxiliary debt: 26%) of the budget, debt represents the largest funding source in 2001/02. Gifts will fund approximately 38% of total expenditures for the fiscal year. Of this amount, approximately 78% of gifts are in hand. Current funds represent 21% of total funds for the fiscal year; and Department of Energy funds represent 1%.

Of the total \$316 million Capital Budget, 43% will be spent on Academic/Research projects. Infrastructure expenditures will represent 30% of the total budget. Housing will total 17% of total expenditures. Another 6% will be allocated to Athletics/Student Activities projects, and the remaining 4% will be spent on Academic Support projects.





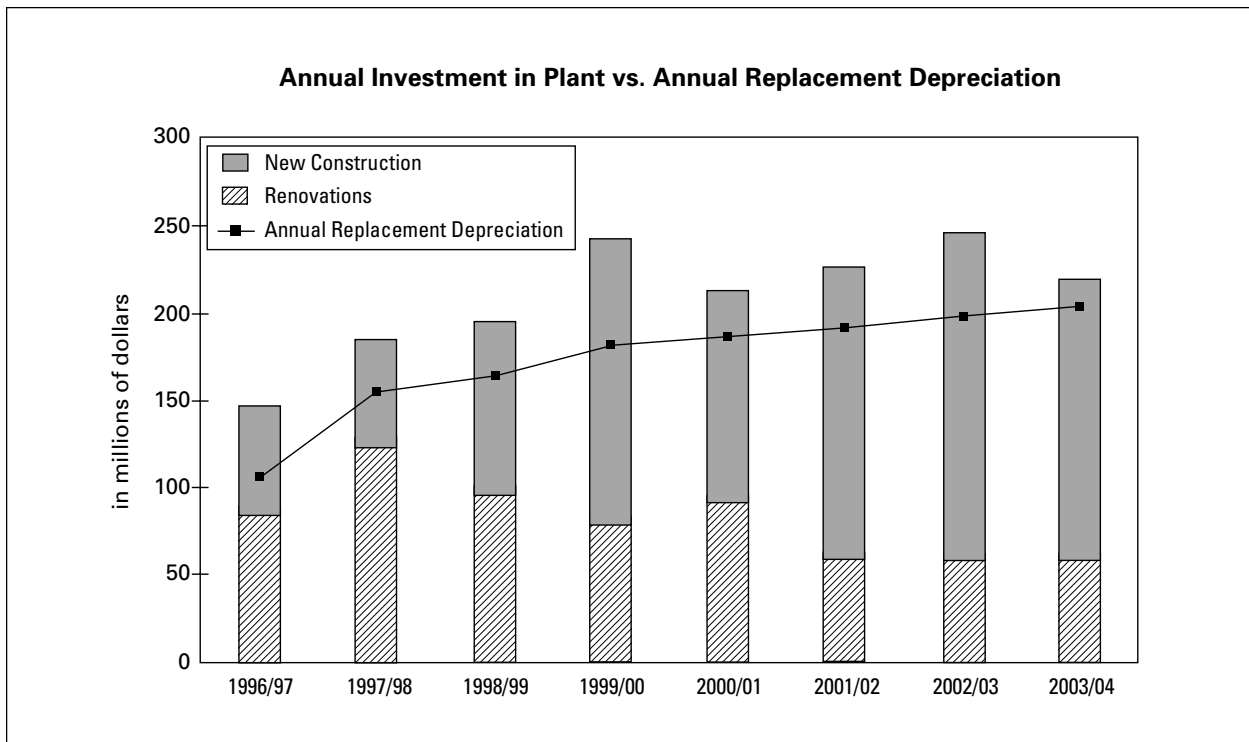
An estimated 52% of the budget will be spent on new construction projects. The majority of these expenditures are to fund the James H. Clark Center & Campus Drive Crossings, EV Grad Studio 5 & 6 Wellseley and Chemistry/Biology projects. Another 18% will be spent on renovation projects such as Building 160 Seismic & Program Renovation, Mirrielees Seismic and Branner Seismic Renovations. The remaining 30% will be spent on

Infrastructure programs, including the Pasteur and Stockfarm Parking Structures. Other major infrastructure initiatives in 2001/02 include Information Technology and CUP programs.

Capital Budget Impact on 2001/02 Operations

The 2001/02 Projected Consolidated Budget for Operations includes incremental debt service and O&M expenses for projects completing in 2001/02. Additionally, this budget includes an incremental increase in debt and O&M expenses for projects completing in 2001/02 that were operational for less than 12 months in 2000/01.

The projected additional debt service funded by unrestricted funds is \$2.9 million. This amount represents the additional debt service on nine capital projects, two of which completed in 2000/01 with less than a full year of debt service. This additional debt service brings the total annual internal debt service borne by the unrestricted University budget to \$27.7 million, including \$1.8 million debt service on commercial paper. This equals approximately 3.5% of unrestricted revenues.



Total internal debt service, including auxiliaries and services centers, will increase from \$61.3 million to \$64.9, an increment of \$3.6 million.

Additional O&M costs of approximately \$1 million will be funded by the University budget. A significant portion of this amount is due to the completion of Mechanical Engineering, Stockfarm Road Parking Structure and the Alumni Center (\$826,000) and will be funded by general funds. Escondido Village Student Housing and Avery Aquatics will add additional O&M costs of \$204,000 and will be funded by auxiliary operations.

TOTAL INVESTMENTS IN CAPITAL ASSETS

The adequacy of investment in facilities has been an important capital planning issue in higher education. To assess the adequacy of Stanford's investment, projected annual capital spending is compared to the approximate annual depreciation charge computed on a replacement cost basis. An

adequate annual reinvestment should equal or exceed the replacement cost depreciation. The chart on the previous page illustrates reinvestment against the approximate annual depreciation charge on both an historic and prospective basis. The annual depreciation charge is computed on a replacement cost basis for both periods.

In 2001/02, the estimated annual investment in facilities is approximately \$223 million, as compared to annual replacement depreciation of \$190 million. Prospectively, annual spending is expected to continue to exceed the estimated depreciation charge. Based on this analysis, Stanford's investment in facilities is adequate.

CAPITAL PLAN PROJECT DETAIL

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

**2001/02-2003/04 Capital Plan
Projects in Design & Construction**
(in millions of dollars)

	School/ Department	Project Schedule	Estimated Project Cost	Capital Budget 2001/02	Project Funding Source						Annual Continuing Costs		
					Current Funds ¹	Dept. of Energy Funds	In Hand or Pledged	Gifts ²		Debt		Debt Service	Operations, Maintenance & Utilities
								To Be Raised	Service Center Auxiliary Debt	Academic Debt			
James H. Clark Center & Campus Drive Crossings	DOR	2000-03	146.6	53.3		130.0	15.0				0.1	4.3	
Chemistry / Biology	H&S	1999-03	64.0	17.0	3.0	20.0	9.0				2.3	1.5	
EV Grad Studio 5 & 6 Wellseley (326 beds)	SH&DS	2001-02	43.3	30.0		10.0		33.3			2.4	0.3	
Mechanical Engineering (New Lab/570 Code Compliance)	SOE	1999-03	33.3	10.0	13.3	2.0					1.4	0.7	
Building 160 Seismic & Program Renovation	PRES/PROV	2000-02	32.0	14.0		7.5					2.1		
Offsite Library Collections	SUL	2001-03	18.7	5.6	3.0						1.1	0.2	
Mirrielees Seismic Phases I & II (150 beds)	SH&DS	2001-02	14.4	10.1				14.4			1.2		
Particle Astrophysics Institute	SLAC	2001-03	10.0	3.0		10.0					0.8	0.1	
Wilbur Kitchen Renovation (CIP Year 9)	SH&DS	2001-02	9.9	2.3					9.9		0.7	(0.1)	
Student Health Services Building	VPSA	2000-02	9.6	4.6	5.6	4.0			9.5		0.7	0.6	
User Lodging Facility - Phase I	SLAC	2001-02	9.5	6.5							0.6		
CDC/DRC Student Service Building	VPSA	2001-02	8.0	3.7						8.0			
CBRL Renovation	SOM	2001-02	7.8	5.7		5.1	2.7						
Crown Hall Classroom Technology Upgrades	LAW	2001-02	7.6	4.9	7.6								
Office Research Building	SLAC	2000-02	7.2	4.5				7.2				0.1	
Redwood City Boathouse	DAPER	1999-02	6.4	2.4		1.5	4.9					0.1	
Building 170 Seismic & Systems Upgrade	PRES/PROV	2000-02	6.0	3.9	1.0	4.2	0.3			5.0	0.4		
Jasper Ridge Biological Reserve Field Station	H&S	1999-02	5.0	2.0	0.5							0.1	
Buck Estate Renovation	PRES/PROV	2001-02	4.4	2.4	1.4	3.0						0.1	
Subtotal – Projects in Design & Construction			443.7	185.9	35.4	7.2	197.3	31.9	67.1	104.8	13.1	8.1	

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

2 Includes gifts in hand, pledged and those to be raised, as April 30, 2001.

**2001/02-2003/04 Capital Plan
Forecasted Construction Projects**
(in millions of dollars)

School/ Department	Project Schedule	Estimated Project Cost	Capital Budget 2001/02	Project Funding Source					Annual Continuing Costs		
				Current Funds ¹	Dept. of Energy Funds	In Hand or Pledged	To Be Raised	Gifts ²	Debt	Debt Service	Operations, Maintenance & Utilities
Fitzpatrick Photonics Center	2002-05	95.8	6.7		25.0	70.8					1.6
Education / Library Building	2002-05	46.1	4.6		46.1						3.8
Arrillaga Family Recreation Center	2002-04	34.2	6.8	6.8	27.4						0.4
Manzanita 3 Undergraduate Housing (125 beds + Dining)	2002-04	18.4	1.5		14.7			3.7			0.2
Branner Seismic Renovation (CIP Year 11)	2002-03	14.2	3.3					14.2			0.2
Lou Henry Hoover First Floor & Basement Renovations	2002-03	5.3	1.9	5.3							
Crown Hall Program Renovations Phase I	2002	4.0	4.0		4.0						
SCPD Classroom Renovation - Skilling Upgrades	2002-03	3.7	1.3	3.7							
Childcare at Olmstead	2002-03	3.2	1.1	3.2							
Encina Tennis Courts	2002	3.0	1.5	3.0	3.0						
Building 160 Learning Lab Fit-up	2002-03	3.0	0.9	3.0	3.0						
Projects Under \$3 Million	2002-06	37.3	3.0	10.5	0.8	17.3	5.0		3.0		0.5
Linac Coherent Light Source	2003-06	100.0			100.0						0.1
GSB/SIEPR Program Building B	2003-06	29.2				29.2					0.7
Law and Technology Information Center	2003-05	28.9				28.9					0.5
GSB/SIEPR Program Building A	2003-06	21.7				21.7					0.5
Mayfield Undergraduate Row Houses (150 beds)	2003-05	20.3				20.3					0.1
Bio-X West	2003-04	17.6				17.6					0.1
Maples Pavilion Expansion	2003-04	12.1				12.1					0.2
ED Stone SB1953 Seismic Projects	2003-08	10.0				10.0					1.0
X-Ray Laboratory for Advanced Materials (XLAM)	2003-04	11.0				11.0					0.1
Bakewell Renovation	2003-04	6.6				6.6					0.4
Row Houses Renovation (CIP)	2003-04	4.3				4.3					
Tower House Renovation / Addition	2003-04	3.6				3.6					
Florence Moore Seismic Upgrade	2003-04	3.1				3.1					0.3
EV Renovation (CIP)	2003-04	3.1				3.1					0.3
Projects Under \$3 Million	2003-03	2.7		1.1		1.6					0.1
Chemical and Bioengineering Facility	2004-06	108.0				108.0					2.5
Biology-Herrin Replacement	2004-06	66.7				66.7					1.8
Law Student Housing Quad (190 beds + Dining)	2004-06	43.4				43.4					0.3
Old Union/Clubhouse/Building 590	2004-06	42.8				21.4			21.4		1.9
Meyer Library Seismic Renewal	2004-06	23.2				14.2			9.0		0.8
Hopkins Teaching & Research Labs	2004-06	13.9				13.9					
Crown Hall Program Renovations Phase II	2004-05	12.4				10.4			2.0		0.2
Mudd Teaching & Lab Renovation	2004-05	10.4				5.2			5.2		0.5
Building 500/510 Archeology / Art Center	2004-06	10.2				5.1			5.1		0.5
Roble Hall Seismic Renovation (CIP)	2004-05	9.7						9.7			0.8
Knoll Seismic Renovation	2004-06	9.0		5.6					3.4		0.3
Eating Clubs Replacement	2004-05	7.8				7.8					
Building 630 Seismic Renovation	2004-05	7.2				3.8			3.4		0.3
Cafeteria Upgrade	2004-06	4.5				4.5					
CPPC Seismic Upgrade (Classroom/Office)	2004-06	4.4				3.5			0.9		0.1
Grad Community Center Escondido Road	2004-05	4.4				4.2					
Storke Student Publications Renovation/Replacement	2004	4.1				4.1					
EV Renovation (CIP)	2004-05	3.8						3.8			0.3
Projects Under \$3 Million	2004-06	5.0		3.0	2.5						0.1
Subtotal - Forecasted Projects		933.1	36.7	39.1	107.8	25.2	649.1	48.5	63.4	9.9	13.4
SUBTOTAL - CONSTRUCTION PLAN		1,376.8	222.6	74.5	115.0	222.5	681.0	115.6	168.2	23.0	21.5

1 Includes funds from University and School reserves, GUP Mitigation assessments and the Stanford Infrastructure Program.
2 Includes gifts in hand, pledged and those to be raised, as April 30, 2001.

**2001/02-2003/04 Capital Plan
Infrastructure Projects & Programs**
(in millions of dollars)

	School/ Department	Project Schedule	Estimated Project Cost	Capital Budget 2001/02	Project Funding Source				Annual Continuing Costs			
					Current Funds ¹	Dept. of Energy Funds	In Hand or Pledged	Gifts ² To Be Raised	Service Center Auxiliary Debt	Academic Debt	Operations, Maintenance & Utilities	Debt Service
Parking Structures												
Pasteur Parking Structure (1,029 spaces)	FAC OPS	2001-03	30.0	18.5	4.0			26.0			1.8	
Stockfarm Parking Structure (1,550 spaces)	FAC OPS	2000-02	18.8	5.0	18.8							0.1
Stockfarm Expansion PS 7 (857 spaces) ³	FAC OPS	2004-05	11.2		11.2							0.1
Maples/Serra Parking Structure (1,000 spaces)	FAC OPS	2002-03	12.7	4.4	12.7							0.1
Subtotal – Parking Structures			72.7	27.9	46.7			26.0			1.8	0.3
Capital Utilities Program (CUP)												
System Expansion	FAC OPS	2002-04	13.9	7.5				13.9			1.1	
Regulatory	FAC OPS	2002-04	12.4	11.3	11.0			1.4			0.1	
Wear-Out	FAC OPS	2002-04	11.5	2.4				11.5			0.9	
Controls	FAC OPS	2002-04	3.1	1.0				3.1			0.3	
Subtotal – CUP			40.9	22.2	11.0			29.9			2.4	
Information Technology & Communications Systems												
Applications & Infrastructure	ITSS	2002-04	48.1	24.5	48.1						0.9	
Communications Facilities	ITSS	2002-04	8.8	3.8				6.5		2.3	0.9	
Subtotal – Systems			56.9	28.3	48.1			6.5		2.3	0.9	
Compliance and Other												
East & West Campus Storm Drains	FAC OPS	2002-03	5.7	2.5						5.7	0.6	
ADA Barrier Removal	FAC OPS	2002-04	5.5	2.5	1.5					4.0	0.3	
Emergency Generators	FAC OPS	2002-03	1.4	0.7						1.4	0.1	
Family Farm Road & Sediment Control	FAC OPS	2002-04	4.1	0.8	4.1						0.3	
Subtotal – Compliance and Other			16.7	6.5	5.6					11.1	1.3	
GUP Mitigation Costs												
Parking		2002-04	11.6	2.8	11.6							
Road Improvements		2003-04	4.0		4.0							
Water Conservation		2002-04	2.9	0.8	2.9							
Parks & Recreation Facilities		2002-04	2.5	0.5	2.5							
Habitat Conservation		2002-03	0.5	0.2	0.5							
Subtotal – GUP Mitigation			21.4	4.3	21.4							
Stanford Infrastructure Program (SIP)												
Parking and Transportation Services		2002-04	5.1	1.7	5.1							0.1
Campus Landscaping and Planning Projects		2002-04	6.0	2.4	6.0							0.1
Subtotal – SIP			11.1	4.1	11.1						6.4	0.4
Subtotal – Infrastructure Projects & Programs			219.7	93.2	143.9			62.4		13.4	6.4	0.4

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

2 Includes gifts in hand, pledged and those to be raised, as April 30, 2001.

3 Includes 365 parking spaces (\$4.8 million) of GUP Mitigation Parking costs.

APPENDIX A

CONSOLIDATED BUDGETS FOR SCHOOLS, ACADEMIC SUPPORT AREAS, AND AUXILIARIES

Schedules are shown for:

Academic Units

- School of Earth Sciences
- School of Education
- School of Engineering
- School of Humanities & Sciences
- School of Law
- Vice Provost for Undergraduate Education
- Vice Provost and Dean of Research and Graduate Policy
- Hoover Institution
- Graduate School of Business
- School of Medicine

Academic Support Units

- Stanford University Libraries and Academic Information Resources
- Vice Provost for Student Affairs

Auxiliary Activities

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

School of Earth Sciences						
2001/02 Consolidated Forecast						
(in thousands of dollars)						
	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	2,417					2,417
Restricted Revenues		4,478	600	12,796	7,340	25,214
Transfers within Current Funds	6,979		300	(7,228)		50
Transfers (to)/from Endowment Principal						
Transfers (to)/from Plant/Student Loan				(1,250)		(1,250)
Total Revenues and Transfers	9,396	4,478	900	4,318	7,340	26,432
Expenses						
Academic Salaries	4,635	1,541	121	102	2,214	8,613
Staff Salaries	1,474	754	70	70	948	3,316
Total Benefits	1,429	456	35	37	499	2,457
Non-Salary Expenses	1,858	1,572	605	3,541	3,679	11,255
Total Expenses	9,396	4,323	832	3,750	7,340	25,640
Surplus / (Deficit)		155	68	568		791
Beginning Operating Equity		7,101	5,039	9,702		21,842
Ending Operating Equity		7,256	5,108	10,270		22,633

Notes:

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

School of Education
2001/02 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	9,860					9,860
Restricted Revenues		153	1,346	57	13,114	14,670
Transfers within Current Funds	3,133	200	(208)	194		3,319
Transfers (to)/from Endowment Principal						
Transfers (to)/from Plant/Student Loan						
Total Revenues and Transfers	12,993	353	1,138	251	13,114	27,849
Expenses						
Academic Salaries	5,382	136	303		2,325	8,145
Staff Salaries	1,840	77	40		2,770	4,727
Total Benefits	1,641	54	87		955	2,738
Non-Salary Expenses	4,130	213	186	141	7,064	11,734
Total Expenses	12,993	479	616	141	13,114	27,343
Surplus / (Deficit)		(126)	522	109		506
Beginning Operating Equity		4,330	4,057	568		8,955
Ending Operating Equity		4,204	4,579	677		9,461

Notes:

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School of Engineering
2001/02 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	40,425					40,425
Restricted Revenues		21,643	18,511	17,598	81,855	139,607
Transfers within Current Funds	8,245	(3,699)	1,687	(6,583)		(350)
Transfers (to)/from Endowment			(125)			(125)
Transfers (to)/from Plant/Student Loan		(2,000)	(200)	(145)		(2,345)
Total Revenues and Transfers	48,670	15,944	19,873	10,870	81,855	177,212
Expenses						
Academic Salaries	20,836	2,045	3,409	527	21,755	48,572
Staff Salaries	9,597	4,458	1,632	207	8,884	24,777
Total Benefits	6,271	1,213	546	89	3,981	12,101
Non-Salary Expenses	11,966	7,440	10,744	4,580	47,235	81,965
Total Expenses	48,670	15,156	16,331	5,403	81,855	167,415
Surplus / (Deficit)		788	3,542	5,467		9,797
Beginning Operating Equity		53,240	43,506	19,529		116,275
Ending Operating Equity		54,028	47,048	24,996		126,072

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School of Humanities & Sciences (includes Overseas Studies Program)
2001/02 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary Activities	Total
Revenues and Transfers							
General Funds Allocation	90,971						90,971
Restricted Revenues		2,614	10,410	49,536	52,146	5,506	120,211
Transfers within Current Funds	41,575	4,443	(389)	(30,544)			15,085
Transfers (to)/from Endowment Principal				(688)			(688)
Transfers (to)/from Plant/Student Loan	(4,800)		(3,500)				(8,300)
Total Revenues and Transfers	127,746	7,057	6,521	18,304	52,146	5,506	217,280
Expenses							
Academic Salaries	60,702	1,193	1,590	1,626	11,653		76,764
Staff Salaries	17,779	414	936	573	4,347	1,992	26,042
Total Benefits	17,192	435	405	487	2,738	504	21,761
Non-Salary Expenses	32,074	2,647	6,885	5,810	33,408	3,010	83,834
Total Expenses	127,746	4,689	9,817	8,497	52,146	5,506	208,401
Surplus / (Deficit)		2,367	(3,295)	9,808			8,879
Beginning Operating Equity		33,963	26,832	31,954			92,748
Ending Operating Equity		36,330	23,536	41,761			101,627

Notes:

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School of Law
2001/02 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	12,045					12,045
Restricted Revenues		900	5,700	13,350	550	20,500
Transfers within Current Funds	16,640	(175)	(4,000)	(12,000)		465
Transfers (to)/from Endowment Principal						
Transfers (to)/from Plant/Student Loan				(650)		(650)
Total Revenues and Transfers	28,685	725	1,700	700	550	32,360
Expenses						
Academic Salaries	9,500	50	500	250	250	10,550
Staff Salaries	5,900	150	400	25	100	6,575
Total Benefits	3,781	49	221	68	86	4,204
Non-Salary Expenses	8,304	475	950	175	114	10,018
Library Acquisitions	1,200					1,200
Total Expenses	28,685	724	2,071	518	550	32,547
Surplus / (Deficit)		1	(371)	182		(187)
Beginning Operating Equity		1,000	8,000	2,500		11,500
Ending Operating Equity		1,001	7,629	2,682		11,313

Notes:

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Vice Provost for Undergraduate Education
2001/02 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	12,086					12,086
Restricted Revenues		3,919		3,409		7,328
Transfers within Current Funds	8,124	(595)	(4,055)	(3,632)		(158)
Transfers (to)/from Endowment						
Transfers (to)/from Plant/Student Loan						
Total Revenues and Transfers	20,210	(595)	(136)	(223)		19,256
Expenses						
Academic Salaries	7,760					7,760
Staff Salaries	4,072					4,072
Total Benefits	2,356					2,356
Non-Salary Expenses	6,022	15	25			6,062
Total Expenses	20,210	15	25			20,250
Surplus / (Deficit)		(610)	(161)	(223)		(994)
Beginning Operating Equity		1,700	1,364	3,472		6,536
Ending Operating Equity		1,090	1,203	3,249		5,542

Notes:

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Vice Provost and Dean of Research and Graduate Policy
2001/02 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	17,568					17,568
Restricted Revenues	194	6,859	8,143	23,986	76,235	115,417
Transfers within Current Funds	10,785	(2,033)	(661)	(15,327)		(7,237)
Transfers (to)/from Endowment Principal						
Transfers (to)/from Plant/Student Loan						
Total Revenues and Transfers	28,547	4,826	7,482	8,659	76,235	125,749
Expenses						
Academic Salaries	3,231	1,408	2,359	2,337	10,690	20,025
Staff Salaries	12,572	1,969	1,435	434	4,910	21,320
Total Benefits	3,936	678	656	399	2,760	8,429
Non-Salary Expenses	8,809	2,548	2,589	1,563	57,875	73,384
Total Expenses	28,547	6,603	7,039	4,733	76,235	123,157
Surplus / (Deficit)		(1,777)	443	3,926		2,592
Beginning Operating Equity		17,521	12,050	18,255		47,826
Ending Operating Equity		15,744	12,493	22,181		50,418

Notes:

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Hoover Institution
2001/02 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	1,472					1,472
Restricted Revenues		640	12,394	14,400	520	27,954
Transfers between units						
Transfers within Current Funds	27,084	(290)	(12,394)	(14,400)		
Transfers (to)/from Endowment Principal						
Transfers (to)/from Plant/Student Loan						
Total Revenues and Transfers	28,556	350			520	29,426
Expenses						
Academic Salaries	6,195					6,195
Staff Salaries	6,495				20	6,515
Total Benefits	3,242					3,242
Non-Salary Expenses	12,301	350			500	13,151
Library Acquisitions	323					323
Total Expenses	28,556	350			520	29,426
Surplus / (Deficit)						0
Beginning Operating Equity				18,545		18,545
Ending Operating Equity				18,545		18,545

Notes:

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Graduate School of Business (includes Schwab)
2001/02 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary Activities	Total
Revenues and Transfers							
General Funds Allocation	28,421						28,421
Restricted Revenues		17,750	17,850	24,100		6,197	65,897
Transfers within Current Funds	49,799	(2,257)	(23,596)	(24,000)			(54)
Transfers (to)/from Endowment Principal		(750)	(2,500)			(171)	(3,421)
Transfers (to)/from Plant/Student Loan		(1,000)					(1,000)
Total Revenues and Transfers	78,220	13,743	(8,246)	100	6,026	6,026	89,843
Expenses							
Academic Salaries	21,007	2,487					23,494
Staff Salaries	16,569	1,122				321	18,012
Total Benefits	9,378	940				80	10,398
Non-Salary Expenses	30,966	10,312				4,225	45,503
Debt Service	300					1,400	1,700
Total Expenses	78,220	14,861	(8,246)	100	6,026	6,026	99,107
Surplus / (Deficit)		(1,118)	(8,246)	100			(9,264)
Beginning Operating Equity		13,500	22,531	1,500			37,531
Ending Operating Equity		12,382	14,285	1,600			28,267

Notes:

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School of Medicine
2001/02 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary Activities	Total
Revenues and Transfers							
General Funds Allocation	76,127						76,127
Restricted Revenues		59,939	39,787	66,150	285,248	134,260	585,384
Transfers within Current Funds	23,443	6,583	(11,624)	(18,402)			
Transfers (to)/from Endowment Principal		(5,000)					(5,000)
Transfers (to)/from Plant/Student Loan		(5,000)		(45)			(5,045)
Total Revenues and Transfers	99,570	56,522	28,163	47,703	285,248	134,260	651,466
Expenses							
Academic Salaries	10,091	24,295	4,407	6,037	38,712	84,531	168,073
Staff Salaries	26,497	10,132	6,536	2,021	55,485	18,434	119,105
Total Benefits	8,637	5,891	2,362	1,957	20,186	23,609	62,642
Non-Salary Expenses	25,073	29,377	15,204	11,164	169,574	16,545	266,937
Library Acquisitions	1,194						1,194
Utilities	13,963					82	14,045
O&M	9,107	726	271	60	1,291	478	11,933
Debt Service	5,008						5,008
Total Expenses	99,570	70,421	28,780	21,239	285,248	143,679	648,937
Surplus / (Deficit)		(13,899)	(617)	26,464		(9,419)	2,529
Beginning Operating Equity		95,535	89,725	104,151		4,227	293,638
Ending Operating Equity		81,636	89,108	130,615		(5,192)	296,167

Notes:

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Stanford University Libraries and Academic Information Resources
2001/02 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary Activities	Total
Revenues and Transfers							
General Funds Allocation	35,675						35,675
Restricted Revenues		1,709	906	7,293	684	14,606	25,197
Transfers within Current Funds	3,832	(1,509)	(106)	(2,218)			
Transfers (to)/from Endowment Principal							
Transfers (to)/from Plant/Student Loan							
Total Revenues and Transfers	39,507	200	800	5,075	684	14,606	60,872
Expenses							
Academic Salaries							
Staff Salaries	21,352				316	6,984	28,652
Total Benefits	5,434				80	1,777	7,292
Non-Salary Expenses	3,027	200	800	510	287	5,845	10,669
Library Acquisitions	9,694			4,565			14,260
Total Expenses	39,507	200	800	5,075	684	14,606	60,872
Surplus / (Deficit)							0
Beginning Operating Equity		100	1,800	1,200			3,100
Ending Operating Equity		100	1,800	1,200			3,100

Notes:

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

Vice Provost for Student Affairs
2001/02 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	31,434					31,434
Restricted Revenues		3,569	416	1,410	820	6,215
Transfers within Current Funds	2,648	(1,673)		(712)		263
Transfers (to)/from Endowment Principal						
Transfers (to)/from Plant/Student Loan		(3,000)				(3,000)
Total Revenues and Transfers	34,082	(1,104)	416	698	820	34,912
Expenses						
Staff Salaries	11,228	300	325	799	305	12,958
Total Benefits	2,730	74	83	204	78	3,169
Non-Salary Expenses	20,123	1,471	829	203	437	23,063
Total Expenses	34,082	1,845	1,237	1,207	820	39,190
Surplus / (Deficit)		(2,949)	(821)	(509)		(4,278)
Beginning Operating Equity		6,950	1,990	2,008	100	11,048
Ending Operating Equity		4,001	1,169	1,499	100	6,769

Notes:

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

Auxiliary Activities
2001/02 Consolidated Forecast
(in thousands of dollars)

Alumni Association

Revenues	
Program Revenue	25,532
Advertising	600
Annual Membership	172
Life Membership	930
General Fund Allocation	4,693
Presidential Funds	1,053
Investment Income	522
Interdepartmental Charges	484
Donations Magazine	200
Life Membership Draw	1,963
Royalties	1,060
Total Revenues	37,209
Expenses	
Salaries & Benefits	9,270
Part-Time/Student/Temporary Help	157
Participant and Staff Expenses	24,674
Outside Services	827
Materials and Supplies	985
Other Non-Salary Expenses	1,296
Total Expenses	37,209
Operating Gain/Loss	0

Athletics

Revenues	
Income	
Intercollegiate	14,299
Unrestricted Funds	7,166
Golf Course	5,186
General Funds	4,397
Restricted Funds	4,274
Faculty/Staff Recreation	1,172
Total Revenues	36,494
Expenses	
Compensation	17,184
Sport Programs	7,152
Facilities & Events	4,501
Student Services	1,317
Administration	5,092
University Overhead	1,248
Total Expenses	36,494
Operating Gain/(Loss)	0
Financial Aid	
Restricted Revenues	12,457
Expenses	12,161
Gain/(Loss)	296
Consolidated	
Total Revenues	48,951
Total Expenses	48,655
Gain/(Loss)	296

Auxiliary Activities
2001/02 Consolidated Forecast
(in thousands of dollars)

Housing and Dining Services

Revenues	
Student Housing	75,273
Concessions/Catering	2,395
Conference Services	9,239
Other Operating	3,826
On-Campus Grad Student Subsidy	3,312
Off-Campus Grad Student Subsidy	7,193
Investment Income	920
Total Revenues	102,158
Expenses	
Salaries and Benefits	15,683
Food Costs	5,598
EM&S	5,161
Utilities and Telephone	6,944
Furnishings	1,107
Rentals/Leases	14,407
Maintenance	7,087
Debt Service	29,320
Major Repairs	1,651
Administrative Expenses	7,934
Res Ed/Res Computing	4,830
Distribution of G&A Expenses	5,232
Other Non-Salary Expenses	1,120
Total Expenses	106,074
Operating Gain/Loss	(3,916)

Stanford University Press

Revenues	
Net Sales	4,754
Cost of Sales	(2,463)
Other Income	325
University Subsidy	501
Strategic Initiatives	300
Total Revenues	3,417
Expenses	
Acquisitions	984
Production Editing	294
Production and Design	365
Marketing	1,548
Distribution	594
Accounting	206
Office and General	951
University Overhead	253
Total Expenses	5,195
Operating Gain/(Loss)	(1,777)

APPENDIX B

SUPPLEMENTARY INFORMATION

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

Schedule 1 - Student Enrollment

Male undergraduates slightly outnumbered female undergraduates in 2000/01, as they have since 1998/99. The number of TGR's (Terminal Graduate Registration) increased markedly in 1997/98, primarily because changes in Federal policy requiring payment of the tuition of Research Assistants directly from research contracts and grants provided a strong incentive for encouraging eligible graduate students to register as TGRs. This year there was a slight increase in TGRs, but the number remains below the record high 1998/99 level. The number of non-TGR graduate students again increased this year, by 51 students, to continue the upward rise in the number of graduate students that began in 1997/98.

Schedule 2 - Freshman Student Apply/Admit/Matriculate Statistics

The number of applicants for the present freshman class was the second largest in Stanford's history, and represents a 2.5% increase from last year. Only 13.2% of applicants were accepted. This is the lowest in the past ten years, showing Stanford's increasing selectivity. The yield rate continues to rise both as a result of Stanford's popularity and the addition of an early decision program in 1996.

Schedule 3 - Tuition and Room & Board Rates

In the early 1980's, tuition at Stanford rose by

about 10% each year. The rates of increase slowed substantially after that, and in the last five years the rates of increase in total expense (tuition plus room and board) have been the lowest in the entire period shown in the table. Increases in room & board rates have been very small in the last few years, often less than inflation. In 2000/01, tuition increased by 6%, the largest tuition increase since 1993/94 (7.5%). The total expense increased by 5.0%, the largest total expense increase since 1995/96.

Schedule 4 - Tuition and Fee Income

Total tuition income is expected to increase at a rate (4.9%) lower than the increase in the tuition rate (6.0%). The lower growth rate is primarily due to a policy change that decreased Post-Doctoral tuition from \$995 per quarter to \$125 per quarter (see the "Other" category). Application fees, the primary source of fee income, are expected to decrease slightly in 2001/02.

Schedule 5 - Undergraduate Financial Aid by Source of Funds and Type of Aid

This schedule shows the total amount of financial aid from all sources (including non-need based scholarship aid for athletics) awarded to undergraduate students. The last row shows Stanford tuition plus room and board. Total scholarships and grants increased by 1.6% in 1999/00, as a result of several financial aid policy changes designed to reduce parental contributions and loans. Total loans continued to decline, and now the total stands below the 1994/95 level. The jobs component of financial aid has been declining since 1994/95.

Schedule 6 - Needs and Sources, Including Parental and Student Contributions

This schedule shows the total expense and sources of support for undergraduate students who receive need-based financial aid. The last row shows the number of students who receive need-based aid. The expected need amount increases by more than the tuition, room, and board increase for next year (5.0%) because we expect slightly more students to be aided. On the "Sources" side for 2001/02 the expected family contribution is expected to decrease by 1.0% due to a new financial aid policy that reduces self-help for all students. Endowment income will fill in by providing 15.2% more funds to financial aid than in the previous year. Since fewer unrestricted funds were needed in 2000/01 than expected, the percentage increase in unrestricted funds for 2001/02 is more pronounced than usual. Unrestricted funds are the source used to make up the difference between need and all other sources, so the amount must increase disproportionately when most of the other sources are expected to grow less than need, as is the case for next year.

Schedule 7 - Total Professorial Faculty

The total professoriate has increased by 29 people (about 1.8%) since last year. Much of this growth was in the non-tenure line faculty, fueled by increases in Medical Center Line faculty in the School of Medicine. The number of tenure line faculty has not changed from last year, and has increased back to the 1991/92 level.

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

This schedule provides a disaggregated view of the data in Schedule 7 over the last three years. Schedule 8 shows that while the total number of tenure-line faculty has grown slightly in the past three years (by 18), the number of tenure line faculty who have not obtained tenure has increased more (by 28), particularly in the Humanities (13). The number of non-tenure line faculty has increased as more faculty move to the non-tenure line Medical Center Line positions.

Schedule 9 - Number of Non-Teaching Employees

This schedule shows the number of regular (defined in the first footnote in the Schedule) non-teaching employees by activity. The activity categories do not track well to the current reporting relationships among administrative units, but to maintain consistency in these data over time in the face of reorganizations, the activity categories have been defined broadly. Even with these broad categories the table has a number of footnotes indicating shifts across the categories or other changes over the period. The School of Medicine has been particularly affected by organizational changes.

The number of employees increased by 178 in 2000. 63 new employees are in the School of Medicine, and 89 in the other schools. The other increases are distributed throughout the University. Student Services and the Libraries had decreases in non-teaching employees.

Schedule 10 - Staff Employees Outside Medicine and SLAC

This graph shows the relation between two series of numbers of employees in various years since 1990. The first series is staff employees in the schools (except Medicine) and independent laboratories (the sum of employees in the categories labeled "Other Academic" and "Institutes and Research Labs" in the previous schedule.) The second is a measure of "core" administrative staff who are paid almost entirely from general funds. This category excludes those employed in the schools and labs, SLAC, and the auxiliary activities in the previous schedule (Athletics, Housing and Dining Services, Tresidder, and the Faculty Club).

The number of core staff trended down and declined by about 10% between 1990 and 1995 until increasing 2% in 1996, 4% in 1997, 4% in 1998 (after factoring out the Alumni Association), almost 5% percent in 1999, and less than 1% in 2000. This employee growth coincides with increases in some administrative areas of the university, particularly information systems.

Employment in the schools and independent labs has increased each year (except last year) since 1992, for a growth rate of 14%. Much of this growth was probably related to a steady growth in sponsored research (see Schedule 12). However, in 1999, the number of staff in the schools and labs dropped very slightly, by 8 people, and then increased in 2000 by 72.

Schedule 11 - Staff Benefits Detail

To support the various components of non-salary benefits provided to employees, a benefits rate is assessed to all salary and wage transactions. After momentous changes in 1997/98 (multiple benefit rates introduced, the removal of tuition remission from the benefits pool, and a change to a contributory retirement plan for all non-union employees), the changes for the last three years have been much simpler excluding the removal of the faculty/staff tuition grant program from the benefits pool in 1999/00. The changes in Insurance Programs categories, as well as any other noticeable increases and decreases, are due to rate changes, more employees utilizing particular existing benefits, or complicated issues related to how Stanford funds these various programs.

Schedule 12 - Sponsored Research Expense by Agency and Fund Source

Direct expense from research sponsored by the federal government increased each year in the table. The amount of government-sponsored research in 1999/00 increased by 2.7%. This rather small increase was mostly caused by a decrease in funding from the Department of Defense and NASA. Non-US Government sponsored research reached 16.5% of total sponsored research expense in 1999/00, the highest percentage in the years in this table, continuing the trend toward more non-US government sponsored research. Research at SLAC is not included in this Schedule.)

Schedule 13 - Plant Expenditures

This schedule shows expenses from plant or borrowed funds for building or infrastructure

projects related to various units. General Plant Improvement expenses are included in the "All Other" category. To the extent possible, Expenditures for equipment are excluded from these calculations. These expenses have more than doubled since 1995/96 due to the construction of the Science and Engineering Quad and various seismic upgrade and earthquake repair projects such as Green Library, the Museum, and Encina. Plant expenditures increased 9.9% in 1999/00, due partly to the GSB renovation, Clark Center, Sand Hill Road apartments, the Clinical Sciences Research building, and the new Arrillaga Alumni Center.

Schedule 14 - Endowment Value and Rate of Return

The nominal return on invested funds has been positive each of the years shown and has generally exceeded 10% per year. The target for annual real return on endowment funds is 6.25%, net of management fees. The average annual real return over the entire period of the table has clearly exceeded that figure, and the figure itself has been met in all but two years in the table. Historically, this period has produced exceptional market returns for both stock and bond investments, and the market value of the Stanford endowment has grown to almost \$9 billion.

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

Schedule 15 - Expendable Fund Balances at Year End: 1989/90 through 1999/00

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

SCHEDULE 1**Student Enrollment for Autumn Quarter
1991/92 through 2000/01**

Year	Undergraduate			Graduate			TGR	Total
	Women	Men	Total	Women	Men	Total		
1991/92	2,947	3,580	6,527	1,884	4,436	6,320	702	13,549
1992/93	3,020	3,544	6,564	1,994	4,555	6,549	780	13,893
1993/94	3,073	3,500	6,573	2,030	4,571	6,601	828	14,002
1994/95	3,133	3,428	6,561	2,117	4,509	6,626	844	14,031
1995/96	3,267	3,310	6,577	2,186	4,424	6,610	857	14,044
1996/97	3,283	3,267	6,550	2,094	4,279	6,373	888	13,811
1997/98	3,332	3,307	6,639	2,204	4,254	6,458	987	14,084
1998/99	3,281	3,310	6,591	2,253	4,312	6,565	988	14,144
1999/00	3,238	3,356	6,594	2,332	4,370	6,702	923	14,219
2000/01	3,243	3,305	6,548	2,405	4,348	6,753	947	14,248

Source: Registrar's Office third week enrollment figures

SCHEDULE 2**Freshman Apply/Admit/Enroll Statistics
Fall 1990 through Fall 2000**

Year	Total Applications		Admissions		Enrollment	
	Number	Percent Change from Previous Year	Number	Percent of Applicants Admitted	Number	Percent of Admitted Applicants Enrolling
Fall 1990	12,954	(13.1%)	2,874	22.2%	1,600	55.7%
Fall 1991	13,528	4.4%	2,715	20.1%	1,526	56.2%
Fall 1992	13,209	(2.4%)	2,912	22.0%	1,595	54.8%
Fall 1993	13,604	3.0%	2,926	21.5%	1,607	54.9%
Fall 1994	14,707	8.1%	2,942	20.0%	1,590	54.0%
Fall 1995	15,485	5.3%	2,908	18.8%	1,597	54.9%
Fall 1996	16,478	6.4%	2,634	16.0%	1,610	61.1%
Fall 1997	16,842	2.2%	2,596	15.4%	1,648	63.5%
Fall 1998	18,885	12.1%	2,505	13.3%	1,606	64.1%
Fall 1999	17,919	(5.1%)	2,689	15.0%	1,749	65.0%
Fall 2000	18,363	2.5%	2,425	13.2%	1,599	65.9%

SCHEDULE 3**Undergraduate Tuition and Room & Board Rates
1980/81 through 2000/01**

Year	Undergraduate Tuition	Percent Change from Previous Year	Room & Board	Percent Change from Previous Year	Total Cost	Percent Change from Previous Year
1980/81	6,285	12.3%	2,636	12.0%	8,921	12.2%
1981/82	7,140	13.6%	2,965	12.5%	10,105	13.3%
1982/83	8,220	15.1%	3,423	15.4%	11,643	15.2%
1983/84	9,027	9.8%	3,812	11.4%	12,839	10.3%
1984/85	9,705	7.5%	4,146	8.8%	13,851	7.9%
1985/86	10,476	7.9%	4,417	6.5%	14,893	7.5%
1986/87	11,208	7.0%	4,700	6.4%	15,908	6.8%
1987/88	11,880	6.0%	4,955	5.4%	16,835	5.8%
1988/89	12,564	5.8%	5,257	6.1%	17,821	5.9%
1989/90	13,569	8.0%	5,595	6.4%	19,164	7.5%
1990/91	14,280	5.2%	5,930	6.0%	20,210	5.5%
1991/92	15,102	5.8%	6,160	3.9%	21,262	5.2%
1992/93	16,536	9.5%	6,314	2.5%	22,850	7.5%
1993/94	17,775	7.5%	6,535	3.5%	24,310	6.4%
1994/95	18,669	5.0%	6,796	4.0%	25,465	4.8%
1995/96	19,695	5.5%	7,054	3.8%	26,749	5.0%
1996/97	20,490	4.0%	7,337	4.0%	27,827	4.0%
1997/98	21,300	4.0%	7,557	3.0%	28,857	3.7%
1998/99	22,110	3.8%	7,768	2.8%	29,878	3.5%
1999/00	23,058	4.3%	7,881	1.5%	30,939	3.6%
2000/01	24,441	6.0%	8,030	1.9%	32,471	5.0%

SCHEDULE 4
Breakdown of Tuition and Fee Income
Projected 2001/02 Budget
(in thousands of dollars)

	2000/01 Budget	Projected 2000/01 Year-End	Projected 2001/02 Budget	2000/01 to 2001/02 Change	
				Amount	Percent
Tuition:					
Undergraduate	156,832	155,664	165,342	9,678	6.2%
Graduate	125,437	128,973	135,740	6,768	5.2%
Other	13,617	9,779	10,825	1,046	10.7%
Summer	18,415	18,427	19,023	596	3.2%
Total Tuition	314,302	312,842	330,930	18,087	5.8%
Miscellaneous Fees:					
Application Fees	3,305	3,305	3,289	(16)	(0.5%)
Other Fees	1,100	1,100	1,100		
Total Fees	4,405	4,405	4,389	(16)	(0.4%)
Total Tuition and Fee Income	318,707	317,247	335,318	18,071	5.7%

Note: The large decrease in Other Tuition results primarily from a policy change that decreased Post-Doctoral tuition from \$995 per quarter to \$125 per quarter.

SCHEDULE 5

Undergraduate Financial Aid by Source of Funds and Type of Aid¹										
1991/92 through 1999/00										
(in thousands of dollars)										
	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	
Scholarships and Grants										
Stanford Unrestricted Funds	15,834	16,420	17,736	16,593	17,513	13,611	12,201	12,420	7,919	
Gifts and Endowment Income:										
Non-Athletic ²	6,868	10,936	12,355	14,762	15,692	20,027	22,526	24,235	27,871	
Athletic Awards	5,252	5,603	5,639	6,328	6,626	7,471	8,232	8,614	8,874	
Departmental Awards	98	782	566	455	415	1,372	1,743	2,016	2,238	
External Grants ³	8,884	8,983	9,448	10,407	11,477	13,757	15,541	15,343	16,713	
Subtotal for Scholarships and Grants	36,936	42,724	45,744	48,545	51,723	56,238	60,243	62,629	63,615	
Loans										
University Funds	1,529	1,333	1,382	1,157	1,290	1,233	787	600	666	
External Funds	8,181	9,234	9,763	11,389	11,453	11,519	12,791	12,354	11,279	
Subtotal for Loans	9,710	10,567	11,145	12,546	12,743	12,752	13,578	12,953	11,946	
Jobs										
University Funds ⁴	1,473	1,869	3,897	4,175	3,602	3,295	3,255	2,387	2,252	
External Funds	110	128	396	367	438	457	691	859	476	
Subtotal for Jobs	1,583	1,997	4,293	4,542	4,040	3,752	3,945	3,246	2,728	
Grand Total	48,229	55,288	61,182	65,633	68,506	72,742	77,766	78,828	78,323	
Stanford per Student Tuition plus										
Room and Board (whole dollars)	21,262	22,850	24,310	25,465	26,749	27,827	28,857	30,939	32,471	

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

² Includes support from the Stanford Fund.

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

⁴ Includes University match of funds from outside sources.

SCHEDULE 6

Undergraduate Financial Aid
Projected 2001/02 Budget Needs and Sources,
Including Parental and Student Contributions¹
(in thousands of dollars)

	1999/00 Actual	2000/01 Year End Projection	2001/02 Proposed Budget	Change from 2000/01 to 2001/02	Percent Change from 2000/01 to 2001/02
Needs					
Tuition, Room & Board	74,440	78,004	83,163	5,159	6.6%
Books and Personal Expense	7,015	7,194	7,354	160	2.2%
Travel	1,433	1,474	1,446	(28)	(1.9%)
Total Needs	82,888	86,672	91,963	5,291	6.1%
Sources					
Total Family Contribution (Includes parent contribution for aided students, self-help, summer savings, assets, etc.)	36,857	36,175	35,809	(366)	(1.0%)
Endowment Income ²	19,691	24,000	27,639	3,639	15.2%
Expendable Gifts	234	300	300		
Stanford Fund ³	7,806	9,000	8,800	(200)	(2.2%)
Federal Grants	3,561	3,500	3,500		
California State Scholarships	3,786	3,800	3,800		
Outside Awards	2,722	3,000	3,200	200	6.7%
Department Sources	312	400	400		
Unrestricted Funds	7,919	6,497	8,515	2,018	31.1%
Total Sources	82,888	86,672	91,963	5,291	6.1%
Number of Students on Need-Based Aid	2,519	2,500	2,520	20	0.8%

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

2 Endowment income includes reserve funds and specifically invested funds.

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

SCHEDULE 7**Total Professorial Faculty¹
1974/75 through 2000/01**

	Professors	Associate Professors	Assistant Professors ²	Tenure Line Total	Non-Tenure Line Professors	Grand Total
1974/75	556	193	284	1,033		1,033
1975/76	565	186	295	1,046		1,046
1976/77	571	194	304	1,069		1,069
1977/78	586	199	287	1,072	86	1,158 ³
1978/79	600	211	292	1,103	91	1,194
1979/80	620	210	286	1,116	94	1,210
1980/81	642	205	279	1,126	104	1,230
1981/82	661	200	294	1,155	103	1,258
1982/83	672	195	284	1,151	116	1,267
1983/84	682	195	286	1,163	129	1,292
1984/85	691	194	272	1,157	135	1,292
1985/86	708	191	261	1,160	135	1,295
1986/87	711	192	262	1,165	150	1,315
1987/88	719	193	274	1,186	149	1,335
1988/89	709	200	268	1,177	147	1,324
1989/90	715	198	265	1,178	146	1,324
1990/91	742	195	278	1,215	161	1,376
1991/92	756	205	263	1,224	182	1,406 ⁴
1992/93	740	209	245	1,194	214	1,408
1993/94	729	203	241	1,173	225	1,398
1994/95	724	198	252	1,174	256	1,430
1995/96	723	205	241	1,169	287	1,456
1996/97	731	205	239	1,175	313	1,488
1997/98	750	213	231	1,194	341	1,535
1998/99	758	217	237	1,212	383	1,595
1999/00	771	204	255	1,230	411	1,641
2000/01	764	198	268	1,230	440	1,670

Data Source: Provost's Office

1 Some appointments are coterminous with the availability of funds.

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

3 Beginning in 1977/78, non-tenure line Professors are included.

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

SCHEDULE 8**Distribution of Tenured, Non-Tenured, and Non-Tenure Line Professorial Faculty¹
1998/99 through 2000/01**

School, Unit or Program	1998/99				1999/00				2000/01			
	Tenured	Non- Tenured	Non- Tenure Line	Total	Tenured	Non- Tenured	Non- Tenure Line	Total	Tenured	Non- Tenured	Non- Tenure Line	Total
Earth Sciences	33	3	4	40	32	6	4	42	33	5	46	44
Education	33	6	1	40	34	9	2	45	32	11	2	45
Engineering	153	40	27	220	151	43	28	222	149	45	26	220
Humanities and Sciences	362	124	18	504	371	133	18	522	359	144	16	519
(Humanities)	(153)	(52)	(7)	(212)	(157)	(58)	(8)	(223)	(149)	(65)	(8)	(222)
(Nat. Sciences & Math)	(105)	(32)	(8)	(145)	(112)	(34)	(7)	(153)	(110)	(36)	(5)	(151)
(Social Sciences)	(104)	(40)	(3)	(147)	(102)	(41)	(3)	(146)	(100)	(43)	(3)	(146)
Law	39	5	1	45	39	2	1	42	39	2	1	42
Other	1		9	10	2	1	10	13	4	1	11	16
Subtotal	621	178	60	859	629	14	63	886	616	208	62	886
Business	54	30	1	85	54	27	1	82	53	31	1	85
Medicine	248	55	318	621	247	53	343	643	245	52	373	670
SLAC	20	6	4	30	20	6	4	30	19	6	4	29
Total	943	269	383	1,595	950	280	411	1,641	933	297	440	1,670

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

Data Source: Provost's Office

SCHEDULE 9
**Number of Non-Teaching Employees
As of December 31 of Each Year¹
1991/92 through 1999/00**

Activity	1992	1993	1994	1995	1996	1997	1998	1999 ⁷	2000
School of Medicine ²	1,950	2,073	1,614	1,563	1,670	1,880	2,008	2,183	2,246
Other Academic:									
Business, Earth Sciences, Education, Engineering, Humanities and Sciences, Law	1,024	1,040	1,042	1,115	1,119	1,194	1,243	1,227	1,316
Physical Education and Athletics	82	83	84	98	104	110	111	118	132
Institutes and Research Labs	365	369	364	358	384	388	371	379	362
Stanford Linear Accelerator Center	1,301	1,240	1,355	1,311	1,310	1,300	1,271	1,287	1,286
Student Services:									
Admissions, ASSU, Bechtel International Center, Dean of Student Affairs, Financial Aids, Graduate Division, Memorial Church, Overseas Studies, Placement Center, Haas Center for Public Service, Registrar, Residential Education, Student Health, NSI	258	252	233	232	237	226	241	278	233
Libraries:									
Includes personnel from all Libraries, Art Galleries, and Museums	574	558	569	567	573	604	651	661	639
Central Information Services ³ :									
Information Resources, Data Center, Networking and Communication Systems	245	264	274	359	366	386	408	415	441
Development Office	197	175	134	136	135	126	127	141	147
Plant Construction, Protection, and Maintenance:									
Facilities Project Management, Health and Safety, Health Physics, O&M, Planning, Procurement, Public Safety, Risk Management	473	455	449	446	470	504	487	510	513
Housing and Dining Services	271	255	272	271	284	301	337	337	345
Tresidder and Faculty Club ⁴	32	31	21	21	1				
Administration: ^{3,5,6}									
Finance, President's Office, Provost's Office, Faculty/Staff Services, Public Affairs, University Counsel, Press, Events & Services, Alumni Association	665	672	634	557	563	590	734	769	823
TOTAL	7,437	7,467	7,045	7,034	7,216	7,609	7,989	8,305	8,483
Percent Change		0.4%	(5.7%)	(0.2%)	2.6%	5.4%	5.0%	2.8%	2.1%

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

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

3 The staff members in BISA were counted in Administration prior to 1995. That function is now in Information Services.

4 Faculty Club and Tresidder services have been contracted to outside companies.

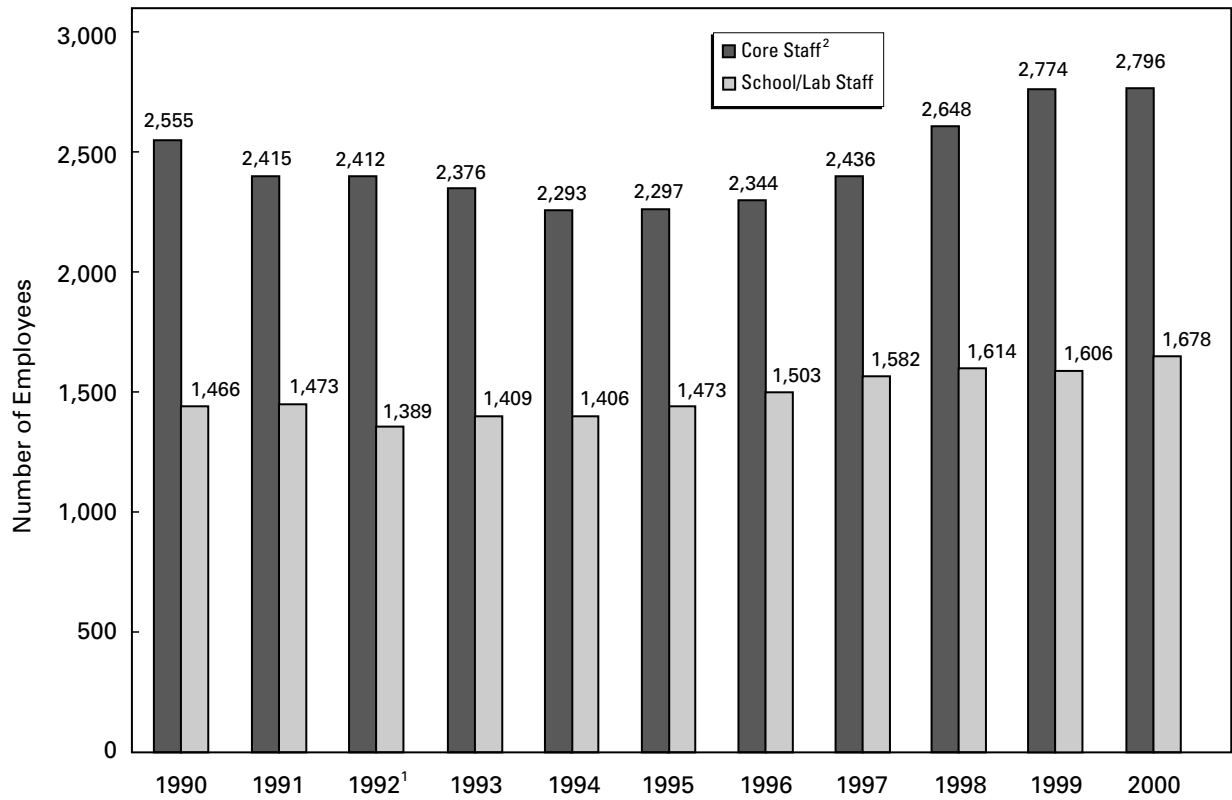
5 Administration includes the University Press and Events and Services in all years.

6 Administration includes the Alumni Association in 1998 and beyond.

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

SCHEDULE 10

**Staff Employees in Units Other than Medicine or SLAC
1990 through 2000, as of December 31 of each year**



1 SSRL was removed from the Labs in 1993 in this graph. This change reduced Lab staff by about 85.

2 Core Staff includes Student Services, Libraries, Information Services, Development, Plant, and Administration.

SCHEDULE 11**2001/02 Projected Consolidated Budget Staff Benefits Detail**

(in thousands of dollars)

Staff Benefits Program	1998/99 Actual Expenses	1999/00 Actual Expenses	2000/01 Negotiated Budget	2001/02 Projected Budget	Increase/(Decrease) 2000/01 to 2001/02	
Pension Programs:						
University Retirement	46,539	49,404	53,130	58,041	4,911	9.2%
Social Security	44,941	48,507	52,085	57,040	4,955	9.5%
Faculty Early Retirement	7,845	7,497	6,327	5,215	(1,112)	(17.6%)
Other	1,092	976	1,231	1,254	23	1.9%
Total Pension Programs	100,417	106,384	112,773	121,550	8,777	7.8%
Tuition Waiver Programs:						
Faculty/Staff Tuition Grant Program	5,337					
Research Assistants Teaching Assistants						
Total Tuition Waiver Programs	5,337					
Insurance Programs:						
Medical Insurance	23,379	22,517	25,748	28,440	2,692	10.5%
Retirement Medical	2,934	3,625	4,074	7,823	3,749	92.0%
Worker's Comp/LTD/ Unemployment Insurance	5,854	3,977	7,832	6,769	1,063	13.6%
Dental Insurance	5,568	5,938	6,193	6,484	291	4.7%
Group Life Insurance/Other	4,573	4,585	4,504	3,370	(1,134)	(25.2%)
Total Insurance Programs	42,308	40,642	48,351	52,886	4,535	9.4%
Miscellaneous Programs:						
Severance Pay	1,982	1,989	2,729	3,200	471	17.3%
Sabbatical Leave	7,738	8,621	8,099	8,527	428	5.3%
Other	4,873	5,708	6,706	10,641	3,935	58.7%
Total Miscellaneous Programs	14,593	16,318	17,534	22,368	4,834	27.6%
Total Staff Benefits Programs Expense	162,655	163,344	178,658	196,804	18,146	10.2%
Carryforward/Adjustment from Prior Year(s)	(858)	1,366	1,252	(2,237)	(3,489)	NA
Total Expense with Carryforward/Adjustments	161,797	164,710	179,910	194,567	14,657	8.1%
Blended Fringe Benefits Rate	24.1%	22.8%	23.2%	23.0%		

Note: The University has three fringe benefit rates for 2001/02, and the single rate shown just above is the weighted average of the three rates. The three rates are 24.0% for regular employees, which includes all faculty and staff with continuing appointments of half-time or more, 11.6% for post-doctoral scholars, and 8.1% for contingent (casual or temporary) employees.

As of 1999/00, the Tuition Grant Program is no longer included in the fringe benefits rate. The TGP benefits rate is charged separately.

SCHEDULE 12

Sponsored Research Expense by Agency and Fund Source¹**1993/94 through 1999/00**

(in thousands of dollars)

	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00
US Government							
Subtotal for US							
Government Agencies	271,326	275,580	298,149	336,661	347,109	358,942	371,180
Agency²							
DoD	40,384	44,390	48,185	53,984	53,593	54,569	45,689
DoE (Except SLAC)	9,216	9,049	7,958	8,309	10,523	13,176	18,483
NASA	57,394	58,728	66,626	84,449	77,707	67,492	63,194
DoEd			301	2,173	2,433	2,489	2,302
HHS	129,306	125,440	132,754	141,897	155,643	170,403	186,032
NSF	25,436	28,230	29,969	32,730	34,050	36,303	39,060
Other US Sponsors	9,590	9,743	12,356	13,119	13,160	14,509	16,422
Direct Expense-US	192,758	199,908	215,828	252,806	263,674	268,547	275,853
Indirect Expense-US ³	78,568	75,672	82,321	83,855	83,435	90,395	95,327
Non-US Government							
Subtotal for Non-US							
Government	40,566	41,245	44,307	48,836	53,941	58,095	73,094
Direct Expense-Non US	32,640	33,280	35,804	39,430	43,671	47,022	58,538
Indirect Expense-Non US	7,926	7,965	8,503	9,406	10,270	11,073	14,556
Grand Totals-US plus Non-US							
Grand Total	311,892	316,825	342,456	385,497	401,050	417,037	444,275
Grand Total Direct	225,398	233,188	251,632	292,236	307,345	315,569	334,392
Grand Total Indirect	86,494	83,637	90,824	93,261	93,705	101,468	109,883
% of Total from							
US Government	87.0%	87.0%	87.1%	87.3%	86.6%	86.1%	83.5%

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

2 Agency figures include both direct and indirect expense. Agency names are abbreviated as follows:
 DoD=Department of Defense
 DoE=Department of Energy
 NASA=National Aeronautics and Space Administration
 DoEd=Department of Education
 HHS=Department of Health and Human Services
 NSF=National Science Foundation

3 DLAM indirect costs are included in this figure.

SCHEDULE 13
Plant Expenditures by Unit¹
1993/94 through 1999/00
(in thousands of dollars)

Unit	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00
GSB	90	116	1,124	2,767	9,499	14,400	11,644
Earth Sciences	3,288	793	284	1,754	3,703	250	1,321
Education	0	161	187	1,127	3,478	454	297
Engineering	9,293	32,839	40,626	26,509	44,076	40,801	12,221
H&S	15,488	22,445	26,448	28,576	34,023	22,409	14,006
Law	129	7	34	391	1,208	1,031	156
Medicine ²	12,479	3,160	2,346	10,908	22,821	40,902	8,937
Libraries	413	1,852	5,783	10,000	16,216	17,823	10,666
Athletics	18,542	2,399	3,968	7,856	6,369	7,007	30,317
Housing	11,944	26,567	21,424	43,398	20,023	30,317	57,206
All Other ³	20,300	14,864	21,664	54,004	98,339	104,361	143,075
TOTAL	91,966	105,203	123,888	187,290	259,755	279,754	307,418

Source: Schedule G-5 in the Annual Financial Report

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

2 Includes the Faculty Practice Program when separately identified.

3 Includes General Plant Improvements expense.

SCHEDULE 14

Endowment Market Value and Rate of Return
1989/90 through 1999/00
(in thousands of dollars)

Year	Market Value of the Endowment (in thousands) ¹	Annual Nominal Rate of Return	Annual Real Rate of Return ²
1989/90	2,060,305	0.3%	(3.8%)
1990/91	2,299,483	17.3%	13.3%
1991/92	2,428,491	7.8%	5.2%
1992/93	2,853,366	19.0%	16.4%
1993/94	3,034,533	8.5%	6.5%
1994/95	3,402,825	15.2%	13.5%
1995/96 ³	3,779,420	20.2%	18.2%
1996/97	4,667,002	23.4%	21.2%
1997/98	4,774,888	1.3%	0.3%
1998/99	6,226,695	34.8%	33.3%
1999/00	8,885,905	39.8%	37.9%

Source: Stanford University Annual Financial Report

1 Includes endowment funds subject to living trust agreements.

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

3 The method of valuing some assets changed in 1995/96. The effect was to lower the market value for 1995/96 and beyond. The restated value for 1994/95 under the new methodology would have been \$3.2 billion.

SCHEDULE 15

Expendable (Designated & Restricted) Fund Balances at Year-End: 1989/90 through 1999/00

(in millions of dollars)

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	Avg Annual % Change 1989/90-1999/00
Academic Units:												
School of Earth Sciences	9.0	9.6	10.8	11.9	9.8	11.2	12.4	13.9	14.1	14.4	18.9	7.8%
School of Education	2.3	2.7	2.8	3.2	4.1	5.1	5.6	4.7	4.8	7.1	8.6	14.0%
School of Engineering	42.8	46.8	50.0	46.9	49.0	59.1	67.9	76.8	94.1	105.2	109.6	9.8%
Graduate School of Business	17.2	15.0	17.1	20.7	23.5	23.4	27.6	27.9	29.3	33.3	39.9	8.8%
School of Humanities & Sciences	36.2	39.4	39.4	44.0	49.8	53.6	53.7	65.9	74.2	80.2	86.3	9.1%
School of Law	6.2	5.7	6.1	7.5	5.3	5.7	6.2	8.6	10.9	10.7	11.3	6.2%
School of Medicine	126.5	144.0	146.8	154.1	167.3	171.8	196.6	209.5	225.6	252.2	270.9	7.9%
Dean of Research	20.8	25.1	26.2	27.4	28.7	27.7	41.0	44.0	49.1	53.2	42.4	7.4%
Hoover Institution	1.3	3.5	3.5	2.6	2.0	5.0	8.3	9.0	13.1	18.9	22.0	32.4%
VP for Undergrad Education									1.0	5.4	7.5	
Total Academic Units	262.4	291.6	302.7	318.2	339.5	362.7	419.2	460.4	516.2	580.6	617.4	8.9%

