
Statements in this presentation that are not historical facts are forward-looking statements based on current expectations of future events and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In addition, we, through our management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those we expected. We therefore caution against placing substantial reliance on the forward-looking statements contained in this presentation. All forward-looking statements included in this presentation are made only as of the date of the materials included in this presentation and we assume no obligation to update any written or oral forward-looking statements made by us or on our behalf as a result of new information, future events or other factors.



Stanford University Budget Plan 2012-13

Faculty Senate
May 31, 2012



Thanks

University Budget Group

Margaret Brandeau, *Engineering*
Adam Daniel, *H&S*
Harry Elam, *H&S*
John Etchemendy, *Provost*
Andrea Goldsmith, *Engineering*
Patti Gumport, *Education*
Neil Hamilton, *Budget Office*
Rosemary Knight, *Earth Sciences*
Randy Livingston, *Business Affairs*
Maureen McNichols, *GSB*
Dana Shelley, *Budget Office*
Bob Simoni, *H&S*
Buzz Thompson, *Law*
Tim Warner, *Budget Office*

Capital Planning Group

Jack Cleary, *Land & Buildings*
Megan Davis, *Land & Buildings*
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Stephanie Kalfayan, *Academic Affairs*
Bob Reidy, *Land & Buildings*
Craig Tanaka, *Land & Buildings*
Bob Tatum, *Engineering*
Tim Warner, *Budget Office*



Presentation Outline

- Highlights
- 2012-13 Consolidated Budget
- Recovering from the recession: A five year review
- 2012-13 General Funds allocations
- 2012-13 Capital Budget and three year Capital Plan



Financial Position

- Stanford is in a strong financial position!
 - Operating and general funds surpluses
 - Growing fund balances across most units; central reserves rebuilding
 - General Funds well positioned for future selective strategic investments



Strategic Directions of the 2012-13 Budget Process

- Faculty salary competitiveness
- Strengthening base budget support for undergraduate financial aid
- Responding to highest priorities of the schools and support units



Looking Forward

- Cautious optimism
- Slow recovery could impact investment returns
- Federal research funding will likely remain flat
- Effects of medical cost containment
- The above, offset by:
 - Strong local economy
 - Stanford Challenge



Consolidated Budget



Consolidated Budget – by Line Item

2010-11 Actuals	2011-12 Projection		2012-13 Budget Plan	1-year change
\$688	\$721	Student Income	\$745	3.4%
1,242	1,241	Sponsored Research	1,272	2.5%
650	657	Direct Costs – University	667	1.6%
366	357	Direct Costs – SLAC	378	5.9%
225	227	Indirect Costs	227	0.0%
559	573	Health Care Services	599	4.6%
270	305	Expendable Gifts & Net Assets Released	310	1.6%
935	1,016	Investment Income	1,087	7.0%
783	862	Endowment Income	926	7.3%
152	153	Other Investment Income	162	5.5%
381	415	Other Income	430	3.5%
\$4,075	\$4,270	Total Revenues	\$4,443	4.1%
1,992	2,117	Salaries and Benefits	2,222	5.0%
366	357	SLAC	378	5.9%
230	242	Financial Aid	250	3.4%
1,146	1,216	Other Operating Expenses	1,246	2.4%
\$3,734	\$3,932	Total Expenses	\$4,096	4.2%
\$341	\$338	Revenues less Expenses	347	
(158)	(126)	Total Transfers	(128)	
\$183	\$212	Revenues less Expenses after Transfers	\$220	(\$\$ in millions)



Consolidated Budget – by Fund Type

\$\$ in millions	General Funds	Designated	Restricted	Grants & Contracts	Auxiliary/ Service Ctr	Total
Student Income	\$602	\$5	-	-	\$138	\$745
Sponsored Research	227	-	-	1045	-	1,272
Health Care Services	26	495	6	-	72	599
Expendable Gifts & Net Assets Released	6	0	304	-	-	310
Investment Income	255	83	749	0	-	1,087
Other Income	9	276	1	-	144	430
Total Revenues	\$1,125	\$859	\$1,060	\$1,046	\$354	\$4,443
Salaries and Benefits	613	565	418	374	252	2,222
SLAC	-	-	-	378	-	378
Financial Aid	47	4	184	16	-	250
Other Operating Expenses	293	221	180	254	298	1,246
Total Expenses	\$953	\$790	\$782	\$1022	\$550	\$4,096
Revenues less Expenses	172	69	278	24	(196)	347
Total Transfers	(129)	(15)	(158)	(24)	199	(128)
Revenues less Expenses after Transfers	\$43	\$54	\$120	\$0	\$3	\$220



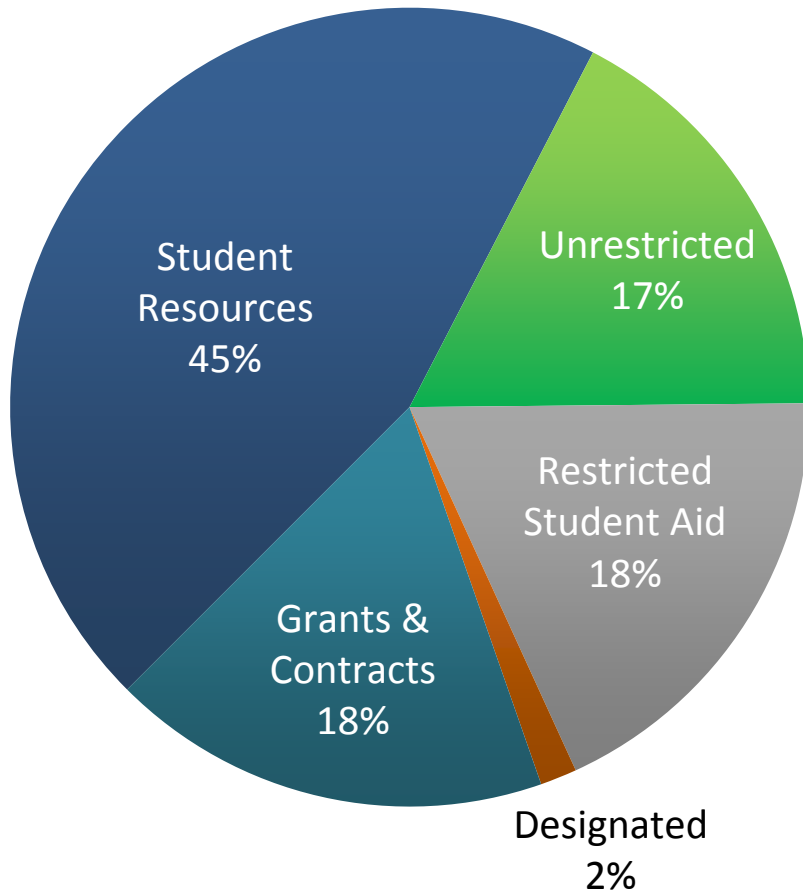
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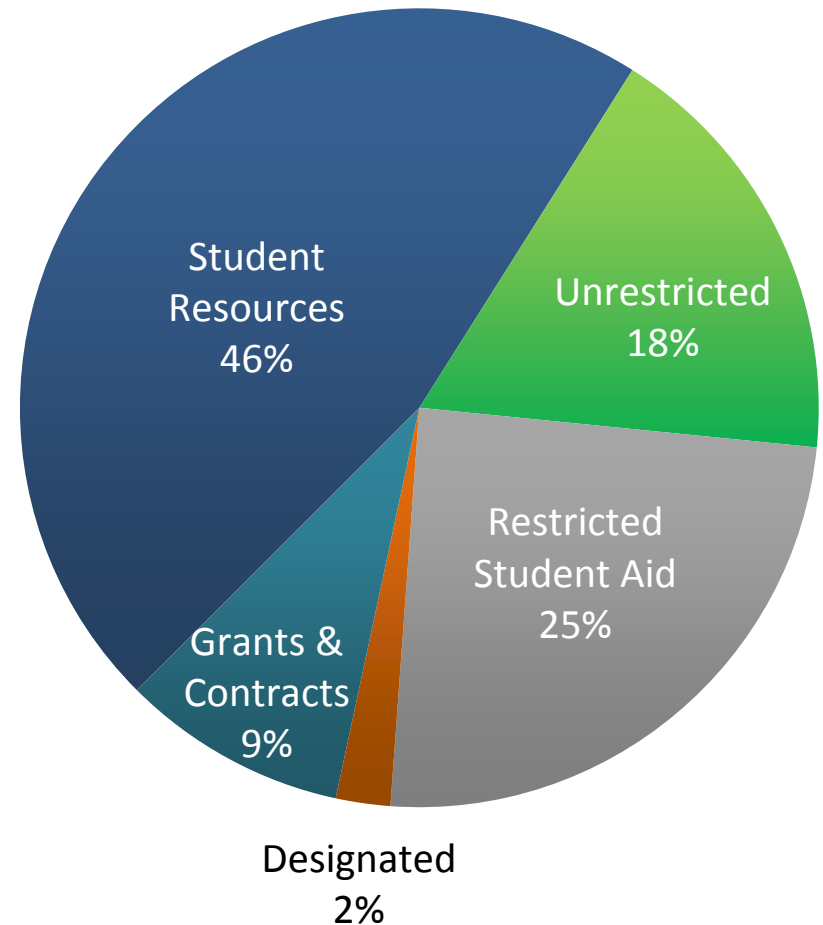


Graduate Tuition – Who Pays?

2000-01 Total = \$157M

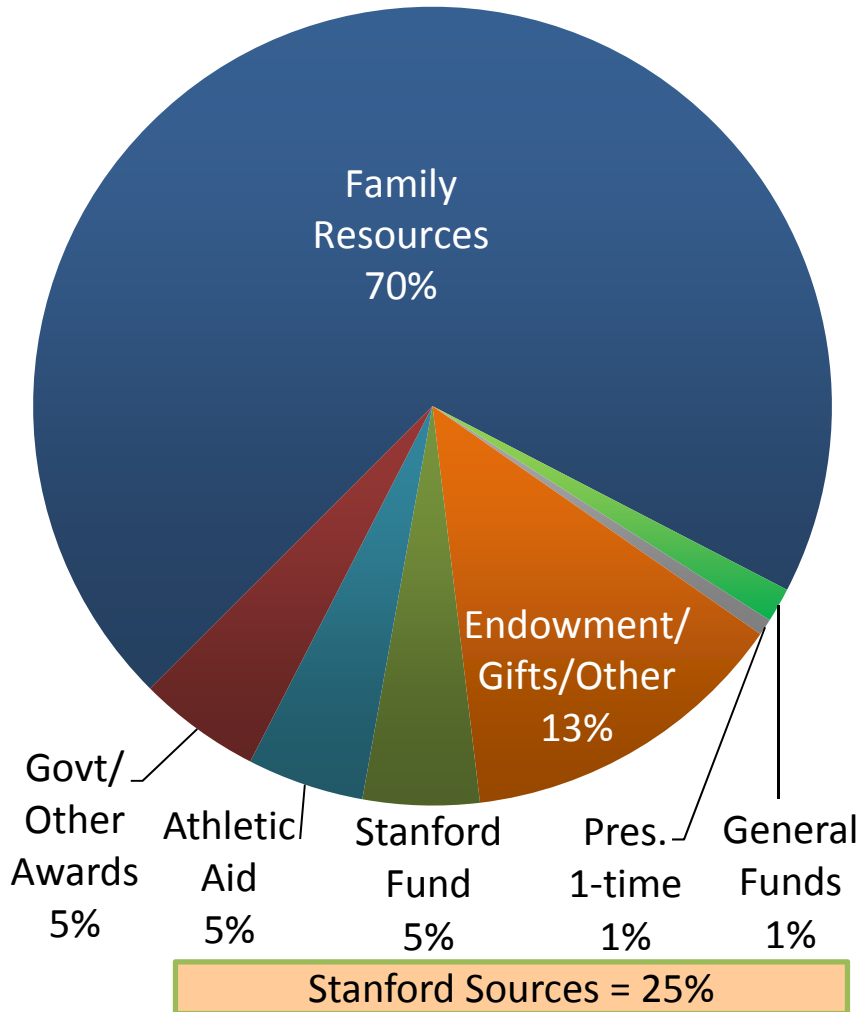


2012-13 Total = \$300M

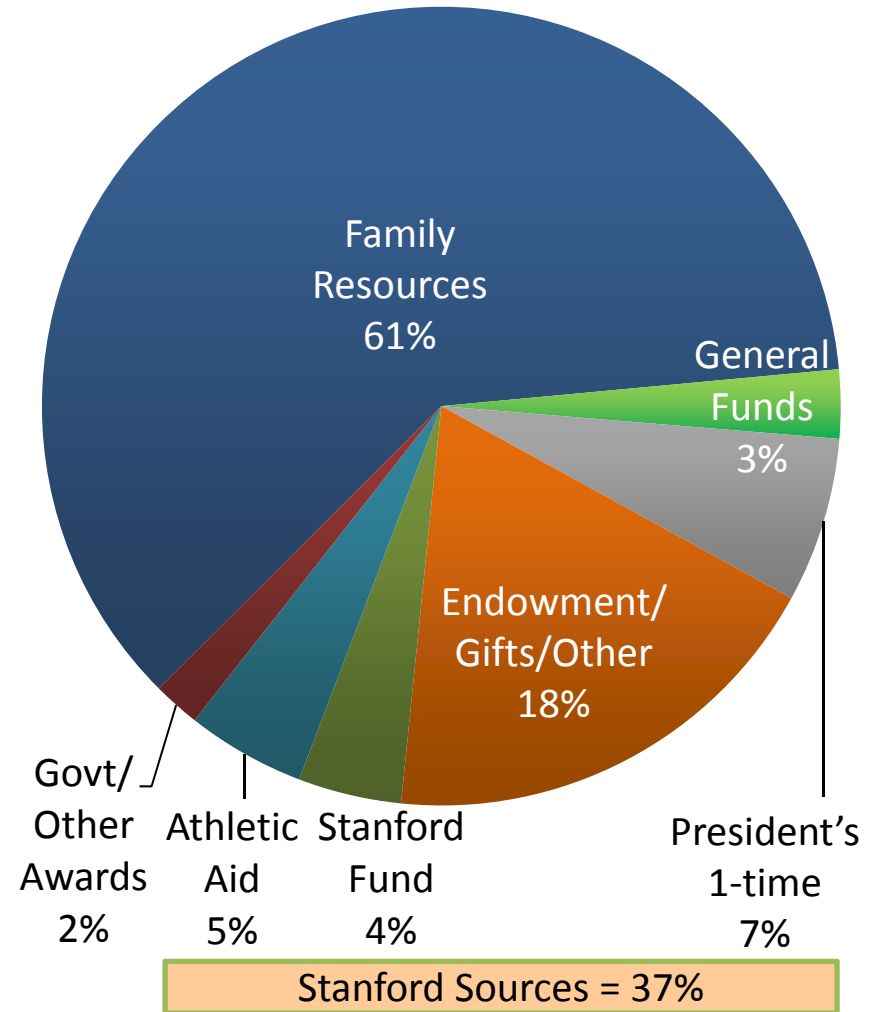


Undergraduate Tuition – Who Pays?

2000-01 Total = \$161M

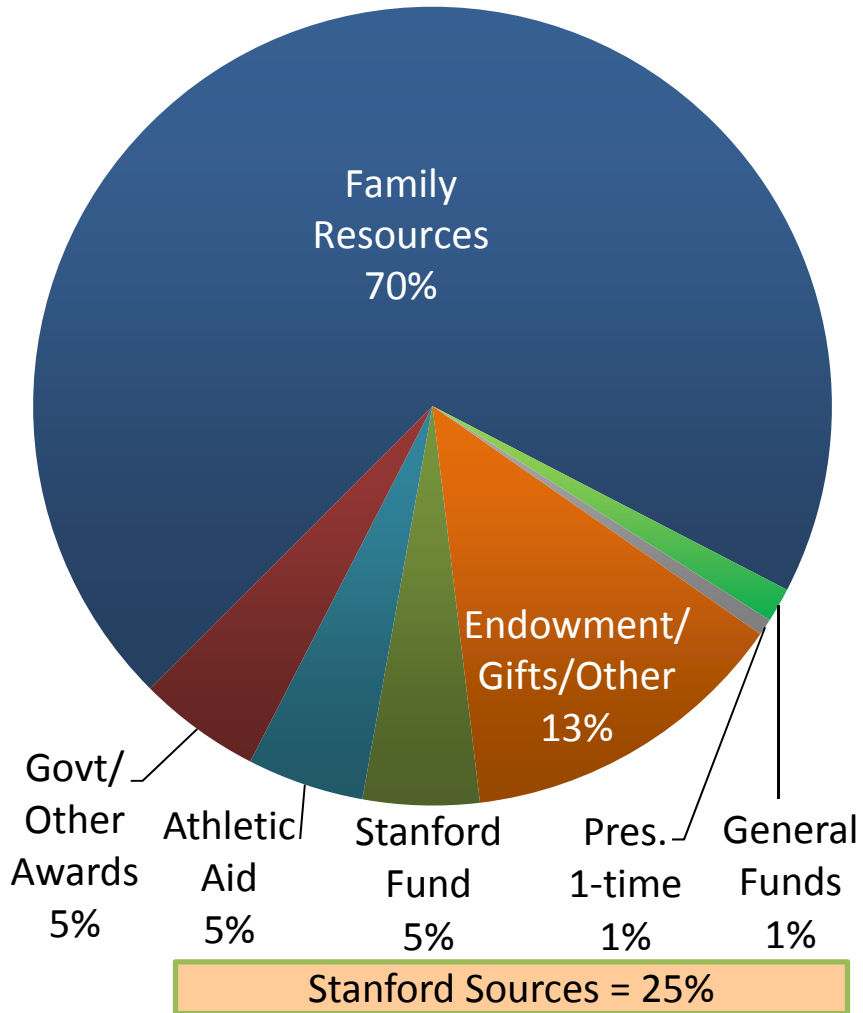


2010-11 Total = \$286M

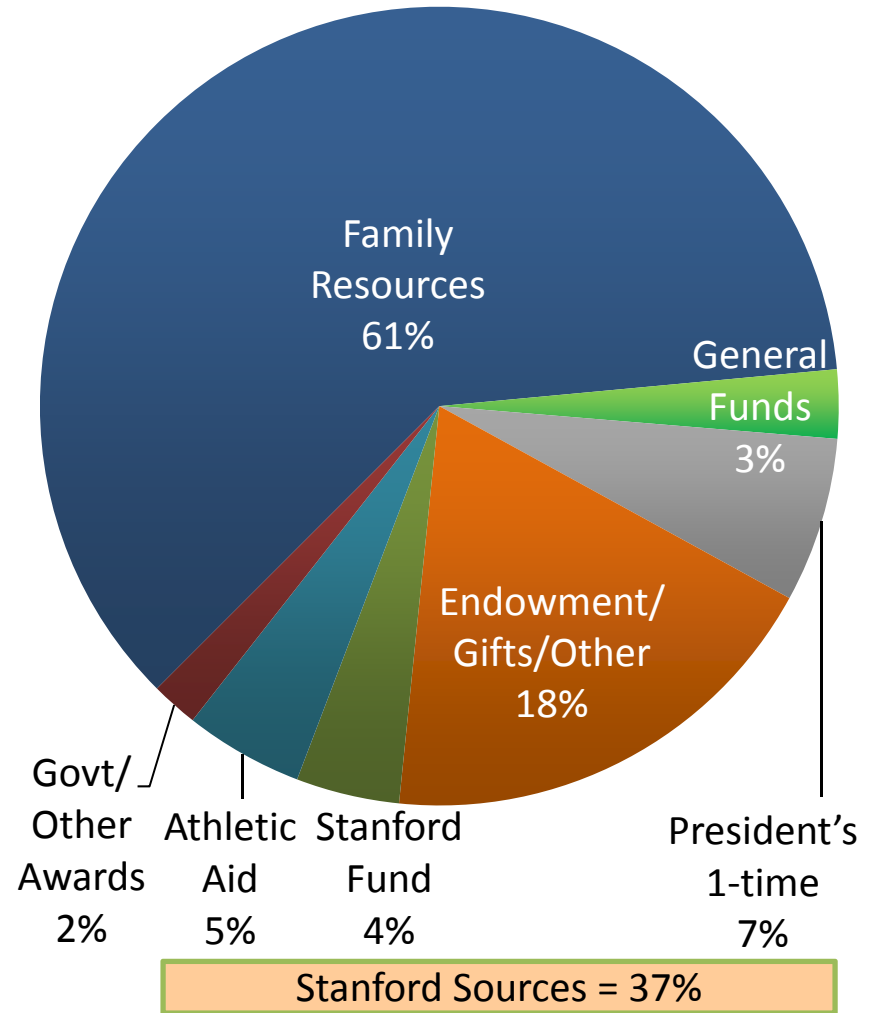


Undergraduate Tuition – Who Pays?

2000-01 Total = \$161M

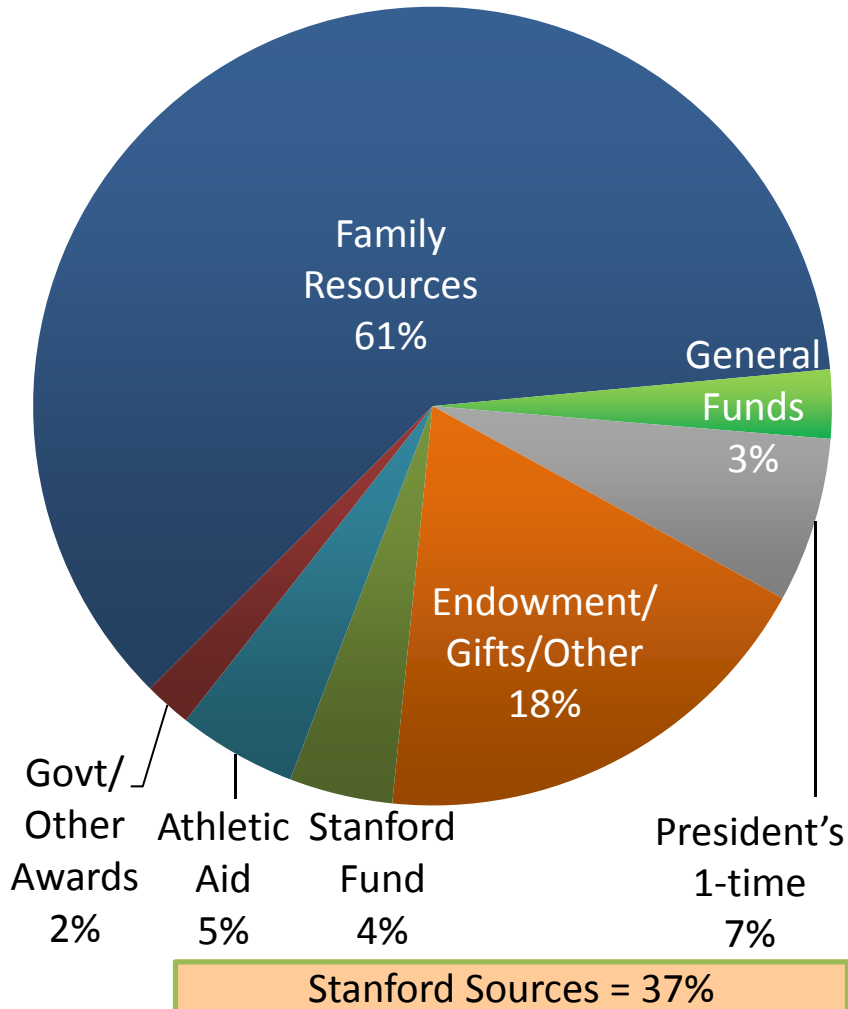


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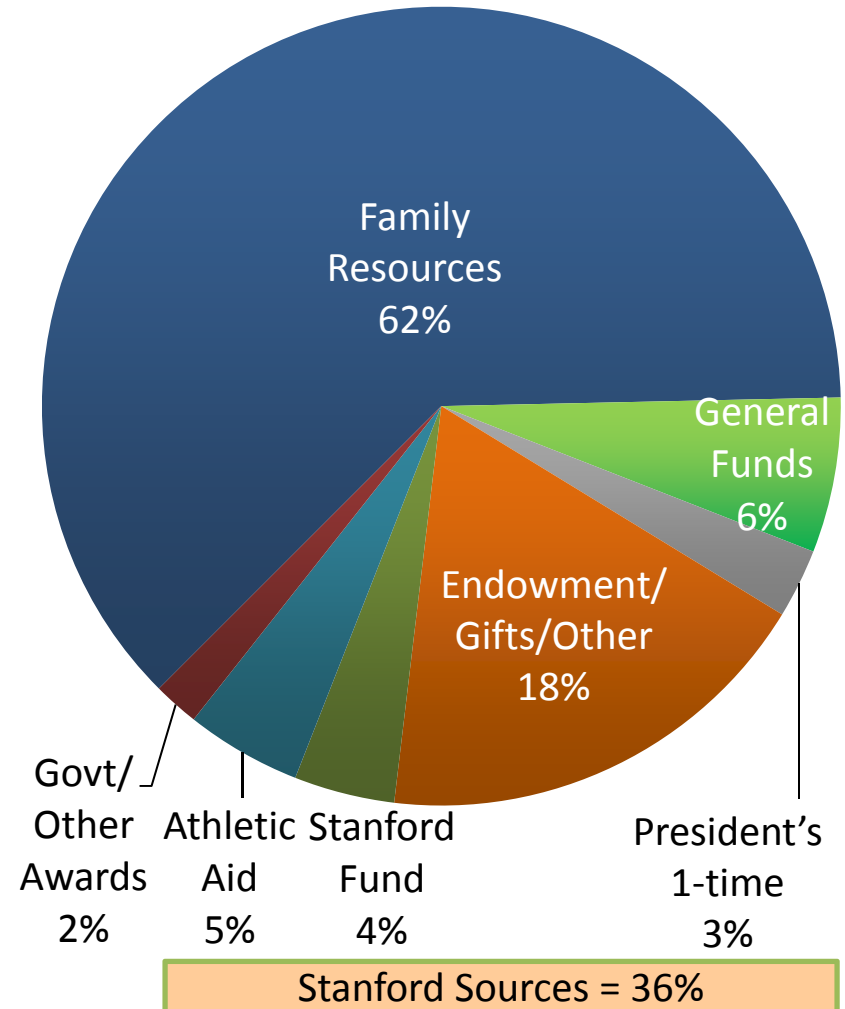


Undergraduate Tuition – Who Pays?

2010-11 Total = \$286M



2012-13 Total = \$308M

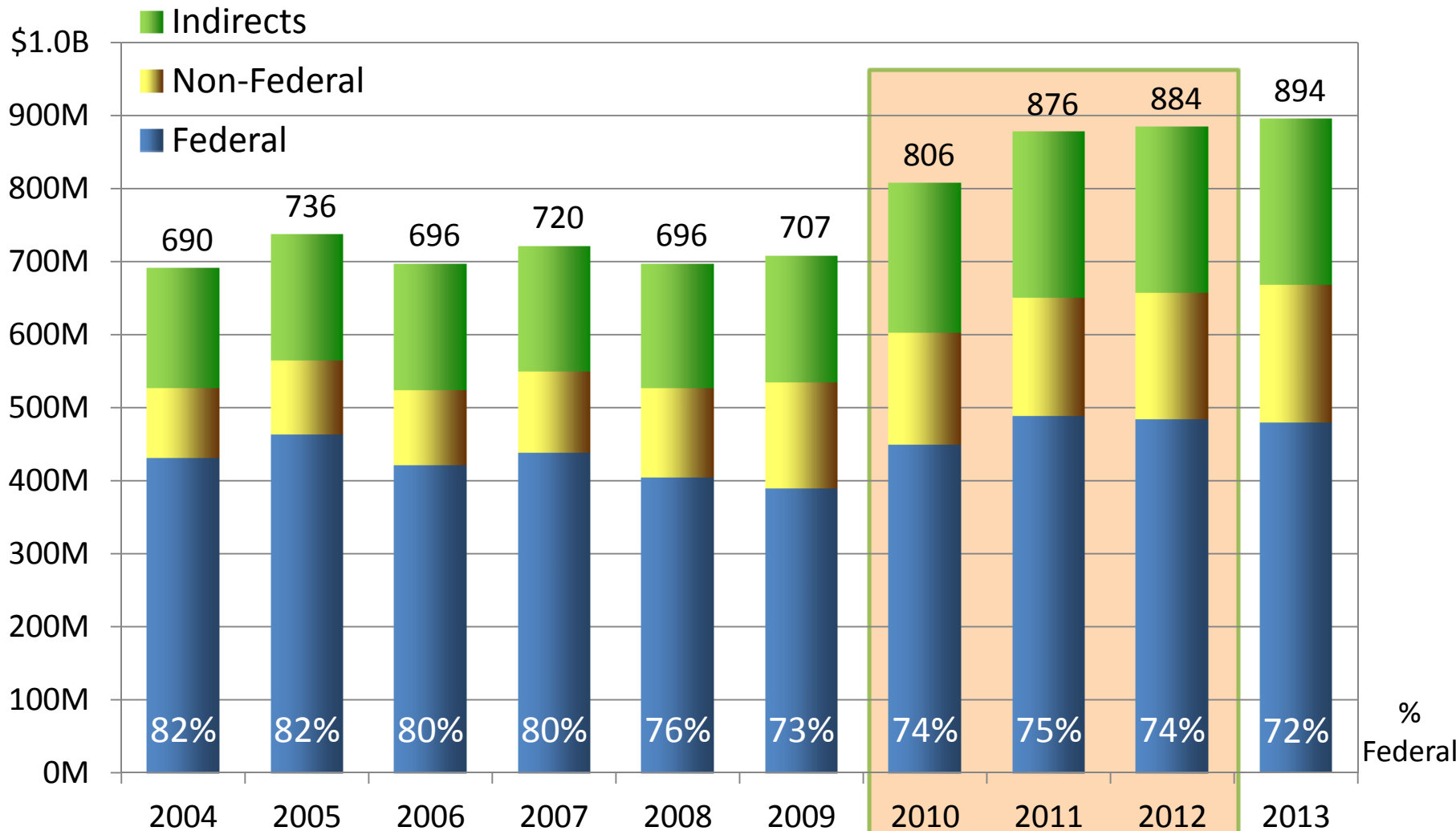


Consolidated Budget

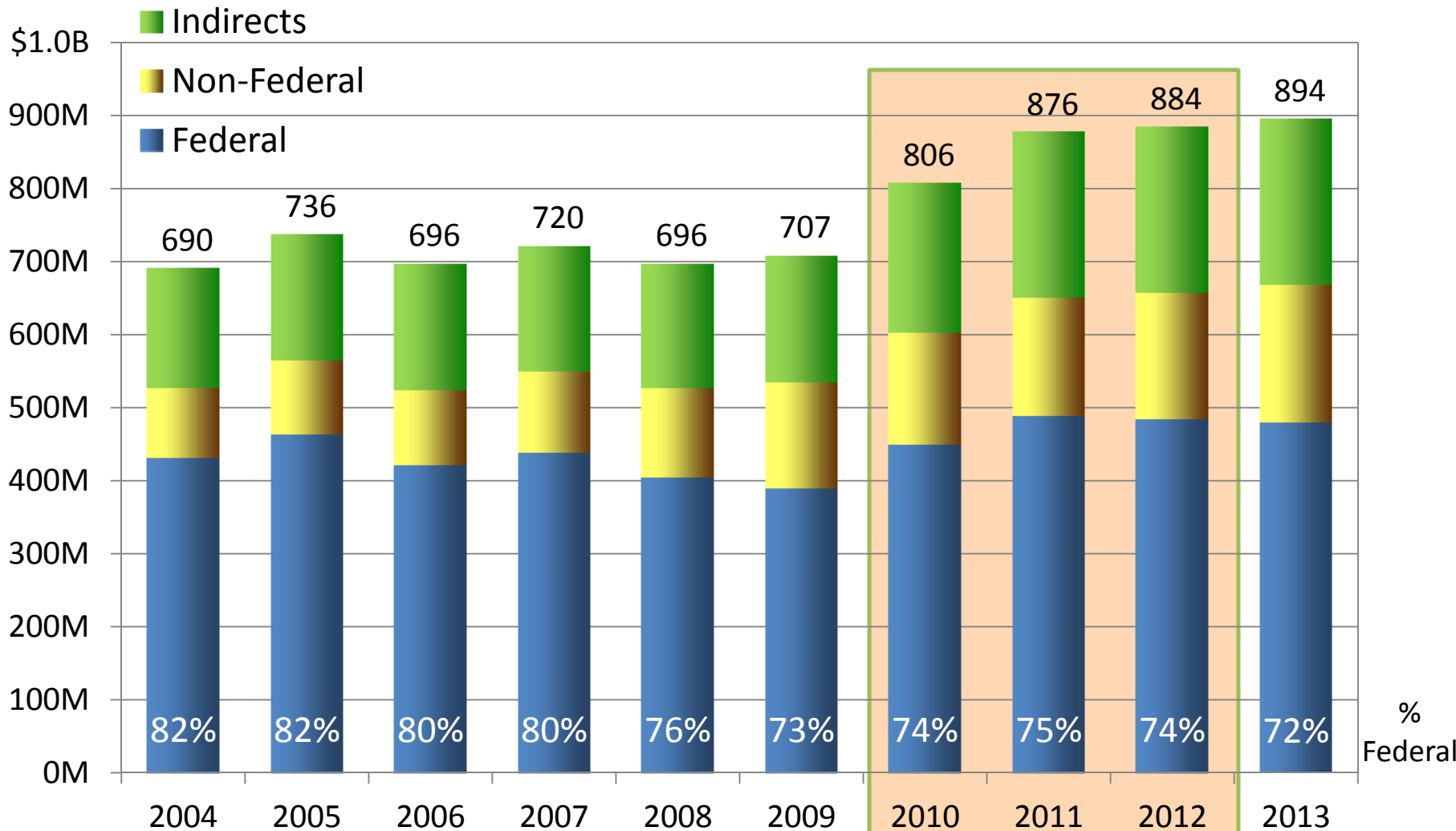
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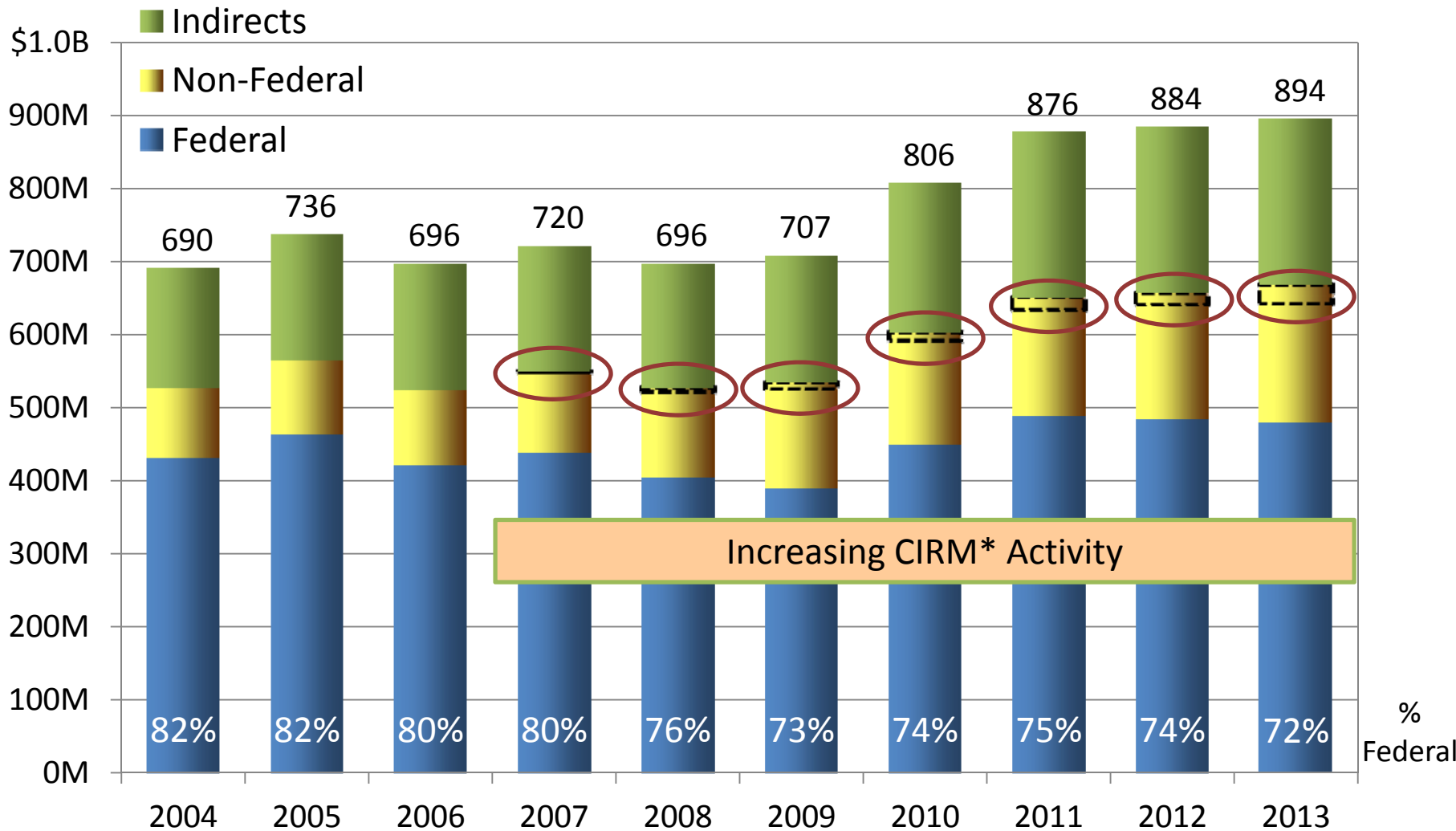
Sponsored Research (excluding SLAC)



Sponsored Research (excluding SLAC)



Sponsored Research (excluding SLAC)

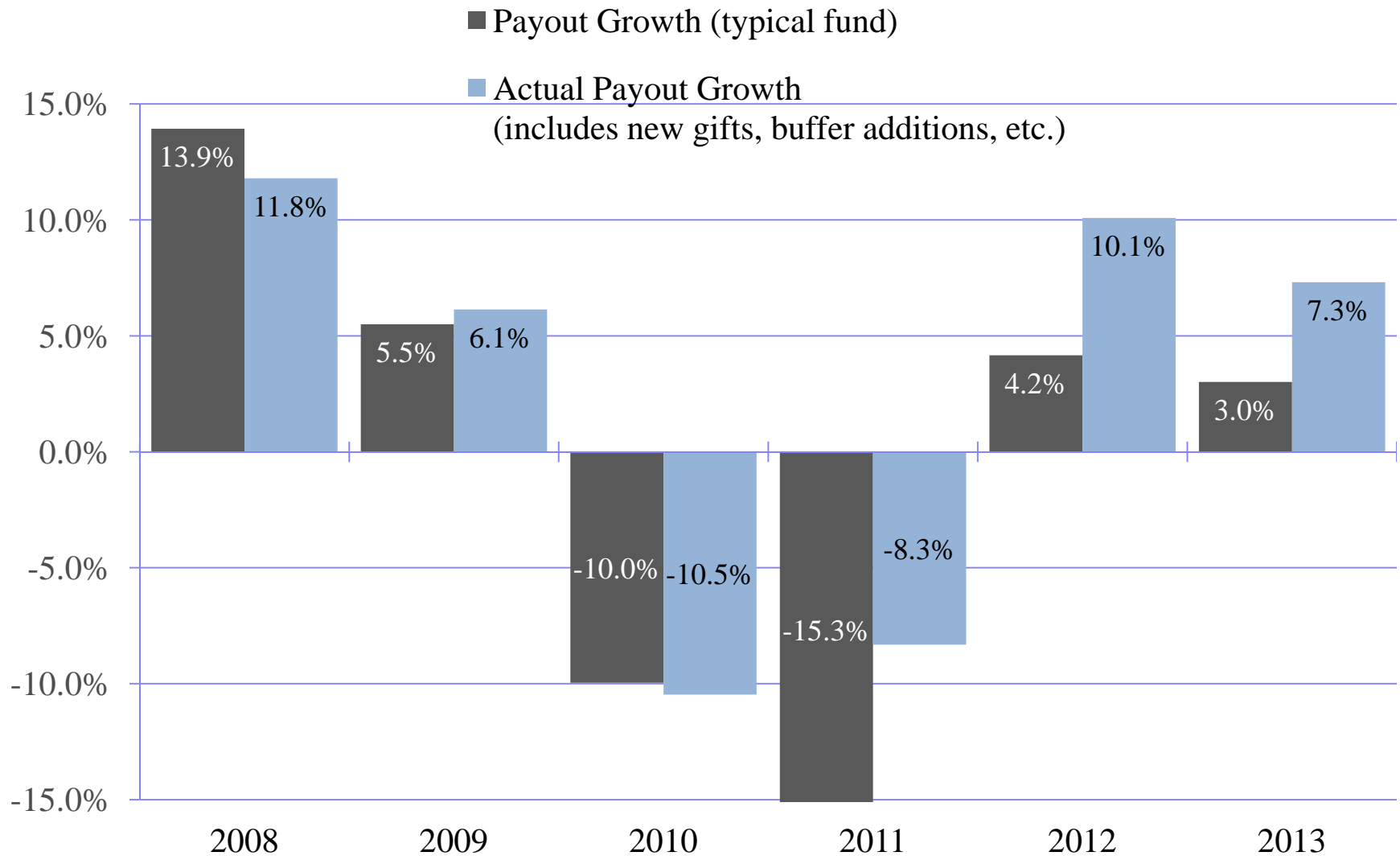


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Endowment Payout History – Payout Growth

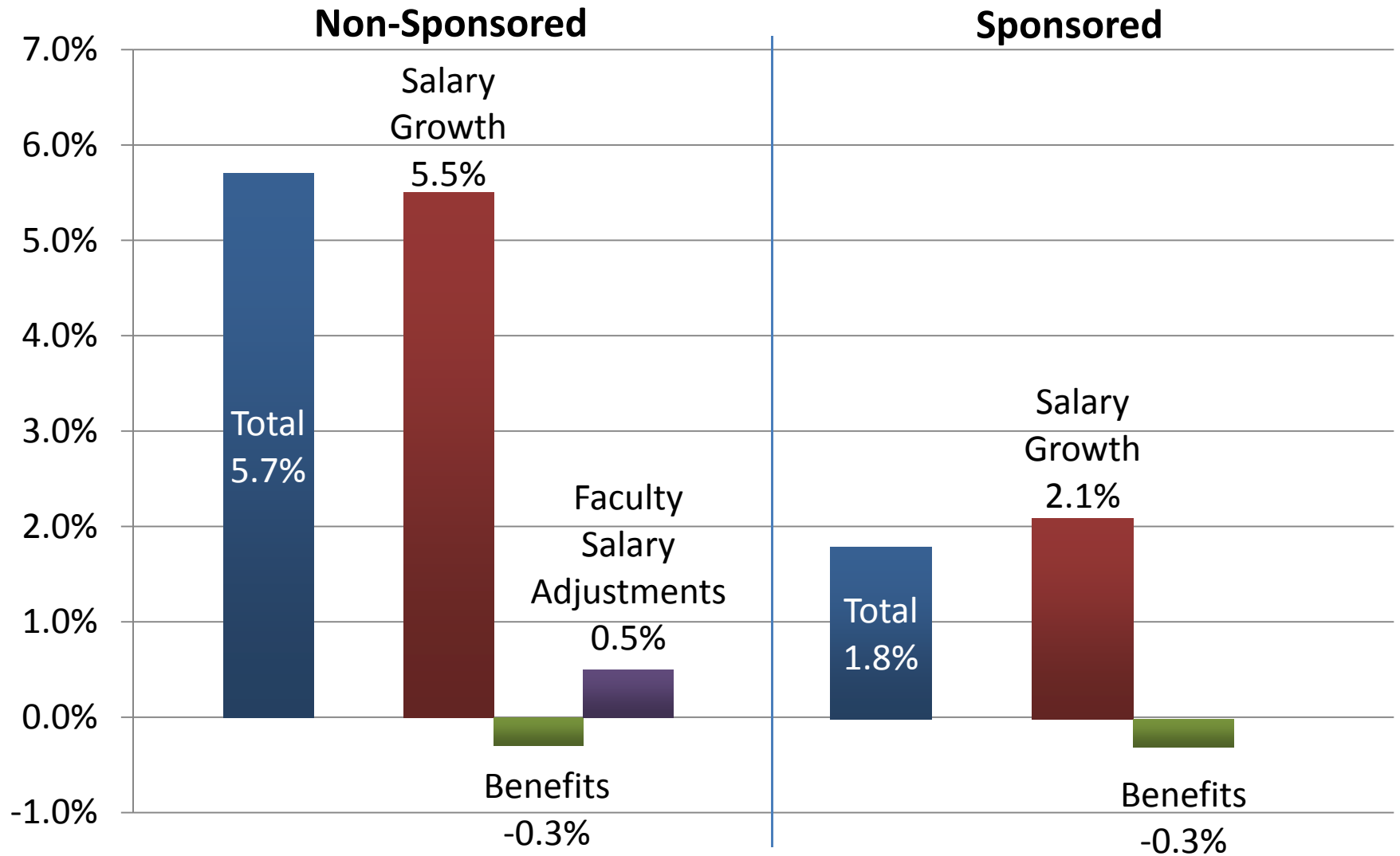


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2012-13 Salary & Benefits Growth (excludes SLAC)



Faculty Salary Adjustments – Goal and Analysis

- Goal: Bring salaries in top ranked departments to levels of our peers
- Focus: Stanford's position against top 5 competitors, by department, by professorial rank
- Data: American Association of Universities Data Exchange – average salary data
- \$5.6 million of incremental general funds allocated for this purpose



Recovering from the recession: a five-year review

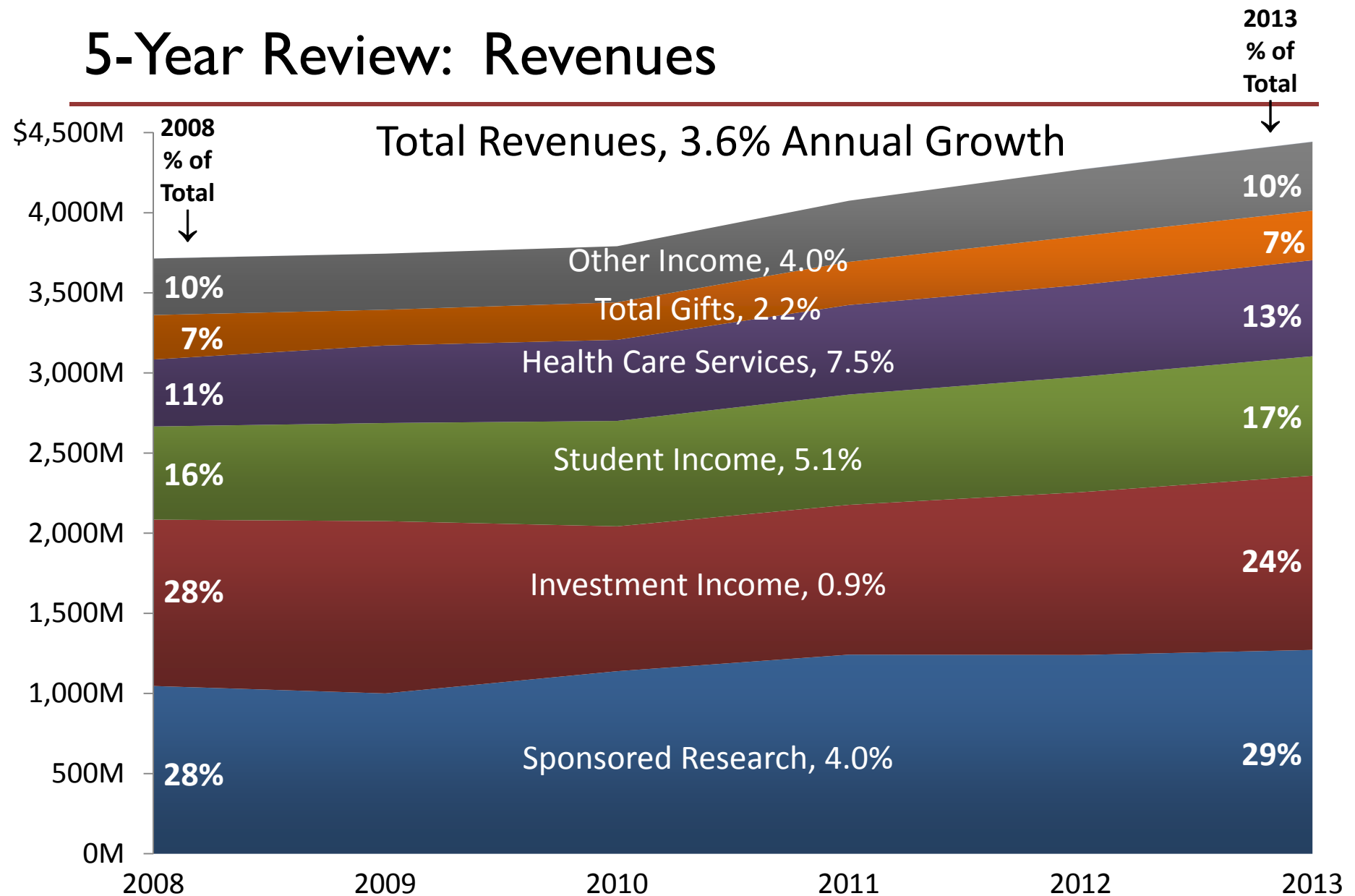


Recovering from the recession: a five-year review

- Revenues
- Federal support
- Reserves – fund balances and buffers
- Endowment market value
- Expenses
- UG Financial Aid
- Headcount



5-Year Review: Revenues



5-Year Review: Federal Funding (excludes SLAC)

Inflation-Adjusted

2013 \$\$ in millions	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Annual Growth
TA/RA Salaries	\$31	\$29	\$31	\$31	\$30	\$28	-1.7%
Graduate Tuition	25	24	23	23	22	21	-3.6%
Graduate Stipends	19	17	17	17	17	16	-2.9%
<i>Grad Support Subtotal</i>	<i>75</i>	<i>71</i>	<i>71</i>	<i>71</i>	<i>68</i>	<i>65</i>	<i>-2.6%</i>
Undergraduate Aid	6	6	8	8	7	6	2.2%
Other Direct Research	380	336	401	435	422	405	1.3%
Indirect Cost Recovery	160	152	179	194	188	178	2.2%
Total	\$621	\$564	\$659	\$708	\$685	\$655	1.1%



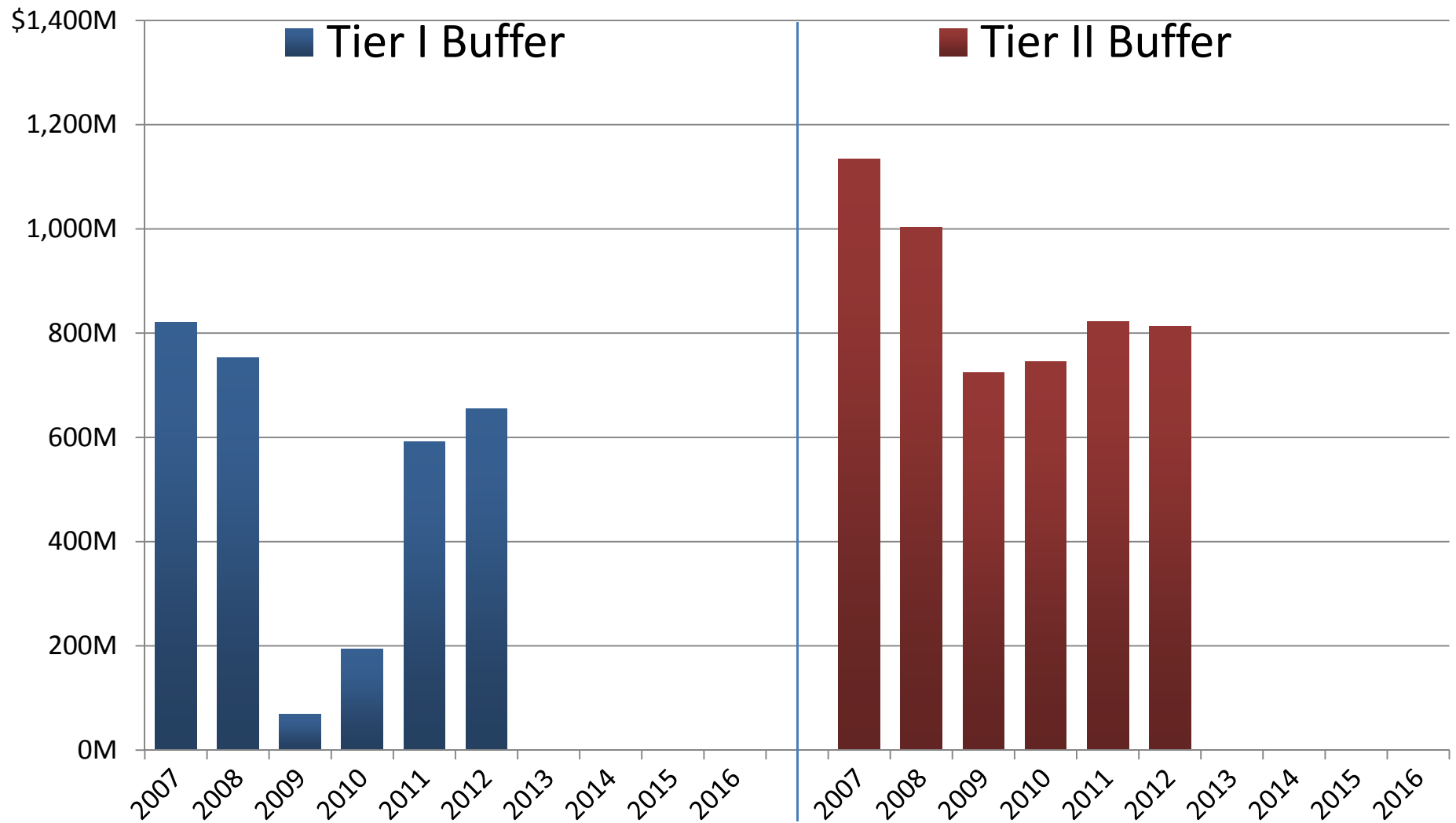
5-Year Review: Expendable reserve balances: School, Department, Faculty

\$\$ in millions	Research-Intensive Academic Units						Other Academic Units				Total
	ES	Educ	SoE	H&S	Med	DoR	Law	GSB	VPGE	VPUE	
2007	\$25	\$23	\$162	\$174	\$458	\$92	\$21	\$63	\$21	\$17	\$1,056
...											...
2010	42	36	203	264	523	111	20	82	45	22	\$1,348
...											...
2012	47	35	224	285	592	125	22	70 [*]	49	22	\$1,471
Annual Growth Rate	13.6%	8.8%	6.7%	10.3%	5.3%	6.3%	0.9%	2.1%[*]	18.6%	5.2%	6.8%
2012 as % of Budget	84%	64%	67%	71%	40%	63%	31%	37%	154%	45%	52%

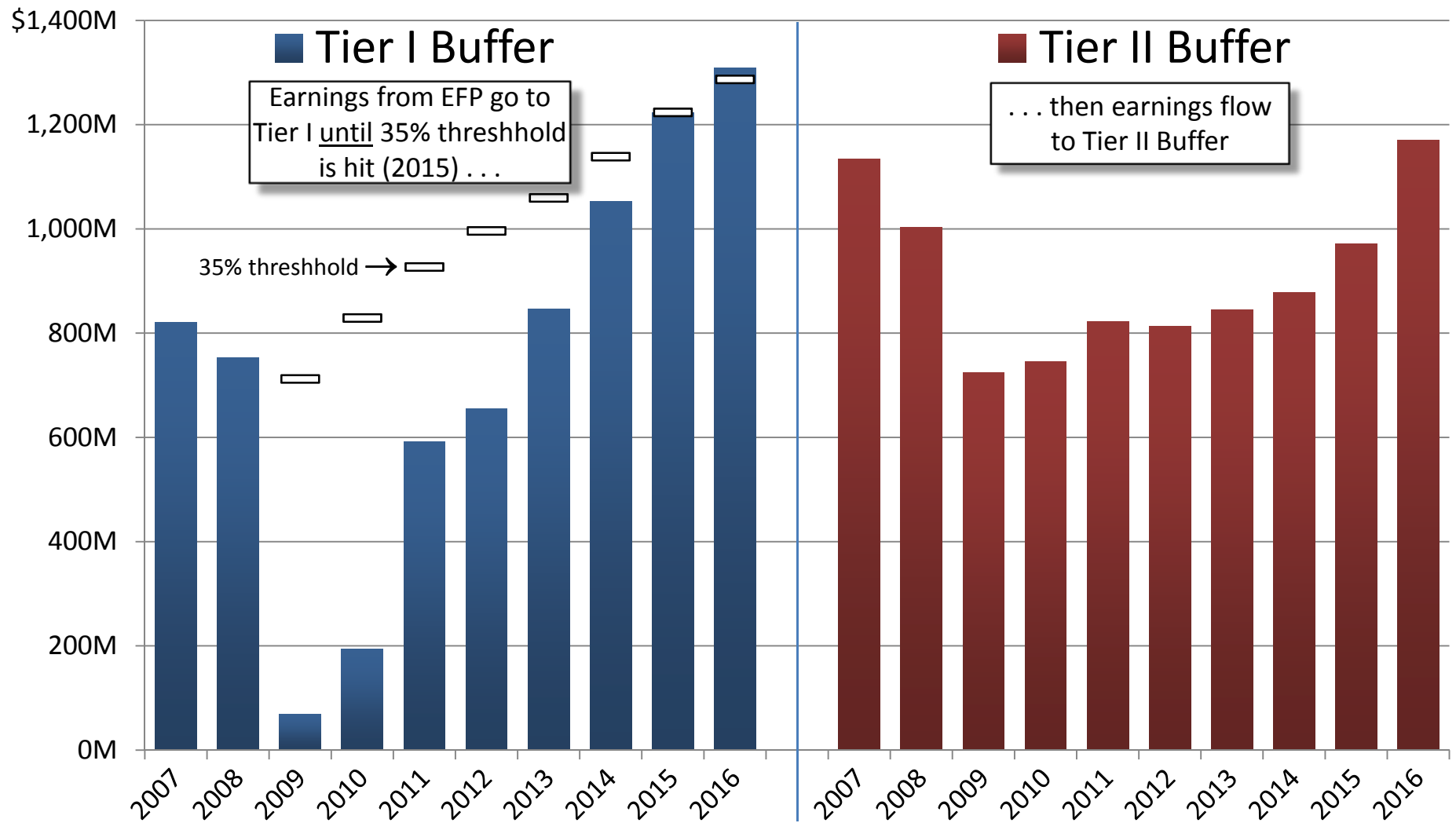
* GSB used \$30M of balances to create funds-functioning-as-endowment during 2011 and 2012



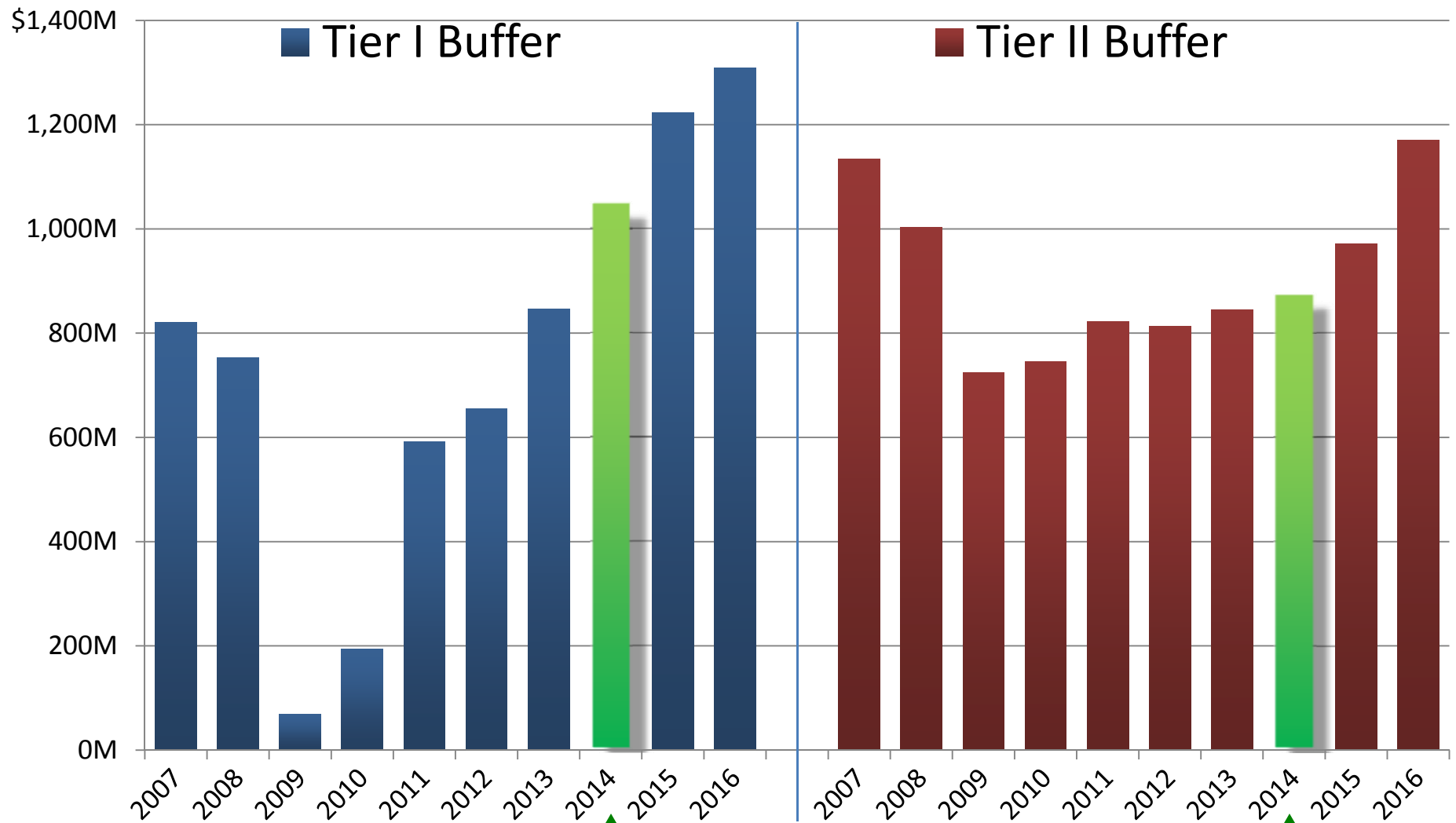
5-Year Review: Central Reserves



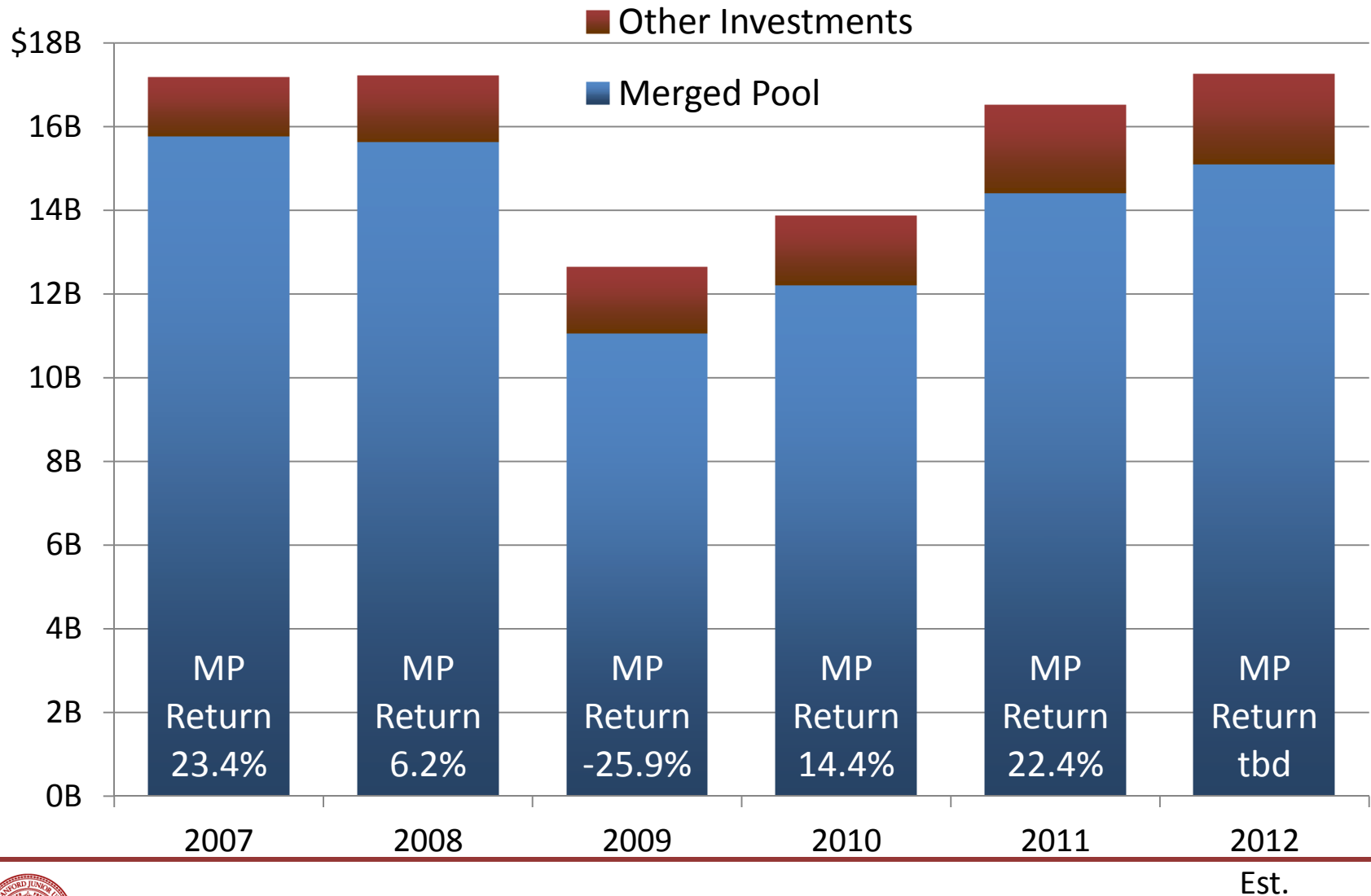
5-Year Review: Central Reserves (assuming 10% annual endowment return)



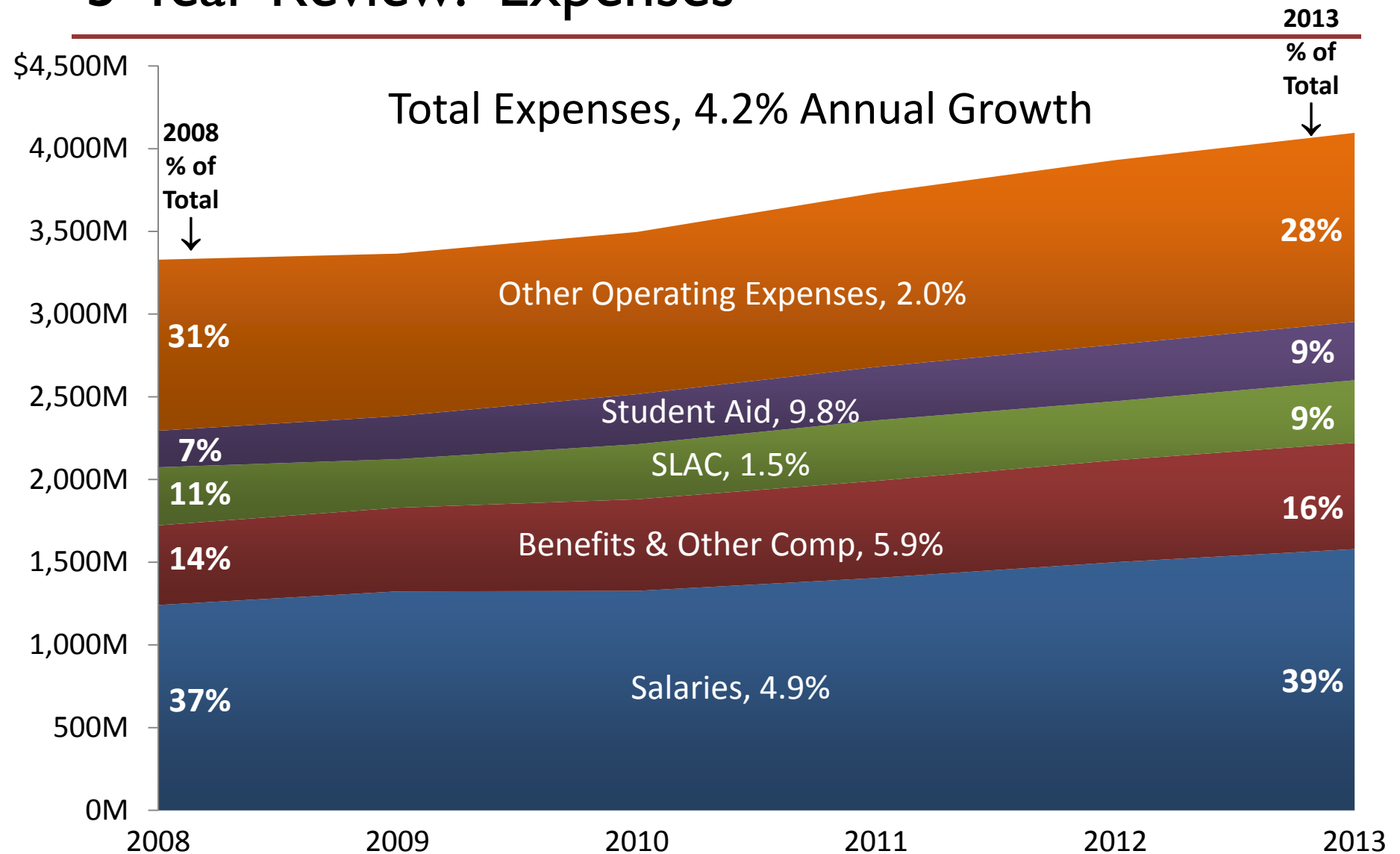
5-Year Review: Central Reserves (assuming 10% annual endowment return)



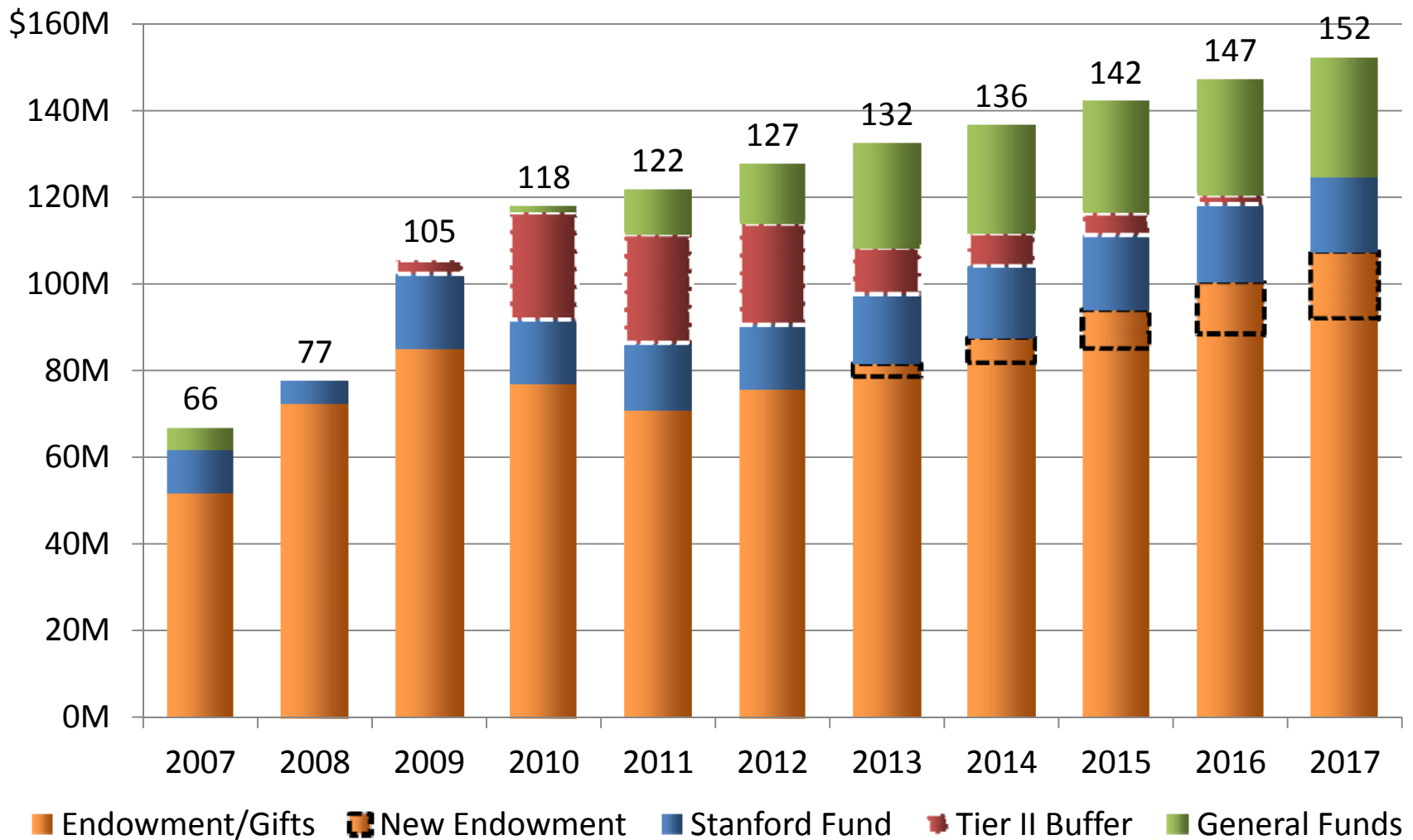
5-Year Review: Endowment Market Value



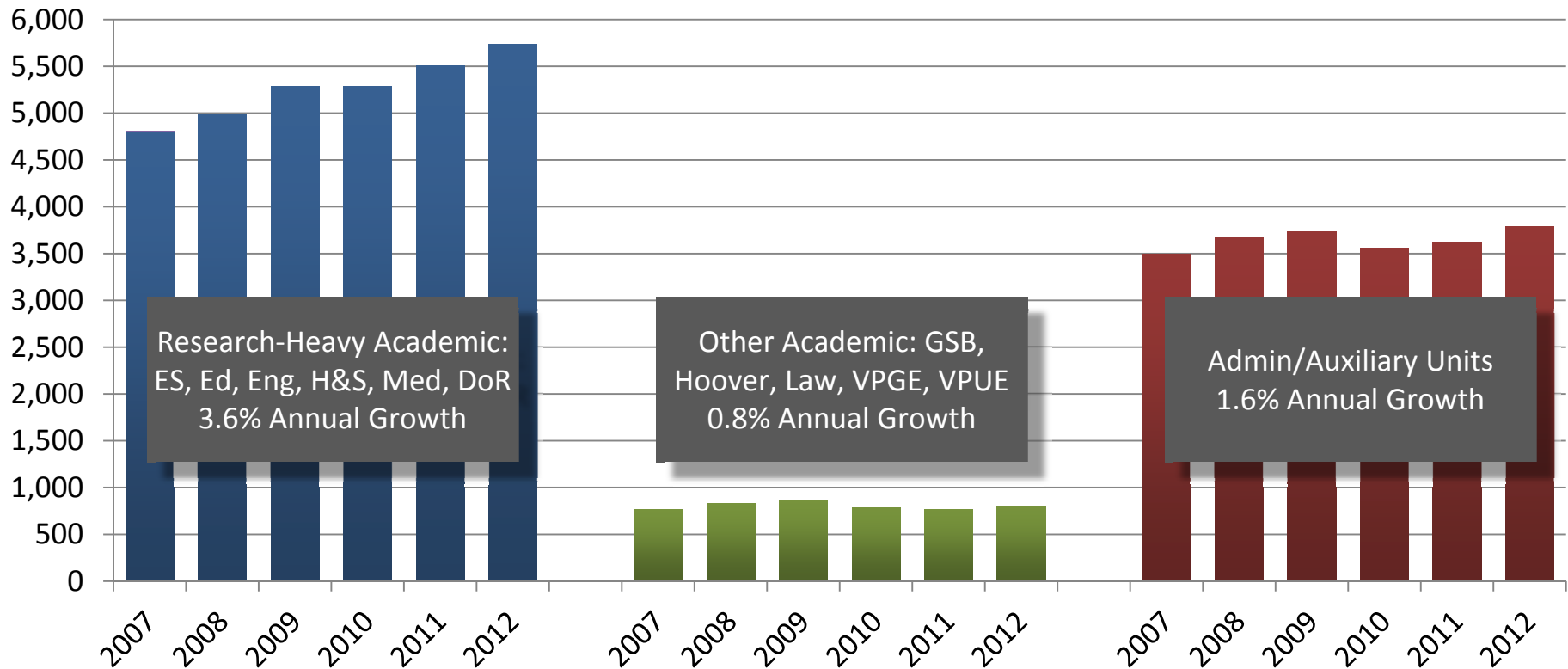
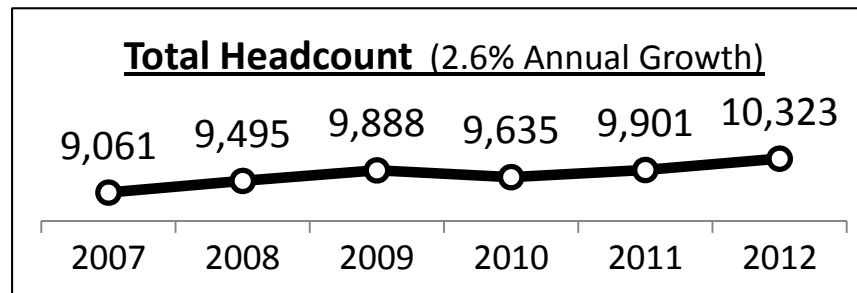
5-Year Review: Expenses



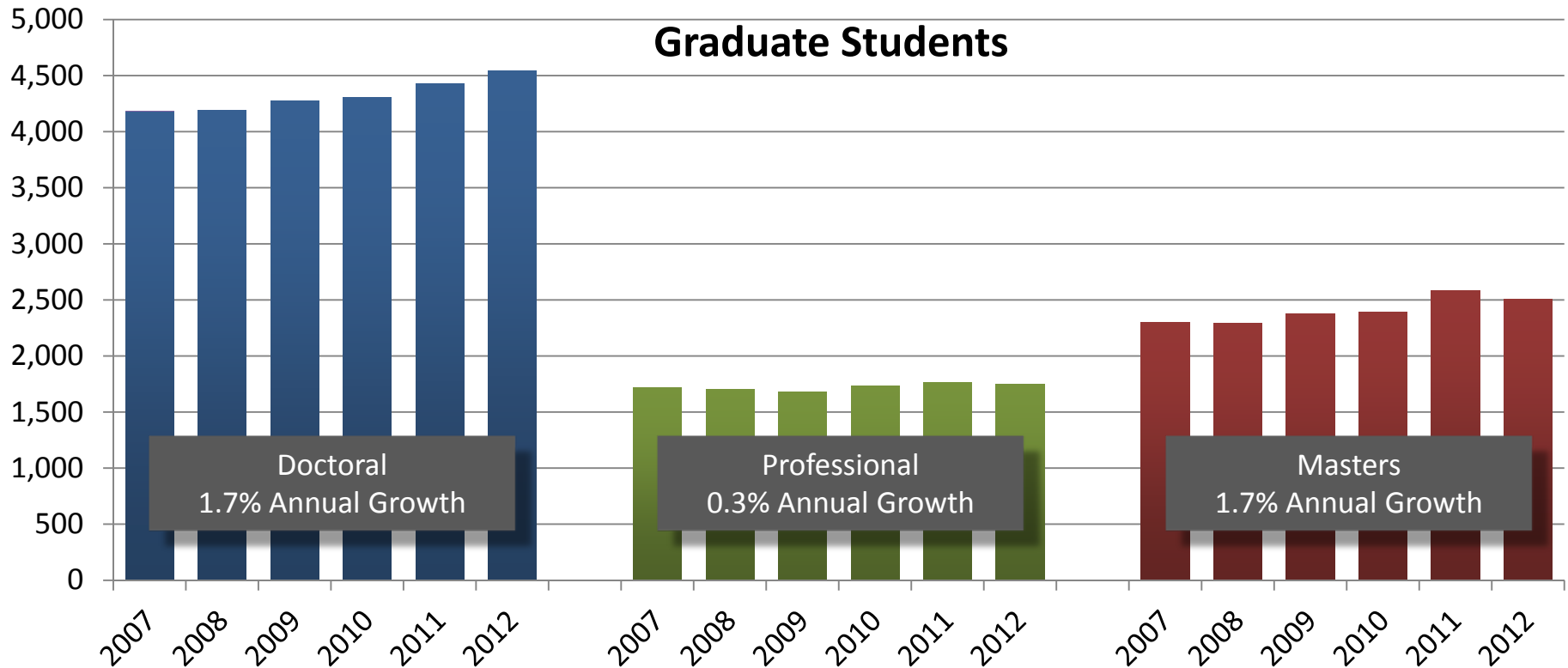
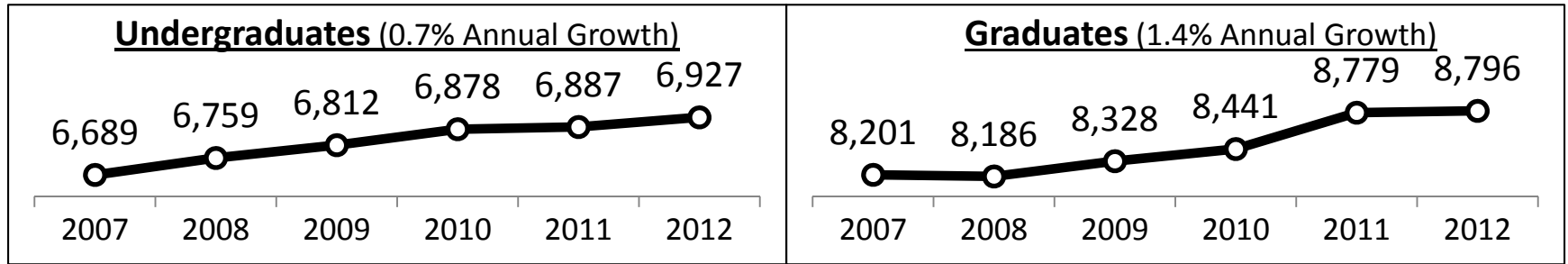
Undergraduate Financial Aid



5-Year Review: Non-Teaching Staff (excludes SLAC)



5-Year Review: Student Population



Conclusions

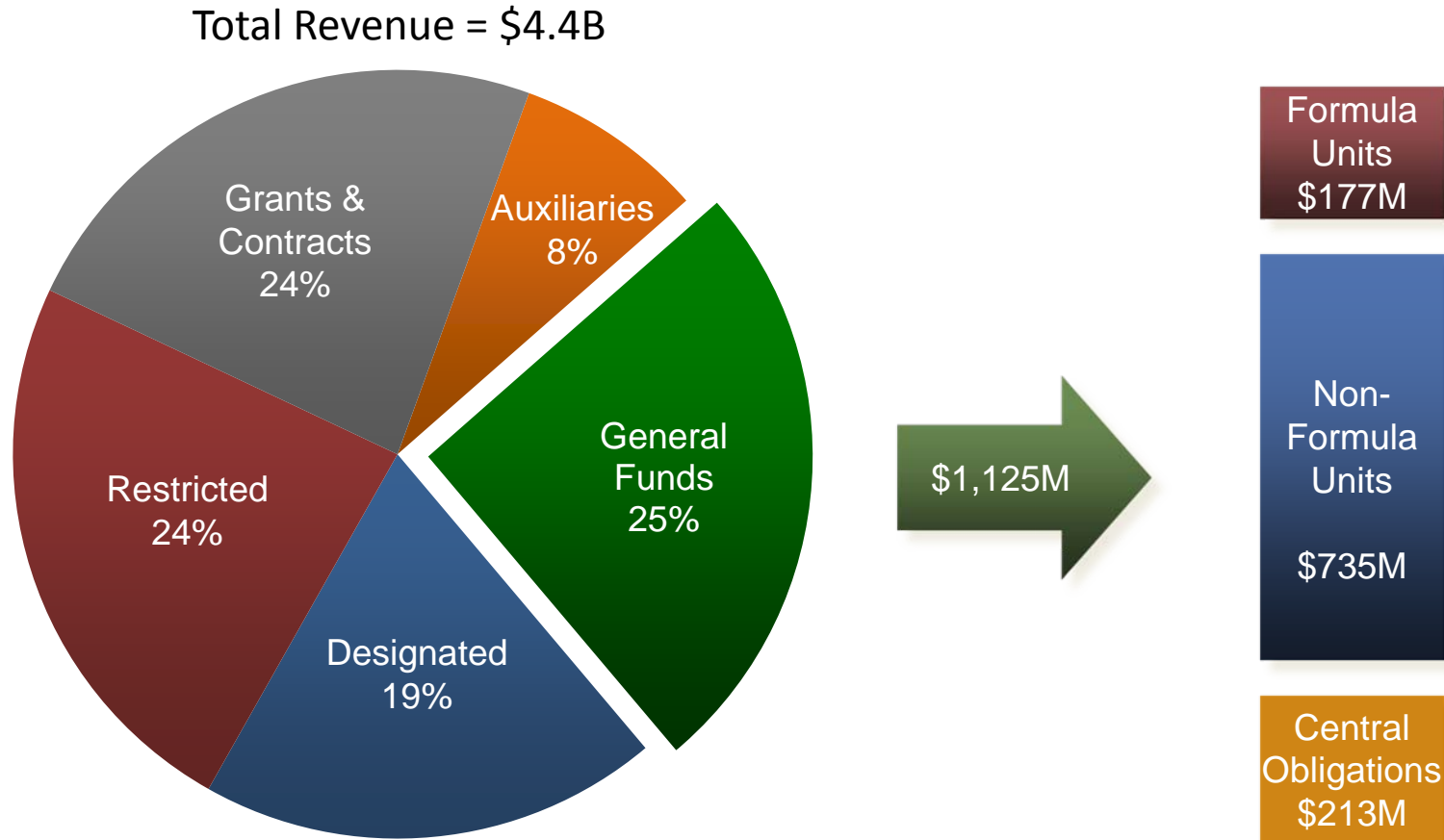
- Our financial position is near the ‘high water mark’ of 2008
- Beware of yellow flags around research funding, medical cost containment, and investment income!



General Funds Budget



General Funds within Consolidated Budget



Central Obligations include debt service, insurance, Capital Facilities Fund, university reserve, UG financial aid, etc.



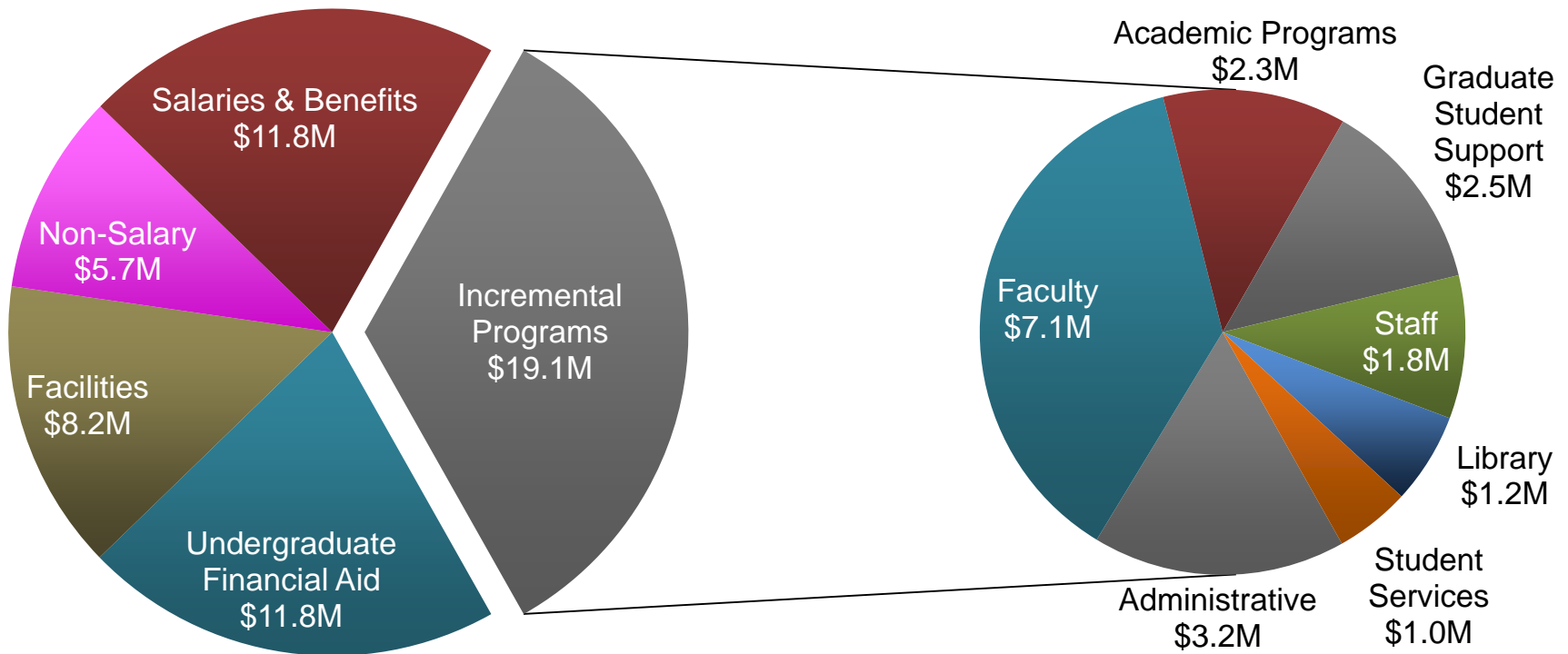
General Funds Allocations – Strategic Directions

- Strengthen competitive salary position
- Enhance base funding for undergraduate financial aid
- Support units' highest priority requests
- Maintain base surplus



General Funds Budget – 2012-13 Increment

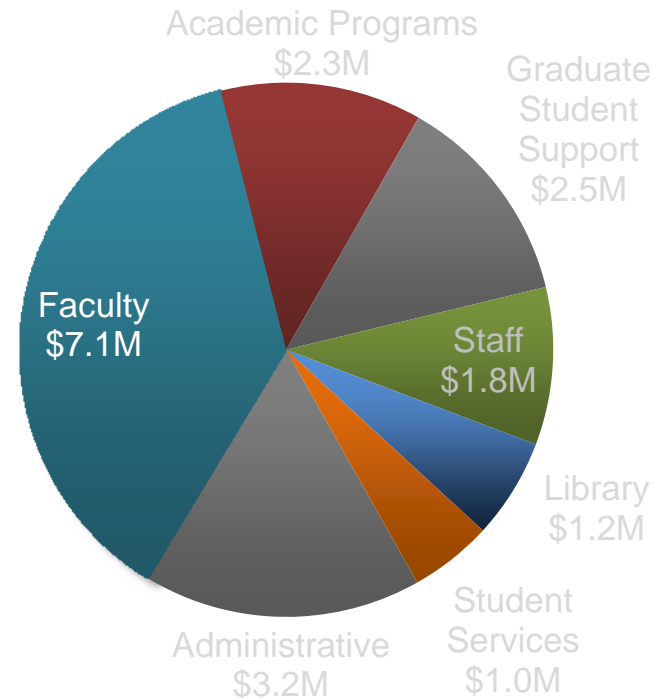
Non-Formula Additions = \$56.6M



General Funds Budget – Faculty support

Faculty support \$7.1M

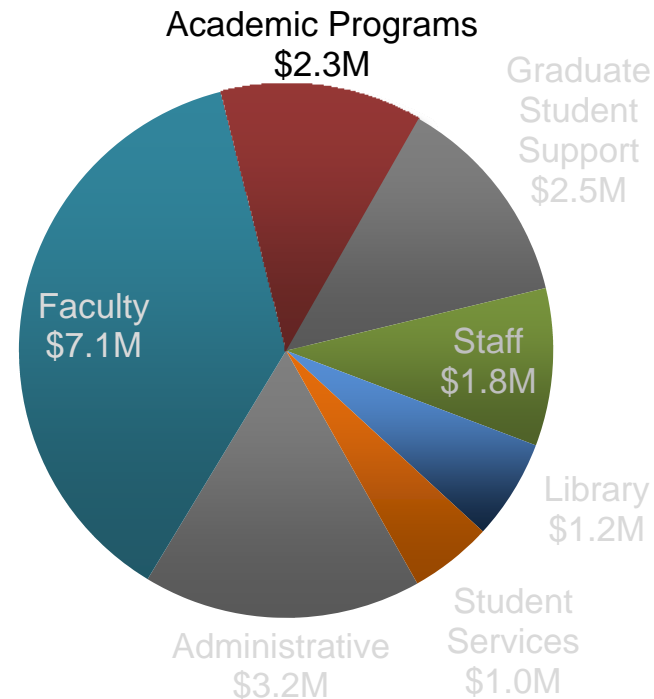
- Salary increases to address competitive gaps
- Faculty position in new Geobiology program
- Joint faculty appointments for Institute for Computational and Mathematical Engineering (ICME)
- Continued support for Faculty Incentive Fund and Faculty Development Initiative



General Funds Budget – Academic programs

Academic programs \$2.3M

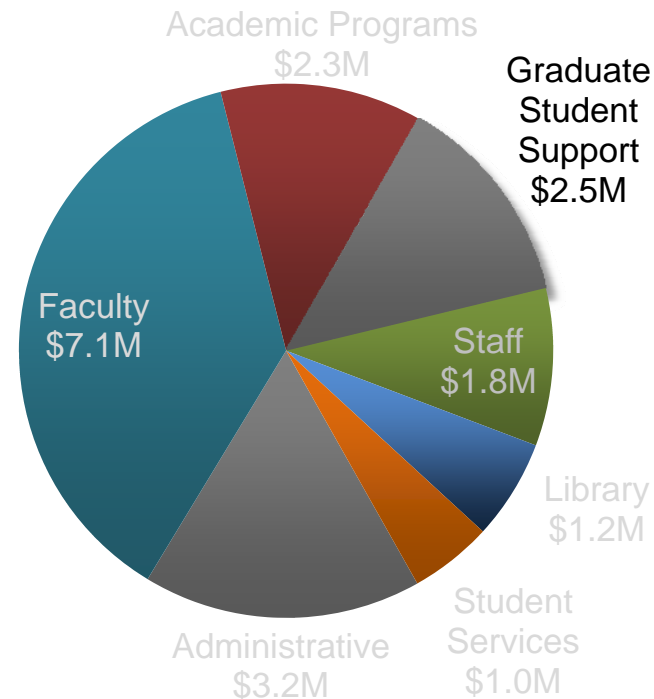
- Operating support for Dean of Research centers/institutes
- Base funding for Masters in Public Policy and ICME programs
- Research computing and research administration staffing
- Other academic support in SULAIR, Earth Sciences, Education, H&S



General Funds Budget – Graduate student support

Graduate student support \$2.5M

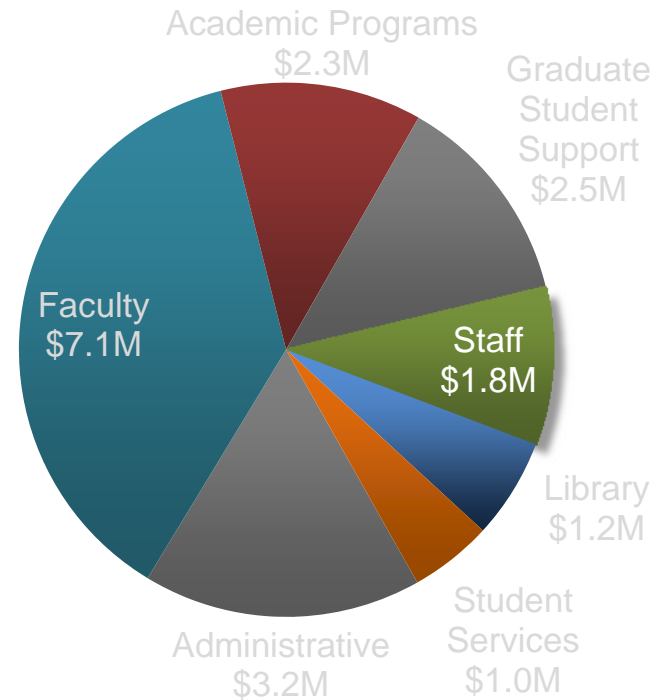
- Support for financial aid funding gap in Law
- NIH training grant tuition shortfalls in H&S
- Increased Central support for NSF tuition shortfalls



General Funds Budget – Staff support

Staff support \$1.8M

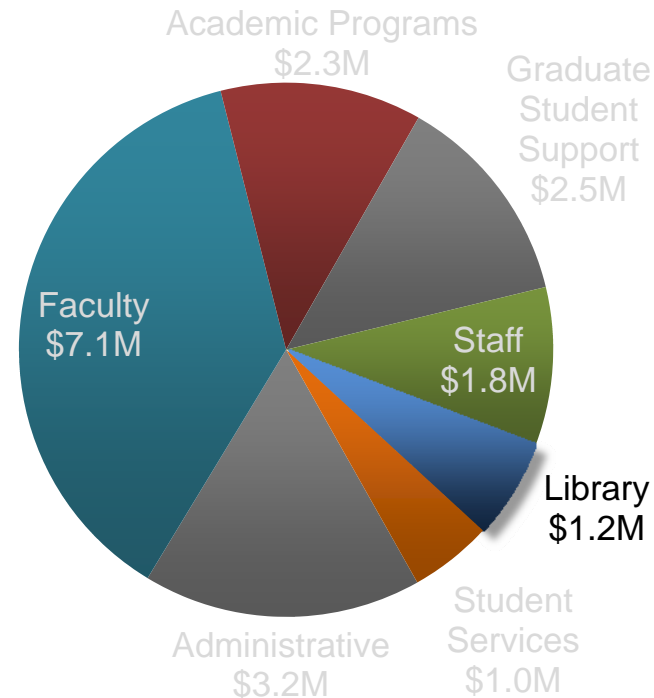
- Enhance existing staff bonus program to strengthen competitive position



General Funds Budget - Library

Library \$1.2M

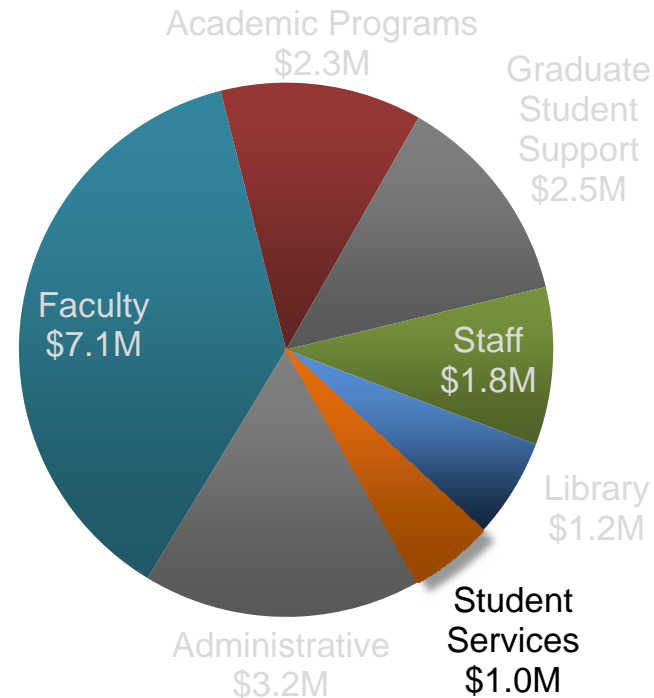
- Address erosion of buying power in Library Materials Budget due to publisher inflation and endowment payout declines
- Reinstate Japanese technical services librarian position



General Funds Budget – Student services

Student services \$1.0M

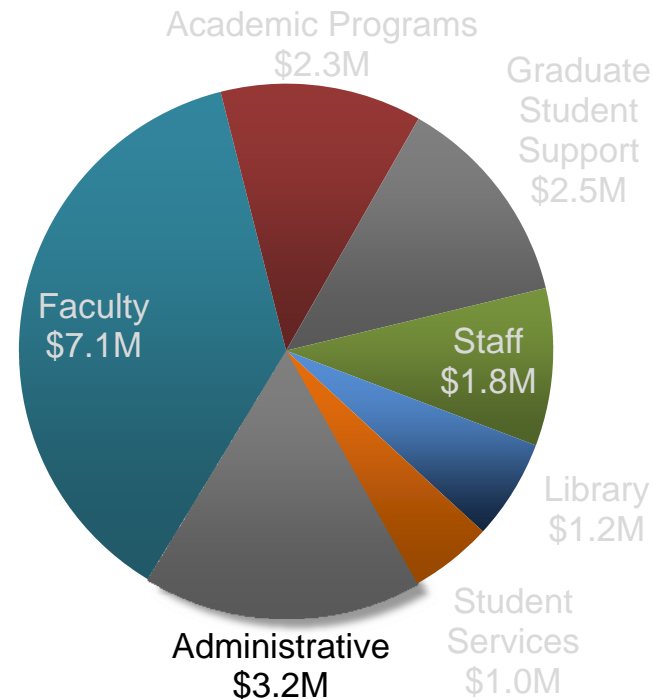
- Service enhancements in Vaden Health Center, Judicial Affairs/Office of Community Standards
- Two additional Academic Directors in VPUE
- Base support for long-standing student programs (e.g, Grad Student Orientation)



General Funds Budget - Administrative

Administrative \$3.2M

- Public Affairs – staff to manage Stanford’s growing profile and digital presence (\$445k)
- Development (\$1.0M) and Alumni (\$250k) – support for programs to reach untapped donor pools, boost outreach and volunteer efforts, increase stewardship capacity
- Augment HR communications efforts, enhance quality control and audit efforts in Business Affairs (\$1.5M)



Capital Budget and 3-Year Capital Plan



Capital Plan – Selected Major Projects

Construction Projects	Project Schedule	Total Project Cost	2012-13 Capital Budget
Stanford Energy Systems Innovations (SESI)	2012-15	\$457.4	\$134.2
Bioengineering/Chemical Engineering	2005-14	215.5	73.4
Foundations in Medicine 1	2014-17	197.5	0.6
Biology Research and Teaching/Old Chem	2013-16	149.7	7.7
EV Comstock Graduate Housing	2013-15	130.0	7.0
McMurtry Building	2012-15	85.0	16.2
GSB Housing Expansion	2015-17	63.2	-
GSB South Repurposing	2012-14	57.0	24.9
Stanford Research Computing Facility	2011-13	41.2	25.5
Lagunita Undergraduate Housing	2013-15	35.0	1.9
Anderson Collection	2012-14	32.5	15.6
Satellite Research Animal Facility	2011-13	26.5	10.1
Other Projects Planned		380.4	124.8
Total Construction Projects		1,870.9	441.9
Infrastructure Programs		262.3	87.6
Capital Plan and Budget Totals		\$2,133.2	\$529.5 (\$\$ in millions)



Capital Plan – Impact on Consolidated Budget

\$\$ in millions	2103-14	2014-15	2015-16 and later	Total
Debt Service				
General Funds	\$0.7	\$1.4	\$1.5	\$3.6
Formula and Other Schools	3.6	0.9	2.0	6.5
Auxiliary	4.5	1.8	8.9	15.2
Service Center	3.9	3.7	21.5	29.1
Total Debt Service	\$12.6	\$7.7	\$33.9	\$54.3
Operations & Maintenance				
General Funds	\$0.5	\$9.5	\$9.4	\$19.4
Formula and Other Schools	4.4	1.9	0.9	7.2
Auxiliary	4.6	0.1	1.8	6.5
Service Center	-	-	12.0	12.0
Total Operations & Maintenance	\$9.5	\$11.5	\$24.1	\$45.1
Total Consolidated Budget Impact	\$22.1	\$19.2	\$58.0	\$99.0



End

