

Fiscal Year 2021

# Operating Budget





# Penn Budget Planning & Analysis

Date: June 11, 2020  
To: Trustee Committee on Budget and Finance  
From: Trevor C. Lewis, Vice President, Budget Planning & Analysis *Trevor C. Lewis*  
Re: FY2021 Consolidated University Operating Budget

I am pleased to present the proposed consolidated operating budget for the University of Pennsylvania for Fiscal Year 2021, the period beginning July 1, 2020, and ending June 30, 2021.

The consolidated budget is comprised of the academic budget and the Health System budget. The academic budget presents on an all funds basis the schools, resource centers, business services, and the administrative service centers of the University. Our overall academic budget presentation and commentary is presented on a GAAP basis. The University of Pennsylvania Health System budget includes all components of Penn Medicine, apart from the Perelman School of Medicine. While the Perelman School of Medicine is a part of Penn Medicine, the budget for the School is included in the academic budget. This document includes budgetary and programmatic information for the University overall as well as for individual responsibility centers and the Health System.

The operating budget is developed each year in collaboration with faculty, staff, and administrators, all of whom deserve gratitude and recognition. One of the great strengths of Penn's budget process is the full engagement of the Budget Steering Committee: President Amy Gutmann, Provost Wendell Pritchett, Executive Vice President Craig Carnaroli, Senior Vice President and Chief of Staff Gregory Rost, and Vice President for Finance and Treasurer MaryFrances McCourt. Building on the outstanding work done by the Office of Budget Planning & Analysis staff, the Budget Steering Committee ensures that our budget reflects our strategic goals and institutional values. As always, it has been guided by the clear priorities outlined by President Gutmann in Penn Compact 2022 – inclusion, innovation, and impact – and continues to support Penn's status as one of the world's great research universities.

# University of Pennsylvania

## Fiscal Year 2021 Operating Budget

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### **University of Pennsylvania Nondiscrimination Statement**

The University of Pennsylvania values diversity and seeks talented students, faculty and staff from diverse backgrounds. The University of Pennsylvania does not discriminate on the basis of race, color, sex, sexual orientation, gender identity, religion, creed, national or ethnic origin, citizenship status, age, disability, veteran status or any other legally protected class status in the administration of its admissions, financial aid, educational or athletic programs, or other University-administered programs or in its employment practices. Questions or complaints regarding this policy should be directed to the Executive Director of the Office of Affirmative Action and Equal Opportunity Programs, 3451 Walnut Street, Franklin Building, Room 421, Philadelphia, PA 19104-6205; or (215) 898-6993 (Voice) or (215) 898-7803 (TDD).

## INTRODUCTION

In mid-March, in an unprecedented and proactive move, the COVID-19 pandemic prompted the University to transition classes to online only and require all but essential employees to work remotely. These actions placed the community into physical isolation and, ultimately, put Penn's resilience to the test.

"This is a generation-defining moment," said President Amy Gutmann in a message in March. "And like every such moment that has gone before, it is not only the crisis itself but also how we respond that matters most."

The University has responded magnificently. Adapting to the crisis, each of the 12 schools has discovered new ways to teach and inspire remotely; students continue to [find methods to tap into their sense of community](#) and innovate; staff [swiftly and safely moved students off campus](#) during a critical juncture in the crisis; medical personnel quickly set up [drive-through testing sites in the city](#); and [the University provided grants](#), by application, for between \$1,000 and \$5,000 for 60% of independently owned small businesses in the Penn community as well as providing up to \$1,500 in emergency funds to employees and third-party contractors, and held the "first" [264<sup>th</sup> Commencement](#) digitally.

"Penn people are resourceful, they're ensuring public health, supporting frontline health care professionals, and deploying our resources to meet both the demands of the hour and the future," President Gutmann said. "Penn people are resilient, teaching and learning online, while physically apart, finding new ways of being more connected, and conducting life-saving research under the strictest protocols and the greatest time pressure."

A true showing of putting policy into practice, all is in keeping with [The Power of Penn](#), the University's \$4.1 billion campaign, which publicly launched in April 2018 and is helping to advance the [Penn Compact 2022's](#) three pillars of inclusion, innovation, and impact. Two years into the public phase, [The Power of Penn](#) is making exceptional progress, including a record-setting [\\$125 million gift from the W.P. Carey Foundation to the Penn Law School](#).

Below, please find a review of fiscal year 2020, one that strategically pivoted some operations while still charging ahead—resiliently, resourcefully, and responsively—toward a brighter future.

### Inclusion

**Financial Aid:** Penn continues to guarantee that undergraduate students with demonstrated financial need will receive all-grant aid packages that meet the full extent of their need for all eight semesters, and is the nation's largest university with a program to accomplish such. Penn's aid program demonstrates the University's commitment to increase access for qualified students from all economic backgrounds. In FY2020, the average aid package is \$56,510, an increase of 5.5% over the previous year and over double the average aid package of \$27,781 in FY2008, when the grant-based financial aid policy was announced.

Among those accepted for the Class of 2024 during regular decision in March, 15% were first-generation college students and 20% qualified for a federal Pell grant.

**Penn First Plus:** The Provost's Office launched the pioneering [Penn First Plus Program](#) (P1P) in 2018 to provide support and resources to undergraduate students from first generation and low-income (FGLI) backgrounds. Next academic year, the program will offer a dedicated hub of activities and advising in College Hall, while schools and centers across the University have implemented their own initiatives under the P1P umbrella.

Individual schools have similarly made a commitment. At the School of Engineering and Applied Science (SEAS), through its Office of Diversity and Inclusion, the Fill in the GAPS program provides support to P1P students on academic probation and those struggling in key core courses like math and physics. The School of Nursing has created online modules to introduce P1P students to science faculty, emphasize key



science concepts, and tease out how to apply foundational concepts to current health issues in communities and clinical settings. And at the Wharton School, a new leadership position has been created for the Successful Transition and Empowerment Program, serving as a liaison to P1P. Wharton also received a P1P grant to host FGLI Fridays, offering FGLI students the opportunity to engage with the vice dean and other University leaders.

**Wellness:** The Division of Recreation and Intercollegiate Athletics (DRIA) has offered virtual workouts for those at home during stay-at-home orders. Prior to the pandemic, it launched a campus wellness initiative that in collaboration with other schools and centers produced 20 different wellness programs. In addition, DRIA appointed health and wellness captains to provide student-athletes with mental health support. Penn Dental Medicine has planned a virtual wellness conference for the fall and continues to expand on-site counseling services to its students provided by the University's Counseling and Psychological Services (CAPS) office. The Penn Carey Law School implemented a lawyer wellness module as a requirement in all professional responsibility courses and believes it is the first law school to do so. And Wharton hosted wellness weeks that included yoga classes, as well as offering a "From Worrier to Warrior" workshop presented by CAPS and discussion panels covering mental health in communities of color.

At the School of Arts and Sciences (SAS), administrators will now reach out to course instructors before the semester begins to recommend the inclusion of wellness and academic resources in syllabi and to carry out major course assessments before drop/withdrawal deadlines. Six faculty from various departments will also be trained to be a sounding board for graduate students in need of wellness resources.

And, at the Morris Arboretum and elsewhere, Penn faculty, staff, and students are encouraged to spend time outdoors as part of the staff-led *Nature Rx* wellness initiative.

**Diversity and Excellence:** Diversity and inclusion are not simply an aspiration at Penn; they are an integral part of the University's culture. The acceptance rate for the Class of 2024 was only 8.1% among the 42,205 applicants, and the makeup of the incoming class will be as diverse as ever. On March 26, Penn announced it had accepted 3,404 students for the Class of 2024, who come from all 50 states and 98 different countries. Fifty-one percent identify as students of color; 53% are female and 47% male, the same split as the Class of 2023.

These incoming students will find a new home of inclusive academic excellence. At SEAS, the [A. James Clark Scholars Program](#) has been established to offer innovative coursework, service learning, leadership and business development, and research internship opportunities for students from underrepresented backgrounds—including first-generation college students with financial need. Among two new faculty additions to the Annenberg School for Communication, set to start in July 2020, is a LGBTQ-identifying scholar who studies LGBTQ-related health communication themes. The Penn Carey Law School recently opened an Office of Inclusion and Engagement and established alumni and student boards to address issues of concern. The School of Veterinary Medicine created a new outreach coordinator position to help recruit rural and disadvantaged students, with a plan to increase need-based aid in a targeted way. Also, at the School of Social Policy and Practice, the first Associate Dean of Inclusion will be appointed in July to spearhead an effort to further develop an environment of open, reflective, and deep thinking and questioning. And lastly, the Graduate School of Education (GSE) has invested in School-wide, need-based aid for master's degree programs and is hosting the Visiting Scholars of Color program, inviting education researchers to campus for lectures.

**Online Learning:** SAS launched the new Bachelor of Applied Arts and Sciences (BAAS) degree, the Ivy League's first fully online undergraduate degree. The program is designed for adult learners and has broadened access to a Penn degree: 28% of the inaugural cohort consists of underrepresented minorities, while 47% are first-generation students. Additionally, the [Center for Teaching and Learning ensured a smooth transition to online classes in March](#) for faculty and students, leveraging existing expertise in deploying online learning programs.

## Innovation

**Knowledge Integration:** Wharton's Leadership Journey students will soon embark on capstone courses that integrate all disciplines and applies them to real-world problems, while Analytics@Wharton is working to develop case studies that bridge the gap between academics and industry. At SEAS, faculty and professionals from IBM partnered to create OpenDS4All, an open-source data science curriculum that can help institutions around the world build STEM courses.

Karen Tani was named the 24<sup>th</sup> [Penn Integrates Knowledge](#) professor. She is a renowned legal historian and will be the Seaman Family University Professor with a dual appointment in the Penn Carey Law School and SAS. Recently, her research has focused on legal approaches to disability in the second half of the 20<sup>th</sup> century.

The Sachs Program for Arts Innovation, now in its third year, [allocated \\$270,000 toward 34 projects](#). These projects ranged from the development of new technology to enhance acoustics to the production of a never-before-staged play written by the late Toni Morrison that will premiere at the Annenberg Center for the Performing Arts.

Penn Nursing introduced the HoloHuman learning application into its curriculum, allowing students and teachers to work with 3-D holographic models of the human body.

The Perelman School of Medicine (PSOM) quickly tasked faculty in early March with accelerating research into the novel coronavirus. The Penn Center for Research on Coronaviruses and Other Emerging Pathogens was formed to engage in research for new tests, treatments, vaccines and more, in collaboration with CHOP, the Wistar Institute, and peer institutions. Looking ahead, the PSOM has invested in cutting-edge research in preemptive pharmacogenomics, potentially identifying patients at risk for adverse effects from medications based on variations in certain genes.

**Innovation Infrastructure:** A new lab building is currently under construction at Pennovation Works, while the new Wharton Academic and Research Building promises to be a space for research programs, especially those focused on data and analytics. This fall, the Weitzman School plans to begin offering a one-year Master of Science in Design program focusing on Robotics and Autonomous Systems (MSD-RAS), utilizing the School's new state-of-the-art robotics lab.

PSOM, all the while, has rapidly deployed telehealth capabilities through the Penn Center for Connected Care and CipherHealth. As of early May, more than 200,000 televisits had taken place.

## Impact

**Multilateral Engagement:** Eight Penn seniors were awarded the 2020 [President's Engagement Prize](#), empowering Penn students to design and undertake post-graduation projects that make a positive, lasting difference in the world. Projects this year include a social enterprise that will deliver crucial medications to people living in poverty in India; an improv theater training program that will partner with Philly Improv Theater for 10-week improv workshops to teach local students how to use improv to succeed in the classroom and beyond; a financial literacy project that engages the West Philadelphia community; and a project that will implement collaborative work spaces in high schools across the country, with a focus on a makerspace curriculum.

**Global Engagement:** The University launched the [Paideia Program](#), designed to focus Penn students on the ideals of citizenship and service and make the greatest impact on the world of the future. This program will consist of dedicated courses and innovative out-of-the-classroom experiences.

In SAS, the International Master of Public Administration program grew from 13 students to 33 in one year. At the Weitzman School, students who participate in international travel studios helped analyze data in the Galapagos Islands to assist residents with understanding protected lands; the program aims to highlight the impacts of increased ecotourism and population growth. The Wharton Global Youth Program brings Wharton programs to high school students and educators; non-credit online courses will soon be added at

a lower price point, with financial aid dedicated to reaching underserved populations. The Penn Carey Law School, meanwhile, is implementing a partnership with the London School of Economics and training members of the Thai judiciary—while also sending students abroad to study in Japan and The Gambia. PSOM created a new global-minded center this year, the Penn Center for Global Genomics and Healthy Equity.

**National Engagement:** The [Penn Wharton Budget Model](#) has worked to evaluate potential scenarios resulting from policy decisions related to the COVID-19 pandemic, while also examining policy proposals of presidential candidates in the Democratic primary contest. The *FactCheck.org* website, managed by the Annenberg Public Policy Center, has played a key role in debunking falsehoods during the pandemic and presidential election. Wharton’s Behavioral Change for Good program will lead the largest-ever experimental test of nudges for increasing flu shot uptake, critically important as the COVID-19 pandemic unfolds. PennPraxis, the clinical arm of the Weitzman School, has begun collaborating with Tuskegee University to document and activate culturally significant buildings, sites, towns, and landscapes.

**Local Engagement:** The Penn Libraries, in addition to making collections and Penn scholarships available globally through digitization initiatives, has focused locally on supporting 22 public school libraries. The Office of Government and Community Affairs, meanwhile, has worked to strengthen relationships with government and civic partners to improve the quality of life for neighbors in the West Philadelphia community. The Penn Museum continued its collaboration with the School District of Philadelphia for “Unpacking the Past,” offering free lessons to middle school students in the city’s public and Title I charter schools. A Rising Senior program sponsored by the Provost Office’s new Student Engagement center is offering free virtual programming this summer to about 2,500 high school students.

At GSE, partnerships with the region’s schools continue to expand, with 1,000 activities in 319 city schools documented in the past five years. The Penn Literacy Network, also part of GSE, offers professional development to educators throughout the region.

The Institute of Contemporary Art provides free admission and offers biannual programs that invite students and community members to experience the galleries together after hours with complimentary refreshments.

## **Capital Project Priorities and Sustainability**

In August, The University issued \$300 million in century bonds, setting a record at that time for the lowest interest rate ever achieved for a domestic century bond issue. The century bonds will be used to fund the University’s capital plan. Ongoing capital projects include New College House West, Tangen Hall, Penn Medicine’s new patient pavilion, and the University of Pennsylvania Meeting and Guesthouse.

The University committed to [Climate & Sustainability Action Plan 3.0](#), setting a plan toward being 100% carbon neutral as a campus by 2042. As part of this plan, the University will expand the scope of sustainability research, educate, and empower the Penn community, and explore expanded use of renewable energy. Already, Penn has secured two contracts to develop the largest solar project in Pennsylvania, through a power purchase agreement.

Further, the Office of the Provost has launched the Environmental Innovations Initiative, bringing together researchers, scholars, and students to develop innovative ideas in climate science, across disciplines.

## **Administrative Excellence**

A number of talented and diverse senior leadership appointments at Penn were announced during FY2020. Among these were: Leah Anderson, inaugural Executive Director, and Michael Delli Carpini, inaugural Faculty Director, of the Stavros Niarchos Foundation Paideia Program; Mary Francis, Director of the Penn Press; Michael Horowitz, Director of Perry World House; Erika James, Dean of the Wharton School; Anish Kumar, Managing Director of Pennovation Works; Stacey Lopez, promoted to Vice President for Institutional Research and Analysis; Valarie Swain-Cade McCoullum, Vice Provost for Student Engagement; Laura Perna, Vice Provost for Faculty; Russell Dileo, University Comptroller; and Michele Rovinsky-Mayer, Associate Vice President and Title IX Officer.



# **Operating Budget Schedules & Budget Overview**

**UNIVERSITY OF PENNSYLVANIA OPERATING BUDGET - GAAP BASIS \***  
(in thousands of dollars)

**SCHEDULE A**

	Fiscal 2019 Actual	Fiscal 2020 Budget	Fiscal 2020 Forecast	Fiscal 2021 Budget
<b>ACADEMIC COMPONENT</b>				
<b>REVENUE &amp; OTHER SUPPORT</b>				
Tuition & Fees	1,477,935	1,540,569	1,485,662	1,516,940
Student Aid Contra-Revenue	(349,981)	(368,449)	(364,661)	(410,983)
Net Tuition & Fees	1,127,954	1,172,121	1,121,000	1,105,957
Commonwealth Appropriations	34,518	34,518	35,144	35,144
Sponsored Programs - Direct Cost Recovery	758,879	783,554	799,857	785,547
Indirect Cost Recovery	263,459	269,826	271,597	265,638
Total Sponsored Programs	1,022,338	1,053,380	1,071,455	1,051,186
Contributions	183,074	201,405	192,378	200,242
Investment Income	482,997	520,466	516,324	535,416
Other Income	405,378	393,700	322,752	334,778
Transfers From Health System	184,107	158,768	170,542	155,098
<b>TOTAL REVENUE &amp; OTHER SUPPORT</b>	<b>3,440,366</b>	<b>3,534,358</b>	<b>3,429,595</b>	<b>3,417,820</b>
<b>EXPENSES</b>				
Salaries	1,522,724	1,601,397	1,607,744	1,621,039
Employee Benefits	441,686	444,524	450,000	477,450
Total Compensation	1,964,410	2,045,921	2,057,744	2,098,489
Depreciation & Amortization	207,422	221,215	212,973	221,246
Interest Expense	40,318	45,050	51,683	63,590
Current Expense	1,027,589	1,079,822	969,338	995,946
Student Aid Expense	117,279	121,925	130,342	129,889
<b>TOTAL EXPENSES</b>	<b>3,357,018</b>	<b>3,513,932</b>	<b>3,422,080</b>	<b>3,509,161</b>
<b>INCR./(DECR.) IN NET ASSETS FROM OPERATIONS</b>	<b>83,348</b>	<b>20,426</b>	<b>7,515</b>	<b>(91,341)</b>
<b>HEALTH SYSTEM *</b>				
<b>REVENUE &amp; OTHER SUPPORT</b>				
Net Patient Service Revenue	6,940,977	7,055,342	6,961,371	7,187,057
Other Income	836,274	781,368	987,156	991,850
Transfers To Academic Component	(184,107)	(158,768)	(170,542)	(155,098)
<b>TOTAL REVENUE &amp; OTHER SUPPORT</b>	<b>7,593,144</b>	<b>7,677,942</b>	<b>7,777,985</b>	<b>8,023,810</b>
<b>EXPENSES</b>				
Compensation				
Salaries	3,205,444	3,326,203	3,371,253	3,410,571
Employee Benefits	821,337	926,291	888,162	958,300
Total Compensation	4,026,781	4,252,494	4,259,415	4,368,871
Depreciation & Amortization	332,811	327,545	327,748	332,044
Interest Expense	53,755	37,424	37,750	44,319
Other Operating Expenses	2,743,233	2,742,945	2,958,948	3,033,639
<b>TOTAL EXPENSES</b>	<b>7,156,580</b>	<b>7,360,408</b>	<b>7,583,861</b>	<b>7,778,873</b>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>436,564</b>	<b>317,534</b>	<b>194,124</b>	<b>244,937</b>
Elimination of Inter-Entity Activities **				
<b>REVENUE &amp; OTHER SUPPORT</b>	<b>(15,399)</b>	<b>(12,439)</b>	<b>(15,994)</b>	<b>(13,289)</b>
<b>EXPENSES</b>	<b>(15,399)</b>	<b>(12,439)</b>	<b>(15,994)</b>	<b>(13,289)</b>
<b>CONSOLIDATED UNIVERSITY</b>				
<b>REVENUES &amp; OTHER SUPPORT</b>	<b>11,018,111</b>	<b>11,199,861</b>	<b>11,191,586</b>	<b>11,428,341</b>
<b>EXPENSES</b>	<b>10,498,199</b>	<b>10,861,901</b>	<b>10,989,947</b>	<b>11,274,745</b>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>519,912</b>	<b>337,960</b>	<b>201,639</b>	<b>153,596</b>

\* Presented in accordance with Generally Accepted Accounting Principles used for external financial reporting

\*\* For Consolidated University statement presentation purposes, activity between the Academic Component and Health System is eliminated so as to not overstate combined revenue and expense

**UNIVERSITY OF PENNSYLVANIA OPERATING BUDGET - RCM BASIS \***  
(in thousands of dollars)

**SCHEDULE B**

	Fiscal 2019 Actual	Fiscal 2020 Budget	Fiscal 2020 Forecast	Fiscal 2021 Budget
<b>ACADEMIC COMPONENT</b>				
<b>REVENUES &amp; TRANSFERS</b>				
Traditional Undergraduate Tuition	503,762	520,272	518,734	531,473
Graduate, Professional & Other Tuition	624,707	657,300	652,176	658,849
Total Tuition	1,128,469	1,177,573	1,170,911	1,190,322
General & Other Fees	349,479	362,997	314,751	326,618
Total Tuition & Fees	1,477,949	1,540,569	1,485,662	1,516,940
Commonwealth Appropriation	34,518	34,518	35,144	35,144
Sponsored Programs - Direct Cost Recovery	758,879	783,554	799,857	785,547
Sponsored Programs - Indirect Cost Recovery	263,459	269,826	271,597	265,638
Total Sponsored Programs	1,022,338	1,053,380	1,071,455	1,051,186
Gifts	252,537	280,228	266,517	266,283
Investment Income	495,236	517,089	535,061	554,064
Other Income	405,364	393,700	322,752	334,778
<b>TOTAL DIRECT REVENUES</b>	<b>3,687,942</b>	<b>3,819,485</b>	<b>3,716,591</b>	<b>3,758,395</b>
Net Resource Transfers	240,869	202,460	205,706	188,060
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>3,928,811</b>	<b>4,021,944</b>	<b>3,922,297</b>	<b>3,946,455</b>
<b>EXPENDITURES</b>				
Academic Salaries	740,619	778,485	774,273	793,844
Non-Academic Salaries	866,974	910,445	924,471	919,179
Total Salaries	1,607,593	1,688,929	1,698,744	1,713,023
Employee Benefits	443,154	452,744	450,618	458,932
Total Compensation	2,050,747	2,141,673	2,149,362	2,171,955
Current Expense	947,019	990,106	892,111	920,967
Capital Transactions **	165,563	434,960	110,338	168,196
Traditional Undergraduate Student Aid	235,055	244,752	244,191	281,596
Graduate, Professional & Other Student Aid	188,387	200,370	202,828	211,592
Total Student Aid	423,441	445,122	447,018	493,189
<b>TOTAL EXPENDITURES</b>	<b>3,586,770</b>	<b>4,011,861</b>	<b>3,598,829</b>	<b>3,754,307</b>
<b>RCM SURPLUS ***</b>	<b>342,040</b>	<b>10,083</b>	<b>323,468</b>	<b>192,149</b>

\* Presented in Responsibility Center Management format used for internal financial management and reporting

\*\* Capital transactions are reduced by bond issues of \$200M in the Fiscal 2019 actual, \$300 million in the Fiscal 2020 forecast, and \$300 million in the FY2021 budget

\*\*\* A surplus means that funds are set aside for future years, while a deficit represents the use of prior period balances

**UNIVERSITY OF PENNSYLVANIA FISCAL YEAR 2021 OPERATING BUDGET  
ACADEMIC COMPONENT BY RESPONSIBILITY CENTER**  
(in thousands of dollars)

**SCHEDULE C**

	REVENUES & TRANSFERS								EXPENDITURES					
	Tuition & Fees	PA Approp.	Sponsored Programs	Gifts	Investment Income	Other Income	Transfers	Total	Total Comp.	Current Expense	Capital Trans.	Student Aid	Allocated Cost & Space Charges	Total
<b>SCHOOLS</b>														
Annenberg School	6,369		4,086	233	33,785	792	44	<b>45,308</b>	19,199	9,285	250	4,520	3,395	<b>36,649</b>
Arts & Sciences	343,923		85,033	29,686	49,917	7,756	82,585	<b>598,899</b>	278,738	62,823	34,596	147,132	89,907	<b>613,196</b>
Penn Carey Law	44,910		736	10,069	21,206	1,575	6,409	<b>84,904</b>	47,942	14,300	505	14,367	12,078	<b>89,193</b>
Dental Medicine	51,279	517	17,470	6,974	5,277	21,171	4,220	<b>106,908</b>	56,743	22,571	6,999	4,563	17,982	<b>108,858</b>
Education	46,155		13,029	4,271	3,488	1,854	4,658	<b>73,455</b>	38,068	13,654	2,180	10,181	9,647	<b>73,730</b>
Engineering	127,902		74,007	24,304	20,372	2,458	14,304	<b>263,348</b>	101,250	42,259	28,722	47,941	36,105	<b>256,276</b>
Nursing	44,309		19,958	1,251	7,527	145	4,720	<b>77,911</b>	39,944	10,439	180	12,338	11,991	<b>74,892</b>
Perelman School of Medicine	71,879	2,673	719,630	61,998	110,289	60,192	167,359	<b>1,194,019</b>	626,831	299,834	38,709	57,875	157,317	<b>1,180,565</b>
Social Policy & Practice	18,043		3,200	2,610	1,261	146	1,828	<b>27,088</b>	15,625	4,284	356	4,589	3,635	<b>28,489</b>
Veterinary Medicine	22,979	31,955	41,102	5,879	11,676	47,719	830	<b>162,141</b>	91,346	36,057	4,677	3,381	27,461	<b>162,922</b>
Weitzman School of Design	31,149		1,721	7,965	5,486	346	13,775	<b>60,442</b>	25,596	7,658	5,173	12,604	9,797	<b>60,828</b>
Wharton	286,051		3,433	70,005	70,923	53,569	38,284	<b>522,265</b>	257,277	100,817	40,602	63,765	65,849	<b>528,309</b>
<b>TOTAL SCHOOLS</b>	<b>1,094,948</b>	<b>35,144</b>	<b>983,405</b>	<b>225,246</b>	<b>341,207</b>	<b>197,723</b>	<b>339,015</b>	<b>3,216,688</b>	<b>1,598,558</b>	<b>623,979</b>	<b>162,948</b>	<b>383,256</b>	<b>445,164</b>	<b>3,213,905</b>
<b>RESOURCE CENTERS</b>														
Annenberg Center	594		276	1,208	42	665	2,417	<b>5,203</b>	1,805	1,285			2,113	<b>5,203</b>
Recreation & Intercollegiate Athletics	10,822			13,299	4,535	7,886	22,743	<b>59,285</b>	19,393	12,839	7,447		18,839	<b>58,518</b>
Institute of Contemporary Art			126	851	1,539	221	1,363	<b>4,100</b>	1,953	1,218			1,034	<b>4,205</b>
Interdisciplinary Programs	4,312		10,640	2,838	12,542	8,570	(3,402)	<b>35,500</b>	17,207	6,220	5,106	2,333	2,458	<b>33,324</b>
Morris Arboretum	310		92	2,320	3,151	1,272	972	<b>8,118</b>	4,388	2,658	34		1,007	<b>8,087</b>
Penn Global	1,351		520	200	559	266	15,662	<b>18,558</b>	7,184	9,357	1,099		1,310	<b>18,950</b>
University Libraries	35		138	2,366	5,507	357	70,262	<b>78,665</b>	28,753	33,430	6,883	10	14,347	<b>83,423</b>
University Museum			850	10,153	5,553	1,353	10,387	<b>28,297</b>	11,485	10,427	1,582	66	7,452	<b>31,012</b>
<b>TOTAL RESOURCE CENTERS</b>	<b>17,425</b>	<b>0</b>	<b>12,642</b>	<b>33,235</b>	<b>33,430</b>	<b>20,591</b>	<b>120,403</b>	<b>237,725</b>	<b>92,168</b>	<b>77,434</b>	<b>22,150</b>	<b>2,409</b>	<b>48,560</b>	<b>242,722</b>
<b>BUSINESS SERVICES</b>														
Housing & Conference Services	63,477				427	1,353	(19,607)	<b>45,649</b>	5,036	25,938	27,101		4,602	<b>62,676</b>
Dining Services	21,316				4	995	(801)	<b>21,514</b>	7,287	14,303			1,619	<b>23,210</b>
Parking & Transportation Services	2,172					14,657	(961)	<b>15,867</b>	3,827	5,528	1,982		967	<b>12,304</b>
Other Business Services	36			691	120	11,902	5,012	<b>17,760</b>	9,726	4,841	265		2,105	<b>16,938</b>
Other Auxiliary Activities						32,691	(1,272)	<b>31,419</b>		29,266	6,203			<b>35,469</b>
<b>TOTAL BUSINESS SERVICES</b>	<b>87,001</b>	<b>0</b>	<b>0</b>	<b>691</b>	<b>550</b>	<b>61,597</b>	<b>(17,630)</b>	<b>132,209</b>	<b>25,876</b>	<b>79,876</b>	<b>35,551</b>	<b>0</b>	<b>9,293</b>	<b>150,596</b>
<b>ADMINISTRATIVE SERVICE CENTERS</b>														
Audit, Compliance & Privacy							2,394	<b>2,394</b>	4,016	(1,781)			23	<b>2,259</b>
College Houses & Academic Services	5,463			17	23	60	2,153	<b>7,715</b>	4,086	3,805	825		85	<b>8,800</b>
Development & Alumni Relations				408	8,459	1,968	61,712	<b>72,547</b>	49,092	22,400		14	692	<b>72,198</b>
Executive Vice President's Office					21,127		8,585	<b>29,712</b>	19,944	7,551	1,306		196	<b>28,997</b>
Facilities & Real Estate Services			2,300		544	31,643	227,283	<b>261,770</b>	85,418	80,206	89,947		1,295	<b>256,865</b>
Finance	6,440				1,388	20	35,561	<b>43,408</b>	26,995	32,286	(15,454)		1,700	<b>45,527</b>
Human Resources						530	13,189	<b>13,718</b>	10,530	11,002	(8,350)		423	<b>13,606</b>
Information Systems & Computing	831				294	1,132	58,391	<b>60,648</b>	42,873	13,423	2,308		1,229	<b>59,833</b>
President's Center	295		678	5,197	135	3,609	23,430	<b>33,345</b>	28,104	4,594	141		1,145	<b>33,985</b>
Provost's Center	18,967		243	844	14,869	9,377	35,928	<b>80,227</b>	57,741	10,388	5,582	765	2,917	<b>77,394</b>
Public Safety	12,285				909	15,766		<b>28,960</b>	19,739	8,851	190		180	<b>28,960</b>
University Life	34,588		2,031	519	1,069	2,320	4,504	<b>45,031</b>	16,472	15,943	498	301	12,784	<b>45,998</b>
Wellness	20,977			1	64	2,109	1,341	<b>24,492</b>	15,388	9,023	192		159	<b>24,762</b>
<b>TOTAL ADMIN. SERVICE CENTERS</b>	<b>99,845</b>	<b>0</b>	<b>5,252</b>	<b>6,986</b>	<b>47,973</b>	<b>53,676</b>	<b>490,236</b>	<b>703,968</b>	<b>380,398</b>	<b>217,692</b>	<b>77,187</b>	<b>1,080</b>	<b>22,830</b>	<b>699,186</b>
<b>GENERAL UNIVERSITY</b>	<b>217,721</b>	<b>0</b>	<b>49,887</b>	<b>124</b>	<b>130,904</b>	<b>1,191</b>	<b>(743,963)</b>	<b>(344,136)</b>	<b>74,955</b>	<b>(67,869)</b>	<b>(129,640)</b>	<b>106,443</b>	<b>(535,992)</b>	<b>(552,102)</b>
<b>TOTAL ACADEMIC COMPONENT</b>	<b>1,516,940</b>	<b>35,144</b>	<b>1,051,186</b>	<b>266,283</b>	<b>554,064</b>	<b>334,778</b>	<b>188,060</b>	<b>3,946,455</b>	<b>2,171,955</b>	<b>931,113</b>	<b>168,196</b>	<b>493,189</b>	<b>(10,146)</b>	<b>3,754,307</b>

**Fiscal Year 2021 Operating Budget: Academic Component RCM to GAAP Crosswalk**  
 (in thousands of dollars)

	Fiscal 2021 RCM Budget	Adjustments	Fiscal 2021 GAAP Budget
<b>Revenue &amp; Other Support:</b>			
Tuition & Fees	1,516,940	-	1,516,940
Student Aid Contra-Revenue	-	(410,983)	(410,983)
Commonwealth Appropriations	35,144	-	35,144
Sponsored Programs	1,051,186	-	1,051,186
Contributions	266,283	(66,041)	200,242
Investment Income	554,064	(18,648)	535,416
Other Income	334,778	-	334,778
Transfers From Health System	188,060	(32,963)	155,098
Total Revenue & Other Support	<u>3,946,455</u>	<u>(528,635)</u>	<u>3,417,820</u>
<b>Expenditures:</b>			
Salaries	1,713,023	(91,983)	1,621,039
Employee Benefits	458,932	18,518	477,450
Total Compensation	<u>2,171,955</u>	<u>(73,465)</u>	<u>2,098,489</u>
Current Expense	920,967	74,979	995,946
Capital Transactions	168,196	(104,606)	63,590
Student Aid Expense	493,189	(363,300)	129,889
Depreciation & Amortization	-	221,246	221,246
Total Expenditures	<u>3,754,307</u>	<u>(245,146)</u>	<u>3,509,161</u>
RCM Surplus: Transfer to Other Periods	192,149		
Net RCM to GAAP Adjustments		(283,489)	
GAAP Decrease in Net Assets			(91,341)

Penn uses Responsibility Center Management (RCM) as its managerial framework for internal budgeting and financial reporting activities. RCM promotes the broad stewardship of financial resources and enhances Penn's capacity to generate revenue by encouraging and rewarding innovation and efficiency. To comply with external reporting requirements, Penn's financial performance is reported in accordance with Generally Accepted Accounting Principles (GAAP). The primary differences between RCM and GAAP reporting are as follows:

Student Aid	RCM treats all student aid as expense. Under GAAP, certain grants and scholarships are treated as contra-revenue and other aid is treated as expense. In addition, RCM reports payments for pre-doc trainee and educational fellows as salaries whereas GAAP considers such payments student aid expense.
Contributions	RCM recognizes contribution revenue upon the receipt of operating, unrestricted and temporarily restricted endowment, and capital gift payments. For GAAP purposes, contributions include the receipt of unrestricted gifts and the reclassification of restricted operating gifts once payment has been received and donor restrictions have been met. GAAP treats gifts to true endowment and to capital gift funds as non-operating revenue.
Investment Income	RCM investment income includes unrestricted and temporarily restricted endowment payout distributions and the income earned on other investment funds. GAAP investment income includes unrestricted investment income only.
Transfers from Health System	RCM considers all Health System transfers as supporting operations. GAAP distinguishes between operating and non-operating transfers.
Salaries	As noted in the student aid description above, RCM reports certain payments as salaries that GAAP treats as student aid expense. In addition, RCM salaries paid by the employee benefits pool for those on sabbatical or disability fall under employee benefits in GAAP.
Employee Benefits	RCM employee benefits are derived by applying employee benefit rates to salaries. In addition to that amount, GAAP employee benefits reflect all activity in the employee benefits pool and benefit-related payments outside the pool.
Current Expense	RCM current expense includes employee benefits costs that are counted in GAAP as employee benefits. GAAP includes certain expenses that are treated as capital transactions under RCM.
Capital Transactions	RCM capital transactions include debt service, capital equipment purchases, and the funding of capital projects. GAAP capital transactions are limited to interest expense.
Depreciation & Amortization	RCM recognizes the cost of capital assets when they are funded, and therefore does not include depreciation as an operating expense. GAAP records asset purchases on the Statement of Financial Position and then recognizes annual depreciation expense as a cost of operations on the Statement of Activities.



## BUDGET OVERVIEW

### Presentation of the Academic Budget

Schedule A shows the University's budget under General Accepted Accounting Principles (GAAP), which is the basis used for external financial reporting. By contrast, Schedule B shows Penn's budget on a Responsibility Center Management (RCM) basis, the framework used for Penn's internal budgeting and financial reporting activities. Additional detail on the RCM budget is shown in Schedule C. Schedule D provides a "crosswalk" between the RCM and GAAP budgets. Individual school and center budgets within this document are presented on an RCM basis.

The most significant difference between the RCM and GAAP frameworks applied at Penn is in the treatment of capital-related transactions. RCM treats proceeds from borrowings, along with debt service principal and interest, in addition to capital funding transfers for renovation and new building projects as capital transactions but excludes depreciation expense. In contrast, capital-related activity reflected in GAAP operations includes depreciation and only the interest portion on debt, but not capital spending or principal borrowing and repayment. Another major difference is that RCM includes capital gifts as income, while GAAP considers such contributions as non-operating revenue. Also, while RCM counts all student aid as expense, GAAP distinguishes between contra-revenue aid and aid expense. Finally, while RCM includes all Health System transfers, GAAP includes only those transfers that support operations. Other distinctions are detailed in Schedule D.

### Fiscal Year 2020 Performance

As shown in Schedule A, the academic component is expected to close FY2020 with an increase in net assets of \$8 million on a GAAP basis, a \$12 million negative variance versus budget. The UPHS forecast is for an increase in net assets of \$194 million, which is \$123 million less than budget.

Academic component revenue is forecast to be \$105 million below budget, or 3.0%, due entirely to COVID-19-related shortfalls, which are attributable to student refunds of housing and dining charges, as well as reduced revenues from clinical operations, executive education, parking, hotels, and retail. The only categories of revenue that are expected to exceed budget are sponsored program revenues, which were trending very strongly before the pandemic closed the campus, and Health System transfers.

On the expense side, the GAAP forecast indicates that expenditures will be \$92 million below budget, or 2.6%. This variance is driven entirely by reduced current expense, which is anticipated to finish \$110 million below budget. Since the COVID-19 outbreak, current expense has fallen precipitously due primarily to new guidelines restricting discretionary spending and travel that were issued by the Provost and Executive Vice President in mid-April. In April alone, current expense decreased by \$34 million, or 37%, versus the prior year and preliminary May data also suggests a significant decline will occur; in contrast, through the end of February, current expense had been up by 5.1% year-to-date.

Other financial mitigation actions that were announced in April to address pandemic-related revenue shortfalls included:

- A University-wide hiring freeze that will remain in place until the end of FY2021.
- A limited merit salary increase program for FY2021 applying only to employees with base salaries of \$70,000 or less.
- Elimination of mid-year salary adjustments in FY2021.
- A freeze on the hiring of new temporary staff, interns, and non-work study student workers or co-op students.
- Pausing of all capital projects except those that are already in design or construction and have a fully defined funding plan.
- Prioritization of the appropriate use of donor restricted funds to free up resources for unrestricted budgets.

The RCM forecast is for a \$323 million surplus, a positive variance versus budget of \$313 million. The majority of this variance is due to the issuance of \$300 million in century bonds in August, which was not anticipated in the original budget.

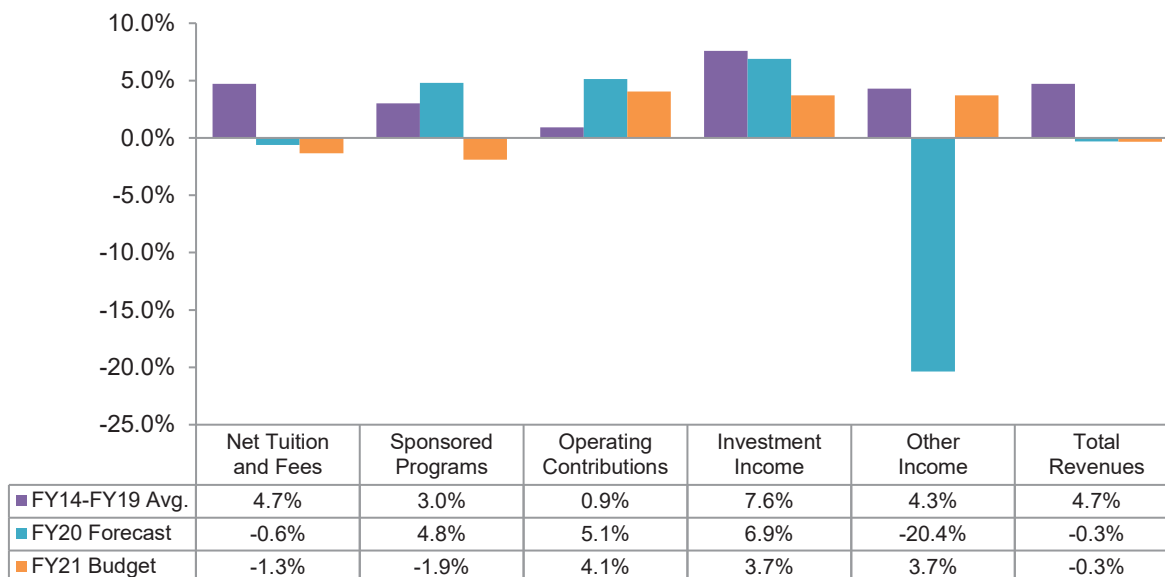
## The Fiscal Year 2021 Budget

As shown in Schedule A, the consolidated FY2021 University GAAP budget has \$11.3 billion in expenditures, of which \$7.8 billion, or 69%, is in the Health System budget and \$3.5 billion, or 31%, is in the academic budget. The overall increase in expenditures is 2.6%, with 2.5% growth projected for the academic component and 2.6% for UPHS. Total University revenues and other support are budgeted to be \$11.4 billion. The academic component budget includes \$3.4 billion in revenue and other support, of which \$155 million are transfers from UPHS. For UPHS, total revenues net of the transfers to the academic component are \$8.0 billion, and the increase in net assets from operations is budgeted at \$245 million.

The academic budget shows a decrease in net assets of \$91 million from operating activities. This decrease reflects the anticipation that the COVID-19 outbreak and resulting economic contraction will continue to have a significantly negative impact on revenues in FY2021. Overall, School and Center budget submissions anticipate \$161 million in lost revenues in FY2021 due to the outbreak, including \$103 million in lost net tuition and fees and \$41 million in lower Other Income.

In order to mitigate the projected deficit, the Office of Budget Planning and Analysis intends to work closely with the leadership of each responsibility center to manage and reduce unrestricted fund expenditures, as well as to identify areas for improved productivity and efficiency, so that the University can focus resources on its primary missions of education and research.

### Growth Rates in Key Revenue Categories

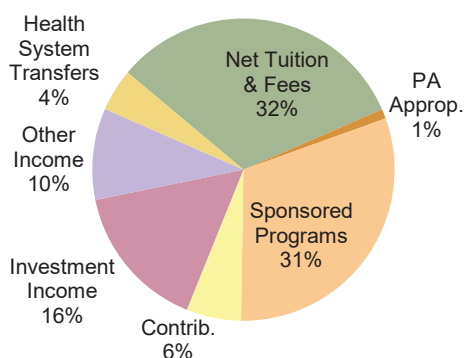


Total academic budget revenue is projected to decrease by 0.3% or \$12 million versus the FY2020 forecast. Here is a discussion of changes in key GAAP revenue categories:

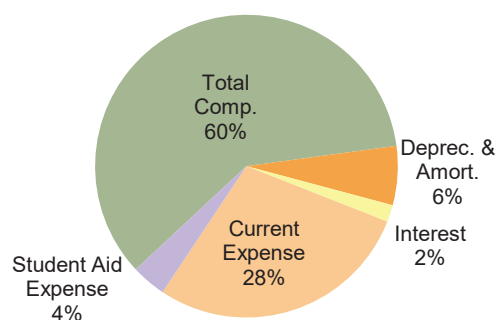
- Net tuition and fees are budgeted to decrease by 1.3% or \$15 million. This includes an increase in tuition and fees of 2.1% and 12.7% growth in student aid contra-revenue. The high growth in student aid contra revenue reflects a \$37 million increase in the undergraduate financial aid budget due largely to the waiving on the summer earnings requirement for FY2021 as well as the anticipation of higher average awards due to the recession. Tuition and fee revenue growth typically exceeds 4% but is expected to be much lower in FY2021 because of expected reductions in international student enrollment for a number of schools, including the Weitzman School, the Graduate School of Education, and the Law School because of the pandemic and anticipated visa issues, as well as a freeze in tuition rates for the JD, MBA, and MD programs.
- Investment income is budgeted to increase by 3.7%, or \$19 million. While allocation of endowment returns is forecast to increase by a healthy 6.8%, other investment income is expected to fall off sharply due to the decrease in interest rates.
- Total sponsored program revenues are forecast to decrease by 1.9% or \$20 million. This decline is due to the anticipation that research activity levels will not return to prior levels for several months because of social distancing requirements.
- Operating contributions are increasing by 4.1% or \$8 million, with continued growth anticipated in the final year of *the Power of Penn* campaign.
- Other Income is budgeted to increase to by 3.7% or \$12 million. However, it is expected to remain well below the level of the FY2020 budget and the FY2019 actual due primarily to a slow recovery for executive education activity, hotel revenues, and clinical operations.
- Health System transfers are decreasing by 9.1% or \$15 million as some short-term commitments to the Perelman School are ending in FY2020 and clinical department reserve transfers are forecast to be lower in FY2021.

The 2.5% or \$87 million increase in total GAAP expenditures includes a 2.0% increase in compensation expense and a 2.7% increase in current expense. Compensation growth is lower than in prior year budgets due to the hiring freeze announced this past April, as well as the 2.5% merit pool applying only to employees earning \$70,000 or less. The current expense budget includes a \$20 million reserve for COVID-19-related costs such as expenditures for protective equipment and investments needed to ensure appropriate social distancing in research laboratories, classrooms, offices, and dormitories. Interest expense is increasing by \$12 million primarily because of the anticipation that the University will issue \$300 million in new debt early in FY2021.

**FY2021 Revenue by Source**



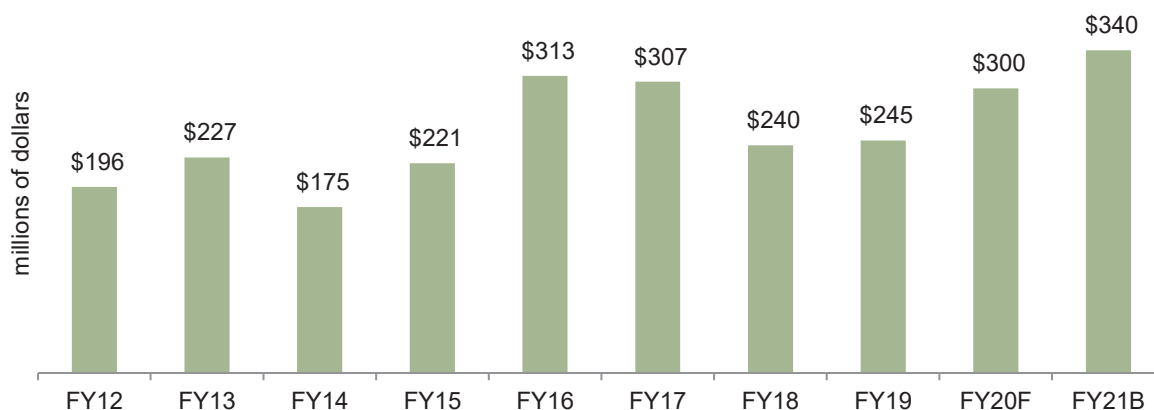
**FY2021 Expenses by Type**



**Revenue/Expenditure Mix:** Net tuition and fees and sponsored programs each account for a little more than 30% of the GAAP academic budget revenues, as shown in the chart above. Investment income is the third largest category at 16%, with Other Income next at 10%. The latter includes revenue from clinical care delivered by the School of Veterinary Medicine and the School of Dental Medicine, technology transfer royalty income, and the revenue of the independent operations of the University, which include University City Associates (UCA) real estate operations, the Hilton Inn at Penn, and the Sheraton University City Hotel. The remaining revenues in the GAAP budget consist of contributions that support current operations at 6%, Health System transfers at 4% and the Commonwealth appropriation at 1%. Compensation represents about 60% of total expenditures in the GAAP academic budget. Current expense is the next largest category at 28%, with the remainder accounted for by depreciation and amortization expense at 6%, student aid expense at 4%, and interest expense (2%).

**The RCM Budget:** As shown in Schedule B, the FY2021 budget on an RCM basis has a surplus of \$192 million. That compares with a projected surplus of \$323 million in FY2020. Both the FY2020 forecast and the FY2021 budget reflect the issuance of \$300 million in debt. Also impacting RCM performance is the level of capital spending, which is expected to continue to increase in FY2021 with many large, strategic projects finishing or nearing completion. (see following chart).

### Capital Spending History



\*Spending on academic component capital projects embedded in the RCM budget. Excludes activity outside of capital funds and capitalized interest. RCM capital transactions also include debt service and equipment purchases outside of capital funds.

## Discussion of Individual Revenue and Expense Categories

### Tuition and Fees

Penn’s undergraduate tuition and fee charges will increase by 3.9% in FY2021 to \$60,042, the 12<sup>th</sup> consecutive year the increase has been below 4.0%. Peer institutions have reported tuition and fee increases ranging from 0.0% to 4.9%. Historically, Penn’s increases have closely matched the average for its peer group but have generally been lower than the average for all private institutions.

Starting in FY2019, Penn adopted a block tuition distribution approach for traditional undergraduate tuition to better align our educational mission and goals. This approach has helped create predictability and stability for budget planning and ensured that schools’ decisions on course offerings are based more upon academic merit than financial considerations. Under the block approach, earned income in FY2018 serves

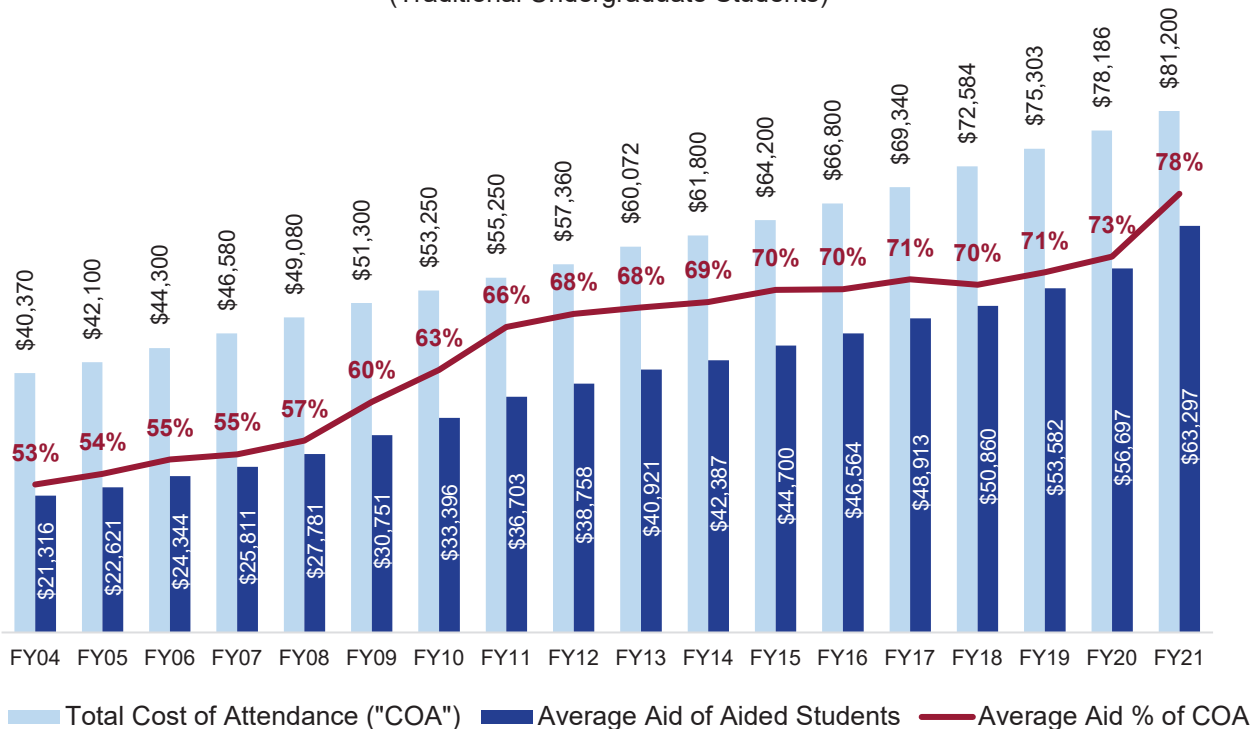
as the base for tuition distribution through FY2022, with each successive year's tuition calculated by applying the approved tuition parameter for that year.

## Financial Aid

Undergraduate Aid: Penn's undergraduate financial aid program supports its philosophy that a world-class education should be affordable and accessible to talented students from all financial backgrounds. Since President Amy Gutmann took office in FY2005, Penn's undergraduate financial aid budget has increased by more than three-fold, representing an average annual growth rate of nearly 8%, which is significantly more than the average growth rate in total charges over this period.

In 2008, Penn was a national leader in establishing a grant-based financial aid program, committing to meet 100% of demonstrated financial need with grants and work-study funds, making it possible for undergraduate students to graduate without debt. As a result of this commitment, the average financial aid package as a percentage of the total cost of attendance has grown from 54% in FY2005 to a projected 78% in the FY2021 budget (*see following chart*). In addition, the number of students receiving grant aid has increased by 22% since FY2008 due in large part to recruiting efforts focused on high-achieving, socioeconomically diverse students. Today, one in seven undergraduate Penn students identify as the first in their family to go to college, compared to just one in 20 in 2004. In addition to receiving financial aid packages that cover all billed expenses, these highly aided students are also eligible for laptop funding, summer opportunity funds, and other support. In 2020, the University launched Financial Wellness @ Penn, a personal finance education program available to all students, as well as a new commitment to middle-income families, guaranteeing financial aid packages that cover at least the cost of tuition for families that make up to \$140,000 and have typical asset levels.

**Cost of Attendance vs Average Aid \$ of Aided Students**  
(Traditional Undergraduate Students)





For FY2021, the total undergraduate financial aid grant budget is \$282 million, representing an increase of 15%, or \$37 million, over the FY2020 forecast. The pandemic and the ensuing economic downturn are largely driving this high rate of growth, with \$13 million of the increase alone related to Penn temporarily eliminating aided students' summer savings expectations (because of the scarcity of internship opportunities). Because of the surge in unemployment claims and the severity of the recession, the aid budget has also assumed an increase in average institutional grant awards.

\$271 million of the undergraduate aid budget is funded internally by unrestricted funds, income from financial aid endowments, and term gifts, and \$11 million is from Pell and other federal grants and state grants. In addition, students will receive about \$5 million in outside grants not reflected in Penn's budget and about \$4 million from Penn resources for academic year work-study opportunities included in the compensation portion of the budget.

Despite the substantial growth in endowment for undergraduate aid over the past several years, the percentage of Penn's undergraduate aid budget funded by endowment income is notably less than several of our peers. In FY2021, endowment income will fund about \$56 million, or 20%, of undergraduate financial aid. Through the end of April 2020, *The Power of Penn* campaign had raised more than 100% of both its undergraduate and graduate student aid goals. Thanks to generous donors, the value of the undergraduate financial aid endowment has more than doubled over the past 10 years.

Graduate and Professional Aid: More than half of Penn's student body is composed of graduate and professional students. The nine-month minimum stipend is increasing by 4.25% to \$28,107 in FY2021. The base School of Arts and Sciences stipend (including summer) will be \$36,025.

The graduate and professional financial aid budget for FY2021 totals \$259 million, with an additional \$63 million budgeted as stipend support. Most PhD students are fully funded for the first four to five years of study. Funding includes stipends, tuition remission, fees, and health insurance. Aid for professional students is awarded based on both need and merit.

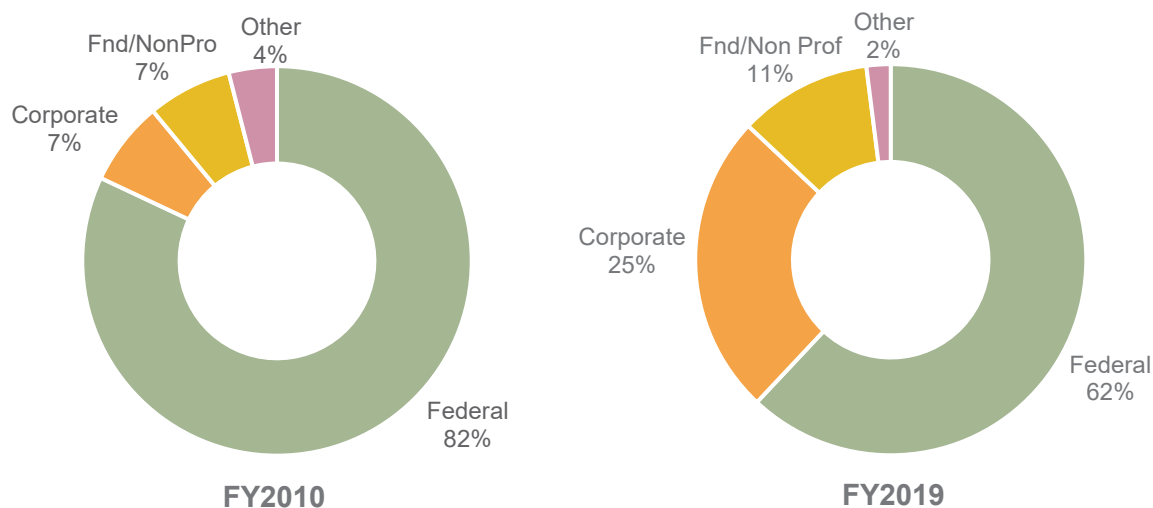
### **Sponsored Programs**

With over \$1.2 billion in sponsored research awards in FY2019, Penn continues to maintain its position as one of the nation's leading research institutions. Penn's stellar faculty and innovative research programs across all disciplines have helped the University consistently increase its total awards from all sponsors. The federal government, particularly the NIH, remains by far the largest sponsor of research on campus and Penn ranks as one of its top four recipients of biomedical research funding.

The COVID-19 pandemic has compelled the University's outstanding faculty to take extraordinary measures, and in some cases, disrupt their research activities. As a result of the pandemic, the University recognizes it could face a difficult funding climate in the near term, especially from federal sponsors, because the national response to COVID-19 could divert resources from investments in research and development. However, despite these challenges, Penn is well-positioned to maintain its research excellence because strategic efforts and investments in recent years have diversified its sponsor base: the proportion of research awards coming from private industry has grown dramatically from 7% in FY2010 to 25% in FY2019. For FY2020, Penn expects to see a slight rise in its sponsored research awards, supported by a substantial growth in industry sponsorships.

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## Evolution of the Research Portfolio (Awards)



As shown in the chart above, FY2019 federal support represented 62% of Penn’s total awards, including grants where Penn is a subcontractor. Corporate support accounted for 25% and foundations and non-profits 11%. The Perelman School of Medicine received about 74% of the sponsored program dollars awarded to the University and is the third-ranked medical school in the country for NIH support. Other Penn schools with significant shares of sponsored program awards include Arts and Sciences (7%), Engineering (6%), and Veterinary Medicine (3%). The School of Nursing ranks first among schools of nursing in NIH awards. The Vet School continues to be ranked first among schools of veterinary medicine in NIH awards per faculty member.

### Indirect Cost Recovery (ICR)

Indirect costs represent a significant portion of the overall cost of conducting laboratory investigations at large, research-oriented universities and include infrastructure, utilities, maintenance, library, and administrative expenses, both central and school-based. ICR on University grants helps offset these expenses and is a key source of unrestricted revenue. The University’s federal ICR rate for FY2021 will be 62.0% based on an agreement negotiated with the federal Department of Health and Human Services. The rate will increase to 62.5% in FY2022. The distribution of ICR in FY2021 will continue to be: Schools 88.5%; Subvention Pool 10.5%; and Research Facilities Development Fund 1.0%.

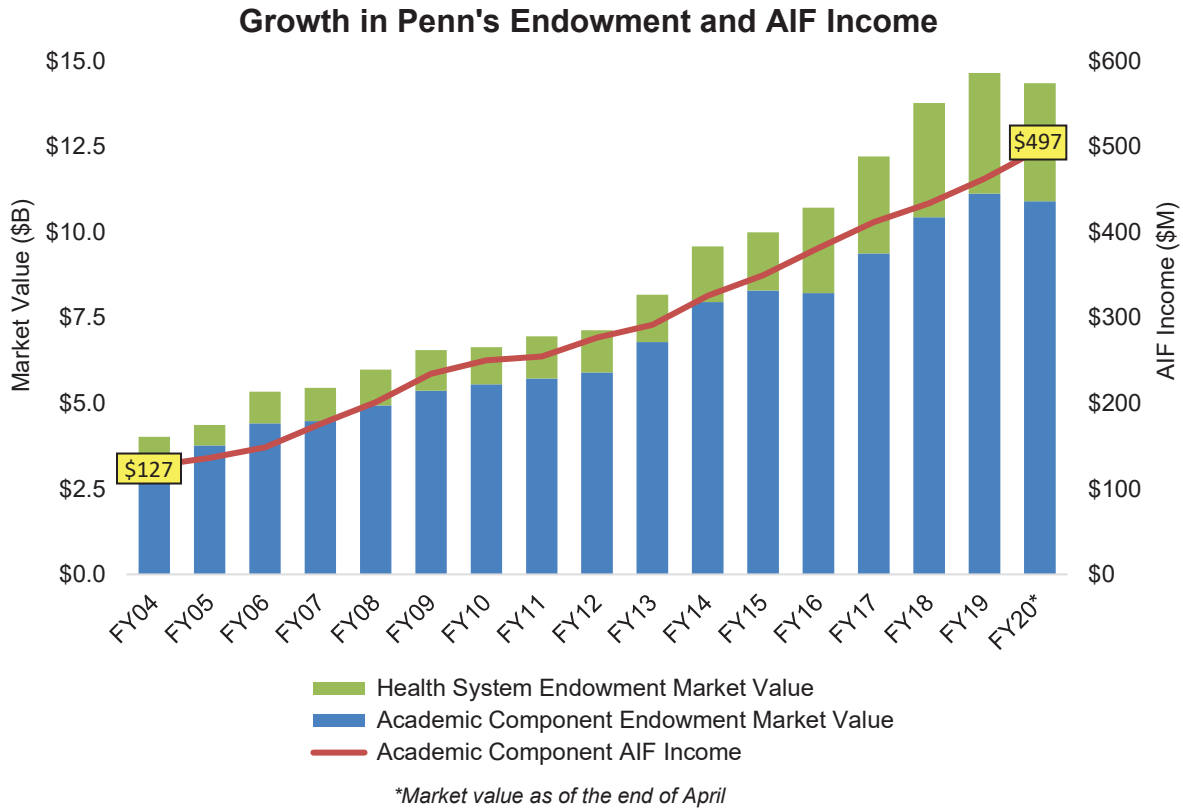
### Investment Income

The University recognizes the importance of endowment income as a revenue source to support its programs and operations, and the need to protect the value of the endowment against the effects of inflation and market fluctuations. Consequently, Penn applies a spending rule policy that defines the amount of income that may be spent from the Associated Investments Fund (AIF), the pooled fund in which about 95% of the University’s endowment is invested. This policy is in compliance with the Pennsylvania Uniform Principal and Income Act, which governs the investment, use, and management of nonprofit endowment funds.

Penn has a two-factor spending rule formula that ties spendable income not just to market value but also to current year income. The formula bases 70% of spending on the current year’s projected spendable

income plus an inflation factor and 30% on the endowment market value, lagged by one year, multiplied by the target spending rate of 5.0%.

As shown in the following chart, the value of the University's endowment, including the Health System, has grown from \$4.0 billion at the end of FY2004 to an estimated \$14.4 billion at the end of April 2020, and AIF spendable income is projected at \$497 million for FY2020, which is nearly four times the FY2004 amount.



## Salaries

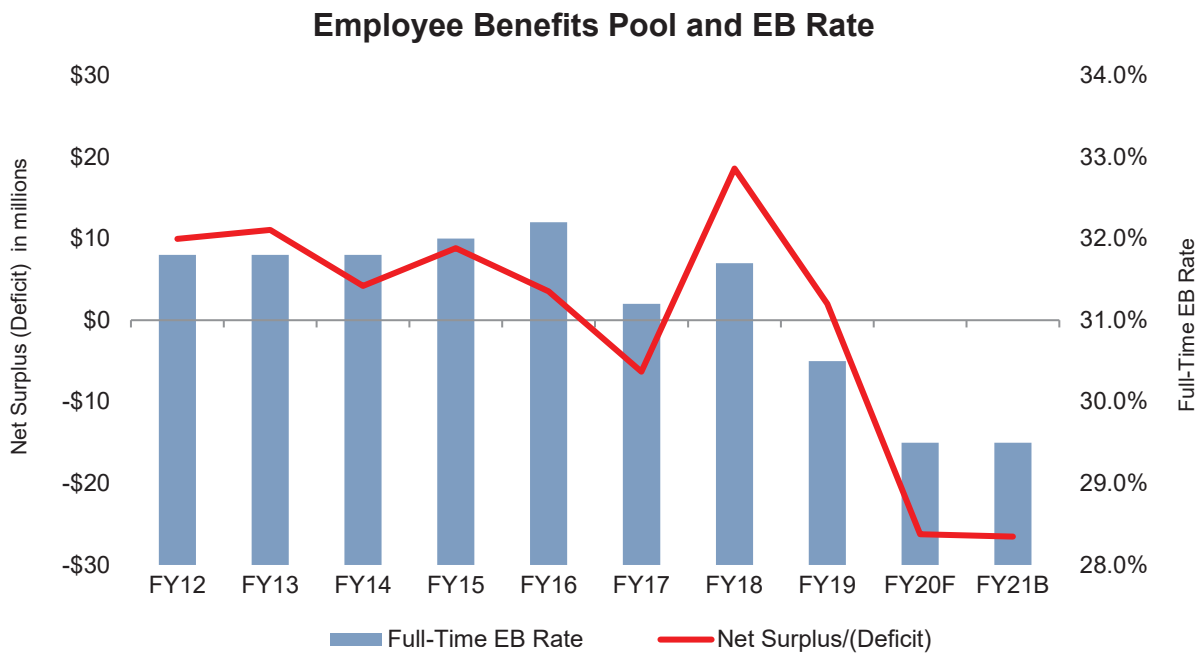
The University's merit increase program is designed to recognize and reward faculty and staff by paying market competitive salaries in a fiscally prudent manner. Due to COVID-19 related revenue shortfalls, the University issued revised FY2021 budget parameters in April 2020 which provided for no salary increases for employees earning more than \$70,000 and a 2.5% merit pool for those earning \$70,000 or less. In addition, a University-wide hiring freeze was adopted, except for grant-funded positions approved at the highest level of the School or Center, and salary adjustments and reclassifications were suspended for the entire fiscal year.

## Employee Benefit Rate

The University continues to redesign its benefits programs to meet the challenges of market competitiveness, cost-effectiveness, and compliance. The Penn wellness program is designed to encourage the completion of biometric screenings as well as bonus actions such as regular medical examinations and getting a flu shot. FY2020 participation levels were robust, with over 5,300 participants receiving biometric screenings, about 4,600 completing an online health assessment, and over 4,000 receiving a flu shot. These participation rates are similar to last year's despite a shorter campaign period and the limited availability of health care screenings during the pandemic. In FY2019, Penn enhanced its family-friendly benefits by adding a four-week paid parental leave to its benefits offerings, and in FY2020

the number of employees taking advantage of this benefit increased by 23%, with 287 employees utilizing this time to bond with their child.

Key drivers of the EB rate include medical costs, Social Security and unemployment taxes, and retirement plan contributions. Collectively, these components make up about 75% of the total costs. EB pool surpluses need to be applied to reduce future rates and deficits need to be cured by increasing the EB rate in subsequent years. Thanks to the build-up of surpluses in prior years, as well as continued strong efforts to manage costs, Penn was able to reduce the full-time EB rate by at least one percentage point in both FY2019 and FY2020, bringing the rate down to 29.5%, the lowest level since FY2009. The 29.5% rate has been maintained for FY2021.



It is important to recognize that the current EB rate would be much higher absent the numerous initiatives the University has undertaken to control benefit costs. These initiatives, which have included redesigned health plan offerings, promoting use of generic and mail order drugs, and increasing medical plan co-pays and deductibles, have reduced the medical cost trend to an average of 3% versus the national average of 5%. This cost trend reflects year-over-year plan design changes. Due to these savings, FY2021 is the third year in a row where there will be no increase in employee contributions to the medical plans.

**Allocated Cost and Space Charges**

Under Penn’s RCM system, each school and center pay an allocated share of the cost of certain administrative and programmatic services that are delivered centrally. Space charges account for about 37% of the total. Allocated cost and space charges are calculated based on a set of algorithms that have been devised jointly by the central University administration and the Council of Deans and are administered by Penn’s central budget office.

FY2020 charges included a new allocation for "common good" services previously direct-billed by Information Systems and Computing (ISC) to centers, including network, telecommunications, and email and calendaring charges. In the first year, the allocation was based on past direct charges plus an inflation

factor, so the impact of the change was largely neutral on center budgets. Starting in FY2021, the allocation is transitioning to an algorithm based on total direct costs (TDC).

The overall allocated cost and space charge parameter was reduced to 2.9% in FY2021, the lowest level in many years, in order to provide relief to School/Center budgets that are experiencing revenue declines due to the COVID-19 outbreak. This also marks the 12<sup>th</sup> consecutive year that the increase has been below 4.0%.

### Budget Parameters Summary

The following chart summarizes the key budget parameters that guide Penn's budget process, and includes a five-year history:

	<u>FY16A</u>	<u>FY17A</u>	<u>FY18A</u>	<u>FY19A</u>	<u>FY20A</u>	<u>FY21B</u>
Total Undergraduate Charges Growth	3.9%	3.9%	3.9%	3.8%	3.9%	3.9%
Undergraduate Aid Discount Rate	38.0%	39.0%	40.0%	38.0%	38.0%	38.0%
Sponsored Program ICR Rate	60.0%	61.0%	61.0%	61.0%	62.0%	62.0%
Spendable Endowment Income Increase						
Financial Aid Endowment	2.4%	-1.0%	-4.3%	-1.2%	1.0%	0.9%
Other Endowment	6.4%	7.4%	3.0%	4.9%	5.8%	4.5%
Salary Pool Increase (Faculty and Staff)	3.0%	3.0%	3.0%	3.0%	3.0%	2.5%*
Allowance for Staff Salary Adjustments	0.5%	0.75%	0.75%	0.50%	0.5%	0.0%
Full Time EB Rate	32.2%	31.2%	31.7%	30.5%	29.5%	29.5%
Allocated Cost & Space Charge Growth	3.3%	3.1%	3.2%	3.6%	3.8%	2.9%
Inflation Rate	0.7%	1.9%	2.2%	2.1%	2.0%	2.0%
* Only for employees earning \$70,000 or less						



Responsibility Center Budgets & Program Statements  
**SCHOOLS**

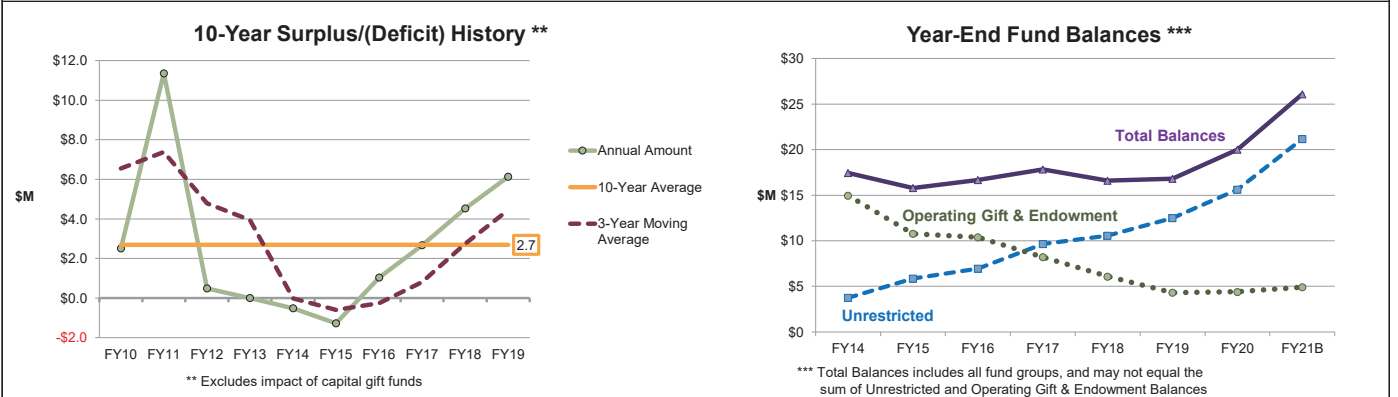
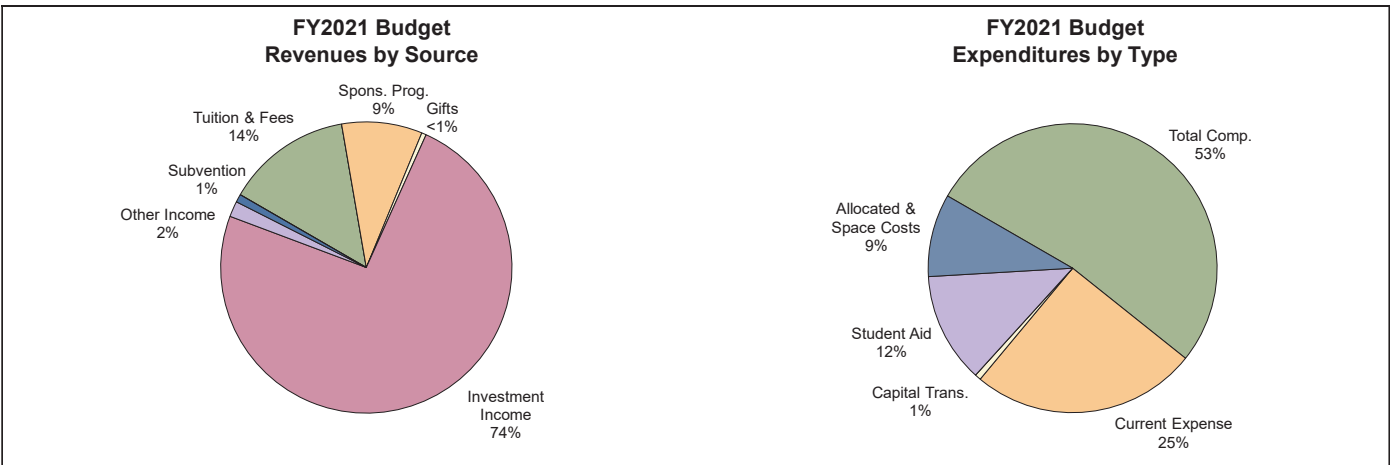
**ANNENBERG SCHOOL FOR COMMUNICATION**  
(in thousands of dollars)

FISCAL 2019 ACTUAL	FISCAL 2020 BUDGET	FISCAL 2020 FORECAST	% Change from 2019 Actual	FISCAL 2021 BUDGET	% Change from 2020 Forecast
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<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	5,782	5,993	5,836	1%	6,369	9%
Sponsored Programs	3,902	3,949	3,838	-2%	4,086	6%
Gifts	431	215	446	3%	233	-48%
Investment Income	30,596	32,249	32,370	6%	33,785	4%
Other Income	1,034	728	843	-19%	792	-6%
<b>DIRECT REVENUES</b>	<b>41,745</b>	<b>43,134</b>	<b>43,332</b>	<b>4%</b>	<b>45,264</b>	<b>4%</b>
University Subvention	403	403	403	0%	403	0%
Net Resource Transfers From / (To) Other Centers	(299)	(712)	(696)	133%	(359)	-48%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>41,850</b>	<b>42,825</b>	<b>43,039</b>	<b>3%</b>	<b>45,308</b>	<b>5%</b>
<b>EXPENDITURES</b>						
Total Compensation	19,813	19,320	19,109	-4%	19,199	0%
Current Expense	8,381	11,383	10,916	30%	9,285	-15%
Capital Transactions	315	1,162	751	138%	250	-67%
Student Aid	4,076	4,168	4,077	0%	4,520	11%
<b>NET DIRECT EXPENDITURES</b>	<b>32,586</b>	<b>36,033</b>	<b>34,853</b>	<b>7%</b>	<b>33,254</b>	<b>-5%</b>
Allocated Cost & Space Charges	3,140	3,452	3,452	10%	3,395	-2%
<b>TOTAL EXPENDITURES</b>	<b>35,726</b>	<b>39,485</b>	<b>38,305</b>	<b>7%</b>	<b>36,649</b>	<b>-4%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>6,124</b>	<b>3,341</b>	<b>4,734</b>		<b>8,659</b>	

\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	0%	-	0%
Ph.D.	73	68	63	-14%	72	14%
Professional & Other Degree	-	-	-	0%	-	0%
Certificate & Non-Degree	2	-	-	-100%	-	0%
<b>Total Students</b>	<b>75</b>	<b>68</b>	<b>63</b>	<b>-16%</b>	<b>72</b>	<b>14%</b>
Standing Faculty	17	19	19	9%	21	11%
Staff	76	76	78	3%	79	1%





## Major Areas of Focus and Activity

The [Annenberg School for Communication](#) (ASC) continues to stand at the forefront of education, research, and service related to the form, content, and consequences of existing and emerging media, with strengths in health communication, political communication, visual communication, culture and communication, media institutions, digital media, and global communication. ASC offers a PhD in Communication as well as an undergraduate Communication major through the School of Arts and Sciences (SAS). ASC also has a relatively new sub-matriculation program for Communication majors at Penn on the research track who want to receive an MA in Communication.

## Key Budgetary Assumptions

Cost-Containment: The COVID-19 outbreak has resulted in increased volatility in the financial markets which has negatively impacted the market value of ASC's endowment. Given that endowment income supports over 70% of the School's operating budget, ASC has announced a 10% budget cut in FY2021 for every unit, department, and center. In addition, FY2021 faculty research funds have been reduced by 10% and ASC has instituted a hiring freeze through July 2021 and is following the University's mandate to limit merit increases to only those staff and faculty with an annual salary of \$70,000 or less. Depending on the length of the pandemic, the School could make further reductions in expenses related to travel, utilities, work orders, housekeeping, and other areas.

ASC is also postponing all non-essential building projects, which means going forward with the installation of a new air handler unit this summer but holding off on a major window replacement project until FY2022. In addition, a search for the School's first director of development has been deferred.

Faculty Recruitment: ASC is uncertain how quickly it will move on a potential PIK hire with Penn Nursing, which could potentially bring in a new faculty member in July 2021, and is working with USC's Annenberg School on a major cross-University initiative that would increase research and teaching collaborations between the two schools in ways that would enhance the national and international impact of their work.

Two new faculty hires will start on July 1 (David Lydon-Staley from Penn Engineering and Andy S. Tan from Harvard's Chan School). The one departure is Marwan Kraidy who will be the incoming dean of Northwestern University in Qatar.

Doctoral Students Support: ASC is working to address doctoral students' heightened anxiety about their disrupted educational trajectories and potential contractions in academic job markets. With that in mind, ASC is evaluating whether to provide semester-long extensions to some of its advanced PhD students on a case-by-case basis. In addition, ASC has increased summer funding for all PhD students in recognition that it is difficult for them to procure research and teaching opportunities while self-isolating.

Annenberg continues to support a new professional development and diversity position, which provides added support to all PhD students in improving teaching skills and job market preparation, as well as extra assistance for underrepresented students (including special sessions on navigating elite institutions). ASC has also established a new ASC International PhD Student Support Team that aims to provide more structured logistical assistance and wellness support to international students.

**SCHOOL OF ARTS AND SCIENCES**  
(in thousands of dollars)

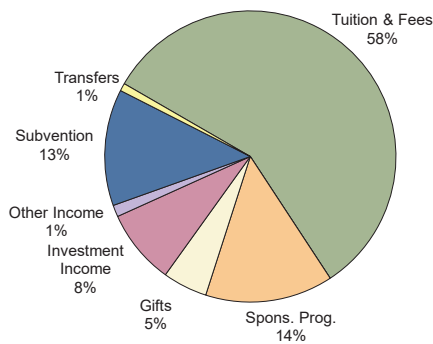
	FISCAL 2019 ACTUAL	FISCAL 2020 BUDGET	FISCAL 2020 FORECAST	% Change from 2019 Actual	FISCAL 2021 BUDGET	% Change from 2020 Forecast
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<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	324,000	340,772	335,685	4%	343,923	2%
Sponsored Programs	81,899	83,501	85,033	4%	85,033	0%
Gifts	17,811	28,542	28,212	58%	29,686	5%
Investment Income	44,500	47,841	47,370	6%	49,917	5%
Other Income	10,292	9,152	9,007	-12%	7,756	-14%
<b>DIRECT REVENUES</b>	<b>478,502</b>	<b>509,809</b>	<b>505,307</b>	<b>6%</b>	<b>516,314</b>	<b>2%</b>
University Subvention	72,293	75,643	75,713	5%	77,476	2%
Net Resource Transfers From / (To) Other Centers	6,010	4,817	5,227	-13%	5,109	-2%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>556,805</b>	<b>590,270</b>	<b>586,248</b>	<b>5%</b>	<b>598,899</b>	<b>2%</b>
<b>EXPENDITURES</b>						
Total Compensation	260,763	269,273	271,844	4%	278,738	3%
Current Expense	58,437	60,895	59,902	3%	62,823	5%
Capital Transactions	19,973	23,608	20,026	0%	34,596	73%
Student Aid	136,210	140,810	141,473	4%	147,132	4%
<b>NET DIRECT EXPENDITURES</b>	<b>475,383</b>	<b>494,585</b>	<b>493,245</b>	<b>4%</b>	<b>523,289</b>	<b>6%</b>
Allocated Cost & Space Charges	81,500	87,296	87,296	7%	89,907	3%
<b>TOTAL EXPENDITURES</b>	<b>556,883</b>	<b>581,881</b>	<b>580,541</b>	<b>4%</b>	<b>613,196</b>	<b>6%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>(78)</b>	<b>8,388</b>	<b>5,707</b>		<b>(14,297)</b>	

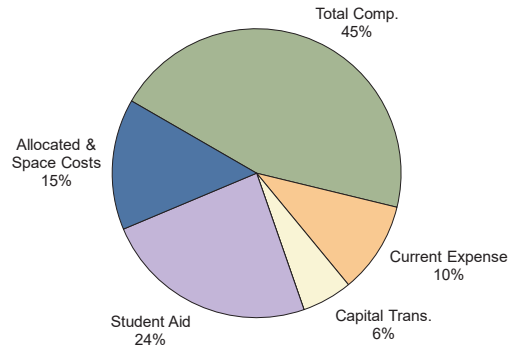
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	6,125	6,125	6,125	0%	6,066	-1%
Ph.D.	1,327	1,321	1,342	1%	1,343	0%
Professional & Other Degree	607	730	619	2%	639	3%
Certificate & Non-Degree	540	731	582	8%	608	4%
<b>Total Students</b>	<b>8,599</b>	<b>8,907</b>	<b>8,668</b>	<b>1%</b>	<b>8,656</b>	<b>0%</b>
Standing Faculty	495	494	492	-1%	500	2%
Staff	694	702	723	4%	723	0%

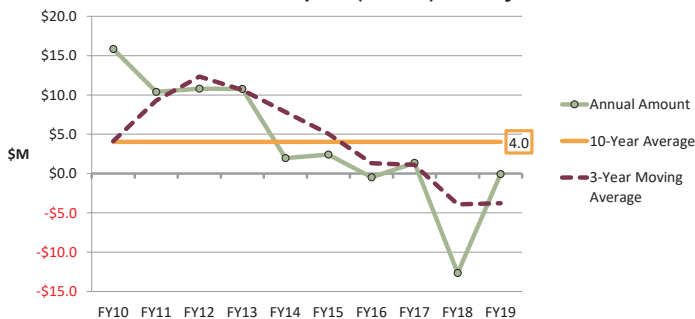
**FY2021 Budget Revenues by Source**



**FY2021 Budget Expenditures by Type**

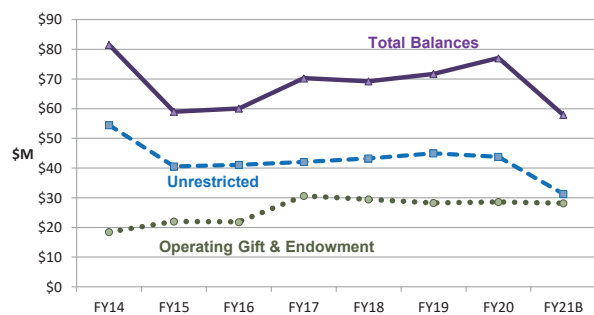


**10-Year Surplus/(Deficit) History \*\***



\*\* Excludes impact of capital gift funds

**Year-End Fund Balances \*\*\***



\*\*\* Total Balances includes all fund groups, and may not equal the sum of Unrestricted and Operating Gift & Endowment Balances



## Major Areas of Focus and Activity

The [School of Arts and Sciences](#) (SAS) is the intellectual core of the University, providing liberal arts education for all Penn undergraduates and supporting graduate studies, basic research, and lifelong learning across the humanities, social sciences, and natural sciences. The School's educational and research activities take place in 27 departments, 24 interdisciplinary undergraduate programs, 31 graduate groups, and 27 research centers, in programs leading to the BA, BAAS, AM, MS, PhD, and eight professional master's degrees. The School's major educational units are the undergraduate [College](#), the [Graduate Division](#), and the [College of Liberal and Professional Studies](#) (LPS).

The School's [Our Foundations and Frontiers: A Strategic Plan for Penn Arts and Sciences](#), which reflects the vision of *Penn Compact 2022* continues to guide SAS programmatic priorities and investments that will strengthen a foundational core of faculty and students and advance the frontiers of integrated knowledge through a series of eight academic themes.

## Key Budgetary Assumptions

**Enrollment:** The projected enrollment for FY2021 is as follows: in undergraduate programs, 6,066 full-time; in doctoral programs, 1,343 full-time; in professional and other degree, 639 FTEs; and in certificate and non-degree, 608 FTEs. Course enrollment in the BAAS program is projected to more than double in FY2021.

**Faculty and Staff Positions:** The FY2021 budget assumes that the School will have 500 filled standing faculty positions, 27 of which will be on leave, and 723 staff FTEs.

**Research:** The School projects total research funding to be \$87.2 million, which is flat versus the FY2020 forecast.

**Fundraising:** Gifts to SAS are projected at \$8.3 million for term gifts, \$15.0 million for undergraduate financial aid, \$5.8 million for other endowed gifts, and \$15.5 million for term gifts for capital projects. The School has had terrific success with both undergraduate financial aid and unrestricted support and expects to surpass its goals in these areas by the end of the campaign.

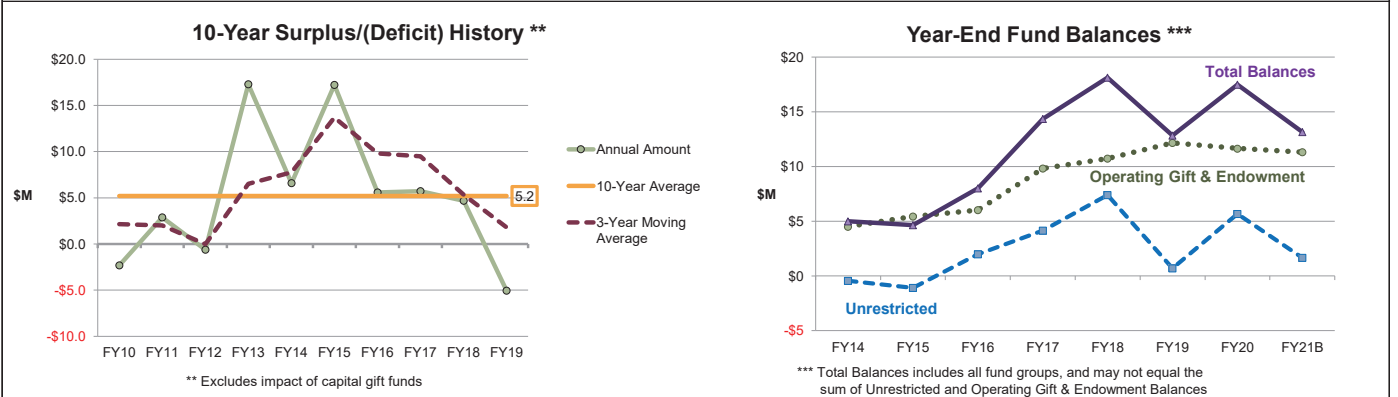
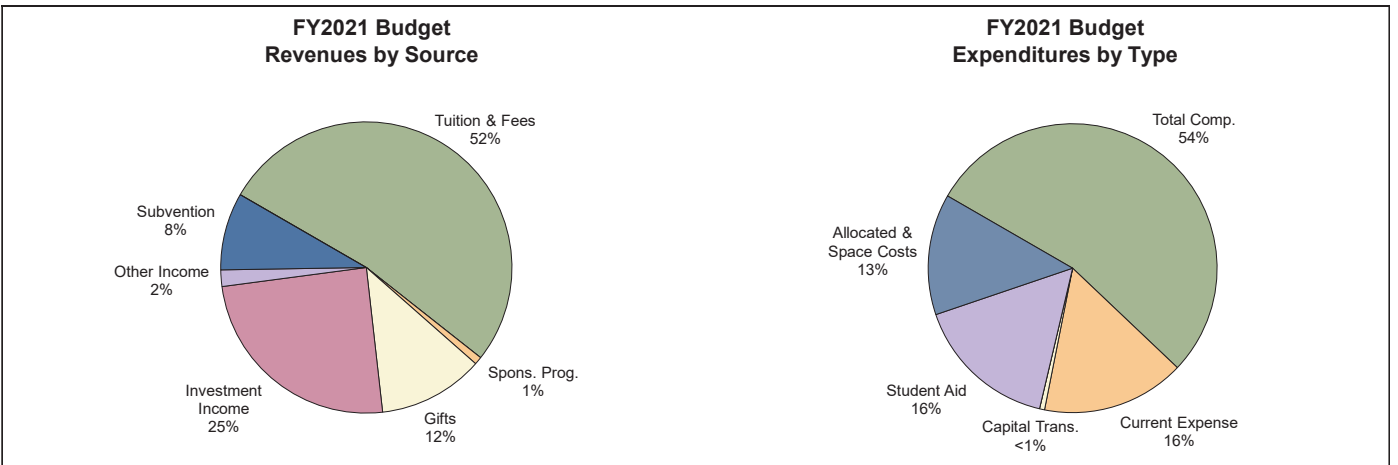
**Capital Project Priorities:** Thanks to a generous gift from Roy and Diana Vagelos, the School is proceeding with planning for a new energy science and technology building in partnership with Engineering. Schematic design has been completed and the project will be advancing to the next phase of design work. SAS, again in partnership with Engineering, is undertaking its latest century bond project, to renovate the HVAC systems of the Laboratory for Research on the Structure of Matter (LRSM) and is evaluating opportunities for a substantial century bond investment in David Rittenhouse Laboratories (DRL). Other capital projects will be evaluated on a case-by-case basis for implementation due to financial impacts of COVID-19. Priority will be given to renovations for new faculty hires.

**Financial Impacts of COVID-19:** SAS anticipates substantial negative revenue impacts driven by enrollment reductions in its English Language Program (ELP); cancellation of Penn Summer Abroad; and lower demand for summer courses due to a shift of their format to online. Direct expense impacts are anticipated to include additional support for graduate students in FY2021, offset by reductions in future years; additional technology spending for Zoom and other platforms; spending on personal protective equipment; and lower rates of faculty retirements and attrition for graduate students. Expense mitigation will include a hiring freeze for all General Purpose Fund positions; current expense reductions in departments, programs, and administrative sectors; and future reductions in graduate student headcount to offset increased current costs.

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	45,823	47,445	48,253	5%	44,910	-7%
Sponsored Programs	536	436	747	39%	736	-1%
Gifts	6,851	6,466	9,300	36%	10,069	8%
Investment Income	18,638	19,815	19,948	7%	21,206	6%
Other Income	2,007	1,470	1,589	-21%	1,575	-1%
<b>DIRECT REVENUES</b>	<b>73,855</b>	<b>75,632</b>	<b>79,836</b>	<b>8%</b>	<b>78,495</b>	<b>-2%</b>
University Subvention	7,660	7,627	7,933	4%	7,380	-7%
Net Resource Transfers From / (To) Other Centers	53	(197)	334	525%	(971)	-391%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>81,569</b>	<b>83,062</b>	<b>88,103</b>	<b>8%</b>	<b>84,904</b>	<b>-4%</b>
<b>EXPENDITURES</b>						
Total Compensation	44,831	45,642	45,975	3%	47,942	4%
Current Expense	11,688	10,429	12,600	8%	14,300	13%
Capital Transactions	7,376	408	214	-97%	505	137%
Student Aid	12,023	13,561	13,200	10%	14,367	9%
<b>NET DIRECT EXPENDITURES</b>	<b>75,918</b>	<b>70,041</b>	<b>71,988</b>	<b>-5%</b>	<b>77,115</b>	<b>7%</b>
Allocated Cost & Space Charges	10,694	11,452	11,452	7%	12,078	5%
<b>TOTAL EXPENDITURES</b>	<b>86,612</b>	<b>81,493</b>	<b>83,440</b>	<b>-4%</b>	<b>89,193</b>	<b>7%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>(5,043)</b>	<b>1,570</b>	<b>4,664</b>		<b>(4,288)</b>	

\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	904	902	924	2%	872	-6%
Certificate & Non-Degree	8	3	12	44%	12	0%
<b>Total Students</b>	<b>912</b>	<b>905</b>	<b>936</b>	<b>3%</b>	<b>884</b>	<b>-6%</b>
Standing Faculty	51	51	51	0%	52	2%
Staff	155	156	155	0%	155	0%







## Major Areas of Focus and Activity

The unprecedented and historic situation that the world faces in light of the COVID-19 outbreak has created opportunities for the [University of Pennsylvania Carey Law School](#) to re-envision how the School defines and meets its highest goals for students and faculty and the School's role in the broader society.

In the coming year, Penn Carey Law will focus activity to answer critical questions, including: how to identify the best and most substantive approaches to fulfill its mission of educating lawyers who are superbly trained in the principles of the United States' historic legal system; how to build on its interdisciplinary approach to allow graduates to combine that foundation with ground-breaking work in all of society's most critical enterprises; and how to support faculty members' exploration of pedagogy and new tools that enrich teaching and scholarship in the issues of the day across a wide swath of disciplines.

The School will also ramp up its community impact through Clinical Legal Education, experiential learning opportunities, externships, and the renowned pro bono program to actively engage in solving society's most pressing issues, all exacerbated by the global health crisis.

Each of these areas will demand investment. While Penn Carey Law will renew its focus on strategic stewardship of resources, especially in light of the Carey gift, the School also expects an increased demand for support, particularly for students facing a rapidly evolving legal marketplace. While interest in the JD program remains high, the School anticipates a decline in LLM program enrollment, which depends on an international marketplace of attorneys interested in coming to the US for this one-year degree.

Accordingly, Penn Carey Law will focus on how to expand the reach of its education through the well-received Master in Law program, legal education programs, and new markets through increasingly strong online educational formats.

## Key Budgetary Assumptions

**Enrollment:** The FY2021 budget assumes approximately 884 full-time students, including 244 entering JD (steady state), 60 entering LLM/LLCM students (a significant reduction in these international students), and modest growth in the successful ML program. Penn Carey Law has decided to freeze tuition, joining Harvard Law School as possibly the only top law schools to do so. The budget assumes an 8.5% increase in merit and need-based scholarships, for a projected \$14 million in targeted aid.

**Faculty and Staff:** The budget assumes 52 filled standing faculty positions, including three on leave, as well as eight full-time associated faculty, 24 post-doctoral affiliate and graduate student trainees, and 155 filled FTE staff positions. Penn Carey Law will continue to use its market strength to recruit exceptional faculty.

**Fundraising:** The School has already well exceeded its \$100 million goal for the *Power of Penn* campaign and through April 2020 had raised 99% of its FY2020 goal of \$22 million. FY2021 gift receipts are budgeted at \$10.1 million, an increase of 8.3% versus the FY2020 forecast.

**Cost Containment:** Cost-containment measures are a major emphasis of the FY2021 budget, with particular focus in limiting expenditures on catering, entertainment, and travel. All operational budgets will be held steady or decreased, and no major capital projects will be undertaken in FY2021. Penn Carey Law will work carefully with the University on cost containment through energy usage and other shared resources.

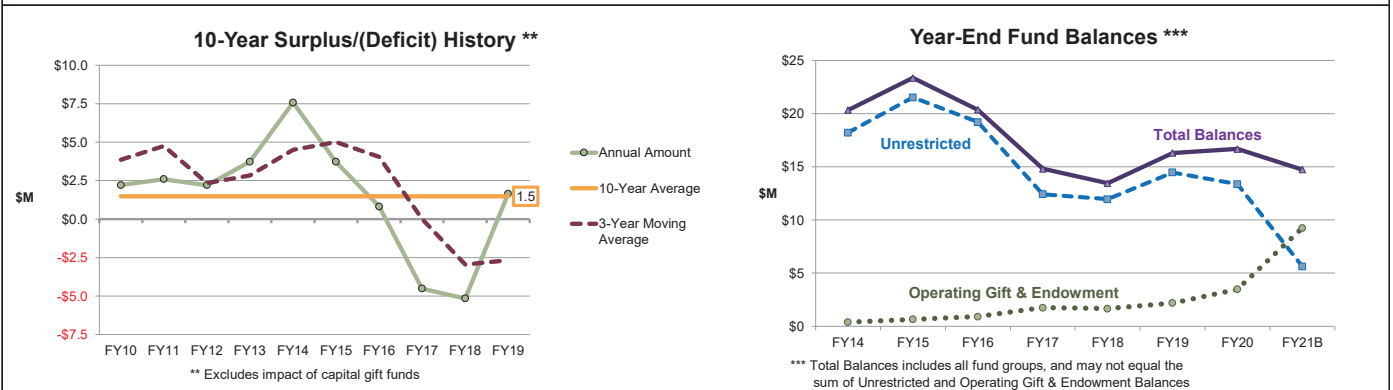
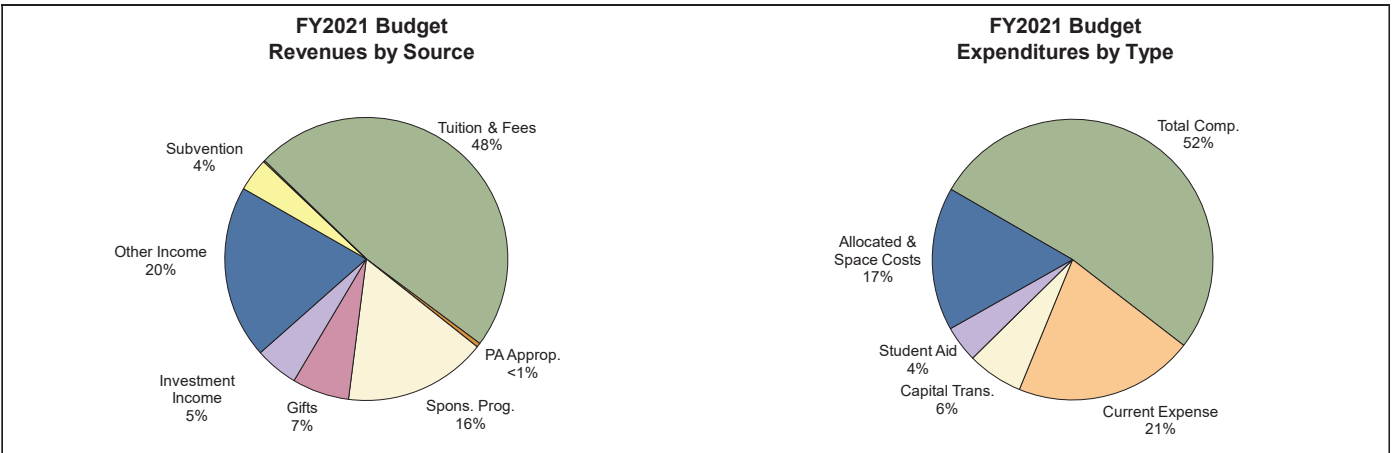
**SCHOOL OF DENTAL MEDICINE**  
(in thousands of dollars)

FISCAL 2019 ACTUAL    FISCAL 2020 BUDGET    FISCAL 2020 FORECAST    % Change from 2019 Actual    FISCAL 2021 BUDGET    % Change from 2020 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	46,558	49,077	49,097	5%	51,279	4%
Commonwealth Appropriation	517	517	517	0%	517	0%
Sponsored Programs	14,937	17,136	15,170	2%	17,470	15%
Gifts	5,934	8,765	5,366	-10%	6,974	30%
Investment Income	4,311	4,237	4,874	13%	5,277	8%
Other Income	31,945	33,056	25,384	-21%	21,171	-17%
<b>DIRECT REVENUES</b>	<b>104,202</b>	<b>112,787</b>	<b>100,409</b>	<b>-4%</b>	<b>102,689</b>	<b>2%</b>
University Subvention	4,058	4,058	4,058	0%	4,058	0%
Net Resource Transfers From / (To) Other Centers	156	175	604	288%	162	-73%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>108,416</b>	<b>117,019</b>	<b>105,071</b>	<b>-3%</b>	<b>106,908</b>	<b>2%</b>
<b>EXPENDITURES</b>						
Total Compensation	51,465	55,904	56,459	10%	56,743	1%
Current Expense	28,161	27,682	21,255	-25%	22,571	6%
Capital Transactions	6,655	5,276	4,770	-28%	6,999	47%
Student Aid	3,852	4,346	4,304	12%	4,563	6%
<b>NET DIRECT EXPENDITURES</b>	<b>90,133</b>	<b>93,209</b>	<b>86,788</b>	<b>-4%</b>	<b>90,876</b>	<b>5%</b>
Allocated Cost & Space Charges	16,636	17,903	17,903	8%	17,982	0%
<b>TOTAL EXPENDITURES</b>	<b>106,769</b>	<b>111,111</b>	<b>104,690</b>	<b>-2%</b>	<b>108,858</b>	<b>4%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>1,647</b>	<b>5,908</b>	<b>381</b>		<b>(1,949)</b>	

\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	590	611	610	3%	632	4%
Certificate & Non-Degree	91	101	100	10%	106	6%
<b>Total Students</b>	<b>681</b>	<b>712</b>	<b>710</b>	<b>4%</b>	<b>738</b>	<b>4%</b>
Standing Faculty	45	56	50	12%	50	0%
Staff	312	312	291	-7%	298	2%





## Major Areas of Focus and Activity

[Penn Dental Medicine](#) (PDM) advances oral health by educating clinical dentists and preparing leaders in research, education, clinical care, and service. The School is a leader among its peers in [funded research](#) and is one of the few dental schools with its own basic sciences faculty. PDM offers a [DMD \(Doctor of Dental Medicine\)](#) degree and [advanced dental education programs](#) in the areas of periodontics, orthodontics, endodontics, oral surgery, oral medicine, pediatrics and prosthodontics, as well as complementary post-graduate programs leading to [MS in Oral Biology](#) or [Doctor of Science in Dentistry \(DScD\)](#) degrees. With high national board exam pass rates, DMD graduates are top-rated for specialty programs. PDM is a leading provider of [dental care](#) for Penn, UPHS, and the community.

## Key Budgetary Assumptions

**Initiatives Supporting the *Penn Compact*:** Consistent with the principles of *Penn Compact 2022*, the FY2021 budget includes:

- A modest rise in tuition and fee rates to reduce the burden on groups such as Penn First Plus students;
- Planning for a virtual wellness conference in Fall 2020 and continued investment in onsite counseling services for the student body;
- Expansion of PDM's global outreach through virtual continuing education and professional development programs that can be shifted to live programming when travel restrictions are lifted;
- An additional \$500,000 of financial aid fundraising through the *Power of Penn* campaign.

**Potential Revenue Shortfalls:** PDM expects to see a significant clinical revenue shortfall in FY2021 because of the COVID-19 outbreak. The budget was constructed assuming an approximately 35% decrease in clinical revenues because of reduced dental procedures due to social distancing guidelines and slower throughput to allow for increased clinical sanitization procedures. The School is adding capacity to deliver care in a number of community sites, which will be a mitigating factor in the revenue decline. No significant impact is expected to tuition and fees or sponsored program revenue.

**Cost-Containment Measures:** Penn Dental Medicine will follow University guidelines on reductions in temporary personnel, overtime, and travel.

**Student Enrollment:** The incoming DMD class of 135 students and 30 Program for Advanced Standing (PASS) students will increase the School's predoctoral class size by 10 students resulting in an additional \$1 million in tuition revenue.

**Faculty FTEs:** Increases are planned in full-time, non-standing faculty and part-time clinical faculty to support the growth in class size and community outreach programs.

**Current Expense:** A notable increase in clinical supplies and cleaning expense is expected in FY2021. A total of \$500,000 of additional expense has been budgeted for personal protective equipment (PPE) and increased clinical cleaning (from three days per week to daily).

**Capital Project Priorities:** The School's capital plan includes a \$3.7 million project to convert an existing clinic ("Swing Clinic") on the second floor of the Schattner Center to a 12-operatory Care Center for Individuals with Disabilities.

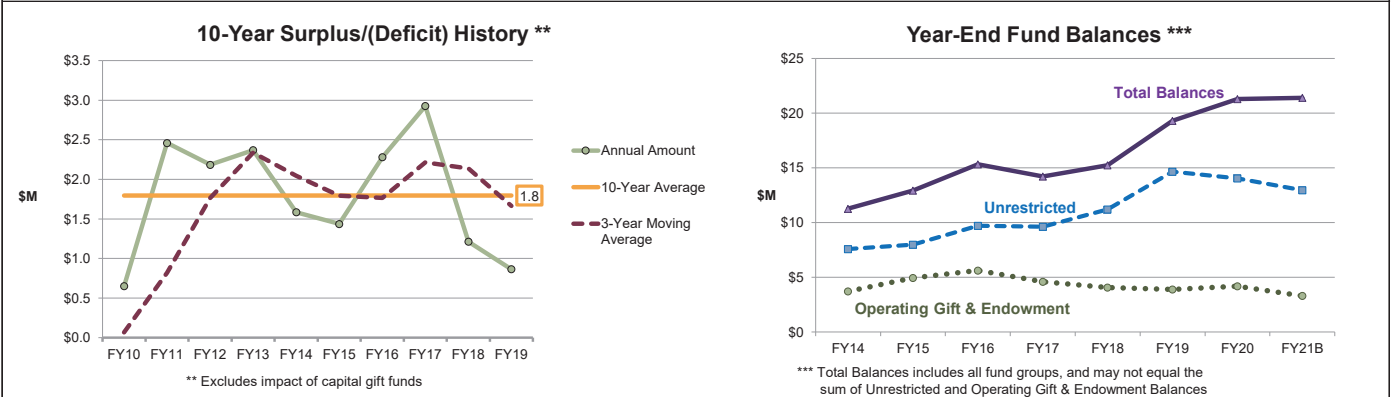
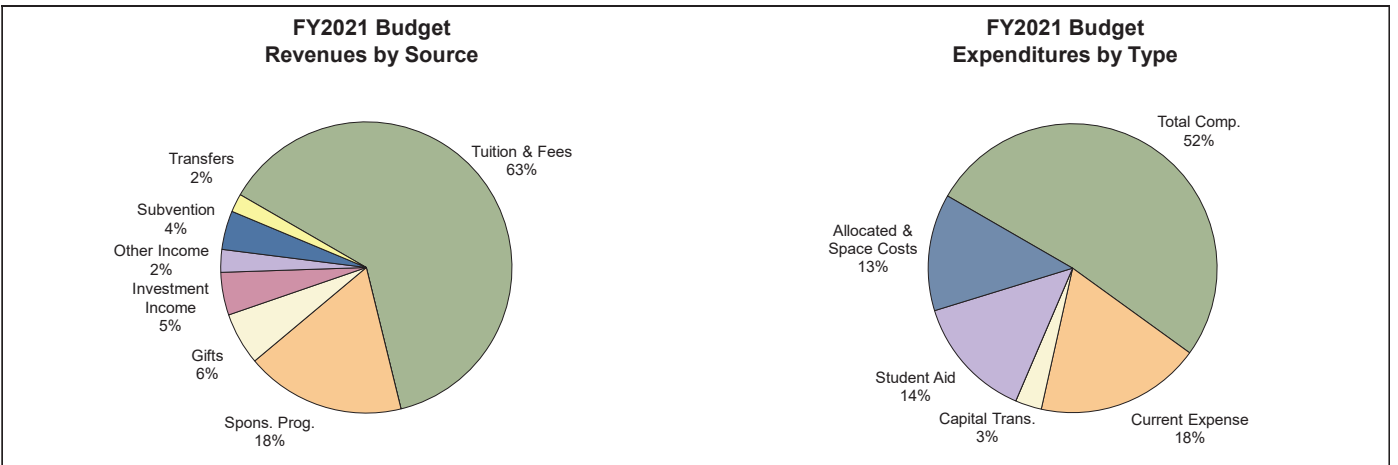
**GRADUATE SCHOOL OF EDUCATION**  
(in thousands of dollars)

	FISCAL 2019 ACTUAL	FISCAL 2020 BUDGET	FISCAL 2020 FORECAST	% Change from 2019 Actual	FISCAL 2021 BUDGET	% Change from 2020 Forecast
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<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	47,103	49,433	49,428	5%	46,155	-7%
Sponsored Programs	15,482	13,157	12,115	-22%	13,029	8%
Gifts	3,020	2,988	4,166	38%	4,271	3%
Investment Income	3,266	3,415	3,547	9%	3,488	-2%
Other Income	1,756	1,800	2,060	17%	1,854	-10%
<b>DIRECT REVENUES</b>	<b>70,628</b>	<b>70,793</b>	<b>71,316</b>	<b>1%</b>	<b>68,797</b>	<b>-4%</b>
University Subvention	2,824	3,118	3,118	10%	3,165	2%
Net Resource Transfers From / (To) Other Centers	1,696	1,300	1,610	-5%	1,493	-7%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>75,149</b>	<b>75,211</b>	<b>76,044</b>	<b>1%</b>	<b>73,455</b>	<b>-3%</b>
<b>EXPENDITURES</b>						
Total Compensation	36,997	37,725	38,662	5%	38,068	-2%
Current Expense	18,340	17,499	13,339	-27%	13,654	2%
Capital Transactions	1,271	3,182	274	-78%	2,180	695%
Student Aid	8,692	8,885	10,680	23%	10,181	-5%
<b>NET DIRECT EXPENDITURES</b>	<b>65,299</b>	<b>67,292</b>	<b>62,956</b>	<b>-4%</b>	<b>64,083</b>	<b>2%</b>
Allocated Cost & Space Charges	8,257	9,238	9,238	12%	9,647	4%
<b>TOTAL EXPENDITURES</b>	<b>73,556</b>	<b>76,530</b>	<b>72,194</b>	<b>-2%</b>	<b>73,730</b>	<b>2%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>1,592</b>	<b>(1,319)</b>	<b>3,850</b>		<b>(275)</b>	

\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	103	98	97	-6%	97	0%
Professional & Other Degree	1,032	1,032	1,105	7%	994	-10%
Certificate & Non-Degree	135	135	183	36%	183	0%
<b>Total Students</b>	<b>1,270</b>	<b>1,265</b>	<b>1,385</b>	<b>9%</b>	<b>1,274</b>	<b>-8%</b>
Standing Faculty	39	40	39	0%	38	-1%
Staff	145	149	142	-2%	143	1%





## Major Areas of Focus and Activity

Penn GSE partners with schools, communities, policymakers, and business to unlock educational opportunities for students locally, nationally, and globally. This mission is accomplished through academic programs, research, and service to Penn GSE's varied constituencies. In 2020, Penn GSE was named the [number two](#) ranked Graduate School of Education by *US News & World Report* for the second year in a row. Penn GSE has steadily climbed the rankings from the 13<sup>th</sup> position over the last decade.

Programmatically, [Penn GSE](#) offers master's and doctoral degree programs in specializations that are housed in six academic divisions. The School is recognized for its [expertise](#) in applied psychology/human development, literacy studies, teacher preparation, education policy, cultural studies, international development, higher education, and research and evaluation methodology. The School is a leader in innovative executive format degree programs for practicing education professionals. With nearly 1,400 student FTEs, GSE is the fifth largest school at Penn in terms of enrollment and second largest in terms of graduate student enrollment.

The current research portfolio includes over \$46 million in awards from both the federal government and a wide variety of foundations, with roughly \$13 million in annual expenditures. GSE's service commitment is strong; the School supports professional development opportunities for teachers and administrators across the region and nation, a strong and deepening partnership with the Philadelphia School District, and enhancements to international education development efforts with student placements circling the globe.

## Key Budgetary Assumptions

**Tuition and Fees:** The FY2021 admissions cycle has surpassed enrollment targets. However, due to the uncertainty associated with the COVID-19 outbreak, especially with regard to the visa situation for international students, the FY2021 budget reflects a 10% decline in enrollment compared to FY2020. The budgeted enrollment decline is partially offset by tuition and program fee rate increases of 3.75% for master's and EdD programs and 3.9% for the PhD program. The fee line in the budget reflects an anticipated drop in program fees for executive format degree programs.

**Research:** Sponsored program revenue is budgeted to be \$13 million in FY2021 which is about the same as the FY2020 budgeted level. GSE is not relying on increases in indirect cost recoveries to balance its unrestricted budget.

**Student Aid:** Aid for master's and EdD students is budgeted to decline versus FY2020, corresponding to the budgeted enrollment decline. However, the reduction is offset by a record yield in PhD admits. All PhD students are fully funded for four academic years plus summers, and full-time EdD students are fully funded for a minimum of two years.

**Fundraising:** The FY2021 budget includes over \$4 million of gift receipts, largely for the 3700 Walnut Street expansion capital project.

**Capital Transactions:** The budget includes \$2.2 million in funding for design and construction documentation for the 3700 Walnut Street expansion project.

**Faculty and Staff Positions:** The FY2021 budget assumes a net reduction of one standing faculty member due to planned retirements and the deferral of two faculty replacements until FY2022. The budget also reflects modest reductions in part-time teaching and temporary employee expenses.

**SCHOOL OF ENGINEERING & APPLIED SCIENCE**  
(in thousands of dollars)

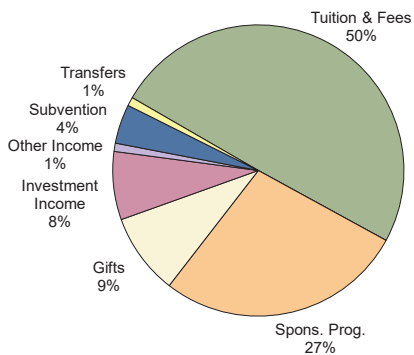
	FISCAL 2019 ACTUAL	FISCAL 2020 BUDGET	FISCAL 2020 FORECAST	% Change from 2019 Actual	FISCAL 2021 BUDGET	% Change from 2020 Forecast
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<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	106,165	116,551	117,602	11%	127,902	9%
Sponsored Programs	71,556	76,932	70,432	-2%	74,007	5%
Gifts	8,492	16,851	12,986	53%	24,304	87%
Investment Income	16,434	19,171	17,837	9%	20,372	14%
Other Income	1,569	2,010	2,457	57%	2,458	0%
<b>DIRECT REVENUES</b>	<b>204,216</b>	<b>231,515</b>	<b>221,314</b>	<b>8%</b>	<b>249,043</b>	<b>13%</b>
University Subvention	11,379	11,552	11,552	2%	11,732	2%
Net Resource Transfers From / (To) Other Centers	6,477	2,384	5,261	-19%	2,572	-51%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>222,072</b>	<b>245,450</b>	<b>238,126</b>	<b>7%</b>	<b>263,348</b>	<b>11%</b>
<b>EXPENDITURES</b>						
Total Compensation	86,412	98,518	96,220	11%	101,250	5%
Current Expense	41,746	41,296	38,584	-8%	42,259	10%
Capital Transactions	8,215	23,602	9,333	14%	28,722	208%
Student Aid	41,439	44,244	45,896	11%	47,941	4%
<b>NET DIRECT EXPENDITURES</b>	<b>177,813</b>	<b>207,660</b>	<b>190,033</b>	<b>7%</b>	<b>220,171</b>	<b>16%</b>
Allocated Cost & Space Charges	31,434	33,982	33,982	8%	36,105	6%
<b>TOTAL EXPENDITURES</b>	<b>209,247</b>	<b>241,642</b>	<b>224,015</b>	<b>7%</b>	<b>256,276</b>	<b>14%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>12,825</b>	<b>3,809</b>	<b>14,111</b>		<b>7,071</b>	

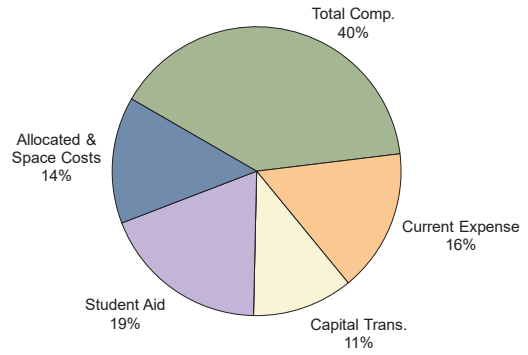
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	1,860	1,800	1,812	-3%	1,800	-1%
Ph.D.	558	594	622	11%	640	3%
Professional & Other Degree	850	900	1,036	22%	950	-8%
Certificate & Non-Degree	20	30	26	30%	30	15%
<b>Total Students</b>	<b>3,289</b>	<b>3,324</b>	<b>3,496</b>	<b>6%</b>	<b>3,420</b>	<b>-2%</b>
Standing Faculty	123	134	123	0%	128	4%
Staff	198	201	228	15%	228	0%

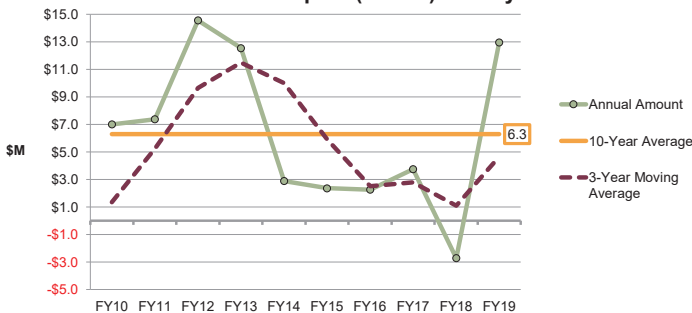
**FY2021 Budget Revenues by Source**



**FY2021 Budget Expenditures by Type**

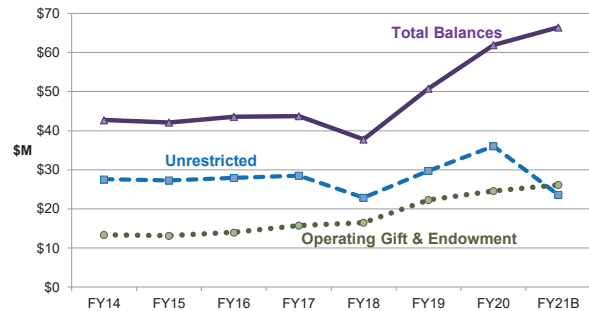


**10-Year Surplus/(Deficit) History \*\***



\*\* Excludes impact of capital gift funds

**Year-End Fund Balances \*\*\***



\*\*\* Total Balances includes all fund groups, and may not equal the sum of Unrestricted and Operating Gift & Endowment Balances





## Major Areas of Focus and Activity

Founded in 1852 as the School of Arts, Mines and Manufactures at the University of Pennsylvania, the [School of Engineering and Applied Science](#) (SEAS) is the center of a vibrant and collaborative community of innovation. At Penn Engineering, world-acclaimed faculty, state-of-the-art research laboratories, and a highly interdisciplinary curricula offer students an unparalleled learning experience that prepares them to be innovators and leaders in technology-based fields. This unique research environment catalyzes technological innovation and fundamental discovery with a focus on global challenges in health, food, water, energy, and infrastructure. Penn Engineering faculty and students are inventing the future by playing a critical role in posing and answering the important questions that will improve the human condition and transform the world. SEAS offers the degrees of Bachelor of Science in Engineering (BSE), Bachelor of Applied Science (BAS), Master of Science in Engineering (MSE), Master of Biotechnology (MB), Master of Computer and Information Technology (MCIT), Master of Integrated Product Design (MIPD), and the PhD.

## Key Budgetary Assumptions

**COVID-19 Pandemic Cost-Containment Measures:** In response to the potential impact that the COVID-19 pandemic could have on SEAS tuition and gift revenue sources, the School will defer some capital project and equipment expense to future fiscal years, limit the staff and faculty FY2021 salary increase program; freeze hiring on all staff positions; and reduce discretionary current expense wherever possible.

**Faculty and Staff Positions:** The number of filled standing faculty positions for Fall 2020 is budgeted at 128, a net increase of four from Fall 2019. Associated faculty and academic support positions are budgeted at a combined total of 60. Full-time staff positions will be frozen at 228.

**Enrollment:** Full-time undergraduate enrollment is budgeted at 1,800, with an incoming class of 410. PhD enrollment is projected to be 640 FTEs, an increase of 18, and graduate and professional programs enrollment is budgeted at 950 FTEs.

**Research Expenditures:** The School has budgeted a 5% increase in research expenditures for FY2021, commensurate with planned growth in standing faculty.

**Capital Project Priorities:** The School's five-year budget reflects the following capital projects:

- **Data Science Building:** The schematic design phase is underway to construct a 120,000 gross square foot building on the northeast corner of 34<sup>th</sup> and Chestnut Streets that will be the focal point for data science and engineering across campus. The School has gift pledges totaling \$50 million and is seeking additional donations towards building construction costs estimated at \$120 million. The budget plan utilizes school reserves to close the gap between fundraising and construction costs.
- **Vagelos Laboratory for Energy Science and Technology:** The planned construction of this building located on the south side of 32<sup>nd</sup> and Walnut Streets is a key element in plans to add much-needed wet lab space that is also in close proximity to the main SEAS complex and the Singh Center for Nanotechnology. Current plans call for SEAS to occupy one floor of the new building, which will provide state-of-the-art laboratory facilities to attract new faculty focused on energy and sustainability science and technology.

**SCHOOL OF NURSING**  
(in thousands of dollars)

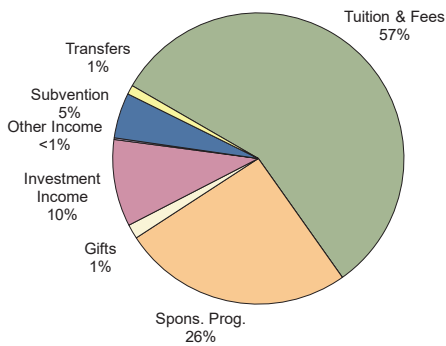
FISCAL 2019 ACTUAL    FISCAL 2020 BUDGET    FISCAL 2020 FORECAST    % Change from 2019 Actual    FISCAL 2021 BUDGET    % Change from 2020 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	43,237	44,557	41,342	-4%	44,309	7%
Sponsored Programs	19,228	19,495	19,565	2%	19,958	2%
Gifts	1,528	1,542	1,740	14%	1,251	-28%
Investment Income	6,657	7,123	7,097	7%	7,527	6%
Other Income	489	284	165	-66%	145	-12%
<b>DIRECT REVENUES</b>	<b>71,139</b>	<b>73,001</b>	<b>69,910</b>	<b>-2%</b>	<b>73,191</b>	<b>5%</b>
University Subvention	3,947	3,986	3,986	1%	3,927	-1%
Net Resource Transfers From / (To) Other Centers	1,096	1,256	1,047	-4%	793	-24%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>76,182</b>	<b>78,243</b>	<b>74,943</b>	<b>-2%</b>	<b>77,911</b>	<b>4%</b>
<b>EXPENDITURES</b>						
Total Compensation	36,583	39,188	38,360	5%	39,944	4%
Current Expense	10,194	11,589	10,341	1%	10,439	1%
Capital Transactions	362	2,817	2,326	543%	180	-92%
Student Aid	11,758	12,197	11,878	1%	12,338	4%
<b>NET DIRECT EXPENDITURES</b>	<b>58,897</b>	<b>65,791</b>	<b>62,906</b>	<b>7%</b>	<b>62,901</b>	<b>0%</b>
Allocated Cost & Space Charges	10,608	11,647	11,647	10%	11,991	3%
<b>TOTAL EXPENDITURES</b>	<b>69,505</b>	<b>77,438</b>	<b>74,553</b>	<b>7%</b>	<b>74,892</b>	<b>0%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>6,677</b>	<b>805</b>	<b>390</b>		<b>3,019</b>	

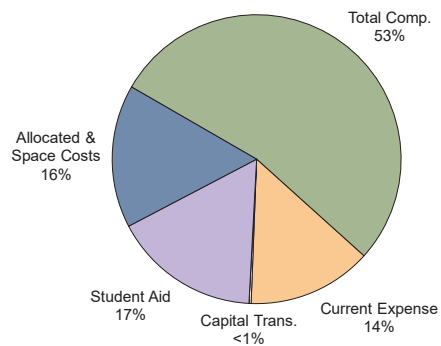
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	425	413	408	-4%	410	0%
Ph.D.	55	54	54	-2%	56	4%
Professional & Other Degree	514	545	502	-2%	490	-2%
Certificate & Non-Degree	6	8	10	58%	10	0%
<b>Total Students</b>	<b>1,000</b>	<b>1,020</b>	<b>974</b>	<b>-3%</b>	<b>966</b>	<b>-1%</b>
Standing Faculty	57	57	55	-3%	58	5%
Staff	123	133	134	9%	134	0%

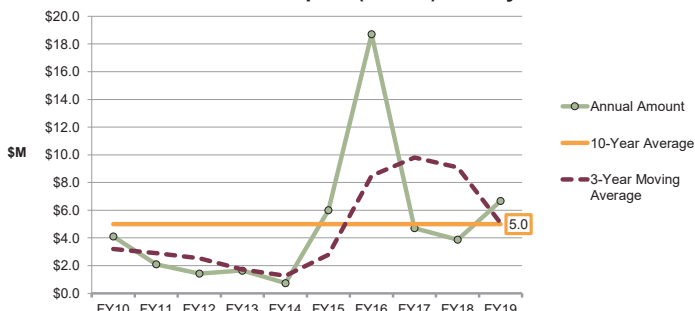
**FY2021 Budget Revenues by Source**



**FY2021 Budget Expenditures by Type**

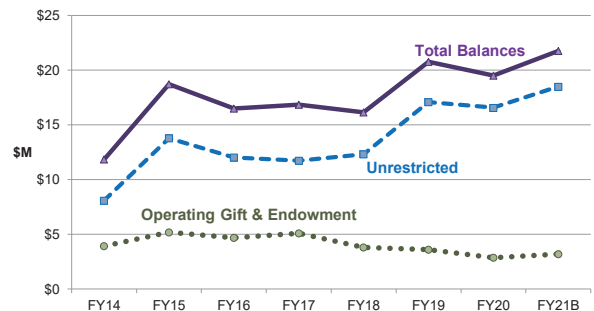


**10-Year Surplus/(Deficit) History \*\***



\*\* Excludes impact of capital gift funds

**Year-End Fund Balances \*\*\***



\*\*\* Total Balances includes all fund groups, and may not equal the sum of Unrestricted and Operating Gift & Endowment Balances



## Major Areas of Focus and Activity

During this unprecedented COVID-19 crisis, the School of Nursing is rising to meet the challenge by advancing and elevating its educational and research programs. As it expands its virtual courses offerings, the School is focusing on exceeding expectations for the quality of its instruction and the access to educational resources. Nursing is preparing for the resumption of research with an emphasis on flexibility and safety. Given the instability of the financial markets and an uncertain outlook for research funding from both federal and foundation sources, the School's planning efforts are far-reaching and involve reviewing a variety of potential scenarios.

## Key Budgetary Assumptions

**Enrollment:** The admissions process has still not concluded although early signs indicate class sizes comparable to prior years. This positive sign is tempered by the expectation that "summer melt" will be 10% higher for the School's programs this year. To reduce summer melt, Nursing has many efforts in place to stay connected to students and address any concerns immediately and often. In addition, the School anticipates a slower-than-usual revenue collection pattern due to changes in the billing cycle. Overall, Nursing has budgeted a tuition and fee decrease of \$1.3 million related to COVID-19. Recently, the School offered healthcare providers access, free of charge, to telehealth online modules that has resulted in over 600 registrants in three weeks and a projected \$75,000 in foregone revenue.

**Faculty and Staff Positions:** The full-time faculty recruitment process for the upcoming academic year started months ago and has completed. Part-time faculty appointments are now undergoing a rigorous review to ensure that the associated tuition revenue for these appointments will cover their costs. In some cases, Nursing will need to ramp up part-time faculty so that students can fulfill their make-up clinical hours; the estimated incremental costs are \$250,000. Staff positions are being submitted for approval only in cases where they are essential to business needs, funding is unquestionable, and the work can be done remotely.

**Research:** Nursing is not expecting significant declines in its research awards but does anticipate timing delays could shift the receipt of current awards into the following fiscal year. It is also expected that some larger grants may take longer than usual to ramp up given the many components that contribute to spending via the purchase service agreements.

**Current Expense:** The School has taken immediate steps to reduce travel and entertainment costs, which is supported by University travel restrictions and social distancing requirements. The budget for this category has been reduced by \$190,000. At the same time, Nursing has planned for a \$250,000 increase in clinical supplies and personal protective equipment (PPE).

**Capital Project Priorities:** The School will move forward with three major projects in Claire Fagin Hall this summer in anticipation that the building's occupancy will continue to be low due to the pandemic. The project to install B-Line simulation video capture equipment will be funded by the School while the second phase of a fan coil replacement project and elevator modernization work will be covered by Penn's facilities renewal program. A \$400,000 data refresh project will be delayed. In addition, only one mannequin will be purchased for the simulation center and other purchases will be deferred until FY2022 to ensure there will be enough staff to train students on the equipment.

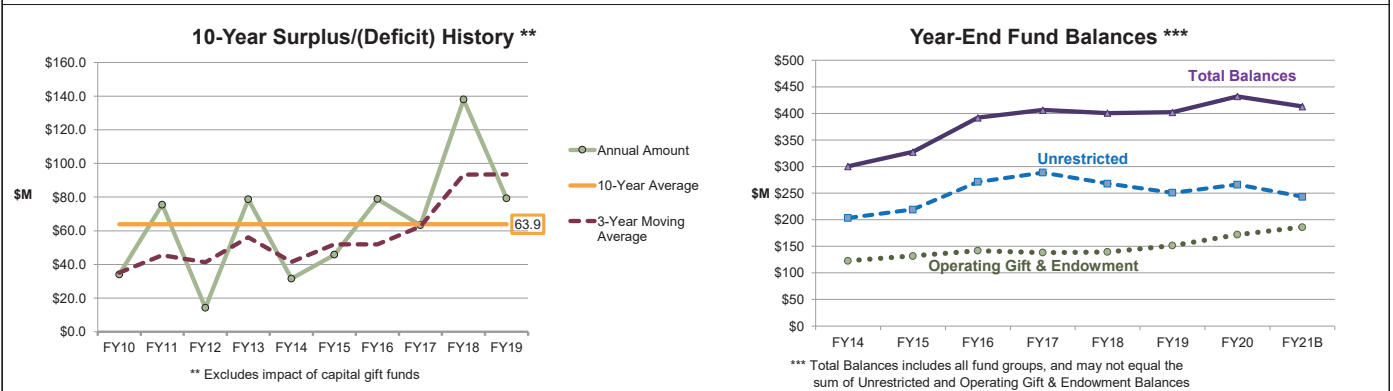
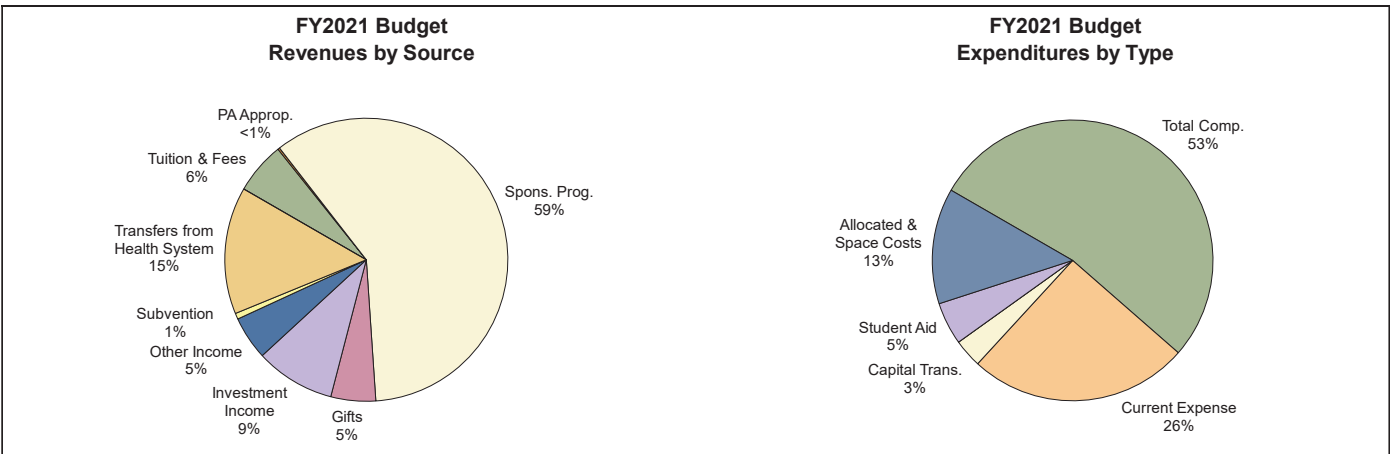
**PERELMAN SCHOOL OF MEDICINE**  
(in thousands of dollars)

FISCAL 2019 ACTUAL    FISCAL 2020 BUDGET    FISCAL 2020 FORECAST    % Change from 2019 Actual    FISCAL 2021 BUDGET    % Change from 2020 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	66,062	67,920	70,385	7%	71,879	2%
Commonwealth Appropriation	2,673	2,673	2,673	0%	2,673	0%
Sponsored Programs	719,311	737,926	759,908	6%	719,630	-5%
Gifts	61,817	61,313	82,141	33%	61,998	-25%
Investment Income	91,914	98,879	103,092	12%	110,289	7%
Other Income	78,971	52,588	66,967	-15%	60,192	-10%
<b>DIRECT REVENUES</b>	<b>1,020,747</b>	<b>1,021,300</b>	<b>1,085,165</b>	<b>6%</b>	<b>1,026,660</b>	<b>-5%</b>
University Subvention	8,076	8,135	8,135	1%	8,196	1%
Transfers from Health System	235,401	195,564	202,538	-14%	175,899	-13%
Net Resource Transfers From / (To) Other Centers	(12,627)	(17,038)	(17,039)	35%	(16,736)	-2%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>1,251,597</b>	<b>1,207,960</b>	<b>1,278,799</b>	<b>2%</b>	<b>1,194,019</b>	<b>-7%</b>
<b>EXPENDITURES</b>						
Total Compensation	593,501	607,444	620,504	5%	626,831	1%
Current Expense	297,376	314,531	317,641	7%	299,834	-6%
Capital Transactions	82,389	44,238	45,209	-45%	38,709	-14%
Student Aid	54,634	55,872	58,163	6%	57,875	0%
<b>NET DIRECT EXPENDITURES</b>	<b>1,027,900</b>	<b>1,022,085</b>	<b>1,041,517</b>	<b>1%</b>	<b>1,023,248</b>	<b>-2%</b>
Allocated Cost & Space Charges	143,432	152,643	152,643	6%	157,317	3%
<b>TOTAL EXPENDITURES</b>	<b>1,171,332</b>	<b>1,174,728</b>	<b>1,194,160</b>	<b>2%</b>	<b>1,180,565</b>	<b>-1%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>80,266</b>	<b>33,232</b>	<b>84,639</b>		<b>13,454</b>	

\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	777	780	833	7%	800	-4%
Professional & Other Degree	804	815	831	3%	840	1%
Certificate & Non-Degree	39	40	40	3%	40	0%
<b>Total Students</b>	<b>1,620</b>	<b>1,635</b>	<b>1,704</b>	<b>5%</b>	<b>1,680</b>	<b>-1%</b>
Standing Faculty	1,504	1,520	1,522	1%	1,535	1%
Staff	3,854	3,935	4,075	6%	4,060	0%





## Major Areas of Focus and Activity

The tripartite mission of the [Perelman School of Medicine \(PSOM\)](#) and the [University of Pennsylvania Health System \(UPHS\)](#)—together, Penn Medicine—integrates programs in education, research, and patient care to sustain institutional leadership in the era of translational medicine. Through undergraduate medical education, broad-ranging graduate, residency, and fellowship programs, and continuing medical education courses, the School trains the future leaders of American medicine. Ambitious biomedical research, carried out in 28 basic science and clinical departments and in numerous multidisciplinary [centers and institutes](#), is closely linked to teaching and patient care, contributing to overall excellence in all three mission areas and to Penn Medicine's preeminence as an integrated academic medical center. The proposed FY2021 budget implements strategic initiatives, creates efficiencies, and makes capital investments to ensure continued excellence across all mission areas. Investments in the academic enterprise are balanced by investments to strengthen clinical market share and quality of care, a strategy fully integrated with Penn Medicine's long-term financial plan. Expanding Penn Medicine's clinical footprint not only creates new capacity for outpatient care, it also creates new educational placements for students and expands opportunities for clinical research. In these ways and by increasing patient activity to sustain clinical margins, growth supports PSOM's academic mission.

## Key Budgetary Assumptions

**Sponsored Programs:** Sponsored research accounts for about 60% of the School's budget. Currently, most research labs within the School have been depopulated and clinical trials that were unable to transition to telemedicine have been halted, and it is anticipated that it will take quite some time for research activity to return to normal levels. As a result, the School is anticipating lower levels of sponsored research activity for FY2021 – direct expenditures are budgeted at \$546 million, a 4.8% decrease from the FY2020 projection. The National Institutes of Health (NIH), the School's largest funder, is continuing to support research operations, even if operations are impaired. However, the School is still expecting reductions in activity, especially for grants funded by corporate/industrial and foundation/non-profit sponsors whose ability to support research may be reduced because of the economic downturn. The School has budgeted \$173.2 million for indirect cost recovery, a 5.9% decrease from the FY2020 projection. As the level of sponsored research support decreases, the School may need to find additional resources to cover fixed costs or increase subsidies to existing operations that support research.

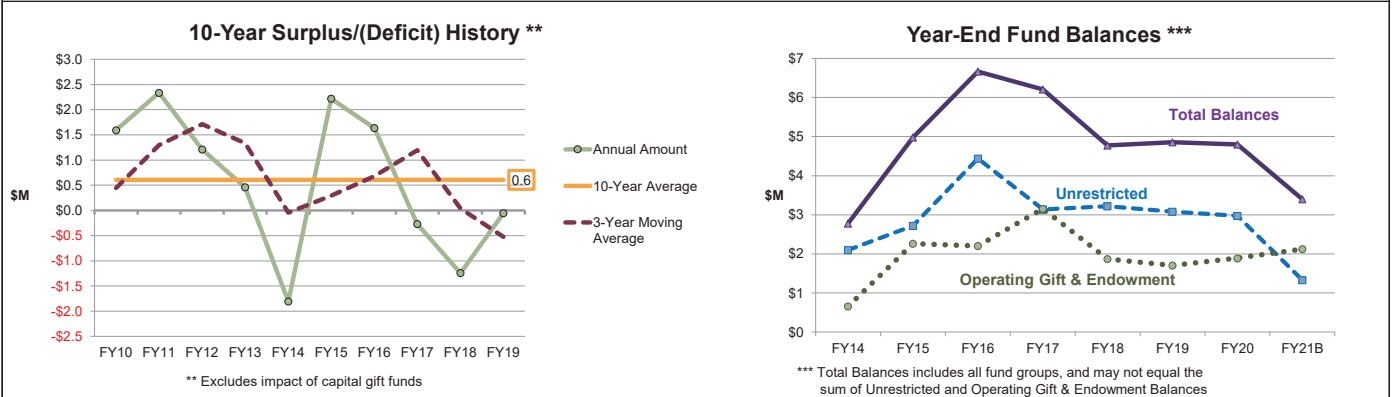
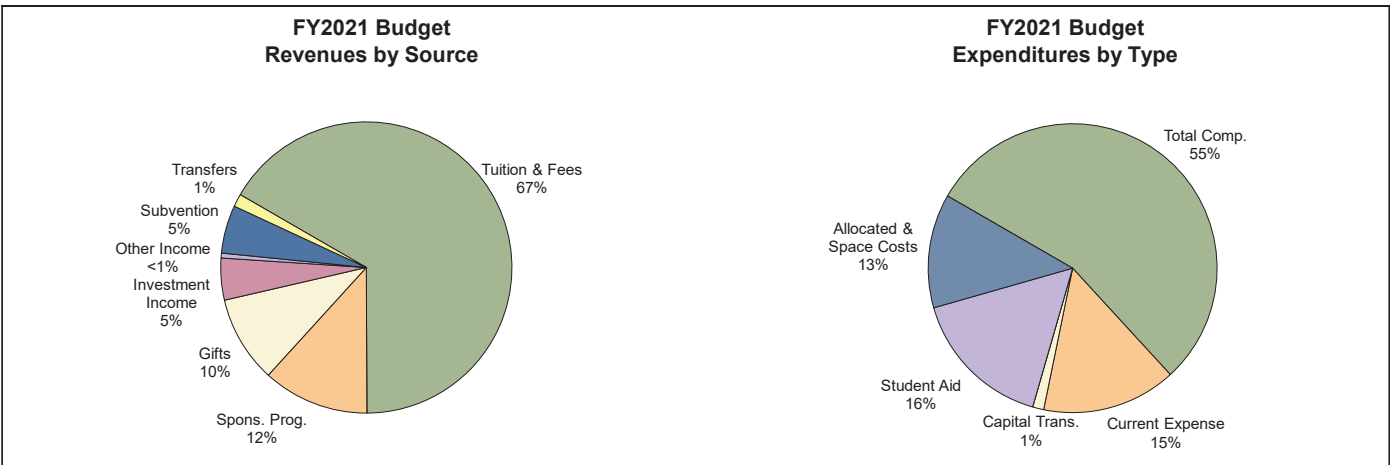
**UPHS Support:** Currently the Health System provides approximately 17% of the School's operating funding. The School is working collaboratively with the Health System to manage the level of transfer needed to support School operations. A 3% reduction in transfers to the School's operating funds budget is assumed.

**Cost Containment Measures:** In adherence with the University's outlined financial mitigation strategies, PSOM has implemented a hiring freeze on staff hires and is delaying and deferring faculty searches and offers. The 2.5% merit pool is available only to those employees making \$70,000 or less. In addition, PSOM departments were asked to make reductions in operating expenses not funded by external grants, and restrictions are in place for equipment purchases not funded by external grants. Lastly, the School has restricted the use of School funds for symposia and internal research grants. Capital projects have been halted, except for those that support COVID-19 research, are essential to maintain operations, or are life-sustaining in nature.

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	19,769	19,809	18,212	-8%	18,043	-1%
Sponsored Programs	3,976	4,180	3,532	-11%	3,200	-9%
Gifts	1,965	2,079	2,187	11%	2,610	19%
Investment Income	1,165	1,262	1,202	3%	1,261	5%
Other Income	242	132	341	41%	146	-57%
<b>DIRECT REVENUES</b>	<b>27,117</b>	<b>27,461</b>	<b>25,474</b>	<b>-6%</b>	<b>25,260</b>	<b>-1%</b>
University Subvention	1,442	1,444	1,444	0%	1,446	0%
Net Resource Transfers From / (To) Other Centers	327	329	294	-10%	382	30%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>28,886</b>	<b>29,234</b>	<b>27,212</b>	<b>-6%</b>	<b>27,088</b>	<b>0%</b>
<b>EXPENDITURES</b>						
Total Compensation	15,925	16,657	15,214	-4%	15,625	3%
Current Expense	4,448	4,570	3,554	-20%	4,284	21%
Capital Transactions	(152)	398	642	-524%	356	nm
Student Aid	5,458	4,772	4,220	-23%	4,589	9%
<b>NET DIRECT EXPENDITURES</b>	<b>25,680</b>	<b>26,396</b>	<b>23,631</b>	<b>-8%</b>	<b>24,854</b>	<b>5%</b>
Allocated Cost & Space Charges	3,127	3,639	3,639	16%	3,635	0%
<b>TOTAL EXPENDITURES</b>	<b>28,807</b>	<b>30,035</b>	<b>27,270</b>	<b>-5%</b>	<b>28,489</b>	<b>4%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>79</b>	<b>(802)</b>	<b>(57)</b>		<b>(1,401)</b>	

\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	20	19	19	-7%	23	21%
Professional & Other Degree	444	424	410	-8%	392	-4%
Certificate & Non-Degree	5	3	3	-36%	3	0%
<b>Total Students</b>	<b>469</b>	<b>446</b>	<b>432</b>	<b>-8%</b>	<b>418</b>	<b>-3%</b>
Standing Faculty	26	26	26	-1%	26	1%
Staff	54	57	57	5%	58	2%







## Major Areas of Focus and Activity

The School of Social Policy and Practice (SSPP) contributes to the advancement of more effective, efficient, and humane social services through education, research, and civic engagement. In pursuit of this mission, theory-based master's and doctoral programs in social work, social welfare, nonprofit leadership, and social policy encourage students to think and work across disciplinary lines as well as across national and international boundaries and cultures. The pursuit of social justice is at the heart of the School's knowledge-building activities. Innovative educational and research programs reinforce the School's vision of active student engagement in their own learning as well as that of social agencies and larger social collectivities organized at the local, national, and global levels.

SSPP faculty members address issues of child abuse and neglect, mental illness, domestic violence, gerontology, health equity, homelessness, nonprofit leadership, prisoner re-entry, policy analysis, racial disparities, and the social impact of the arts. Students are educated in five degree programs: a Master of Social Work (MSW), a PhD in Social Welfare, a Master of Science in Nonprofit Leadership (NPL), a Master of Science in Social Policy (MSSP), and a Doctorate in Clinical Social Work (DSW). The NPL and DSW degrees have well established online program options. Master's degrees can be earned as dual degrees within SSPP as well as through collaborations with the Perelman School, the Law School, the Graduate School of Education, SAS, Weitzman, and soon the School of Veterinary Medicine. Students can also pursue specialized certificate programs within SSPP, in collaboration with other Penn schools, as well as through partnerships with local and globally based institutions.

## Key Budgetary Assumptions

**Enrollment:** The FY2021 budget anticipates a decrease in the MSW program by about 50 students, partially offset by an increase in the MSSP enrollments. While MSSP deposits have more than doubled this past year, from 66 for the previous class to 146 for the incoming class, summer melt is a concern given that many of these prospective students are from China and the COVID-19 crisis could impact their ability to obtain visas or their desire to travel. SSPP estimates that enrollments will be about the same in NPL and DSW programs, with the DSW and NPL programs already established with online pedagogy and so not impacted by COVID-19. The School has doubled its PhD admits from three to six as part of its initiative to increase its focus on raising its profile in research and scholarship.

**Cost Containment:** SSPP has experienced considerable staff transition in the past year, and currently has 12 vacant positions, most of which will not be filled until the full impact of COVID-19 is realized. The School is currently undergoing a major review of administrative areas and is evaluating potential savings that could be achieved by streamlining processes and systems. In an effort to reduce current expense, the School will lower its threshold for competitive bidding and increase reviews of expenditure requests.

**Sponsored Projects:** SSPP growth in sponsored project activity is expected to continue in FY2021. For the first nine months of FY2020 alone, the School increased its grant proposal submissions from 21 to 29 and has received 12 awards so far, increasing awarded funding by 22.6%, from \$766,000 to \$939,000. The School's targeted focus on diversifying its revenue mix is critical to its success; tuition currently accounts for 67% of the total.

**Capital Projects:** SSPP has begun its \$1.4 million renovation of the first floor of the Caster Building. This renovation, which is entirely gift funded, will create attractive new spaces where students can gather and work collaboratively, enhancing the student experience and aiding in the recruiting process.

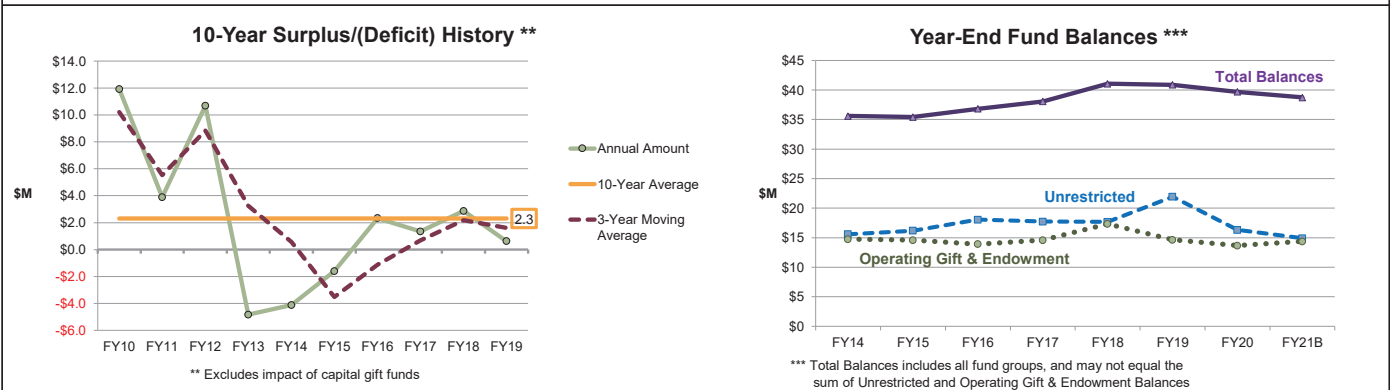
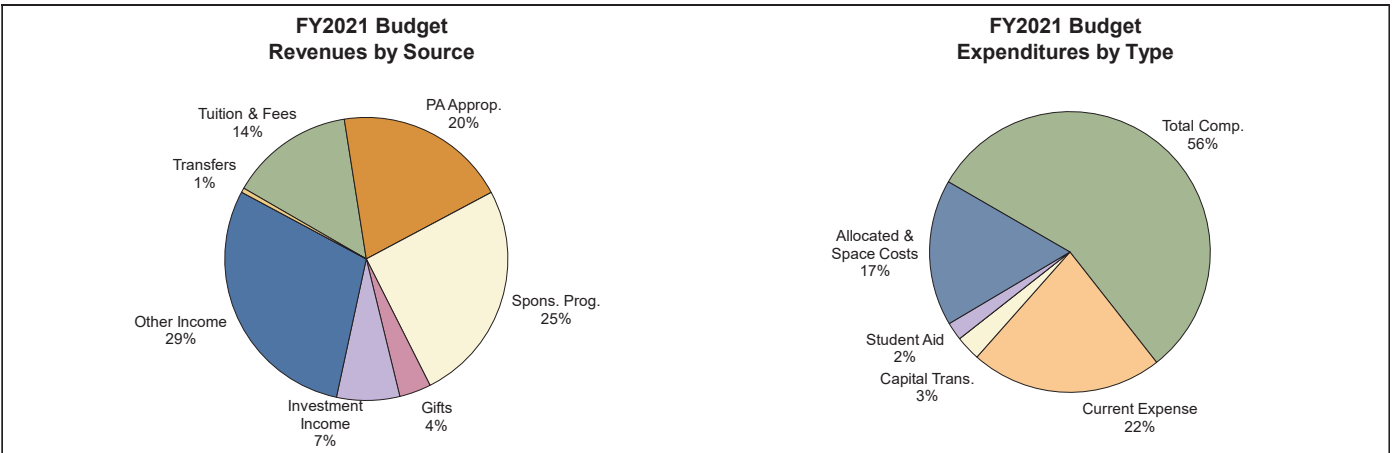
**SCHOOL OF VETERINARY MEDICINE**  
(in thousands of dollars)

FISCAL 2019 ACTUAL    FISCAL 2020 BUDGET    FISCAL 2020 FORECAST    % Change from 2019 Actual    FISCAL 2021 BUDGET    % Change from 2020 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	20,809	22,790	21,888	5%	22,979	5%
Commonwealth Appropriation	31,328	31,328	31,955	2%	31,955	0%
Sponsored Programs	34,312	39,021	39,613	15%	41,102	4%
Gifts	6,744	9,579	11,641	73%	5,879	-49%
Investment Income	10,569	11,350	11,117	5%	11,676	5%
Other Income	45,303	46,735	43,286	-4%	47,719	10%
<b>DIRECT REVENUES</b>	<b>149,063</b>	<b>160,804</b>	<b>159,500</b>	<b>7%</b>	<b>161,312</b>	<b>1%</b>
University Subvention	250	125	125	-50%	0	-100%
Net Resource Transfers From / (To) Other Centers	3,327	834	724	-78%	830	15%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>152,641</b>	<b>161,763</b>	<b>160,349</b>	<b>5%</b>	<b>162,141</b>	<b>1%</b>
<b>EXPENDITURES</b>						
Total Compensation	83,762	90,563	89,892	7%	91,346	2%
Current Expense	34,807	35,000	36,152	4%	36,057	0%
Capital Transactions	5,339	8,226	6,653	25%	4,677	-30%
Student Aid	2,559	3,299	2,946	15%	3,381	15%
<b>NET DIRECT EXPENDITURES</b>	<b>126,467</b>	<b>137,087</b>	<b>135,642</b>	<b>7%</b>	<b>135,461</b>	<b>0%</b>
Allocated Cost & Space Charges	25,291	26,892	26,892	6%	27,461	2%
<b>TOTAL EXPENDITURES</b>	<b>151,758</b>	<b>163,979</b>	<b>162,534</b>	<b>7%</b>	<b>162,922</b>	<b>0%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>883</b>	<b>(2,217)</b>	<b>(2,185)</b>		<b>(781)</b>	

\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	481	501	490	2%	496	1%
Certificate & Non-Degree	6	25	5	-17%	10	100%
<b>Total Students</b>	<b>487</b>	<b>526</b>	<b>495</b>	<b>2%</b>	<b>506</b>	<b>2%</b>
Standing Faculty	110	120	116	5%	121	5%
Staff	647	670	663	3%	676	2%





## Major Areas of Focus and Activity

The [School of Veterinary Medicine](#) (Penn Vet) is the only veterinary school in the Commonwealth of Pennsylvania, and its [mission](#) is to train the next generation of leaders that will advance healthcare outcomes and access, ensure global health, bolster sustainable agriculture, and create and support new interdisciplinary career pathways for veterinarians.

Under the leadership of [Dr. Andrew Hoffman](#), the Gilbert S. Kahn Dean of Veterinary Medicine, the School is focused on transforming Penn Vet and the veterinary profession through education innovation, including comprehensive curricular revision and several exciting new [dual degree programs](#) that are more relevant now than ever. Through two new dual degree programs (VMD+MSW and VMD+ABSN), Penn will be the first university—and Penn Vet the first school—to offer interprofessional dual degree/dual credential programs linking the veterinary profession with human healthcare and social services. Veterinarians with these dual credentials will be uniquely positioned to serve rural and other underserved areas where the gap in healthcare access is growing. This innovation in professional education is made possible by the geographic proximity of Penn Vet to other schools at the University. Other dual degree programs between Penn Vet and SAS, Law, and GSE will also launch this fall. In addition, Penn Vet has reinvented the VMD-MPH program into the MPH-One Health Track, and the existing VMD-MBA and VMD-PhD programs continue to thrive.

The current [COVID-19 outbreak](#) has highlighted the essential role that veterinarians play in society by providing medically urgent care in hospitals, serving both the animals and humans on farm service calls, providing critical diagnostic and surveillance programs to safeguard the food supply, and advancing scientific knowledge through innovative [research programs](#). These contributions to society at large will be further enhanced by new interdisciplinary programs described above and complemented by planning for a new Global-Regional Infectious Disease (GRID) Center or Institute. Additionally, the new 'Farm of the Future' initiative, a partnership with the Weitzman School of Design, will create a new paradigm for agricultural and environmental resilience and sustainability, aligned with Penn Vet's long-standing commitment to the health of people and animals in the Commonwealth and beyond.

## Key Budgetary Assumptions

**Tuition and Aid:** FY2021 enrollment is projected at 496 core student FTEs, with close to two-thirds coming from outside Pennsylvania, and 10 certificate student FTEs. Tuition rates are increasing by 2.5%, underlying Penn Vet's strategic intent to slow tuition growth. Budgeted tuition revenues reflect a provision for pandemic-related student deferrals of about \$300,000.

**Clinical Operations:** Hospital performance is assumed to gradually improve in the first quarter of FY2021. Margins are expected to be largely flat due to compensation costs remaining level with FY2020.

**Research:** A loss of \$600,000 in research revenue from commercial sponsors is anticipated due to the pandemic and economic downturn, but no impact is assumed for federal sponsors.

**Commonwealth Appropriation:** The appropriation is assumed to remain level with FY2020.

**Cost-Containment Measures:** Elimination of the salary increase program is projected to save \$2.5 million, and several capital projects have been deferred until FY2022. Other measures include a hiring freeze and restrictions on discretionary spending and supplemental compensation such as overtime.

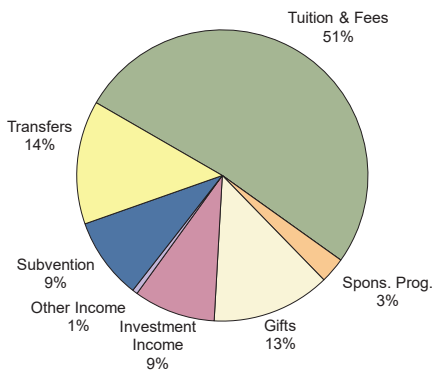
**COVID-19 Related Costs:** The FY2021 budget includes a provision of \$250,000 to restart research efforts, as well as \$100,000 to support enhanced environmental safety and cleaning protocols.

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	33,824	35,027	35,874	6%	31,149	-13%
Sponsored Programs	1,138	963	1,675	47%	1,721	3%
Gifts	5,736	8,690	8,665	51%	7,965	-8%
Investment Income	4,707	4,941	5,121	9%	5,486	7%
Other Income	673	505	570	-15%	346	-39%
<b>DIRECT REVENUES</b>	<b>46,078</b>	<b>50,126</b>	<b>51,904</b>	<b>13%</b>	<b>46,667</b>	<b>-10%</b>
University Subvention	5,437	5,459	5,459	0%	5,481	0%
Net Resource Transfers From / (To) Other Centers	2,226	6,932	6,560	195%	8,294	26%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>53,741</b>	<b>62,517</b>	<b>63,923</b>	<b>19%</b>	<b>60,442</b>	<b>-5%</b>
<b>EXPENDITURES</b>						
Total Compensation	24,173	24,985	25,968	7%	25,596	-1%
Current Expense	6,954	7,341	7,434	7%	7,658	3%
Capital Transactions	1,431	4,414	4,433	210%	5,173	17%
Student Aid	9,430	12,571	12,031	28%	12,604	5%
<b>NET DIRECT EXPENDITURES</b>	<b>41,987</b>	<b>49,311</b>	<b>49,866</b>	<b>19%</b>	<b>51,031</b>	<b>2%</b>
Allocated Cost & Space Charges	8,611	9,369	9,369	9%	9,797	5%
<b>TOTAL EXPENDITURES</b>	<b>50,598</b>	<b>58,680</b>	<b>59,235</b>	<b>17%</b>	<b>60,828</b>	<b>3%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>3,142</b>	<b>3,836</b>	<b>4,688</b>		<b>(386)</b>	

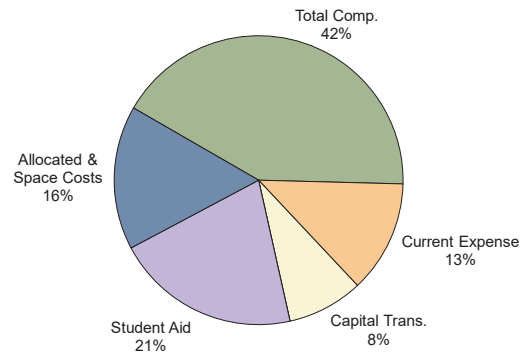
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	43	44	44	2%	43	-2%
Professional & Other Degree	702	729	732	4%	570	-22%
Certificate & Non-Degree	1	2	2	nm	2	0%
<b>Total Students</b>	<b>746</b>	<b>775</b>	<b>778</b>	<b>4%</b>	<b>615</b>	<b>-21%</b>
Standing Faculty	42	43	43	4%	45	5%
Staff	63	69	73	16%	69	-5%

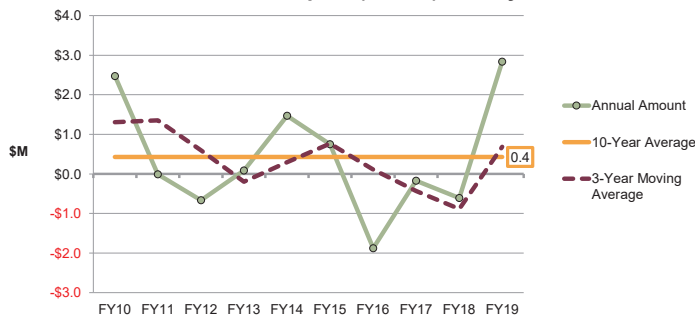
**FY2021 Budget Revenues by Source**



**FY2021 Budget Expenditures by Type**

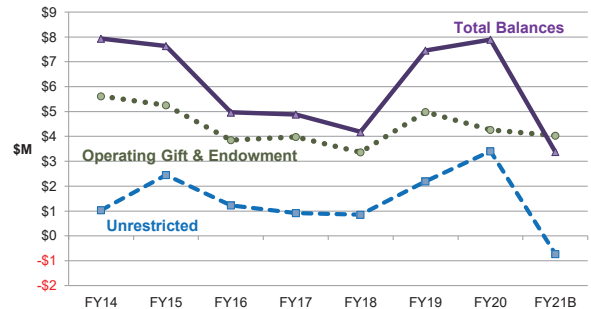


**10-Year Surplus/(Deficit) History \*\***



\*\* Excludes impact of capital gift funds

**Year-End Fund Balances \*\*\***



\*\*\* Total Balances includes all fund groups, and may not equal the sum of Unrestricted and Operating Gift & Endowment Balances



## Major Areas of Focus and Activity

The [Stuart Weitzman School of Design](#) was named in February 2019 in recognition of Stuart Weitzman's lifetime commitment and support of Penn, as well as his active engagement in Penn's academic activities. The School currently provides graduate education to 740 master's students in architecture, city and regional planning, fine arts, historic preservation, landscape architecture, and urban spatial analytics, as well as 49 PhD students in architecture and city and regional planning. The School also teaches courses leading to a BA from the School of Arts and Sciences with a major in architecture, fine arts, or design or a minor in landscape studies.

The mission of the Weitzman School is to prepare students to address complex sociocultural and environmental issues through thoughtful inquiry, creative expression, and innovation. As a diverse community of scholars and practitioners, the School is committed to advancing the public good—both locally and globally—through art, design, planning, and preservation.

## Key Budgetary Assumptions

**Potential Revenue Shortfalls:** The School is projecting a \$5 million loss in tuition revenue due to a projected drop in enrollment associated with the COVID-19 outbreak. The budgeted decrease in master's student enrollment (from 740 in Fall 2019 to 578 in Fall 2020) is due to the anticipated high attrition of international and US students who may not be able to return to campus in the fall due to visa issues, or who may choose to defer due to the uncertainty associated with the pandemic. However, the Weitzman School has implemented an assertive summer engagement strategy to help minimize the number of students who decide not to attend in Fall 2020, and developed plans to allow international students to participate remotely in classes and studios. The School is hopeful that these efforts will decrease the projected attrition and associated tuition loss.

**Cost-Containment Measures:** The FY2021 budget includes delays in hiring and promoting some full-time faculty. More specifically, the School has delayed two new standing faculty appointments until January 2021 and two promotions until FY2022 and discontinued two associated faculty searches. The budget also includes other cost-mitigation measures, including reductions in part-time faculty in recognition of increased attrition, not filling vacant staff positions, reducing current expenses, and pushing equipment replacement investments to the out-years. Additionally, the School will need to use its projected FY2020 surplus towards deficit reduction.

**Faculty and Staff Positions:** The FY2021 budget assumes the number of filled standing faculty positions will increase by two to 45. Other faculty FTEs are expected to remain stable at around 100. Filled staff positions are budgeted at 69 FTEs, down four from the FY2020 forecast, and the School plans not to fill vacancies wherever possible.

**Capital Project Priorities:** By Fall 2020, the Weitzman School will upgrade the Robotics Lab on the ground floor of Meyerson Hall by installing a new HVAC and exhaust system and renovating the adjacent space to create a studio and maker space. Additionally, the School will relocate Historic Preservation's Teaching Lab from the fourth floor of Meyerson Hall to a newly renovated space on the ground floor of the Duhring Wing. Renovations to the central plaza between Meyerson Hall and Fisher Fine Arts Library to create the Stuart Weitzman Plaza, a joint project with the University, will be completed in October 2020. These projects are all funded by Stuart Weitzman's generous gift.

**WHARTON SCHOOL**  
(in thousands of dollars)

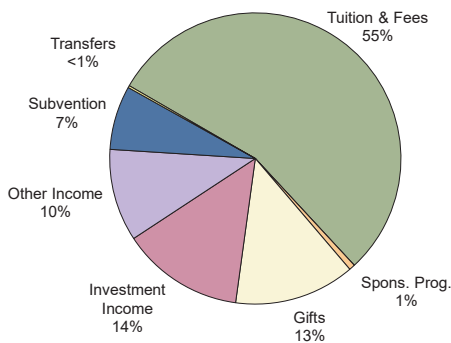
FISCAL 2019 ACTUAL    FISCAL 2020 BUDGET    FISCAL 2020 FORECAST    % Change from 2019 Actual    FISCAL 2021 BUDGET    % Change from 2020 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	301,649	317,564	288,764	-4%	286,051	-1%
Sponsored Programs	9,056	7,623	4,575	-49%	3,433	-25%
Gifts	75,381	60,819	87,247	16%	70,005	-20%
Investment Income	62,438	67,411	67,024	7%	70,923	6%
Other Income	52,057	60,966	50,224	-4%	53,569	7%
<b>DIRECT REVENUES</b>	<b>500,581</b>	<b>514,383</b>	<b>497,834</b>	<b>-1%</b>	<b>483,981</b>	<b>-3%</b>
University Subvention	37,841	38,033	37,537	-1%	37,107	-1%
Net Resource Transfers From / (To) Other Centers	263	893	2,406	816%	1,177	-51%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>538,684</b>	<b>553,309</b>	<b>537,778</b>	<b>0%</b>	<b>522,265</b>	<b>-3%</b>
<b>EXPENDITURES</b>						
Total Compensation	248,598	261,247	254,277	2%	257,277	1%
Current Expense	127,786	132,061	111,357	-13%	100,817	-9%
Capital Transactions	32,101	72,242	41,800	30%	40,602	-3%
Student Aid	57,633	60,812	59,524	3%	63,765	7%
<b>NET DIRECT EXPENDITURES</b>	<b>466,117</b>	<b>526,362</b>	<b>466,958</b>	<b>0%</b>	<b>462,460</b>	<b>-1%</b>
Allocated Cost & Space Charges	59,128	62,928	62,928	6%	65,849	5%
<b>TOTAL EXPENDITURES</b>	<b>525,245</b>	<b>589,290</b>	<b>529,886</b>	<b>1%</b>	<b>528,309</b>	<b>0%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>13,439</b>	<b>(35,981)</b>	<b>7,893</b>		<b>(6,044)</b>	

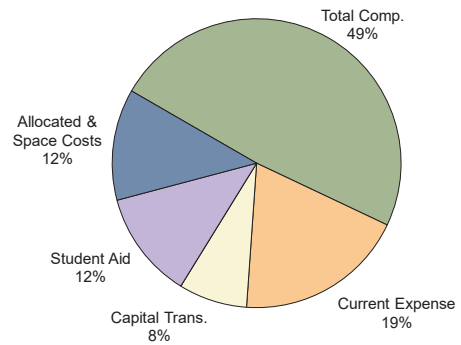
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	1,796	1,817	1,802	0%	1,791	-1%
Ph.D.	190	190	189	-1%	189	0%
Professional & Other Degree	2,143	2,140	2,152	0%	2,061	-4%
Certificate & Non-Degree	76	62	66	-13%	66	0%
<b>Total Students</b>	<b>4,205</b>	<b>4,209</b>	<b>4,209</b>	<b>0%</b>	<b>4,107</b>	<b>-2%</b>
Standing Faculty	234	234	230	-2%	244	6%
Staff	783	813	806	3%	776	-4%

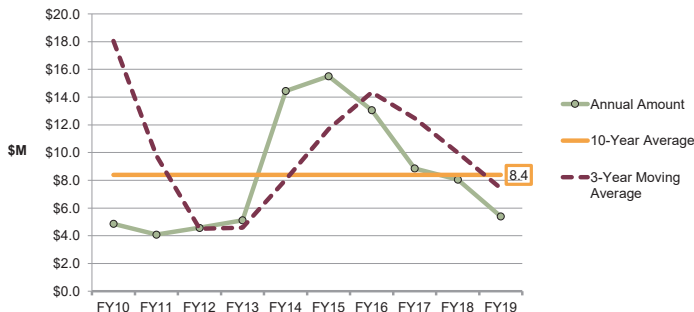
**FY2021 Budget Revenues by Source**



**FY2021 Budget Expenditures by Type**

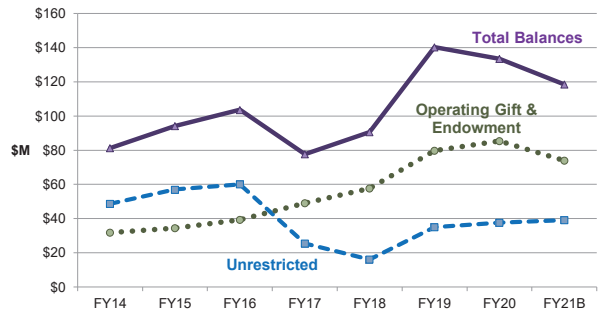


**10-Year Surplus/(Deficit) History \*\***



\*\* Excludes impact of capital gift funds

**Year-End Fund Balances \*\*\***



\*\*\* Total Balances includes all fund groups, and may not equal the sum of Unrestricted and Operating Gift & Endowment Balances





## Major Areas of Focus and Activity

The [Wharton School's](#) four academic divisions provide the full spectrum of business education. Wharton offers educational programs through 10 academic departments, along with innovative, interdisciplinary programs that focus on leadership, entrepreneurship, analytics, and financial innovation. Wharton's faculty are widely published in major academic journals; and its centers foster a broad range of research impacting business, the economy, public policy, and society. In light of the health and financial crisis the world now faces from the coronavirus pandemic, Wharton continues to innovate and reimagine to meet the unique challenges of this new reality and to create a vibrant and successful educational experience for students.

## Key Budgetary Assumptions

**Enrollment:** FY2021 undergraduate enrollment is projected to be 1,791 single degree students and 526 joint degree program participants. Full-time MBA enrollment is projected to increase by 3% to 1,739 students as a larger Class of 2022 has been admitted. Executive MBA enrollment is expected to drop by 28% to 322 students with increased leaves and reduced yields related to the coronavirus pandemic. Doctoral enrollment is projected to be 189 students. Resulting tuition revenues are anticipated to be \$16 million less than expected, with the majority of the impact related to the drop in Executive MBA enrollment.

**Faculty and Staff Positions:** The School has confirmed acceptance of 22 new faculty members, including a new Dean, Erika James, nine women, and one member of an underrepresented minority group. Standing faculty positions are projected to be 244 (252 including all PIKs) in FY2021, including 12 on leave. The FY2021 budget assumes 793 filled staff positions (776 FTEs) and reflects a restructuring of staff in key areas to better align with the School's strategic vision.

**Executive Education:** Revenues from the face-to-face business are expected to decrease from \$58.4 million in FY2020 to \$42.3 million in FY2021 due to the continued impact of the coronavirus pandemic offset by new planned growth in synchronous learning. Wharton Online continues to expand with \$13.3 million in FY2021 projected revenue, a 45% increase over the FY2020 forecast, as companies rethink how to train a large segment of their staff economically. To offset lost margin, strategic cost reductions are being implemented, including staffing changes and expense reductions in marketing, IT, and travel.

**Fundraising:** FY2020 marks the penultimate year of Wharton's *More than Ever* fundraising campaign. As of the end of April, Wharton had secured \$897 million towards its \$1 billion campaign fundraising goal. Coronavirus-related restrictions have halted travel related to fundraising appeals, but gift officers are continuing to cultivate donors virtually and to maintain key relationships. The FY2020 and FY2021 pipelines are strong and Wharton remains on track to reach its campaign goal.

**Cost Containment:** Given the pandemic-related revenue decreases in Executive Education and the Executive MBA program, the School has reviewed planned spending to identify measures to reduce expenses or shift them to restricted funding sources. School-funded current expense parameters were decreased by 15%, underutilized research funds were identified, and programs and centers with limited activity are being evaluated for strategic divestiture.

**Capital Project Priorities:** Wharton's campus will be growing in FY2021 as construction on both WARB and Tangen Halls will be completed. Construction delays from pandemic-related work restrictions shifted \$7 million in capital spending on these buildings from FY2020 to FY2021. Significant renovations will also be completed in Steinberg-Dietrich Hall as the Undergraduate Division moves into its new central location steps away from WARB, the Wharton Behavioral Lab shifts into new expanded research space, and research centers are co-located to increase thought collaboration and resource efficiency.

Responsibility Center Budgets & Program Statements

**RESOURCE CENTERS**

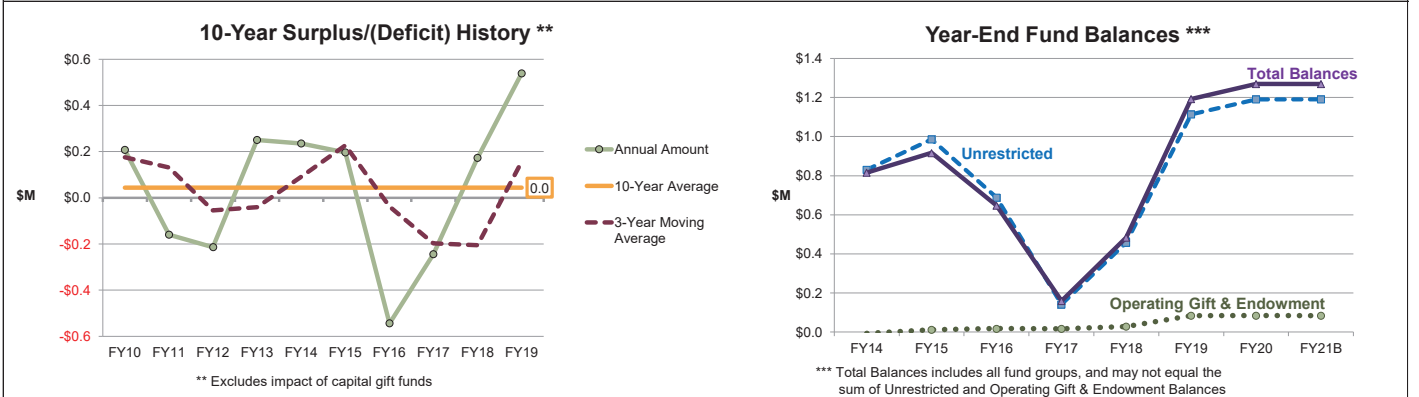
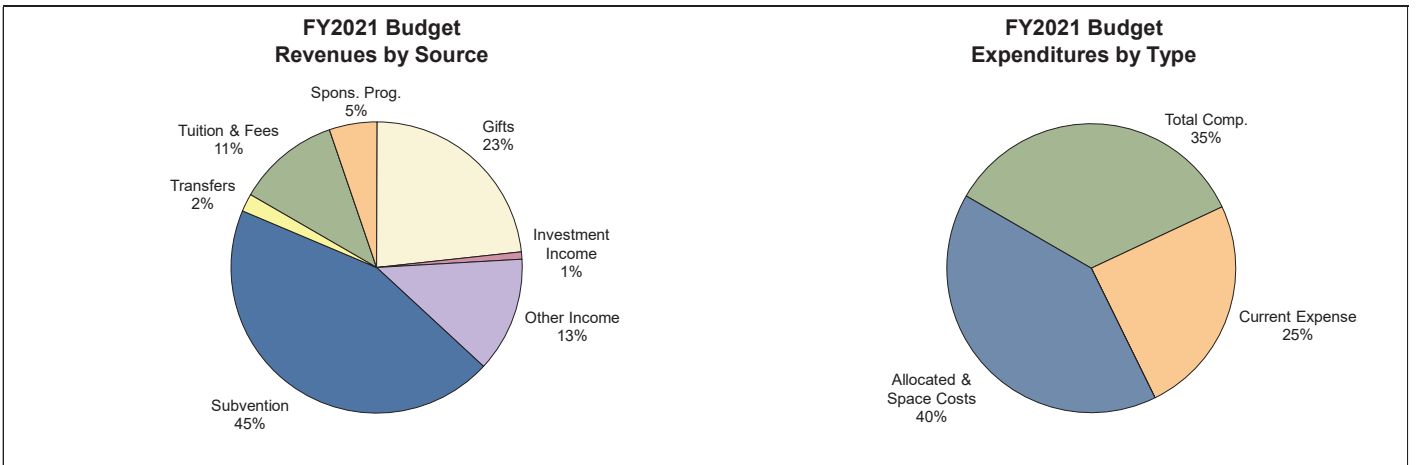
**ANNENBERG CENTER FOR THE PERFORMING ARTS**  
(in thousands of dollars)

FISCAL 2019 ACTUAL	FISCAL 2020 BUDGET	FISCAL 2020 FORECAST	% Change from 2019 Actual	FISCAL 2021 BUDGET	% Change from 2020 Forecast
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<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	479	588	588	23%	594	1%
Sponsored Programs	226	382	402	78%	276	-31%
Gifts	701	876	1,268	81%	1,208	-5%
Investment Income	33	34	35	5%	42	21%
Other Income	1,868	1,882	1,284	-31%	665	-48%
<b>DIRECT REVENUES</b>	<b>3,307</b>	<b>3,762</b>	<b>3,576</b>	<b>8%</b>	<b>2,786</b>	<b>-22%</b>
University Subvention	2,270	2,388	2,388	5%	2,314	-3%
Net Resource Transfers From / (To) Other Centers	212	29	214	1%	103	-52%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>5,790</b>	<b>6,178</b>	<b>6,178</b>	<b>7%</b>	<b>5,203</b>	<b>-16%</b>
<b>EXPENDITURES</b>						
Total Compensation	2,123	2,437	2,281	7%	1,805	-21%
Current Expense	1,128	1,550	1,544	37%	1,285	-17%
Capital Transactions	0	0	130	0%	0	0%
Student Aid	0	0	0	0%	0	0%
<b>NET DIRECT EXPENDITURES</b>	<b>3,250</b>	<b>3,987</b>	<b>3,955</b>	<b>22%</b>	<b>3,090</b>	<b>-22%</b>
Allocated Cost & Space Charges	2,000	2,146	2,146	7%	2,113	-2%
<b>TOTAL EXPENDITURES</b>	<b>5,250</b>	<b>6,133</b>	<b>6,101</b>	<b>16%</b>	<b>5,203</b>	<b>-15%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>539</b>	<b>45</b>	<b>77</b>		<b>0</b>	

\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	-	-	-	-	-	-
Certificate & Non-Degree	-	-	-	-	-	-
<b>Total Students</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Standing Faculty</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Staff</b>	<b>18</b>	<b>21</b>	<b>19</b>	<b>8%</b>	<b>16</b>	<b>-16%</b>





# ANNENBERG CENTER

UNIVERSITY of PENNSYLVANIA

## Major Areas of Focus and Activity

The [Annenberg Center for the Performing Arts](#) (ACPA) serves as a major cultural destination and crossroads connecting Penn and the greater Philadelphia region through innovative human expression in theatre, music, dance, and film for an annual audience of nearly 80,000. The Center also serves as a key resource for the arts at Penn by providing master artists who work directly with Penn students in support of, and as an enhancement to, the arts and non-arts curriculum. Student performing arts groups are key users of the Center's multiple performance and rehearsal spaces and also staff many operational roles throughout the academic year. A reflection of Penn's core values as a world-respected academic institution, the Center emphasizes artistic and intellectual excellence, diversity, and rigor in its presentations; prioritizes broad inclusiveness in the artists, audiences, and groups it serves; manages outstanding performance, conference, and meeting facilities; and stresses comprehensive event planning, production support, and customer service. ACPA actively engages a broad range of primary, secondary, and post-secondary student audiences and inclusive constituencies from the campus, community, and greater Philadelphia region. ACPA is one of the larger providers of performing arts access for school children in the Philadelphia-metro area and serves 10,000 (K-12) students annually.

## Key Budgetary Assumptions

ACPA's FY2021 budget has been carefully created to address the continuing implementation of the new strategic plan, active solicitation of campaign priorities, and aggressive revenue enhancements in ticketing and rentals events, building on the recent success in repositioning the Center at Penn and in Philadelphia. In light of the pandemic and serious impact on the global performing arts and events industry, the Center has undertaken fiscal planning scenarios to ensure the financial health of the institution and future programming.

**Reduced Programming:** The FY2021 ticketing goal reflects expected audience limitations and interrupted programming due to the pandemic. Though ticket sales exceeded the FY2020 ticketing goal prior to the pandemic and were on track to surpass \$1.2 million, ACPA expects that the FY2021 revenue will be 35% (\$400,000) of the total that would be expected without the pandemic.

**Limited Earned Rental Revenue:** Rental revenues were projected to surpass \$1.1 million in FY2020. The rental revenue budget for FY2021 reflects expected pandemic-related interruptions to the event calendar, with revenue at approximately 35% of the pre-pandemic goal, or \$467,000.

**Stable Contributed Revenue:** The recent completion of ACPA's strategic plan and campaign launch with the University has resulted in significant Board of Overseers growth and three new board members in FY2020. FY2021 contributed revenue is budgeted to remain stable at approximately \$1.5 million.

**Cost-Containment Measures:** The Center has created several fiscal scenarios to address the uncertainties in reopening, particularly for large gatherings and events. The FY2021 budget reflects careful evaluation of part-time and freelance staffing levels, artistic fee budgets, and other current expense.

**Capital Project Priorities:** The redevelopment of the Annenberg Center façade, lighting, and signage in coordination with the Sachs Hub is anticipated for FY2021. Projects to enhance energy-efficient operations in the Zellerbach and Prince theatres through air handling unit upgrades and updated house lighting will be postponed until FY2022.

**RECREATION AND INTERCOLLEGIATE ATHLETICS**  
(in thousands of dollars)

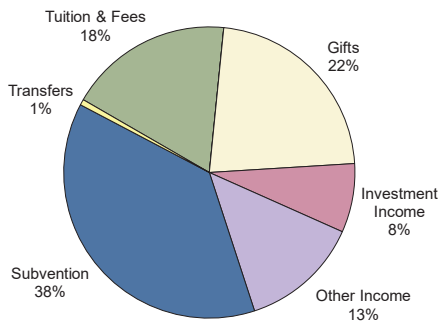
FISCAL 2019 ACTUAL	FISCAL 2020 BUDGET	FISCAL 2020 FORECAST	% Change from 2019 Actual	FISCAL 2021 BUDGET	% Change from 2020 Forecast
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<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	9,987	10,386	10,386	4%	10,822	4%
Sponsored Programs	0	0	0	0%	0	0%
Gifts	14,142	13,218	14,634	3%	13,299	-9%
Investment Income	3,725	4,110	4,102	10%	4,535	11%
Other Income	9,130	9,289	5,630	-38%	7,886	40%
<b>DIRECT REVENUES</b>	<b>36,984</b>	<b>37,003</b>	<b>34,752</b>	<b>-6%</b>	<b>36,542</b>	<b>5%</b>
University Subvention	21,622	22,087	22,087	2%	22,368	1%
Net Resource Transfers From / (To) Other Centers	1,104	506	122	-89%	375	207%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>59,710</b>	<b>59,596</b>	<b>56,962</b>	<b>-5%</b>	<b>59,285</b>	<b>4%</b>
<b>EXPENDITURES</b>						
Total Compensation	19,240	20,305	19,927	4%	19,393	-3%
Current Expense	15,431	15,238	11,476	-26%	12,839	12%
Capital Transactions	10,200	6,535	8,848	-13%	7,447	-16%
Student Aid	0	0	0	0%	0	0%
<b>NET DIRECT EXPENDITURES</b>	<b>44,872</b>	<b>42,078</b>	<b>40,251</b>	<b>-10%</b>	<b>39,679</b>	<b>-1%</b>
Allocated Cost & Space Charges	17,213	18,217	18,217	6%	18,839	3%
<b>TOTAL EXPENDITURES</b>	<b>62,085</b>	<b>60,295</b>	<b>58,468</b>	<b>-6%</b>	<b>58,518</b>	<b>0%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>(2,374)</b>	<b>(699)</b>	<b>(1,507)</b>		<b>767</b>	

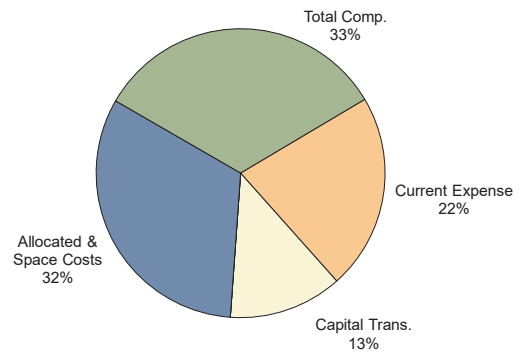
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	-	-	-	-	-	-
Certificate & Non-Degree	-	-	-	-	-	-
<b>Total Students</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Standing Faculty	-	-	-	-	-	-
Staff	161	162	165	2%	165	0%

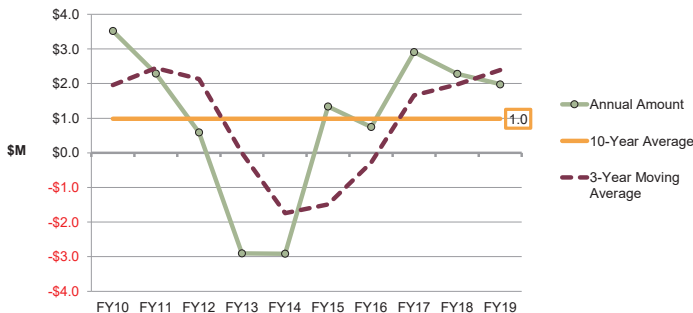
**FY2021 Budget Revenues by Source**



**FY2021 Budget Expenditures by Type**

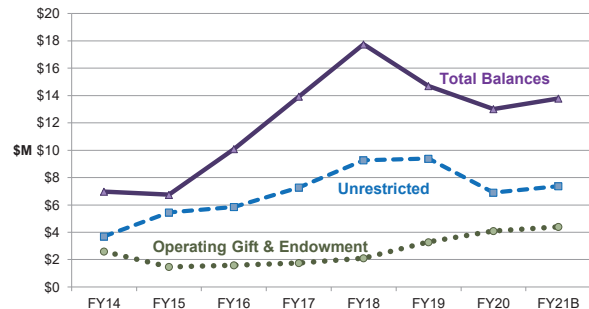


**10-Year Surplus/(Deficit) History \*\***



\*\* Excludes impact of capital gift funds

**Year-End Fund Balances \*\*\***



\*\*\* Total Balances includes all fund groups, and may not equal the sum of Unrestricted and Operating Gift & Endowment Balances



## Major Areas of Focus and Activity

The [Division of Recreation and Intercollegiate Athletics](#) (DRIA) is a broad-based division comprised of 33 intercollegiate teams, 35 club sport teams, and expansive intramural sport and campus recreation programs, all taking place within 22 athletics and recreational facilities. Students, faculty, and staff are also served through membership-based access to the Pottruck Health and Fitness Center and the Fox Fitness Center (which combined provide over 125,000 square feet of space) and access to a variety of shared facilities. [The facilities](#) are contained within a contiguous 24-acre footprint at the eastern end of campus, commonly thought to be one of the best athletics infrastructures amongst urban campuses, with assets such as Franklin Field, The Palestra, and Penn Park.

**Competitive Success:** The 2019-2020 academic year was highlighted by regular season Ivy League championships in [Men's Cross Country](#), [Women's Indoor Track](#), and [Women's Gymnastics](#). [Men's Squash finished as the national runner-up](#), while [Aly Abou Eleinen also placed second nationally](#). [Nia Akins of Women's Indoor Track was named a finalist for the national track athlete of the year award](#), and was awarded the Most Outstanding Athlete award at Heps for the third time. Winter national championships and spring seasons were cancelled due to the coronavirus pandemic in early March. Sixteen student-athletes qualified for NCAA competition and 23 earned All-American recognition. Eleven student-athletes won individual Ivy League championships in four different sports.

**Campus Recreation:** FY2020 data indicates that nearly 70% of undergraduate students and 46% of graduate students had visited the Pottruck and Fox Fitness Centers more than once this year before the facilities closed in March 2020. Overall fitness center usage rates in Fall 2019 were comparable to the prior fall. Campus Recreation provides opportunities to approximately 1,150 club sport student-athletes and more than 12,000 intramural and special event opportunities per year. In club sports, eight clubs qualified for their national championship tournament.

## Key Budgetary Assumptions

**Revenue Shortfalls:** The COVID-19 pandemic is negatively impacting many of DRIA's revenue streams, including NCAA distributions; annual giving; ticket sales; racquet and fitness center fees; summer camps; outside rentals; corporate sponsorships; and food service commissions.

**Cost-Containment Measures:** DRIA has reduced its FY2021 budgeted compensation and current expense by over 10%. Measures that are being undertaken to reduce costs include limiting travel-related expenses associated with team competitions, student-athlete recruiting, and administrative and development activities; adjusting equipment replacement plans for athletic and recreational facilities; and deferring planned computer replacements.

**Staffing:** The Division relies on a mix of full-time positions, temporary positions, and independent contractors. The FY2021 budget assumes 165 full-time employees. Temporary staffing will likely be reduced from the FY2020 level of 300 due to uncertainty about when on-campus activities will resume.

**Capital Project Priorities:** With full funding plans in place, DRIA anticipates construction will advance for Phases 3 and 4 of the Franklin Field concrete restoration project; Phase 2 of the Franklin Field lighting and wiring replacement project; turf replacement on Dunning-Cohen Field; as well as the installation of new windows and ventilation upgrades at The Palestra. Planning priorities include completing design for an indoor training facility, the Boathouse renovation, Meiklejohn Stadium upgrades, and a video scoreboard for Franklin Field.



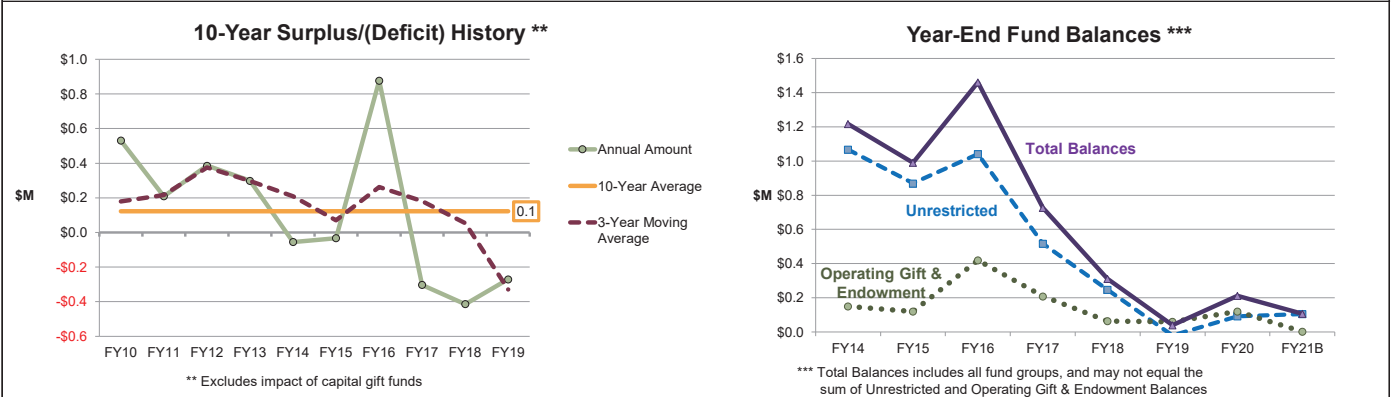
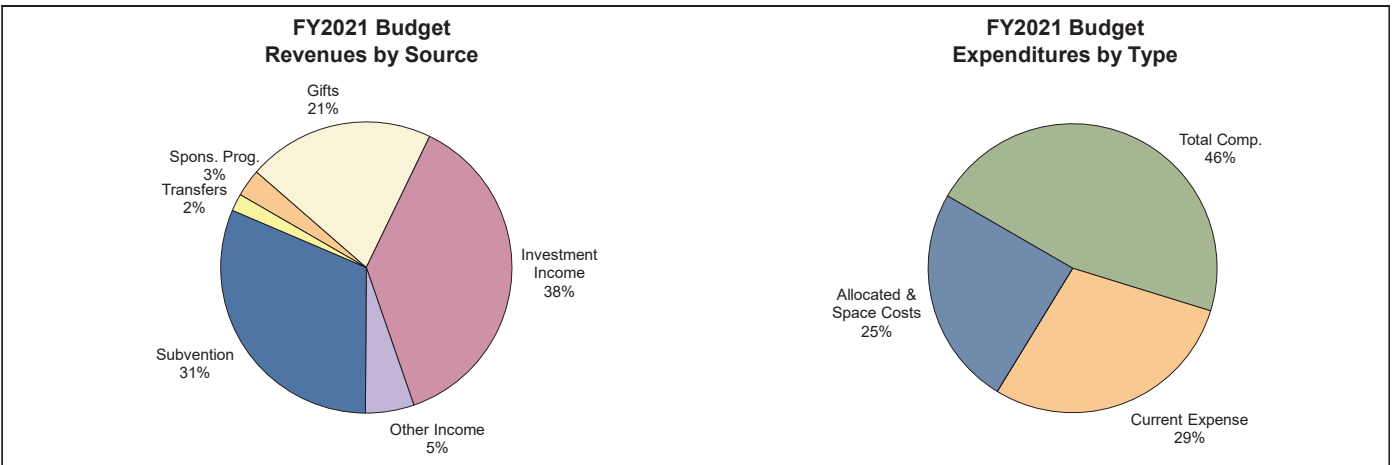
**INSTITUTE OF CONTEMPORARY ART**  
(in thousands of dollars)

	FISCAL 2019 ACTUAL	FISCAL 2020 BUDGET	FISCAL 2020 FORECAST	% Change from 2019 Actual	FISCAL 2021 BUDGET	% Change from 2020 Forecast
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<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	0	0	0	0%	0	0%
Sponsored Programs	181	222	353	96%	126	-64%
Gifts	1,298	1,607	948	-27%	851	-10%
Investment Income	1,307	1,450	1,422	9%	1,539	8%
Other Income	106	103	102	-3%	221	117%
<b>DIRECT REVENUES</b>	<b>2,892</b>	<b>3,383</b>	<b>2,825</b>	<b>-2%</b>	<b>2,737</b>	<b>-3%</b>
University Subvention	1,132	1,246	1,246	10%	1,284	3%
Net Resource Transfers From / (To) Other Centers	147	63	86	-42%	79	-9%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>4,171</b>	<b>4,692</b>	<b>4,157</b>	<b>0%</b>	<b>4,100</b>	<b>-1%</b>
<b>EXPENDITURES</b>						
Total Compensation	1,978	2,081	1,856	-6%	1,953	5%
Current Expense	1,593	1,584	1,242	-22%	1,218	-2%
Capital Transactions	15	200	0	0%	0	0%
Student Aid	0	0	0	0%	0	0%
<b>NET DIRECT EXPENDITURES</b>	<b>3,586</b>	<b>3,865</b>	<b>3,098</b>	<b>-14%</b>	<b>3,171</b>	<b>2%</b>
Allocated Cost & Space Charges	856	997	997	16%	1,034	4%
<b>TOTAL EXPENDITURES</b>	<b>4,442</b>	<b>4,862</b>	<b>4,095</b>	<b>-8%</b>	<b>4,205</b>	<b>3%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>(271)</b>	<b>(170)</b>	<b>62</b>		<b>(105)</b>	

\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	-	-	-	-	-	-
Certificate & Non-Degree	-	-	-	-	-	-
<b>Total Students</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Standing Faculty	-	-	-	-	-	-
Staff	22	25	24	10%	22	-8%



# Institute of Contemporary University Art of Pennsylvania

## Major Areas of Focus and Activity

The [Institute of Contemporary Art](#) (ICA) has developed an international reputation as a preeminent venue for contemporary art and culture. Since 1963, ICA has been Penn's creative nexus for experimentation and champions the power of art and artists to inform and inspire.

ICA is guided by a welcoming, democratic vision and the presentation of work that sparks important, if sometimes challenging, conversations. It has invested in a thriving public engagement effort, creating a wide range of exhibitions and programs that are designed to actively engage diverse audiences. ICA is central to Penn's championing of art and culture and prioritizing intellectual discovery through the visual and performing arts as an intrinsic part of a superior education.

ICA remains committed to being at the forefront of representing relevant and fearless programming that champions underrepresented artists and perspectives that break boundaries. During FY2020, ICA presented five critically acclaimed [exhibitions](#). Complementing the curatorial work, ICA presented 102 programs, 42 of which were initiated by Penn students and faculty. Prior to the pandemic, overall attendance was growing, and ICA continues to widen its reach to Penn students, faculty, and staff.

ICA generates exciting and profound opportunities for audiences to engage with artists' thinking around race, gender, experimentation, and justice. Through exhibitions and events that challenge convention and offer alternative narratives for reframing and responding to pressing issues of the present moment, ICA strives to foster dialogue and strengthen the community.

## Key Budgetary Assumptions

**Impact of the COVID-19 Outbreak:** ICA has responded quickly to the pandemic, closely following guidelines issued by University leadership, including shifting programmatic activities online, closing the museum, and setting up staff for remote work until further notice. Staff have prepared multiple scenarios for the FY2021 season and are fully prepared to be responsive and adaptive to the changing environment.

**Staffing:** The FY2021 budget includes 22 staff FTEs, which is a decrease of two FTEs from the FY2020 forecast due to term positions that are expiring in FY2020.

**Capital Project Priorities:** The HVAC upgrade project, originally scheduled for Summer 2020, will be shifted to Summer 2021.

**Fundraising:** ICA welcomed two new overseers in FY2020, bringing the total overseers to 24. As of the end of April, ICA had already exceeded its \$30 million goal for the *Encounter the Unexpected* campaign, raising \$30.2 million in term and endowment support.

**Cost-Containment:** Significant cost adjustments were made early in FY2020 to reduce expenses to better align them with fundraising projections. The FY2021 budget reflects a continuation of these changes, as well as a 2% reduction in current expense versus the FY2020 forecast.

**MORRIS ARBORETUM**  
(in thousands of dollars)

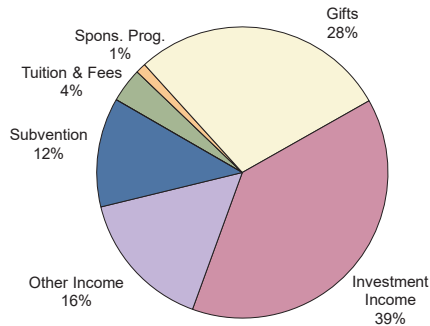
FISCAL 2019 ACTUAL    FISCAL 2020 BUDGET    FISCAL 2020 FORECAST    % Change from 2019 Actual    FISCAL 2021 BUDGET    % Change from 2020 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	318	324	275	-13%	310	13%
Sponsored Programs	328	155	201	-39%	92	-54%
Gifts	2,665	2,700	2,458	-8%	2,320	-6%
Investment Income	2,724	2,940	2,929	8%	3,151	8%
Other Income	1,307	1,377	1,003	-23%	1,272	27%
<b>DIRECT REVENUES</b>	<b>7,341</b>	<b>7,496</b>	<b>6,866</b>	<b>-6%</b>	<b>7,146</b>	<b>4%</b>
University Subvention	910	954	954	5%	987	3%
Net Resource Transfers From / (To) Other Centers	(23)	(10)	(15)	-34%	(15)	2%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>8,228</b>	<b>8,440</b>	<b>7,805</b>	<b>-5%</b>	<b>8,118</b>	<b>4%</b>
<b>EXPENDITURES</b>						
Total Compensation	4,426	4,580	4,554	3%	4,388	-4%
Current Expense	2,680	2,932	2,661	-1%	2,658	0%
Capital Transactions	(6)	33	83	-1570%	34	-60%
Student Aid	0	0	0	0%	0	0%
<b>NET DIRECT EXPENDITURES</b>	<b>7,100</b>	<b>7,546</b>	<b>7,298</b>	<b>3%</b>	<b>7,080</b>	<b>-3%</b>
Allocated Cost & Space Charges	900	967	967	7%	1,007	4%
<b>TOTAL EXPENDITURES</b>	<b>8,000</b>	<b>8,513</b>	<b>8,265</b>	<b>3%</b>	<b>8,087</b>	<b>-2%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>228</b>	<b>(73)</b>	<b>(460)</b>		<b>30</b>	

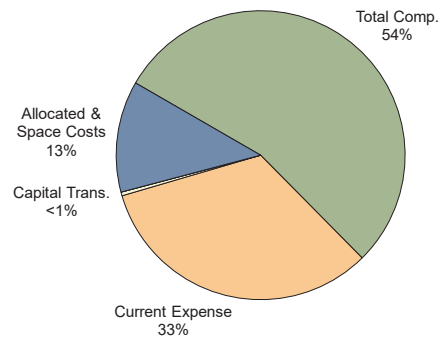
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	-	-	-	-	-	-
Certificate & Non-Degree	-	-	-	-	-	-
<b>Total Students</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Standing Faculty	-	-	-	-	-	-
Staff	46	48	48	4%	49	2%

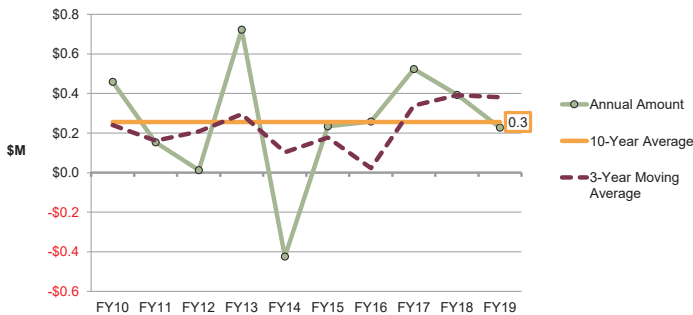
**FY2021 Budget Revenues by Source**



**FY2021 Budget Expenditures by Type**

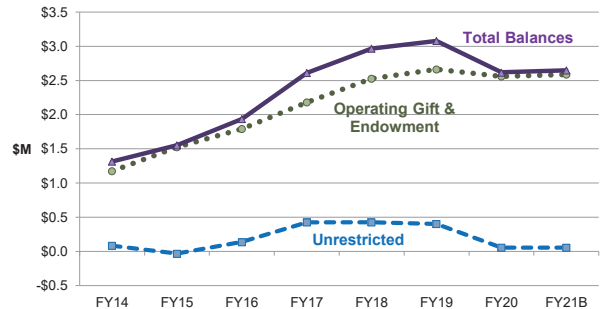


**10-Year Surplus/(Deficit) History \*\***



\*\* Excludes impact of capital gift funds

**Year-End Fund Balances \*\*\***



\*\*\* Total Balances includes all fund groups, and may not equal the sum of Unrestricted and Operating Gift & Endowment Balances



## Major Areas of Focus and Activity

The [Morris Arboretum of the University of Pennsylvania](#) is an historic public garden and educational institution that promotes an understanding of the relationship between plants, people, and place through programs that integrate science, art, and the humanities. The Arboretum conducts four major activities: education, research, outreach, and horticultural display.

## Key Budgetary Assumptions

**Scenario Planning:** Given the uncertain current environment, the Morris Arboretum has developed three budget scenarios for FY2021 based on the parameters of a phased reopening plan. In the first phase of this plan, daily admissions will be capped at half of capacity through timed ticketing, rental and development events will be postponed or cancelled, classes and symposia will be cancelled or moved online, and some buildings and amenities will remain closed. The next phase increases daily attendance to 75% of capacity, allows for in-person classes, rentals, and some other events concurrent with reopening buildings and amenities. The final phase would be a full return to normal operations. Details and timing of each phase are subject to government and University guidance and mandates.

**Phased Reopening Schedule:** The budget has been constructed assuming a limited public reopening ("Phase I") from July 1<sup>st</sup>, 2020 through August 15<sup>th</sup>, 2020, with a transition to "Phase II" for the duration of Q1 and full return to operations by Q3. The Arboretum anticipates a negative variance of approximately \$230,000 in operating revenues for Q1 partially offset by compensation savings of around \$50,000 because of the hiring freeze and reduced salary increase pool and \$90,000 in lower current expense. If Phase I continues through the end of September, it is estimated that revenue losses would nearly double although current expense reductions would be greater as well.

**Current Expense:** Consistent with University guidelines, most travel and entertainment expenses have been eliminated from the budget resulting in nearly \$200,000 in savings. The majority of what remains in the budget is for the annual gala, Moonlight & Roses, which will take place in June 2021.

**Staffing:** In addition to budgeting savings due to the reduced salary parameter and University hiring freeze, the Arboretum has reduced its temporary staff expense line by \$150,000 versus the initial budget proposal. Upon returning to normal operations, this could present challenges as existing temporary staff will be asked to work additional hours due to the lower headcount. Arboretum leadership is using this opportunity to think of creative ways to cross-train staff who are currently not working or are underutilized due to the present circumstances.

**Capital Project Priorities:** The Arboretum is proceeding with five small projects, all of which are fully funded from restricted sources. These projects include new netting on the tree canopy walk, "*Out on a Limb*"; replacement of the Fernery heating system; improvements to the Rose Garden perimeter; deer enclosure fencing; and the Step Fountain's refurbishment.

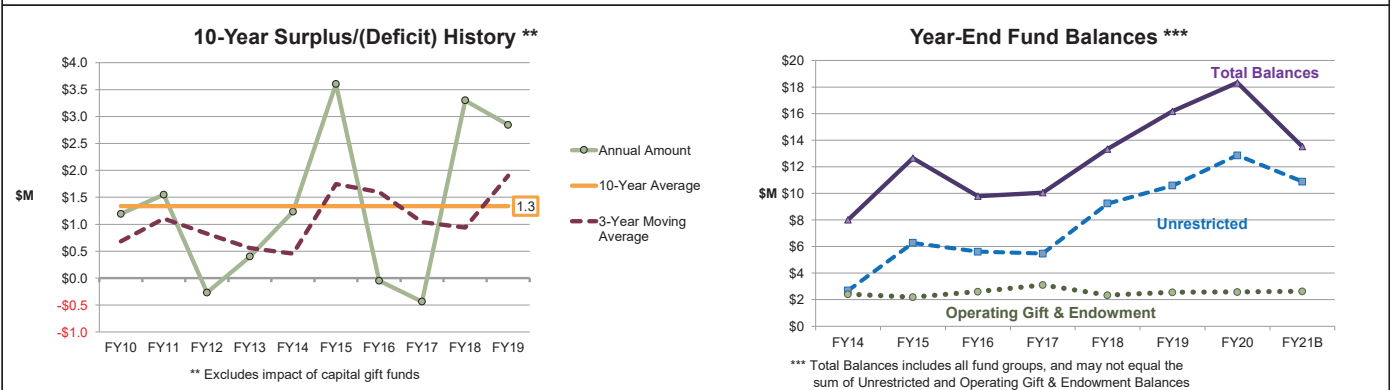
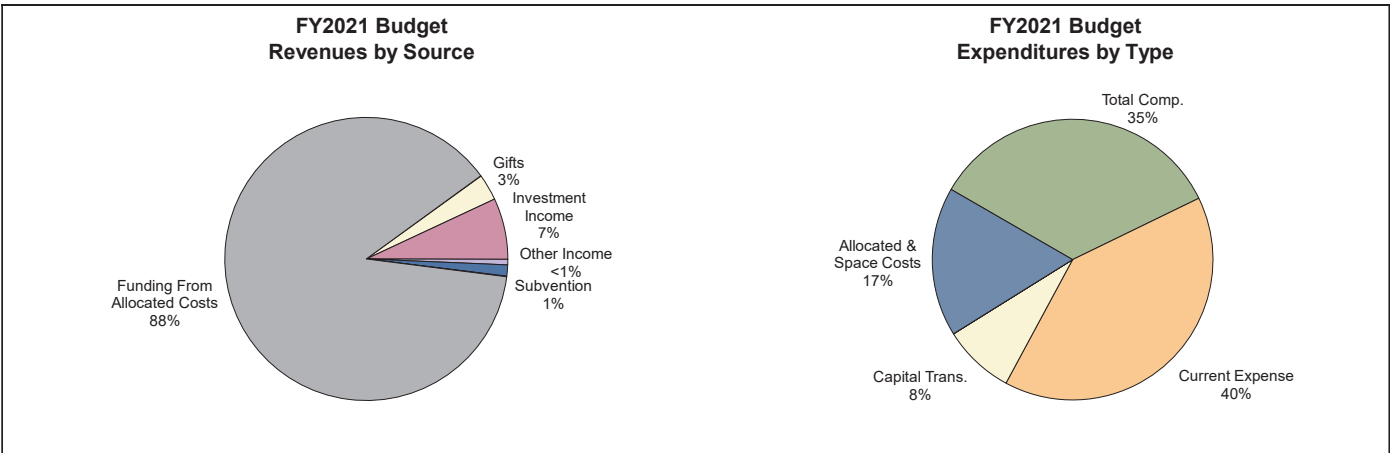
**UNIVERSITY LIBRARIES**  
(in thousands of dollars)

FISCAL 2019 ACTUAL    FISCAL 2020 BUDGET    FISCAL 2020 FORECAST    % Change from 2019 Actual    FISCAL 2021 BUDGET    % Change from 2020 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	15	35	35	131%	35	0%
Sponsored Programs	680	252	323	-52%	138	-57%
Gifts	1,898	1,295	1,818	-4%	2,366	30%
Investment Income	4,914	5,117	5,279	7%	5,507	4%
Other Income	987	659	357	-64%	357	0%
<b>DIRECT REVENUES</b>	<b>8,494</b>	<b>7,358</b>	<b>7,812</b>	<b>-8%</b>	<b>8,403</b>	<b>8%</b>
University Subvention	942	975	975	3%	1,005	3%
Funding From Allocated Costs	65,179	67,460	67,460	3%	69,309	3%
Net Resource Transfers From / (To) Other Centers	(14)	446	(229)	1551%	(52)	-77%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>74,601</b>	<b>76,239</b>	<b>76,018</b>	<b>2%</b>	<b>78,665</b>	<b>3%</b>
<b>EXPENDITURES</b>						
Total Compensation	27,257	28,449	26,458	-3%	28,753	9%
Current Expense	29,336	31,911	32,470	11%	33,430	3%
Capital Transactions	697	2,215	1,002	44%	6,883	587%
Student Aid	11	10	10	-11%	10	0%
<b>NET DIRECT EXPENDITURES</b>	<b>57,302</b>	<b>62,585</b>	<b>59,939</b>	<b>5%</b>	<b>69,076</b>	<b>15%</b>
Allocated Cost & Space Charges	13,193	13,883	13,883	5%	14,347	3%
<b>TOTAL EXPENDITURES</b>	<b>70,495</b>	<b>76,468</b>	<b>73,822</b>	<b>5%</b>	<b>83,423</b>	<b>13%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>4,106</b>	<b>(229)</b>	<b>2,196</b>		<b>(4,758)</b>	

\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
Student Enrollment:						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	-	-	-	-	-	-
Certificate & Non-Degree	-	-	-	-	-	-
<b>Total Students</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Standing Faculty	-	-	-	-	-	-
<b>Staff</b>	<b>268</b>	<b>270</b>	<b>250</b>	<b>-7%</b>	<b>268</b>	<b>7%</b>





## Major Areas of Focus and Activity

The Penn Libraries' 2020-2025 strategic plan, released for feedback in February 2020, is structured around four strategic priorities to align with the *Penn Compact 2022* pillars of inclusion, innovation, and impact and the University's goal of advancing knowledge for good.

**Advance:** Through new partnerships with Casalini Libri and @Cult to develop a system based on the Share-Virtual Discovery Environment (Share-VDE) project, Penn Libraries will make collections more discoverable and accessible. Through the generosity of Arnold and Deanne Kaplan, the Libraries will hire the world's first endowed curator in Judaica Digital Humanities to expand access to electronic materials in this field.

**Engage:** Penn Libraries will enhance and expand digital scholarship support and programming through the creation of a Center for Research Data and Digital Scholarship, which will serve as a hub for textual and data analysis, data curation, data visualization, geographic information systems, software creation and management, web platform design, and digital start-ups across disciplines. The Biomedical Library will be reimagined as the Biotech Commons, supporting students and faculty in teaching, learning, and innovation.

**Preserve:** The Penn Libraries will contribute to protecting the integrity of the world's cultural heritage through digitization and preservation efforts, including creating a new Digital Preservation Librarian position.

**Enrich:** Penn Libraries will continue to increase staff development and build capacity to support a rapidly changing teaching, research, and learning landscape. Bearing in mind the expanded demand for e-resources driven by the COVID-19 crisis, the Libraries will make additional investments in e-books and other electronic materials to ensure seamless and equitable access. During this extraordinary time, with no access to physical collections, Penn Libraries staff have successfully pivoted and partnered with consortia and information providers to make more than 40% of Penn's physical holdings available in electronic form.

## Key Budgetary Assumptions

**Staffing:** Penn Libraries has restructured its organization and staffing to align with the strategic priorities above and will continue to evaluate staffing opportunities that support strategic priorities, carefully reviewing vacancies as they arise.

**Capital Project Priorities:** Construction will begin on the reimagining of the Biomedical Library into the Biotech Commons, with a goal of completion prior to Summer 2021.

**Information Acquisitions:** Penn Libraries continues to make major new investments in materials acquisitions, particularly given the greater demand for electronic resources resulting from the pandemic-caused shift to remote learning.

**COVID-19 Impacts:** In addition to greater investments in electronic resources and a focus on expanding access to e-resource alternatives to traditional physical materials, Penn Libraries is making additional investments in technology to enable remote work for its staff and greater self-service and remote support for patrons. The curtailment of on-campus operations and anticipated phased-in return will enable the Libraries to realize space and security-related expense reductions that help to offset the additional resource expenditure demands.



**UNIVERSITY OF PENNSYLVANIA MUSEUM**  
(in thousands of dollars)

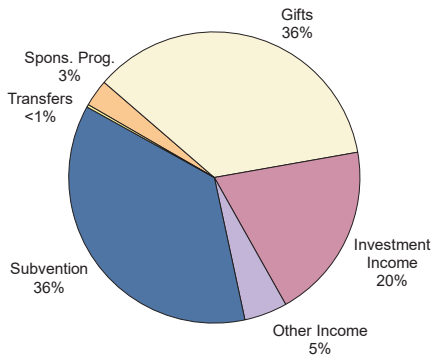
	FISCAL 2019 ACTUAL	FISCAL 2020 BUDGET	FISCAL 2020 FORECAST	% Change from 2019 Actual	FISCAL 2021 BUDGET	% Change from 2020 Forecast
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<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	0	0	0	0%	0	0%
Sponsored Programs	680	1,337	1,500	121%	850	-43%
Gifts	7,564	8,321	8,022	6%	10,153	27%
Investment Income	5,033	5,325	5,338	6%	5,553	4%
Other Income	1,474	1,982	1,239	-16%	1,353	9%
<b>DIRECT REVENUES</b>	<b>14,751</b>	<b>16,965</b>	<b>16,099</b>	<b>9%</b>	<b>17,910</b>	<b>11%</b>
University Subvention	9,963	10,284	10,184	2%	10,306	1%
Net Resource Transfers From / (To) Other Centers	69	78	81	18%	81	-1%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>24,783</b>	<b>27,327</b>	<b>26,365</b>	<b>6%</b>	<b>28,297</b>	<b>7%</b>
<b>EXPENDITURES</b>						
Total Compensation	11,160	11,609	11,201	0%	11,485	3%
Current Expense	6,270	6,759	9,836	57%	10,427	6%
Capital Transactions	700	1,447	2,022	189%	1,582	-22%
Student Aid	46	91	38	-17%	66	75%
<b>NET DIRECT EXPENDITURES</b>	<b>18,175</b>	<b>19,906</b>	<b>23,097</b>	<b>27%</b>	<b>23,560</b>	<b>2%</b>
Allocated Cost & Space Charges	6,813	7,247	7,247	6%	7,452	3%
<b>TOTAL EXPENDITURES</b>	<b>24,988</b>	<b>27,153</b>	<b>30,344</b>	<b>21%</b>	<b>31,012</b>	<b>2%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>(206)</b>	<b>174</b>	<b>(3,979)</b>		<b>(2,715)</b>	

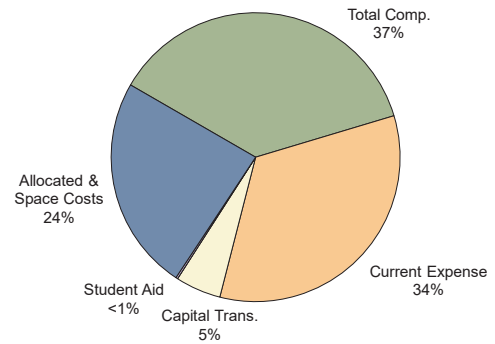
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	-	-	-	-	-	-
Certificate & Non-Degree	-	-	-	-	-	-
<b>Total Students</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Standing Faculty	-	-	-	-	-	-
Staff	110	116	116	6%	114	-2%

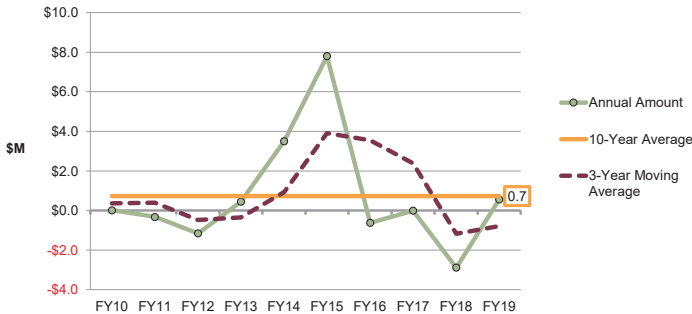
**FY2021 Budget Revenues by Source**



**FY2021 Budget Expenditures by Type**

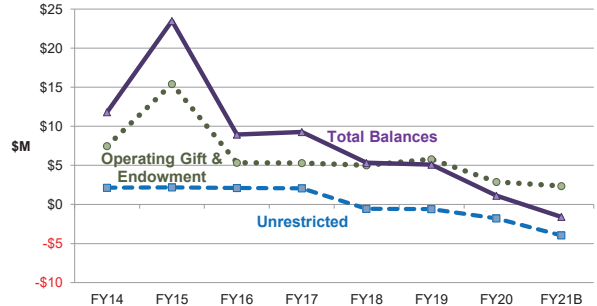


**10-Year Surplus/(Deficit) History \*\***



\*\* Excludes impact of capital gift funds

**Year-End Fund Balances \*\*\***



\*\*\* Total Balances includes all fund groups, and may not equal the sum of Unrestricted and Operating Gift & Endowment Balances

# PENNMUSEUM

## Major Areas of Focus and Activity

Open to all, the [Penn Museum](#) is home to nearly one million artifacts, many unearthed by the Museum's own extraordinary excavations over the past century and a half. All hold the captivating stories of humankind, from the mystery of the ancient world to present day cultures and concerns. With equal commitment to a joyful and meaningful visitor experience and cutting-edge scholarship, the Museum is a place for all to discover, experience, and explore who they are and where they came from.

## Key Budgetary Assumptions

**Revenue Shortfalls:** The Museum's revenues will be significantly impacted by social distancing guidelines and any limitations imposed on group sizes. Earned income relies heavily upon group sales, catering revenue, facility rentals, admission and membership revenue, gift shop sales, and programming revenue from camps, sleepovers, and other events. The proposed Zahav pop-up restaurant has been postponed to FY2022, and the launch of Penn Medicine-sponsored admissions has been delayed. The FY2021 budget is based on the assumption that the Museum will reopen to the general public on July 1, 2020, with social distancing guidelines in place through December 31, 2020, and group sizes limited to a maximum of 25 people. The budget assumes that general attendance will be significantly below the Museum's pre-grand reopening levels. FY2021 lost revenues are estimated at approximately \$1.2 million.

**Cost-Containment Measures:** In order to reduce costs to offset as much of this revenue loss as possible, the Museum will not fill some vacant positions during FY2021 and has eliminated a number of temporary positions; the staff FTE count is projected to decline from 117 in FY2020 to 114 in FY2021. Social distancing measures may result a reduction in visitor services staffing at the front desks, as well as reductions in overtime and security costs associated with reduced evening and weekend events and programming. International fieldwork projects have been cancelled for this summer and certain previously planned renovations for smaller public spaces will be deferred. Other current expense, especially travel, will be eliminated or reduced wherever possible.

Despite these planned measures, the Museum is still projecting an operating deficit of about \$400,000. Accumulated balances in endowment funds will be used to offset as much of the deficit as possible and additional cost-containment actions may be needed to address it further.

**Capital Projects and Fundraising:** A grand reopening in November followed the completion of the first phase of the Coxe/Harrison renovations. Fundraising efforts to support the second phase (the Egyptian Galleries) are ongoing. Significant funds have already been raised for Phase II to support conservation work and offsite storage costs. Through the end of April, the Museum had raised nearly \$75 million in commitments against its campaign goal of \$102 million, which is well ahead of the previous campaign's total of \$49 million.

Responsibility Center Budgets & Program Statements  
**ADMINISTRATIVE SERVICE CENTERS**



## DEVELOPMENT AND ALUMNI RELATIONS

### Major Areas of Focus and Activity

The outbreak of COVID-19 has significantly impacted Development and Alumni Relations (DAR) operations in the latter half of FY2020. Fundraising solicitations were paused in mid-March, with units focusing on raising support for coronavirus-related research and emergency aid funds. All events were postponed or in some cases, cancelled, including the Spring Scholarship Reception and Alumni Weekend. Many measures taken in reaction to COVID-19 are likely to extend into FY2021.

As Penn's central fundraising and alumni engagement unit, DAR remains committed to raising crucial support for COVID-19-related funds as well as the core values of *Penn Compact 2022* and to achieving the goals of *The Power of Penn* campaign:

- **Inclusion:** The campus evacuation highlighted the importance of having emergency funds for Penn First Plus students consistently available, reflected in the increased campaign goal for student aid.
- **Innovation:** DAR has developed new methods for delivering engagement virtually and quickly adapted to connect with constituents using new platforms and technologies.
- **Impact:** Specific funds have been created for the COVID-19 response across Penn's schools and centers.

In FY2021, DAR will continue to focus on generating support for these priorities as well as capital projects including Penn Medicine's New Patient Pavilion, the Data Science Building, the Vagelos Laboratory for Energy Science and Technology, and New College House West. DAR expects to see some downturn in annual giving and new commitments due to COVID-19 in the beginning of FY2021. There may also be longer-term consequences from the economic fallout. Conversely, DAR anticipates increased support in areas related to the pandemic, particularly research and project-specific funding for Penn Medicine. DAR further anticipates that Schools and Centers may shift from existing priorities to needs and initiatives that are more urgent or related to the COVID-19 response.

While DAR looks forward to resuming large-scale engagement activities at some point, it has created a number of virtual alumni engagement events and expects there to be additional ones this summer and into the fall. Plans are in development to reschedule some alumni events cancelled in FY2020 for Spring FY2021. DAR is actively planning for how its frontline staff will engage and cultivate donors virtually while they cannot travel. The implementation this fall of Salesforce is the first of several phases of this project which will provide an opportunity to enhance DAR's virtual engagement.

### Key Budgetary Assumptions

DAR's FY2021 budget shows a decrease of 1.4% in overall expense compared to FY2020. Program expenses remain flat with the exception of tours and Academy events, FMC Tower rent, and Salesforce gift system maintenance cost and enhancement reserve. Budgeted compensation incorporates salary savings based on a 4% turnover rate.

**Staffing:** DAR plans to maintain its current staffing level of 410 filled FTEs, which includes 78 school and center staff, as well as shared financial and managerial responsibility for Penn Medicine Development.

**Cost Containment:** Consistent with recently announced University guidelines, DAR is assessing its programming activities with the goal of reducing discretionary expenditures where possible.



## OFFICE OF THE EXECUTIVE VICE PRESIDENT

### Major Areas of Focus and Activity

The [Executive Vice President](#) (EVP) is dedicated to the comprehensive delivery of functions ensuring that academic, research, service, and strategic priorities are implemented and executed across the University. To achieve and maintain the highest levels of excellence, the units reporting to the EVP collaborate to create additional resources through effective and efficient service delivery and through the stewardship and management of the University's aggregate resources. The EVP sets out the strategic mission and goals for the various functional areas that report to this Office, which include:

- [Audit, Compliance, and Privacy](#) (OACP) – reporting jointly to Penn Medicine
- [Budget Planning and Analysis](#) (BP&A)
- [Business Services](#) (BSD)
- [Facilities and Real Estate Services](#) (FRES)
- [Finance](#) (DOF)
- [Human Resources](#) (HR)
- [Information Systems and Computing](#) (ISC) – reporting jointly to the Provost's Office
- [Investments](#)
- [Public Safety](#) (DPS)

FY2020 was another successful year as the units reporting to the EVP continued to support the *Penn Compact 2022* as follows:

- Inclusion: DOF made supporting high-need students a top priority by advancing the Penn First Plus program, and the financial literacy initiative was launched to provide students with key practical knowledge. BSD's purchasing team continued to support minority and locally owned business through economic inclusion by facilitating \$145 million in spending with diversity suppliers.
- Innovation: DOF, HR, ISC, and BP&A were sponsors for the successful implementation of the Workday cloud-based human capital management system, and progress continued on the modernization of the student and faculty systems with the Next Generation Student System (NGSS) initiative.
- Impact: Penn Connects 3.0 continued to transform the campus with completion of the first phase of Penn Museum Coxe Harrison renovations, as well as the Penn Squash Center and upgrades to the third and fourth floors of Vance Hall. In addition, construction continued on the Wharton Academic Research Building, Woodland Walk, New College House West, Tangen Hall, the University Meeting and Guesthouse, and the Pennovation Main Lab Building. Finally, sustainability efforts were refreshed with the kickoff of the Climate and Sustainability Action Plan 3.0.

The Executive Vice President units pivoted quickly in the second half of FY2020 when the global pandemic reached the Penn community. BSD worked to support students in gathering belongings and ensuring a safe residential experience for those who could not leave campus. DOF partnered with BSD and BP&A to provide students with housing refunds where eligible, to field questions from anxious parents, and to provide emergency funding to students for travel, housing, and other transition-related expenses. ISC worked with schools to support faculty and students in the shift to online instruction and helped staff to adjust to working remotely. FRES adjusted work schedules to adjust to reduced building occupancy, DPS secured the

campus, and Human Resources facilitated the shift to remote operations by providing support to staff that included emergency funding.

In FY2021, the EVP units will work to launch the new academic year despite the many challenges that are anticipated. Potential revenue shortfalls in housing and dining, retail, hotels, and parking and transit will continue to be evaluated. Additional expenditures are anticipated for personal protective equipment (PPE) and technology to support pandemic safety, as well as for investments to maintain remote activity and to meet increased financial aid.

Since the pandemic began, the EVP units have taken a number of actions to reduce costs, including participating in the University-wide hiring freeze and limited merit increase program, cutting discretionary spending across all expense categories, including travel, and delaying or narrowing the scope of capital projects. No growth in staffing is planned for FY2021.

### **Key Budgetary Assumptions**

The FY2021 budget for the functional areas reporting to the EVP has a total of \$587 million in gross expenditures. About 63% is funded through internal and external charges for goods and services, and 37% is covered by Funding from Allocated Costs and General Fee. Total staffing in EVP divisions is budgeted at 2,085, with the three largest units, FRES, BSD, and ISC, accounting for about 70% of the total.





## OFFICE OF THE PRESIDENT

### Major Areas of Focus and Activity

The [President's Center](#) directly supports the [President](#), the [Trustees](#), and the University's senior leadership. Guided by the University's strategic vision, [Penn Compact 2022](#), the Center advances Penn's highest priorities and aids students, faculty, and staff in their teaching, research, and service. From supporting all aspects of the [University's COVID-19 response](#) to advancing in myriad ways the University's historic [Power of Penn campaign](#), the President's Center continues to contribute meaningfully to the key initiatives of Inclusion, Innovation, and Impact. The following offices comprise the President's Center: [African-American Resource Center](#); [Almanac](#); Office of Affirmative Action and Equal Opportunity Programs; [Office of the Associate Vice President for Equity and Title IX Officer](#); Office of the General Counsel; Office of Government and Community Affairs; [Office of Institutional Research and Analysis](#); [Office of the Ombuds](#); [Office of the President](#); Office of University Communications; [Office of the University Secretary](#); [University Archives and Records Center](#); and WXPN.

### Key Budgetary Assumptions

**Staffing:** The FY2021 budget reflects minimal staff FTE change from FY2020, in line with the University's current hiring freeze. The [Office of Affirmative Action and Equal Opportunity Programs](#) is currently in the process of hiring an Associate Director and plans in the future to create a paraprofessional Compliance Specialist position.

**COVID-19 Response and Cost-Containment Measures:** As a result of the COVID-19 crisis, the majority of training opportunities and conferences have been canceled, postponed, or moved to an online format, resulting in reductions to budgeted current expense. The FY2021 budget includes an additional commencement ceremony for the Class of 2020 graduates, to take place in May 2021. [General Counsel](#) projects no major budgetary changes as it continues to provide important legal advice to the university community in a rapidly changing environment. The [Office of Government and Community Affairs](#) will maximize Penn's investment in member associations and involvement in special interest coalitions in order to effectively compete for support for strategic institutional priorities in the wake of the COVID-19 crisis. The [Office of University Communications](#) will continue to focus in FY2021 on communicating to the campus community the operational changes brought about by COVID-19.

**WXPN:** COVID-19 will have a profound impact on WXPN's three primary revenue sources: business support, events, and membership. [WXPN](#) has budgeted expense reductions in sales commissions, event costs, and travel and has deferred several projects. FTEs will remain flat and the primary capital project investment will be the completion of a new website with increased digital functionality.



## OFFICE OF THE PROVOST

### Major Areas of Focus and Activity

The [Office of the Provost](#) provides direction on all facets of the University's academic mission by delivering essential services and resources to its constituencies across campus. Its budget functions are divided between an administrative service center and an interdisciplinary resource center. The administrative service center aggregates programs and offices designed to support University operations, while the interdisciplinary resource center includes a variety of academic programs more appropriately housed centrally than in an individual school. In addition, the Provost's Office provides oversight and support for the new Wellness responsibility center, College Houses and Academic Services (CHAS), the Office of Research Services within the Division of Finance, and Penn Global. Other resource centers that report to the Office of the Provost are covered in other sections of this document. The [Office of the Vice Provost for University Life \(VPUL\)](#), which reports to the Provost, is the primary provider of student support services, including: access, achievement, and equity programs; campus resource centers; civic engagement initiatives; facility and administrative services; and student activities.

In FY2020, the Provost established three new interdisciplinary centers, including the SNF Paideia program, the Environmental Innovations Initiative, and the Student Engagement center. The Paideia program focuses on collaborating with and building upon existing programs and organizations across the campus to provide students the skills and habits of citizenship, service and wellness. This program is supported by a \$6 million gift, five-year gift. The Environmental Innovations Initiative is designed to bring together researchers, scholars, and students to develop new ideas and innovative solutions for the global environment. Finally, Student Engagement is a center focused on Penn's pipeline and college preparatory programs for high school students in Philadelphia.

### Key Budget Assumptions

**Research Functions:** The research segment of the Provost budget continues to be bolstered by strong commercialization revenues and an ongoing focus on managing costs. However, growing IT and compliance costs, as well as the anticipated reduction in the University Laboratory for Animal Research's (ULAR) billings as a result of the pandemic, could put a strain on this portion of the budget in FY2021.

**Space Changes:** Admissions operations will be moving to 3535 Market Street in FY2021 to accommodate the Paideia program and the Penn First Plus program in College Hall. This move will be funded through a combination of reserve balances and a fit-out allowance from the landlord. New uses for vacated space in College Hall will be evaluated.

**Global Activities:** Penn Global was in the midst of an extremely successful year when the pandemic struck. The FY2021 budget reflects the cancellation of all inbound and outbound Study Abroad programs for the fall semester. It is assumed that the spring Study Abroad programs will proceed with enrollment of 305 students which compares to the 358 students who participated this past spring. In addition, the budget assumes 16 Penn Global Seminars will be offered, down from the 20 originally planned. Students are showing a high level of interest in both programs as evidenced by the level of applications and virtual advising appointments.

Operating & Capital Budget  
**UNIVERSITY OF PENNSYLVANIA**  
**HEALTH SYSTEM**

**University of Pennsylvania Health System**  
**Fiscal Year 2021 Consolidated Operating Budget**  
**Statement of Revenues & Expense**  
(in thousands of dollars)

	<b>FY2019 Actual</b>	<b>FY2020 Budget</b>	<b>FY2020 Forecast</b>	<b>FY2021 Budget</b>
<b>Operating Revenue</b>				
Total Net Patient Revenue	7,134,078	7,266,015	7,140,746	7,399,222
Provision for Doubtful Accounts	(193,102)	(210,673)	(179,375)	(212,165)
Other Operating Revenue	653,072	620,278	779,519	784,435
<b>Total Operating Revenue</b>	<b>7,594,048</b>	<b>7,675,620</b>	<b>7,740,889</b>	<b>7,971,492</b>
<b>Operating Expenses</b>				
Salaries	3,205,443	3,326,203	3,371,253	3,410,571
Employee Benefits	821,337	926,291	888,162	958,300
Supplies & Services	2,581,802	2,584,393	2,794,535	2,861,603
Depreciation & Amortization	332,811	327,545	327,748	332,044
Interest Expense	53,755	37,424	37,750	44,319
Malpractice Expense	94,117	93,340	96,276	102,331
Utilities	67,093	70,424	68,138	69,705
<b>Total Operating Expenses</b>	<b>7,156,358</b>	<b>7,365,620</b>	<b>7,583,861</b>	<b>7,778,873</b>
<b>Net Operating Margin</b>	<b>437,690</b>	<b>310,000</b>	<b>157,029</b>	<b>192,619</b>
Non-Operating Revenue	286,369	225,177	168,738	226,255
Unrealized Gain/(Loss) on Investments	(61,535)	0	(186,287)	0
Discontinued Operations	(232)	0	0	0
<b>Excess of Revenue over Expense</b>	<b>662,292</b>	<b>535,177</b>	<b>139,480</b>	<b>418,874</b>
<b>Transfers &amp; Other</b> <sup>1</sup>	<b>(233,246)</b>	<b>(202,644)</b>	<b>(205,887)</b>	<b>(187,202)</b>
<b>Additional Minimum Pension Liability</b>	<b>(332,465)</b>	<b>0</b>	<b>(310,000)</b>	<b>0</b>
<b>Increase in Unrestricted Net Assets</b> <sup>2</sup>	<b>96,582</b>	<b>332,533</b>	<b>(376,408)</b>	<b>231,672</b>

<sup>1</sup> FY2021 Budget includes transfers of \$187.2 million to the Academic Component.

<sup>2</sup> These amounts differ from the increase in net assets from operations shown in Schedule A as Schedule A excludes non-operating items which are included herein.



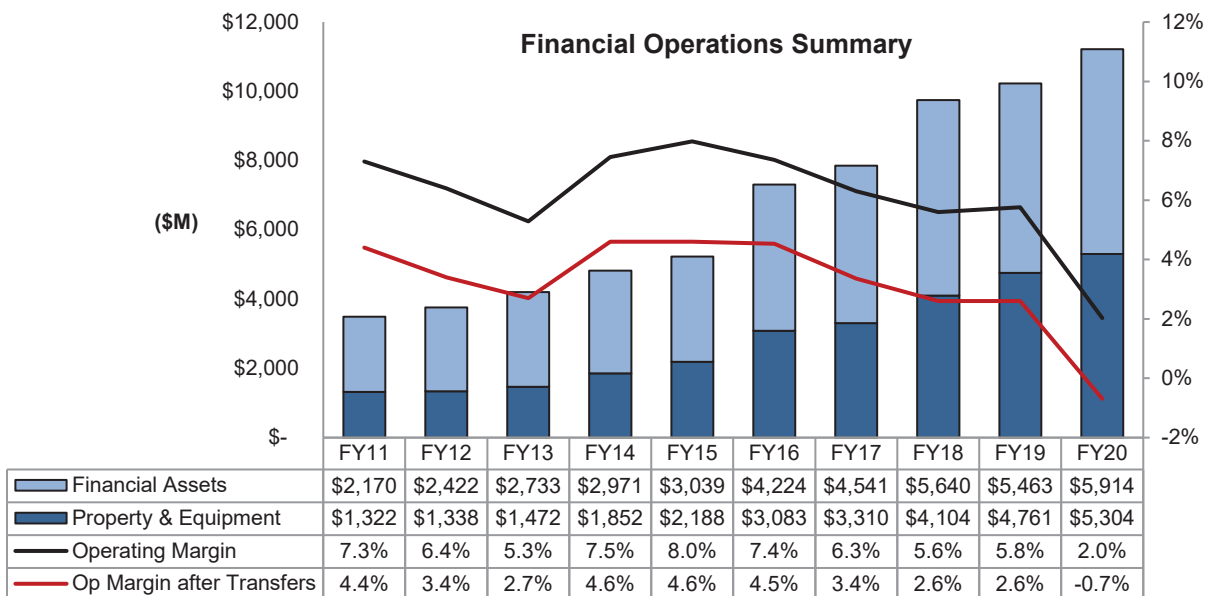
# Penn Medicine

## UNIVERSITY OF PENNSYLVANIA HEALTH SYSTEM (UPHS)

### Fiscal Year 2020 Accomplishments

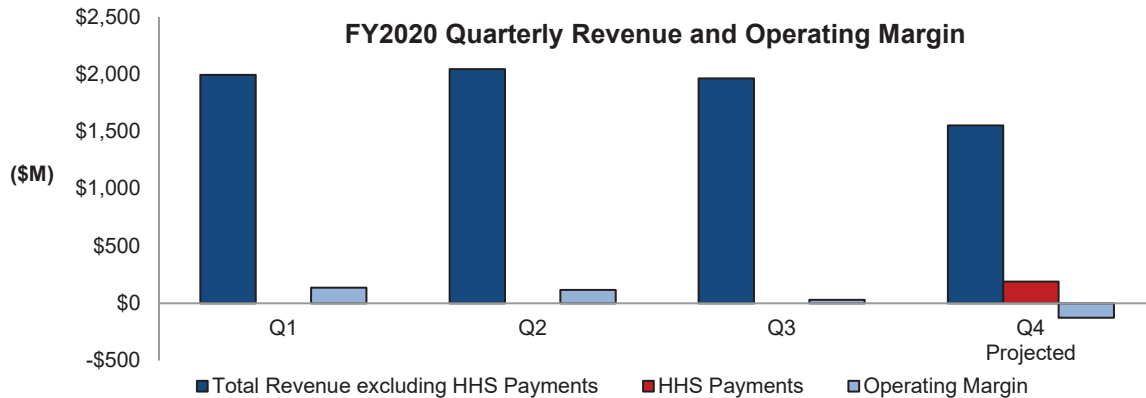
#### Financial Operations

- Projected net operating margin of \$157 million, or 2.0%. Net operating margin includes approximately \$190 million of Department of Health and Human Services (HHS) Coronavirus, Aid, Relief, and Economic Security (CARES) Act funding related to the treatment of COVID-19 patients.
- Projected total margin is \$139 million or 1.8%, as non-operating income reflects unfavorable financial market performance.
- Projected days cash on hand (DCOH) of 248.
- Total financial and physical assets are projected to increase by approximately \$994 million or 9.7% from June 30, 2019.
- Projected total pension and post-retirement liability at June 30, 2020 is \$1.562 billion. The defined benefit pension liability is calculated with a discount rate of 3.47%, which has been updated to reflect the projected year-end discount rate for measuring the pension liability. The final rate will be set on June 30, 2020.



#### FY2020 Quarterly Projection

UPHS was in a strong position as of February with year-to-date operating income of \$335 million and a 6.2% margin. However, as a result of COVID-19 outbreak, revenue decreased by 14.5% in March and 31% in April from the February year-to-date run rate; the month of March reported an operating loss of \$50 million or -8.6% and April reported an operating loss of \$148 million or -31.7%.



Due to the uncertainty surrounding the pandemic, the FY2020 projection was completed at the UPHS level only. The fourth quarter projection was informed by March and April results and reflects continued financial mitigation efforts and the anticipation of a slow and deliberate resurgence of activity beginning in early May. Q4 is projected at an operating loss of \$127 million or -8.2% margin. However, excluding the HHS CARES Act funding of \$190 million, the Q4 projected loss would have been \$317 million or -20.4%.

### **COVID-19 Impact**

- Suspension of non-emergent activity began during the middle of March 2020.
- Substantial investment in personnel protective equipment and other supplies.
- Surge capacity plans executed while maintaining human capital.
- Comparing March 1st through 15th to March 16th through May 19th, the average daily admissions declined by 28%, average daily census decreased by 26%, and surgeries declined 62%; radiation therapy was reasonably stable through March but has since declined as new patient visits and elective procedures are deferred. There will be a longer tail on recovery as UPHS restarts new patients in the pipeline.
- Financial markets were significantly hit; non-operating revenues and unrealized gain/loss added net losses of \$124 million in March and April, bringing April year-to-date non-operating revenue and unrealized gain/loss on investments to a loss of \$20 million.

### **COVID-19 Financial Mitigation Response**

- Cash preservation and reprioritization of expenditures, specifically limiting discretionary spending.
- Capital freeze with all existing authorizations and related spending deauthorized. Capital requests resubmitted for approval for projects and equipment that expand capacity and ability to manage COVID-19 crisis; critical immediate-jeopardy projects related to life safety; IT projects related to COVID-19 treatment or preparation; and other capital items of an urgent nature.
- Freeze on hiring and compensation; approved on an exception basis.
- Postponement of recruitment efforts.
- Securing liquidity:
  - HHS CARES Act funding of \$190 million received and to be recorded in Q4.
  - Advance (\$598 million received) of Medicare FFS payments with no-cost repayment scheduled to begin 120 days after receipt.
  - Deferred payment of certain payroll taxes (approximately \$115 million) to be repaid at no cost over a period of two years.
  - PNC Bank lines of credit (LOC) draws of \$240 million.



## **Business Development and Service Line Strategies**

- Opened the new 250,000 square foot, multi-specialty outpatient site in Radnor to replace existing Radnor site. All services, except for the operating rooms, are scheduled to go live by the end of June.
- Defined primary care service line strategy for Radnor and surrounding markets.
- Activation planning completed for the Hospital of the University of Pennsylvania (HUP) Patient Pavilion, building on broader planning work, including team and governance structure. Activation and operations scheduled for FY2022.
- Continued growth of outpatient pharmacy operations, generating an increase of 32% in operating margin driven by significant growth in specialty pharmacy prescriptions filled over the prior year.
- Completed the design, development, and construction plan for the Lancaster General Hospital (LGH) emergency department expansion and cafeteria and kitchen relocation. Plans were approved in February 2020.

## **Operational Efficiencies**

- Transitioned all designated services at Chester County Hospital (CCH) to the new pavilion and procedural platform with a focus on training, efficiency, high reliability, and capacity creation.
- Completed the integration of the Lawson Enterprise Resource Planning system at Penn Medicine Princeton Health (PMPH).
- Completed construction and operational planning for a centralized sterile processing center in southwest Philadelphia, which will process surgical instruments for HUP and Pennsylvania Hospital (PAH) with other facilities following in future periods.
- Relocated selected LGH non-clinical functions, including finance and revenue cycle, from existing location at Burle Building to newly acquired sites in Lititz and East Petersburg.
- Established a regional specialist physician lead structure through Penn Medicine Medical Group (PMMG) and Penn Specialty Physicians (PSP) to increase physician participation and accountability.
- Integrated regional physician scheduling functions through expansion of online scheduling to all regional providers and migration of practice phone scheduling functions to the Access Center.
- Improved Penn Medicine computing environment security via an upgrade to Windows 10 and deployment of data loss prevention tools.

## **Major Facility Improvements**

- Continued or completed construction of several major capital projects including:
  - HUP New Patient Pavilion.
  - Chester County Master Facilities Plan, including procedural platform, emergency department, and patient tower.
  - New Radnor outpatient multi-specialty site.

## **Fiscal Year 2021 Goals and Expected Accomplishments**

### **Key Budget Highlights – Operating Performance**

- Total revenue is budgeted to be \$7.97 billion.
- Operating margin is budgeted at 2.4%, or \$193 million.
- Earnings before interest, taxes, depreciation, and amortization (EBITDA) margin is budgeted at 7.1%.
- Non-operating revenues are budgeted to be \$226 million using a 7.5% return for the AIF, consistent with University parameters.
- Total margin is budgeted at 5.1% or \$419 million.
- No salary inflation was assumed, and hiring freeze continues through FY2021.

- Total pension liability is budgeted at \$1.636 billion, an increase of \$74 million over the FY2020 projection. The defined benefit pension liability calculation assumes a discount rate of 3.47%, consistent with the projected rate at the end of FY2020.
  - The FY2021 pension liability and expense will be finalized once June 30, 2020 rates are determined.

**Budget Process and Assumptions**

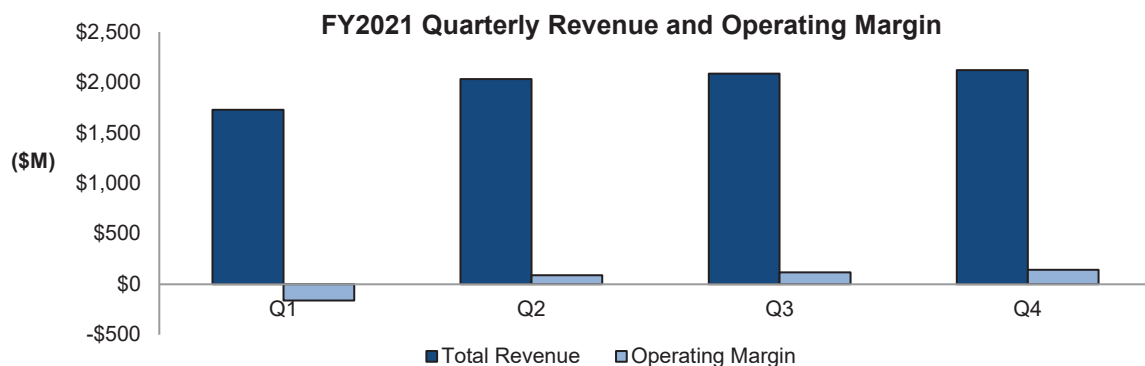
Due to the disruption caused by COVID-19, a recommendation to move away from the traditional forecasting and budget process was reviewed and approved. The changes allow the UPHS entities to focus on the current issues and corrective action planning rather than the preparation of a detailed budget and provides greater flexibility.

Key changes to the budget process include having the entities utilize activity assumptions that build in a system-based recovery to complete initial FY2021 budgets; having entities update their FY2021 forecasts using a rolling 12-month format beginning July 1, 2020; and having all budget and forecast submissions include standard financial statements and key statistics.

During the monthly review of each entity’s financial results, UPHS will also review the rolling 12-month forecast and change in run-rate due to COVID-19 and will discuss previous or new course corrections. Based on this review, each entity will adjust their monthly rolling forecast accordingly.

The FY2021 budget has UPHS moving from creating capacity and conserving PPE with the following system-wide assumptions:

- Capital freeze remains in place with approvals by exception only. Certain key strategic projects will resume within a recommended \$100 million central pool authorization request level.
- Hiring freeze remains in place. All changes will continue to be approved on an exception basis.
- Compensation freeze assumed for full fiscal year. Employee contribution to health benefits will remain constant.
- Budgeted volumes assume UPHS starts the recovery period during Q1 and normalizes by the end of Q2; additional recovery added toward the end of the fiscal year.



**Business Development and Service Line Strategies**

- Develop and operationalize a transformation plan to reduce the financial impact related to the scheduled closure of Mercy Philadelphia Hospital on December 31, 2020.
- Continue planning and site development for strategic capital projects at PMPH including the planned multi-specialty outpatient site in Robbinsville, New Jersey and a comprehensive cancer center on the Plainsboro campus.
- Continue site planning work and strategic analysis for potential outpatient multi-specialty sites in various market locations across Penn Medicine’s primary service areas.
- Begin to construct and equip single room proton sites in southern New Jersey and Lancaster markets.

## Operational Efficiencies

- Continue integration planning for Lawson Enterprise Resource Planning system at LGH.
- Roll out standardized revenue cycle management process across the Clinical Practices of the University of Pennsylvania (CPUP) departments based on pilot completed during 2019.
- Increase patient satisfaction at PAH by opening the fifth floor of the Schiedt Building as a single-bed unit, opening new observation units, and opening an emergency department overflow unit.
- Provide a single source for Penn Medicine's facilitated and self-service reporting, analytics, and predictive capabilities via Penn Data Store II.
- Implement a new Human Capital Management solution (PennFor) across Penn Medicine.
- Enhance the PennChart platform via an upgrade to Epic 2019.
- Institute an Advanced Practice Provider (APP) fellowship program at HUP to enhance the pipeline of specialist-trained APPs.

## Academic Support

The UPHS FY2021 budget includes \$627 million of allocated funds to support the academic mission of the Perelman School of Medicine (PSOM) in two forms:

- \$431 million to support the clinical, teaching, and research activities of CPUP.
- \$196 million transferred to PSOM to support operating expenses and capital projects.

## Capital Expenditures

To prepare for the surge of COVID-19 patients, a freeze on capital spending was enacted on March 15, 2020. From that point forward, all future capital expenditures had to be approved by the UPHS COO and UPHS CFO. For the FY2021 budget, no authorizations were requested at the entity level. The recommended authorization for FY2021 is \$100 million to be held at the senior management level and allocated to the other entities if needs arise.

The FY2021 capital spending budget assumes a gradual restart of capital spending in phases through the fiscal year, as per the table below:

<b>FY2021 CAPITAL SPENDING BUDGET (in \$M)</b>						
<u>Project</u>	<u>Assumed Restart</u>	<u>Jul - Sep</u>	<u>Oct - Dec</u>	<u>Jan - Mar</u>	<u>Apr - May</u>	<u>Total FY2021</u>
HUP Pavilion	Jul-20	65.8	99.2	123.6	128.2	416.8
ISC	Jun-20	15.9	17.8	7.2	0.4	41.4
Radnor	May-20	19.4	15.6	7.0	4.5	46.5
PPMC Garage	Oct-20	0.2	0.0	1.4	7.9	9.5
CCH ED Expansion	May-20	0.5	-	-	-	0.5
LGH Proton	May-20	6.2	6.4	14.2	0.7	27.4
LGH Emergency Room and Servery	Sep-20	-	8.8	18.8	17.8	45.4
FY2021 New Authorizations	Jul-20	25.0	25.0	25.0	25.0	100.0
Other Capital Restarts	Jul-20	17.2	17.2	17.2	17.2	68.6
<b>Total UPHS Capital Spending</b>		<b>150.0</b>	<b>190.0</b>	<b>214.4</b>	<b>201.6</b>	<b>756.0</b>

## Balance Sheet and Cash Flow

- FY2021 unrestricted financial assets (cash, board-designated funds, and investments) budgeted at \$4.0 billion.
- FY2021 DCOH budgeted at 196.
- FY2021 Days in Accounts Receivable budgeted at 42.
- Unrestricted net assets are budgeted to increase \$232 million to a total of \$5.1 billion.

## Pending Liquidity

- HHS CARES Act funding: \$29 billion of the \$100 billion remains unallocated.
- FEMA funding application completed: \$200 million available in support of telemedicine initiatives.
- Pennsylvania Loan Program application completed: lower cost vehicle that will be used to relieve the PNC line of credit.

	KEY FINANCIAL RATIOS					Moody's
	FY2017	FY2018	FY2019	FY2020	FY2021	2018
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Projection</u>	<u>Budget</u>	<u>Aa3 Medians</u>
Days Cash on Hand	242	260	235	248	196	238
Days in Account Receivable	44	43	44	42	42	47
Debt Service Coverage	7.6	8.3	6.0	5.1	5.0	6.4
Debt to Unrestricted Capital	26.7%	31.6%	31.6%	36.1%	34.7%	29.7%
Operating Margin	6.3%	5.6%	5.8%	2.0%	2.4%	2.9%
Operating Margin after Transfers	3.4%	2.6%	2.6%	-0.7%	0.1%	0.0%
EBITDA %	11.6%	11.0%	10.9%	6.8%	7.1%	8.3%

# APPENDICES

## SCHOOL METRICS

*dollar amounts in millions*

	ASC	SAS	SDM	GSE	SEAS	LAW	SON	PSOM	SSPP	VET	WSOD	WHA	TOTAL
Size of Endowment	\$665	\$1,007	\$94	\$71	\$461	\$428	\$148	\$2,167	\$26	\$239	\$146	\$1,394	\$6,848
<i>School Rank</i>	4	3	10	11	5	6	8	1	12	7	9	2	
Total Expenditures	\$36	\$557	\$107	\$74	\$209	\$87	\$70	\$1,171	\$29	\$152	\$51	\$525	\$3,066
<i>School Rank</i>	11	2	6	8	4	7	9	1	12	5	10	3	
Average Expenditure Growth <sup>1</sup>	-2%	3%	5%	7%	5%	8%	-6%	6%	7%	3%	4%	5%	5%
<i>School Rank</i>	11	9	6	2	7	1	12	4	3	10	8	5	
Sponsored Program Revenues	\$4	\$82	\$15	\$15	\$72	\$1	\$19	\$719	\$4	\$34	\$1	\$9	\$975
<i>School Rank</i>	10	2	7	6	3	12	5	1	9	4	11	8	
Fund Balance <sup>2</sup>	\$17	\$72	\$16	\$19	\$51	\$13	\$30	\$403	\$5	\$41	\$7	\$140	\$815
<i>School Rank</i>	8	3	9	7	4	10	6	1	12	5	11	2	
Fund Balance % of Budget	47%	13%	15%	26%	24%	15%	43%	34%	17%	27%	15%	27%	27%
<i>School Rank</i>	1	12	9	6	7	10	2	3	8	4	11	5	
Student Aid % of Tuition & Fees	70%	42%	8%	18%	39%	26%	27%	83%	28%	12%	28%	19%	33%
<i>School Rank</i>	2	3	12	10	4	8	7	1	6	11	5	9	
Tuition & Fees % of Revenues <sup>3</sup>	14%	58%	43%	63%	48%	56%	57%	5%	68%	14%	63%	56%	33%
<i>School Rank</i>	10	4	9	3	8	6	5	12	1	11	2	7	
Grant Revenues % of Revenues <sup>3</sup>	9%	15%	14%	21%	32%	1%	25%	57%	14%	22%	2%	2%	31%
<i>School Rank</i>	9	6	7	5	2	12	3	1	8	4	10	11	
Investment Income % of Revenues <sup>3</sup>	73%	8%	4%	4%	7%	23%	9%	7%	4%	7%	9%	12%	9%
<i>School Rank</i>	1	6	12	10	7	2	5	8	11	9	4	3	
Transfers & Subvention % of Unrestricted Revenues <sup>4</sup>	71%	21%	7%	13%	14%	16%	12%	34%	11%	9%	16%	10%	20%
<i>School Rank</i>	1	3	12	7	6	5	8	2	9	11	4	10	

<sup>1</sup> All comparisons based on FY2019 year-end actual, except for Average Expenditure Growth which is based on FY2014 - FY2019 year-end actual.

<sup>2</sup> Includes intermediate fund investments for School of Nursing and Perelman School of Medicine but these values are not included within the individual School sheets or Fund Balance Summary.

<sup>3</sup> Revenues include Direct Revenues and Transfers in All Funds.

<sup>4</sup> Includes Resource Transfers & Subvention in General Operating Funds only.



# FUND BALANCE SUMMARY <sup>1</sup>

*dollar amounts in millions*

	FY2017 <u>Actual</u>	FY2018 <u>Actual</u>	FY2019 <u>Actual</u>	FY2020 <u>Budget</u> <sup>2</sup>	FY2020 <u>Forecast</u>	FY2021 <u>Budget</u>
<b>1. All Funds</b>						
Annenberg School for Communication	17.8	16.6	16.8	20.3	20.0	26.1
School of Arts and Sciences	70.2	69.2	71.7	75.4	77.0	57.9
Penn Carey Law	14.3	18.1	12.8	14.4	17.5	13.2
School of Dental Medicine	14.8	13.5	16.3	22.2	16.7	14.7
Graduate School of Education	14.2	15.2	19.3	17.8	21.3	21.4
School of Engineering and Applied Science	43.7	37.8	50.8	52.1	61.9	66.5
School of Nursing	16.8	16.2	20.8	18.6	19.5	21.8
Perelman School of Medicine	406.3	400.8	402.4	410.9	432.0	413.2
School of Social Policy and Practice	6.2	4.8	4.9	4.1	4.8	3.4
School of Veterinary Medicine	38.1	41.1	40.9	37.4	39.7	38.7
Weitzman School of Design	4.9	4.2	7.4	7.0	7.9	3.4
Wharton School	77.7	90.6	140.3	108.6	133.5	118.4
<b>School Total</b>	<b>725.2</b>	<b>728.0</b>	<b>804.4</b>	<b>788.8</b>	<b>851.7</b>	<b>798.6</b>
Annenberg Center for the Performing Arts	0.2	0.5	1.2	1.2	1.3	1.3
Recreation and Intercollegiate Athletics	13.9	17.7	14.7	13.8	13.0	13.8
Institute of Contemporary Art	0.7	0.3	0.0	0.1	0.2	0.1
Provost Interdisciplinary	9.2	13.7	11.5	11.2	11.3	11.3
Penn Global	3.3	4.2	5.7	6.1	9.1	8.7
Morris Arboretum	2.6	3.0	3.1	3.0	2.6	2.6
University Libraries	10.1	13.3	16.2	15.9	18.3	13.5
University Museum	9.3	5.3	5.1	5.3	1.1	(1.6)
<b>Resource Center Total</b>	<b>49.2</b>	<b>58.0</b>	<b>57.5</b>	<b>56.5</b>	<b>56.9</b>	<b>49.7</b>
<b>2. Unrestricted Funds</b>						
Annenberg School for Communication	9.6	10.6	12.5	16.1	15.6	21.2
School of Arts and Sciences	42.0	43.3	45.0	38.7	43.8	31.3
Penn Carey Law	4.1	7.4	0.7	0.5	5.7	1.7
School of Dental Medicine	12.4	12.0	14.5	18.3	13.4	5.6
Graduate School of Education	9.6	11.2	14.7	13.5	14.0	13.0
School of Engineering and Applied Science	28.5	22.9	29.7	29.9	36.0	23.6
School of Nursing	11.7	12.3	17.1	15.1	16.6	18.5
Perelman School of Medicine	288.7	268.0	250.9	245.7	266.2	243.5
School of Social Policy and Practice	3.1	3.2	3.1	2.1	3.0	1.3
School of Veterinary Medicine	17.7	17.7	21.9	15.2	16.3	14.9
Weitzman School of Design	0.9	0.9	2.2	2.1	3.4	(0.7)
Wharton School	25.4	16.1	35.0	35.7	37.6	39.1
<b>School Total</b>	<b>454.0</b>	<b>425.4</b>	<b>447.2</b>	<b>432.9</b>	<b>471.6</b>	<b>412.9</b>
Annenberg Center for the Performing Arts	0.1	0.5	1.1	1.2	1.2	1.2
Recreation and Intercollegiate Athletics	7.3	9.3	9.4	9.5	6.9	7.4
Institute of Contemporary Art	0.5	0.2	0.0	0.0	0.1	0.1
Provost Interdisciplinary	5.2	6.8	5.1	6.0	6.1	6.6
Penn Global	3.0	3.9	5.5	5.9	8.6	8.3
Morris Arboretum	0.4	0.4	0.4	0.4	0.1	0.1
University Libraries	5.5	9.2	10.6	9.9	12.9	10.9
University Museum	2.1	(0.5)	(0.6)	0.0	(1.8)	(4.0)
<b>Resource Center Total</b>	<b>24.1</b>	<b>29.9</b>	<b>31.5</b>	<b>32.9</b>	<b>34.0</b>	<b>30.5</b>

<sup>1</sup> Balances at the close of each fiscal year.

<sup>2</sup> Sum of actual balances at the end of the previous year plus the budgeted change for the current year.

# FUND BALANCE SUMMARY <sup>1</sup>

*dollar amounts in millions*

	FY2017 <u>Actual</u>	FY2018 <u>Actual</u>	FY2019 <u>Actual</u>	FY2020 <u>Budget</u> <sup>2</sup>	FY2020 <u>Forecast</u>	FY2021 <u>Budget</u>
<b>3. Restricted Funds (Excl. Capital Gifts)</b>						
Annenberg School for Communication	8.2	6.0	4.3	4.2	4.4	4.9
School of Arts and Sciences	28.2	26.0	26.7	24.0	27.0	26.5
Penn Carey Law	9.8	10.7	12.1	13.8	11.8	11.5
School of Dental Medicine	1.7	1.5	1.8	4.0	3.1	8.9
Graduate School of Education	4.6	4.0	3.9	3.6	4.2	3.3
School of Engineering and Applied Science	15.0	14.8	21.0	22.2	23.3	24.9
School of Nursing	5.1	3.8	3.7	3.5	2.9	3.3
Perelman School of Medicine	116.7	132.7	150.5	163.5	165.6	169.7
School of Social Policy and Practice	3.1	1.6	1.6	1.8	1.8	2.1
School of Veterinary Medicine	16.5	19.4	14.7	15.0	13.8	14.6
Weitzman School of Design	4.0	3.3	4.9	4.7	4.3	4.0
Wharton School	49.0	57.6	79.6	70.9	85.3	73.9
<b>School Total</b>	<b>261.7</b>	<b>281.5</b>	<b>325.0</b>	<b>331.1</b>	<b>347.7</b>	<b>347.6</b>
Annenberg Center for the Performing Arts	0.0	0.0	0.1	0.1	0.1	0.1
Recreation and Intercollegiate Athletics	1.7	2.1	3.3	3.6	4.1	4.4
Institute of Contemporary Art	0.2	0.1	0.1	0.1	0.1	0.0
Provost Interdisciplinary	1.8	5.0	4.7	5.0	3.8	4.6
Penn Global	0.3	0.2	0.2	0.2	0.4	0.3
Morris Arboretum	2.2	2.5	2.7	2.6	2.5	2.6
University Libraries	3.1	2.3	2.6	2.4	2.6	2.6
University Museum	5.3	5.0	5.6	5.2	2.9	2.4
<b>Resource Center Total</b>	<b>14.6</b>	<b>17.3</b>	<b>19.2</b>	<b>19.2</b>	<b>16.6</b>	<b>17.0</b>
<b>4. Capital Gift Funds</b>						
Annenberg School for Communication	0.0	0.0	0.0	0.0	0.0	0.0
School of Arts and Sciences	0.0	0.0	0.0	12.7	6.2	0.0
Penn Carey Law	0.4	0.0	0.0	0.0	0.0	0.0
School of Dental Medicine	0.7	0.0	0.0	0.0	0.2	0.2
Graduate School of Education	0.0	0.0	0.7	0.7	3.0	5.1
School of Engineering and Applied Science	0.2	0.1	0.0	0.0	2.5	17.9
School of Nursing	0.0	0.0	0.0	0.0	0.0	0.0
Perelman School of Medicine	0.9	0.0	1.0	1.7	0.1	0.0
School of Social Policy and Practice	0.0	0.0	0.1	0.1	0.0	0.0
School of Veterinary Medicine	3.9	4.0	4.3	7.3	9.5	9.3
Weitzman School of Design	0.0	0.0	0.3	0.3	0.2	0.1
Wharton School	3.3	16.9	25.7	1.9	10.6	5.5
<b>School Total</b>	<b>9.5</b>	<b>21.1</b>	<b>32.2</b>	<b>24.7</b>	<b>32.4</b>	<b>38.1</b>
Annenberg Center for the Performing Arts	0.0	0.0	0.0	0.0	0.0	0.0
Recreation and Intercollegiate Athletics	4.9	6.4	2.0	0.7	2.0	2.0
Institute of Contemporary Art	0.0	0.0	0.0	0.0	0.0	0.0
Provost Interdisciplinary	2.2	1.9	1.7	0.2	1.3	0.2
Penn Global	0.0	0.0	0.0	0.0	0.0	0.0
Morris Arboretum	0.0	0.0	0.0	0.0	0.0	0.0
University Libraries	1.5	1.8	3.0	3.5	2.9	0.0
University Museum	1.9	0.8	0.1	0.1	0.0	0.0
<b>Resource Center Total</b>	<b>10.5</b>	<b>10.9</b>	<b>6.9</b>	<b>4.5</b>	<b>6.2</b>	<b>2.2</b>

<sup>1</sup> Balances at the close of each fiscal year.

<sup>2</sup> Sum of actual balances at the end of the previous year plus the budgeted change for the current year.

## FTE SUMMARY

	FY2015 <u>Actual</u>	FY2016 <u>Actual</u>	FY2017 <u>Actual</u>	FY2018 <u>Actual</u>	FY2019 <u>Actual</u>	FY2015-19 <u>CAGR %</u>	FY2020 <u>Budget</u>	FY2020 <u>Forecast</u>	FY2021 <u>Budget</u>	vs. FY2020 <u>Forecast</u>
<b>1. Student FTEs</b>										
Annenberg School for Communication	80	88	81	80	75	-1.5%	68	63	72	14.3%
School of Arts and Sciences	8,651	8,605	8,586	8,579	8,599	-0.1%	8,907	8,668	8,656	-0.1%
Penn Carey Law	898	886	885	885	912	0.4%	905	936	884	-5.6%
School of Dental Medicine	635	647	653	664	681	1.8%	712	710	738	3.9%
Graduate School of Education	1,323	1,401	1,218	1,274	1,270	-1.0%	1,265	1,385	1,274	-8.0%
School of Engineering and Applied Science	2,932	2,861	2,996	3,111	3,289	2.9%	3,324	3,496	3,420	-2.2%
School of Nursing	936	972	1,002	984	1,000	1.7%	1,020	974	966	-0.8%
Perelman School of Medicine	1,544	1,528	1,528	1,584	1,620	1.2%	1,635	1,704	1,680	-1.4%
School of Social Policy and Practice	413	450	425	445	469	3.2%	446	432	418	-3.2%
School of Veterinary Medicine	491	491	488	474	487	-0.2%	526	495	506	2.2%
Weitzman School of Design	650	702	690	705	746	3.5%	775	778	615	-21.0%
Wharton School	4,108	4,085	4,100	4,170	4,205	0.6%	4,209	4,209	4,107	-2.4%
<b>School Total</b>	<b>22,660</b>	<b>22,716</b>	<b>22,652</b>	<b>22,955</b>	<b>23,354</b>	<b>0.8%</b>	<b>23,792</b>	<b>23,850</b>	<b>23,336</b>	<b>-2.2%</b>
<b>2. Standing Faculty FTEs (Filled Positions)</b>										
Annenberg School for Communication	18	19	20	17	17	-0.8%	19	19	21	10.5%
School of Arts and Sciences	476	472	483	495	495	1.0%	494	492	500	1.6%
Penn Carey Law	47	47	48	50	51	2.0%	51	51	52	2.0%
School of Dental Medicine	44	42	41	41	45	0.6%	56	50	50	0.0%
Graduate School of Education	35	36	39	40	39	2.4%	40	39	38	-1.3%
School of Engineering and Applied Science	115	112	114	123	123	1.7%	134	123	128	4.1%
School of Nursing	57	55	50	54	57	-0.3%	57	55	58	5.5%
Perelman School of Medicine	1,375	1,390	1,413	1,454	1,504	2.3%	1,520	1,522	1,535	0.9%
School of Social Policy and Practice	22	24	24	26	26	4.5%	26	26	26	1.0%
School of Veterinary Medicine	108	108	107	110	110	0.6%	120	116	121	5.0%
Weitzman School of Design	38	38	42	41	42	2.6%	43	43	45	4.7%
Wharton School	223	221	219	231	234	1.2%	234	230	244	6.1%
<b>School Total</b>	<b>2,557</b>	<b>2,562</b>	<b>2,600</b>	<b>2,683</b>	<b>2,743</b>	<b>1.8%</b>	<b>2,794</b>	<b>2,765</b>	<b>2,819</b>	<b>1.9%</b>
<b>3. Staff FTEs (Filled Positions)</b>										
Schools	6,181	6,312	6,549	6,893	7,103	3.5%	7,273	7,425	7,399	-0.4%
Resource Centers	638	653	669	691	730	3.5%	757	738	754	2.3%
Administrative Centers	2,956	3,000	3,068	3,110	3,137	1.5%	3,254	3,194	3,238	1.4%
Business Services	294	284	290	302	310	1.4%	318	286	308	7.7%
<b>Total University</b>	<b>10,069</b>	<b>10,249</b>	<b>10,577</b>	<b>10,995</b>	<b>11,280</b>	<b>2.9%</b>	<b>11,603</b>	<b>11,643</b>	<b>11,699</b>	<b>0.5%</b>

Projected FTEs derived from school/center input assumptions with Actual FTEs based on payroll and student registration data.  
Refer to individual school charts for student FTE detail.

## GLOSSARY of PENN BUDGET TERMS

**Academic Budget:** The Operating Budget for the entire University, excluding the Health System Budget (see *Health System, University of Pennsylvania*). Also referred to as the Academic Component.

**Administrative Service Centers (ASCs):** The President's Office, the Provost's Office, the Executive Vice President's Office, and those administrative units that report directly to one of those offices.

**Allocated Cost & Space Charges:** What Schools and centers pay to fund central units and the cost of their space. Units funded by allocated costs include the administrative service centers, the University Library, and the central development office.

**Associated Investments Fund (AIF):** A pooled fund in which most of the University's long-term investment funds are managed.

**Business Services:** Self-sustaining units that charge for the goods and services they provide to the University community and other customers. Major units include Residential and Hospitality Services, the Bookstore, and Parking and Transportation Services. Other auxiliary activities of business services include the operations of Sheraton University City Hotel and the Hilton Inn at Penn.

**Capital Transactions:** An expense category in the RCM financial statement that includes debt service, equipment purchases, and capital funding transfers.

**Consolidated University Budget:** The academic budget plus the Health System budget.

**Direct Revenues:** The portion of revenues that a responsibility center generates through its own activities. Direct revenues are total revenues before resource transfers, subvention, University Bank transactions, and funding from allocated costs.

**Employee Benefit Rate:** The rate per salary dollar that each responsibility center must contribute to the University's central employee benefits pool to cover the cost of employee benefits. The FY2021 rate is 29.5% for full-time employees and 9.0% for part-time employees. Each center is also assessed a separate dependent tuition charge that is 2.1% of salary expense to finance the University's dependent tuition assistance benefit.

**Endowment Funds:** Funds invested for the long-term, and for which the principal is non-expendable except in the case of quasi-endowments. For funds invested in the AIF, only the income distributed under the University's spending rule (see *Spending Rule*) may be spent, provided any donor-imposed restrictions have been met.

**Facilities & Administration (F&A) Rate:** See *Indirect Cost Recovery (ICR)*.

**Facilities Renewal Fund:** A fund administered by Facilities and Real Estate Services that extends the useful life of Penn's buildings and infrastructure by making strategic investments in the preservation and enhancement of building systems and building exteriors.

**Fees:** Includes the General Fee and Clinical Fee, as well as application fees, program fees, and technology fees. Apart from the General and Clinical Fees, most fees are retained by the schools. The General Fee is used primarily to fund student activities and student services, while the Clinical Fee provides access to Student Health Services.

**Financial Aid Discount:** An assessment against undergraduate tuition to cover the expenses of the undergraduate aid pool. The financial aid discount will be 38.0% in FY2021.

**Fiscal Year (FY):** The twelve-month period utilized for budgeting, financial planning, and reporting. Penn's fiscal year begins on July 1 and ends on June 30.

**FTE:** Full-time equivalent. A full-time faculty or staff member is counted as 1 FTE and a part-time faculty or staff member is counted as 1/3 FTE. Similarly, a full-time student is counted as 1 FTE, while a part-time student is counted as 1/3 FTE.

**Funding from Allocated Costs (FFAC):** The primary source of revenue for most administrative service centers and the University Libraries. FFAC is derived from the allocated cost charges assessed on schools and other responsibility centers.

**General University:** The responsibility center where the University's central pools reside, including the pools for subvention, student aid, allocated cost and space charges, funding from allocated costs, debt service, insurance, and employee benefits.

**Gift Funds:** Separate accounts that record gifts to a responsibility center that have been restricted in some way in their use by an external donor. The University receives both operating gifts and capital gifts.

**Grants and Contracts:** See *Sponsored Programs*.

**Health System, University of Pennsylvania (UPHS):** All components of PENN Medicine, except the Perelman School of Medicine.

**Independent Operations:** Separately organized operations owned or controlled by an institution unrelated to, or independent of, the institution's missions. Penn's major Independent Operations include the Hilton Inn at Penn, the Sheraton University City Hotel, University City Associates, the Penn Club of New York, the University of Pennsylvania Press, and the Penn Wharton China Center.

**Indirect Cost Recovery (ICR):** A portion of the funding associated with a grant or contract that pays for the overhead costs associated with the research activity or other activity that is directly funded under that grant or contract. ICR is usually defined as a fixed percentage of a grant or contract's direct expenditures. The University's federal ICR rate, also known as the "Facilities & Administration" (F&A) rate will be 62.0% in FY2021. The distribution of ICR is as follows: 88.5% to the school or center that is the grant recipient; 10.5% to the Subvention Pool; and 1.0% to the Research Facilities Development Fund (RFDF).

**Net Direct Expenditures:** What a responsibility center spends directly on its operations net of expense recovery. It includes compensation, current expense, and capital transactions (RCM), but does not include allocated cost and space charges.

**Net Tuition and Fees:** Total tuition and fees less student aid contra-revenue for the GAAP accounting framework.

**Other Income:** A category of revenue that includes non-UPHS clinical care revenues, technology transfer income, and the revenue of the independent operations of the University.

**Penn Center for Innovation (PCI):** An office that facilitates technology development connections between the University and the private sector. It merges together the areas of the University focused on sponsored research, corporate relations, licensing, and entrepreneurship with a focus on alliance building.

**Penn Compact 2022:** The University's strategic plan which is aimed at maximizing Penn's inclusion, innovation, and impact with bold next steps to increase access to Penn's exceptional intellectual resources; integrate knowledge across academic disciplines with a strong emphasis on innovation; and engage locally, nationally, and globally to bring the benefits of Penn's research, teaching, and service to individuals and communities at home and around the world.

**Penn Connects:** The University's comprehensive campus development plan.

**Penn First Plus:** A Penn program that promotes the educational excellence and engagement of first-generation and low-income undergraduates.

**Penn Integrates Knowledge (PIK):** A University-wide initiative to recruit faculty members to Penn whose research and teaching exemplify the integration of knowledge across disciplines.

**Penn Medicine:** A coordinated network of institutions dedicated to the advancement of medical research, training, and treatment that includes the Perelman School of Medicine and the component units of the University of Pennsylvania Health System, including the Hospital of the University of Pennsylvania, the Clinical Practices of the University of Pennsylvania, the Penn Presbyterian Medical Center, Pennsylvania Hospital, Chester County Hospital, Lancaster General Hospital, Princeton Health, and Clinical Care Associates.

**Pennovation Works:** A unique blend of offices, labs, and production space being developed to bridge the intellectual and entrepreneurial initiatives for advancing knowledge and generating economic development. Pennovation Works is anchored by the **Pennovation Center**, a business incubator and accelerator providing lab space and a hub for collaboration, creativity, and the exchange of ideas for innovators from all disciplines.

**Power of Penn:** The University's \$4.1 billion fundraising campaign, which publicly launched in April 2018, and is helping to advance *Penn Compact 2022's* three pillars of inclusion, innovation, and impact.

**RCM Surplus/(Deficit):** How financial performance is measured at the responsibility center level at Penn. A surplus means that funds have been set aside for use in future years, while deficits represent the use of prior period balances.

**Resource Center:** A responsibility center category that includes the University Libraries, the Division of Recreation and Intercollegiate Athletics, the Annenberg Center for the Performing Arts, the University of Pennsylvania Museum, the Morris Arboretum, the Institute of Contemporary Art, Penn Global, and Interdisciplinary Programs within the Provost's Office.

**Resource Transfers From/(To) Other Centers:** The transfer of moneys from one responsibility center to another.

**Responsibility Center:** An organizational unit at Penn that is expected to develop and adhere to a balanced budget. In Penn's budgeting system, there are four types of responsibility centers: schools, resource centers, business services, and administrative service centers.

**Responsibility Center Management (RCM) Budgeting:** The type of budgeting system used at Penn since the 1970s, which allows schools, resource centers, and business services to retain most of the revenues they generate, and also requires them to fund out of these self-generated revenues both the direct cost of their own operations and their share of central overhead costs (see *Allocated Cost Charges* and *Space Charges*) while maintaining internal budget balance.

**Service Center:** A financial unit used to account for costs and reimbursements for institutional services provided to researchers, including animal care facilities and commonly shared equipment. Service centers are self-balancing, charging only enough to recover their costs.

**Spending Rule:** The rule that governs the amount of the AIF that is available to be spent in a particular year. The formula bases 70% of next year's spending on the current year's projected spendable income plus an inflation factor, and 30% on the year-end endowment market value, lagged by one year, multiplied by the target spending rate. The target spending rate is currently 5.0%.

**Sponsored Programs:** Awards from external sponsors covering both direct and indirect expenditures (see *Indirect Cost Recovery*) for research programs and other contractual obligations undertaken by University faculty. Also referred to as *Grants and Contracts*.



**Student Aid Contra-Revenue:** A GAAP financial statement category that includes all student aid that can be considered tuition remission and does not have a service requirement. Net tuition and fees is tuition and fees less student aid contra-revenue.

**Student Aid Expense:** For GAAP, includes only aid for which there is a service requirement while for RCM it also includes aid that does not have a service requirement (and which is classified as student aid contra-revenue in GAAP). RCM and GAAP also differ in the treatment of payments to pre-doctoral trainees and educational fellows, with the former classifying them as compensation and the latter classifying them as student aid expense.

**Subvention:** An annual operating subsidy provided primarily to schools and resource centers by the Provost. Subvention can be provided on a recurring or a one-time basis and is used for a number of different purposes. It is used to fund ongoing operations or to invest in strategically important initiatives. Subvention also includes support for graduate student aid.

**Subvention Pool:** The source of funding for subvention. The largest funding source for the Subvention Pool comes from the retention of 20% of all undergraduate tuition dollars, and the same percentage of non-PhD graduate tuition dollars. Other major subvention funding sources include a portion of the interest earned by the Temporary Investment Fund (TIF) and 10.5% of the ICR realized on grants.

**Temporary Investment Fund (TIF):** The fund where the University's current cash is consolidated and the University's short-term investments reside. Because of the frequently low Treasury bill rates in recent years, the Office of the Treasurer established a floor on both the actual borrowing rates and earnings rates; actual borrowing rates will in no event be lower than 2.0% and actual earning rates will not be negative.

**Tuition:** Charges levied by the University and its schools for courses and degree-granting programs. Undergraduate tuition rates are set by the Trustees, and the PhD rate is set by the Provost in consultation with the graduate deans; all other tuition rates are set by the schools. Most tuition is apportioned as follows: 20% goes to the Subvention Pool, with the remainder split 75% based on course units and 25% based on the student's "home school." The exception is PhD tuition, which is retained 100% by the schools.

**Undergraduate Total Charges:** Includes tuition, room and board, and all mandatory fees, which consist of the General Fee, the Clinical Fee, and the Technology Fee.

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New College House West rendering  
View of Campus Green and Entry  
Credit: Bohlin Cywinsky Jackson Architects

