

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

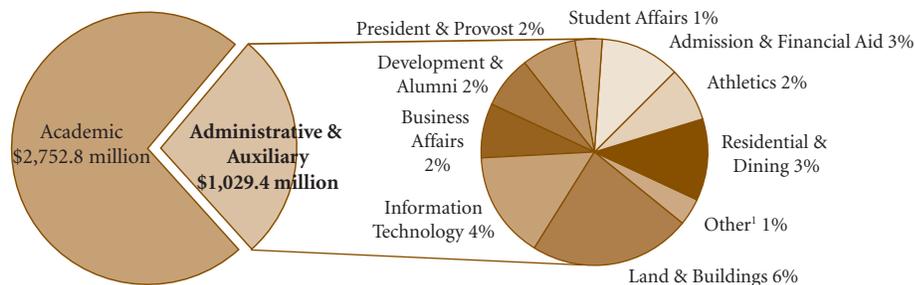
academic and student support that allow faculty and students to do their best work.

CONSOLIDATED BUDGET FOR OPERATIONS, 2008/09: ADMINISTRATIVE & AUXILIARY UNITS

[IN MILLIONS OF DOLLARS]

	Revenues and Transfers	Expenses	Results of Current Operations	Transfers (to)/from Assets	Change in Fund Balance
Administrative Units					
Business Affairs	90.0	90.4	(0.4)		(0.4)
Business Affairs - Information Technology	129.4	133.1	(3.7)		(3.7)
Development	49.5	49.5			
General Counsel	10.0	10.0			
Land, Buildings and Real Estate	232.7	222.5	10.2	(12.0)	(1.8)
President & Provost Office	66.5	65.5	1.0		1.0
Public Affairs	8.9	9.3	(0.4)		(0.4)
Stanford Alumni Association	41.3	43.6	(2.3)	1.7	(0.6)
Stanford Management Company	24.5	24.5			
Student Affairs	39.9	40.3	(0.4)	(0.4)	(0.8)
Undergraduate Admission & Financial Aid	128.4	125.3	3.1		3.1
Auxiliary Units					
Athletics (Operations and Financial Aid)	87.0	85.5	1.5		1.5
Residential & Dining Enterprises	129.9	129.9			
Total	1,038.0	1,029.4	8.6	(10.7)	(2.1)

2008/09 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 \$600,000 surplus from operations in 2007/08. Consolidated revenues have increased by 9% this year due to a 6% increase in hospital audit services revenue; an increase in revenue from the expanded eCommerce services; and an increase in base general funds of \$1.5 million for compliance initiatives in the Controller's Office, Internal Audit and Institutional Compliance, Human Resources, and the Office of Research Administration. The pace of hiring has been slower than anticipated, and related expenditures have accordingly been lower. For 2008/09, Business Affairs expects to generate a small deficit as it fills budgeted positions. Operating reserves will cover this shortfall.

General funds account for over 70% of all Business Affairs funding. External and internal revenues include property and liability insurance allocations; Parking and Transportation and SLAC contributions to police and fire services; and Will Call, eCommerce, and hospital income.

The first phase of Business Affairs' move off the main campus will occur this summer to facilitate development of the new GSB campus. All told, 270 employees from the Controller's office and Administrative Systems will move to Stanford@Porter Drive. In addition, 260 employees from Human Resources, the Office of Research Administration, IT Services, Internal Audit, and Risk Management will move to other locations on the main campus. Departments forecast using some facilities reserves in 2007/08 and 2008/09 to supplement the funding provided for improved infrastructure, training, support, and operational modifications.

While the 2008/09 general funds allocation is nearly flat year over year, the mix of what it supports has changed. Total annual insurance costs have been reduced by \$2.2 million due to continued favorable claim performance. Offsetting the insurance savings is an increase in base funding for Human Resources, the Department of Public Safety, and the Controller's Office.

BUSINESS AFFAIRS – INFORMATION TECHNOLOGY

Business Affairs – Information Technology (BA-IT) forecasts a \$4.0 million consolidated deficit for 2007/08,

offsetting a \$5.1 million surplus from the prior year. The deficit will originate from service center (\$3.4 million) and BA-IT project activities. Departmental operating budgets are projected to break even. Systems projects will use reserve funds set aside in 2006/07 in the next two years; the net result will be a \$3.7 million deficit in 2008/09.

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

IT Services (ITS) delivers core IT infrastructure services and support and represents \$87 million in operating budget and service center activities, 68% of the 2007/08 consolidated budget.

AS provides development, support, and enhancement for enterprise applications and middleware services. Its 2007/08 operating budget of \$31 million in base general funds is 24% of the consolidated budget.

IT and Research Systems Project Funds has a base budget of \$8 million and close to \$3 million in one-time support, for a total of 8% of the consolidated budget for 2007/08. Project activities span fiscal years and carry forward fund balances between years. Using fund balances from 2006/07 and the 2007/08 general fund allocation, \$9.7 million of major systems projects were approved. These include the Peoplesoft v9 upgrade, Zimbra email and calendar implementation, upgrades to Business Objects and Remedy, replacement of event services, workgroup provisioning, configuration management, and financial reporting projects.

Of the 2008/09 incremental general fund allocation of \$400,000 base and \$1.2 million in one-time support, 88% is for implementation and support of the Stanford Electronic Research Administration System. Implementation is planned to start in late 2007/08 and continue for two years. In addition, both ITS and AS are streamlining infrastructure operations and collaborating on deployment of more efficient storage technology solutions.

The 2006/07 reorganization of AS created increased operational efficiencies as well as a stable, technically competent staff. These improvements will enable AS to take on new strategic business system initiatives in 2008/09, such as:

- Providing useful and timely information for faculty and researchers to allow improved decision making on budgets and research projects.

- Implementing an eSourcing solution to streamline procurement and enable strategic sourcing relationships.
- Implementing enterprise content management for best-practice collaboration; this encompasses management of documents, images, records, and content.
- Upgrading Oracle Financials to the latest release.

ITS's 2008–2010 strategic plan aims to improve its support of the university's academic and research mission through delivery of robust and resilient technical infrastructure services. Near-term strategies include a focus on converged network solutions to support data and voice services needs; delivery of collaboration solutions; increased capacity for computing services and data center support through investments at Forsythe Hall and business continuity/disaster recovery facilities at remote locations; and infrastructure solutions to support Work Anywhere. ITS continues to work with DoR, SLAC, the schools, the Faculty Senate Committee on Academic Computing and Information Systems, and others to respond to the evolving requirements for scientific research computing. These efforts include designing and building computing facilities that meet longer-term needs and incorporate recent advances in energy efficiency and environmental sustainability.

OFFICE OF DEVELOPMENT

The Office of Development (OOD) projects a balanced budget for 2008/09. General funds account for the majority of income, though campaign one-time funds continue to cover a significant portion of additional expenses during the Stanford Challenge. Campaign costs are estimated to be 33% of the total budget in 2008/09. Other modest funding sources include internal revenue from the Stanford Fund's Student Calling Program, income from a number of events, and endowment payout.

The budget for 2008/09 is quite similar to the 2007/08 year-end projection. A slight decrease in campaign costs should offset slightly higher noncampaign expenses. OOD will direct the modest amount of incremental general funds received for 2008/09 to one or two additional staff positions and organizational changes. OOD expects its reserves to remain constant in the coming year, and income from events will increase slightly due to an increase in the number of campaign events.

Development activity in 2008/09 will focus on year three of the Stanford Challenge – a \$4.3 billion campaign launched in October 2006. Although more than \$3.5 billion has been raised, many needs remain unfunded and are high priorities for the year ahead. These include a number of building projects, Stanford Interdisciplinary Graduate Fellowships, and undergraduate financial aid, for which the campaign goal was recently increased from \$100 million to \$200 million. To support campaign efforts, major gift committees are forming in multiple cities to engage volunteers across the country and internationally. Campaign outreach events (Leading Matters) occurred in three cities in 2007/08 and will reach four more in 2008/09. Attendance at these events has far exceeded goals, and the events have been well received by alumni and others. OOD also plans to engage a consulting firm to audit its gift-processing practices in the year ahead to ensure efficiency and make sure it is employing best practices where possible.

OFFICE OF GENERAL COUNSEL

The Office of General Counsel (OGC) projects a \$300,000 surplus for 2008/09, which will be returned to the provost. Attorney salary market adjustments for 2007/08 will increase operational costs and will thus reduce the projected surplus for 2008/09. Rates for outside counsel will increase as well. OGC does not anticipate any other significant changes in operational costs. 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 believes it has adequate reserves to backstop a shortfall, however, should one occur.

To avoid creating undue risk for the university, OGC anticipates providing legal services at the required level. It will continue to focus on its main strategic priorities: proactively trying to constrain costs by increasing efficiency; identifying risk; and implementing 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.

LAND, BUILDINGS, AND REAL ESTATE

Land, Buildings, and Real Estate (LBRE) is responsible for implementing the university's \$2.8 billion capital plan; managing commercial real estate on endowed lands; managing campus utilities, grounds, parking, and transportation; and providing operations and maintenance for over 8 million square feet of campus buildings.

Of LBRE's 2008/09 operating budget, 49% goes to utilities, 24% to building maintenance, 7% to parking and transportation services, 6% to grounds maintenance, and 4% to event and labor services. Project management, the university architect/campus planning office, land use and environmental planning, and the Office of the Vice President account for the remaining 10%. The real estate division is included under the investment income discussion in the Consolidated Budget for Operations section of this plan.

In addition to ongoing operations, LBRE is presently responsible for sustainability at Stanford, development entitlements for both the Stanford University Medical Center and the Redwood City campus, space utilization and the related space charge, the Habitat Conservation Plan, and the largest construction program in Stanford's history. For 2008/09, LBRE projects total expenditures of \$211 million and revenues and transfers of \$221 million (before elimination of internal transfers). The resulting \$10 million balance will be used for anticipated capital maintenance projects and additions to the transportation reserve for future Marguerite shuttle replacements.

Projected 2008/09 expenditures are anticipated to be 6%, or \$11 million, higher than the 2007/08 year-end projection of \$199 million. The increase is mostly attributable to a \$2.1 million increase in compensation for over 400 staff; a \$4.4 million increase in utilities, including purchased commodities, debt service, and incremental energy supplied to new and renovated facilities; a \$1.3 million expenditure on operations and maintenance of new buildings; and a \$1.8 million investment in plant maintenance, improvements to grounds and outdoor structures (including firebreaks and insect and weed abatement), and the new sustainability program.

OFFICE OF PUBLIC AFFAIRS (OPA)

The Office of Public Affairs includes Government and Community Relations (GCR); Stanford Events; and University Communications which oversees the News Service, Stanford Report, Stanford Video, Stanford on iTunes, and www.Stanford.edu. It is also the home for two popular lecture series – the Aurora Forum and the Stanford Breakfast Briefings. Stanford Lively Arts was part of OPA until April 1, 2008, but will no longer be reflected in OPA financial reports or budget planning, now moving to be reflected in the School of Humanities and Sciences.

OPA is projecting a net drop in funds of \$400,000 in 2008/09 with an expected ending balance of approximately \$340,000 due to carryforwards from 2007/2008. About \$43,000 is projected in the operating budget as a reserve, \$66,000 in auxiliary, \$33,000 in designated, and \$100,000 in endowment.

Total expenditures are expected to decrease 1.5% to \$9.1 million in 2008/09. This decrease is due to some one time expenditures last year which are not expected to repeat. Of this amount, \$6.8 million is for compensation expenses, up 8.1% from 2007/08 and representing 75% of OPA's budget. Nonsalary expenditures are decreasing 22.1% to \$2.3 million because several projects, such as the Stanford website redesign and research surveys, will be completed in 2007/08. University funds are decreasing 20% to \$6.0 million and will cover approximately 67% of the budget. Earned income (\$1.7 million), carryforward (\$600,000), and other transfers (\$1 million) will cover the rest.

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

- Advancing and defending the university's reputation in the fast-changing media landscape,
- Working with complex federal, state, and local legislation and regulation,
- Managing multi-constituency, high-profile events such as Commencement and Parents' Weekend,
- Supporting important university initiatives, the largest and most current being the Stanford Challenge, and

- Ensuring that the surrounding community thinks of the university as a good neighbor.

The Stanford Challenge and its initiatives will result in a surge in demand for new or expanded programs and services from all OPA units. OPA is collaborating with the Office of Development and the Stanford Alumni Association on communications and public relations involving the Challenge.

In addition to the usual regulatory challenges, federal budget issues, and political changes affecting the university's mission, for the next several years Government and Community Relations faces enormous challenges regarding the renewal and rebuilding of Stanford's two hospitals and providing support for Stanford's initiatives.

University Communications has completed its strategic review, which is slated for implementation in 2008/09. The team will adopt a phased approach to this implementation, in light of funding challenges.

Stanford Events and the Stanford Ticket office plan to focus on enhancing the Big 5 events they produce (Commencement, Parents' Weekend, Community Day, Founders Day, and Community Partners' Day), as well as other special events, ceremonies, and tickets where appropriate.

STANFORD ALUMNI ASSOCIATION

The consolidated fund balance for the Stanford Alumni Association (SAA) is expected to decrease \$625,000, mainly due to a reduction in the affinity credit card reserve. SAA launched its Web 2.0 web redesign project in 2007/08 and expects to complete it in 2010, funding it mainly through withdrawal from the life membership endowment fund.

SAA's forecast is built on continuing alumni outreach efforts, One University Alumni efforts, and support for the Stanford Challenge. SAA envisions increasing costs for travel programs and reunion events, and reductions in affinity programs and other business revenues. SAA expects to balance the operating budget with higher registration and conference room rental fees, as well as selected program cuts. Although these changes will be sustainable this year, SAA expects increasing deficits in coming years, due mainly to higher program costs and further decreases in affinity credit card revenues.

VICE PROVOST FOR STUDENT AFFAIRS

Initiatives and Priorities

Student Affairs' highest priority remains the "safety net": high-quality and timely services to meet the increasingly complex needs of the student population. In 2008/09, Student Affairs will focus on defining its strategic objectives for the next five years and better aligning its resources to meet those goals. Creation of a solid IT infrastructure through continued restructuring of IT resources and support models will also remain a focus. Student Affairs received \$276,000 in base and one-time general funds for 2008/09 to help address this need.

Other divisional priorities for 2008/09 include:

- Staffing and continuing to evaluate services and resources and to restructure them to meet student mental health needs,
- Continuing to assess and realign programs under the Associate Vice Provosts for Student Life and Educational Resources,
- Implementing new initiatives in residential education,
- Developing program goals and objectives and financial baselines for Old Union,
- Continuing to evaluate Tresidder Union programming and operational models, and
- Preparing for emergencies, focusing on communications protocols and business recovery planning.

Finally, with planned upgrades to White Plaza scheduled for summer 2008, Student Affairs will oversee development of a comprehensive programming and management plan for the Tresidder Union/Old Union/White Plaza sector which includes after-hours and weekend security.

For 2008/09, total fund balances for Student Affairs are expected to decrease by \$820,000, primarily due to drawdown of operating budget beginning balances and to higher levels of activity in gift-funded programs in the Haas Center for Public Service. Student Affairs also plans to inaugurate new student services programs (to be funded through new endowment) for the campus lesbian, gay, bisexual, and transgender (LGBT) community. Student Affairs units will continue to pursue

expansion of existing endowment-funded programs. Designated and auxiliary funds balances will remain relatively stable.

In the operating budget, \$220,000 in incremental base general funds will support a staff position that will consolidate and centrally administer servers owned and/or operated by Student Affairs units, and will add administrative support in the Bechtel International Center to work with J-1 visa applications and related records. Base funds have also been provided to help defray operating costs for Old Union, which reopened in fall 2007. Student Affairs will continue to support the balance of operating costs for Old Union using local funds.

Vaden Health Center will use supplemental base funds and one-time funds to continue to assess, restructure, and enhance student health resources and programs. Even with the added support provided in the last several years, Vaden continues to face industry-wide cost pressures for contracted services, such as medical staff.

UNDERGRADUATE ADMISSION, FINANCIAL AID, AND VISITOR INFORMATION SERVICES

Undergraduate Admission, Financial Aid, and Visitor Information Services will continue to focus on its two-to-three-year strategic plan to improve national outreach efforts and increase yield in order to proactively shape the quality of the pool of future applicants to Stanford. It will focus on two areas of enhancement for 2008/09. The first is undertaking new admission and financial aid initiatives to continue to expand access to a Stanford education. The second is enhancing the presence of Stanford nationally and internationally by adding a network of alumni volunteers.

To address concerns about affordability expressed by parents of current as well as prospective students, significant enhancements are being made to the financial aid program. Building upon efforts made in the last two years, these create a generous need-based program for both low- and middle-income families. Families with income of less than \$100,000 annually will not be expected to pay tuition. Parents with income of less than \$60,000 will not be expected to contribute at all to the cost of their child's education, including room and board. Students will no longer be expected to borrow to meet educational costs. In addition, the formula

used to calculate expected parent contributions at all income levels has been adjusted to reduce the amount of family assets considered and to recognize regional cost-of-living variances. These changes will allow very competitive financial aid packages for students from families with income below \$150,000. They appropriately implement Stanford's priorities and send a strong message about affordability and access.

In light of recent financial aid program enhancements announced by peer institutions, however, the Admission Office will also need to be more assertive with all yield efforts, especially the annual spring admit receptions in key cities. Yield initiatives are important in converting admitted applicants to matriculants.

The Admission Office premiered its revitalized alumni volunteer organization, Outreach Volunteer Alumni Link (OVAL) in 2007/08. This new organization will be the office's volunteer arm, helping Stanford to recruit the most promising candidates for admission worldwide. The intent is to establish chapters/committees across the globe; their alumni will assist the Admission Office with college fair representation, congratulatory phone calls, and receptions for admitted applicants. A primary objective will be to have alumni interview candidates for admission. For 2008/09 a pilot interview program will be conducted in six cities with in-depth follow-up evaluations. Training for OVAL will be conducted on campus as well as via in-person sessions throughout the world, a training manual available in print and on the Web, and an interactive Web-based training module.

Initial funds to establish OVAL were provided by the Stanford Associates alumni organization. These monies were used to conduct nationwide research on the well-established alumni/admission volunteer organizations of Ivy League and peer institutions. They also funded the creation of promotional materials to advertise and recruit for OVAL, and the creation and support of an advisory committee of alumni leaders to guide the Admission Office in developing this organization.

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.

DEPARTMENT OF ATHLETICS, PE, AND RECREATION (DAPER)

Projected revenues and transfers are \$63.6 million and projected expenses are \$62.1 million, for a surplus of \$1.5 million. The surplus will be used toward repaying the \$8.7 million operating deficit to the university. The goal is to pay it off within five years.

The key revenue drivers will be football ticket sales, broadcast revenues, and annual fundraising efforts in the second year of a centralized fundraising model. Key areas to which DAPER hopes to provide additional support in 2008/09 include expansion of the BeWell program in the PE, Recreation, and Wellness area; asset renewal and maintenance; a staff bonus program; continued salary adjustments for the lowest-paid coaches and staff; operating support for several key capital projects (including the Olmstead housing project and the Ford Center expansion); and several initiatives to provide additional support for students who are also varsity athletes.

DAPER's financial aid endowment remains strong. As a result of the change in the payout rate in 2007/08, the payout significantly overfunds financial aid needs. DAPER is working with donors to loosen restrictions on some of these funds to allow more dollars to be devoted to operating needs. For 2008/09, projected financial aid revenues and expenses are both \$17.5 million, up from \$16.7 million in 2007/08. Beginning in 2008/09, DAPER will identify strategic areas for increased scholarships in women's sports and minimal increases to scholarships in men's sports, with the ultimate goal of an even number of women's and men's scholarships.

DAPER's summer camps continue to provide an enjoyable, affordable option for kids to work with Stanford coaches to learn about and improve in a wide variety of sports. In addition, they continue to be a good source of revenue. For 2008/09, summer camps will contribute approximately \$400,000 to the operating budget.

HIGHWIRE PRESS

The mission of HighWire Press is to ensure the continuing success of independent, society-based and other scientific and scholarly publishers in their efforts to disseminate high-quality content worldwide. HighWire builds both the community and the technological

environment that such publishers require to thrive within the challenging business of electronic publishing. With its publishing partners, HighWire develops and explores new ideas and emerging technologies to innovate sustainable solutions that meet the ongoing challenges of research communication.

Due to stronger-than-anticipated revenue, careful resource management, and deferral of expense for technological initiatives, the deficit projected for 2007/08 was not realized. HighWire's reserve position remains adequate to self-fund its strategic efforts in 2008/09 and beyond.

HighWire's investment in a new technology platform (HighWire 2.0, aka H2O) has made an impact in the community of online scholarly publishers, and has reinvigorated HighWire's customer base in spite of continuing competitive pressures in technology and cost. A beta version of the online Proceedings of the National Academy of Sciences on the H2O platform was made public in March 2008 to great acclaim.

Throughout the balance of calendar 2008 and 2009, HighWire will continue implementing the H2O platform, migrating its approximately 140 publishing customers and more than 1,100 sites to the new functionality. Other initiatives begun in 2007/08 are continuing as well: a business initiative to expand HighWire's market presence, and a business and technology initiative to provide enhanced disaster recovery/business continuity services.

HighWire projects that these investments will result in a \$1.2 million operating deficit for 2008/09, which will be funded from existing reserves. Investments will continue through 2009/10, but HighWire expects to return to a steady state and begin rebuilding its reserve position the following year.

In spite of continuing competitive pressures, HighWire won dozens of new customers for its online hosting service in 2007/08, either directly or through partnerships with full-service publishers. Two new relationships of note are with the Royal Society, founded in London in 1660, and the Cleveland Clinic. In addition, existing long-term relationships with Oxford University Press and the American Medical Association were recommitted.

RESIDENTIAL & DINING ENTERPRISES (R&DE)

R&DE projects a break-even budget for 2008/09, with operating revenues and transfers of \$129.9 million.

Initiatives in 2008/09 will provide incremental funding for R&DE's continued stewardship of 4.2 million square feet of student living and dining space to keep these environments comfortable, safe, attractive, and conducive to learning, recreation, and personal development. External increases, including the escalating costs of construction/renovation, expendable materials and supplies, and natural gas, will be offset by revenue growth and expense reductions in R&DE's business optimization plan.

Stanford Dining Retail and Stanford Conference Services revenue enhancements encompass a strategy to expand the number of Stanford Dining meal plan holders. Savings are expected from continued labor optimization efforts, sustainability initiatives, strategic management of long-term purchasing contracts, and improved technological business solutions.

Despite the substantial challenge presented by the modest combined room and board rate increase of 3.5%, R&DE's business optimization strategies will yield a balanced budget that achieves the following:

- Absorbs the 37% living-wage increase for temporary and casual labor,
- Provides incremental support for the new integrated building access control system in the residences,
- Reduces the spring-quarter revenue shortfall attributable to Overseas Studies,
- Sustains operations and maintains reserves of at least 2% of revenues,
- Continues funding for Residential Education programs, the Graduate Life Office, and Residential Computing,
- Funds debt service of \$11.3 million for 2007/08 capital improvement projects, and
- Improves operational funding of asset renewal/preservation to reduce deferred maintenance and continue addressing seismic retrofit needs, Americans with Disabilities Act (ADA) upgrades, and subsystem replacements. Capital projects scheduled for 2008/09 are:
 - ◆ Wilbur Hall port-per-pillow,

- ◆ Wilbur bathroom upgrades to replace end-of-life, failing assets,
- ◆ Wilbur fire sprinkler and fire alarm upgrades,
- ◆ Phase II of Stern bathroom upgrades,
- ◆ Renovation and seismic improvement of BOB and La Casa Italiana,
- ◆ Kitchen replacements in several Row Houses,
- ◆ Replacement of failing slab heat systems in Escondido Village low-rises,
- ◆ Escondido Village utilities study and infrastructure improvements,
- ◆ Renovation, repurposing, and managing crowding within Crothers Hall and Crothers Memorial Hall, to house undergraduates in support of the Undergraduate Housing Master Plan, and
- ◆ Implementation of a card-based door access system.

STANFORD UNIVERSITY PRESS

With the economic slowdown expected to affect both bookstores and libraries, the Press will hold its publishing output to the 2007/08 level of around 165 books. This will maximize marketing expenditure per title and should keep returns from bookstores at their current percentage. The discipline mix will also remain fairly constant, with the only change being a slight increase in output from the newer lists, such as organizational studies, security studies, and sociology and anthropology. A slight decline in the sales of monographs is expected to be offset by an increase in sales of textbooks and higher-profile academic-trade titles. Overall, therefore, unit sales are expected to remain fairly flat and price increases negligible.

Production costs will be held to 2007/08 levels, with anticipated increases in the costs of paper and manufacturing offset by a drop in stock write-off flowing from ongoing reductions in print runs and resultant lowered inventory levels. This, plus yet another 10% year-on-year increase in income from rights sales, will push gross margin to 65%.

With a flat revenue line and only limited growth in gross margin dollars, overheads will be tightly controlled, and total costs will be slightly below the 2007/08 level. No major investment will be made in infrastructure or systems.