CHAPTER 3
ADMINISTRATIVE & AUXILIARY UNITS

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

CONSOLIDATED BUDGET FOR OPERATIONS, 2019/20: ADMINISTRATIVE & MAJOR AUXILIARY UNITS
[IN MILLIONS OF DOLLARS]

<table>
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<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 ASSETS</th>
<th>CHANGE IN EXPENDABLE FUND BALANCE</th>
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2019/20 Consolidated Expenses by Administrative & Auxiliary Units

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 services, infrastructure, systems, and support to 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 (FMS); University IT; Office of Research Administration (ORA); Office of the Chief Risk Officer; Improvement, Analytics, and Innovation Services (IAIS); and Business Development.

IAIS was established as a new organization reporting to the VP of Business Affairs at the beginning of 2018/19. IAIS’s mission is to identify, prioritize, and launch projects that measurably improve business processes and services by looking broadly across the institution and collaborating with university partners. It supports the Operational Excellence initiative within the university’s Long-Range Plan.

The 2019/20 consolidated budget for Business Affairs shows revenues and transfers of $290.9 million and expenses of $295.4 million, resulting in an operating deficit of $4.5 million. The deficit is offset by $2 million of asset-related transfers, leaving a $2.5 million use of reserves. As a result, total fund balances are projected to decline to approximately $31 million at the end of 2019/20. The $2.5 million of reserves will fund strategic priorities, including the Business Affairs talent development program, IAIS, and one-time information security and IT priorities.

Revenues and transfers are projected to increase $20.2 million, or 7%, from the 2018/19 forecast. Business Affairs will receive an incremental $8.0 million in one-time funding for the Alumni and Development Applications Platform Transition (ADAPT) project to replace the university’s development system. Base general funds will increase by $5.6 million, or 3.4%, including $2.7 million of cost rise, $1.0 million for centrally funding some communications services in lieu of charging individual units, $1.1 million of base additions for ADAPT, and $800,000 for additional staffing in ORA and University IT. Revenues are projected to increase by 4%, or $3.7 million, for University IT service center rate increases, procurement rebates, and other FMS services.

Total expenses are projected to be 6%, or $18.3 million, higher than in 2018/19. The increase is driven by the filling of many of the 60 currently open positions, salary growth, and additional spending on the ADAPT IT project ($9.1 million base and one-time funding).

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.

Business Affairs principal initiatives include the following:

- **Business Affairs in Redwood City:** Beginning in March 2019, over 80% of Business Affairs is relocating to the new Stanford in Redwood City campus. The design, change management, and IT infrastructure implementation have spanned several years. Stanford Redwood City provides an excellent opportunity to create the office’s own workplace culture, including new ways of working and collaborating, while continuing to provide seamless and exceptional service to customers.

- **Talent development:** Business Affairs is continuing a multiyear program for staff development that includes exposure, experience, and education. It is supporting the APEX Talent Development initiatives through the Development for All program, including Mentoring for All and a Management Learning Series program titled “Developing Your Staff and Yourself”. The office is also continuing a pilot program in which three employees participate in yearlong rotational assignments.

- **Information security—file storage security:** Information security has been a top-five Business Affairs initiative for several years. The current focus is mitigating risks associated with on-premises and cloud-based document storage. The office is implementing automated systems to identify shared files containing sensitive data and then lock down permissions or notify the document owners to delete the files.

- **ADAPT:** Business Affairs is partnering with the Stanford Alumni Association (SAA) and the Office of Development (OOD) to implement a new Salesforce-based platform for alumni and donor relations, replacing the existing POSTGRADS system, which is at the end of its life. ADAPT will manage $1 billion of annual gift transactions and the university’s connections to donors and alumni. The ADAPT and POSTGRADS staff transitioned from OOD/SAA into University IT in April 2018. Phase 1 is scheduled to go live in spring 2019. Additional phases will go live in 2020 and 2021.
Cloud adoption: As IT moves from on-premises to the cloud, Business Affairs is developing expertise to support cloud-based systems (software as a service) and infrastructure (e.g., Amazon Web Services). University IT is redeploying existing resources and hiring to meet the university demand for support.

Business continuity/disaster recovery: Business Affairs is aiming to improve the resiliency of its applications and services, including response plans in the event of major incidents or disasters, and the capability of its staff to maintain continuity of operations for critical functions.

OFFICE OF DEVELOPMENT

The Office of Development (OOD) projects revenues and transfers of $84.6 million and total expenses of $85.9 million in 2019/20, resulting in the planned use of $1.3 million in reserves. OOD fund balances are anticipated to decline due to short-term investments in the Engineering development team; facilities and equipment expenses associated with upgrading the unit’s teleconferencing capabilities to support an organization that will now be spread across two campuses, and 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 2019/20 are anticipated to be 7.5% higher than the 2018/19 year-end projection and 5.1% higher than the 2018/19 budget. Unanticipated personnel vacancies have contributed to unusually low costs in 2018/19; these salary savings are not expected to persist into 2019/20. Other cost growth is being driven primarily by the addition of new staff in the Medical Center development area. The expense and income amounts quoted here do not include spending related to OOD’s ongoing project to replace its IT infrastructure (ADAPT, the Alumni and Development Applications Platform Transition); the project has been transitioned to the central University IT group.

In 2017/18, philanthropic support for Stanford University, including both of its affiliated hospitals, reached $1,097.1 million. Over half of all gifts made in 2017/18 were $100 or less, which is a testament to the dedication of alumni and friends to the breadth of disciplines and activities at Stanford.

OOD is excited to welcome a new vice president, Jon Denney. Under Jon’s leadership, OOD will remain actively engaged with existing and prospective donors to support key university and hospital priorities, particularly graduate student housing in Escondido Village; the Wu Tsai Neurosciences Institute; the Chemistry, Engineering & Medicine for Human Health Institute (ChEM-H); and the Haas Center for Public Service. Initiatives emerging from the university’s comprehensive long-range planning (LRP) process include Human-Centered AI, Data Science, and the Innovative Medicines Accelerator, among others. 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 has built 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, professional development, and succession planning. With growth in the number of staff who telecommute or work remotely and the move of many development staff to Redwood City, the executive director will also lead OOD’s efforts to become more effective in working across distributed campuses and teams.

- Support the university’s LRP process: With all units focused on the future, development staff are being thoughtful about how best to organize and ready OOD for what will follow the planning process. 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 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 2019/20 consolidated budget for the Office of the General Counsel (OGC) projects $23.6 million in consolidated revenues and transfers. Expenses are budgeted at $23.3 million, leaving an estimated surplus of $378,000.

With planned attorney hires in 2018/19 (two fellows, one attorney replacement, and an additional general attorney) and 2019/20 (tax, privacy, and transactional experts), and expected salary increases resulting from an external salary review being undertaken by Willis Towers Watson (WTW), OGC forecasts a significant increase in interdepartment transfers for retainer clients, while outside counsel fees should remain relatively flat. Incremental general funds should cover OGC hours that are not charged out. Given the significant increase expected in salary and benefits expenses due to the new hires, it will be a challenge to meet OGC’s expense budget in 2019/20 with no general funds base budget increase for non-compensation expenses. Roughly 50% of OGC’s total expense budget is for outside counsel costs, and law firms’ average annual rate increases are normally in the 3.0%-4.0% range.

The major unknowns for OGC in 2019/20 are the attorney hire dates, the results of the WTW salary review, the amount of charge-out versus general funds work that the new attorneys will perform, and, as always, the types of new matters that come up. Outside counsel costs can vary widely year to year based on the amount of litigation.

OGC goals in 2019/20 include reviewing the cost-effectiveness of outside counsel and developing more options for outside counsel expertise in specific areas in order to give the office more negotiating leverage in rate setting, particularly in the health care/transactional/regulatory, labor and employment, and real estate areas.

**Department of Public Safety**

The 2019/20 Department of Public Safety (DPS) consolidated budget projects $24.7 million in consolidated revenues and transfers. Expenses are budgeted at $24.6 million, leaving an estimated surplus of $136,000. General funds support approximately 85.5% of DPS’s budget, transfers from Parking & Transportation Services for parking enforcement and related activities constitute 9.8%, and special event security operations generate the remaining 4.7%.

Near the end of August 2018, Stanford and Palo Alto finalized the terms of a new five-year contract for fire services, effective retroactively to July 1, 2018. The new agreement more accurately reflects the expenses (both direct and shared) for the fire-related services Stanford receives, and includes provisions that will assist Stanford in making more reasonable budget projections for fire service costs. Although the new cost model has moved away from a percentage-based calculation, for comparison purposes, Stanford’s 2018/19 costs represent approximately 19% of the Palo Alto Fire Department’s total fire budget (compared to approximately 30% under the prior model).

Despite ongoing challenges in hiring and retaining personnel—challenges facing many police agencies in the Bay Area—DPS continues to focus on programs that will improve the services provided to the Stanford community. DPS intends to hire a security manager in 2019/20 to develop a security operations center to serve as a central information point for security and related concerns. The long-term goal is to create a global security operations center to enhance situational awareness of security issues facing Stanford community members wherever they are conducting university business. DPS will also focus on implementing a county-mandated emergency communications system and establishing the new Public Safety facility. Unanticipated delays have pushed both of these projects into 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; operational management of the Stanford in Redwood City campus; and stewardship for 8,180 acres of campus and contiguous land. LBRE also manages operations and maintenance (O&M) for over 310 academic buildings and 6 parking structures totaling over 10 million square feet.
During 2019/20, LBRE estimates revenues and transfers of $345.4 million and expenses of $333.2 million, yielding an operating surplus of $2.7 million following an expected transfer of $9.5 million for capital renewal projects. Total expenses are expected to decrease by $4.3 million, or 1.3%, from 2018/19 as a result of:

- Incremental O&M costs of $1.1 million for new campus structures, primarily for Chemistry, Engineering & Medicine for Human Health (ChEM-H) and the Wu Tsai Neurosciences Institute; the Environmental Health & Safety Expansion; the Children's Center of the Stanford Community Replacement; and District Work Centers;
- Compensation cost rise and filling of vacant positions from the prior year;
- General increases in O&M and materials; and
- Reduction of expenses due to the vacating of 3145 and 3160 Porter Drive (-$10.5 million) and savings from the new District Work Centers (-$2.3 million).

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:

- Escondido Village Graduate Residences
- General Use Permit
- Growth and transportation
- Parking and circulation
- Infrastructure projects

Additionally, LBRE is currently implementing the following operational initiatives.

**District Work Centers**

In 2019/20, LBRE will complete its transition from a "central shops" organization to a hybrid "district" organization. Moving technicians and groundskeepers into new, efficient buildings closer to their customers reduces travel time, space requirements, and vehicle numbers, while improving response time and service efficiency. This initiative will enable LBRE to return $2.3 million in base general funds.

**Long-Range Plan Initiatives**

Stanford leadership has announced Long-Range Plan (LRP) goals of becoming an 80% carbon-free campus by 2025 and a zero-waste campus by 2030. The following initiatives are under way to meet these goals.

**80% Carbon Free by 2025**

In December 2018, the university signed a new 25-year power purchase agreement (PPA) for additional solar photovoltaic power generation commencing January 1, 2022. The new PPA, together with two existing solar PPAs, will make the university's power supply entirely carbon free starting in 2022. The new PPA is expected to reduce university power costs over the first few years by $1.5 million annually.

Parking & Transportation Services (P&TS) will continue a multiyear effort started in 2013 to electrify the Marguerite bus fleet. The fleet is now more than half electric, with 41 electric buses, and will be entirely electric by 2022. Existing P&TS reserves as well as state energy grants will finance the new electric buses.

**Zero Waste by 2030**

Stanford increased its landfill diversion rate from 30% in 1994 to 64% in 2018. LBRE has been engaged in a long-range campus waste management plan since 2017 to dramatically improve the waste diversion rate to 90% or higher ("zero waste" by industry definition). Waste sources are being analyzed by category along with long-term and comprehensive solution pathways. Findings thus far demonstrate that the university can reach "zero waste" by maintaining the best practices of today and introducing new solutions. LBRE has been internally funding additional studies on detailed waste characterization, along with waste stream efficiency and technology. A detailed business plan to achieve this LRP goal is under development.

**OFFICES OF THE PRESIDENT AND PROVOST**

The budget of the Offices of the President and Provost (PPO) for 2019/20 projects revenues and operating transfers of $146.7 million and expenses of $144.6 million, resulting in a net change of $2.8 million in the consolidated fund balance after a $688,000 transfer from plant funds. The primary contributor to this increase in fund balance is unspent endowment payout that supports the Knight-Hennessy Scholars (KHS) program.

PPO is a diverse collection of units that share a reporting relationship to the president or provost. At present there
are 16 such units, but PPO’s composition changes each year, and it can vary not only in size but in requirements for support. In addition to the President’s Office and the Provost’s Office, PPO presently includes the Academic Secretary’s Office, Continuing Studies, the Distinguished Careers Institute, Faculty and Staff Housing, Institutional Research & Decision Support (IR&DS), the KHS program, the Office for Institutional Equity and Access, the Office for Religious Life (ORL), the University Budget Office, the Secretary of the Board of Trustees, Stanford Pre-Collegiate Studies, and several other small units that support university-wide services.

For 2019/20, PPO will continue using reserves to assist with staffing needs and cover unanticipated expenses throughout its organization and enhancements to website redesigns. A small increment of funds will support additional staff in IR&DS and Community Engagement to allow work on university initiatives associated with the Inclusion, Diversity, Equity & Access in a Learning Community (IDEAL) presidential initiative.

In fall 2019/20, the KHS program will welcome its second cohort of 70 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.

In the program’s first year, the KHS cohort of 51 scholars participated in a variety of offerings, including a global study trip, interdisciplinary hackathon weekends, weekly meals with a storytelling skill development component, core seminars, distinguished speaker series, and their own community-building activities. In the coming years, KHS anticipates that it will continue to develop programming for the total group of more than 120 that captures the experience and skill-building opportunities successful with the first cohort.

This year, PPO hired a new dean for religious life. PPO is working with her and ORL to develop new initiatives and programs that build an inclusive and supportive environment. ORL has several highly restricted endowments with reserve balances, and PPO and ORL are reviewing these to see which funds might support additional uses related to programming.

OFFICE OF PUBLIC AFFAIRS

The Office of Public Affairs (OPA) projects total 2019/20 revenues and transfers of $3.7 million and expenses of $4.2 million, resulting in the use of some operating reserves. This comes after a balanced 2018/19 projection of revenues and transfers of $5.1 million with expenses of $5.1 million. 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 $1 million, of which it will use approximately $550,000, or 55%, 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 well as fostering 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. Stanford’s strategic and thoughtful use of its land and infrastructure systems to serve its mission is controlled by several local government entities, most significantly Santa Clara County and the City of Palo Alto.

The current federal policy environment requires support for a significantly increased effort to defend and advance the university’s mission of research, education, and clinical care. There may be some opportunities to advance some priorities. However, OPA will continue to confront the most complex policy environment it has faced in many years, with ongoing challenges related to research support and related policy, the intersection of research and national security, 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.
The application for a new General Use Permit from Santa Clara County, submitted in November 2016, has proceeded through informal and formal processes, most importantly the release of a draft environmental impact report (EIR) in October 2017. After receiving extensive public comments, Santa Clara County released a final EIR in December 2018. In 2019, 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. In an extension of the previous estimate, a final decision by the Santa Clara County Board of Supervisors is now expected in fall 2019.

Stanford participates in regional efforts among public and private sector entities to address regional transportation and housing challenges. Locally, the City of Palo Alto has begun consideration of local employer-based tax schemes to generate funds for local housing and transportation programs. These fees could affect businesses located in the Stanford Research Park and the Stanford Shopping Center, and GCR will monitor them closely.

**STANFORD ALUMNI ASSOCIATION**

The Stanford Alumni Association (SAA) projects $49.2 million in gross revenues and operating transfers and $49.8 million in total expenses in 2019/20, resulting in a reduction of $641,600 in its consolidated fund balance. Reserve balances are projected to be $2.7 million at the end of 2019/20.

Business and program revenues, coupled with income from lifetime membership and other endowment fund payouts, will generate over 76% of SAA’s gross revenues. The remaining revenues will come from base and one-time general funds and presidential funds. Gross revenues and gross expenses will increase 4% from 2018/19 projected levels. These increases reflect the inclusion of special one-time programming for the president’s Asia tour, funded by presidential funds.

SAA continues to spend from reserves to support alumni engagement initiatives, with a particular focus on graduate student, graduate-only alumni, and young alumni needs. The majority of the one-time general funds SAA receives in 2019/20 will support programs designed for these constituencies. Specifically, SAA is applying additional funds to enhance the Reunion Homecoming experience of recent graduates (one to four years out). SAA will also use these funds to support a reprise of the highly successful Grad-Only Alumni Day piloted in 2017/18, a program SAA plans to offer biannually.

SAA also remains highly focused on the transformation of its digital presence and offerings afforded by the overhaul of the underlying alumni and donor database to a Salesforce platform. Virtually every offering in SAA’s portfolio will be enhanced and modernized as a result of this significant technology transition. This critical work is supported by general funds allocated to the ADAPT (Alumni and Development Application Platform Transition) program managed by University IT. The balance of SAA’s 2019/20 one-time general funds will fund freelance resources supporting parallel and complementary digital efforts within SAA. In addition, SAA is investing over $300,000 of internal reserves to build a digital-first editorial platform creating truly modern and robust online access to Stanford magazine and other editorial content.

SAA’s strategic directives—activate community, ignite curiosity, and amplify impact—are closely aligned with the values and community initiatives of the university Long-Range Plan. An ever-growing array of non-Stanford alternatives offering community, content, and services to its constituents intensifies the challenge SAA faces to attract and retain student and alumni mind share and remain relevant and value-adding. The technology transformation under way with ADAPT is one critical means by which SAA will continue to connect and engage with an increasingly diverse student and alumni body.

Affordability initiatives for both SAA staff and constituents, coupled with operating cost pressures, are driving a need for ongoing strategic financial management within SAA. Examples of SAA’s affordability investments include:

- The robust 2018/19 staff salary plan, largely funded through internal revenue streams, and
- A strategic redesign of the long-standing SAA membership program, which will ensure that all future alumni feel welcome and included by making available to all graduating students, at no cost, the subset of alumni benefits currently provided only to SAA members.

To address these current and future financial needs, SAA remains highly focused on strategic subsidy management and new revenue generation, and continues to seek out and realize opportunities for cost savings and process improvements that deliver both higher effectiveness and efficiency.
Throughout, 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 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**

Student Affairs comprises 29 offices that provide undergraduate and graduate students with a range of services, opportunities, and resources. In the second year of Vice Provost Susie Brubaker-Cole’s leadership, the division is focused on equity and inclusion, community and belonging, mental health and well-being, integrative learning, and keeping its house in order.

In 2019/20, Student Affairs projects total revenues and transfers of $76.1 million and expenses of $78.1 million, resulting in an operating deficit of $2 million. Total revenues and transfers increased by 3.55%, or $2.6 million, from 2018/19 year-end projections of $73.5 million. Total expenses increased by less than 1%, or $547,877, from 2018/19 year-end projections of $77.5 million. The operating deficit of $2 million will draw fund balances down from $19.7 million to $17.7 million. Of this, $1.5 million will be drawn from designated funds and the rest from expendable gifts.

Student Affairs’ increase in transfers comes from a $2.4 million increase in base general funds to support student mental health resources by adding to the counseling staff in Counseling and Psychological Services (CAPS), increasing support to meet higher demand for federally mandated services in the Office of Accessible Education (OAE), and supporting degree audit staff in Student and Academic Services. In addition, Student Affairs received generous gifts and one-time general funds to support students’ nonclinical, emerging mental health needs.

The 2019/20 budget reflects Student Affairs’ central priority of advancing student mental health and well-being at Stanford. As emphasized last year, Student Affairs has embarked on a strategic change process to ensure that resources are prioritized to meet the most pressing needs of the Stanford student population. Focus on mental health and well-being supports the essential environment for students to become powerful learners: ready to fully engage with faculty, staff, and peers and with the tremendous educational and personal development opportunities Stanford offers.

Student mental health and well-being is also at the forefront of preparation for the opening of the Escondido Village Graduate Residences (EVGR). When EVGR opens in fall 2021, the total number of graduate students residing on campus will increase 50% from 4,837 to 7,271. Student Affairs is engaged with university partners across campus to ensure that the planning, design, and operation of EVGR support a healthy and vibrant graduate student community.

One of the first initiatives to evolve from the university long-range planning process is a new vision for the undergraduate residential experience developed by the ResX task force. This new vision also focuses on student mental health and well-being by examining the arc of the four years of students’ undergraduate experience and realizing the ideal relationship between learning inside and outside of the classroom. The ResX task force has released its findings and recommendations, and Student Affairs, along with multiple university partners, will begin to implement recommendations in 2019/20.

Student Affairs expects to fill two vacant and pivotal leadership positions in 2019/20, those of the associate vice provost for inclusion, community, and integrative learning and the senior associate vice provost for student care and residential experience. Student Affairs’ 29 offices will be realigned into five areas, each led by an associate vice provost and designed to reinforce student care, support, and learning; amplify programmatic alignment and synergies across the division; and ensure organizational effectiveness through clear performance objectives, consistent policies, and measurable outcomes.

**UNIVERSITY COMMUNICATIONS**

The Office of University Communications projects total 2019/20 consolidated revenues and transfers to increase 2% to $9.2 million and total expenses to increase 4% to $9.5 million. The resulting deficit of $300,000 reflects a use of $555,000 in ending fund balances forecasted for the current year to mitigate higher expense. Of this ending balance, approximately $346,000, or 62%, is in auxiliary operations, designated, and endowment-related funds.

Funds allocated include base funding for a media database, as well as one-time funding for a strategic position for stu-
dent communications and for strategic institutional messaging through digital media.

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

With the arrival of a new vice president for University Communications, the time is ideal for a re-evaluation of communications priorities and an alignment of resources to those priorities. A new strategic plan will detail short- and long-term objectives and clarify the role of University Communications relative to unit communications offices. The structure and function of University Communications will be evaluated against this plan and resources properly aligned to best serve the communications needs of the entire Stanford community.

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 processes.

UHR units include Talent Management & Workforce Strategy, Employee & Labor Relations, Client Services, Compensation, Benefits, and HR Communications. BeWell and the Health Improvement Program will become part of UHR in September 2019.

The 2019/20 consolidated budget shows revenues and operating transfers of $15.5 million and expenses of $15.8 million. The operating budget plan utilizes $153,000 of prior years’ savings and $150,000 of childcare reserves.

Considering the 2018/19 year-end projection, the current progress of initiatives, and the 2019/20 budget plan, the projected fund balance at the end of 2019/20 is $2.8 million (83% operating reserves and 17% childcare centers reserves).

In 2019/20, UHR is updating its strategic plan to focus on five areas: talent attraction, talent management and development, employee experience, continuous improvement and analytics, and long-range planning (LRP) and university-wide initiatives. Its efforts will include the following:

- **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. In 2019/20, UHR will improve the recruitment process to ensure candidates have a positive impression of Stanford; optimize systems; and take a more strategic approach to recruitment marketing.

- **Talent management and development**: Build superior organizational capability by developing and retaining staff. The outcomes for this area are pending the LRP process. UHR is leading a team to assess professional development for staff and recommend enhancements to create a learning and development environment that encourages employees to grow and to try new things through their experience, exposure, and training at Stanford.

- **Employee experience**: Align, 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 respected as individuals. The focus in 2019/20 is on engaging and retaining employees. Affordability issues, competition for talent due to the strong labor market, and the transition of work and people to Stanford Redwood City present significant challenges. UHR’s efforts will focus on enhancing the employee experience, spotlighting Stanford’s differentiating factors and unique benefits, as well as the strong connection of employees’ work with Stanford’s mission.

- **Continuous improvement and analytics**: Enhance HR capability and service excellence while building Stanford’s HR community. A new Protection of Minors information system solution is being initiated to provide reliable
compliance tracking. The Workflow Simplification and Manager Center Solution is in progress, with phase I scheduled for implementation in late spring 2019 and ongoing work in this area in 2019/20. This initiative will reduce the effort required by schools and units to initiate, approve, and finalize HR workforce actions. A new childcare enrollment system will support the increased demand for managing this enrollment function.

- **LRP and university-wide initiatives**: Lead and/or support university-wide initiatives. UHR is involved with several LRP initiatives. Its roles include leading the Affordability Task Force, Professional Development and Well-being, and Community Engagement initiatives, as well as providing significant support for the president’s IDEAL (Inclusion, Diversity, Equity, & Access in a Learning Community).
MAJOR AUXILIARY UNITS

The major independent auxiliaries are Athletics and Residential & Dining Enterprises (R&DE). In addition, 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.

ATHLETICS

For the Department of Athletics, PE, and Recreation (DAPER), 2019/20 will be the second of several consecutive challenging years. DAPER projects a deficit of approximately $5.1 million based on projected revenues of $149.0 million and expenses of $154.1 million. Revenues from 2018/19 are expected to grow by $6.8 million based on growth in football ticket sales, broadcast revenue, and Pac-12 payouts. DAPER’s consolidated budget covers two distinct sets of activities: auxiliary operations ($142.0 million) and designated activities ($7.0 million).

Auxiliary Operations

Auxiliary operations comprise intercollegiate activities ($2.9 million deficit), financial aid ($3.9 million deficit), and ancillary activities ($1.7 million surplus), with the surplus from the third helping to support the first two.

Intercollegiate Activities

Revenues and transfers from intercollegiate activities in 2019/20 are projected to be $91.2 million, while expenses are projected to be $94.1 million. The $2.9 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 up from 2018/19, largely due to an increase in football ticket sales due to a more favorable, seven-game home schedule and increases in broadcast revenue, Pac-12 Conference payouts, and other areas. Expenses related to intercollegiate activities are expected to increase 4.7% due to a few key items. Compensation expenses are increasing due to contractual obligations and a planned generous salary program to match the overall university program. 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, with one factor being an increased need to provide charter travel for select programs.

Financial Aid

DAPER’s financial aid endowment remains a major asset to the department. However, financial aid expenses continue to exceed endowment payouts. In 2019/20, projected endowment revenues are $24.8 million while financial aid expenses are $28.7 million. This compares to projected 2018/19 endowment revenues of $24.2 million and financial aid expenses of $27.2 million. The $3.9 million gap in 2019/20 will be filled by expendable gifts. This budget provides approximately 340 scholarships that benefit over 500 student-athletes. The increase in expenses is due primarily to general growth in the tuition, room and board rates, with no planned changes to total scholarships awarded.

Ancillary Activities

Revenues and transfers from ancillary activities in 2019/20 are projected to be $26.0 million. These revenues are composed of 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 income from the golf course, the equestrian center, the Stanford Campus Recreation Association, and camp operations. Expenses related to these activities are projected to be $24.3 million in 2019/20. The golf course and camp operations produce a surplus of approximately $1.7 million that supports intercollegiate activities. All areas of ancillary activities are projected to have inflationary growth in revenues and expenses over 2018/19 projections.
**Designated Activities**

DAPER’s designated activities consist primarily of camps, which are mainly pass-through operations not actively managed by the department. The remaining activities produce revenues that are transferred to support auxiliary operations. Significant changes are not expected in any designated activities in 2019/20. In total, revenues and expenses from designated activities are projected to be $7.0 million in 2019/20, equal to the projected amount in 2018/19.

**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 about 14,000 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 and an asset portfolio of over $2 billion. 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 2019/20 budget plan projects a break-even auxiliary budget with total revenues and net transfers of $292.9 million to offset related expenses. The consolidated budget includes planned use of $1.0 million of reserves to fund debt service on the Escondido Village Kennedy Residences; $800,000 of reserves to fund the start-up costs of opening the new Escondido Village graduate housing in 2020/21; and a deferral in endowment payout spending of $200,000.

The 2019/20 combined undergraduate room and board rate increase is 4.25% (5.38% room and 2.50% board), while the graduate housing room rate increase is 4.95%. Overall room and board revenues are projected to increase by $8.2 million. When these are combined with other revenues, R&DE total auxiliary revenues (excluding transfers) for 2019/20 are projected to increase by $13.0 million (5.1%) over the prior-year projection.

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

The 2019/20 budget plan reflects transfers in to fund certain debt service related to the 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. It includes strategic funding to support residential living and learning. R&DE plans to transfer out approximately $11.7 million to Residential Education, Residential Computing, the Graduate Life Office, and Summer Sessions, among others.

R&DE is actively engaged in the opening of the Redwood City campus, operating the Cardinal Café as well as relocating 75 of its staff members. The campus will be fully operational by 2019/20.

R&DE continues to make significant investments in its physical plant. Its capital plan and planned maintenance program address health and safety upgrades, code compliance, energy conservation and sustainability, a deferred maintenance backlog, and the major programmatic improvements in the student housing and dining physical plant, with planned expenditures of $26.4 million in 2019/20 and additional investments in future years on a variety of renovation projects.

Additional graduate housing in Escondido Village is in the final construction phase. This housing is expected to be completed in 2019/20. It will include approximately 2,400 new bed spaces, replacing approximately 400 that were demolished, for a net increase of approximately 2,000 bed spaces.