

Guiding Principles for Budget Reductions

Dean Steve Graham

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Dear Stanford Earth community,

By now, you're all aware that the university is facing a serious financial crisis in the coming few years. I recognize that this is likely a matter of considerable apprehension for some of you, so I write today to provide you with a window into our situation in Stanford Earth and how we may address our own budget situation.

We will take thoughtful budgetary actions to protect our educational and research programs, while remaining mindful of our important human resources: faculty, staff and students. In this email, I'll briefly share the school's financial situation; principles we will use to guide decisions; and certain steps we have identified to take.

Our planning is not yet complete, and I will be working with others in the dean's office and our seven departments and programs to identify other cost-saving actions for consideration. There is urgency to map out our budget plan, as all of the schools and other units are required to submit plans to the university by the end of May.

The current forecast from the university anticipates a general funds reduction of 10% and an endowment income reduction of 15%. This model is subject to change with evolving external economic conditions, of course. Stanford Earth is dependent on both of these sources of funding, and based on the 10% and 15% projections, we estimate that the revenue loss is approximately \$5.5 million from next year's budget (FY20-21). This is a large number, especially for us. We already run a pretty lean organization, so this will be a challenge for us to absorb. We are fortunate that we have robust reserves, as we look at these losses as well as an anticipated decline in affiliate group income due to corporate contractions.

In thinking about how to deal with our budget situation, we've developed a set of guiding principles that spell out priorities important to the school:

- Protect our educational and research capabilities and assets to the maximum extent possible.
- Use reserves held at school and department levels, as well as in faculty coffers. (These are 'rainy day' funds, and it's pouring now!)
- Uphold our commitment to supporting current graduate students in good standing.
- Protect pre-tenure faculty to the extent possible.
- Protect staff to the extent possible (while recognizing that some of our staffing is based on a very different Stanford than we see as our 'new normal'.)
- Prioritize shared resources to maintain research capability in our labs and computational infrastructure.

We intend to employ the following budget strategies, among others:

- Apply measures with as much uniformity as possible across the departments and programs, while affording those units some flexibility for local situations

- Freeze all hiring, including temps, casuals, student employees, staff and faculty, academic staff teaching and academic staff research
- Cease all in-person visitors, regardless of funding source and whether they are paid or not
- Cease all discretionary travel, except for active research obligations; travel costs must be minimized

As I noted above, we will be looking at a variety of measures to address our budgetary shortfall. But please trust that we will implement these in the most thoughtful and fair-minded manner we can. Earth has been through tight times before, notably 10 years ago. We emerged from that event and grew all the stronger. We will do that again!

Steve