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

### CONSOLIDATED BUDGET FOR OPERATIONS, 2018/19: ADMINISTRATIVE & MAJOR AUXILIARY UNITS

<table>
<thead>
<tr>
<th>Administrative Units</th>
<th>TOTAL REVENUES AND OPERATING TRANSFERS</th>
<th>TOTAL EXPENSES</th>
<th>RESULT OF CURRENT OPERATIONS</th>
<th>TRANSFERS (TO)/FROM EXPENDABLE ASSETS</th>
<th>CHANGE IN FUND BALANCE</th>
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</thead>
<tbody>
<tr>
<td>Business Affairs</td>
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<td>255.1</td>
<td>(2.1)</td>
<td>(0.2)</td>
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<td>Office of Public Affairs</td>
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</table>

<table>
<thead>
<tr>
<th>Major Auxiliary Units</th>
<th>TOTAL REVENUES AND OPERATING TRANSFERS</th>
<th>TOTAL EXPENSES</th>
<th>RESULT OF CURRENT OPERATIONS</th>
<th>TRANSFERS (TO)/FROM EXPENDABLE ASSETS</th>
<th>CHANGE IN FUND BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletics (Operations and Financial Aid)</td>
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<td>Residential &amp; Dining Enterprises</td>
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Total Administrative & Auxiliary Units

<table>
<thead>
<tr>
<th></th>
<th>TOTAL REVENUES AND OPERATING TRANSFERS</th>
<th>TOTAL EXPENSES</th>
<th>RESULT OF CURRENT OPERATIONS</th>
<th>TRANSFERS (TO)/FROM EXPENDABLE ASSETS</th>
<th>CHANGE IN FUND BALANCE</th>
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<tbody>
<tr>
<td></td>
<td>1,687.9</td>
<td>1,675.6</td>
<td>12.3</td>
<td>(13.7)</td>
<td>(1.4)</td>
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</table>

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2018/19 Consolidated Expenses by Administrative & Auxiliary Units

- **Academic** $4,989.9 Million
- **Administrative & Major Auxiliary Units** $1,675.6 Million
- **Residential & Dining** 16%
- **Business Affairs** 15%
- **Admission & Financial Aid** 12%
- **Athletics** 9%
- **Land, Buildings & Real Estate** 20%
- **Development & Alumni** 8%
- **President & Provost** 8%
- **Student Affairs** 5%
- **Other** 7%

1 Other is Stanford Management Company, General Counsel & Public Safety, Public Affairs, University Communications, and University Human Resources.
BUSINESS AFFAIRS

The Business Affairs organization provides administrative infrastructure, systems, services, and support for the benefit of the university community. Business Affairs’ vision is, “Together we will make administration seamless and efficient to enable and support teaching, learning and research.” Business Affairs units include Financial Management Services (Controller’s Office, Treasurer’s Office, Purchasing & Payments, Financial Management Consulting and Support, and Global Business Services); University IT (IT Services, Administrative Systems, Information Security Office, UIT Shared Services); Office of Research Administration; Office of the Chief Risk Officer; and Business Development.

The 2018/19 consolidated budget for Business Affairs shows revenues and transfers of $253.0 million and expenses of $255.1 million. After transfers to assets of $200,000, total fund balances are projected to be approximately $36.3 million at the end of 2018/19, a use of $2.3 million. Business Affairs will use $1.1 million of reserves to fund one-time information security priorities. Additional reserve use will fund strategic operations priorities including the talent development rotational program, anticipated fit-up of new facilities at the Redwood City campus, refurbishment of Business Affairs’ remaining space on the historic campus, and enterprise IT systems initiatives in the areas of cloud computing and service management.

Revenues and transfers will increase by $16.3 million, or 7%, from 2017/18 year-end projections. This increase is primarily due to a $17.6 million increment in general funds and growth in revenues of $1 million (or 1%), offset by transfers to other units. Of the increase to general funds, $7 million is from the change to university central funding for converged communications (a service bundle of telecommunications and network connectivity and related devices used broadly across Stanford). Cost rise growth accounts for $8.8 million, which includes $3.5 million related to liability insurance increases. The remaining $1.7 million of incremental general funds is allocated to base additions for IT priorities, including video conferencing to support the connection of Stanford employees between campus locations, cloud computing, operations and maintenance costs for enterprise systems, and information security initiatives.

Total expenses are projected to be 8.4%, or $19.7 million, greater than in 2017/18. The increase is primarily driven by eight new budgeted positions, filling many currently open positions, and the effects of a strong salary program. Combined, these result in an 8.3%, or $12.2 million, increase in compensation expense. The $7.5 million increase in other operating expenses is due to the converged communications central funding change and cost rise.

Each year Business Affairs focuses on a specific group of principal initiatives, many of which span multiple years with annual milestones and deliverables. These initiatives are focused on continuous improvement in delivering excellent client service, making administrative processes and systems more efficient, and mitigating enterprise risk.

The top Business Affairs initiatives include the following:

- **Business Affairs in Redwood City**: Business Affairs supports and collaborates with Land, Buildings and Real Estate to facilitate completion of the Redwood City campus design, construction, and operations planning. In collaboration with University Human Resources, it delivers change management training and tools to prepare, equip, and support employees in their transition. Business Affairs also partners with university department leaders to develop an integrated collaboration/communication solution that includes voice, video, and instant messaging, supporting robust solutions between the main campus, Redwood City, and other alternate work locations.

- **Cloud Adoption**: Business Affairs facilitates adoption of cloud-based technologies that enable Stanford to be nimble, cost-efficient, secure, and innovative with a variety of computing and collaboration needs. University IT (UIT) is redeploying existing resources and hiring to meet the university demand for support.

- **Service Management**: Business Affairs is in the third year of a multiyear principal initiative to implement ServiceNow to transform and unify service management for University IT (UIT) and the broader campus community. Service Management is a coherent framework that includes all of the policies, processes, and procedures used to manage the services UIT delivers. The system also supports service offerings across the campus community, including but not limited to University Human Resources, Financial Management Services, Residential & Dining Enterprises, University Communications, Student Affairs, and the Dean of Research.
Information Security: Information security has been a top-five Business Affairs principal initiative for several years. The goal is to provide security solutions such that Stanford has no incidents attributable to a lack of best practices. The major focus continues to be on high-risk data and includes (a) ensuring minimum security standards are met for all university-managed servers and applications handling high-risk data; (b) developing and adopting minimum security standards for cloud-based systems; and (c) remediating file storage risk.

Talent Development: In support of growing its internal talent, Business Affairs is continuing the multiyear program for staff development that includes exposure, experience, and education. It is also continuing a pilot program in which each year three employees participate in yearlong rotational assignments.

Purchase to Pay: Business Affairs is engaged in a multiyear, multifocused effort aimed at improvement in the spend management and purchasing marketplace areas. The focus is on establishing a collaborative approach to produce higher and more sustainable levels of adoption. One step is establishing a university-wide Spend Advisory Board, including representation from SLAC and the hospitals. Business Affairs is also implementing Amazon for Business as the university’s purchasing marketplace, with built-in compliance that is simple and easy to use, and requires little training.

OFFICE OF DEVELOPMENT

The Office of Development (OOD) projects revenues and transfers of $93.7 million and total expenses of $94.6 million in 2018/19, resulting in the planned use of $945,000 in reserves. OOD fund balances are anticipated to decline due to short-term investments in the Engineering development team, facilities and equipment expenses related to the impending move of many development staff to Redwood City, and a significant long-term investment in a comprehensive talent management program for development staff.

OOD’s main funding sources remain general funds and support from the School of Medicine and Stanford Health Care for Medical Center Development costs.

Total expenses for 2018/19 are 2.6% higher than the 2017/18 year-end projection. Growth in core development programs focused on undergraduate education and international outreach will be offset by a reduction in expense associated with OOD’s ongoing project to replace its IT infrastructure (ADAPT, the Alumni and Development Applications Platform Transition).

In 2016/17, philanthropic support for Stanford University, including both of its affiliated hospitals, reached $1,129.3 million. Over half of all gifts made in 2016/17 were of $100 or less, which is a testament to the dedication of our alumni and friends to the breadth of disciplines and activities at Stanford.

Looking ahead to 2018/19, OOD will remain actively engaged with existing and prospective donors to support key university and hospital priorities, particularly graduate student housing in Escondido Village and initiatives that are now emerging from the university’s comprehensive long-range planning process. OOD will invest general funds and reserves in critical areas consistent with its strategic goals:

Create an environment that attracts top candidates and provides employees with opportunities for growth and development—OOD has hired an executive director for strategic talent management who is actively building a talent acquisition team focused on establishing a pipeline of qualified staff for all positions. Beyond recruitment, this group will devote its attention and energy to supporting development staff during their full life cycle at Stanford, with a near-term focus on retention and professional development. With growth in the number of staff who telecommute or work remotely and the upcoming move of many development staff to Redwood City, the new executive director will also lead OOD’s efforts to become more effective in working across distributed campuses and teams.

Support the university’s long-range planning process—With all units focused on the future, development staff are being thoughtful about how best to organize and ready OOD for what will come after the planning process is complete. A component of this preparation is the comprehensive review of existing field staff portfolios and prospective donors who are not currently staffed by gift officers.

Engage volunteer leaders—OOD has launched a program called LEAD (Lifelong Engagement and Advocacy for Development), which is aimed at identifying and inspiring future leadership volunteers and will continue to focus on creatively engaging volunteers in university life.
Develop systems and business processes that maximize Stanford’s ability to engage donors and prospects in timely, meaningful, and personalized ways—OOD is in active partnership with the Stanford Alumni Association and University IT to retire its 20-year-old IT infrastructure and move to Salesforce and other technologies. The ADAPT project was launched in July 2015 and will take place over five years. It covers all aspects of OOD’s system needs, including constituent management, communications, events, marketing automation, gift processing, reporting and business intelligence, and stewardship.

GENERAL COUNSEL AND PUBLIC SAFETY

Office of General Counsel

The Office of General Counsel (OGC) projects a balanced consolidated budget of $23.4 million in 2018/19. Of this, $14.3 million is a direct pass-through for health care legal services, $3.9 million is from university units that reimburse OGC for legal services on an annual basis, and the remaining $5.2 million is from general funds. OGC anticipates a modest $300,000 surplus for 2017/18, due to salary savings. The 2018/19 budget reflects a 4.6% increase from the 2017/18 year-end projection.

Client demands for legal services continue to increase year over year, increasing the volume of work that is required. OGC received additional base general funds from the provost to expand in-house capacity as well as to address market equity and retention issues.

OGC will continue to focus on its main strategic priorities: proactively trying to achieve additional savings by reviewing operational costs and increasing efficiency; identifying risk to minimize it; providing preventative counseling and more comprehensive client training; and resolving disputes early. OGC remains committed to its effort to maintain an optimal balance between inside and outside counsel, and provide cost-effective, high-quality service.

Department of Public Safety

The 2018/19 consolidated budget for the Department of Public Safety (DPS) includes revenues and transfers of $24.3 million offset by projected expenses of $24.1 million, leaving a projected surplus of $159,000. The majority of DPS’s budget is supported by general funds (85.2%). Incoming transfers from Parking & Transportation Services to support parking enforcement and related activities make up approximately 10% of the total, and revenues from special-event security operations account for the remaining 4.8%.

Stanford and the City of Palo Alto continue working toward finalizing the terms of a new fire services agreement, which is expected to be the foundation for a five-year contract with the option to renew. Since October 2015, when the original contract expired, Palo Alto has provided fire services to Stanford under a series of short-term extensions. The fire contract budget projection for 2018/19 of $7.8 million is based on the model described in the current extension to the contract. Actual 2018/19 expenses to Stanford could change, assuming a new agreement is finalized as both parties intend.

DPS remains committed to increasing its numbers of sworn and nonsworn personnel and will need to add staff in order to adequately address safety and security needs of the growing campus community. Hiring and retention of personnel have been challenging as virtually every Bay Area police agency has multiple vacancies. Other areas of focus for 2018/19 include the implementation of a county-mandated interoperable emergency communications system, additional functional improvements to the university’s AlertSU system, and groundbreaking for the new Public Safety facility expected to be completed in 2019/20.

LAND, BUILDINGS AND REAL ESTATE

Land, Buildings and Real Estate (LBRE) is responsible for the university’s Capital Plan; commercial real estate on endowed lands; campus utilities, grounds, and parking and transportation; and stewardship for 8,180 acres of campus and contiguous land, as well as the construction and operational management of the Stanford Redwood City campus. LBRE also manages operations and maintenance (O&M) for over 320 academic buildings and 6 parking structures totaling over 10 million square feet (sf).

During 2018/19, LBRE estimates revenues and transfers of $343.9 million and expenses of $331.8 million, yielding an operating surplus of $2 million after an expected transfer of $10.1 million for capital renewal projects.

Total expenses in 2018/19 are expected to increase by $11.3 million, or 3.5%, over 2017/18 as a result of:
- Incremental O&M costs of $3.7 million for new campus structures, primarily Bass Biology and Neurosciences/Chemistry, Engineering & Medicine for Human Health;
- Leasing of 16 buses for the Marguerite fleet, at a cost of $1.1 million;
- The filling of vacant positions from the prior year for 12 months, for an increase of $4.6 million, including benefits; and
- General increases in compensation and materials.

In addition to the responsibilities listed above, LBRE leads numerous initiatives that typically span years from concept to completion. These initiatives are described in detail in Chapter 4, Capital Plan and Capital Budget, and include:

- Stanford Redwood City
- Escondido Village Graduate Residences
- General Use Permit (GUP)
- Growth and transportation
- Parking and circulation

Furthermore, LBRE is currently implementing the Facilities 2020 operational initiative.

**Facilities 2020**

Facilities 2020, an initiative that moves facilities operations from a “central shops” organization to a hybrid “district” organization, will return 55,000 GUP sf from LBRE to academic (or other) use as determined by the university. It will save significant maintenance technician travel hours and, as a result, will reduce both the workforce and dependence on vehicles. Four District Work Centers (DWCs) will be constructed in strategic locations on campus to allow the technicians to be closer to the buildings they serve, thereby enhancing customer service. Occupancy of the DWCs is planned for early 2019. Facilities 2020 also improves planning and scheduling of facilities work; allows better tuning of processes to improve quality and timeliness of work using new key performance indicator tracking; and provides greater employee training opportunities for safety, skill set improvement, and career development.

Once fully implemented, Facilities 2020 is estimated to return $1.5 million annually to general funds (after reducing the $2.3 million savings estimate by the $817,000 in debt service for the construction of the DWCs).

**Custodial Contract**

Over the past five years, the university has benefited from a below-market custodial contract that has yielded about $2 million in cost avoidance. However, this contract expired in August 2017, and the service provider, Cushman & Wakefield (C&W), sought to increase the contract cost 25%. After four months of negotiations, LBRE ultimately selected UG2 instead of C&W.

UG2 is perfectly positioned for a partnership with Stanford; it can provide outstanding service, and it sees value in having a Stanford contract to expand its portfolio. Due to increasing prices in the custodial market, the new contract is up 21% from the prior, though it is $400,000 per year less than the C&W contract would have been. The new UG2 contract is still at the low end of the market, and the university will continue to achieve cost avoidance compared to a full market-based contract over this new contract’s life, which expires December 31, 2022 (and can be extended for two additional years).

**OFFICES OF THE PRESIDENT AND PROVOST**

The budget of the Offices of the President and Provost (PPO) for 2018/19 will consist of revenues and operating transfers of $135.6 million and expenses of $127.1 million, resulting in a net change of $8.5 million in the consolidated fund balance after a $668,000 transfer from plant funds. The primary contributor to this increase in fund balance is unspent endowment payout that supports the new Knight-Hennessy Scholars program.

PPO is a diverse collection of units that share a reporting relationship to the president or provost. At present there are 14 such units, but PPO’s composition changes each year and can vary not only in size but in requirements for support. In addition to the President’s Office and the Provost’s Office, PPO includes the Academic Secretary’s Office, Continuing Studies, Faculty and Staff Housing, Institutional Research & Decision Support (IR&DS), the Office for Institutional Equity and Access, the Office for Religious Life, the University Budget Office, the Secretary of the Board of Trustees, and several other small units that support university-wide services.

For 2018/19, PPO will continue using reserves to assist with staffing needs, cover unanticipated expenses throughout its
organization, and fund renovations. A small increment of general funds will support additional staff in IR&Ds to allow work on university initiatives.

In fall 2018, the Knight-Hennessy Scholars program will welcome its first cohort of 50 graduate students to Stanford. Over the next few years, the number of scholars will be expanded to 100. These high-achieving students with demonstrated leadership and civic commitment will receive full funding to pursue a graduate education at Stanford. In addition to their core Stanford degree programs, these scholars will have additional opportunities for leadership training, mentorship, and cohort-based experiential learning across multiple disciplines.

A key initiative that began in early 2016/17 is the long-range plan (LRP). After celebrating Stanford’s 125 years of innovation in education and research, the president and provost began a strategic planning exercise to help envision Stanford in the next decade. The LRP effort is based on developing a bold vision for Stanford’s future and organized around key conceptual categories: education, research, our community, and engagement beyond our university. The President’s Office is directly responsible for planning and support for this ongoing initiative. The initiative and its outcomes will impact PPO’s immediate operations as it moves to plan implementation, fund near-term strategic objectives, and make related decisions about staffing and resources to support the LRP.

OFFICE OF PUBLIC AFFAIRS

The Office of Public Affairs (OPA) projects total 2018/19 revenues and transfers of $4.2 million and expenses of $4.4 million (both unchanged from the projected 2017/18 levels), resulting in the use of some operating reserves. Incremental base general funds allocated to OPA include funding to support its mission of monitoring the public policy and political environment for Stanford.

OPA forecasts an ending balance of $430,000, of which it will use approximately $335,000 to maintain a very modest reserve to support internal and external strategic programs.

In consultation with university leadership, OPA’s Government and Community Relations Office (GCR) leads Stanford’s engagement with federal, state, and local governments, as it also fosters Stanford’s relationship with neighboring communities. GCR promotes the university’s research and education mission through contact with public officials, tracking of pertinent legislation and regulatory proposals, and, when appropriate, lobbying on behalf of the university on a wide variety of issues ranging from land use policies to funding for the basic sciences.

The current federal policy environment requires significantly increased efforts and resources to defend and advance the university’s research, education, and clinical care mission. There will be opportunities to advance some priorities, including regulatory reform at research funding agencies and the Department of Education, as well as Bay Area transportation upgrades that are components of transportation infrastructure funding legislation. Still, the university continues to confront the most challenging policy environment it has faced in many years, with ongoing challenges related to research support and related policy, college costs, endowments and tax policy, health care, and immigration, among other areas.

Other key topics of importance to the university include admission and financial aid policies, student services and rights, campus sexual assault and campus safety, student-athlete rights, privacy protection of research involving human samples, treatment of animals used in research, state research funding, transportation, land use/zoning policies, affordable housing, tax policies, and resources for nonprofit organizations.

Several local government entities, most significantly Santa Clara County and the City of Palo Alto, control how Stanford strategically and thoughtfully uses its land and infrastructure systems to serve its mission. Stanford’s application for a new General Use Permit from Santa Clara County was submitted in November 2016 and has proceeded through the initial stages of the informal and formal processes, most importantly the release of a draft Environmental Impact Report in October 2017. In 2018/19, public engagement will continue, and community reactions to Stanford’s proposed development will influence mitigation measures and other policy areas of importance to local governments. The Santa Clara County Board of Supervisors will probably make its final decisions in late 2018 or early 2019, so this will be a high-priority focus in 2018/19. Stanford will also participate in regional efforts among public- and private-sector entities to address regional transportation and housing challenges.
The Stanford Alumni Association (SAA) projects $45.8 million in gross revenues and operating transfers and $46.2 million in total expenses in 2018/19, resulting in a reduction of $355,000 in its consolidated fund balance. Reserve balances are projected to be $2.3 million at the end of 2018/19.

Business and program revenues, coupled with income from lifetime membership and other endowment fund payouts, will generate over 75% of SAA’s gross revenues. The remaining revenues will come from base and one-time general funds. Gross revenues and expenses remain relatively level with 2017/18 projections.

SAA’s internal revenue streams in 2017/18 have improved over those in 2016/17. Despite ongoing world instability, contributions from Travel/Study have rebounded, and those from Stanford Sierra Programs have grown. SAA continues to spend from reserves to support graduate-only student and alumni engagement initiatives and infrastructure needs. Internal reserves will also fund a digital content platform for Stanford magazine stories. With operating cost pressures an ongoing challenge, SAA remains focused on revenue growth and cost savings across its portfolio.

With over 50% of the alumni body consisting of graduate-only alumni, SAA continues its strategic focus toward successfully engaging this segment, along with graduate-only students. The general funds received in 2017/18 are supporting expanded graduate-only programming, including Graduate Alumni Day, a homecoming-style event to be piloted in May 2018. SAA is also working to increase engagement and connection with graduate-only alumni through targeted digital communications and content.

Another area of focus for SAA involves young alumni (alumni one to ten years out), a demographic within which SAA has identified some potentially concerning engagement trends. While still highly engaged, the young-alumni segment is the only demographic with negative engagement growth in the past two years. One-time general funds received in 2018/19 will go toward testing program offerings designed to better engage this segment. The lion’s share of these funds will be focused on enhancing the young-alumni experience at Reunion Homecoming, a key touchpoint for these alumni. The balance will support freelance resources for digital marketing and communications efforts that will address the needs of both young and graduate-only alumni.

As the university has engaged in long-range planning, SAA has conducted its own long-term strategic planning. Offerings in support of SAA’s strategic directives—activate community, ignite curiosity, and amplify impact—will further the connection between alumni and the university as well as grow alumni-to-alumni and alumni-to-student connections. Technology upgrades are critical to SAA’s future success and remain a top priority.

In support of this priority, the migration of the shared SAA/Office of Development constituent database to a Salesforce platform paves the path for both organizations to better serve and meet the digital needs and expectations of alumni, donors, staff, and campus partners. From targeted and dynamic communications to digital content on topics and platforms relevant to alumni, this technology overhaul will allow SAA to connect with and engage an increasingly diverse alumni body.

SAA’s mission is unchanged—to reach, serve, and engage all alumni and students; to foster a lifelong intellectual and emotional connection between the university and its graduates; and to provide the university with goodwill and support. SAA is confident the strategic investments discussed above will deliver a significant return to the university in heightened connection, increased engagement, and a stronger community of alumni and students.

Student Affairs, which comprises more than 25 offices that provide undergraduate and graduate students with a range of services, opportunities, and resources, began academic year 2017/18 under the leadership of a new vice provost, Susie Brubaker-Cole. Its mission centers on “educating students to make meaningful contributions as citizens of a complex world.”

In 2018/19, Student Affairs projects total revenues and transfers of $78.7 million and expenses of $80.4 million, resulting in an operating deficit of $1.6 million. Total revenues and transfers will decrease by 1.4%, or $1.1 million, from 2017/18 year-end projections. Total expenses will increase by less than 1%, or $566,000, from 2017/18 year-end projections. The operating deficit of $1.6 million will reduce fund balances from $30.3 million to $28.7 million, with $1 million coming from designated funds and $567,000 from expendable gifts.

Student Affairs’ decrease in revenue is in the area of restricted revenue, which is projected to drop by $2 million.
A change in Vaden Health Center’s pharmacy model accounts for $1.8 million of this decrease. Student Affairs’ total general funds allocation will increase by $851,000. Of one-time general funds received in 2017/18, $1 million will be converted to incremental base general funds in 2018/19. The 2018/19 budget plan includes $1 million in new general funds, $330,500 in incremental base and $714,000 in one-time funds. Operating transfers will remain the same.

This 2018/19 budget reflects a commitment to evolve and re-focus the Student Affairs enterprise to respond to the university’s most pressing student needs. To develop this focused approach, Student Affairs engaged in an intensive inquiry into how students have experienced Stanford in recent years. Student Affairs has also engaged key university partners—the offices of the Vice Provost for Undergraduate Education and Vice Provost for Graduate Education, Residential & Dining Enterprises, and the schools—to collectively advance themes that have emerged from the long-range planning process.

It is clear that today’s student population is diverse and comes from backgrounds and experiences richly different from those of previous generations of Stanford students. Accordingly, Student Affairs’ new general funds allocation is focused on equity, inclusion, and belonging, the core conditions required to create a climate in which all students thrive. Together, three of Student Affairs’ core programs create a truly inclusive and equitable community. These programs, the First-Generation and/or Low-Income Program, Inclusion and Diversity Education, and the Stanford Community Centers, work as a triad, a three-legged stool supporting integrative learning across campus. These are Student Affairs’ areas of highest priority, identified in its mission statement and its articulation of its most important work.

Student Affairs’ work in the coming years will focus on the following key themes and goals:

- **Equity and Inclusion:** Design experiences and systems to ensure that students have equitable access to opportunity. Engage students, faculty, and staff in critical thinking and practice around identity, diversity, and inclusiveness.
- **Community and Belonging:** Foster experiences, relationships, and environments to ensure that every student feels a firm and abiding sense of belonging and contributes to the good of our community.
- **Mental Health and Well-Being:** Develop and strengthen the foundational conditions that support students to be engaged, powerful learners.
- **Integrative Learning:** Enhance opportunities for students to engage in purposeful learning that is mutually enhancing with the classroom.
- **House in Order:** Ensure that each department in Student Affairs embodies excellence in its core functions.

**UNIVERSITY COMMUNICATIONS**

The Office of University Communications projects total operating revenues and transfers of $7.1 million and expenses of $7.1 million, resulting in a balanced operating budget. Total revenues and transfers are budgeted to increase 12% from $6.3 million in 2018/19, and total expenses are expected to increase 13% from $6.3 million.

Under the office’s Strategic Communication Framework, its broad objectives for 2018/19 include:

- Sharing the many contributions of Stanford people and discoveries through authentic, compelling content to help Stanford achieve even greater societal impact;
- Generating public and private support for Stanford, higher education, and research through thought leadership, education, and engagement with key constituents;
- Improving communications collaboration and capacity, leveraging shared resources and emerging technologies to amplify Stanford’s overall investment in communications;
- Strengthening community engagement through open, transparent, and two-way communication that fosters connection and a culture of trust, openness, and respect; and
- Proactively developing strategies to help manage crises, emergencies, and complex institutional issues.

Incremental base general funds allocated include funding to support two strategic positions and a broad spectrum of services provided by University Communications to the campus community, as well as resources to support a number of university initiatives in 2018/19, such as:

- Conveying the need for ongoing federal support for research and the value of innovation to economic growth;
- Highlighting the strength and importance of the humanities and of student exposure to a broad, liberal education;
- Implementing the long-range planning effort and vision, and its emerging priorities;
- Addressing issues of affordability, housing, student services, and financial aid;
- Seeking to demonstrate the vital role and value of research universities and higher education broadly;
- Conducting regional efforts to support the General Use Permit process;
- Opening the Redwood City campus;
- Improving communication to students; and
- Welcoming the inaugural class of the Knight-Hennessy Scholar program.

The Office of University Communications is at the intersection of virtually all activities that take place at the university. It oversees all central internal and external communication programs for the university, including executive communications; institutional media relations; primary Web, mobile, digital, and social platforms; visual identity and brand management; crisis response; and the Stanford News Service, Stanford Report, and Stanford Video. University Communications manages special programs such as a pilot with Sirius XM radio, and shares management oversight of Stanford Web Services jointly with University IT. The unit manages university-wide communications policies, including those on filming and photography, Web accessibility, social media, visual identity, and use of the Stanford name. It provides leadership, tools, guidelines, training, and resources to the more than 600 decentralized communications professionals within campus units and the seven schools.

Decentralized communications offices rely upon University Communications for strategic advice and execution. University Communications also produces daily, high-quality content about university discoveries and maintains its existing high-profile communications programs and channels. The magnitude and impact of University Communications’ output are significant and growing as the university transitions to self-publishing content and as audiences turn to the Web and social platforms as their primary sources of news and information. Stanford now reaches millions more people on its own platforms than it does through mainstream media organizations (which are declining). Content about Stanford generated by University Communications reaches vast global audiences of 60 million people monthly via central social media channels; more than 9 million people annually via the university home and news websites; 36,000 people through the daily Stanford Report; and thousands of journalists, parents, and community members via numerous other vehicles.

University Communications forecasts a modest consolidated ending balance of $226,000, of which approximately $154,000, or 68%, is in auxiliary operations, designated, and endowment related expenditures.

**UNIVERSITY HUMAN RESOURCES**

University Human Resources (UHR) facilitates Stanford’s mission of excellence in teaching, learning, and research by:

- Creating a work environment where people feel valued, supported, and respected, and have the opportunity to make meaningful contributions;
- Delivering programs that foster employee engagement and performance; and
- Improving human resources administrative processes.

UHR units include Talent Management & Workforce Strategy, Employee & Labor Relations, Client Services, Compensation, Benefits (including Work Life Office, childcare centers, and Faculty Staff Help Center), and HR Communications.

The 2018/19 consolidated budget shows revenues and operating transfers of $14.9 million and expenses of $16.3 million. The budget plan commits $1.0 million of prior years’ operational savings as well as an estimated $360,000 in unspent one-time funds at 2017/18 year-end to supplement revenues and transfers. These funds will be used to support projects critical to UHR’s strategic plan.

Considering the 2017/18 year-end projection, the current progress of initiatives, and the 2018/19 budget plan, the projected fund balance at the end of 2018/19 is $2.2 million (70% operating reserve and 30% childcare centers designated reserve). These funds will maintain UHR’s ability to address unforeseen emergencies; self-fund emerging same-year initiatives; manage shortfalls due to fringe volatility; and meet the university’s evolving priorities. Additionally, UHR will continue to invest in priorities for Stanford’s childcare centers, including expanding and relocating the Children’s Center of the Stanford Community, supporting the operation of three on-campus childcare centers by granting expense relief to the third-party operator, and opening the new childcare center at Stanford Redwood City.

UHR’s priorities follow its established three-year strategic plan with the following focus areas:

**Workforce Planning:** Identify and plan for the workforce needed, now and in the future, in alignment with strategic initiatives.
and evolving needs—Following a workforce planning pilot with the School of Engineering, data requirements and analytics to assess workforce planning needs are now in place, and analysis of critical positions is under way. Additional pilots will be initiated in 2018/19.

Talent Attraction: Attract, recruit, and deploy a diverse workforce of individuals who are highly qualified and motivated to perform to their full potential and to contribute at the highest levels—UHR completed a recruiting process assessment that resulted in changes to recruiting services for high-volume and hard-to-fill positions. The revised process includes shared candidate pipelines. UHR is now optimizing the recruiting system and enhancing key aspects of the recruiting process, improving job-posting templates, providing interview training, and creating processes that support internal movement.

Talent Management: Build superior organizational capability by developing and retaining people—UHR developed and is now leading a change management strategy and plan to support the university’s expansion to Stanford Redwood City and the relocation of over 2,700 people to the new campus. UHR will also launch two programs that are the foundation for talent management efforts: a performance management process for schools/academic units and manager development for performance feedback.

Employee Engagement: Engage and reward staff, ensuring employees feel connected to and involved with Stanford’s mission and community as well as valued for their contributions and service—UHR’s emphasis on employee engagement will integrate long-range planning initiatives that target the work environment, employee development, benefits and rewards, and community.

HR Excellence: Enhance HR capability and service excellence—UHR assumed responsibility for protection of minors and will continue efforts to communicate and manage this program university-wide. UHR also published a new policy on telecommuting and remote working with training and communication toolkits, and will continue to support managers and employees in implementing telecommuting and remote working to help address long commutes and foster work-life balance. UHR will also continue to optimize its shared services model, improving access to as well as quality, consistency, and efficiency of service.
MAJOR AUXILIARY UNITS

The budget lines for the School of Medicine, the Graduate School of Business (GSB), Humanities & Sciences (H&S), the Vice Provost for Undergraduate Education (VPUE), and Stanford University Libraries (SUL) include auxiliary revenues and expenses. These auxiliary operations include the Schwab Center of the GSB, Stanford University Press in SUL, Bing Overseas Studies in VPUE, and Stanford in Washington and Bing Nursery School in H&S. These items are separately identified in the schools’ consolidated forecasts in Appendix A. The major independent auxiliaries are Athletics and Residential & Dining Enterprises (R&DE).

ATHLETICS

In fiscal terms, 2018/19 will be the first of several challenging years for the Department of Athletics, PE, and Recreation (DAPER). DAPER projects a deficit of approximately $3.8 million in 2018/19 based on projected revenues of $139.9 million and expenses of $143.7 million. A forecast of no growth in revenues from 2017/18 is combined with a $3.6 million (2.5%) expected increase in expenses. Significant decreases in revenues are anticipated in two key areas (football ticket sales and annual giving), offsetting the planned increases in other revenue areas. DAPER’s consolidated budget covers two distinct sets of activities: auxiliary operations ($132.9 million) and designated activities ($7.0 million).

Auxiliary Operations

Auxiliary operations encompass intercollegiate activities ($3.0 million deficit), financial aid ($2.7 million deficit), and ancillary activities ($1.9 million surplus), with the surplus from the third area helping to support the first two.

Intercollegiate Activities

Revenues and transfers from intercollegiate activities in 2018/19 are projected to be $81.6 million. Projected expenses are $84.6 million. The $3.0 million deficit is partly funded through net income from ancillary operations, specifically the golf course and camp operations. Intercollegiate revenues and transfers are projected to be flat from 2017/18. A significant decrease (approximately $1.8 million) in revenue from football ticket sales due to a less favorable home schedule and deflated ticket sales nationally, plus a $600,000 decrease in annual giving due to changes in tax deductibility of seat-based gifts, will offset increases in revenue from broadcasting ($1.1 million), Pac-12 Conference payout ($600,000), and other areas. Expenses related to intercollegiate activities are expected to increase 2.9% due to a few key items. Compensation expenses are increasing due to contractual obligations, a planned generous salary program to match the overall university program, and the impact of tax changes on high-earning employees. Facility expenses continue to rise due to expected utility rate increases and lack of a deferred maintenance program. Finally, travel expenses for varsity teams continue to rise.

Financial Aid

DAPER’s financial aid endowment continues to be a huge asset to the department. However, financial aid expenses are projected to exceed endowment payouts by $2.7 million in 2018/19. Projected revenues are $24.2 million, and projected expenses are $26.9 million. This compares to projected 2017/18 revenues of $23.5 million and expenses of $26.0 million. The 2018/19 budget provides approximately 340 scholarships that benefit over 500 student-athletes. The increase in expenses is due primarily to general growth in tuition and room and board rates, with no planned changes to total scholarships awarded.

Ancillary Activities

Revenues and transfers from ancillary activities in 2018/19 are projected to be $271 million. These revenues comprise general funds (primarily to support the Recreation and Wellness area of the department), a contribution from the university benefits pool (to support facilities open to all students, faculty, and staff), and revenues from the golf course, the equestrian center, the Stanford Campus Recreation Association, and camp operations. Expenses related to these activities are projected to be $25.2 million in 2018/19. The golf course and camp operations produce a surplus of approximately $1.9 million that supports the intercollegiate...
side of DAPER’s operations. All areas of ancillary activities are projected to have inflationary growth in revenues and expenses over 2017/18 projections.

**Designated Activities**

DAPER’s designated activities consist primarily of camps, which are mainly pass-through operations and not actively managed by the department. The remaining activities generate revenues that are transferred to support auxiliary operations. Significant changes are not expected in any designated activities in 2018/19. In total, both revenues and expenses from designated activities are projected to be $7.0 million in 2018/19, equal to the 2017/18 projection.

**RESIDENTIAL & DINING ENTERPRISES**

Residential & Dining Enterprises (R&DE) is a university auxiliary generating revenues primarily through room and board, conferences, cafés, catering, a guest house, concessions, and other enterprises. R&DE houses over 13,800 undergraduate and graduate students and their dependents and serves approximately 6 million meals annually, while providing stewardship for 5 million square feet of physical plant. R&DE supports the university’s academic mission by providing high-quality services to students and the Stanford community in a sustainable and fiscally responsible manner. R&DE ensures critical facility needs for life safety and code compliance are met while maintaining safe, comfortable, and contemporary living and dining spaces.

The 2018/19 budget plan projects a break-even auxiliary budget with total revenues and net transfers of $272.8 million to offset related expenses. The consolidated budget plan also includes a planned use of reserves of $1.0 million to fund partial debt service on the Escondido Village Kennedy Residences.

The 2018/19 combined undergraduate room and board rate increase is 4.3% (5.5% room and 2.5% board), while the graduate housing room rent rate increase is 4.75%. Overall room and board revenues are projected to increase by $8.5 million. Combining these revenues with others, R&DE total auxiliary revenues (excluding transfers) for 2018/19 are projected to increase by $10.1 million (4.2%) over the prior-year projection.

R&DE plans to use the projected increases in revenues along with continued efficiencies in operations to enhance the preventive maintenance program, increase the funding of its asset renewal program to support life cycle replacement of infrastructure items, expand its apprenticeship programs for the development of trades staff, fund debt service on new and renovated facilities, and address inflationary impacts on operating costs.

The 2018/19 budget plan reflects incoming transfers to fund certain debt service related to R&DE’s capital plan and to help maintain room rental rates at reasonable levels vis-à-vis the local community. The plan also includes revenues, expenses, and additional offsetting transfers in to provide more housing for students at campus rates in the local community. In addition, the plan includes strategic funding to support residential living and learning; R&DE plans to transfer out approximately $11.4 million to Residential Education, Residential Computing, the Graduate Life Office, and Summer Sessions, among others.

R&DE continues to make significant investments in its physical plant. R&DE has developed a long-range capital plan and planned maintenance program to address its facility renewal needs, with planned expenditures of $40.2 million in 2017/18 and $45.0 million in 2018/19, as well as additional investments in future years, for a variety of renovation projects. R&DE has also initiated a plan to address a backlog of deferred maintenance across residential and dining facilities. The long-range capital plan and deferred maintenance backlog plan both address life safety system upgrades to meet current code; interior and exterior restorations; and window, roof, plumbing, mechanical, and electrical replacements across the student housing and dining system.

Stanford is in the construction phase of building additional graduate housing in Escondido Village. This housing will include approximately 2,400 new bed spaces, replacing approximately 400 bed spaces that were demolished, for a net increase in graduate living of approximately 2,020 bed spaces.

R&DE operates in a dynamic and changing environment; therefore, it is essential that it plans for uncertainties. It does this by constantly pursuing excellence, diversifying revenue sources, managing costs, mitigating risk, increasing internal controls, driving business results, and maintaining appropriate reserves.