

SECTION 3

ADMINISTRATIVE & AUXILIARY UNITS

ADMINISTRATIVE UNITS

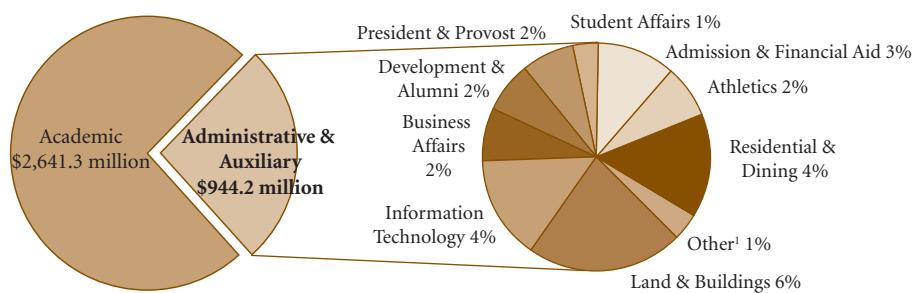
This section focuses on initiatives and priorities in the administrative and auxiliary units of the university. These units provide the needed administrative and

academic and student support that allow faculty and students to do their best work.

ADMINISTRATIVE & AUXILIARY UNITS ACTIVITIES, 2007/08 [IN MILLIONS OF DOLLARS]

	Revenues and Transfers	Expenses	Results of Current Operations	Transfers (to)/from Assets	Change in Fund Balance
Administrative Units					
Business Affairs	79.8	87.5	(7.7)		(7.7)
Business Affairs - Information Technology	126.8	127.2	(0.4)		(0.4)
Development	37.4	37.4			
General Counsel	9.4	9.9	(0.5)		(0.5)
Land & Buildings	211.9	204.7	7.2	(10.5)	(3.3)
President & Provost Office	61.4	61.0	0.4		0.4
Public Affairs	13.0	13.0			
Stanford Alumni Association	38.1	38.7	(0.6)	1.2	0.6
Stanford Management Company	24.4	24.4			
Student Affairs	37.6	37.0	0.6	(0.9)	(0.3)
Undergraduate Admission & Financial Aid	107.6	94.3	13.3		13.3
Auxiliary Units					
Athletics	77.9	77.9		1.1	1.1
Residential & Dining Enterprises	130.6	131.2	(0.6)	(0.9)	(1.5)
Total	955.9	944.2	11.7	(10.0)	1.7

2007/08 CONSOLIDATED EXPENSES BY ADMINISTRATIVE & AUXILIARY UNIT



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

BUSINESS AFFAIRS (EXCLUDING INFORMATION TECHNOLOGY)

Business Affairs projects a \$7.7 million deficit in the consolidated budget for 2007/08, which is due almost entirely to the liability and property insurance activities in the designated funds. Total annual insurance costs, net of claim performance and insurance reserve balance adjustments, are allocated to all income producing operations and general funds. The insurance programs have experienced a few years of favorable claim performance and external 3rd party premium cost reductions resulting in the long term reserves having invested balances in excess of the actuarial requirements.

Long term self insurance reserve balances are used to fund an accumulation of many years of claims estimates net of settlements. The excess balances are returned to the funding business units over time by reductions in the aggregate annual premiums paid. These reductions cause the revenues for the insurance programs to be less than the expenses, which results in a current year fund deficit. That deficit in turn reduces the long term reserves over time to the actuarially recommended reserve balances. If the reserve balances were less than the actuarially required balances the charges would exceed expenses, thus restoring balances over time. Long term reserve balances as of 2005/06 totaled \$42.2 million, which increases by approximately \$5 million in 2006/07. Projected actuarial required balances as of 2006/07 are \$31 million. Therefore the projected \$7.1 million deficit in the 2008 current year insurance funds does not excessively deplete the Long Term Insurance Reserves.

The main operations of Business Affairs will have a balanced budget in 2007/08, expecting to generate \$67.3 million in revenues with an equal amount of expense. The other operations within Business Affairs will generate \$12.5 million in revenues, for a total of \$79.8 million in revenues. The pace of planned hiring (and related expenditures) in 2006/07 was slower than expected, so a small surplus is likely.

Business Affairs received a \$1.5 million increase in base general funds in 2007/08 primarily to address compliance pressure which is being generated from three primary sources:

- The Federal Government has dramatically stepped up its research compliance monitoring and enforcement efforts.

- A new auditing standard, Statement on Auditing Standards No. 112 ("SAS 112") was issued by the AICPA and is effective for the university in 2007. This standard is similar to the Sarbanes-Oxley "404" requirement that has been so costly for corporations. SAS 112 requires Stanford management to document and verify the financial controls that could have a material impact on university financial statements. In addition, the regulation requires that the university's auditors identify and test these controls and report any deficiencies to the Board of Trustees. While SAS 112 is not quite as onerous as publicly-traded company auditing standards, it will nonetheless impose significant additional work on our accounting and internal audit organizations beginning in 2007.
- Legislators at the federal and state level, attorney generals and the IRS have been focusing intense scrutiny on compensation and expenditures in non-profit organizations. This has generated a need for increased compensation analysis, expenditure reviews and policy training across the university.

These additional funds will be allocated to Internal Audit, Human Resources, Office of Research Administration and the Controllers Office to support their efforts to increase resources focused on compliance activities. In addition, human embryonic stem cell (hESC) research at Stanford is expected to expand significantly in 2007 and 2008 and the support for compliance of that effort will also require additional resources from the 2007/08 budget allocation.

BUSINESS AFFAIRS – INFORMATION TECHNOLOGY

In total, Business Affairs – Information Technology (BA-IT) forecasts consolidated revenue and transfers of \$127 million for 2007/08, base and one-time general funds of \$64 million and service center revenues of \$63 million, a combined 6% increase from the prior year. The organization is projecting a balanced budget this year.

Business Affairs – IT contains three primary areas:

- (1) IT Services delivers enterprise-wide infrastructure services and support (e.g., networking & communications, desktop applications, data center, help desk) and represents \$83 million in operating budget and service center activities or 65% of the total 2007/08 consolidated budget.

- (2) Administrative Systems develops, enhances, and supports, enterprise applications and reporting. It accounts for just under \$31 million in base operating budget support; or 24% of the consolidated 2007/08 budget.
- (3) IT Project Funds include a base budget of \$8 million and \$5 million in one-time support for a total of 10% of the consolidated budget in 2007/08. The IT Project Fund activities span fiscal year boundaries and therefore tend to carry fund balances between years. 2005/06 ending fund balance was \$2.6 million. Several large projects will begin in late 2006/07 and in early 2007/08, including a Commitment Management System, a Research Administration System, and a significant upgrade to the existing PeopleSoft system. As a result, fund balances are projected to grow to \$4 million by the end of 2006/07. These funds balances will be used through 2008/09 in completion of these projects.

The organizations work collaboratively to provide seamless solutions and support campus-wide.

Priorities for 2007/08

IT Services

IT Services (ITS) is developing strategic plans meant to improve support of the university's academic and research mission through a robust, reliable, and resilient technical infrastructure. ITS is integrating planning efforts with offices responsible for front-line, direct support such as SULAIR (including Residential Computing) and the Office of the Vice Provost for Undergraduate Education. ITS is also collaborating with the Dean of Research, SLAC, the seven schools, C-ACIS and others to respond to the shift in research to include complex computational methods. This includes efforts to design and build a new state-of-the-art Data Center to meet longer-term needs for Research, Academic and Administrative Computing Support.

IT Services specific strategic and operations plans include:

1. Deliver robust and reliable infrastructure systems and services to support Stanford's research, academic and administrative needs.
2. Support the changing profile of research computing by implementing updated data center architecture.
3. Provide solutions to store, share, backup, and retrieve research and institutional data.

4. Increase protection of data and information on personal computers.
5. Improve the user experience for basic systems.

Administrative Systems

Administrative Systems (AS) is continuing a restructuring effort that began at the end of 2005/06. The leadership is seeing significant productivity gains and cost reductions in the project work in 2007. AS is incurring a significant amount of non-recurring costs to stabilize and construct the new organization. These costs are projected to offset salary savings generated by open positions in the fiscal year. AS has deferred some planned project work to 2007/08. Upgrades will be done on PeopleSoft, Oracle and Business Objects. AS will also work on Information Access, the Commitment Management System, and SeRA.

IT and Research Systems Project Funds

The IT Project Fund of \$8 million in base funds in 2007/08 provides funding for projects necessary to maintain and improve the existing IT Services and Administrative Systems. These projects include required version upgrades of vendor packages, upgrades to core IT infrastructure, addressing mandatory compliance requirements and minor application enhancements. Projects are prioritized by the Systems Governance Group that includes representation from both schools and central offices. In 2007/08 additional one-time funding for the Research Administration and Commitment Management System projects of \$5 million has been allocated. Major projects underway for 2007/08 include:

- Financial reporting enhancements.
- Automated degree audit system.
- Middleware – Event Services replacement & organization and workgroup directory upgrades.
- Guest authentication self-service system.
- Self-help web-based knowledgebase.
- HR Applications for employee assistance programs & payroll records imaging system.
- Network firewall service.

In 2006/07 there was a \$2.5 million carry forward of project funds. As noted above, BA-IT has projected a carry forward for project work that crosses years again in 2007/08.

OFFICE OF DEVELOPMENT

The Office of Development projects a balanced budget for 2007/08. Development activity will focus on the second year of The Stanford Challenge campaign and the launch of its international outreach events which begin in early 2008. In addition to campaign activity, Development will continue its efforts to centralize stewardship which began in 2006/07.

General funds continue to account for the majority of income to the department. Of the \$37 million budget, general funds account for nearly \$30 million or 79% of the budget. Given the heightened activity and increased costs associated with The Stanford Challenge, the Office of Development will also receive significant one-time non-general funds as part of its 2007/08 allocation. Funding and expenses for year two of the campaign are expected to be \$6.7 million or roughly 18% of the department's total budget. Other than general funds and campaign one-time funds, additional funding sources include internal revenue, event income, expendable gifts, and endowment income; these revenues account for a very small percentage of the overall budget.

Development's 2007/08 budget plan reflects considerable growth (about 10%) as compared to its 2006/07 year end projection. The two main reasons are increased campaign spending and staff expansion. The Stanford Challenge launched in October 2006, and few expenses were incurred for outreach and events in 2006/07. The 2007/08 budget reflects greater spending for the campaign as Development begins its multi-year international outreach program in various regions. Development also received additional base funds to increase its staff where needed most. Exactly where the staff growth will occur is yet to be determined, but the organization needs to grow both its fundraising staff as well as its support staff to keep up with increasing demands driven by the multi-billion dollar campaign.

New for 2007/08 is the first year of a base build up for the duration of the campaign which will allow Development to receive additional base funds at the end of the campaign. The base general funds will be used to bring many positions and publications added with one-time campaign funding onto the base budget, and therefore secure funding for those expenses post-campaign.

A few expenses should decrease in 2007/08 as compared to 2006/07 – mainly net vacation and facilities-related costs. The net vacation cost was unusually high in

2006/07. Development used its year end surplus from 2005/06 to fund the majority of the department's accrued vacation liability from August 31, 2003. The outstanding balance reached nearly \$1 million in 2006/07, but the prior year surplus allowed the bulk of the liability to be funded. For facilities, costs were quite high during the last two fiscal years as Development moved nearly 25% of its employees off campus and renovated areas within the Arrillaga Alumni Center to accommodate staff growth. No major moves are planned for 2007/08, so facilities costs are projected to decline and become more stable.

OFFICE OF GENERAL COUNSEL

The Office of General Counsel (OGC) projects an \$500,000 surplus for 2007/08. OGC does not anticipate any significant changes in operational costs other than increased rates for outside counsel. The proposed level of general funds along with anticipated client retainers is expected to cover operating expenses and return a surplus to the university absent any unanticipated extraordinary matters.

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

To avoid creating undue risk for the university, OGC anticipates providing legal services at the required level, and further anticipates it has adequate reserves to backstop a shortfall should it occur.

LAND, BUILDINGS AND REAL ESTATE

Effective fiscal year 2006/07, the university established the new organization of Land, Buildings and Real Estate (LBRE). This new organization incorporated both the previous Land and Buildings responsibilities along with expanded roles and now has the following areas within its purview:

- Stewardship of Stanford's 8,180 acres, including land use and entitlements for the Stanford University

Medical Center (Stanford Hospital's and Clinics, Lucile Salter Packard Children's Hospital and the School of Medicine).

- Management of over 8 million square feet of facilities.
- Oversight of utilities, grounds, roads and other campus infrastructure.
- Planning and construction of the university's \$2.4 billion Capital Plan.
- Management of commercial real estate on endowed lands.

For 2007/08, the LBRE organization is projecting \$204.7 million in expenditures against revenues and transfers of \$211.9 million (before elimination of internal transfers), resulting in a \$7.2 million surplus. This surplus, along with \$4.2 million in reserves, will fund \$10.5 million in anticipated capital maintenance projects.

Projected 2007/08 expenditures are anticipated to be 5%, or \$9.7 million higher than the 2006/07 year end projections of \$194.9 million. This increase is mostly attributable to the following:

- \$2.9 million increase in staff compensation for over 400 employees.
- \$2.2 million increase in utility costs (due to increases in natural gas and debt service related to the Capital Utilities Program).
- \$3.2 million in incremental costs for new buildings (\$2.2 million of which is related to the Jerry Yang and Akiko Yamazaki Environment and Energy Building, scheduled to complete in November 2007).

OFFICE OF PUBLIC AFFAIRS

The Office of Public Affairs (OPA) is a group of organizations that includes Government and Community Relations, Stanford Events, University Communications (News Service, Stanford Report, Stanford Video, Stanford on iTunes, www.stanford.edu, etc.), and Stanford Lively Arts. It is also the home for two popular lecture series – the Aurora Forum, and the Stanford Breakfast Briefings.

OPA projects a balanced budget in 2007/08. Total expenditures are expected to increase almost 8% to \$13 million in 2007/08. Of this amount, 65%, or \$8.4 million, is for compensation, an increase of 13% from 2006/07. Base general funds and one-time funds are increasing 2% to \$6.6 million and will cover approxi-

mately 50% of the budget. The rest will be covered with earned income (\$2.7 million), gifts (\$1.3 million), carryforward funds (\$600,000), and other transfers (\$2.4 million).

Within the framework of its mission and the priorities described below for each unit, OPA is investing additional resources in program staffing to accomplish the following goals and priorities:

- Advancing and defending the university's reputation in a fast-changing media landscape.
- Working with complex federal, state, and local legislation and regulation.
- Managing multi-constituency, high-profile university events, such as Commencement and Parents' Weekend.
- Building a world-class arts performance program that engages the community, the faculty, and the students in innovative and profound ways and advances the university's academic mission.
- Acting as a key member of the supporting cast for many important university initiatives, the largest and most current being the Stanford Challenge.
- Ensuring that the surrounding community thinks of the university as a good neighbor.

OPA will also continue its prominent role in the Stanford Challenge. All units will experience a surge in programs and services to meet the needs of the Challenge and its core initiatives.

Stanford Lively Arts

As the role of Stanford Lively Arts (SLA) in the Stanford Challenge's Arts Initiative grows, SLA will be investing its resources heavily to:

- Establish and sustain a robust campus engagement program that aligns artistic programming with key campus priorities and the arts initiative;
- Build a distinctive external profile that supports reputational goals identified by the university;
- Become a leading partner and national producer of innovative work in the arts, in keeping with Stanford's trademark spirit of creativity and innovation; and
- Build organizational capacity and visibility in anticipation of moving into the forthcoming performing arts center.

Government and Community Relations

Government and Community Relations (GCR) continues to handle the usual regulatory challenges, federal budget issues, and political changes at all governmental levels. In addition, for the next several years it will face enormous challenges regarding the renewal and rebuilding of Stanford's two hospitals and the provision of support for Stanford's initiatives.

University Communications/News Service

University Communications is in the final stages of a strategic review slated for implementation in late 2006/07 or early 2007/08. It will spend considerable resources in 2007/08 to further develop the Stanford on iTunes project and the university's website by adding full-time staffing to these departments.

Stanford Events

Stanford Events and the Stanford Ticket Office plan to focus on enhancing their current Big Five events: Commencement, Parents' Weekend, Community Day, Founders' Day, and Community Partners' Day. They will also work to enhance ticketing processes and application systems where appropriate.

STANFORD ALUMNI ASSOCIATION

Stanford Alumni Association (SAA) is projecting a surplus of approximately \$556,000 for 2007/08, due mainly to an accounting convention related to the final advance royalty payment on its affinity credit card agreement. SAA anticipates its current revenue and expenses from operations to be balanced, although SAA plans a significant investment in technology infrastructure that will be funded from outside operations.

In 2007/08, SAA will continue to focus on its Governing Objective: to maximize alumni satisfaction and active support over time. In so doing, SAA will renew its commitment to leverage the university's various alumni relations efforts across campus, with the goal of creating a more cohesive and seamless approach to alumni relations. Key initiatives in 2007/08 include developing new technology solutions that can be shared across campus, and leveraging SAA's in-house marketing staff and expertise to help the schools and other offices across campus that engage with alumni. Both of these initiatives seek to increase the effectiveness of the various alumni communications and marketing programs.

SAA will focus its technology initiative on completely redesigning and reconstructing its website infrastructure. The effort will take into consideration the specific needs of schools and will strive to build flexible solutions to meet university-wide requirements. This work will reflect a complete change in the orientation and approach to our Web presence, transitioning the site from mainly a passive provider of information to a dynamic, community-driven environment driven by alumni preferences and interests. SAA plans to use existing reserves to fund this project.

VICE PROVOST FOR STUDENT AFFAIRS

In 2007/08, the Vice Provost for Student Affairs (VPSA) projects a modest deficit of \$264,000 due to increased activity in gift-funded public service internship and education programs in the Haas Center for Public Service and the Office of Accessible Education's Schwab Learning Center. Funding for Schwab Learning Center operations has now been secured through establishment of an endowment fund.

Student Affairs' highest priority remains providing high-quality and timely "safety net" services to meet the increasingly complex needs of the student population. It has three key operating priorities for 2007/08:

- Evaluation and restructuring of its administrative infrastructure, with initial focus on IT infrastructure and related resources.
- Assessment of student service programs in the Dean of Students office.
- Development of a long-range strategic plan.

Student Affairs leads or plays a significant role in several other initiatives that will greatly affect its strategic plan. These include the following:

- Evaluation of student mental health issues, services, and resources.
- Evaluation of the residential education program and implementation of task force recommendations.
- Planning for implementation of the undergraduate housing master plan.
- Reopening of the Old Union complex.
- Evaluation of the Tresidder Union programming and operations models.
- Planning of the bigger Black Community Services Center and new Stanford Daily building projects.

The Old Union will reopen in fall 2007 after a complete renovation. This is the first step of a major renewal of the central campus that will better integrate this facility's program with those of Tresidder Union and White Plaza. Student Affairs anticipates many opportunities in developing operational and programmatic plans for the new Unions complex and the surrounding revitalized exterior spaces. There will also be challenges, particularly in developing and implementing a new operational model for the Old Union, and assessing the impact of the new facility on the Tresidder Union program.

For 2007/08, incremental general funds will support administrative staffing in the central VPSA office, classroom technology maintenance, and compliance training for staff in the Bechtel International Center and the Office of Accessible Education. Vaden Health Center will also receive incremental base funds to help address recent cost rises for technology and contracted laboratory services. Vaden has received added support in the last several years but faces further increases in costs for contracted health services, including costs for medical staff, a reflection of trends in the health care industry.

Student Affairs will also receive one-time funding to begin evaluating and restructuring its IT infrastructure and technical support program, and to implement changes to the university's J-1 visa record-keeping processes and system.

AUXILIARY UNITS

Auxiliary units are self-contained business units which operate based on the revenue charged to their customers. They cover their own costs, and pay the central university an overhead charge.

ATHLETICS

The Department of Athletics, PE, and Recreation (DAPER) projects a deficit of approximately \$1.4 million in 2007/08. The key revenue drivers will be the success of football ticket sales in the second year of the new Stanford Stadium and the success of newly centralized annual fund-raising efforts. Important incremental expenses include approximately \$400,000 to Stadium sales/marketing efforts and additional money to hire and/or promote staff to improve the department's organizational structure. DAPER would like to be able

to fund other initiatives, including an annual accrual to address coaching transitions, additional funding for asset renewal and maintenance, staff training and development programs, staff and assistant coach bonus programs, and repayment of the existing debt to the university. These initiatives are all on hold until additional funding can be found.

Financial Aid

Financial aid endowment and annual giving are very strong. Soon, probably in 2007/08, annual endowment payouts will cover all of DAPER's financial aid needs, enabling more annual giving dollars to go to operating needs. For 2007/08, projected financial aid revenues and expenses balanced at \$16.4 million. In upcoming years, possibly including 2007/08, DAPER may need to create additional scholarships in women's sports to continue its compliance with Title IX.

Camps

DAPER's summer camps continue to provide enjoyable, affordable ways for kids to work with Stanford coaches to learn about, and improve in, a wide variety of sports. In addition, the camps continue to be a good source of revenue. For 2007/08, summer camp revenues are projected to be \$5.6 million and expenses \$5.4 million, for a surplus of approximately \$200,000.

RESIDENTIAL & DINING ENTERPRISES

The Residential & Dining Enterprises (R&DE) budget plan for 2007/08 projects a planned operating deficit of \$1.5 million on revenues and transfers of \$129.7 million. This deficit includes anticipated revenue growth for Stanford Conference Services and Stanford Catering along with expense reductions aimed at minimizing the recommended room and board rate increase. These expense reductions encompass savings from labor optimization efforts, aggressive purchasing goals, and reserves generated from energy and water conservation initiatives.

The effort to align budgeted room and board income with actual occupancy rates continues. A trend of increased undergraduate enrollment in the Overseas Studies program has lowered undergraduate housing occupancy rates by 1.4% (from 98.5% to 97.1%) for the spring and fall quarters. The 2007/08 budget factors in a \$545,000 planned reduction in room and board income to address this decrease. In addition, to finalize

the reduction in occupancy (from 98.5% to 92%) for graduate housing, this budget includes a decrease of \$300,000 in room and board income.

Initiatives in 2007/08 will provide incremental funding for the daily operation of R&DE's 4.2 million square feet of residential student living and dining space to ensure these environments remain comfortable, attractive, and conducive to learning. External increases in the cost of petroleum-based products will be aggressively managed through purchasing consolidation, operating efficiencies, and revenue increases from Stanford Conference Services and Stanford Dining.

Additional 2007/08 funding initiatives include:

- Supporting the Graduate Life Office and undergraduate Residential Education programs.
- Funding the continuous improvement of computer clusters in the residences to upgrade network wiring and extend the wireless access points into common and dining areas.
- Funding the Building Renewal Program to reduce deferred maintenance and continue addressing seismic retrofit needs, Americans with Disabilities Act (ADA) upgrades, and subsystem replacements. The following capital projects are scheduled for 2007/08:
 - Renovation and seismic improvement of the Xanadu Row house.
 - Installation of a fire sprinkler system and an addressable fire alarm system at Wilbur Hall.
 - Bathroom upgrades in Stern and Wilbur Halls to replace end-of-life and failing assets.
 - Kitchen replacements in several Row houses.
 - Replacement of failing slab heat systems in the Escondido Village low-rise apartments.
 - Replacement of grease containment systems to meet new code requirements for all Row house kitchen sewage systems.

HIGHWIRE PRESS

For 2007/08 HighWire Press is projecting a \$1.2 million operating deficit. This deficit, along with the annual \$0.5 million transfer to SULAIR, will be funded out of the existing fund balance. The 2007/08 deficit is expected

to be a one-time event, with a return in 2008/09 to a steady state in which revenues balance with expenses.

HighWire increased its fund balance with operating surpluses in 2004/05 and 2005/06 through expense control and increased revenue through the acquisition of new customers. The build-up in fund balance anticipated the need to self-fund major upcoming initiatives in response to the competitive landscape. That day has now arrived.

Work has begun in 2006/07 on these initiatives, but the current fiscal year projection is that HighWire revenue will approximately equal expense for 2006/07. In 2006/07, only the \$0.5 million transfer to SULAIR will be funded by a depletion of existing reserves. The major work will occur in 2007/08.

HighWire's mission is to provide independent scholarly and scientific publishers with the intellectual community and technological expertise needed to thrive in the ever-changing landscape of electronic publishing. HighWire and its publishers work together to identify current and future needs, ensuring innovative, sustainable solutions for advancing research communication throughout the world.

Four major initiatives which further that mission have begun and activity levels will be peaking in 2007/08:

- A major technology initiative to innovate the way scholarly content is processed on the worldwide web, and the way readers and researchers access that content.
- A business initiative to expand the reach of HighWire's publishers and the availability of scholarly content in China and other developing markets.
- A business initiative to expand HighWire's market presence in an industry which is increasingly competitive.
- A business and technology initiative to provide enhanced disaster recovery/ business continuity services due to increased demand from HighWire's publisher-customers in response to world events.

It is crucial that HighWire Press remain a viable and competitive online option for responsible scholarly publishers in a publishing industry environment which has shown increasing tendencies toward consolidation and loss of competition. These four initiatives enhance HighWire's ability to maintain and solidify its leadership position in high-quality online scholarly publishing.

STANFORD UNIVERSITY PRESS

The Press publishing program will continue to grow in 2007/08, to 160 books from 145 in the two previous years. Unit sales per title are expected to continue the upward trend established in the past few years, turning the 10% growth in title output into 14% growth in revenue. The humanities will, as usual, account for the bulk of the Press's expected output (about 55%), with titles in the social sciences, law and policy, and business and economics accounting for the remaining 45%.

Production costs will be held to the same growth rate as that for income, using an appropriate mix of in-house and full-service editing and manufacturing.

Consequently, current rates of marginal profitability will be maintained.

Net of distribution costs, which are a fixed percentage of sales revenue, direct overheads will grow by only 5.8%. And with the exception of the addition of one FTE in database management, the Press will maintain current levels of establishment, and no major investment will be required in new programs, infrastructure, or systems.

With the addition of income from rights and other sources to the marginal profitability generated by book sales, the Press will again produce a balanced budget.