


Fiscal Year 2022

# Operating Budget





## Penn Budget Planning & Analysis

Date: June 10, 2021  
To: Trustee Committee on Budget and Finance  
From: Trevor C. Lewis, Vice President   
Re: FY2022 Consolidated University Operating Budget

I am pleased to present the proposed consolidated operating budget for the University of Pennsylvania for Fiscal Year 2022, the period beginning July 1, 2021, and ending June 30, 2022.

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 acknowledgment. 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 2022 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

This past year has been one of tremendous loss, hardship, and unforeseen challenges. But it has also demonstrated the great strength and impact of Penn as an institution as well as its adaptability and resilience.

“Etched in stone, forged in iron, written on our hearts, the Penn story echoes across campus. It speaks of resilience, courage, and common cause, of dark storms chased by brighter days,” said President Amy Gutmann at Penn’s 2020 Commencement ceremony.

Put to the test, the Perelman School of Medicine (PSOM) established the [Penn Center for Research on Coronaviruses and Other Emerging Pathogens](#) at the outset of the pandemic; since then, faculty have produced more than 60 COVID-related publications; launched 30 new clinical trials; supported the [Penn Cares initiative](#) to keep the Penn community safe on campus; and screened FDA-approved drugs for effectiveness against the novel coronavirus.

Meanwhile, University operations responded nimbly to the pandemic. Courses went online; Penn Libraries expanded its digital library and offered pick-up services for books; cultural institutions launched innovative at-home programming; Counseling and Psychological Services (CAPS) responded to student wellness needs by offering telehealth services; Penn Dental invested heavily in PPE to ensure continuing care of patients and student education; and Penn Vet took existing research from its [Working Dog Center](#) and applied it to the moment, training dogs to sniff out active COVID-19 infections.

There can be no greater example of Penn’s impact on society than the groundbreaking work by Penn faculty members Drew Weissman and Katalin Karikó, which has proven instrumental in the development of the COVID-19 vaccines, making it possible now for a return to normalcy in our lives. Wrote President Gutmann in a message to the Penn community in March 2021: “We look forward to the fall with anticipation and hope for the next great discoveries to come out of Penn’s labs and new opportunities to learn, connect and grow here in Philadelphia.”

[The Power of Penn](#), the University’s \$4.1 billion campaign that advances the [Penn Compact 2022](#)’s three pillars of inclusion, innovation, and impact, recently crossed the \$5 billion mark and is the most successful campaign in Penn’s history.

Below, please find a review of fiscal year 2021 and a preview of a brighter year ahead.

### Inclusion

**Diversity and Inclusion:** Fifty-six percent of admitted students in the Class of 2025 are U.S. citizens or permanent residents who identify as a person of color, a year-over-year increase of 3%. Fifty-four percent of the class are women, up 1% from the prior year. The class draws from all 50 states and 95 countries. For the first time, the University did not require applicants to submit SAT or ACT scores with applications. This year also had the largest number of applicants, with 56,333 submitting applications, up 34% over the previous year.

The inaugural class of Presidential PhD fellows was announced for FY2022, drawing from Penn’s most accomplished and diverse PhD trainees. A total of 33 students from nine different schools will receive the fellowship, which is for three years and includes a 12-month stipend, coverage of tuition, fees, and health insurance, summer support, and research funds.

The Provost’s Office launched the Rising Scholar Success Academy, a five-week intensive summer program (offered online in Summer 2020) designed to provide rising seniors in Philadelphia high schools with academic and career preparation, as well as training in writing, finance, and applied economics. The program has been highly successful in helping Philadelphia students compensate for learning losses due to the closure of schools during the pandemic.

The racial justice movement has spurred action from the University at all levels. Most notably, President Gutmann and Provost Wendell Pritchett appointed Charles “Chaz” Howard as the first-ever Vice President for Social Equity and Community. The new office that he oversees is fostering social equity, diversity, and inclusion by bringing together students, faculty, and staff to build a culture of inclusivity and understanding while overcoming structural barriers that impede progress.

At the School level, the Weitzman School of Design launched the [Center for the Preservation of Civil Rights Sites](#) to advance the understanding and sustainable conservation of heritage sites related to African American struggles for equality. The School of Social Policy and Practice (SSPP) founded the [Social Justice Scholars Program](#), funding and fostering an eminent, inclusive education for graduate students, with preference given to those with undergraduate degrees from historically black colleges and universities and other minority-serving institutions. Under the leadership of new Wharton School Dean Erika James, Wharton is cultivating the [Conversations That Matter](#) six-week intergroup dialogue program focused on diversity, inclusion, and universal understanding. Dean James also created the [Beyond Business](#) lecture series that is facilitating conversations on race in business and entrepreneurship. And the Penn Museum announced the repatriation and reburial of the skeletal remains of enslaved individuals in its Morton Collection. In addition, Engineering appointed its first Associate Dean for Diversity, Equity, and Inclusion and the Vet School hired a new Chief Diversity, Equity, and Inclusion Officer. Arts and Sciences (SAS), Dental Medicine, and the Graduate School of Education (GSE) will be recruiting diversity officers in FY2022.

Many centers launched taskforces to evaluate where they could improve in the areas of diversity, equity, and inclusion, including Development & Alumni Relations, Penn Athletics, and ICA. Penn Athletics unanimously adopted recommendations made by its [Racial Justice Task Force](#) in November.

**Financial Aid:** Penn is the nation’s largest university with a program 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. Penn’s aid program demonstrates the University’s commitment to increase access for qualified students from all economic backgrounds. In FY2021, the average freshman aid package was \$54,935, an 85% increase over the average aid package of \$29,694 in FY2008, when Penn announced its grant-based financial aid policy. Fifteen percent of the admitted students in the Class of 2025 are first-generation and 18% qualify for a federal Pell grant. When these students come to campus in the fall they will be supported by the [Penn First Plus \(P1P\)](#) program, which was established in 2018 to provide resources for undergraduate students from first-generation and low-income backgrounds. This past year P1P moved into new office space in College Hall to make it more accessible to students.

Penn Law has set a goal of doubling its financial aid support for students headed into public interest careers between FY2021 and FY2025. It has also provided post-graduate debt relief through the [Toll Loan Repayment Assistance Program](#), which has forgiven \$3.6 million in student loans since FY2015.

**Wellness:** The Provost’s Office, guided by Chief Wellness Officer Benoit Dubé, led the testing, vaccination, and public health efforts put in place with the consultation of the Coronavirus Response and Recovery Planning teams, consisting of leaders from across the University.

CAPS, the Division of Human Resources, the Penn Museum, and the Annenberg Center for the Performing Arts, launched at-home services focused on mental health and delivering moments of joy during the year’s most intense periods of isolation. Wharton, Penn Dental, and other schools continued their successful embedded CAPS program on a remote basis. Wharton also established the [Passion Projects](#) program, encouraging students to pursue non-academic interests while also instilling a sense of competition through a contest where students pitched ideas for enhancing wellness among their peers.

## Innovation

**Knowledge Integration:** PSOM anticipates the renewal of major multi-year grants that support translational research and the Abramson Cancer Center. Significant new multi-year grants that will start in

FY2022 include a \$42 million, multi-year grant related to the influenza virus and a \$50 million, multi-year grant to accelerate the development of genetic-based therapies.

The Annenberg School for Communication announced several new initiatives this year: The [Message Effects Lab](#), a collaboration with PSOM; the [Center for Collaborative Communication](#), a partnership with USC-Annenberg; and Annenberg Creative, designed to help students and faculty integrate media, art, and technology into research. Annenberg will also launch its first executive education program

Wharton is incorporating what it has learned this past year from the transition from remote to hybrid instruction as it installs hybrid teaching systems in many Wharton classrooms to provide all students the same caliber of experience regardless of delivery method.

SSPP is rapidly growing its [Master of Science in Social Policy](#) program, with focus on the use of data analytics for social policy. Students gain real-world experience through a policy internship and the [Data for Equitable Justice Lab](#).

Penn Libraries embarked on a monumental effort to digitally archive the 2,500 artifacts related to opera singer Marian Anderson, recognized by [Smithsonian](#) magazine. The Libraries also made transformative agreements with major university presses around the country to make electronic materials available to the Penn community.

Penn Vet, meanwhile, launched the [“Farm of the Future”](#) project in partnership with PennPraxis, while also working on COVID-related endeavors including studies of viral therapeutics, the virus’ impact on the lungs, animal vaccines, and the proven potential for dogs to identify positive novel coronavirus samples with 96% accuracy.

**Innovation Infrastructure:** [Pennovation Lab](#) began leasing spaces to graduating startup companies and companies focused on biomedicine. The Lab’s space features customizable wet labs, which are in high demand in the Philadelphia region.

Looking to the future, the [Data Science Building](#), under the School of Engineering and Applied Science (SEAS), will serve as a hub for cross-disciplinary collaborations that harness research and data across Penn’s schools and academic centers. Design plans were approved this year for the [Vagelos Energy Science and Technology](#) building, which will be shared with SEAS and is a key component of SAS’s strategic plan.

## Impact

**Global Engagement:** For FY2022, Penn Global anticipates the resumption of Study Abroad programming, Penn Global Seminars (PGS), and the Global Research and Internship Program (GRIP) with virtual, in-person and hybrid engagements all planned. The Office of General Counsel engaged with Penn Global to tackle problems international students are facing with visas, training, and other issues. The [Behavioral Change for Good Initiative](#), a collaboration between Wharton and SAS, completed an 800,000 participant study on the impact of text reminders describing a vaccine as “reserved” or “waiting for you” that improved vaccination rates by 11%; the study is expected to have implications for the COVID-19 vaccination campaign.

The [Catalyst](#) and [Center for Professional Learning](#) initiatives at GSE continue to expand access to learning opportunities worldwide.

**National Engagement:** The [Penn Wharton Budget Model](#) worked to evaluate potential scenarios for school reopenings and the economic impact of policy decisions related to the pandemic, while also examining policy proposals of presidential candidates during the 2020 general election and from the Biden Administration. [FactCheck.org](#), a unit of the Annenberg Public Policy Center, has played a key role in debunking falsehoods during the pandemic and 2020 election.

SSPP launched the [Center for Guaranteed Income Research](#) this year, a unique and collaborative initiative to study and pilot unconditional cash transfers for the advancement of economic security. The Center works with government entities and community organizations across the country for its studies.

In March 2021, GSE was ranked [No. 1 by U.S. News & World Report among Best Education Schools](#).

**Local Engagement:** The Office of Social Equity and Community awarded the inaugural cohort of [Projects for Progress](#) recipients, a new initiative that encourages students, staff, and faculty to design and implement pilot projects based on innovative research with the aim of a more inclusive university and community. The Office of Government and Community Affairs continues work to strengthen the University's relationship with West Philadelphia neighbors and usher in meaningful quality-of-life improvements for the neighborhood.

For the 2020-21 academic year, the University embraced the [Year of Civic Engagement](#) as its theme year, with programming from the Paideia Program, Civic House, the Netter Center, and the Provost's Office.

Cultural institutions adapted to digital formats required by the pandemic. The Annenberg Center for the Performing Arts, for the first time, streamed performances live from the Annenberg Center stage. Penn Museum created its [Penn Museum at Home](#) series with programming designed for families and helpful to parents working from home with their children. The Institute of Contemporary Art continues to be free for all and intends to emerge from the pandemic with a new organizational structure that will make it even more accessible and relevant to the local community.

GSE continues to expand its commitment to the city, and now has training partnerships with more than 90 different schools.

## **Capital Project Priorities and Sustainability**

Completed projects this fiscal year include New College House West, Tangen Hall, Wharton's Academic Research Building, the Stuart Weitzman Plaza, the Penovation Lab Building, and the University Meeting and Guesthouse. The Penn Museum continues to fundraise for renovations to the Egyptian galleries and recently received a lead naming gift for construction work as well as an NEH grant. These renovations would include the installation of the 3,200-year-old palace of Merenptah, anticipated to be a marquee destination for visitors of Philadelphia.

The University is committed to [Climate & Sustainability Action Plan 3.0](#), a plan to achieve carbon neutrality by 2042. The report showed that Penn has already decreased its overall carbon emissions by 37% since 2009. Design has commenced on two Pennsylvania-based solar farms that will meet about 75% of Penn's electricity demand when they begin operating in 2023. The Office of Investments established the goal of reducing the net greenhouse gas emissions from Penn's endowment investments to zero by 2050.

## **Administrative Excellence**

A number of talented and diverse senior leadership appointments at Penn were announced during FY2021. Among these were: Mamta Accapadi, Vice Provost for University Life; Christopher Woods, the Williams Director of the Penn Museum; Zoë Ryan, Director of the Institute of Contemporary Art; Charles L. "Chaz" Howard, the first-ever Vice President for Social Equity and Community; Whitney Soule, Vice Provost and Dean of Admissions; Karen Detlefsen, Vice Provost for Education; Nina Morris as Penn's Sustainability Director; and Miriam R. Robbins, the inaugural Director of the Care Center for Persons with Disabilities in Penn Dental Medicine. There were also several reappointments: Antonia M. Villarruel, Dean of the School of Nursing; Pam Grossman, Dean of GSE; Larry Jameson, Dean of PSOM; and Ted Ruger, Dean of the University of Pennsylvania Carey Law School.



# Operating Budget Schedules & Budget Overview

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

**SCHEDULE A**

	Fiscal 2020 Actual	Fiscal 2021 Budget	Fiscal 2021 Forecast	Fiscal 2022 Budget
<b>ACADEMIC COMPONENT</b>				
<b>REVENUE &amp; OTHER SUPPORT</b>				
Tuition & Fees	1,504,479	1,516,940	1,408,460	1,598,929
Student Aid Contra-Revenue	(360,863)	(410,983)	(346,300)	(389,872)
Net Tuition & Fees	1,143,616	1,105,957	1,062,160	1,209,057
Commonwealth Appropriations	35,144	35,144	35,144	35,144
Sponsored Programs - Direct Cost Recovery	801,928	785,547	829,275	894,609
Indirect Cost Recovery	272,566	265,638	301,309	310,366
Total Sponsored Programs	1,074,494	1,051,186	1,130,584	1,204,975
Contributions	198,137	200,242	198,807	202,110
Investment Income	519,992	535,416	606,828	651,015
Other Income	339,220	334,778	365,364	363,461
Transfers From Health System	172,541	155,098	210,001	168,700
<b>TOTAL REVENUE &amp; OTHER SUPPORT</b>	<b>3,483,144</b>	<b>3,417,820</b>	<b>3,608,888</b>	<b>3,834,462</b>
<b>EXPENSES</b>				
Salaries	1,605,489	1,621,039	1,612,544	1,712,732
Employee Benefits	451,229	477,450	569,251	497,720
Total Compensation	2,056,718	2,098,489	2,181,795	2,210,452
Depreciation & Amortization	210,361	221,246	217,431	226,058
Interest Expense	51,019	63,590	55,077	54,996
Current Expense	949,406	995,946	958,354	1,089,891
Student Aid Expense	129,390	129,889	151,492	160,568
<b>TOTAL EXPENSES</b>	<b>3,396,894</b>	<b>3,509,161</b>	<b>3,564,150</b>	<b>3,741,965</b>
<b>INCR./(DECR.) IN NET ASSETS FROM OPERATIONS</b>	<b>86,250</b>	<b>(91,341)</b>	<b>44,739</b>	<b>92,497</b>
<b>HEALTH SYSTEM *</b>				
<b>REVENUE &amp; OTHER SUPPORT</b>				
Net Patient Service Revenue	6,813,226	7,187,057	7,388,916	8,084,512
Other Income	1,203,234	991,850	1,368,096	1,180,973
Transfers To Academic Component	(172,541)	(155,098)	(210,001)	(168,700)
<b>TOTAL REVENUE &amp; OTHER SUPPORT</b>	<b>7,843,919</b>	<b>8,023,810</b>	<b>8,547,010</b>	<b>9,096,785</b>
<b>EXPENSES</b>				
Compensation				
Salaries	3,398,032	3,410,571	3,556,268	3,836,948
Employee Benefits	858,918	958,300	945,769	1,102,026
Total Compensation	4,256,950	4,368,871	4,502,037	4,938,974
Depreciation & Amortization	324,642	332,044	336,051	390,579
Interest Expense	36,229	44,319	36,093	71,734
Other Operating Expenses	2,947,068	3,033,639	3,103,771	3,368,049
<b>TOTAL EXPENSES</b>	<b>7,564,889</b>	<b>7,778,873</b>	<b>7,977,952</b>	<b>8,769,336</b>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>279,030</b>	<b>244,937</b>	<b>569,058</b>	<b>327,449</b>
<b>Elimination of Inter-Entity Activities **</b>				
<b>REVENUE &amp; OTHER SUPPORT</b>	<b>(17,097)</b>	<b>(13,289)</b>	<b>(15,012)</b>	<b>(14,414)</b>
<b>EXPENSES</b>	<b>(17,097)</b>	<b>(13,289)</b>	<b>(15,012)</b>	<b>(14,414)</b>
<b>CONSOLIDATED UNIVERSITY</b>				
<b>REVENUES &amp; OTHER SUPPORT</b>	<b>11,309,966</b>	<b>11,428,341</b>	<b>12,140,887</b>	<b>12,916,833</b>
<b>EXPENSES</b>	<b>10,944,686</b>	<b>11,274,745</b>	<b>11,527,090</b>	<b>12,496,887</b>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>365,280</b>	<b>153,596</b>	<b>613,797</b>	<b>419,946</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 <sup>1</sup>**  
(in thousands of dollars)

**SCHEDULE B**

	Fiscal 2020 Actual	Fiscal 2021 Budget	Fiscal 2021 Forecast	Fiscal 2022 Budget
<b>ACADEMIC COMPONENT</b>				
<b>REVENUES &amp; TRANSFERS</b>				
Traditional Undergraduate Tuition	523,644	531,473	501,540	538,830
Graduate, Professional & Other Tuition	659,020	658,849	668,337	703,133
Total Tuition	1,182,663	1,190,322	1,169,877	1,241,962
General & Other Fees	321,802	326,618	238,583	356,967
Total Tuition & Fees	1,504,465	1,516,940	1,408,460	1,598,929
Commonwealth Appropriation	35,144	35,144	35,144	35,144
Sponsored Programs - Direct Cost Recovery	801,928	785,547	829,275	894,609
Sponsored Programs - Indirect Cost Recovery	272,566	265,638	301,309	310,366
Total Sponsored Programs	1,074,493	1,051,186	1,130,584	1,204,975
Gifts	328,703	266,283	258,554	282,687
Investment Income	540,592	554,064	636,864	669,181
Other Income	339,234	334,778	365,688	363,461
<b>TOTAL DIRECT REVENUES</b>	<b>3,822,632</b>	<b>3,758,395</b>	<b>3,835,294</b>	<b>4,154,377</b>
Net Resource Transfers	218,787	188,060	244,715	197,119
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>4,041,419</b>	<b>3,946,455</b>	<b>4,080,009</b>	<b>4,351,496</b>
<b>EXPENDITURES</b>				
Academic Salaries	777,914	793,844	801,312	851,416
Non-Academic Salaries	922,532	919,179	904,857	976,981
Total Salaries	1,700,446	1,713,023	1,706,169	1,828,397
Employee Benefits	450,975	458,932	454,715	503,518
Total Compensation	2,151,422	2,171,955	2,160,883	2,331,915
Current Expense	872,684	920,967	993,760	981,173
Capital Transactions Excluding New Debt Issues	440,284	468,196	417,056	367,945
New Debt Issues	(300,000)	(300,000)	(300,000)	0
Net Capital Transactions	140,284	168,196	117,056	367,945
Traditional Undergraduate Student Aid	239,270	281,596	231,006	256,549
Graduate, Professional & Other Student Aid	203,747	211,592	217,461	245,546
Total Student Aid	443,017	493,189	448,467	502,096
<b>TOTAL EXPENDITURES</b>	<b>3,607,406</b>	<b>3,754,307</b>	<b>3,720,167</b>	<b>4,183,128</b>
<b>RCM SURPLUS (DEFICIT) <sup>2</sup></b>	<b>434,013</b>	<b>192,149</b>	<b>359,842</b>	<b>168,368</b>
<b><i>Expenditures Excluding New Debt Issues</i> <sup>3</sup></b>	<b>3,907,406</b>	<b>4,054,307</b>	<b>4,020,167</b>	<b>4,183,128</b>
<b><i>RCM Surplus (Deficit) Excluding New Debt Issues</i> <sup>3</sup></b>	<b>134,013</b>	<b>(107,851)</b>	<b>59,842</b>	<b>168,368</b>

<sup>1</sup> Presented in Responsibility Center Management format used for internal financial management and reporting

<sup>2</sup> A surplus means that funds are set aside for future years, while a deficit represents the use of prior period balances

<sup>3</sup> Alternate view excluding new debt issues provides comparison of core operating performance

**UNIVERSITY OF PENNSYLVANIA FISCAL YEAR 2022 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	6,328		6,117	703	39,763	636	(7)	<b>53,540</b>	21,652	9,904	1,650	4,347	3,460	<b>41,013</b>
Arts & Sciences	353,005		84,908	40,037	61,162	6,505	84,529	<b>630,146</b>	282,391	58,174	34,154	147,589	91,459	<b>613,767</b>
Penn Carey Law	53,505		773	16,055	25,269	1,653	8,399	<b>105,654</b>	49,817	14,324	2,500	19,725	12,728	<b>99,094</b>
Dental Medicine	56,451	517	18,494	3,000	6,480	30,992	4,054	<b>119,989</b>	65,247	27,553	2,519	4,925	18,576	<b>118,820</b>
Education	51,355		12,906	3,437	4,329	2,375	4,219	<b>78,621</b>	39,341	14,644	2,525	11,654	10,078	<b>78,243</b>
Engineering	135,064		87,515	22,567	24,018	2,444	15,665	<b>287,272</b>	108,505	51,289	21,094	47,944	37,718	<b>266,551</b>
Nursing	45,355		20,566	1,678	8,883	107	4,699	<b>81,289</b>	39,574	9,369	655	12,856	12,418	<b>74,873</b>
Perelman School of Medicine	74,717	2,673	814,155	58,310	134,270	65,971	174,545	<b>1,324,640</b>	671,017	307,539	54,145	63,816	161,867	<b>1,258,385</b>
Social Policy & Practice	20,797		4,247	2,985	1,474	447	2,290	<b>32,240</b>	17,203	4,692	193	5,702	3,764	<b>31,554</b>
Veterinary Medicine	24,327	31,955	42,699	8,442	13,888	51,159	692	<b>173,161</b>	98,054	36,435	5,776	3,823	28,171	<b>172,259</b>
Weitzman School of Design	36,567		1,988	14,665	9,667	420	2,820	<b>66,128</b>	27,312	7,580	448	13,019	9,944	<b>58,303</b>
Wharton	321,777		6,717	68,000	84,509	52,398	36,324	<b>569,725</b>	264,294	108,357	10,707	64,306	68,707	<b>516,371</b>
<b>TOTAL SCHOOLS</b>	<b>1,179,248</b>	<b>35,144</b>	<b>1,101,084</b>	<b>239,880</b>	<b>413,711</b>	<b>215,107</b>	<b>338,229</b>	<b>3,522,403</b>	<b>1,684,408</b>	<b>649,861</b>	<b>136,366</b>	<b>399,706</b>	<b>458,890</b>	<b>3,329,231</b>
<b>RESOURCE CENTERS</b>														
Annenberg Center	576		408	1,726	58	782	2,296	<b>5,846</b>	2,650	1,721			2,051	<b>6,422</b>
Recreation & Intercollegiate Athletics	10,579			24,552	5,784	7,485	23,323	<b>71,723</b>	20,703	13,693	18,982		19,640	<b>73,019</b>
Institute of Contemporary Art			336	990	1,944	82	1,320	<b>4,672</b>	2,049	1,744			1,024	<b>4,817</b>
Interdisciplinary Programs	5,168		11,196	3,535	15,047	9,608	(4,753)	<b>39,802</b>	17,950	7,392	4,844	2,167	2,655	<b>35,008</b>
Morris Arboretum	330			2,286	3,793	1,517	897	<b>8,823</b>	4,657	2,703	34		1,042	<b>8,437</b>
Penn Global	1,076		348	125	690	255	14,098	<b>16,592</b>	6,934	8,161	265		1,442	<b>16,802</b>
University Libraries	35		126	1,053	6,723	316	69,676	<b>77,930</b>	30,525	32,267	2,466		14,420	<b>79,678</b>
University Museum			614	7,258	6,444	1,368	10,139	<b>25,823</b>	11,808	7,364	1,221	66	7,709	<b>28,168</b>
<b>TOTAL RESOURCE CENTERS</b>	<b>17,764</b>	<b>0</b>	<b>13,028</b>	<b>41,526</b>	<b>40,483</b>	<b>21,414</b>	<b>116,996</b>	<b>251,212</b>	<b>97,276</b>	<b>75,045</b>	<b>27,814</b>	<b>2,233</b>	<b>49,983</b>	<b>252,350</b>
<b>BUSINESS SERVICES</b>														
Housing & Conference Services	74,930				503	1,292	(18,608)	<b>58,117</b>	5,175	20,709	27,682		4,697	<b>58,264</b>
Dining Services	25,747				4	879	(882)	<b>25,749</b>	7,484	18,760			1,652	<b>27,896</b>
Parking & Transportation Services	2,105					15,420	(1,022)	<b>16,502</b>	3,959	6,064	2,320		983	<b>13,326</b>
Other Business Services	36			691	35	10,738	2,958	<b>14,458</b>	10,050	4,622	(1,698)		2,121	<b>15,095</b>
Other Auxiliary Activities						30,050	1,160	<b>31,210</b>		23,969	6,173			<b>30,141</b>
<b>TOTAL BUSINESS SERVICES</b>	<b>102,819</b>	<b>0</b>	<b>0</b>	<b>691</b>	<b>542</b>	<b>58,378</b>	<b>(16,393)</b>	<b>146,037</b>	<b>26,668</b>	<b>74,125</b>	<b>34,477</b>	<b>0</b>	<b>9,453</b>	<b>144,723</b>
<b>ADMINISTRATIVE SERVICE CENTERS</b>														
Audit, Compliance & Privacy							2,430	<b>2,430</b>	4,298	(1,837)			24	<b>2,485</b>
College Houses & Academic Services	4,065			17	28	60	2,587	<b>6,757</b>	4,282	3,934	413		87	<b>8,715</b>
Development & Alumni Relations				408	8,641	1,468	60,341	<b>70,859</b>	50,150	25,823		14	729	<b>76,716</b>
Executive Vice President's Office					21,232		8,379	<b>29,611</b>	20,920	6,443	1,306		210	<b>28,879</b>
Facilities & Real Estate Services			3,200		49	33,703	227,105	<b>264,057</b>	89,601	80,555	108,713		1,367	<b>280,236</b>
Finance	6,520				1,434		37,038	<b>44,992</b>	29,228	22,362	(6,472)		1,719	<b>46,836</b>
Human Resources						305	12,871	<b>13,176</b>	10,912	6,520	(4,001)		483	<b>13,913</b>
Information Systems & Computing	805				414	1,147	58,250	<b>60,616</b>	43,925	13,292	4,036		1,116	<b>62,369</b>
President's Center	286		428	5,775	149	3,361	25,213	<b>35,212</b>	28,826	7,026	453		1,302	<b>37,607</b>
Provost's Center	16,164		196	539	447	30,857	33,214	<b>81,417</b>	60,319	13,881	1,126	818	2,930	<b>79,074</b>
Public Safety	12,518					985	16,081	<b>29,584</b>	20,419	9,659	140		188	<b>30,406</b>
University Life	30,738		2,040	419	1,030	3,154	4,446	<b>41,827</b>	16,179	12,496	81	320	13,009	<b>42,085</b>
Wellness	21,366			9	71	2,226	17,972	<b>41,644</b>	20,169	21,166	192		162	<b>41,689</b>
<b>TOTAL ADMIN. SERVICE CENTERS</b>	<b>92,463</b>	<b>0</b>	<b>5,864</b>	<b>7,168</b>	<b>33,494</b>	<b>77,265</b>	<b>505,927</b>	<b>722,180</b>	<b>399,228</b>	<b>221,321</b>	<b>105,986</b>	<b>1,151</b>	<b>23,325</b>	<b>751,012</b>
<b>GENERAL UNIVERSITY</b>	<b>206,635</b>	<b>0</b>	<b>84,999</b>	<b>(6,577)</b>	<b>180,950</b>	<b>(8,705)</b>	<b>(747,639)</b>	<b>(290,336)</b>	<b>124,336</b>	<b>(28,663)</b>	<b>63,302</b>	<b>99,005</b>	<b>(552,167)</b>	<b>(294,187)</b>
<b>TOTAL ACADEMIC COMPONENT</b>	<b>1,598,929</b>	<b>35,144</b>	<b>1,204,975</b>	<b>282,687</b>	<b>669,181</b>	<b>363,461</b>	<b>197,119</b>	<b>4,351,496</b>	<b>2,331,915</b>	<b>991,689</b>	<b>367,945</b>	<b>502,096</b>	<b>(10,516)</b>	<b>4,183,128</b>



**Fiscal Year 2022 Operating Budget: Academic Component RCM to GAAP Crosswalk**  
 (in thousands of dollars)

	Fiscal 2022 RCM Budget	Adjustments	Fiscal 2022 GAAP Budget
<b>Revenue &amp; Other Support:</b>			
Tuition & Fees	1,598,929	-	1,598,929
Student Aid Contra-Revenue	-	(389,872)	(389,872)
Commonwealth Appropriations	35,144	-	35,144
Sponsored Programs	1,204,975	-	1,204,975
Contributions	282,687	(80,577)	202,110
Investment Income	669,181	(18,166)	651,015
Other Income	363,461	-	363,461
Transfers From Health System	197,119	(28,418)	168,700
Total Revenue & Other Support	<u>4,351,496</u>	<u>(517,034)</u>	<u>3,834,462</u>
<b>Expenditures:</b>			
Salaries	1,828,397	(115,665)	1,712,732
Employee Benefits	503,518	(5,799)	497,720
Total Compensation	<u>2,331,915</u>	<u>(121,463)</u>	<u>2,210,452</u>
Current Expense	981,173	108,718	1,089,891
Capital Transactions	367,945	(312,949)	54,996
Student Aid Expense	502,096	(341,527)	160,568
Depreciation & Amortization	-	226,058	226,058
Total Expenditures	<u>4,183,128</u>	<u>(441,163)</u>	<u>3,741,965</u>
RCM Surplus: Transfer to Other Periods	168,368		
Net RCM to GAAP Adjustments		(75,871)	
GAAP Decrease in Net Assets			92,497

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 2021 Performance

As shown in Schedule A, the academic component is expected to close FY2021 with an increase in net assets of \$45 million on a GAAP basis, a \$136 million positive variance versus budget. The UPHS forecast is for an increase in net assets of \$569 million, which is \$324 million better than budget.

Academic component revenue is forecast to be \$191 million higher than budget, or 5.6%, due primarily to much stronger sponsored program performance than budget, as well the increase in investment income attributable to the temporary increase in the target spending rate from 5% to 7%.

The GAAP forecast indicates that expenses will be \$55 million higher than budget, or 1.6%. Compensation is projected to be \$83 million above budget due to the high level of participation in the faculty special incentive program (FIAP/SIP). This negative variance is partially offset by savings in other areas, notably current expense.

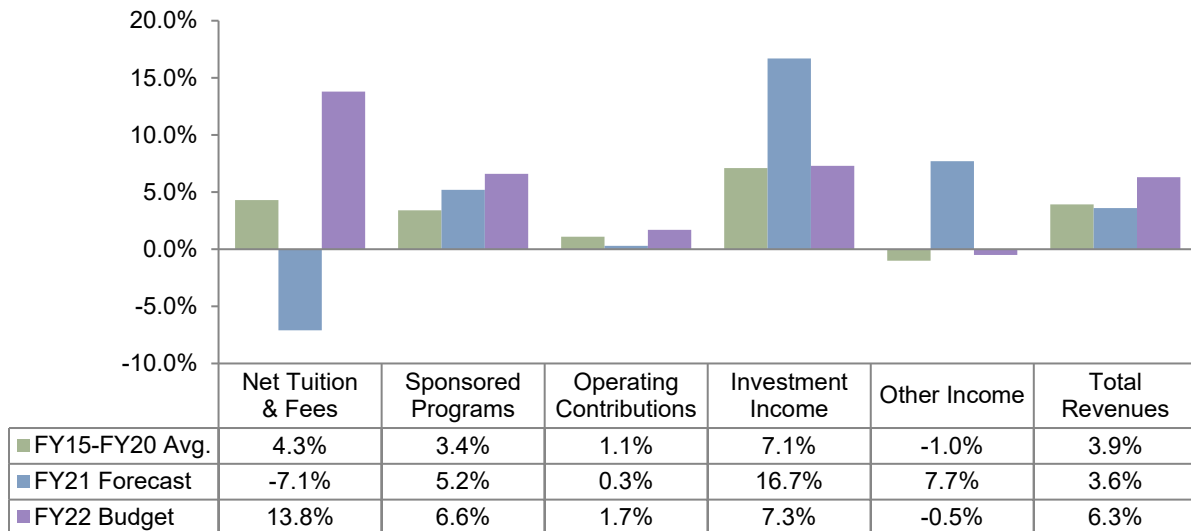
The RCM forecast is for a \$60 million surplus, excluding the impact of the \$300 million bond issue in July.

## The Fiscal Year 2022 Budget

As shown in Schedule A, the consolidated FY2022 University GAAP budget has \$12.5 billion in expenses, of which \$8.8 billion, or 70%, is in the Health System budget and \$3.7 billion, or 30%, is in the academic budget. The overall increase in expenses is 8.4%, with 5.0% growth projected for the academic component and 9.9% for UPHS. Total University revenues and other support are budgeted to be \$12.9 billion. The academic component budget includes \$3.8 billion in revenue and other support, of which \$169 million are transfers from UPHS. For UPHS, total revenues net of the transfers to the academic component are \$9.1 billion, and the increase in net assets from operations is budgeted at \$327 million.

The academic budget shows an increase in net assets of \$92 million from operations driven primarily by increased enrollment and the continued strength of sponsored programs.

### Growth Rates in Key Revenue Categories

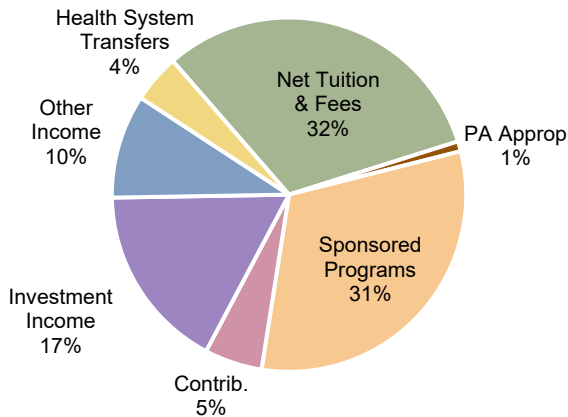


Total academic budget revenue is projected to increase by 6.3%, or \$226 million, versus the FY2021 forecast. Here is a discussion of changes in key GAAP revenue categories:

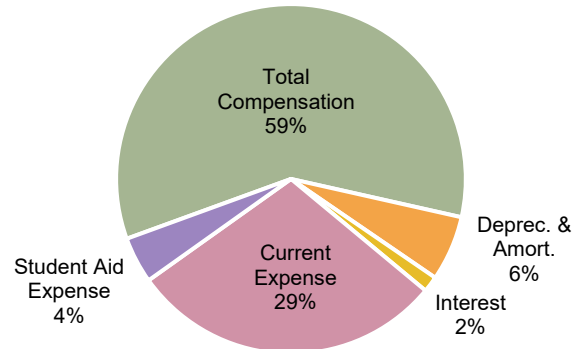
- Net tuition and fees are budgeted to increase by 13.8% or \$147 million. The recovery of room and board revenues accounts for \$79 million of the overall growth, as FY2021 levels were depressed due in large part to the remote fall semester and the lower-than-normal participation levels in the spring. Tuition alone is budgeted for a 6.2% increase with the anticipation that enrollment will recover for a number of professional schools that saw declines in FY2021 because of the pandemic, including the Wharton School, the Weitzman School of Design, Penn Law, and Social Policy & Practice.
- Investment income is budgeted to increase by 7.3%, or \$44 million. Although the target spending rate is expected to be reduced to 6.0% for FY2022, income for non-student aid endowment will still increase by 4.6% because of the lags in the spending rule. Additional growth of nearly three percentage points is anticipated because of new gifts and reinvestment.
- Total sponsored program revenues are forecast to increase by 6.6% or \$74 million. Of this growth, \$40 million is due to the anticipated receipt of federal stimulus funds to cover pandemic-related expenses and provide grants to students. Excluding the stimulus funds, sponsored program revenues are growing by 3.0%.
- Operating contributions are increasing by 1.7%, or \$3 million, in the year following the conclusion of *The Power of Penn* campaign.
- Other Income is budgeted to decrease by 0.5% or \$2 million. This change reflects varying rates of recovery from the pandemic.
- Health System transfers are decreasing by 19.7%, or \$41 million, as the FY2021 forecast includes a \$50 million, one-time transfer related to UPHS' share of the costs of the new voluntary contribution agreement with the Philadelphia School District.

The 5.0% or \$178 million increase in total GAAP expenses includes a 1.3% increase in compensation expense and a 13.7% increase in current expense. Compensation growth is depressed by the one-time provision of \$95 million for FIAP/SIP in FY2021. Excluding this one-time item, the growth in compensation is 5.9%, including a 6.2% increase in salaries. Current expense, which has been much lower than normal in FY2021 due to the pandemic, is expected to pick up somewhat as restrictions on travel and other discretionary spending ease somewhat.

**FY2022 Revenue by Source**



**FY2022 Expenses by Type**



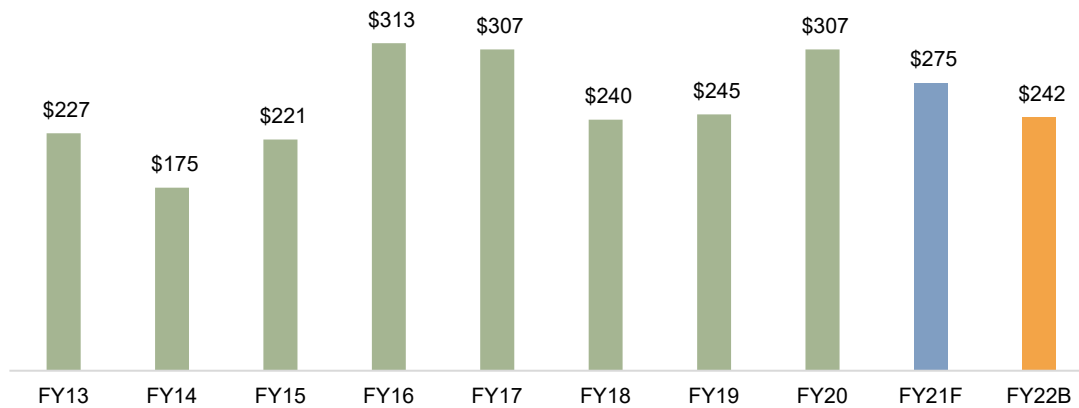
**Revenue/Expense Mix:** Net tuition and fees and sponsored programs each account for a little more than 30% of the GAAP academic budget revenues, as shown in the chart above. Investment income is the third largest category at 17%, with Other Income next at 10%. The latter includes revenue from clinical 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 5%, Health System transfers at 4%, and the Commonwealth appropriation at 1%. Compensation represents 59% of total expenses in the GAAP academic budget. Current expense is the next largest category at 29%, 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 FY2022 budget on an RCM basis has a surplus of \$168 million. Unlike GAAP, RCM performance is affected by the level of capital spending, which is expected to decrease in FY2022 with the completion of many key projects in FY2021 and major new projects largely in the design stage (*see following chart*).



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## Capital Spending History (\$M)



Represents spending on 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 project funds.

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## Discussion of Individual Revenue and Expense Categories

### Tuition and Fees

Penn's undergraduate tuition and fee charges will increase by 2.8% in FY2022 to \$61,710, the lowest percentage increase for tuition since the 1960s. 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. A planned recalibration will take effect in FY2023.

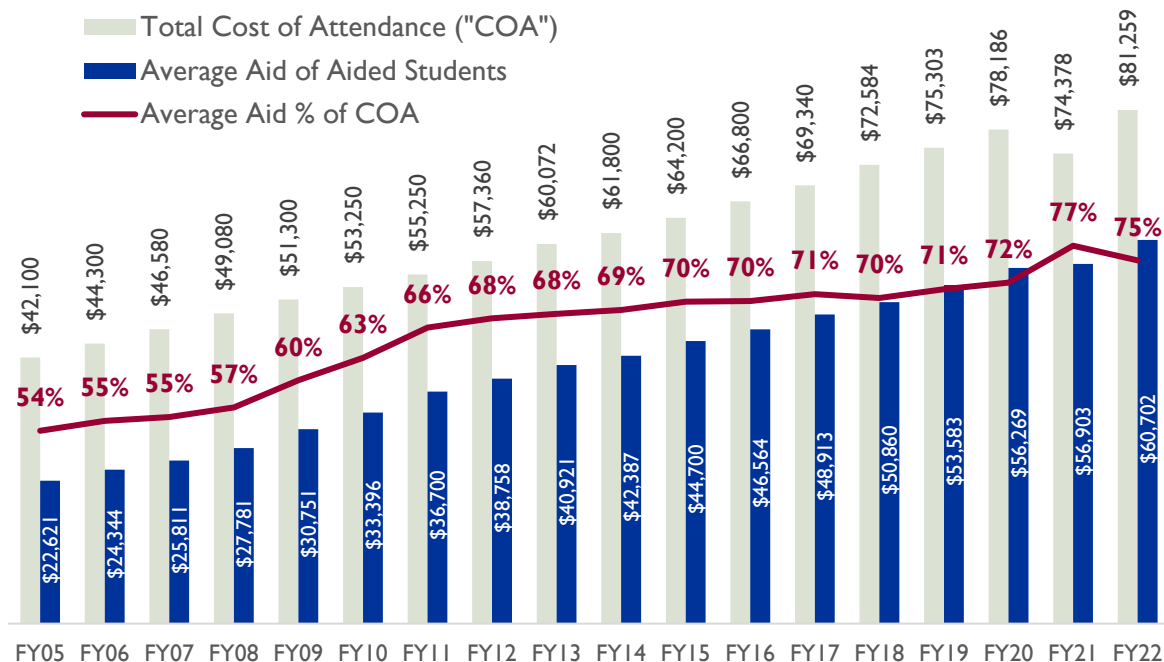
### Financial Aid

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 over 7%, 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 and 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 75% in the FY2022 budget (*see following chart*). In addition, the number of students receiving grant aid has increased by 20% 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 FY2022, the total undergraduate financial aid grant budget is \$257 million, representing an increase of 11%, or \$26 million, over the FY2021 forecast. The pandemic and the ensuing economic uncertainty led to a decrease in undergraduate enrollment and the number of aided students in FY2021. With very few students living in campus housing during the fall term, the total cost of attendance declined which drove the total grant aid down from FY2020 levels as well. However, Penn provided \$10 million in grant aid replacing students' summer savings expectations due to the scarcity of internship opportunities. This additional aid combined with the commitment to middle income families drove average aid slightly higher in FY2021, and the average aid as a percentage of the cost of attendance to its highest level ever at 77%. The FY2022 aid budget's high rate of growth reflects increases in the number of aided students along with a full year of on-campus living.

\$246 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 FY2022, endowment income will fund about \$65 million, or 25%, of undergraduate financial aid. Through the end of April 2021, *The Power of Penn* campaign had raised more than 100% of both its

undergraduate and graduate aid original goals, exceeding its goal for annual giving and reaching 98% of its new undergraduate aid target of \$425 million. 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 will again increase by 4.25% in FY2022, bringing it to \$29,302. The base School of Arts and Sciences stipend (including summer) will be \$37,555.

The graduate and professional financial aid budget for FY2022 totals \$294 million, with an additional \$67 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

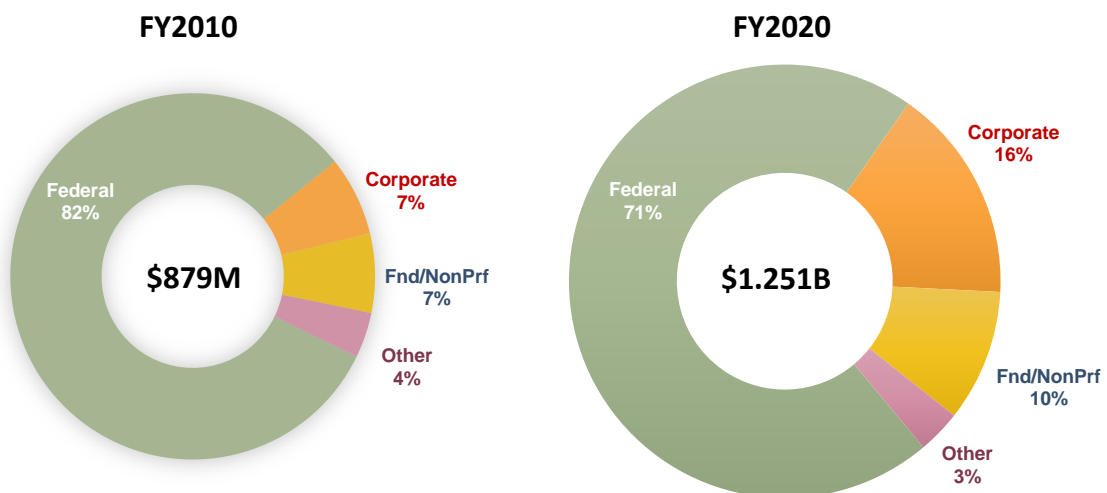
As one of the nation’s leading research institutions, the University has maintained its strength in sponsored research with over \$1.25 billion in awards in FY2020. Despite the pandemic severely impacting research activities in the last quarter of the fiscal year, the University managed to grow its research enterprise although at a smaller rate than in previous years.

The full impact of the pandemic on research progress will be felt over at least two fiscal years, but the mid-year decrease in research has recovered, such that the overall positive growth trajectory continues.

The outlook for federal research budgets is positive and the University’s strengths in interdisciplinary research and recognized excellence at the forefront of critical technology positions Penn to maintain our leadership position. The opportunity pipeline of corporate sponsored research indicates continuing positive momentum as well.

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### Evolution of the Research Portfolio (Awards)



FY2010 data excludes federal stimulus funds

As shown in the previous chart, FY2020 federal support represented 71% of Penn's total awards, including grants where Penn is a subcontractor. Corporate support accounted for 16% and foundations and non-profits 10%. The Perelman School of Medicine received about 72% of the sponsored program dollars awarded to the University. Other Penn schools with significant shares of sponsored program awards included Arts and Sciences (8%), Engineering (7%), and Veterinary Medicine (4%). The School of Nursing ranks second 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 FY2022 will increase to 62.5% based on an agreement negotiated with the federal Department of Health and Human Services. The distribution of ICR in FY2022 will continue to be: Schools 88.5%; Subvention Pool 10.5%; and Research Facilities Development Fund 1.0%.

### **Investment Income**

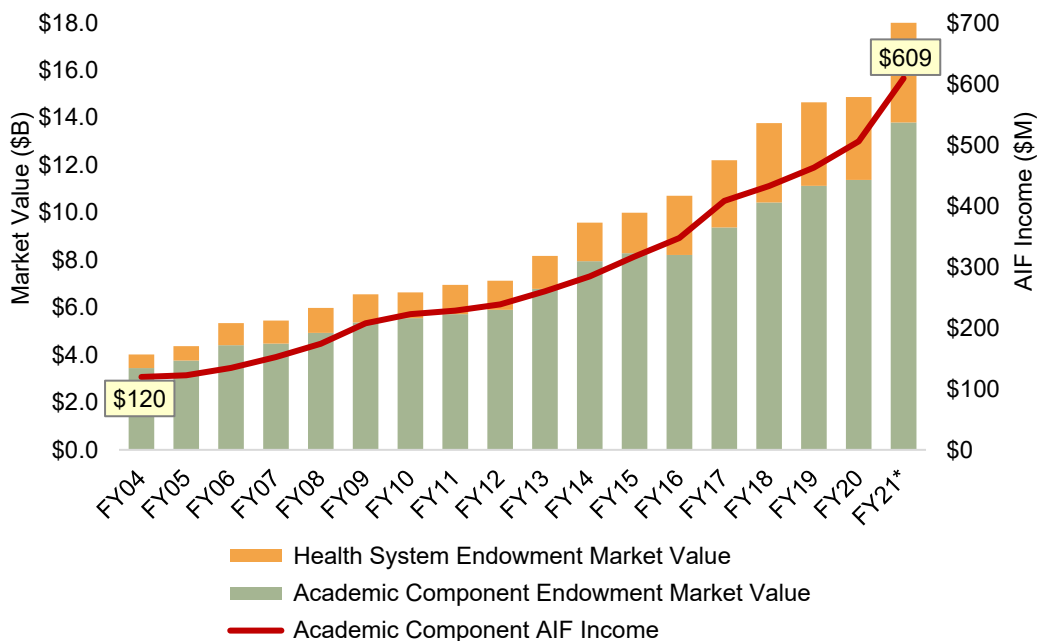
The University recognizes the importance of endowment income as a revenue source to support its programs and operations, and the need to protect the value of the endowment against the effects of inflation and market fluctuations. Consequently, Penn applies a spending rule policy that defines the amount 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. The target spending rate was initially set at 5.0% for FY2021, unchanged from the prior three years. It was subsequently increased to 7.0%, retroactive to July 1, 2020, to provide additional resources for strategic investments during the pandemic and will be lowered to 6.0% for FY2022.

As shown in the following chart, the value of the University's endowment, including the Health System, has grown from \$4 billion at the end of FY2004 to an estimated \$18 billion at the end of April 2021, and AIF spendable income for the Academic Component is projected at \$609 million for FY2021, which is more than a five-fold increase over the FY2004 amount.



## Growth in Penn's Endowment and AIF Income



\* Market value as of end of April 2021

## 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. The 3.0% merit increase for FY2022, as always, is based on market trends, economic conditions, and the need for fiscal responsibility. Salary increases should acknowledge the valuable contributions of faculty and staff while helping Penn remain a strong and financially viable institution and should be merit-based as supported by performance appraisals. Schools and centers are encouraged to set aside up to an additional 0.5% to meet salary adjustments and reclassification requests.

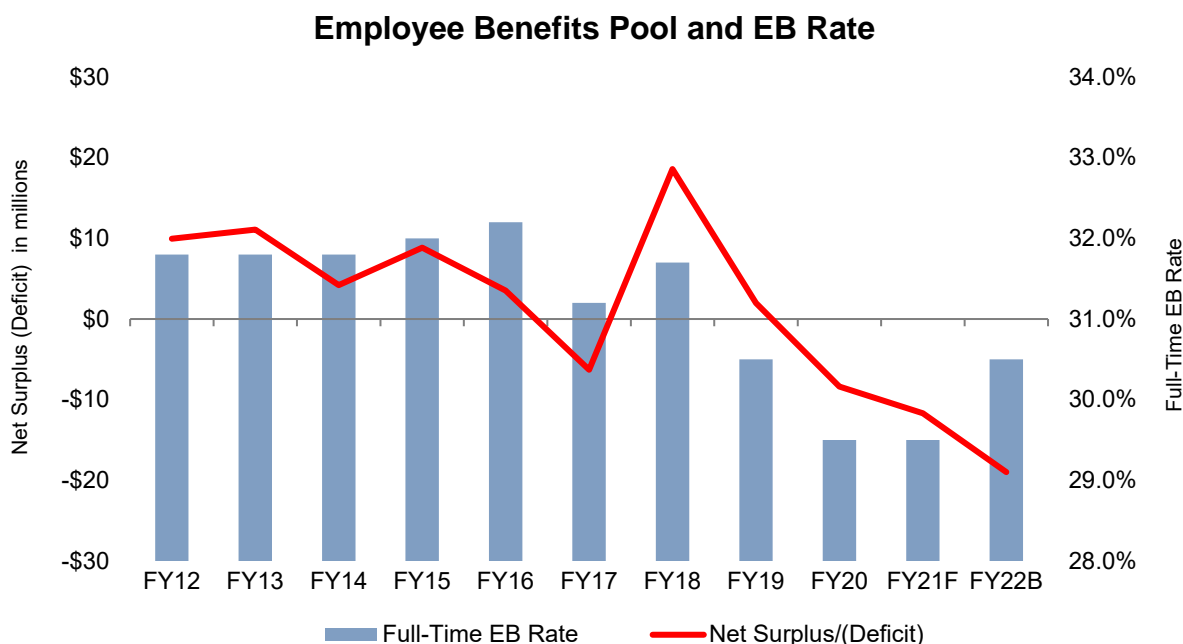
## Employee Benefit Rate

The University continues to redesign its benefits programs to meet the challenges of market competitiveness, cost-effectiveness, and compliance. In FY2021, the University amended the retirement savings plans to move to a single record-keeper model, TIAA-CREF, from the prior multiple vendor model. This project impacted approximately 43,000 current and former employees and retirees and required a complex process of mapping funds and establishing new accounts at TIAA-CREF. The project was completed ahead of schedule with access to the new accounts completed nearly 10 days early.

In FY2021, the University also offered a special incentive plan to facilitate retirement for certain eligible faculty. The program is essentially an enhancement to the current Faculty Incentive Allowance Program (FIAP) and provides benefits over two years after the faculty member's retirement date.

Key drivers of the EB rate include medical costs, Social Security 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 maintain the full-time EB rate at 29.5% for FY2020 and FY2021, which was the lowest level since

FY2009. The rate is being raised by one percentage point in FY2022 because of the high level of participation in the faculty special incentive program.



It is important to recognize that the EB rate would be much higher absent the numerous initiatives the University has undertaken to control its medical costs. These initiatives, which have included redesigned health plan offerings, promoting use of generic and mail order drugs, increasing medical plan co-pays and deductibles, and a robust employee wellness program, have all contributed to reducing the medical cost trend to an average of 2% versus the national average of 5%. For FY2022, Penn was able to enhance the health plans by adding a hearing aid benefit and an enhanced vision care plan. And while there will be a modest rise in employee contributions for medical plans next year (but not for dental and vision benefits), this increase follows three consecutive years where contributions were held flat.

### 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 36% 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.

The overall allocated cost parameter will be 2.9% in FY2022, matching the level in FY2021, which was the lowest in over two decades.

From FY2020 to FY2024, the common goods allocated cost charge for IT and telecommunication services is transitioning to a distribution based on total direct costs (TDC), with the portion based on TDC increasing by 25% each year until it reaches 100% in FY2024. In order to moderate potentially large swings in charges, the Budget Office is applying the standard cap and floor methodology to the three combined University Services pools (traditional, public safety, and common good services).

## Budget Parameters Summary

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

	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22B</u>
Total Undergraduate Charges Growth	3.9%	3.9%	3.8%	3.9%	3.9%	2.8%
Undergraduate Aid Discount Rate	39.0%	40.0%	38.0%	38.0%	38.0%	37.5%
Sponsored Program ICR Rate	61.0%	61.0%	61.0%	62.0%	62.0%	62.5%
Spendable Endowment Income Increase						
Financial Aid Endowment	-1.0%	-4.3%	-1.2%	1.0%	12.7%	2.1%
Other Endowment	7.4%	3.0%	4.9%	5.8%	17.6%	4.6%
Salary Pool Increase (Faculty and Staff)	3.0%	3.0%	3.0%	3.0%	2.5%*	3.0%
Allowance for Staff Salary Adjustments	0.75%	0.75%	0.5%	0.5%	0.0%	0.5%
Full Time EB Rate	31.2%	31.7%	30.5%	29.5%	29.5%	30.5%
Allocated Cost & Space Charge Growth	3.1%	3.2%	3.6%	3.8%	2.9%	2.9%
Inflation Rate	1.9%	2.3%	2.1%	1.6%	1.8%	2.2%
* FY21 salary pool Increase was applicable only for employees earning \$70,000 or less						

Responsibility Center Budgets & Program Statements  
**SCHOOLS**

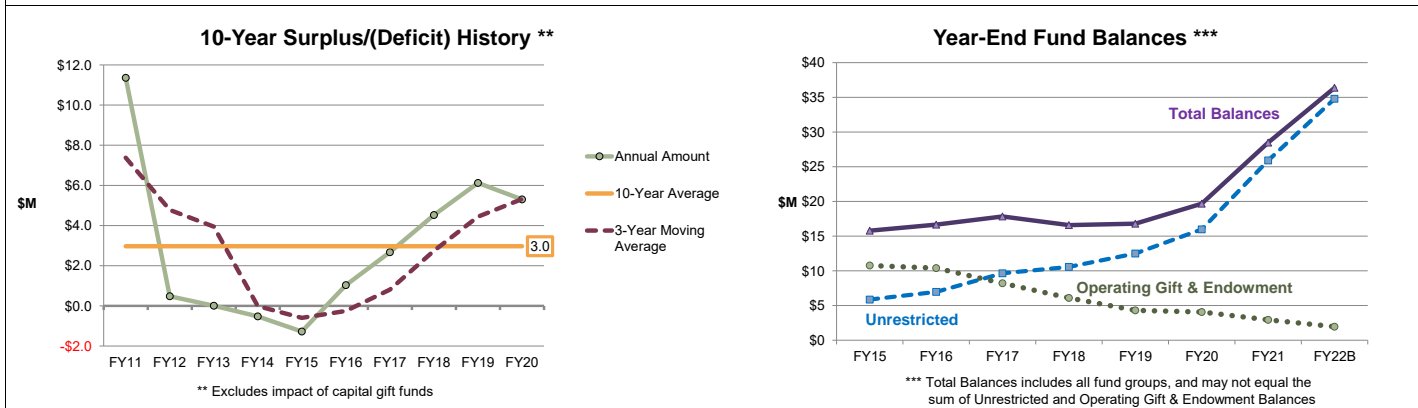
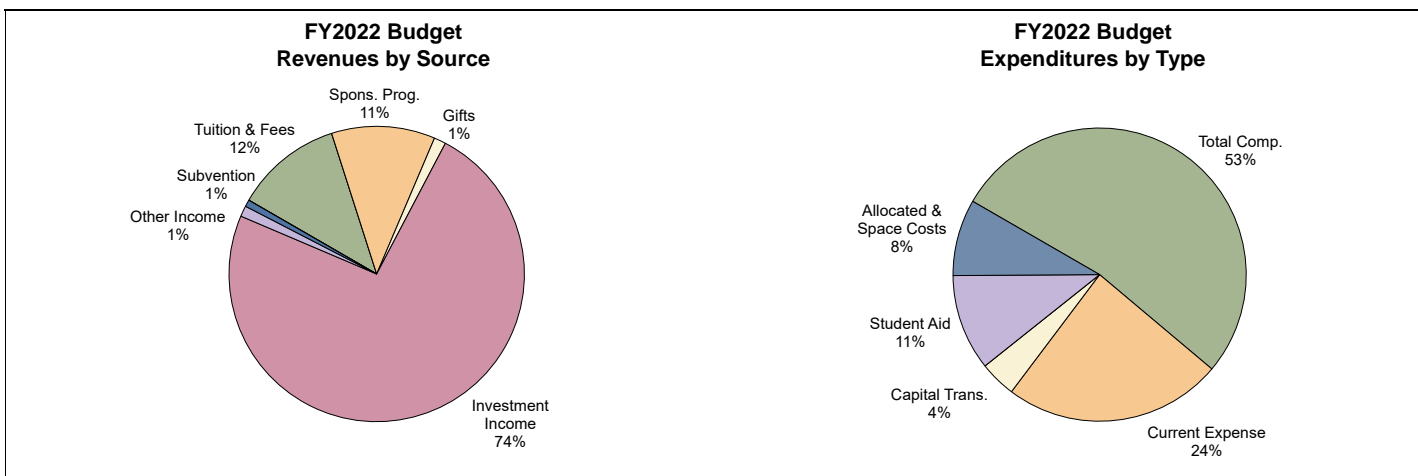
**ANNENBERG SCHOOL FOR COMMUNICATION**  
(in thousands of dollars)

	FISCAL 2020 ACTUAL	FISCAL 2021 BUDGET	FISCAL 2021 FORECAST	% Change from 2020 Actual	FISCAL 2022 BUDGET	% Change from 2021 Forecast
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<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	5,833	6,369	6,083	4%	6,328	4%
Sponsored Programs	4,349	4,086	5,712	31%	6,117	7%
Gifts	452	233	215	-52%	703	227%
Investment Income	32,224	33,785	37,868	18%	39,763	5%
Other Income	727	792	971	34%	636	-35%
<b>DIRECT REVENUES</b>	<b>43,586</b>	<b>45,264</b>	<b>50,850</b>	<b>17%</b>	<b>53,547</b>	<b>5%</b>
University Subvention	403	403	403	0%	403	0%
Net Resource Transfers From / (To) Other Centers	293	(359)	(141)	-148%	(410)	192%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>44,281</b>	<b>45,308</b>	<b>51,113</b>	<b>15%</b>	<b>53,540</b>	<b>5%</b>
<b>EXPENDITURES</b>						
Total Compensation	19,691	19,199	20,102	2%	21,652	8%
Current Expense	11,043	9,285	8,617	-22%	9,904	15%
Capital Transactions	748	250	395	-47%	1,650	318%
Student Aid	4,043	4,520	4,291	6%	4,347	1%
<b>NET DIRECT EXPENDITURES</b>	<b>35,525</b>	<b>33,254</b>	<b>33,405</b>	<b>-6%</b>	<b>37,553</b>	<b>12%</b>
Allocated Cost & Space Charges	3,452	3,395	3,395	-2%	3,460	2%
<b>TOTAL EXPENDITURES</b>	<b>38,977</b>	<b>36,649</b>	<b>36,800</b>	<b>-6%</b>	<b>41,013</b>	<b>11%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>5,304</b>	<b>8,659</b>	<b>14,312</b>		<b>12,527</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.	67	72	71	6%	68	-4%
Professional & Other Degree	-	-	-	0%	-	0%
Certificate & Non-Degree	-	-	-	0%	-	0%
<b>Total Students</b>	<b>67</b>	<b>72</b>	<b>71</b>	<b>6%</b>	<b>68</b>	<b>-4%</b>
Standing Faculty	19	21	20	8%	19	-5%
Staff	76	79	81	7%	87	8%





## Major Areas of Focus and Activity

The Annenberg School announced several new initiatives this year, all of which strengthened internal and external partnerships. The [Message Effects Lab](#) (with PSOM), the [Center for Collaborative Communication](#) (with USC-Annenberg), and [Annenberg Creative](#) (which will enhance the ways faculty and students integrate media, art, and technology into their research) are the three most substantial new ventures. Preparation is underway to launch the School's first executive education program (in collaboration with [SSPP](#)) as well as an office of institutional advancement. The School has moved assertively on these plans and increased spending on student support while remaining mindful of the need to constrain expenses due to the pandemic.

## Key Budgetary Assumptions

**Cost Containment Measures:** During the initial onset of the pandemic, it was expected that the financial markets would be negatively impacted, and the School began to prepare for a downturn and a potential decrease in endowment income over the next several years. Fortunately, this downturn did not occur as feared, and the market value of ASC's endowment has increased. Nevertheless, ASC implemented 10% budget cuts for all departments and centers in FY2021 and decreased overall current expenses by 37%. For FY2022, the School expects to keep current expenses 10% below the FY2020 levels in part by encouraging virtual events where appropriate. Doing so will not only save money but also aid in the effort to reduce the University's carbon footprint.

**Maintaining Budget Balance:** In FY2021, ASC was able to stay within budget by focusing on core research, education, and service missions. In FY2022, ASC will maintain this approach while also attempting to further diversify its revenue streams and support students thrown off schedule by the pandemic.

**Faculty Positions:** The FY2022 budget assumes 20 standing faculty, including the addition of a PIK professor with Penn Nursing. Factoring in anticipated retirements and plans to add two global communication scholars, the size of the standing faculty is expected to decrease by one in FY2022 but then increase by one in FY2023. In addition, the number of postdoctoral positions is expected to increase by seven in FY2022 to support newly minted Annenberg PhDs who face a particularly tough job market and because of increased center and sponsored program activity.

**Staff Positions:** Staff FTEs are expected to grow by six in FY2022 due to the new institutional advancement office, a center moving from the Law School to APPC, a position to support a new faculty hire, and the addition of a grants coordinator to handle the increase in sponsored program activity.

**Capital Project Priorities:** In FY2021, the School was able to launch a project to replace the windows on the eastern wing of its building because of the additional income generated by the spending rule change. In FY2022, ASC plans to renovate two bathrooms on the second floor, replace major sections of the roof, and repurpose conference rooms and underutilized space to accommodate the need for more offices.



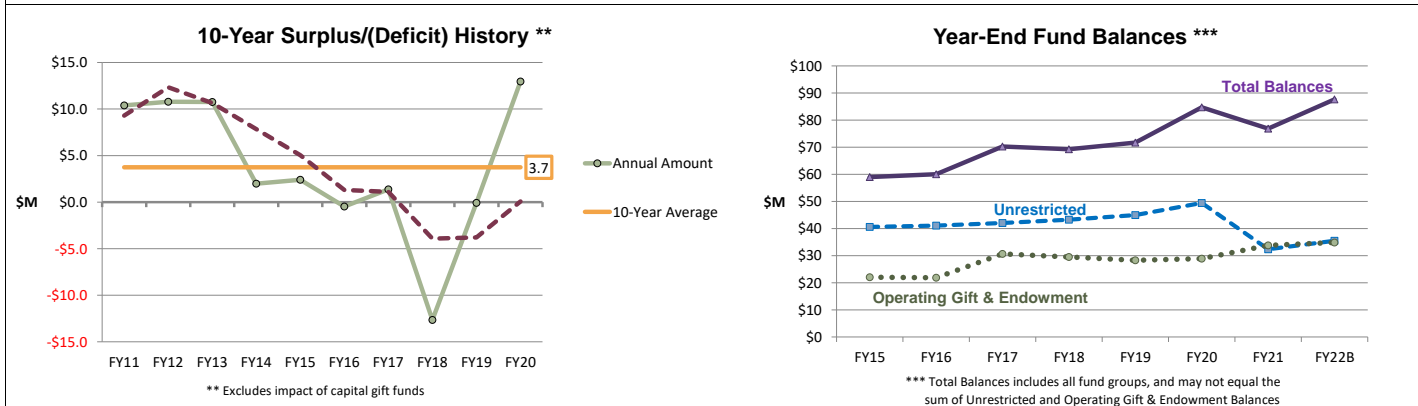
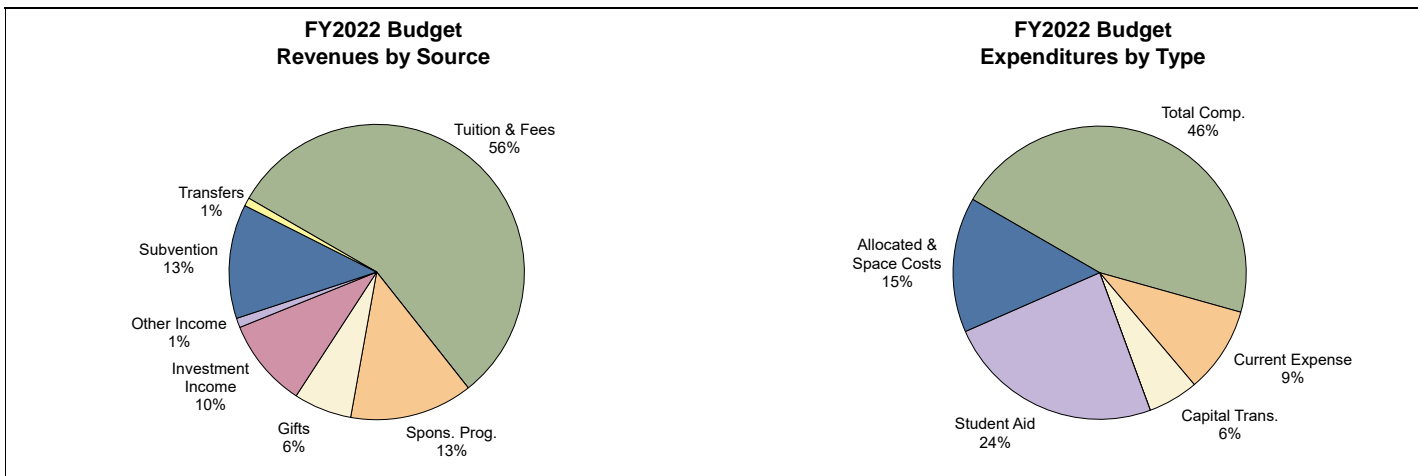
**SCHOOL OF ARTS AND SCIENCES**  
(in thousands of dollars)

FISCAL 2020 ACTUAL    FISCAL 2021 BUDGET    FISCAL 2021 FORECAST    % Change from 2020 Actual    FISCAL 2022 BUDGET    % Change from 2021 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	336,906	343,923	334,305	-1%	353,005	6%
Sponsored Programs	87,974	85,033	85,048	-3%	84,908	0%
Gifts	28,608	29,686	21,670	-24%	40,037	85%
Investment Income	47,231	49,917	55,985	19%	61,162	9%
Other Income	9,699	7,756	6,151	-37%	6,505	6%
<b>DIRECT REVENUES</b>	<b>510,418</b>	<b>516,314</b>	<b>503,158</b>	<b>-1%</b>	<b>545,616</b>	<b>8%</b>
University Subvention	75,582	77,476	77,362	2%	78,839	2%
Net Resource Transfers From / (To) Other Centers	5,748	5,109	9,138	59%	5,691	-38%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>591,748</b>	<b>598,899</b>	<b>589,659</b>	<b>0%</b>	<b>630,146</b>	<b>7%</b>
<b>EXPENDITURES</b>						
Total Compensation	270,508	278,738	276,160	2%	282,391	2%
Current Expense	53,556	62,823	43,728	-18%	58,174	33%
Capital Transactions	18,949	34,596	21,879	15%	34,154	56%
Student Aid	141,697	147,132	149,897	6%	147,589	-2%
Expense Credits	(1,957)	(1,789)	(1,821)	-7%	(1,894)	4%
<b>NET DIRECT EXPENDITURES</b>	<b>484,711</b>	<b>523,289</b>	<b>491,663</b>	<b>1%</b>	<b>522,308</b>	<b>6%</b>
Allocated Cost & Space Charges	86,634	89,907	89,907	4%	91,459	2%
<b>TOTAL EXPENDITURES</b>	<b>571,345</b>	<b>613,196</b>	<b>581,570</b>	<b>2%</b>	<b>613,767</b>	<b>6%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>20,403</b>	<b>(14,297)</b>	<b>8,089</b>		<b>16,379</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	6,066	6,066	6,066	0%	6,066	0%
Ph.D.	1,341	1,343	1,371	2%	1,263	-8%
Professional & Other Degree	607	639	614	1%	636	4%
Certificate & Non-Degree	572	608	456	-20%	648	42%
<b>Total Students</b>	<b>8,585</b>	<b>8,656</b>	<b>8,507</b>	<b>-1%</b>	<b>8,613</b>	<b>1%</b>
Standing Faculty	494	500	499	1%	491	-2%
Staff	721	723	722	0%	713	-1%





## 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 28 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).

[Our Foundations and Frontiers: A Strategic Plan for Penn Arts and Sciences](#), which reflects the vision of *Penn Compact 2022*, continues to guide programmatic priorities and investments that will strengthen a foundational core of faculty and students and advance integrated knowledge through a series of eight academic themes. It is complemented by a series of [inclusion and anti-racism initiatives](#) launched in 2020.

## Key Budgetary Assumptions

**Enrollment:** SAS projects an overall increase in student FTEs of about 1%, with growth in certificate and non-degree and professional students more than offsetting reductions in doctoral students. The projected enrollment for FY2022 is as follows: in undergraduate programs, 6,066 full-time; in doctoral programs, 1,263 full-time; in professional and other degree, 636 FTEs; and in certificate and non-degree, 648 FTEs.

**Faculty and Staff Positions:** The FY2022 budget assumes that the School will have 491 filled standing faculty positions, 31 of which will be on leave, which represents a decrease of eight versus the FY2021 forecast. The budgeted 713 filled staff positions are nine fewer than the current year.

**Research:** Total funding is projected to be \$87.6 million, a slight decrease from the FY2021 forecast.

**Fundraising:** Gifts receipts to SAS are projected at \$7.8 million for term gifts, \$11.3 million for undergraduate financial aid, \$5.8 million for other endowed gifts, and \$26.4 million for term gifts for capital projects. SAS is poised to complete *The Power of Penn* campaign in a strong position, meeting and possibly exceeding the overall goal of \$550 million. This fiscal year, the Presidential Professorship matching program has proven successful with three gifts finalized and five more in discussion.

**Capital Project Priorities:** The School is proceeding with design of the new Vagelos Energy Science and Technology building in partnership with SEAS and anticipates starting construction in Spring 2022. SAS is also initiating a new century bond and FRF-funded HVAC renovation project to improve the infrastructure of the David Rittenhouse Laboratories. Feasibility studies have begun for infrastructure renovations in Hayden Hall to address aged mechanical systems. Finally, the early stages of design are underway for a new research-focused fMRI facility at Pennovation Works in support of the Mapping the Mind initiative.

**Revenue Enhancement and Cost-Containment Initiatives:** In response to financial pressures brought on by the pandemic, SAS implemented a number of expense reduction actions that worked to both balance its budget in FY2021 and create savings over the next five years. SAS froze school-funded PhD admissions for Fall 2021, a move that will provide budgetary relief over the next five years. The School has also dramatically reduced faculty hiring for both FY2022 and FY2023 – this, combined with the University's Special Incentive Plan (SIP), has reduced faculty headcount in FY2022 and driven an unprecedented drop in year-over-year spend on faculty salaries in FY2022. Pandemic-related enrollment pressures, particularly for international students, drove down revenues in the English Language Programs (ELP) and other internationally-focused professional master's and non-credit programs. Restoration of revenues is anticipated in the near-term in this space.

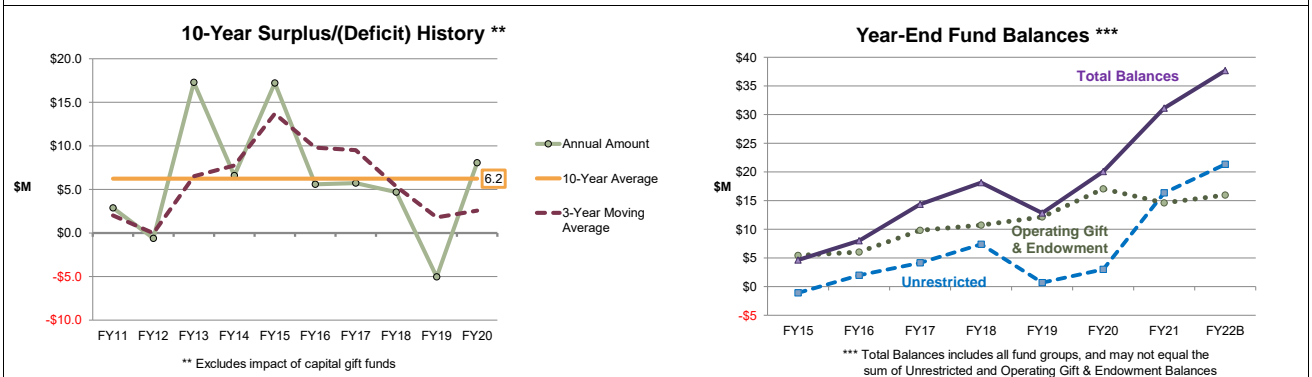
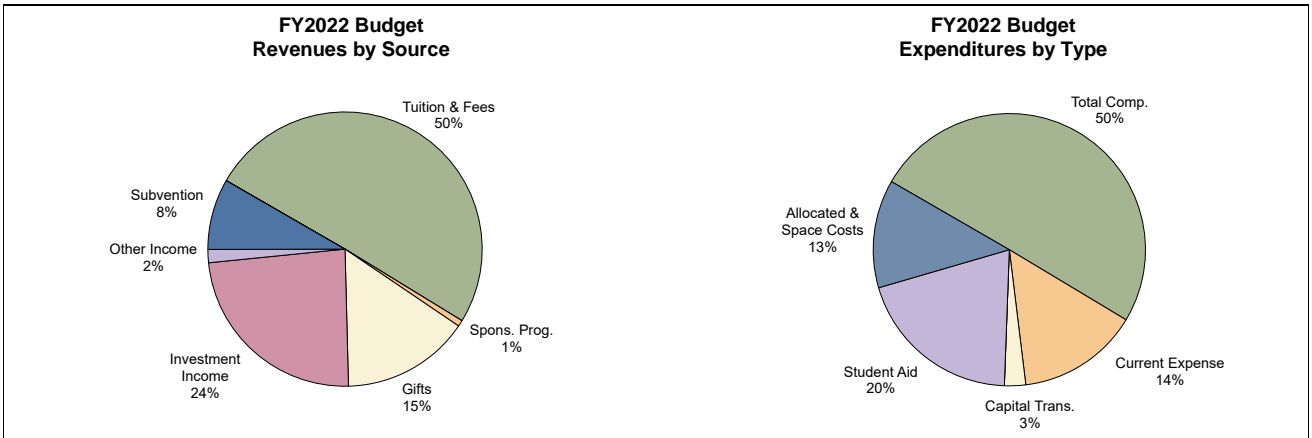
**PENN CAREY LAW**  
(in thousands of dollars)

FISCAL 2020 ACTUAL    FISCAL 2021 BUDGET    FISCAL 2021 FORECAST    % Change from 2020 Actual    FISCAL 2022 BUDGET    % Change from 2021 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	48,397	44,910	45,810	-5%	53,505	17%
Sponsored Programs	835	736	919	10%	773	-16%
Gifts	11,507	10,069	18,369	60%	16,055	-13%
Investment Income	19,838	21,206	23,604	19%	25,269	7%
Other Income	1,447	1,575	1,575	9%	1,653	5%
<b>DIRECT REVENUES</b>	<b>82,023</b>	<b>78,495</b>	<b>90,276</b>	<b>10%</b>	<b>97,255</b>	<b>8%</b>
University Subvention	8,135	7,380	7,581	-7%	8,883	17%
Net Resource Transfers From / (To) Other Centers	223	(971)	229	3%	(484)	-311%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>90,380</b>	<b>84,904</b>	<b>98,086</b>	<b>9%</b>	<b>105,654</b>	<b>8%</b>
<b>EXPENDITURES</b>						
Total Compensation	45,574	47,942	47,942	5%	49,817	4%
Current Expense	11,941	14,300	11,100	-7%	14,324	29%
Capital Transactions	181	505	1,505	731%	2,500	66%
Student Aid	13,248	14,367	14,367	8%	19,725	37%
<b>NET DIRECT EXPENDITURES</b>	<b>70,944</b>	<b>77,115</b>	<b>74,915</b>	<b>6%</b>	<b>86,366</b>	<b>15%</b>
Allocated Cost & Space Charges	11,373	12,078	12,078	6%	12,728	5%
<b>TOTAL EXPENDITURES</b>	<b>82,317</b>	<b>89,193</b>	<b>86,993</b>	<b>6%</b>	<b>99,094</b>	<b>14%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>8,064</b>	<b>(4,288)</b>	<b>11,094</b>		<b>6,560</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	925	872	872	-6%	923	6%
Certificate & Non-Degree	12	12	12	-3%	14	17%
<b>Total Students</b>	<b>937</b>	<b>884</b>	<b>884</b>	<b>-6%</b>	<b>937</b>	<b>6%</b>
Standing Faculty	48	52	52	9%	55	6%
Staff	156	155	155	-1%	163	5%





## Major Areas of Focus and Activity

[Penn Law](#) is committed to access and opportunity, investment in leaders, provision of pathways to public service, and fostering of transformative thinkers. The signing and stewardship of the W. P. Carey Foundation and Toll gifts have led to profound achievements in the recruitment of world-class faculty and students and provided a firm foundation for bold initiatives. These transformative gifts will require additional investments in staffing, programming, and facilities which are essential to maintaining the School's current trajectory.

## Key Budgetary Assumptions

**Enrollment:** The FY2022 budget projection assumes the incoming JD classes and the LLM/LLCM classes will hold steady at 249 and 115 students respectively. Applications to the JD program increased by 37% to over 8,400 during the latest admissions cycle, and the class of 2024 is poised to exceed goal across every measure, including academic credentials and diversity. The Master in Law (ML) program continues to grow.

**Tuition Rates:** After holding flat in FY2021, the tuition rate for the JD program will increase by 2.8% in FY2022. The same rate of increase will apply to the LLM/LLCM program.

**Financial Aid:** A high level of growth is anticipated in FY2022 due in large part to funding from the Toll gift.

**Faculty Positions:** Despite a number of retirements, filled standing faculty positions are budgeted to increase from 52 to 55. The School has aggressively pursued some of the nation's finest legal scholars, both at the senior and junior level, and is beginning to see a real payoff. These recruitments are being supported with funding from the Carey gift.

**Staff Positions:** During the pandemic, staff growth has been put on hold, but it is expected to resume in FY2022 to support revenue-enhancing education programs such as the ML and legal education programs; initiatives funded by new funding streams such as the growing Toll Public Interest Center; and auxiliary areas such as the library, IT, and faculty affairs. Staff FTEs are budgeted to increase by eight to 163.

**Fundraising:** Thanks in large part to the Carey and Toll gifts, Penn Law has well exceeded both its overall \$100 million goal for *the Power of Penn* campaign and its \$9.2 million goal for FY2021. Gift receipts exclusive of restricted gifts to endowment are budgeted at \$16.1 million for FY2022.

**Capital Projects:** School capital investments over the next few years will include upgrades to Silverman Hall stacks and seminar rooms; Gittis hallways and classrooms; Golkin office updates; and Tanenbaum space to coincide with the redefinition of the library. This work will be guided by a feasibility study concluded in FY2021.

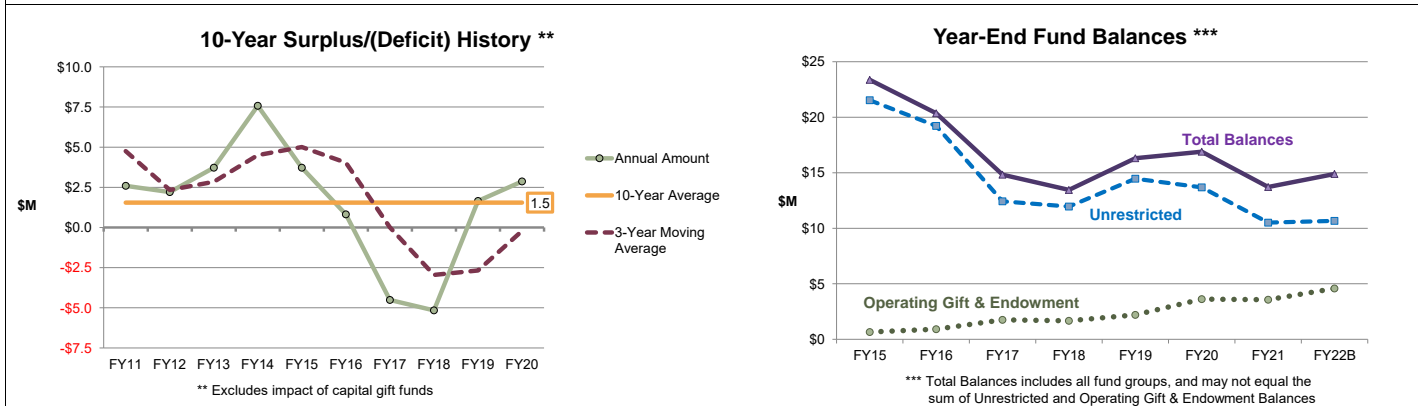
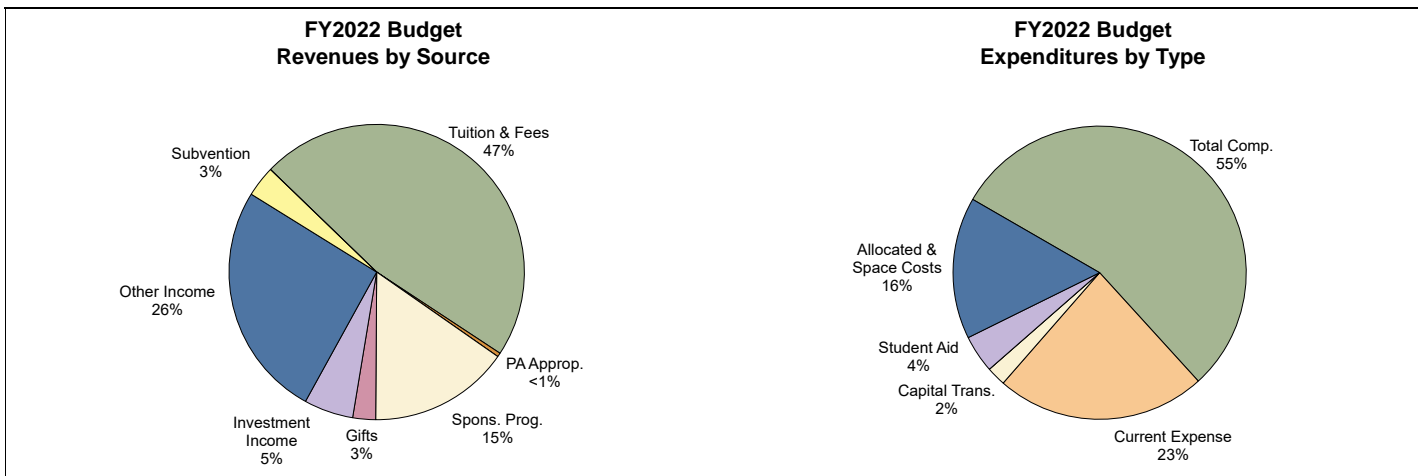
**SCHOOL OF DENTAL MEDICINE**  
(in thousands of dollars)

FISCAL 2020 ACTUAL    FISCAL 2021 BUDGET    FISCAL 2021 FORECAST    % Change from 2020 Actual    FISCAL 2022 BUDGET    % Change from 2021 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	48,770	51,279	51,695	6%	56,451	9%
Commonwealth Appropriation	517	517	517	0%	517	0%
Sponsored Programs	15,954	17,470	18,311	15%	18,494	1%
Gifts	4,896	6,974	2,629	-46%	3,000	14%
Investment Income	4,543	5,277	5,489	21%	6,480	18%
Other Income	26,692	21,171	27,249	2%	30,992	14%
<b>DIRECT REVENUES</b>	<b>101,372</b>	<b>102,689</b>	<b>105,890</b>	<b>4%</b>	<b>115,935</b>	<b>9%</b>
University Subvention	4,058	4,058	4,058	0%	4,058	0%
Net Resource Transfers From / (To) Other Centers	585	162	8	-99%	(4)	-148%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>106,015</b>	<b>106,908</b>	<b>109,956</b>	<b>4%</b>	<b>119,989</b>	<b>9%</b>
<b>EXPENDITURES</b>						
Total Compensation	55,826	56,743	56,917	2%	65,247	15%
Current Expense	21,683	22,571	27,889	29%	27,553	-1%
Capital Transactions	3,527	6,999	5,459	55%	2,519	-54%
Student Aid	4,323	4,563	4,886	13%	4,925	1%
<b>NET DIRECT EXPENDITURES</b>	<b>85,360</b>	<b>90,876</b>	<b>95,151</b>	<b>11%</b>	<b>100,244</b>	<b>5%</b>
Allocated Cost & Space Charges	17,751	17,982	17,982	1%	18,576	3%
<b>TOTAL EXPENDITURES</b>	<b>103,111</b>	<b>108,858</b>	<b>113,133</b>	<b>10%</b>	<b>118,820</b>	<b>5%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>2,904</b>	<b>(1,949)</b>	<b>(3,177)</b>		<b>1,169</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	594	632	632	6%	684	8%
Certificate & Non-Degree	108	106	106	-2%	106	0%
<b>Total Students</b>	<b>702</b>	<b>738</b>	<b>738</b>	<b>5%</b>	<b>790</b>	<b>7%</b>
Standing Faculty	49	50	52	6%	51	-2%
Staff	286	298	295	3%	325	10%



\*\* Excludes impact of capital gift funds

\*\*\* 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

[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. In addition, PDM offers 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 School's budget and current year forecast reflect the following:

- Increasing tuition and fees modestly to reduce the burden on Penn First Plus students and others.
- Holding a virtual wellness conference in Fall 2020 and maintaining on-site Counseling and Psychological Services (CAPS) for the student body.
- Expanding global outreach through virtual continuing education and professional development programs that can be shifted to live programming when travel and financial limitations ease.
- Setting a goal of raising \$500,000 per year in scholarships for financial aid.

**Tuition:** The incoming DMD class of 145 students and 50 Program for Advanced Standing (PASS) students will increase the School's predoctoral class size by 20 students, resulting in an additional \$2 million in tuition revenue. In addition, PDM has launched a new Master of Oral Health Sciences program which is expected to enroll seven students in its first year. The tuition rate for the DMD program is increasing by 2%.

**Clinical Operations:** PDM clinical operations have successfully rebounded from the downturn in revenues experienced during the first few months of the pandemic. Several community sites are experiencing a slower comeback and will move to full capacity by the fall. Patient care revenue in FY2022 is expected to meet or exceed pre-pandemic levels.

**Sponsored Programs:** There was not a significant impact on sponsored program revenue in FY2021 from the pandemic, and a modest increase is expected for FY2022.

**Faculty and Staff Positions:** While the number of standing faculty is anticipated to decrease by one, increases are expected in full-time, non-standing faculty and part-time clinical faculty to support the growth in class size and community outreach programs. Staff growth is due largely to the insourcing of the call center, increase in the number of hygienists and dental assistants in the family practice, creation of a new Center for Integrative Oral Healthcare (IGOH), and the recruitment of a diversity officer.

**Current Expense:** A notable increase in clinical supplies and cleaning expense is expected in FY2022 versus original estimates due primarily to the additional expense for personal protective equipment (PPE) and increased clinical cleaning protocols due to the pandemic (from three days per week to daily).

**Capital Project Priorities:** The School has no major capital plans currently for FY2022. Several small renovations are planned to ensure PDM meets the clinical requirements for the CODA accreditation scheduled for September 2023.



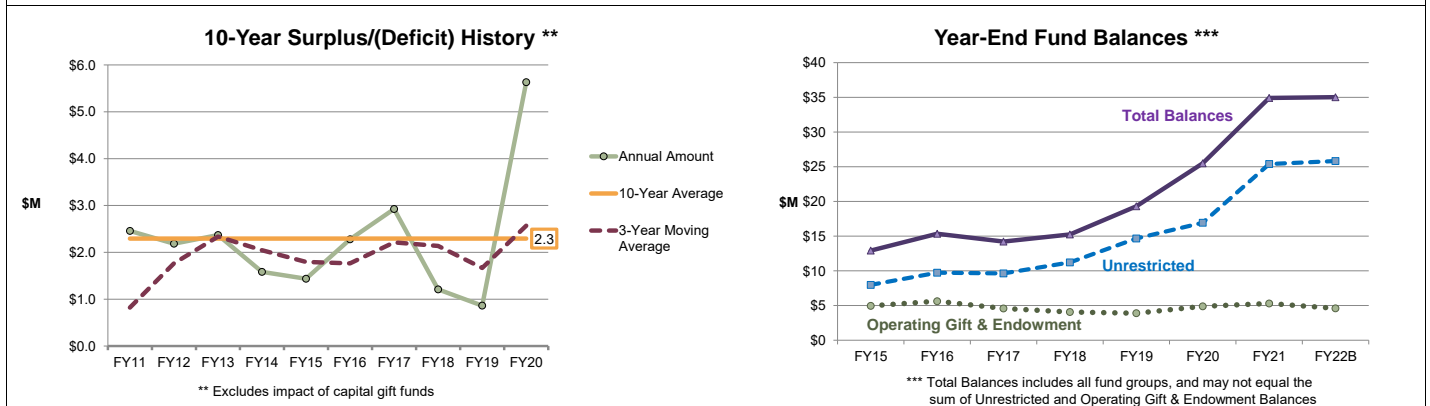
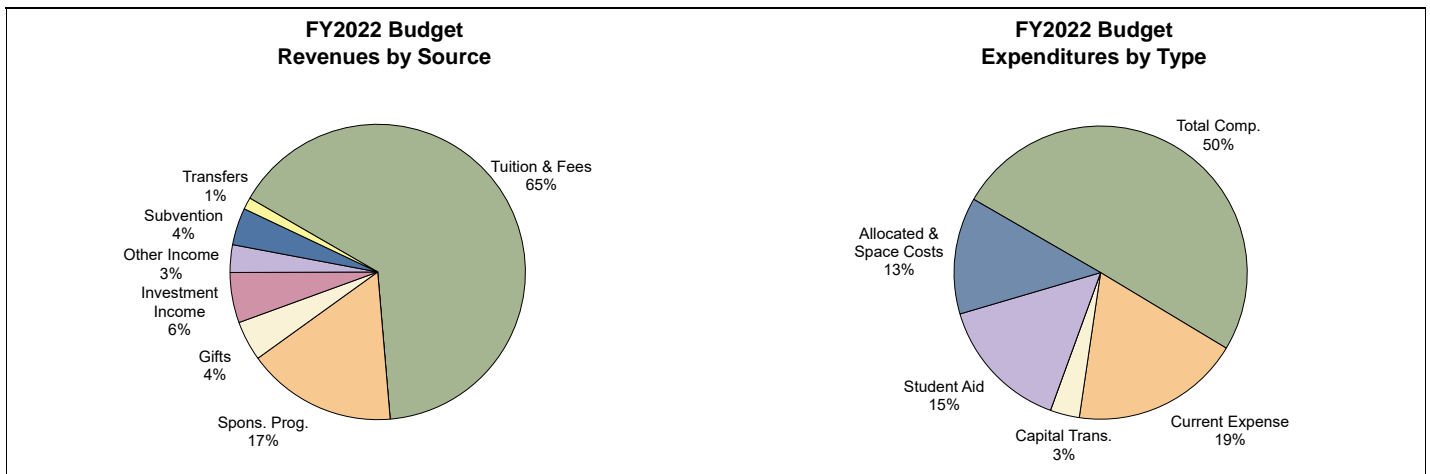
**GRADUATE SCHOOL OF EDUCATION**  
(in thousands of dollars)

FISCAL 2020 ACTUAL    FISCAL 2021 BUDGET    FISCAL 2021 FORECAST    % Change from 2020 Actual    FISCAL 2022 BUDGET    % Change from 2021 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	50,303	46,155	50,320	0%	51,355	2%
Sponsored Programs	12,804	13,029	11,255	-12%	12,906	15%
Gifts	5,227	4,271	3,380	-35%	3,437	2%
Investment Income	3,623	3,488	4,044	12%	4,329	7%
Other Income	2,206	1,854	2,376	8%	2,375	0%
<b>DIRECT REVENUES</b>	<b>74,162</b>	<b>68,797</b>	<b>71,374</b>	<b>-4%</b>	<b>74,402</b>	<b>4%</b>
University Subvention	3,118	3,165	3,165	2%	3,200	1%
Net Resource Transfers From / (To) Other Centers	1,986	1,493	1,422	-28%	1,019	-28%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>79,267</b>	<b>73,455</b>	<b>75,961</b>	<b>-4%</b>	<b>78,621</b>	<b>4%</b>
<b>EXPENDITURES</b>						
Total Compensation	37,936	38,068	37,079	-2%	39,341	6%
Current Expense	13,009	13,654	7,456	-43%	14,644	96%
Capital Transactions	111	2,180	830	645%	2,525	204%
Student Aid	10,380	10,181	11,313	9%	11,654	3%
<b>NET DIRECT EXPENDITURES</b>	<b>61,435</b>	<b>64,083</b>	<b>56,678</b>	<b>-8%</b>	<b>68,165</b>	<b>20%</b>
Allocated Cost & Space Charges	9,214	9,647	9,647	5%	10,078	4%
<b>TOTAL EXPENDITURES</b>	<b>70,650</b>	<b>73,730</b>	<b>66,325</b>	<b>-6%</b>	<b>78,243</b>	<b>18%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>8,617</b>	<b>(275)</b>	<b>9,636</b>		<b>378</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.	97	97	97	0%	97	0%
Professional & Other Degree	1,109	994	1,188	7%	1,129	-5%
Certificate & Non-Degree	146	183	73	-50%	139	90%
<b>Total Students</b>	<b>1,353</b>	<b>1,274</b>	<b>1,358</b>	<b>0%</b>	<b>1,365</b>	<b>1%</b>
Standing Faculty	39	38	36	-6%	36	-1%
Staff	139	143	143	3%	145	1%



\*\* Excludes impact of capital gift funds

\*\*\* 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

Penn GSE partners with schools, communities, policymakers, and businesses to unlock educational opportunities for students--locally, nationally, and globally. This mission is accomplished through academic programs, research, and service to varied constituencies. In 2021, Penn GSE was named [the number one ranked Graduate School of Education by U.S. News](#).

Programmatically, the [Graduate School of Education](#) (GSE) offers master's and doctoral degree programs in specializations 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, which substantially widens the School's reach. With nearly 1,400 FTE students, GSE is the fifth largest school at Penn in overall enrollment and the third largest in terms of professional student enrollment.

The current research portfolio includes over \$46 million in awards and roughly \$13 million in annual expenditures from both the federal government and a wide variety of foundations. The School's service commitment is strong and supports professional development opportunities for teachers and administrators all over the region and nation, a strong and deepening partnership with the Philadelphia School District, and enhanced international education development efforts through student placements circling the globe. The innovation hub [Catalyst](#) and [Center for Professional Learning](#) are expanding access to learning opportunities across the world.

## Key Budgetary Assumptions

**Tuition and Fees:** Tuition and fees account for about 65% of total revenue at GSE. The FY2022 admissions cycle surpassed enrollment targets at an early date and continues to grow. However, due to the uncertain visa situation for international students, budgeting has been conservative, reflecting a modest enrollment decline of 5% compared to FY2021 for professional and other degree FTEs. This enrollment reduction is offset by a price increase of 2.8%. The result is a decline in tuition of -2.2% from the FY2021 forecast. Fees are projected to grow 5% from the FY2020 base, the last year of normalized fee rates.

**Research:** Sponsored program revenue is anticipated to be similar to pre-pandemic FY2020 levels at \$12.9 million.

**Student Aid:** GSE continues to make substantial investments in student aid. A 3.0% budgeted increase over the FY2021 forecast brings total aid to \$11.7 million. Scholarship gifts continue to come in, driving a portion of this increase, and financial aid growth will be emphasized in future fundraising.

**Development/Power of Penn:** The current pledge and pipeline schedule implies over \$3.4 million in gift income for the FY2022 budget. Of this amount, \$2.9 million is dedicated to the GSE expansion project.

**Capital Transactions:** GSE plans to spend \$2.5 million on capital transactions in FY2022, comprised of construction documentation and a portion of construction administration for the expansion project.

**Salaries:** Salaries are expected to increase by \$1.6 million, or 5.5%, versus FY2021, reflecting merit increases of 2.0% and faculty and staff growth. The budget assumes the addition of two FTEs in associated faculty and two and a half FTEs in academic support staff. Staff FTEs are budgeted to grow by two due to the addition of a diversity officer and online degree specialist.

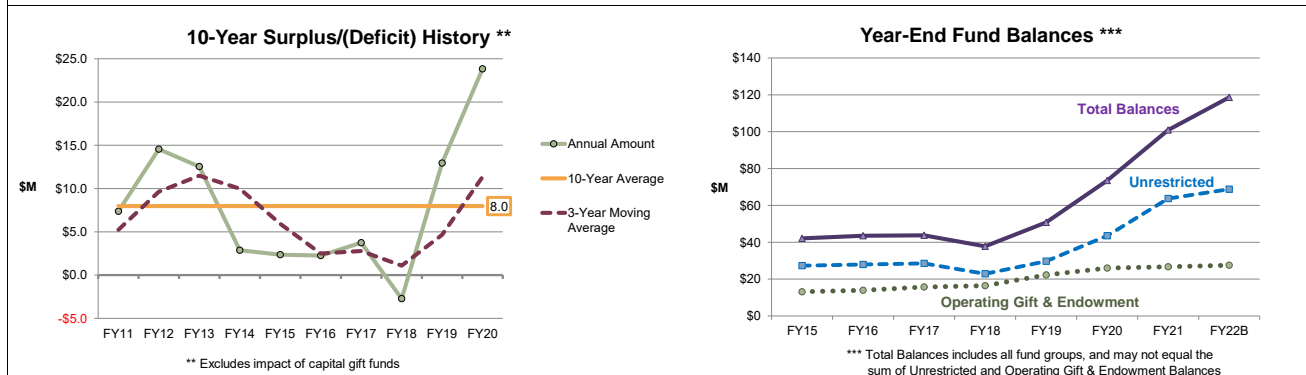
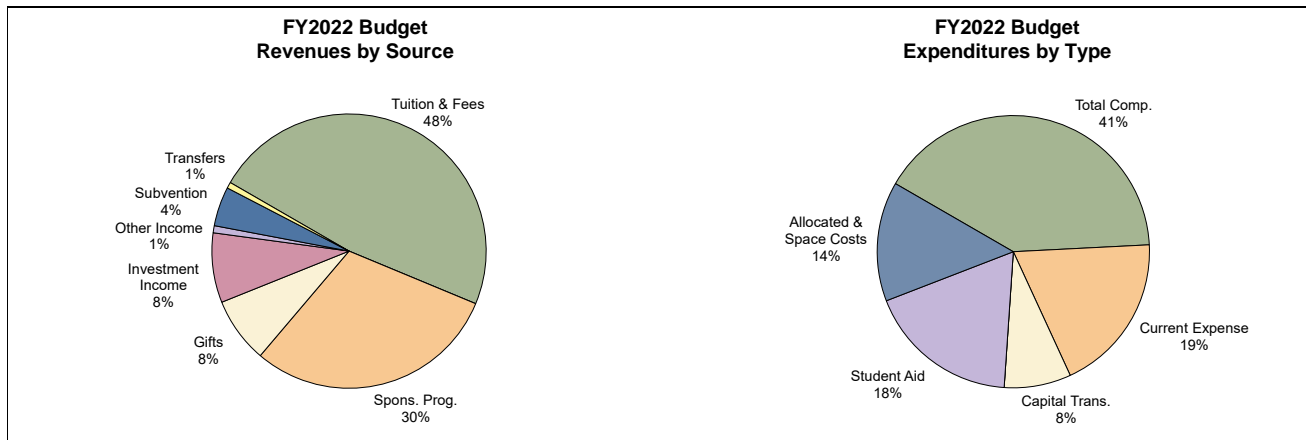
**SCHOOL OF ENGINEERING & APPLIED SCIENCE**  
(in thousands of dollars)

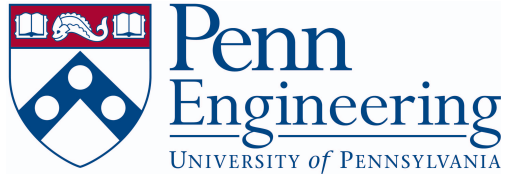
FISCAL 2020 ACTUAL    FISCAL 2021 BUDGET    FISCAL 2021 FORECAST    % Change from 2020 Actual    FISCAL 2022 BUDGET    % Change from 2021 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	119,331	127,902	127,676	7%	135,064	6%
Sponsored Programs	78,608	74,007	85,080	8%	87,515	3%
Gifts	12,388	24,304	17,017	37%	22,567	33%
Investment Income	17,677	20,372	21,039	19%	24,018	14%
Other Income	2,123	2,458	924	-56%	2,444	164%
<b>DIRECT REVENUES</b>	<b>230,127</b>	<b>249,043</b>	<b>251,735</b>	<b>9%</b>	<b>271,608</b>	<b>8%</b>
University Subvention	11,935	11,732	12,465	4%	13,578	9%
Net Resource Transfers From / (To) Other Centers	5,026	2,572	4,472	-11%	2,086	-53%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>247,087</b>	<b>263,348</b>	<b>268,671</b>	<b>9%</b>	<b>287,272</b>	<b>7%</b>
<b>EXPENDITURES</b>						
Total Compensation	93,927	101,250	102,454	9%	108,505	6%
Current Expense	39,752	42,259	35,321	-11%	51,289	45%
Capital Transactions	7,377	28,722	11,673	58%	21,094	81%
Student Aid	45,696	47,941	53,247	17%	47,944	-10%
<b>NET DIRECT EXPENDITURES</b>	<b>186,752</b>	<b>220,171</b>	<b>202,694</b>	<b>9%</b>	<b>228,833</b>	<b>13%</b>
Allocated Cost & Space Charges	33,732	36,105	36,105	7%	37,718	4%
<b>TOTAL EXPENDITURES</b>	<b>220,484</b>	<b>256,276</b>	<b>238,799</b>	<b>8%</b>	<b>266,551</b>	<b>12%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>26,603</b>	<b>7,071</b>	<b>29,872</b>		<b>20,722</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	1,813	1,800	1,744	-4%	1,790	3%
Ph.D.	620	640	706	14%	680	-4%
Professional & Other Degree	1,198	950	1,311	9%	1,651	26%
Certificate & Non-Degree	26	30	1	-97%	30	4378%
<b>Total Students</b>	<b>3,657</b>	<b>3,420</b>	<b>3,762</b>	<b>3%</b>	<b>4,151</b>	<b>10%</b>
Standing Faculty	121	128	128	6%	132	3%
Staff	208	228	231	11%	235	2%





## 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. Penn Engineering encourages diversity of representation, thought, and experience with the belief that diversity fosters critical thinking and innovation. This unique environment catalyzes technological innovation and fundamental discovery with a focus on global challenges in health, food, water, energy, and infrastructure. SEAS graduates leverage their interdisciplinary education to shape the future in engineering, industry, and commerce worldwide. The School 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 Measures:** As the University prepares for the return to an in-person teaching, research and residential environment for the fall, Penn Engineering is planning to utilize lessons learned during the pandemic to provide high-quality and cost-effective remote learning experiences for students, and to contain travel and entertainment expenditures by promoting virtual experiences where feasible.

**Faculty and Staff Positions:** The number of filled standing faculty positions for Fall 2021 is budgeted at 132, a net increase of four from Fall 2020. Full-time staff positions are budgeted at 235, an increase of four positions from Fall 2020, representing planned additional support for research and online education.

**Enrollment:** Full-time undergraduate enrollment is budgeted at 1,790, with an incoming class of 410. PhD enrollment is projected to be 680 FTEs and graduate and professional enrollment is budgeted at 1,651 FTEs, an increase of 340 FTEs from Fall 2020 due largely to higher online degree program enrollment.

**Research Expenditures:** The School has budgeted for a 3.2% increase in research expenditures for FY2022 and for 5.0% annual growth in the out years, commensurate with planned investments in world-class faculty research investigators.

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

- **Data Science Building:** Architects have completed 100% of the design development documents for a 116,000 gross square foot, mass timber structure on the northeast corner of 34th and Chestnut Streets that will be the focal point for data science and engineering across campus. The School has firm gift pledges totaling \$66 million and an overall fundraising goal of \$90 million for the building, which is currently estimated to cost \$136 million. SEAS' budget plan utilizes school reserves to close the gap between fundraising and project costs.
- **Vagelos Energy Science & Technology Building:** This new building, which will be shared with the School of Arts and Sciences, will be a key element in plans to add much-needed wet lab space near the main SEAS complex, including the Singh Center for Nanotechnology. SEAS space in Vagelos will provide state-of-the-art laboratory facilities for current and new faculty focused on energy and sustainability science and technology.

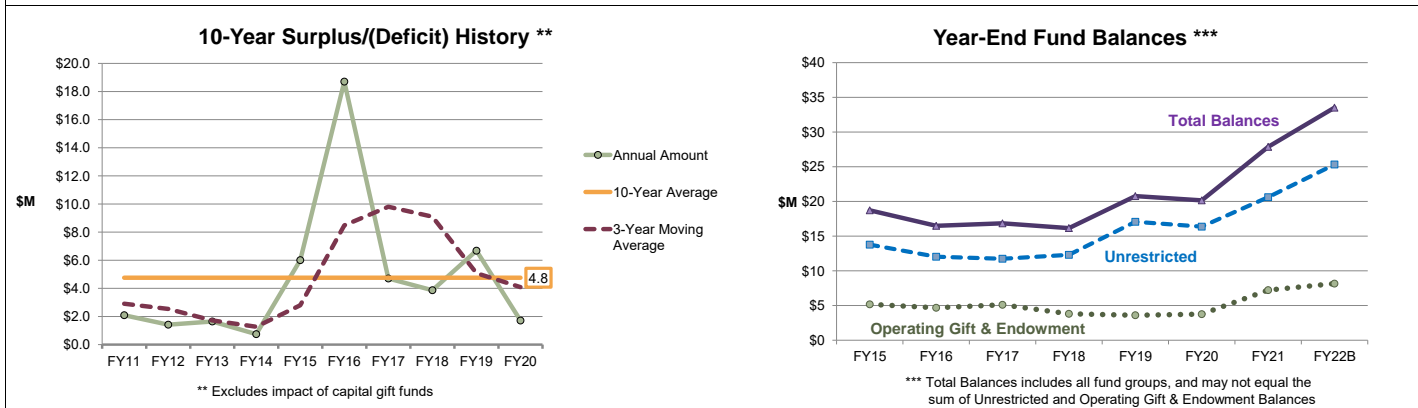
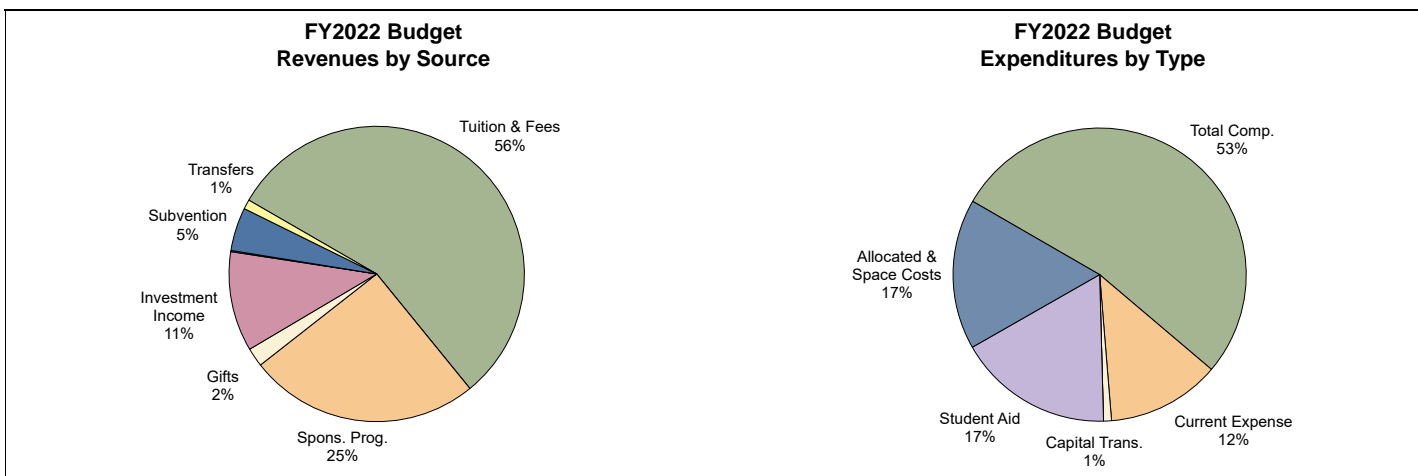
**SCHOOL OF NURSING**  
(in thousands of dollars)

FISCAL 2020 ACTUAL    FISCAL 2021 BUDGET    FISCAL 2021 FORECAST    % Change from 2020 Actual    FISCAL 2022 BUDGET    % Change from 2021 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	41,915	44,309	43,707	4%	45,355	4%
Sponsored Programs	18,768	19,958	18,695	0%	20,566	10%
Gifts	1,272	1,251	1,894	49%	1,678	-11%
Investment Income	7,096	7,527	8,285	17%	8,883	7%
Other Income	214	145	96	-55%	107	12%
<b>DIRECT REVENUES</b>	<b>69,264</b>	<b>73,191</b>	<b>72,676</b>	<b>5%</b>	<b>76,589</b>	<b>5%</b>
University Subvention	3,986	3,927	3,927	-1%	3,858	-2%
Net Resource Transfers From / (To) Other Centers	1,491	793	923	-38%	841	-9%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>74,741</b>	<b>77,911</b>	<b>77,526</b>	<b>4%</b>	<b>81,289</b>	<b>5%</b>
<b>EXPENDITURES</b>						
Total Compensation	38,008	39,944	37,236	-2%	39,574	6%
Current Expense	9,922	10,439	7,896	-20%	9,369	19%
Capital Transactions	2,081	180	77	-96%	655	750%
Student Aid	11,430	12,338	11,853	4%	12,856	8%
<b>NET DIRECT EXPENDITURES</b>	<b>61,441</b>	<b>62,901</b>	<b>57,062</b>	<b>-7%</b>	<b>62,455</b>	<b>9%</b>
Allocated Cost & Space Charges	11,591	11,991	11,991	3%	12,418	4%
<b>TOTAL EXPENDITURES</b>	<b>73,032</b>	<b>74,892</b>	<b>69,053</b>	<b>-5%</b>	<b>74,873</b>	<b>8%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>1,709</b>	<b>3,019</b>	<b>8,473</b>		<b>6,416</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	407	410	412	1%	410	0%
Ph.D.	55	56	49	-10%	56	14%
Professional & Other Degree	502	490	555	10%	530	-5%
Certificate & Non-Degree	10	10	10	-3%	10	0%
<b>Total Students</b>	<b>975</b>	<b>966</b>	<b>1,026</b>	<b>5%</b>	<b>1,006</b>	<b>-2%</b>
Standing Faculty	55	58	57	5%	57	0%
Staff	129	134	135	5%	140	4%





## Major Areas of Focus and Activity

Despite the myriad of challenges posed by the pandemic, the School of Nursing has continued to advance and elevate its educational and research programs. After successfully transitioning to remote working, teaching, and learning, the School will now navigate an effective return to campus utilizing new communication and organizational structures that manage fluidity of information and allow for rapid decision-making. Through an expansion in virtual courses, the School will focus on exceeding expectations for the quality of instruction and access to educational resources. In preparation for the resumption of research, the focus is on flexibility, safety, promotion of wellness, and fostering a supportive climate for all constituents. The School remains committed to providing resources that support underrepresented minority students, wellness programs for all constituents, and integrating social justice into operations.

## Key Budgetary Assumptions

**Enrollment:** While the admissions process is not complete, early signs are promising and the School is hopeful that it will yield class sizes comparable or larger than prior years. The shortage of clinical sites continues to limit capacity, but there has been progress working with faculty and hospital partners to increase student clinical experiences that meet the needs of both organizations. The new online Doctor in Nursing Practice in Executive Leadership (DNPEL) degree program will launch this fall, with an inaugural cohort of 22 that exceeds expectations.

**Tuition Rates:** The tuition rate for the MSN and DNP programs is increasing by 2.8%.

**Faculty Positions:** This past fall, five Nursing standing faculty enrolled in the University's Special Incentive Plan to encourage faculty retirements. These departures coupled with additional retirements expected over the next few years (58.2% of standing faculty are currently at retirement eligibility age) have accelerated plans to recruit new faculty. For FY2022, the School expects to recruit six new standing faculty. In addition, Nursing is conducting a salary review of full and part-time teaching faculty to ensure equity across its two academic departments. This review will result in higher-than-normal annual salary increases, a one-time adjustment needed to support course realignment work that established greater departmental autonomy, and transparency for dual-departmental faculty. These systemic changes will improve business processes, allow for greater standardization, and result in enhanced responsiveness to new opportunities.

**Research:** The research mission continues to outperform expectations, with Nursing realizing greater-than-expected awards and spending. The School's research enterprise has not lost momentum because faculty and students have found new ways of performing their research during the pandemic. Research spending is expected to pick up sharply in FY2022 as the School returns to normal operations.

**Cost Containment:** During FY2021, Nursing has exceeded its cost-containment goals. For FY2022, a planned conversion of simulation equipment to a lease program will save money and ensure that the equipment replacement program is state-of-the-art and there is less downtime. Based on the user experiences of the past year, the School will make a greater investment in its technology replacement program and closed captioning. Spending on other categories of current expense is likely to increase with the return to campus but is expected to do so on a phased basis and reflect University guidance.

**Capital Project Priorities:** In FY2022, Nursing will continue work on modernizing its elevators, creating a donor recognition wall, and implementing a revised space usage policy that will result in more efficient space utilization.



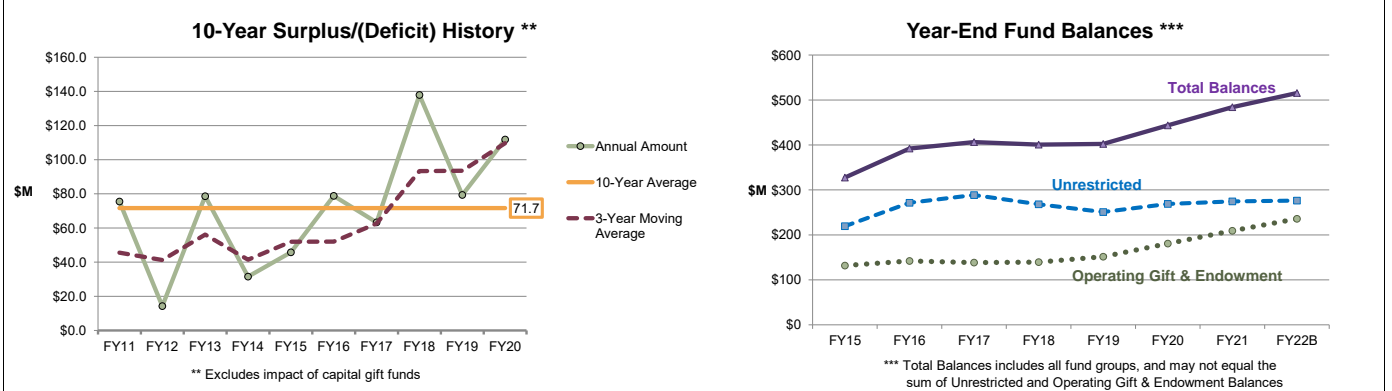
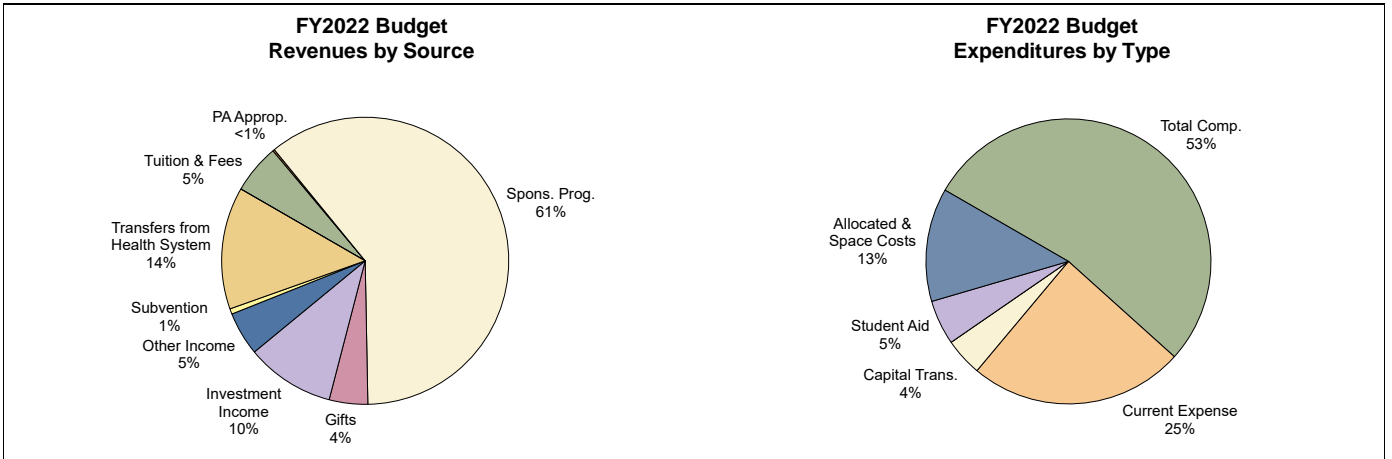
**PERELMAN SCHOOL OF MEDICINE**  
(in thousands of dollars)

	FISCAL 2020 ACTUAL	FISCAL 2021 BUDGET	FISCAL 2021 FORECAST	% Change from 2020 Actual	FISCAL 2022 BUDGET	% Change from 2021 Forecast
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<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	70,638	71,879	72,218	2%	74,717	3%
Commonwealth Appropriation	2,673	2,673	2,673	0%	2,673	0%
Sponsored Programs	749,708	719,630	778,734	4%	814,155	5%
Gifts	82,966	61,998	64,367	-22%	58,310	-9%
Investment Income	101,902	110,289	124,086	22%	134,270	8%
Other Income	63,955	60,192	93,493	46%	65,971	-29%
<b>DIRECT REVENUES</b>	<b>1,071,843</b>	<b>1,026,660</b>	<b>1,135,572</b>	<b>6%</b>	<b>1,150,095</b>	<b>1%</b>
University Subvention	8,135	8,196	8,196	1%	8,242	1%
Transfers from Health System	211,562	175,899	183,356	-13%	184,950	1%
Net Resource Transfers From / (To) Other Centers	(12,298)	(16,736)	(15,625)	27%	(18,647)	19%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>1,279,242</b>	<b>1,194,019</b>	<b>1,311,499</b>	<b>3%</b>	<b>1,324,640</b>	<b>1%</b>
<b>EXPENDITURES</b>						
Total Compensation	619,809	626,831	643,975	4%	671,017	4%
Current Expense	291,618	299,834	283,608	-3%	307,539	8%
Capital Transactions	45,528	38,709	38,943	-14%	54,145	39%
Student Aid	59,415	57,875	61,245	3%	63,816	4%
<b>NET DIRECT EXPENDITURES</b>	<b>1,016,369</b>	<b>1,023,248</b>	<b>1,027,771</b>	<b>1%</b>	<b>1,096,518</b>	<b>7%</b>
Allocated Cost & Space Charges	152,010	157,317	157,317	3%	161,867	3%
<b>TOTAL EXPENDITURES</b>	<b>1,168,379</b>	<b>1,180,565</b>	<b>1,185,088</b>	<b>1%</b>	<b>1,258,385</b>	<b>6%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>110,863</b>	<b>13,454</b>	<b>126,411</b>		<b>66,255</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.	833	800	850	2%	860	1%
Professional & Other Degree	831	840	861	4%	870	1%
Certificate & Non-Degree	40	40	37	-8%	40	8%
<b>Total Students</b>	<b>1,705</b>	<b>1,680</b>	<b>1,748</b>	<b>3%</b>	<b>1,770</b>	<b>1%</b>
Standing Faculty	1,514	1,535	1,541	2%	1,522	-1%
Staff	3,912	4,060	4,000	2%	4,035	1%



\*\* Excludes impact of capital gift funds

\*\*\* 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 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, 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 FY2022 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 total revenues. PSOM experienced a significant resurgence in sponsored research activity in FY2021. Strong growth is expected to continue in FY2022 with the renewal of major, multi-year grants supporting translational research and the Abramson Cancer Center. Major new grants that will start in FY2022 include a \$42 million, multi-year grant related to the influenza virus and a \$50 million, multi-year grant to accelerate the development of genetic-based therapies. A shortage of research space has been the most significant obstacle to growth in sponsored programs; to help address this shortage, the School in FY2022 is adding 150,000 square feet of research space in King of Prussia to support its gene therapy program.

**UPHS Support:** The FY2022 budget assumes that Health System transfers will be consistent with the FY2021 forecast, accounting for about 15% of the School's total revenues. PSOM is working collaboratively with UPHS to manage the level of transfer needed to support School operations.

**Continued Cost Containment:** Compensation costs are the largest component of the School's operating budget. To that end, the School will continue to review all staff positions funded from operating or unrestricted funds to determine whether they can continue to be delayed or deferred. Given the shortage of research space, the School will limit the number of new recruitments until new space can be identified. The School expects travel to remain limited, as virtual conferences have been well received.

**Capital Investments:** The School's \$48 million capital budget has several projects that support renewal of major systems in the School's research buildings. These includes updating HVAC controls in the Biomedical Research Building, replacing the air handling unit and switchgear for the Cyclotron, and upgrading the space for the School's Investigational Drug Service.

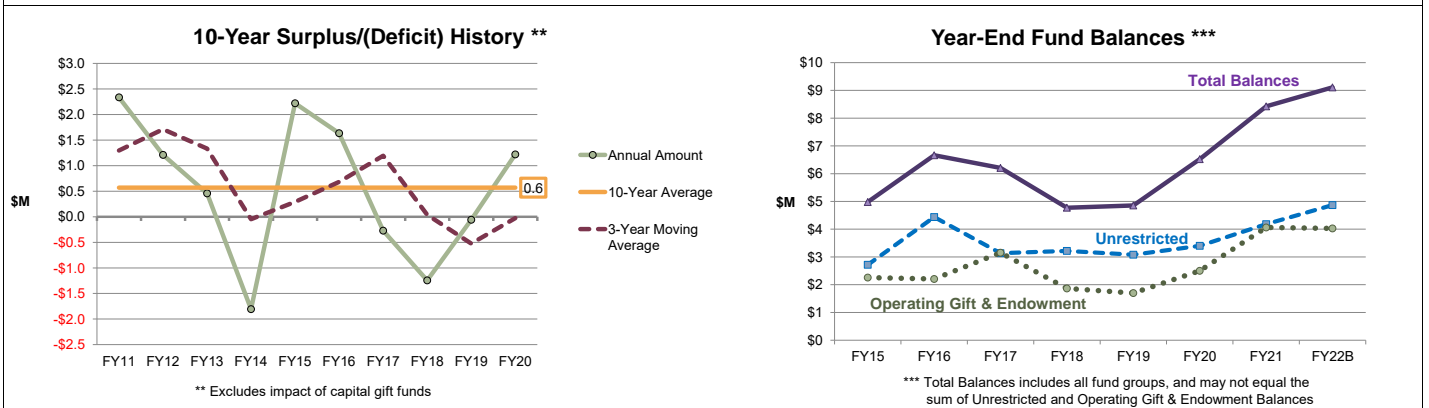
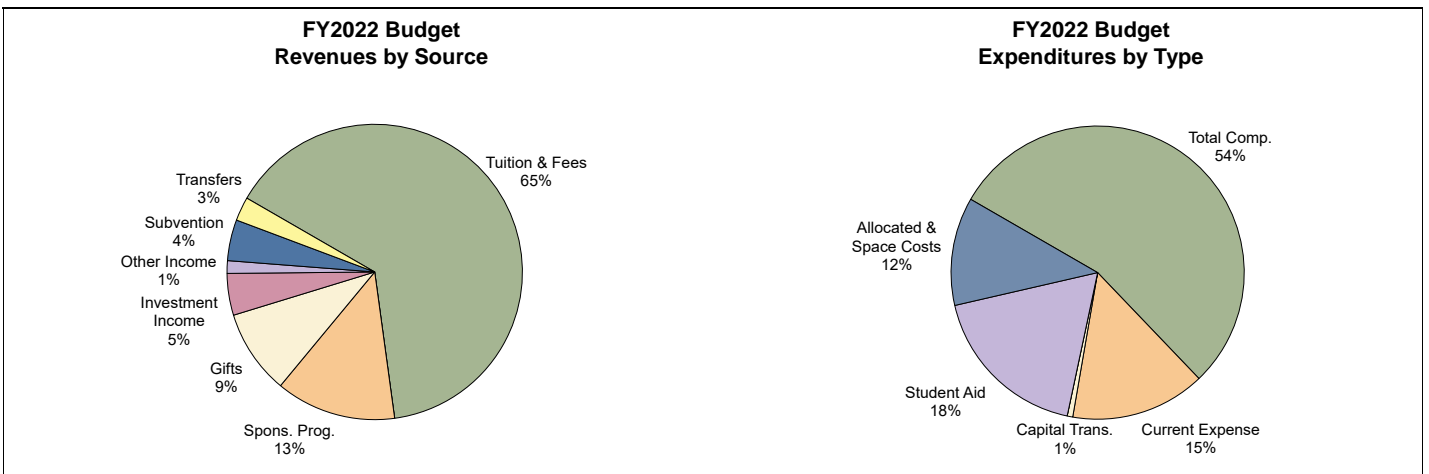
**SCHOOL OF SOCIAL POLICY AND PRACTICE**  
(in thousands of dollars)

	FISCAL 2020 ACTUAL	FISCAL 2021 BUDGET	FISCAL 2021 FORECAST	% Change from 2020 Actual	FISCAL 2022 BUDGET	% Change from 2021 Forecast
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<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	18,186	18,043	17,273	-5%	20,797	20%
Sponsored Programs	3,671	3,200	3,164	-14%	4,247	34%
Gifts	3,420	2,610	3,926	15%	2,985	-24%
Investment Income	1,169	1,261	1,373	18%	1,474	7%
Other Income	160	146	252	57%	447	77%
<b>DIRECT REVENUES</b>	<b>26,605</b>	<b>25,260</b>	<b>25,988</b>	<b>-2%</b>	<b>29,950</b>	<b>15%</b>
University Subvention	1,444	1,446	1,446	0%	1,447	0%
Net Resource Transfers From / (To) Other Centers	220	382	447	103%	843	89%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>28,269</b>	<b>27,088</b>	<b>27,881</b>	<b>-1%</b>	<b>32,240</b>	<b>16%</b>
<b>EXPENDITURES</b>						
Total Compensation	15,380	15,625	15,324	0%	17,203	12%
Current Expense	3,216	4,284	2,495	-22%	4,692	88%
Capital Transactions	124	356	799	545%	193	-76%
Student Aid	4,236	4,589	3,729	-12%	5,702	53%
<b>NET DIRECT EXPENDITURES</b>	<b>22,956</b>	<b>24,854</b>	<b>22,347</b>	<b>-3%</b>	<b>27,790</b>	<b>24%</b>
Allocated Cost & Space Charges	3,621	3,635	3,635	0%	3,764	4%
<b>TOTAL EXPENDITURES</b>	<b>26,577</b>	<b>28,489</b>	<b>25,982</b>	<b>-2%</b>	<b>31,554</b>	<b>21%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>1,692</b>	<b>(1,401)</b>	<b>1,899</b>		<b>686</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.	16	23	17	6%	24	41%
Professional & Other Degree	374	392	402	8%	455	13%
Certificate & Non-Degree	3	3	1	-63%	1	0%
<b>Total Students</b>	<b>392</b>	<b>418</b>	<b>420</b>	<b>7%</b>	<b>480</b>	<b>14%</b>
Standing Faculty	25	26	24	-4%	25	4%
Staff	56	58	56	1%	61	9%





## 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 level.

SSPP faculty members address issues of economic justice, racial equity, homelessness, child abuse and neglect, mental illness, clinical social work, volunteerism, philanthropy, domestic violence, gerontology, health equity, nonprofit leadership, prisoner re-entry, policy analysis, needs of LGBTQ populations, and the social impact of the arts. In addition, they utilize data analytics to inform social policy and practice. 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 of Medicine, the Law School, the Graduate School of Education, the Wharton School, SAS, Weitzman School of Design, and the School of Veterinary Medicine, and as a submatriculation option for undergraduate students.

## Key Budgetary Assumptions

**Enrollment:** The FY2022 budget anticipates increases in all master's degree programs and the addition of six PhD students in the fall. DSW enrollment is anticipated to be flat versus the prior year. Overall, a 21% increase in headcount is projected across all programs.

**Financial Aid:** For FY2022, SSPP has begun a process to more strategically allocate financial aid by adding need-based aid to the current merit-based calculation. The discount rate is expected to increase substantially next year, from 20% to 26%. FY2022 will be the inaugural year of the Social Justice Scholars program, which will offer full tuition scholarships to students matriculating from historically black colleges and universities (HBCUs) and minority-serving institutions (MSIs). Three new students have been admitted to this cohort, with the plan to increase program enrollment to six students in FY2023.

**New Faculty:** Although four SSPP standing faculty participated in the early retirement program offered by the University in FY2021, up to five new members are expected to join in FY2022. Offers have been made to three new faculty members to begin in July 2021, each with the ability to teach in any of the academic programs at SSPP. Their specializations include racial and gender inequities in healthcare settings, social determinants of health, poverty and inequality, immigration, the history of social welfare, substance use, adoption, and mental health.

**Sponsored Programs:** Although SSPP has experienced a decline in grants revenue in FY2021, it anticipates spending will exceed pre-pandemic levels in FY2022. The grants portfolio will be boosted by the creation of two new centers: the Center for Guaranteed Income Research and the Partnership for Social and Economic Mobility. In addition, existing centers, such as the Center for High Impact Philanthropy (CHIP) and Actionable Intelligence for Social Policy, are expected to ramp up spending.

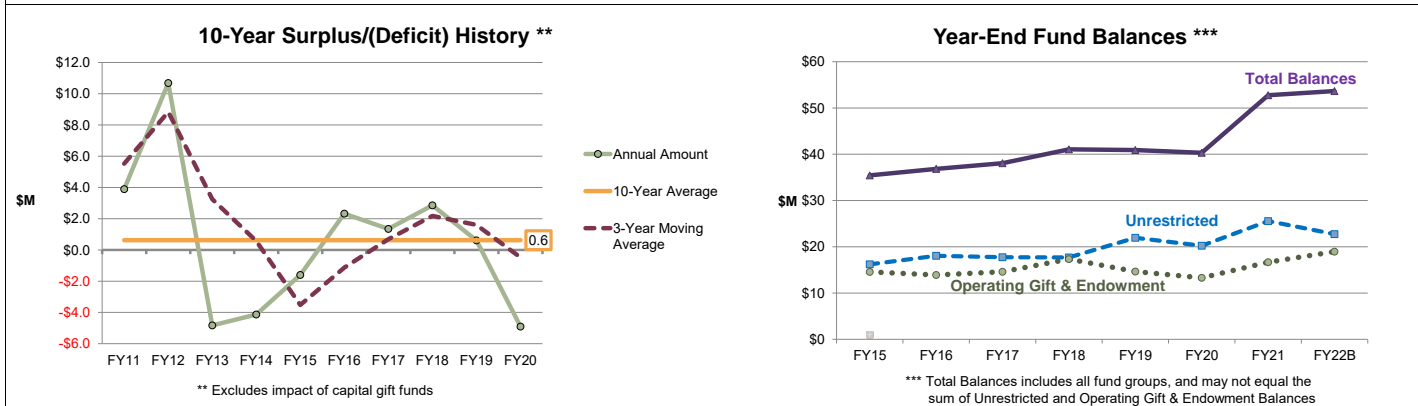
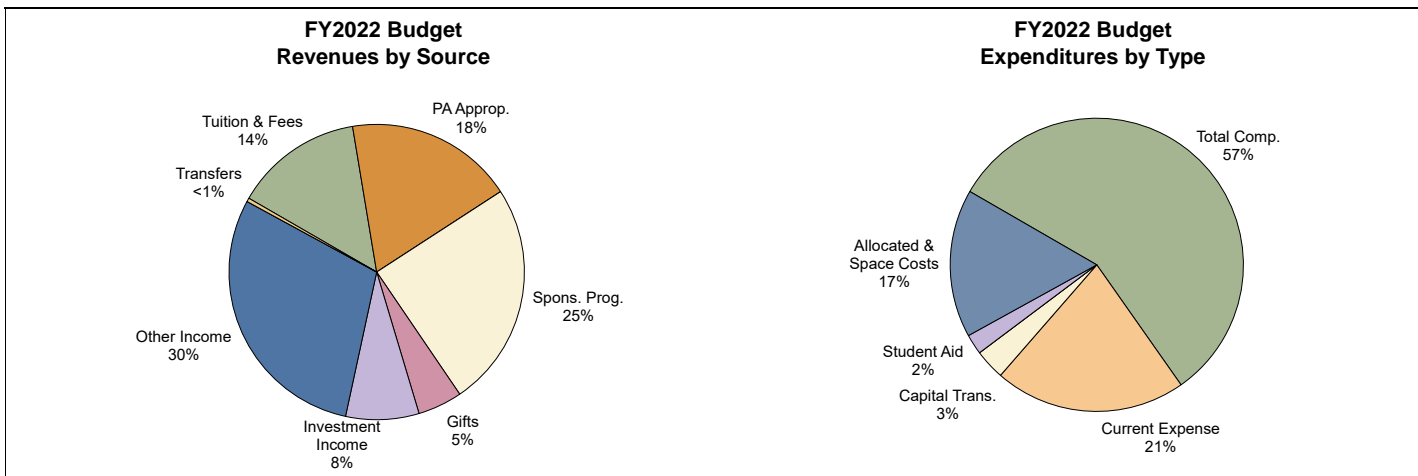
**SCHOOL OF VETERINARY MEDICINE**  
(in thousands of dollars)

FISCAL 2020 ACTUAL    FISCAL 2021 BUDGET    FISCAL 2021 FORECAST    % Change from 2020 Actual    FISCAL 2022 BUDGET    % Change from 2021 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	21,953	22,979	23,305	6%	24,327	4%
Commonwealth Appropriation	31,955	31,955	31,955	0%	31,955	0%
Sponsored Programs	38,115	41,102	45,574	20%	42,699	-6%
Gifts	11,770	5,879	9,645	-18%	8,442	-12%
Investment Income	11,144	11,676	13,118	18%	13,888	6%
Other Income	43,739	47,719	51,508	18%	51,159	-1%
<b>DIRECT REVENUES</b>	<b>158,676</b>	<b>161,312</b>	<b>175,105</b>	<b>10%</b>	<b>172,470</b>	<b>-2%</b>
University Subvention	125	0	0	-100%	0	nm
Net Resource Transfers From / (To) Other Centers	1,063	830	861	-19%	692	-20%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>159,864</b>	<b>162,141</b>	<b>175,966</b>	<b>10%</b>	<b>173,161</b>	<b>-2%</b>
<b>EXPENDITURES</b>						
Total Compensation	89,366	91,346	91,380	2%	98,054	7%
Current Expense	33,932	36,057	35,069	3%	36,435	4%
Capital Transactions	6,586	4,677	5,502	-16%	5,776	5%
Student Aid	2,947	3,381	3,730	27%	3,823	2%
<b>NET DIRECT EXPENDITURES</b>	<b>132,831</b>	<b>135,461</b>	<b>135,681</b>	<b>2%</b>	<b>144,088</b>	<b>6%</b>
Allocated Cost & Space Charges	26,707	27,461	27,461	3%	28,171	3%
<b>TOTAL EXPENDITURES</b>	<b>159,538</b>	<b>162,922</b>	<b>163,142</b>	<b>2%</b>	<b>172,259</b>	<b>6%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>326</b>	<b>(781)</b>	<b>12,824</b>		<b>902</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	481	496	503	5%	522	4%
Certificate & Non-Degree	10	10	32	231%	15	-53%
<b>Total Students</b>	<b>490</b>	<b>506</b>	<b>535</b>	<b>9%</b>	<b>537</b>	<b>0%</b>
Standing Faculty	111	121	112	1%	116	4%
Staff	673	676	696	3%	726	4%





## 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 to advance healthcare outcomes and access, ensure global health, bolster sustainable agriculture, create and support interdisciplinary career paths, and foster diversity, equity, and inclusion in the profession.

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, with a focus on [diversity in the profession](#) and several exciting new [dual degree programs](#) that are more relevant now than ever. With a renewed emphasis upon scholarship support for underrepresented students, and the appointment of a Chief Diversity, Equity, and Inclusion Officer, the School is making a significant investment in diversity and inclusivity to foster students with a career focus on social impact.

In keeping with this focus, the School has successfully launched several new dual degree programs with SSPP (VMD/MSW), SAS (VMD/MES), GSE (VMD/MSEd), and Law (VMD/ML) to complement a new 'One Health Track' in the VMD-MPH program (PSOM) and the longstanding and highly successful VMD-MBA and VMD-PhD programs. Future dual degree programs are in development including a VMD/ABSN or MSN with Nursing. With these new degrees, 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 as well as non-healthcare disciplines.

Lastly, the [COVID-19 outbreak](#) has highlighted the essential role that veterinarians play in society by providing life-sustaining and emergent/urgent care in hospitals, serving both 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](#). Additionally, the new '[Farm of the Future](#)' initiative, a partnership with the Weitzman School of Design, is creating 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:** FY2022 enrollment is projected at 522 core student FTEs including eight dual degree students, with close to two-thirds coming from outside Pennsylvania, and 15 certificate student FTEs. Tuition rates are increasing by 2.5%, underlying Penn Vet's strategic intent to slow tuition growth.

**Clinical Operations:** FY2022 hospital margins show decreases compared to FY2021, as both hospitals add faculty and staff to support the robust revenue performance achieved in most service areas in FY2021. FY2022 revenue projections for New Bolton's hospital reflect the negative impact expected due to a key retirement.

**Research:** Revenues are forecast to increase by 1.5%, excluding the impact of some grant revenue being delayed in FY2020 and booked in FY2021 due to the pandemic.

**Commonwealth Appropriation:** The appropriation is assumed to remain level with FY2021.

**Cost Containment Measures:** Several capital projects have been deferred until FY2023 and restrictions continue to be in place to reduce discretionary spending.



**WEITZMAN SCHOOL OF DESIGN**  
(in thousands of dollars)

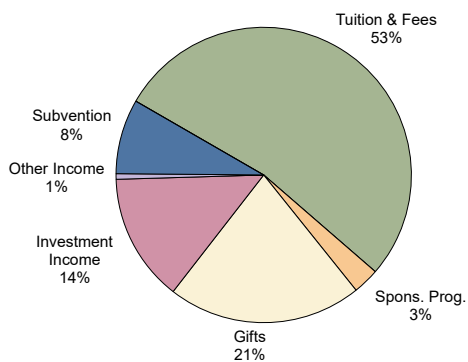
FISCAL 2020 ACTUAL    FISCAL 2021 BUDGET    FISCAL 2021 FORECAST    % Change from 2020 Actual    FISCAL 2022 BUDGET    % Change from 2021 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	35,637	31,149	31,940	-10%	36,567	14%
Sponsored Programs	1,821	1,721	1,692	-7%	1,988	17%
Gifts	8,793	7,965	18,404	109%	14,665	-20%
Investment Income	5,295	5,486	8,239	56%	9,667	17%
Other Income	536	346	365	-32%	420	15%
<b>DIRECT REVENUES</b>	<b>52,082</b>	<b>46,667</b>	<b>60,640</b>	<b>16%</b>	<b>63,308</b>	<b>4%</b>
University Subvention	5,459	5,481	5,481	0%	5,648	3%
Net Resource Transfers From / (To) Other Centers	5,648	8,294	(3,826)	-168%	(2,828)	-26%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>63,189</b>	<b>60,442</b>	<b>62,295</b>	<b>-1%</b>	<b>66,128</b>	<b>6%</b>
<b>EXPENDITURES</b>						
Total Compensation	25,985	25,596	25,661	-1%	27,312	6%
Current Expense	7,048	7,658	6,493	-8%	7,580	17%
Capital Transactions	2,841	5,173	4,541	60%	448	-90%
Student Aid	11,875	12,604	11,778	-1%	13,019	11%
<b>NET DIRECT EXPENDITURES</b>	<b>47,749</b>	<b>51,031</b>	<b>48,473</b>	<b>2%</b>	<b>48,359</b>	<b>0%</b>
Allocated Cost & Space Charges	9,275	9,797	9,797	6%	9,944	2%
<b>TOTAL EXPENDITURES</b>	<b>57,024</b>	<b>60,828</b>	<b>58,270</b>	<b>2%</b>	<b>58,303</b>	<b>0%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>6,165</b>	<b>(386)</b>	<b>4,025</b>		<b>7,825</b>	

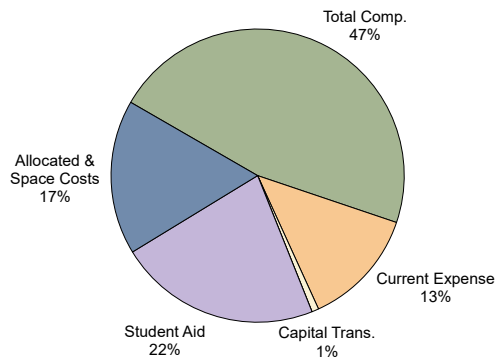
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	48	43	51	6%	43	-16%
Professional & Other Degree	732	570	636	-13%	676	6%
Certificate & Non-Degree	1	2	2	199%	2	0%
<b>Total Students</b>	<b>781</b>	<b>615</b>	<b>689</b>	<b>-12%</b>	<b>721</b>	<b>5%</b>
Standing Faculty	41	45	46	13%	46	0%
Staff	70	69	68	-2%	72	6%

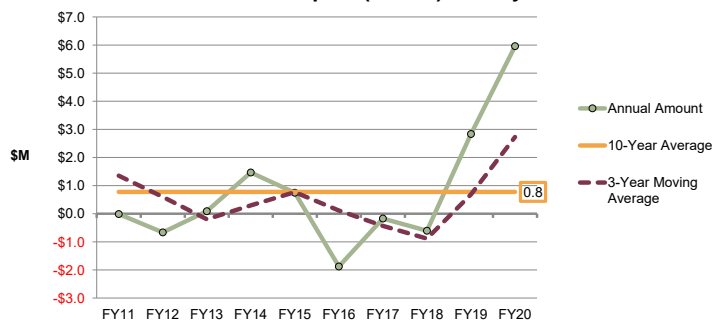
**FY2022 Budget Revenues by Source**



**FY2022 Budget Expenditures by Type**

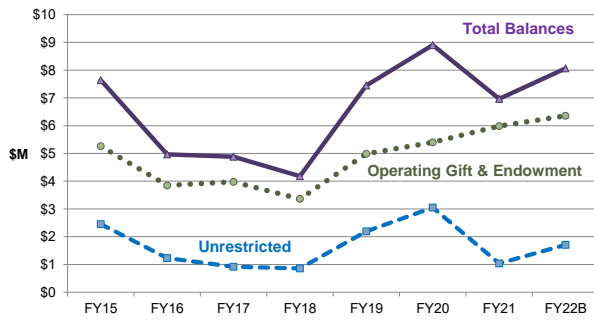


**10-Year Surplus/(Deficit) History \*\***



\*\* 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](#) currently provides graduate education to 661 master's students in architecture, city and regional planning, fine arts, historic preservation, landscape architecture, and urban spatial analytics, as well as 51 PhD students in architecture and city and regional planning. The School also teaches courses leading to a BA, with a major in architecture, fine arts, or design from SAS or a minor in landscape studies.

## Key Budgetary Assumptions

**Cost Containment Measures:** In FY2021, the School implemented a number of cost containment measures that reduced current expense and flattened growth in compensation, including delays in hiring and promoting full-time faculty, postponement of faculty searches, reductions in part-time faculty, not filling vacant staff positions, and pushing equipment replacement investments to future years. These measures were in addition to major reductions in spending for faculty, student, and administrative travel, lectures, and events (including Commencement) necessitated by the pandemic. The School also encouraged faculty to take advantage of the University's faculty incentive allowance program (FIAP), which resulted in three faculty retirements.

The FY2022 budget assumes a "return to pre-pandemic normal" in most cost categories, with increases in expenses for courses and studios, and limited domestic studio travel in the fall. The budget also includes increases for part-time faculty who are replacing retiring or on leave standing faculty or are needed to meet the demands of higher enrollment, as well as growth in staff reflecting the filling of vacancies that were put on hold during FY2021. The School will maintain its moratorium on meals and entertainment expenses while continuing to hold some lectures and public events. These cost containment measures, as well as a prohibition on international student travel in the fall, will help to slow the growth in costs in FY2022.

**Enrollment:** The School now expects to significantly increase its enrollment of master's students for Fall 2021, which is in sharp contrast to the slight drop that was anticipated due to uncertainty associated with the pandemic and a shift in the timing of the third semester of the Advanced Architecture Design program. After adding 29 deferrals from the current year and factoring in attrition, Weitzman is now projecting 730 master's students for Fall 2021, an increase of 69 students, or 10.4%, versus Fall 2020. The increase in master's students, coupled with a 2.8% increase in tuition rates, is projected to yield \$4.2 million in incremental tuition revenues.

**Faculty and Staff Positions:** The FY2022 budget assumes 46 filled standing faculty positions, the same level as FY2021, after taking into consideration three retirements, one new faculty member in landscape architecture, and two new faculty in the Kleinman Center. For staff, the School plans to hire a manager for the robotics lab and to fill a newly created position in the Kleinman Center to oversee student engagement. It also expects a net increase of two FTEs due to lower vacancies. Overall, Design anticipates 72 staff FTEs, a net increase of four compared to FY2021.

**Research Spending:** The FY2022 budget anticipates double-digit growth in research spending, and associated recognition of indirect cost recovery, as projects ramp up after a slowdown during the pandemic.

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

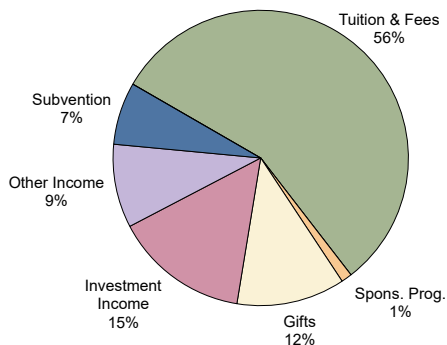
FISCAL 2020 ACTUAL    FISCAL 2021 BUDGET    FISCAL 2021 FORECAST    % Change from 2020 Actual    FISCAL 2022 BUDGET    % Change from 2021 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	291,932	286,051	285,454	-2%	321,777	13%
Sponsored Programs	5,277	3,433	5,894	12%	6,717	14%
Gifts	96,861	70,005	70,089	-28%	68,000	-3%
Investment Income	67,342	70,923	78,374	16%	84,509	8%
Other Income	49,505	53,569	35,237	-29%	52,398	49%
<b>DIRECT REVENUES</b>	<b>510,918</b>	<b>483,981</b>	<b>475,047</b>	<b>-7%</b>	<b>533,401</b>	<b>12%</b>
University Subvention	37,443	37,107	37,156	-1%	39,166	5%
Net Resource Transfers From / (To) Other Centers	2,063	1,177	(1,953)	-195%	(2,842)	46%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>550,424</b>	<b>522,265</b>	<b>510,250</b>	<b>-7%</b>	<b>569,725</b>	<b>12%</b>
<b>EXPENDITURES</b>						
Total Compensation	256,417	257,277	250,167	-2%	264,294	6%
Current Expense	109,699	100,817	66,320	-40%	108,357	63%
Capital Transactions	43,645	40,602	22,611	-48%	10,707	-53%
Student Aid	59,699	63,765	66,181	11%	64,306	-3%
<b>NET DIRECT EXPENDITURES</b>	<b>469,460</b>	<b>462,460</b>	<b>405,279</b>	<b>-14%</b>	<b>447,664</b>	<b>10%</b>
Allocated Cost & Space Charges	62,650	65,849	65,848	5%	68,707	4%
<b>TOTAL EXPENDITURES</b>	<b>532,110</b>	<b>528,309</b>	<b>471,127</b>	<b>-11%</b>	<b>516,371</b>	<b>10%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>18,313</b>	<b>(6,044)</b>	<b>39,123</b>		<b>53,354</b>	

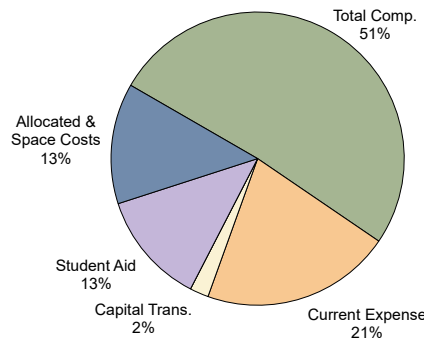
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	1,777	1,791	1,690	-5%	1,796	6%
Ph.D.	190	189	193	2%	187	-3%
Professional & Other Degree	2,144	2,061	2,070	-3%	2,193	6%
Certificate & Non-Degree	87	66	79	-10%	79	0%
<b>Total Students</b>	<b>4,199</b>	<b>4,107</b>	<b>4,032</b>	<b>-4%</b>	<b>4,255</b>	<b>6%</b>
Standing Faculty	224	244	241	7%	225	-7%
Staff	803	776	784	-2%	797	2%

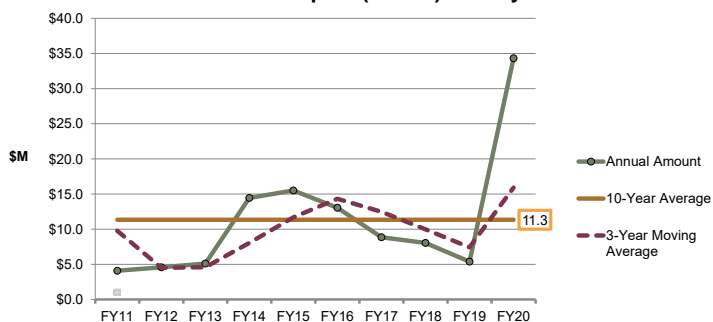
**FY2022 Budget Revenues by Source**



**FY2022 Budget Expenditures by Type**

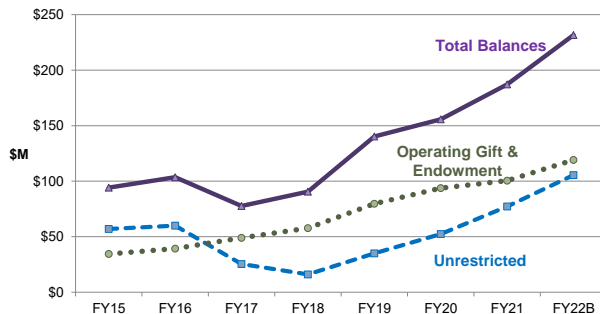


**10-Year Surplus/(Deficit) History \*\***



\*\* 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 and ten academic departments provide the full spectrum of business education. Wharton is positioning itself to advance in four areas in which it is uniquely qualified to lead: *the Wharton Way* focuses on Wharton's opportunity to elevate the impact of its scholarship, bridge academic disciplines, innovate in business content and educational experiences, and foster diverse and inclusive environments.

## Key Budget Assumptions

**Enrollment:** FY2022 undergraduate enrollment is projected to be 1,796 single degree students and 515 joint degree program participants. Full-time MBA enrollment is projected to increase by 2.5% to 1,762 students as the larger Class of 2022 moves into its second year and 25 students are expected to return from leave. After holding flat in FY2021, MBA program tuition will increase by 2.0% for incoming students. By fall, executive MBA enrollment is expected to reach 434 students with an incoming class of 223, with five students expected to return from leave. In the summer of 2022, there will be a total of 663 executive MBA students since the Class of 2022 started the program a semester later than normal. Doctoral enrollment is projected to be 187 students.

**Faculty and Staff Positions:** The School has confirmed acceptance of five new faculty members, including two women and two members of an underrepresented minority group. Wharton also expects 21 upcoming faculty departures including 17 as part of the special faculty retirement incentive plan, one retirement, and three resignations. Standing faculty positions are projected to be 225 (233 including all PIKs and joint tenured appointments) in FY2022. Starting this fall, Wharton will transition the standing faculty teaching load from three to two course units in an effort to make classroom teaching hours more on par with peer institutions and support research productivity. The FY2022 budget assumes 800 filled staff positions (797 FTEs) following a successful voluntary separation program and realignments of staff in key areas.

**Executive Education:** The Steinberg Conference Center is undergoing significant renovations to both its façade and mechanical infrastructure that should be completed by the end of September 2021. When the building is reopened, in-person instruction is expected to resume, with a focus on serving custom clients. Assuming in-person operations can resume in October 2021, FY2022 revenues from the face-to-face business are expected to reach \$52.9 million, with nearly half generated from the synchronous, online LIVE programming. Strong growth in blended programs, Wharton-marketed online courses, and partnerships are expected in Wharton Online in FY2022 with gross revenue projected to increase by 21%.

**Fundraising:** As of late April, Wharton had already exceeded its \$1 billion goal for the *More than Ever* campaign by \$9 million. Under Dean James' leadership, Wharton is developing new areas of focus for philanthropic support including diversity, equity, and inclusion initiatives.

**Cost Containment:** As Wharton plans for FY2022 and beyond, there is a focus on continuing to maximize efficiencies that were realized during the pandemic. School-funded current expense budgets that were cut by 15% during FY2021 have been reduced by an additional 2% in the FY2022 budget. In addition, each open staff position required justification for inclusion in the budget, expenses continue to be shifted from unrestricted funds to restricted funds wherever possible, and departmental requests for incremental support have been reduced dramatically due to clear, ongoing messaging from senior leadership.

**Capital Project Priorities:** This fall, Wharton's new buildings, the Academic Research Building and Tangen Hall, as well as the significantly renovated space in Steinberg-Dietrich Hall, will be fully launched as vibrant new additions for instruction, research, and collaboration. Wharton will also be investing in classroom technology to support the learning and teaching experience of all its students and faculty.

Responsibility Center Budgets & Program Statements

**RESOURCE CENTERS**

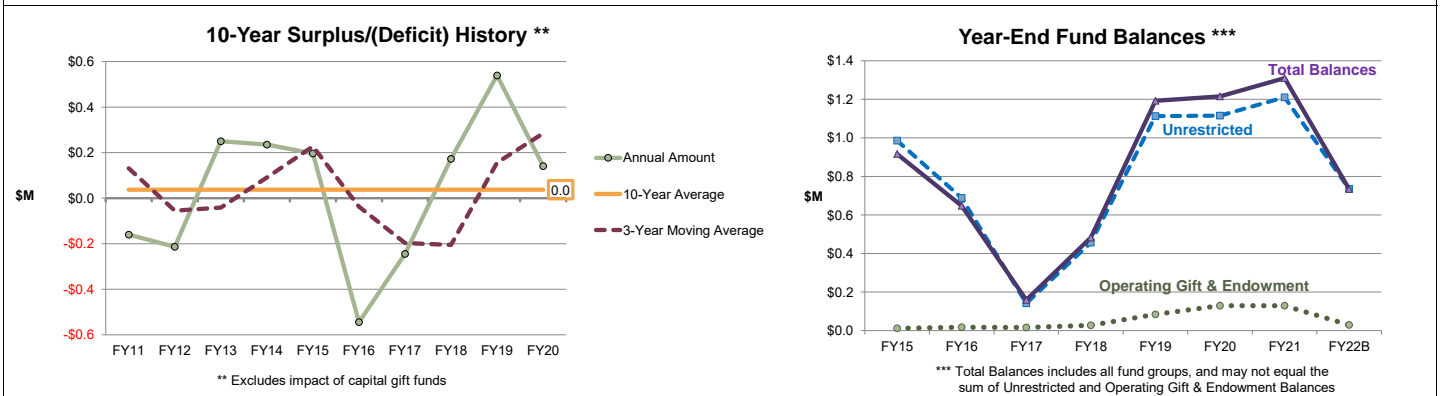
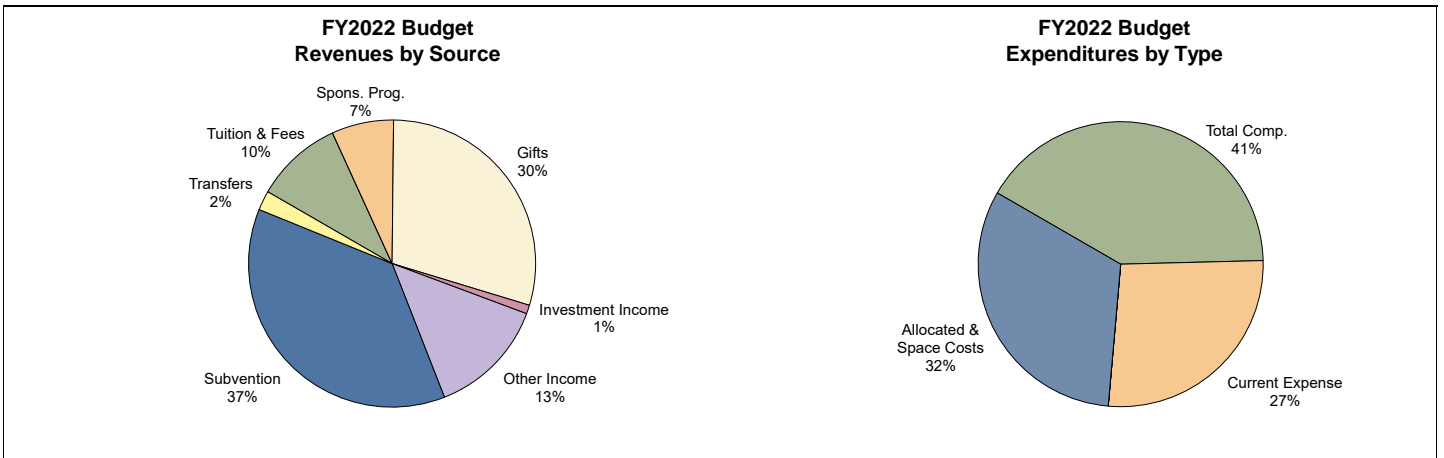
**ANNENBERG CENTER FOR THE PERFORMING ARTS**  
(in thousands of dollars)

	FISCAL 2020 ACTUAL	FISCAL 2021 BUDGET	FISCAL 2021 FORECAST	% Change from 2020 Actual	FISCAL 2022 BUDGET	% Change from 2021 Forecast
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<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	588	594	564	-4%	576	2%
Sponsored Programs	278	276	355	27%	408	15%
Gifts	1,005	1,208	1,172	17%	1,726	47%
Investment Income	41	42	48	18%	58	19%
Other Income	1,381	665	104	-92%	782	652%
<b>DIRECT REVENUES</b>	<b>3,294</b>	<b>2,786</b>	<b>2,243</b>	<b>-32%</b>	<b>3,550</b>	<b>58%</b>
University Subvention	2,372	2,314	2,198	-7%	2,168	-1%
Net Resource Transfers From / (To) Other Centers	132	103	3	-98%	128	4170%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>5,799</b>	<b>5,203</b>	<b>4,444</b>	<b>-23%</b>	<b>5,846</b>	<b>32%</b>
<b>EXPENDITURES</b>						
Total Compensation	2,112	1,805	1,522	-28%	2,650	74%
Current Expense	1,291	1,285	714	-45%	1,721	141%
Capital Transactions	130	0	0	-100%	0	0%
Student Aid	0	0	0	0%	0	0%
<b>NET DIRECT EXPENDITURES</b>	<b>3,533</b>	<b>3,090</b>	<b>2,236</b>	<b>-37%</b>	<b>4,371</b>	<b>95%</b>
Allocated Cost & Space Charges	2,125	2,113	2,113	-1%	2,051	-3%
<b>TOTAL EXPENDITURES</b>	<b>5,658</b>	<b>5,203</b>	<b>4,349</b>	<b>-23%</b>	<b>6,422</b>	<b>48%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>141</b>	<b>0</b>	<b>95</b>		<b>(576)</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	18	16	17	-7%	22	29%





# 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 access to 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. 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 FY2022 budget has been crafted to address the continuing implementation of the strategic plan, the active solicitation of remaining campaign priorities, and the response to the challenges that the pandemic has presented for performing arts organizations. This past year, programming pivoted to live digital performances, streamed in real time from the Annenberg Center's stages to a national and international audience, as well as a new series of film programs. Ticket buyers and Penn alumni who were reached came from nine foreign countries and 42 states, and students accounted for 38% of the total attendance. Services also expanded to include outdoor performance space infrastructure for student performing arts events and professional simulcasts. Planning for greater integration across campus to further support the performing arts upon a resumption of indoor events is in process.

**Limited Earned Rental Revenue:** Rental income is budgeted to remain low in FY2022 at around \$300,000 and not return to normal levels until FY2023.

**Continued Stability in Contributed Revenue:** The momentum from the implementation of the strategic plan has continued with the addition of three new board members in FY2021. As of the end of April, ACPA had exceeded its \$10.0 million *Power of Penn* goal by about \$200,000 with the recently secured \$1 million gift for the naming of the Feintuch Family Lobby. The FY2022 goal is for \$2.1 million in contributed income.

**Planning for Program Resumption:** The Center has planned for a resumption of in-person events initially outdoors, with programming in June and September in various locations around the city, including the [Morris Arboretum](#). Indoor events are expected to resume in mid-November and capacity – the primary driver of ticketing revenue – will be determined based on city guidelines.

**Staff Positions:** The growth of five FTEs reflects the Center's effort to rebuild its staff following pandemic-related expense reductions and to prepare for expanded services on campus post-pandemic.

**Capital Project Priorities:** Anticipated projects include the redevelopment of the Center's façade, lighting and signage enhancements in line with the Sachs Hub during FY2022, and a significant upgrade to air handling units in FY2022 and FY2023.



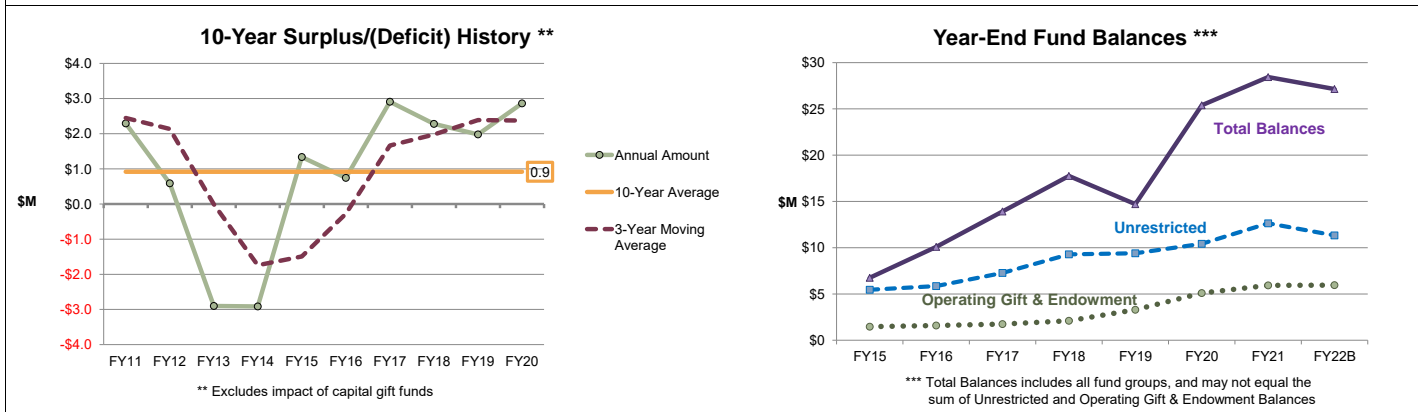
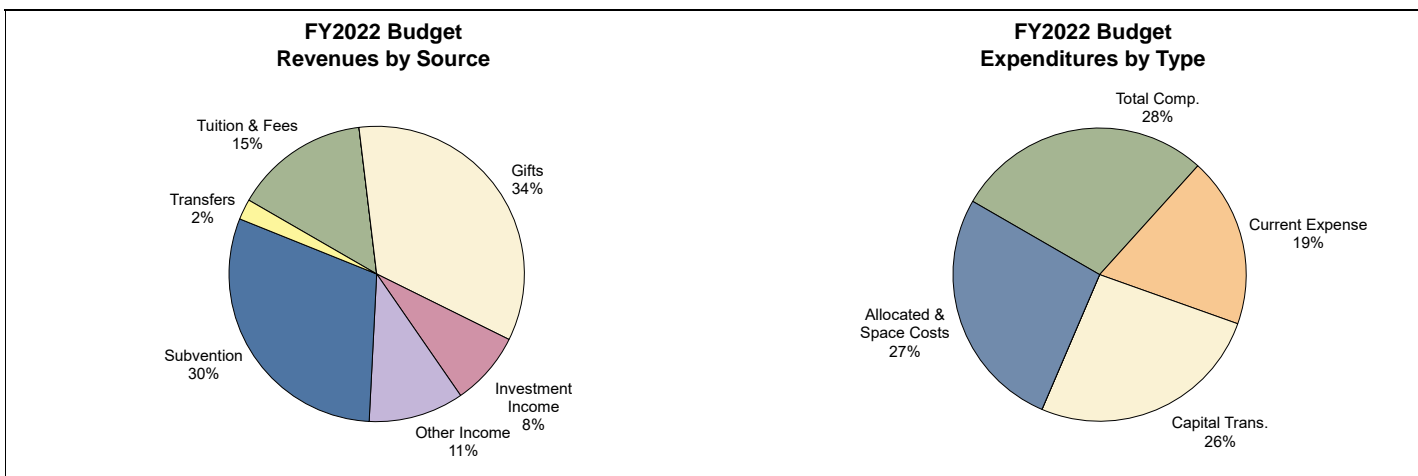
**RECREATION AND INTERCOLLEGIATE ATHLETICS**  
(in thousands of dollars)

FISCAL 2020 ACTUAL      FISCAL 2021 BUDGET      FISCAL 2021 FORECAST      % Change from 2020 Actual      FISCAL 2022 BUDGET      % Change from 2021 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	10,386	10,822	10,281	-1%	10,579	3%
Sponsored Programs	0	0	0	0%	0	0%
Gifts	24,394	13,299	15,409	-37%	24,552	59%
Investment Income	4,106	4,535	5,191	26%	5,784	11%
Other Income	5,809	7,886	1,197	-79%	7,485	525%
<b>DIRECT REVENUES</b>	<b>44,696</b>	<b>36,542</b>	<b>32,078</b>	<b>-28%</b>	<b>48,400</b>	<b>51%</b>
University Subvention	22,087	22,368	21,273	-4%	21,708	2%
Net Resource Transfers From / (To) Other Centers	268	375	362	35%	1,615	346%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>67,050</b>	<b>59,285</b>	<b>53,713</b>	<b>-20%</b>	<b>71,723</b>	<b>34%</b>
<b>EXPENDITURES</b>						
Total Compensation	19,623	19,393	16,173	-18%	20,703	28%
Current Expense	10,550	12,839	5,229	-50%	13,693	162%
Capital Transactions	8,272	7,447	10,416	26%	18,982	82%
Student Aid	0	0	0	0%	0	0%
<b>NET DIRECT EXPENDITURES</b>	<b>38,445</b>	<b>39,679</b>	<b>31,818</b>	<b>-17%</b>	<b>53,379</b>	<b>68%</b>
Allocated Cost & Space Charges	17,894	18,839	18,839	5%	19,640	4%
<b>TOTAL EXPENDITURES</b>	<b>56,339</b>	<b>58,518</b>	<b>50,657</b>	<b>-10%</b>	<b>73,019</b>	<b>44%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>10,711</b>	<b>767</b>	<b>3,056</b>		<b>(1,295)</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	-	-	-	-	-	-
Staff	173	165	138	-20%	160	16%





## 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.

Due to the pandemic, the Ivy League Council of Presidents made the decision that fall and winter sports would not compete. Phased athletic activity began in February and DRIA was able to progress safely through the Ivy Phases to begin local spring competition in late March. During the fall semester, Penn teams pivoted to provide as positive a remote experience as possible through weekly virtual meetings and virtual workouts with their strength and conditioning coaches. With the resumption of activity and competition, morale among student-athletes, coaches, and staff has increased significantly.

Campus Recreation transitioned to virtual programming starting in Summer 2020, offering exercise classes through Zoom and social media. Outdoor sessions at Franklin Field and Penn Park were added in the fall. The Pottruck Fitness Center reopened in February and club sports began in late March.

Many staff were redeployed to Wellness in August 2020 where they worked in the call center, checked entrants to campus facilities for their PennOpen Pass readings, and patrolled the campus to promote positive behavior and mask-wearing.

Significant progress was made on diversity, equity, and inclusion initiatives, including the Penn Athletics Racial Justice Task Force's delivery of its recommendations in November 2020.

## Key Budgetary Assumptions

**Cost Containment Measures:** DRIA will maintain the review processes that were established in FY2021 for approval of current expense (especially discretionary items) and new hires. DRIA will return gradually to normal levels of spending for equipment replacement, computer replacement, and deferred maintenance, aiming to smooth these costs over the next three to four years.

**Changes in Major Revenue and Expense Categories:** DRIA anticipates that income from ticket sales, racquet and fitness center fees, summer camps, rentals, sponsorships, and commissions will return slowly to pre-pandemic levels. Fixed costs will remain significant while variable expenses for intercollegiate athletics will reflect a more routine year of competition, and expanded hours of operations at all fitness and racquet centers will require more staffing.

**Staffing:** The FY2022 budget assumes that staffing will return to pre-pandemic levels at around 160 FTEs, increasing gradually in certain business areas and with strategic use of temporary staffing.

**Capital Project Priorities:** DRIA will continue to prioritize robust feasibility planning and ongoing investments in infrastructure. With full funding plans in place, construction will advance on the Franklin Field concrete restoration project, Ace Adams Field turf replacement, new windows and ventilation upgrades at The Palestra, the Boathouse renovation project, and Meiklejohn Stadium upgrades. The indoor training facility will proceed into the next phase of design.

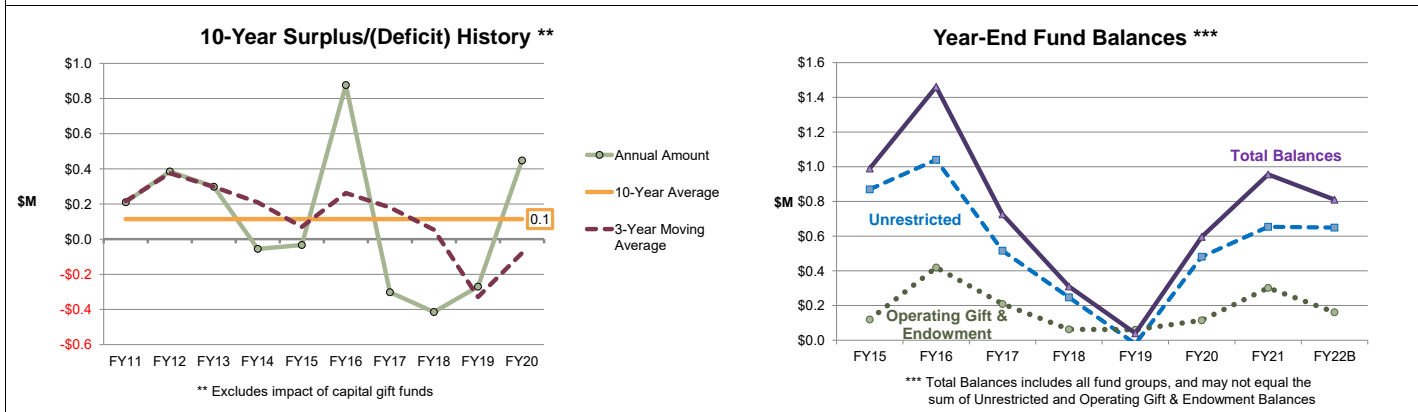
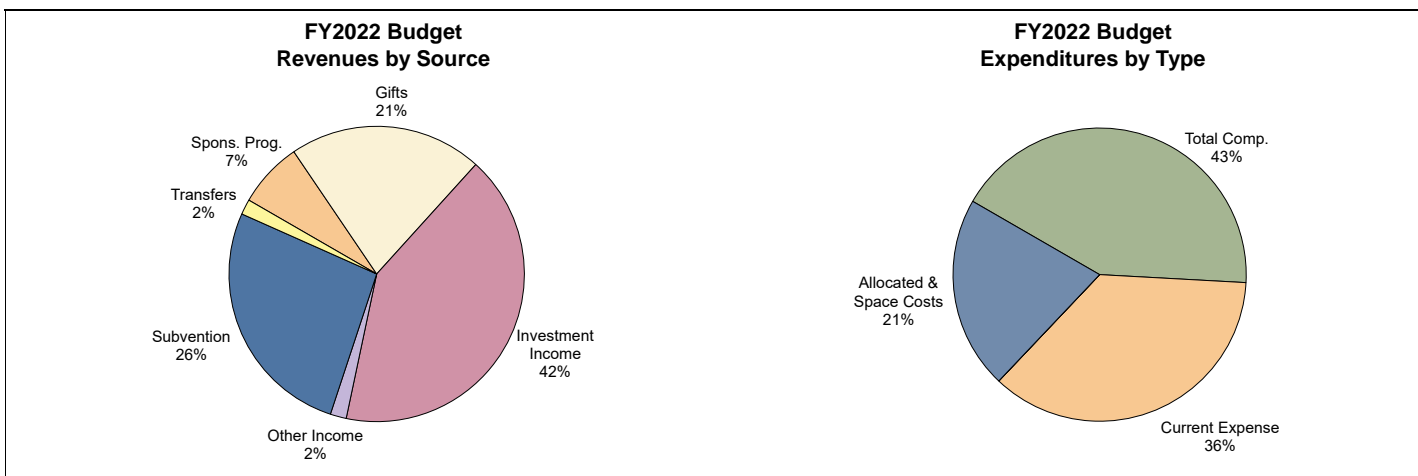
**INSTITUTE OF CONTEMPORARY ART**  
(in thousands of dollars)

	FISCAL 2020 ACTUAL	FISCAL 2021 BUDGET	FISCAL 2021 FORECAST	% Change from 2020 Actual	FISCAL 2022 BUDGET	% Change from 2021 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	351	126	138	-61%	336	144%
Gifts	1,140	851	753	-34%	990	31%
Investment Income	1,484	1,539	1,795	21%	1,944	8%
Other Income	81	222	178	120%	83	-54%
<b>DIRECT REVENUES</b>	<b>3,056</b>	<b>2,737</b>	<b>2,863</b>	<b>-6%</b>	<b>3,352</b>	<b>17%</b>
University Subvention	1,246	1,284	1,254	1%	1,242	-1%
Net Resource Transfers From / (To) Other Centers	7	79	(30)	-549%	78	-358%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>4,309</b>	<b>4,100</b>	<b>4,087</b>	<b>-5%</b>	<b>4,672</b>	<b>14%</b>
<b>EXPENDITURES</b>						
Total Compensation	1,840	1,953	1,878	2%	2,049	9%
Current Expense	1,036	1,218	815	-21%	1,744	114%
Capital Transactions	0	0	0	0%	0	0%
Student Aid	0	0	0	0%	0	0%
<b>NET DIRECT EXPENDITURES</b>	<b>2,876</b>	<b>3,171</b>	<b>2,693</b>	<b>-6%</b>	<b>3,793</b>	<b>41%</b>
Allocated Cost & Space Charges	985	1,034	1,034	5%	1,024	-1%
<b>TOTAL EXPENDITURES</b>	<b>3,861</b>	<b>4,205</b>	<b>3,727</b>	<b>-3%</b>	<b>4,817</b>	<b>29%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>448</b>	<b>(105)</b>	<b>360</b>		<b>(145)</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	-	-	-	-	-	-
Staff	22	22	21	-2%	21	0%



# 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 has championed the power of art and artists to inform and inspire.

ICA is thinking critically about its role, responsibilities, and resources, especially in light of the pandemic and the devastating effects of systemic racism and discrimination that have been laid bare during the past year. ICA is currently working on a strategic visioning process centered on diversity, equity, accessibility, and inclusion (DEAI) that will realign ICA's public engagement work to be more accessible and relevant to the community. The groundwork for this initiative has already begun with the formation of IDEA@ICA, a staff-led initiative focused on strengthening internal DEAI efforts through a nine-month training program for all staff focused on implicit bias, racial literacy, and conflict management. This program will cover every institutional function at the museum, including its hiring practices, work culture, and project planning. The strategic visioning process will enable ICA to assess the current cultural landscape and facilitate meetings with community partners and other stakeholders through a DEAI lens. Feedback received will be synthesized to create a new mission statement as well as action steps for implementation. In this way, ICA will emerge from the pandemic with an organizational structure calibrated to sustain a program driven by a realigned mission, as well as a network of community partners to help evaluate progress.

ICA is no longer only thinking in terms of its physical location. It now recognizes the potential to expand its role in building community and as a place where people can connect with one another, art, and artists, both online and offline. In the years ahead, the digital space will play an increasingly critical role at ICA.

During FY2021, ICA presented three critically acclaimed [exhibitions](#). Complementing the curatorial work, ICA presented 122 programs, 59 of which were initiated by Penn students and faculty.

Throughout the pandemic ICA has followed guidelines issued by University leadership, including moving programmatic activities online and working remotely. Recently, it successfully reopened galleries to the public when it was permitted to do so by the city and the state and has been taking necessary precautions to ensure the safety of its staff and guests.

## Key Budgetary Assumptions

**Staffing:** The FY2022 budget includes 21 staff FTEs and assumes the filling of a currently vacant fellowship position.

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

**Fundraising:** ICA's board of advisors currently stands at 20 members. As of the end of April 2021, ICA had raised \$31.4 million for its *Encounter the Unexpected* campaign, exceeding the goal by \$1.4 million.

**Cost Containment:** Cost-cutting measures include reducing the number of exhibitions in FY2022 to three, down from the typical 5-7 exhibitions per fiscal year. ICA's scheduled FY2022 exhibitions are fully funded.

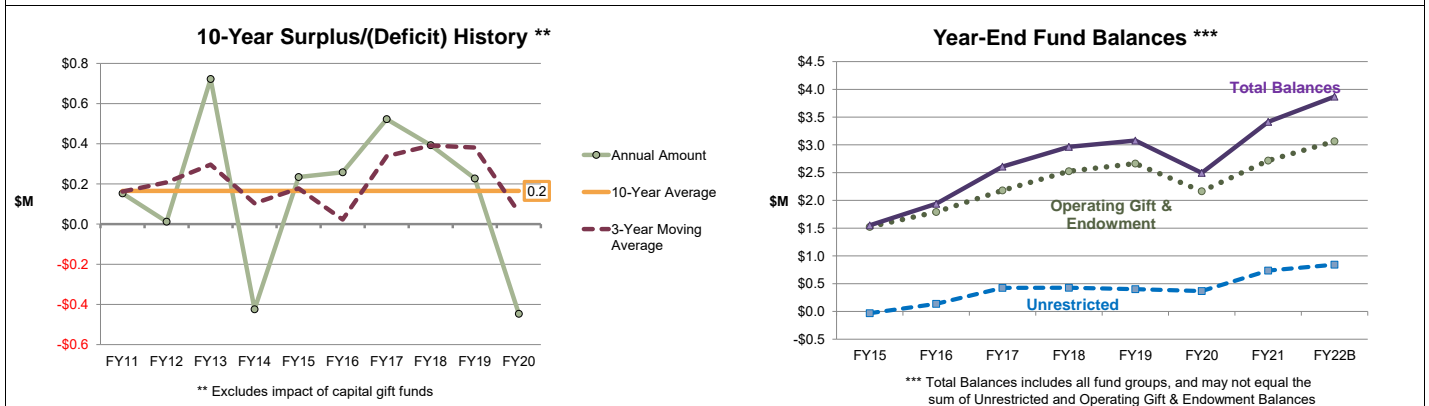
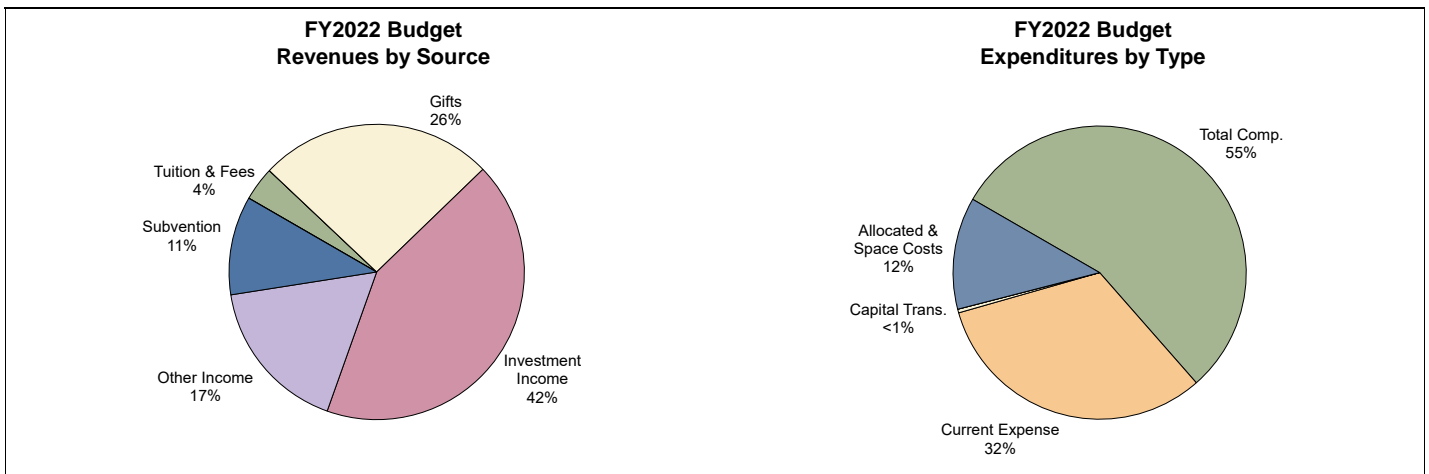
**MORRIS ARBORETUM**  
(in thousands of dollars)

	FISCAL 2020 ACTUAL	FISCAL 2021 BUDGET	FISCAL 2021 FORECAST	% Change from 2020 Actual	FISCAL 2022 BUDGET	% Change from 2021 Forecast
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<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	239	310	333	40%	330	-1%
Sponsored Programs	315	92	120	-62%	(0)	-100%
Gifts	2,504	2,320	2,139	-15%	2,286	7%
Investment Income	3,007	3,151	3,580	19%	3,793	6%
Other Income	932	1,272	1,312	41%	1,517	16%
<b>DIRECT REVENUES</b>	<b>6,997</b>	<b>7,146</b>	<b>7,485</b>	<b>7%</b>	<b>7,926</b>	<b>6%</b>
University Subvention	954	987	938	-2%	961	2%
Net Resource Transfers From / (To) Other Centers	(13)	(15)	25	-284%	(64)	-360%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>7,938</b>	<b>8,118</b>	<b>8,447</b>	<b>6%</b>	<b>8,823</b>	<b>4%</b>
<b>EXPENDITURES</b>						
Total Compensation	4,497	4,388	4,315	-4%	4,657	8%
Current Expense	2,465	2,658	1,820	-26%	2,703	49%
Capital Transactions	455	34	320	-30%	34	-89%
Student Aid	0	0	0	0%	0	0%
<b>NET DIRECT EXPENDITURES</b>	<b>7,417</b>	<b>7,080</b>	<b>6,455</b>	<b>-13%</b>	<b>7,395</b>	<b>15%</b>
Allocated Cost & Space Charges	967	1,007	1,007	4%	1,042	3%
<b>TOTAL EXPENDITURES</b>	<b>8,384</b>	<b>8,087</b>	<b>7,462</b>	<b>-11%</b>	<b>8,437</b>	<b>13%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>(446)</b>	<b>30</b>	<b>986</b>		<b>387</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	-	-	-	-	-	-
Staff	45	49	49	10%	49	0%





## 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.

In FY2022, the Arboretum will begin implementing a new five-year strategic plan. Key strategic goals for this fiscal year include:

- 10-Year Master Plan: Finalize and begin implementation of a 10-year master plan.
- Organizational Excellence: Focus efforts, control costs, enhance performance, and improve mission delivery.
- Refine Brand and Identify Audiences: Conduct a strategic analysis of brand identity and target audiences, and update style and content of all print and digital materials to maximize impact.
- Operational Sustainability: Support greater business acumen throughout the organization through concise and effective financial presentations and communications; grow net earned revenue by 100%; and increase cash reserves.
- Diversity and Inclusion: Develop tangible goals for engaging new audiences and diversifying staff, the Advisory Board, volunteers, and vendors.

## Key Budgetary Assumptions

**Admissions Revenue:** Industry benchmarks of comparable public gardens indicate that admission revenues represent 22% of total earned revenue versus only 7% at the Arboretum (FY2019 data). Admission numbers have remained flat at the Arboretum over the last decade while inflation-adjusted revenue per non-member visitor has steadily declined – a trend that is unsustainable. Keys to reversing this trend are increasing the perceived value of the visitor experience including the quality of horticultural display; improved amenities; and greater accessibility and inclusion while investing in audience research to better understand stakeholders needs so that connections can be made to new audiences. The results of preliminary efforts in these areas in FY2021 have been encouraging; through the end of the second quarter, the Arboretum has seen a 23% increase in revenue per visitor relative to FY2020.

**Staffing:** Historically, the Arboretum has relied too heavily on temporary workers for core positions, with spending on temporary worker salaries averaging about \$750,000 annually. For FY2021, these costs have been reduced significantly and are currently projected to finish the year at \$422,000. The FY2022 budget contemplates additional cuts, with only \$300,000 allocated to temporary worker salaries. This low level in part reflects the shift of \$305,000 to the regular, part-time salary line. Still, viewed in combination, these costs are significantly lower than the pre-pandemic level.

**Cash Balances:** The Arboretum has a target of building a \$2.0 million “resilience fund,” of which \$500,000 would be set aside in FY2022, to replenish cash reserves spent down during the pandemic.

**10-Year Master Plan:** The plan will address critical issues facing the Arboretum such as parking and circulation, research, event and educational space, and the need for new garden experiences. The cost of developing the plan will be funded through gifts and increased endowment income under the spending rule.



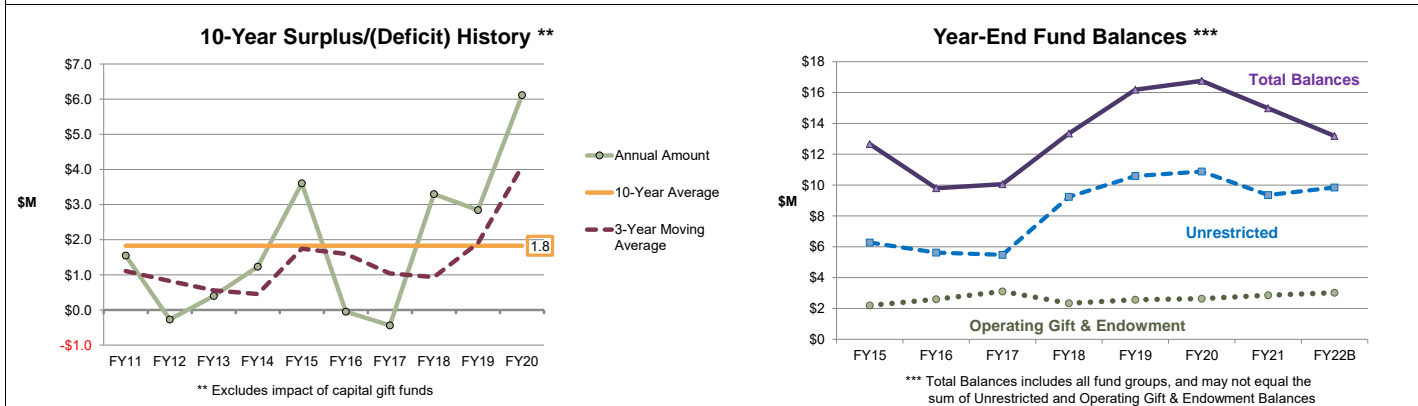
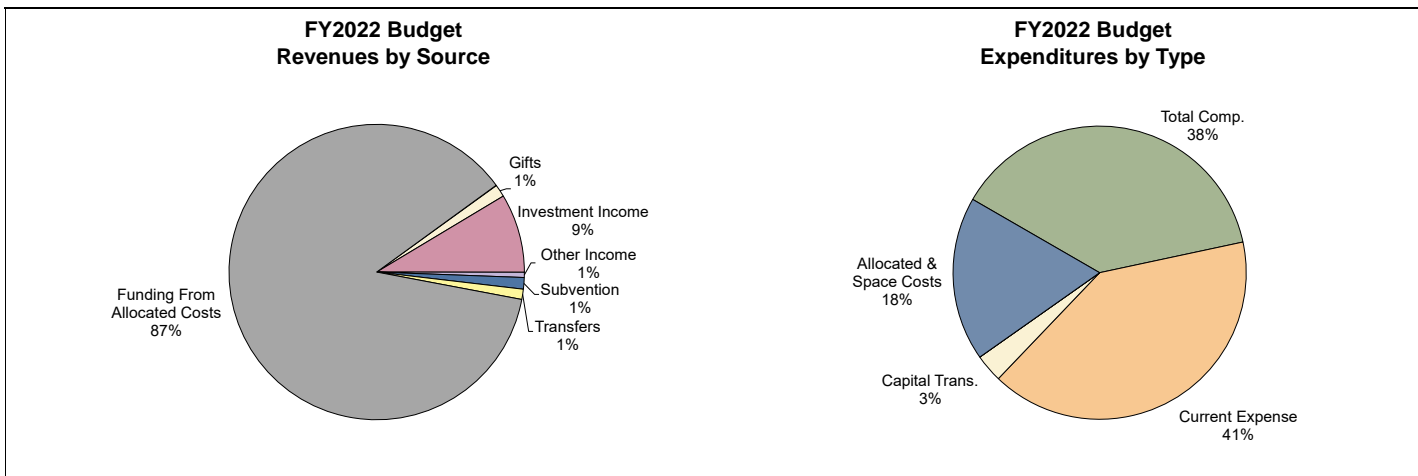
**UNIVERSITY LIBRARIES**  
(in thousands of dollars)

FISCAL 2020 ACTUAL    FISCAL 2021 BUDGET    FISCAL 2021 FORECAST    % Change from 2020 Actual    FISCAL 2022 BUDGET    % Change from 2021 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	29	35	8	-72%	35	338%
Sponsored Programs	330	138	205	-38%	126	-38%
Gifts	2,400	2,366	3,046	27%	1,053	-65%
Investment Income	5,339	5,507	6,294	18%	6,723	7%
Other Income	342	357	111	-67%	316	184%
<b>DIRECT REVENUES</b>	<b>8,441</b>	<b>8,403</b>	<b>9,664</b>	<b>14%</b>	<b>8,254</b>	<b>-15%</b>
University Subvention	975	1,005	955	-2%	984	3%
Funding From Allocated Costs	67,460	69,309	65,844	-2%	67,819	3%
Net Resource Transfers From / (To) Other Centers	(317)	(52)	(141)	-56%	873	-721%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>76,559</b>	<b>78,665</b>	<b>76,322</b>	<b>0%</b>	<b>77,930</b>	<b>2%</b>
<b>EXPENDITURES</b>						
Total Compensation	26,502	28,753	27,718	5%	30,525	10%
Current Expense	28,908	33,430	30,095	4%	32,267	7%
Capital Transactions	1,022	6,883	4,436	334%	2,466	-44%
Student Aid	10	10	10	5%	0	-100%
<b>NET DIRECT EXPENDITURES</b>	<b>56,442</b>	<b>69,076</b>	<b>62,259</b>	<b>10%</b>	<b>65,258</b>	<b>5%</b>
Allocated Cost & Space Charges	13,796	14,347	14,347	4%	14,420	1%
<b>TOTAL EXPENDITURES</b>	<b>70,238</b>	<b>83,423</b>	<b>76,606</b>	<b>9%</b>	<b>79,678</b>	<b>4%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>6,321</b>	<b>(4,758)</b>	<b>(284)</b>		<b>(1,748)</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	-	-	-	-	-	-
Staff	250	268	271	8%	289	7%







## Major Areas of Focus and Activity

The Penn Libraries' 2020-2025 strategic plan is structured around four priorities—**Advance, Engage, Preserve, and Enrich**—to align with the *Penn Compact 2022* pillars of inclusion, innovation, and impact and the University's goal of advancing knowledge for good. The plan embraces innovation beyond simple incremental change. This approach positioned the Libraries to pivot when the University shifted to a mostly virtual environment during the pandemic, as Penn Libraries' staff fulfilled critical research, teaching, and learning support functions with novel solutions and enhancements to services.

**Advance:** Penn Libraries is deeply engaged in several partnerships to increase and streamline discoverability of and access to information globally. It is leading the effort for transformative agreements with publishers that would guarantee Penn authors could publish their research in an Open Access format. Through the creation of new positions and the hiring of expert staff, Penn Libraries is building expertise in copyright law and open access publishing, supporting faculty seeking to publish.

**Engage:** Penn Libraries is expanding work with the local Philadelphia community. A curator of Philadelphia history and civic engagement will lead an initiative to preserve and provide access to the diverse social and cultural record of Philadelphia, with a particular focus on material that is hidden or at risk of permanent loss. A director of library research and a collections and scholarly communication analyst will assist in identifying, managing, and leveraging change for the benefit of the academic experience at Penn. Penn Libraries is also planning to launch a Center for Research Data and Digital Scholarship to address increasing demand 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.

**Preserve:** Penn Libraries stewards a robust and growing collection of electronic data that presently exceeds 378 terabytes. This data encompasses digitally transformed images as well as data that is "born digital," existing in multiple digital formats that require preservation from decay and future obsolescence. Penn Libraries is developing standards and processes to ensure the long-term preservation of the University's digital assets. Further digitization of the physical collection will expand global accessibility and provide a secondary preservation avenue.

**Enrich:** Penn Libraries continues to attract new talent and expertise while enhancing the skills and knowledge base of existing staff. Organizational redesign of departments and units is providing greater focus on data-based decision-making, reducing redundancies, and containing costs. The Penn Libraries also plays a leading role in consortial efforts to leverage expertise and technology from across the industry to build more dynamic and flexible systems for information discovery and access.

## Key Budgetary Assumptions

**Staffing:** The budget assumes the administration of the University Archives and Records Center (UARC) by Penn Libraries as of July 1, 2021, including associated funding to fully offset net expenses, ensuring coordinated access, outreach, and preservation of the rich cultural and archival resources of these two Penn entities.

**Capital Project Priorities:** The Biotech Commons renovation will be completed during the summer of 2021, in time for the start of the fall semester.

**Budget Reductions and Pandemic Impacts:** The pandemic curtailed travel and on-campus operations this past year, enabling Penn Libraries to achieve a 5% budget reduction. These expense areas will ramp up again as campus operations return to normal, putting pressure on core operations.

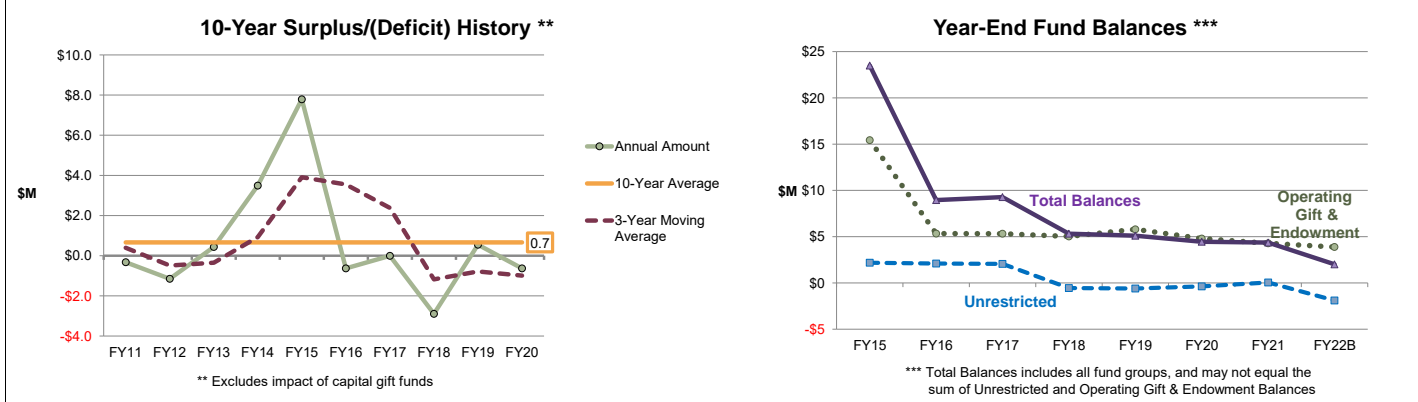
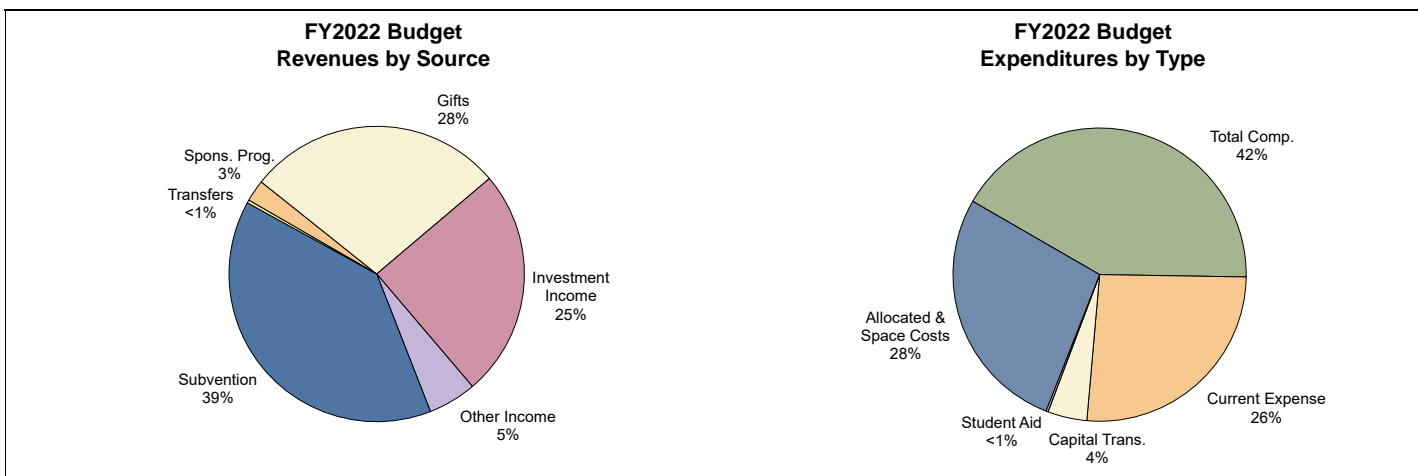
**UNIVERSITY OF PENNSYLVANIA MUSEUM**  
(in thousands of dollars)

FISCAL 2020 ACTUAL    FISCAL 2021 BUDGET    FISCAL 2021 FORECAST    % Change from 2020 Actual    FISCAL 2022 BUDGET    % Change from 2021 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	0	0	0	0%	0	0%
Sponsored Programs	1,310	850	913	-30%	614	-33%
Gifts	8,920	10,153	7,434	-17%	7,258	-2%
Investment Income	5,355	5,553	6,191	16%	6,444	4%
Other Income	1,103	1,353	832	-25%	1,368	64%
<b>DIRECT REVENUES</b>	<b>16,688</b>	<b>17,910</b>	<b>15,370</b>	<b>-8%</b>	<b>15,685</b>	<b>2%</b>
University Subvention	10,181	10,306	9,790	-4%	10,055	3%
Net Resource Transfers From / (To) Other Centers	65	81	220	241%	84	-62%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>26,933</b>	<b>28,297</b>	<b>25,380</b>	<b>-6%</b>	<b>25,823</b>	<b>2%</b>
<b>EXPENDITURES</b>						
Total Compensation	11,296	11,485	11,076	-2%	11,808	7%
Current Expense	8,422	10,427	4,430	-47%	7,364	66%
Capital Transactions	560	1,582	2,449	337%	1,221	-50%
Student Aid	38	66	66	75%	66	0%
<b>NET DIRECT EXPENDITURES</b>	<b>20,316</b>	<b>23,560</b>	<b>18,022</b>	<b>-11%</b>	<b>20,459</b>	<b>14%</b>
Allocated Cost & Space Charges	7,247	7,452	7,452	3%	7,709	3%
<b>TOTAL EXPENDITURES</b>	<b>27,563</b>	<b>31,012</b>	<b>25,474</b>	<b>-8%</b>	<b>28,168</b>	<b>11%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>(631)</b>	<b>(2,715)</b>	<b>(94)</b>		<b>(2,344)</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	-	-	-	-	-	-
Staff	112	114	114	2%	114	0%



\*\* Excludes impact of capital gift funds

\*\*\* 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

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.

Effective April 1, Christopher Woods was named the Williams Director of the Museum. Woods was previously the John A. Wilson Professor of Sumerology at the University of Chicago and director of the Oriental Institute, one of the world's leading centers for interdisciplinary research on Near East civilizations.

## Key Budgetary Assumptions

**Cost-Containment Measures:** In an effort to reduce costs and offset as much of the COVID-related revenue losses as possible, the Museum has removed in full or in part from its FY2022 budget some of the positions that were not filled in FY2021, including one housekeeper, one conservator, one part-time facility rentals coordinator, and one member of the executive team. It has also assumed a number of temporary positions will continue to remain open. As a result of these actions, the FTE count is projected to remain level at 114 in FY2022. With a gradual return to normal anticipated for evening and weekend events and programming, overtime and security costs should be lower than what was experienced in FY2019 and the early part of FY2020.

Travel and entertainment expenses are expected to pick up somewhat, although summer fieldwork projects, conference travel, and visits with donors will be limited. As a result, the Museum may be able to reallocate some of its T&E budget to increasing support for student work and other areas. Other current expense will continue to be managed closely and held flat where possible, although increases in some categories are likely as normal operations resume.

**Fiscal Impact:** While the Museum is currently projecting a deficit of approximately \$800,000 in FY2022, it is actively working to reduce this deficit to the greatest extent possible. The FY2022 budget assumes a continued impact from social distancing guidelines and limitations on group sizes, with revenues beginning to recover in the fall and achieving normal levels by the spring. Earned income relies heavily upon group sales, both adult and child, catering revenue, facility rentals, admission and membership revenue, programming revenue from camps, sleepovers, and other events, as well as gift shop sales. The Museum will continue to optimize usage of its gift and endowment funds to relieve its unrestricted budget.

**Capital Project Priorities:** The Museum's capital plan has been revised to reflect a revised start date for the second phase of the Coxe/Harrison renovations (the Egyptian galleries). This project is now expected to be submitted for Trustee approval in FY2022. Fundraising efforts have already met the targets for financing offsite storage and conservation space, as well as for personnel expenses associated with conservation work. Furthermore, a lead naming gift for construction work and an NEH grant were recently obtained to support the project. However, there is still the need to raise approximately \$9 million to proceed with construction.

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



## DEVELOPMENT AND ALUMNI RELATIONS

### Major Areas of Focus and Activity

Throughout the pandemic, Development and Alumni Relations (DAR) has engaged alumni, friends, and donors in new and innovative ways. During FY2021, many events were digital for the second straight year, including both the fall and spring scholarship receptions and Alumni Weekend. Despite a potential fundraising lag effect, optimism predominates FY2022 planning. As Penn's central fundraising and alumni engagement unit, DAR remains committed to raising crucial support for essential funds, new online platforms, and initiatives supporting the core values of *Penn Compact 2022*:

- **Impact:** DAR has had incredible success throughout the *The Power of Penn* campaign, which recently crossed the \$5 billion mark to make it the most successful campaign in Penn's history. This support makes it possible to increase student aid, endow faculty and staff positions, fund capital projects, and deliver a wide array of key programs such as Penn First Plus.
- **Diversity, Equity, Inclusion/Social Justice:** The DAR DEI Taskforce was formed in FY2021 in direct response to the social injustices happening across the US and has strong support within the DAR organization. The taskforce will continue to serve the DAR community, providing best practice recommendations with the goal of a more inclusive environment for staff members.
- **Global Engagement:** While in-person events and travel are expected to eventually return, engagement will continue in a hybrid format for the foreseeable future. DAR has continued to expand its reach to international alumni, supporters, and parents through various digital platforms.

There is much to look forward to in FY2022. An exciting new chapter of *Inspiring Impact* will soon begin with a focus on supporting new priorities and key capital projects such as New College House West, the Vagelos Energy Science and Technology Building, and the Data Science Building. Medium-scale, in-person and/or hybrid engagement activities will resume, including President Gutmann's Leadership Campaign Conclusion Celebration on September 30<sup>th</sup>, which will mark the official end of the campaign. The President will also travel for an eight-city, all-constituent, in-person *Going the Distance: Inclusion, Innovation, Impact* tour, which will highlight her 18-year tenure as president. The cost of these events will be covered from DAR reserve funds and will not require additional central resources. Further, as active planning is underway for how frontline staff can engage and cultivate donors in-person, it is acknowledged that it may take time for the donor base and staff to feel comfortable traveling. There will continue to be a need for digital events in tandem with in-person for the foreseeable future, and the fall implementation of Salesforce will enhance virtual engagement and replace the legacy system.

### Key Budgetary Assumptions

**Programmatic Activities:** DAR's FY2022 budget shows an increase of 10.5% in overall expense compared to FY2021. Programmatic activities relating to in-person alumni engagement were cancelled in FY2021, and some were shifted to FY2022, including the Academy events. Focused activities in FY2022 include the *Power of Penn* campaign conclusion, leadership transition tours, and "catch-up" reunions.

**Staffing:** DAR plans to maintain its current staffing level of 391 filled FTEs, which includes 63 school and center staff, as well as shared financial and managerial responsibility for Penn Medicine Development. DAR's compensation budget incorporates salary savings based on a 4% turnover rate and reserves for staff retention.



## 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 & 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)

FY2021 was another successful year as the EVP divisions continued to support the *Penn Compact 2022* as follows:

- **Inclusion:** DOF continued to make supporting high-need students a top priority by advancing the [Penn First Plus](#) program, and its recently launched [Financial Literacy Initiative](#) provided students with key practical knowledge. BSD's purchasing team supported minority and locally owned business through economic inclusion by facilitating \$139 million in spending with diversity suppliers.
- **Innovation:** DOF, HR, ISC, OACP, and BP&A helped implement enhancements to the Workday human capital management system, including a pilot program to integrate performance management, the rollout of student recruiting, and evaluation of modules related to learning and talent management. DOF, ISC, and OACP contributed to progress on the Next Generation Student Systems (NGSS) implementation including preparation for the launch of the student records segment in the summer of 2021. The first release of the Research Portal application for faculty was completed with ISC and DOF collaboration, and ISC continued ADA website compliance efforts and upgraded the QuakerNet alumni directory for the MyPenn Salesforce Community.
- **Impact:** [Penn Connects 3.0](#) continues to transform the campus with completion of Tangen Hall, Wharton's Academic Research Building and Woodland Walk upgrades, the University Meeting and Guesthouse, New College House West, and renovations in College Hall to accommodate the Penn First Plus and Paideia programs. Construction is nearing completion on the Health System's New Patient Pavilion. Design is underway for the Vagelos Energy Science and Technology and Data Science buildings, as well as renovations to the Boathouse, the Quad, and Stouffer College House. Environmental sustainability efforts were highlighted in FY2021 with publication by FRES of the [Climate and Sustainability Action Plan 3.0 Annual Report](#), which showed a decrease in overall carbon emissions of 37% since 2009. Design has commenced on two Pennsylvania-based solar farms that will meet about 75% of Penn's electricity demand and move Penn much closer to its goal of carbon neutrality.

The EVP divisions continue to deliver high-quality services to the Penn community despite the challenges of the pandemic. HR has been working with schools and center to ensure staffing of essential positions during the hiring freeze. Professional development enhancements included online delivery of course content which saw increased engagement due to the lifting of space constraints and increased accessibility. In addition, HR developed and implemented [Penn's COVID-19 Childcare Grant program](#) which offered reimbursements of up to \$2,000 per household to eligible faculty, staff, and postdoctoral trainees for childcare expenses in their homes or in a childcare center.

Progress on economic inclusion continued, with construction inclusion goals exceeded for projects related to real estate, design and construction, and operations and maintenance. Student services have been enhanced with the launch of the [Second Year Experience](#) initiative that includes BSD's completion and rollout of an enhanced dining plan and room selection process for the next fiscal year. In addition, with the completion of renovations and staff training, the Student Registration and Financial Services' new student service center is ready to open

ISC is coordinating the campus-wide project to decrease the risks of delivering IT services in a decentralized environment that has included increasing enrollment in two-step verification; the Identity and Access Management initiative; deployment of virtual private network tools to aid remote work during the pandemic; and strengthening of the campus firewall.

The latest [Economic Impact Report](#) shows that in FY2020 Penn generated \$15.5 billion in economic activity in Philadelphia, \$20.5 billion within the Commonwealth of Pennsylvania, and \$21.5 billion in the region. The report was expanded for the first time to include the University's local impact, which included 344,000 hours spent on civic engagement by Penn faculty, staff, and students, touching roughly 718,000 Philadelphians.

## **Key Budgetary Assumptions**

The FY2022 budget for the functional areas reporting to the EVP has a total of \$610 million in gross expenditures. About 63% is central funded through allocated cost charges and the General Fee, and 37% is funded by internal and external charges for goods and services. Total staffing in EVP divisions is budgeted at 2,116, with the three largest units, FRES, BSD, and ISC, accounting for about 71% 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 - which includes such key units as the President's Office, Office of General Counsel, University Communications, Office of Government and Community Affairs, Office of the University Secretary, Institutional Research and Analysis, and the new Office of Social Equity and Community - 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.

### Key Budgetary Assumptions

**Staffing:** With the movement of the University Archives and Records Center to the University Library effective July 1, filled FTEs for the President's Center are projected to decrease from 207 to 202. WXPN expects to add one FTE, bringing its total to 50. The Office of Affirmative Action and Equal Opportunity Programs anticipates reopening several job searches in FY2022. The newly created Office of Social Equity and Community has hired three-full time staff.

**Cost Containment:** The Office of University Communications is eliminating a joint marketing program with Admissions and will not be hiring work-study or summer science writing interns. The Office of Institutional Research and Analysis has cut costs by either cancelling, postponing, or moving online the majority of its training opportunities. All programming in FY2021 was conducted virtually by the Office of Social Equity and Community, including the inaugural University Social Equity Forum. WXPN will continue to limit travel and entertainment expenses but expects them to increase if in-person events resume. The President's Office anticipates a pick-up in spending when the return to work commences in the fall but will continue to adhere to University restrictions on travel and entertainment.

**WXPN Revenues:** The return of live music will be key for revenue recovery in FY2022. Membership revenue, WXPN's leading source, hit an all-time high in FY2021 and is projected to increase slightly in the coming year.



## 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, which 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 Wellness, [Office of the Vice Provost for University Life \(VPUL\)](#), 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. VPUL 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 FY2021, The Provost's Office launched the [Rising Scholar Success Academy](#), a five-week intensive summer program (offered online in Summer 2020) designed to provide rising seniors in Philadelphia high schools with academic and career preparation, as well as training in writing, finance, and applied economics. The program has been highly successful in helping Philadelphia students compensate for learning losses due to the closure of schools during the pandemic. Throughout this year, the Provost's Office has been strongly committed to helping the Penn and Philadelphia communities mitigate the impact of the pandemic while advancing health and safety for all. The Associate Provost and [Chief Wellness Officer](#) have led the University's testing, vaccination, and public health efforts, along with dedicated [Coronavirus Response](#) and Recovery Planning teams.

### Key Budget Assumptions

**Online Learning Revenues:** Online learning revenues have surged since the beginning of the pandemic, and this strong growth is expected to continue in FY2022. The share of these revenues retained centrally is being reinvested to support and enhance the University's new online learning platform.

**Impact:** The Provost's Office is investing resources in staff to support the expansion of restorative practices in the Office of Student Conduct. [RestorativePractice@Penn](#) provides safe, confidential opportunities for members of the Penn community to discuss strategies for resolving conflict on their own and/or working with a neutral facilitator to resolve conflict among participants.

**Global Activities:** For FY2022, Penn Global anticipates the resumption of Study Abroad programming, Penn Global Seminars (PGS), and the Global Research and Internship Program (GRIP) with virtual, in-person and hybrid engagements all planned. The budget builds in 250 student semesters for Study Abroad, 10 PGS courses, and both in-person and virtual GRIP opportunities.

**Wellness:** Costs for COVID testing, vaccination, and public health outreach efforts are assumed in the budget to continue through the remainder of the calendar year. Under the leadership of a new Executive Director of Student Health and Counseling, Wellness will be integrating Counseling and Psychological Services (CAPS) and Student Health Services (SHS) into a combined entity with a shared vision. This top strategic priority is consistent with the belief that physical and emotional health are closely aligned, something that has been demonstrated by global experience with the pandemic.

**Research:** PCI commercialization revenues continue to trend positively and provide funding for the University's research enterprise. The Provost's Office is closely monitoring other developments in this area that have the potential for financial upside.

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

**University of Pennsylvania Health System**  
**Fiscal Year 2022 Consolidated Operating Budget**  
**Statement of Revenues & Expense**  
(in thousands of dollars)

	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Forecast</b>	<b>FY2022 Budget</b>
<b>Operating Revenue</b>				
Total Net Patient Revenue	7,134,078	6,982,337	7,557,924	8,280,736
Provision for Doubtful Accounts	(193,102)	(169,109)	(169,008)	(196,224)
Other Operating Revenue	653,072	994,661	1,123,504	911,152
<b>Total Operating Revenue</b>	<b>7,594,048</b>	<b>7,807,889</b>	<b>8,512,420</b>	<b>8,995,664</b>
<b>Operating Expenses</b>				
Salaries	3,205,443	3,398,031	3,556,268	3,836,948
Employee Benefits	821,337	858,918	945,769	1,102,027
Supplies & Services	2,581,802	2,785,644	2,955,954	3,187,489
Depreciation & Amortization	332,811	324,642	336,051	390,579
Interest Expense	53,755	36,229	36,098	71,734
Malpractice Expense	94,117	96,074	77,033	99,530
Utilities	67,093	65,624	70,785	81,030
<b>Total Operating Expenses</b>	<b>7,156,358</b>	<b>7,565,162</b>	<b>7,977,958</b>	<b>8,769,337</b>
<b>Net Operating Margin</b>	<b>437,690</b>	<b>242,727</b>	<b>534,462</b>	<b>226,327</b>
Non-Operating Revenue	286,369	169,808	112,000	324,234
Unrealized Gain/(Loss) on Investments	(61,535)	(20,115)	573,333	0
Discontinued Operations	(232)	0	0	0
<b>Excess of Revenue over Expense</b>	<b>662,292</b>	<b>392,420</b>	<b>1,219,795</b>	<b>550,561</b>
<b>Transfers &amp; Other</b> <sup>1</sup>	<b>(233,246)</b>	<b>(205,216)</b>	<b>(244,384)</b>	<b>(196,327)</b>
<b>Additional Minimum Pension Liability</b>	<b>(332,465)</b>	<b>(322,972)</b>	<b>450,000</b>	<b>0</b>
<b>Increase in Unrestricted Net Assets</b> <sup>2</sup>	<b>96,582</b>	<b>(135,768)</b>	<b>1,425,411</b>	<b>354,234</b>

<sup>1</sup> FY2022 budget includes transfers of \$196.3 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.

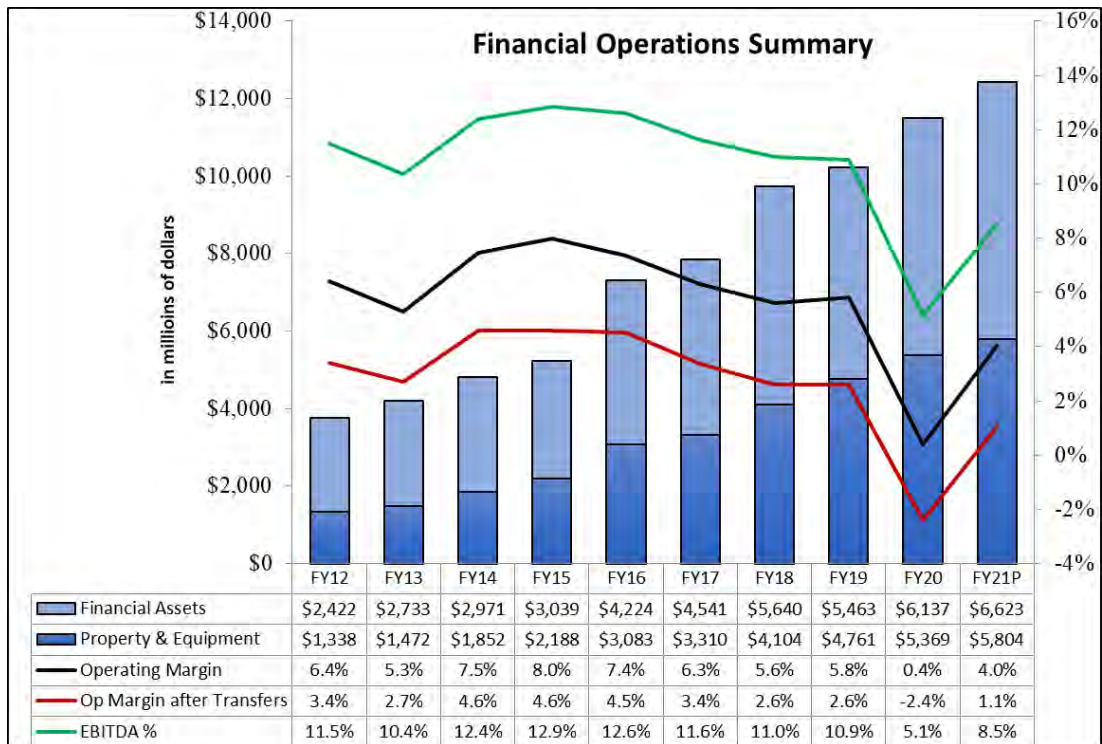


## UNIVERSITY OF PENNSYLVANIA HEALTH SYSTEM (UPHS)

### Fiscal Year 2021 Accomplishments

#### Financial Operations

- Projected net operating margin (“NOM”) of \$534 million, or 6.3%. NOM includes approximately \$200 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. NOM excluding HHS funding is \$334 million or 4.0%.
- Projected total margin is \$1.220 billion, or 13.3%, as non-operating income reflects favorable investment performance.
- Projected days cash on hand (DCOH) of 260, of which 27 days or \$567 million is attributable to the Medicare accelerated payments projected remaining balance.
- Total financial and physical assets are projected to increase by approximately \$921 million or 8.0% from June 30, 2020.
- Projected total pension and post-retirement liability on June 30, 2021 is \$1.059 billion. The defined benefit pension liability is calculated with a discount rate of 3.02%, 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, 2021.



Note: FY2020 and FY2021 operating margins exclude HHS dollars.

### **Clinical Program Growth & Resurgence – Inpatient Volumes**

Due to the pandemic, fiscal years 2020 and 2021 were extraordinary. One of the goals for FY2021 was to return to pre-pandemic levels of activity. This effort was called resurgence. The table below measures FY2021 key inpatient statistics against FY2020 (annual growth) and FY2019 (to measure resurgence):

	FY19	FY20	FY21	Incr/(Decr)	Resurgence %
				% FY21/FY20	FY21/FY19
Adjusted Admissions	285,863	268,738	280,972	4.6%	98.3%
Admissions	135,277	129,016	128,967	0.0%	95.3%
Inpatient Surgeries	47,992	43,538	44,622	2.5%	93.0%
Inpatient ER Visits	64,402	63,595	65,732	3.4%	102.1%

The table above projects impressive annual growth in FY2021 over FY2020, with progress made throughout the year particularly in September prior to a secondary wave of COVID-19 and then rebounding again in March. The resurgence effort showed significant progress toward returning to FY2019 levels.

### **Clinical Program Growth & Resurgence – Outpatient Volumes**

Overall, total outpatient activity in FY2021 is projected to increase by 3.2% over FY2020 and nearly match FY2019 levels. Within outpatient services, some have bounced back more quickly than others as the table below illustrates:

	FY19	FY20	FY21	Incr/(Decr)	Resurgence %
				% FY21/FY20	FY21/FY19
Outpatient Surgeries	73,901	64,908	76,141	17.3%	103.0%
MRI's	97,941	92,846	105,610	13.7%	107.8%
CT's	208,486	205,763	226,217	9.9%	108.5%
Chemotherapy Visits	160,866	174,423	178,966	2.6%	111.3%
Radiation Oncology Treatments	97,436	93,151	90,984	-2.3%	93.4%
Observation Patients	28,687	26,242	25,368	-3.3%	88.4%
Outpatient ER Visits	295,529	274,117	259,284	-5.4%	87.7%
Proton Therapy	20,251	18,983	16,572	-12.7%	81.8%
Total OP Volumes	1,006,654	971,851	1,002,832	3.2%	99.6%
New Patient Starts Proton	888	626	595	-5.0%	67.0%
New Patient Starts Rad Onc	5,577	5,343	5,656	5.9%	101.4%

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

- Completed transition of clinical space within the former Mercy Philadelphia Hospital to become part of the Hospital of the University of Pennsylvania (HUP) license. Now operating as HUP-Cedar Avenue, this remote site of HUP includes 80 inpatient hospital medicine beds, a 12-bed intensive and progressive care unit, and a 33-bed emergency department (ED).
- Opened the new Penn Medicine at Radnor, a state-of-the-art, multispecialty outpatient facility. Focusing on an integrated model of care, Penn Medicine at Radnor includes primary and specialty physician practices, outpatient infusion and radiation therapy, outpatient operating rooms and endoscopy suites, and lab, radiology, and pharmacy services.
- Opened a new operating room (OR) platform and launched a Structural Heart Program at CCH.
- Opened two new Med/Surg units to accommodate additional growth and ED boarding at Penn Presbyterian Medical Center (PPMC). The skilled nursing facility services were transitioned to Rittenhouse allowing for a conversion to an 18 bed Med/Surg unit. The second unit is a 12 bed COVID unit to isolate COVID patients and allow for other units to continue with normal operations.

- PPMC expanded its cancer program in Sewell, New Jersey, opened the Penn Digestive and Liver Health Center University City at 3737 Market Street with successful Department of Health approval, opened and expanded the cardiology and other programs in new satellite offices in Mt. Laurel, New Jersey and added a fourth PFT lab to the pulmonary program at Penn Medicine University City (PMUC).

### **Operational Efficiencies**

- Resurgence in activity and continued cost management efforts.
- Expedited COVID initiatives for patients, staff, and community, including thermal screening, Penn Open Pass, COVID testing sites, COVID vaccination centers across the system, and a home COVID-19 vaccine program for homebound patients as well as other vulnerable populations in Philadelphia.
- Completed opening of the Interventional Support Center (ISC), an offsite, HUP-licensed location in South Philadelphia providing instrument processing for the HUP OR, Pennsylvania Hospital OR, and the Perelman outpatient surgery center. The ISC was expected to begin servicing the Radnor outpatient operating rooms in May 2021.
- Developed and implemented daily capacity management processes to facilitate bed management for COVID and non-COVID patients; also monitored efficiency metrics such as discharge before noon, ED boarding, and occupancy to optimize hospital capacity during the pandemic.
- Implemented multidisciplinary efforts to improve flow of patients resulting in improved patient safety, sustained improvement in discharges before noon, decreases in length of stay (LOS) and reduced ED boarding at a number of the hospitals.
- Executed Access to Care Call Center Redesign and Expansion and Optimization of the Care Teams.
- The Clinical Practices of the University of Pennsylvania's (CPUP) "Exceptional Performer" status in the 2019 MIPS program will yield a 0.83% increase on the Medicare Physician Fee Schedule in the 2021 calendar year; driven by CPUP's Engage to Sustain program.
- Developed and expanded equality, diversity, and inclusion programs and training across the Health System in efforts to provide opportunities for all staff and to enhance culture.
- Implemented a Drug Diversion Governance Committee and Pharmacy Residency Program at Lancaster General Hospital (LGH).
- Penn Medicine at Home rapidly designed care pathways for COVID-19 and has provided care in the home for over 2,400 COVID-positive patients to date.
- Expansion of telehealth services to extend reach especially during peaks in COVID census; over 695,000 telehealth visits have been performed in FY2021.
- Activated Phase 1 of the PennForPeople Human Capital Management applications across Penn Medicine.
- Launched Phase 2 of the PennForPeople Human Capital Management functionality focused on Talent Management and PennForFinance implementation focused on the GL/AP/Payroll/Supply Chain.
- Various PennChart enhancements completed and ongoing; integration of discrete genomic results in the electronic medical record (EMR); implementation of PennChart ICU support; and implementation of PennChart Ambulatory EMR at multiple community connect locations.

### **Major Facility Improvements**

- Continued or completed construction of several major capital projects including:
  - HUP New Patient Pavilion – opening in October 2021.
  - Chester County Master Facilities Plan including procedural platform, patient tower, and ED – opened in June 2020 with the ED renovations to be completed by March 2022.
  - New Radnor outpatient multi-specialty site – opened in June 2020.
  - LGH Proton and ED expansion – planned opening of proton facility in FY2023 and ED expansion in FY2024.
  - Rittenhouse COVID Lab – opened in February 2021.
  - ISC – opened in February 2021.



## Fiscal Year 2022 Goals and Expected Accomplishments

### Clinical Program Growth & Resurgence – Inpatient Volumes

All key inpatient statistics are budgeted for significant growth in FY2022 as the recovery from the pandemic continues. Per the table below, resurgence ranges from 97% to 107%.

	FY19	FY21	FY22	Incr/(Decr) % FY22/FY21	Resurgence % FY22/FY19
Adjusted Admissions	285,863	280,972	304,662	8.4%	106.6%
Admissions	135,277	128,967	135,005	4.7%	99.8%
Inpatient Surgeries	47,992	44,622	46,680	4.6%	97.3%
Inpatient ER Visits	64,402	65,732	67,965	3.4%	105.5%

### Clinical Program Growth & Resurgence – Outpatient Volumes

Overall, total outpatient activity in FY2022 is budgeted to increase by 6.5% over FY2021 and be 6.1% higher than FY2019. Per the table below, resurgence ranges from 94% to 121%.

	FY19	FY21	FY22	Incr/(Decr) % FY22/FY21	Resurgence % FY22/FY19
Proton Therapy	20,251	16,572	19,312	16.5%	95.4%
Radiation Oncology Treatments	97,436	90,984	99,920	9.8%	102.5%
Chemotherapy Visits	160,866	178,966	194,263	8.5%	120.8%
Outpatient ER Visits	295,529	259,284	278,999	7.6%	94.4%
Observation Patients	28,687	25,368	27,116	6.9%	94.5%
MRI's	97,941	105,610	111,897	6.0%	114.2%
CT's	208,486	226,217	235,038	3.9%	112.7%
Outpatient Surgeries	73,901	76,141	78,244	2.8%	105.9%
Total OP Volumes	1,006,654	1,002,832	1,068,514	6.5%	106.1%
New Patient Starts Proton	888	595	660	11.0%	74.3%
New Patient Starts Rad Onc	5,577	5,656	6,072	7.4%	108.9%

### Key Budget Highlights – Operating Performance

- Total revenue is budgeted to be \$8.99 billion.
- Operating margin is budgeted at 2.5%, or \$226 million (2.8% or \$250 million excluding contingency).
- EBITDA margin is budgeted at 7.7%.
- Non-operating revenues are budgeted to be \$324 million.
- Total margin is budgeted at 5.9% or \$551 million.
- Salary increases for employees on UPHS payroll budgeted at 2%, effective July 2021, with no increase to the employee contribution for health benefits from FY2021.
- Salary increases for employees on University payroll budgeted at 3%, effective July 2021.
- Total pension liability is budgeted at \$1.029 billion, a decrease of \$30 million over the FY2021 projection. The defined benefit pension liability calculation assumes a discount rate of 3.02%, consistent with the projected rate at the end of FY2021.
  - The FY2021 pension liability and expense will be finalized once June 30, 2021 rates are determined.
- The FY2022 budget includes \$50 million of COVID expenses, a 42% decrease from the FY2021 projection.

A roll forward of projected FY2021 performance to FY2022 budgeted performance is included below:

*amounts in millions of dollars*

<b>Projected FY 2021</b>	<b>\$534</b>
CARES Act (Non Recurring)	(201)
HUP New Patient Pavilion	(113)
Other Non Recurring	(35)
Patient Activity (net of incremental expenses)	93
Payment Increases	106
Salary & Employee Benefit Inflation	(119)
Other Expense Inflation	(143)
Staff Pay - Market/Retention	(33)
HUP Cancer Services	43
Medicare Rural Redesignation	32
FY 2021 Shared Success Program	49
COVID expense reduction	<u>37</u>
Subtotal, without Contingency	\$250
Contingency	<u>(24)</u>
<b>Budget FY 2022</b>	<b><u>\$226</u></b>

### **Business Development & Service Line Strategies**

- Activation of 1.5 million square feet of new patient space in HUP Pavilion on October 30, 2021 including 504 private inpatient rooms, a replacement ED, and a three-story procedural platform with 47 operating rooms.
- Complete restacking of patient rooms in HUP West to cohort patient populations, including elimination of semi-private rooms, and vacating of space that will be renovated for future use.
- Commence operations of a Deceased Donor Organ Recovery Center (DDORC) in partnership with the regional Organ Procurement Organization, the Gift of Life Donor Program. The DDORC, which is scheduled to open in HUP West in April 2022, will provide 24/7/365 availability of space and on-demand staffing and services for organ procurement.
- Continue to partner in development of the Public Health Management Corporation (PHMC) Cedar Avenue campus. Planned services include a Federally Qualified Healthcare Center (FQHC) and selected outpatient services.
- Explore opportunities to expand oncology services in the South Jersey market.
- Continue site planning work and strategic analysis for potential outpatient multispecialty sites in various market locations across Penn Medicine's primary service areas (i.e., 309 corridor Practice of the Future).

- Complete planning and site development for strategic capital projects at Penn Medicine Princeton Healthcare (PMPH) including a comprehensive cancer center on the Plainsboro campus.
- Continue with the construction timeline for the LGH ED expansion and cafeteria and kitchen relocation.

### **Operational Efficiencies**

- Consolidation of the patient access resources under a centralized corporate management model. This effort is focused on the consistency and efficiency of the patient experience as they engage with the Health System for services and includes technology investments and operational enhancements.
- Continue efforts in reducing LOS and improving discharges before noon to open beds for transfers and ED admits.
- Expand daily capacity management processes at HUP to include flexible monitoring and decision-making for activation and staffing of available patient rooms in both HUP East and HUP West
- Enhance nursing satisfaction, engagement, recruitment and retention, and improve Nursing Sensitive Outcomes, including reductions in central line-associated bloodstream infections (CLABSI), catheter-associated urinary tract infections (CAUTI), falls with injuries, and pressure ulcers. Improvements in these areas will decrease LOS, cut supply cost, and improve the experience for the patient.
- Launch continuous care model for home hospice patients with crises or uncontrolled symptoms as an alternative to inpatient care.
- Enhance our equality, diversity, and inclusion programs and improve metrics and analysis to identify trends and issues for continuous improvement in training, education and hiring practices.
- Move into Accelerate to Win phase of resurgence with a focus on new patient growth.
- Enhance ambulatory integration between CPUP and the Penn Medicine Medical Group (PMMG), integrate COVID-19 services into practices, and implement new telemedicine business models
- Transition PMPH Cerner Lab system to the version used by the downtown hospitals.
- Continue integration planning for Enterprise Resource Planning system at LGH.
- PennChart enhancements: implementation of PennChart Ambulatory at new Penn Medicine partner locations, implement PennChart Community Connect at HUP-Cedar FQHC and activation of PennChart Kaleidoscope at PPMC.
- Implement and activate PennForPeople Phase 2 focused on Talent Management and PennForFinance Phase 3 focused on Finance, Payroll and Supply Chain.

### **Academic Support**

UPHS' FY2022 budget includes \$687 million of allocated funds to support the academic mission of the Perelman School of Medicine (PSOM) in two forms:

- \$481 million to support the clinical, teaching, and research activities of CPUP.
- \$206 million transferred to PSOM to support operating expenses and capital projects.

### **Capital Expenditures**

The FY2021 capital budget had no authorizations at the entity level. A \$100 million contingency was held at the system level and could only be accessed with the approval of the UPHS chief operating officer and chief financial officer. The FY2022 capital budget does include limited authorizations at the entity level, approximately 50% of the \$552 million recommended. Similar to FY2021, the FY2022 capital budget includes a \$127 million contingency which would be allocated to the entities if needs arise and financial performance warrants.

Capital authorizations and planned FY2022 spending by category are outlined below:

(in thousands)

Category	Requested Authorizations		Spending *	
	Amount	% to Total	Amount	% to Total
Major Facilities Projects	150,000	27.2%	379,775	51.6%
UPHS Contingency	127,666	23.1%	102,666	14.0%
Information Systems	71,866	13.0%	44,981	6.1%
Deferred Maintenance	57,263	10.4%	59,612	8.1%
Routine Capital	55,455	10.0%	48,981	6.7%
Program Building	52,720	9.5%	62,313	8.5%
Clinical Replacement	37,451	6.8%	32,524	4.4%
Chair Commitments	-		4,147	0.6%
Total	\$ 552,422	100.0%	\$ 735,000	100.0%

## Balance Sheet and Cash Flow

- FY2022 unrestricted financial assets (cash, board designated funds and investments) budgeted at \$6.1 billion
- FY2022 DCOH budgeted at 211, of which seven days are attributable to the Medicare accelerated payments budgeted remaining balance of \$165 million.
- FY2022 days in accounts receivable are budgeted at 42.
- Unrestricted net assets are budgeted to increase \$354 million to a total of \$6.9 billion.

### Pending Liquidity

- HHS CARES Act funding – \$29 billion of the \$100 billion remains unallocated.
- FEMA funding application totaling \$2 million completed – \$200 million available in support of telemedicine initiatives.

## KEY FINANCIAL RATIOS

	FY 2018 <u>Actual</u>	FY 2019 <u>Actual</u>	FY 2020 <u>Actual</u>	FY 2021 <u>Projection</u>	FY 2022 <u>Budget</u>	Moody's 2019 <u>Aa3 Medians</u>
Days Cash on Hand	270	235	211	260	211	264
Days in Account Receivable	43	44	42	42	42	47
Debt Service Coverage	7.5	4.5	6.4	6.9	6.0	7.2
Debt to Unrestricted Capital	31.6%	29.6%	28.0%	29.1%	27.7%	24.9%
Operating Margin excl HHS	5.6%	5.8%	0.4%	4.0%	2.5%	3.6%
Operating Margin after Transfers excl HHS	2.6%	2.6%	-2.4%	1.1%	0.3%	n/a
EBITDA % excl HHS	11.0%	10.9%	5.1%	8.5%	7.7%	9.4%

# APPENDICES

## SCHOOL METRICS

*dollar amounts in millions*

	ASC	SAS	LAW	PDM	GSE	SEAS	SON	PSOM	SSPP	VET	WSOD	WHA	TOTAL
<b>Size of Endowment</b>	\$657	\$1,015	\$501	\$95	\$72	\$467	\$150	\$2,221	\$25	\$237	\$148	\$1,419	<b>\$7,007</b>
<i>School Rank</i>	4	3	5	10	11	6	8	1	12	7	9	2	
<b>Total Expenditures</b>	\$39	\$571	\$82	\$103	\$71	\$220	\$73	\$1,168	\$27	\$160	\$57	\$532	<b>\$3,104</b>
<i>School Rank</i>	11	2	7	6	9	4	8	1	12	5	10	3	
<b>Average Expenditure Growth <sup>1</sup></b>	0%	3%	6%	3%	5%	6%	-5%	6%	5%	5%	5%	5%	<b>5%</b>
<i>School Rank</i>	11	10	2	9	5	1	12	3	7	8	4	6	
<b>Sponsored Program Revenues</b>	\$4	\$88	\$1	\$16	\$13	\$79	\$19	\$750	\$4	\$38	\$2	\$5	<b>\$1,018</b>
<i>School Rank</i>	9	2	12	6	7	3	5	1	10	4	11	8	
<b>Fund Balance <sup>2</sup></b>	\$20	\$85	\$20	\$17	\$25	\$74	\$30	\$444	\$7	\$40	\$9	\$156	<b>\$926</b>
<i>School Rank</i>	9	3	8	10	7	4	6	1	12	5	11	2	
<b>Fund Balance % of Budget</b>	50%	15%	24%	16%	36%	33%	41%	38%	25%	25%	16%	29%	<b>30%</b>
<i>School Rank</i>	1	12	9	10	4	5	2	3	8	7	11	6	
<b>Student Aid % of Tuition &amp; Fees</b>	69%	42%	27%	9%	21%	38%	27%	84%	23%	13%	33%	20%	<b>34%</b>
<i>School Rank</i>	2	3	6	12	9	4	7	1	8	11	5	10	
<b>Tuition &amp; Fees % of Revenues <sup>3</sup></b>	13%	57%	54%	46%	63%	48%	56%	6%	64%	14%	56%	53%	<b>33%</b>
<i>School Rank</i>	11	3	6	9	2	8	5	12	1	10	4	7	
<b>Grant Revenues % of Revenues <sup>3</sup></b>	10%	15%	1%	15%	16%	32%	25%	59%	13%	24%	3%	1%	<b>31%</b>
<i>School Rank</i>	9	7	12	6	5	2	3	1	8	4	10	11	
<b>Investment Income % of Revenues <sup>3</sup></b>	73%	8%	22%	4%	5%	7%	9%	8%	4%	7%	8%	12%	<b>10%</b>
<i>School Rank</i>	1	6	2	11	10	8	4	7	12	9	5	3	
<b>Transfers &amp; Subvention % of Unrestricted Revenues <sup>4</sup></b>	2%	17%	12%	5%	8%	9%	10%	33%	7%	1%	12%	9%	<b>17%</b>
<i>School Rank</i>	11	2	3	10	8	7	5	1	9	12	4	6	

<sup>1</sup> All comparisons based on FY2020 year-end actual, except for Average Expenditure Growth which is based on FY2015 - FY2020 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> Transfers exclude the Overhead & Other Transfers category.

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

dollar amounts in millions

	FY2018 <u>Actual</u>	FY2019 <u>Actual</u>	FY2020 <u>Actual</u>	FY2021 <u>Budget</u> <sup>2</sup>	FY2021 <u>Forecast</u>	FY2022 <u>Budget</u>
<b>1. All Funds</b>						
Annenberg School for Communication	16.6	16.8	19.7	25.8	28.5	36.4
School of Arts and Sciences	69.2	71.7	84.7	65.6	76.9	87.7
Penn Carey Law	18.1	12.8	20.1	15.7	31.1	37.7
School of Dental Medicine	13.5	16.3	16.9	14.9	13.7	14.9
Graduate School of Education	15.2	19.3	25.5	25.6	34.9	35.0
School of Engineering and Applied Science	37.8	50.8	73.5	78.1	100.9	118.6
School of Nursing	16.2	20.8	20.2	22.4	27.9	33.5
Perelman School of Medicine	400.8	402.4	443.5	424.7	484.0	515.5
School of Social Policy and Practice	4.8	4.9	6.5	5.1	8.4	9.1
School of Veterinary Medicine	41.1	40.9	40.3	39.4	52.8	53.7
Weitzman School of Design	4.2	7.4	8.9	4.4	7.0	8.1
Wharton School	90.6	140.3	155.7	140.7	187.2	231.7
<b>School Total</b>	<b>728.0</b>	<b>804.4</b>	<b>915.5</b>	<b>862.4</b>	<b>1,053.2</b>	<b>1,181.7</b>
Annenberg Center for the Performing Arts	0.5	1.2	1.2	1.2	1.3	0.7
Recreation and Intercollegiate Athletics	17.7	14.7	25.4	26.2	28.4	27.1
Institute of Contemporary Art	0.3	0.0	0.6	0.5	1.0	0.8
Provost Interdisciplinary	13.7	11.5	10.6	10.7	12.4	15.0
Penn Global	4.2	5.7	6.5	6.1	8.4	8.2
Morris Arboretum	3.0	3.1	2.5	2.5	3.4	3.9
University Libraries	13.3	16.2	16.8	12.0	15.0	13.2
University Museum	5.3	5.1	4.5	1.7	4.4	2.0
<b>Resource Center Total</b>	<b>58.0</b>	<b>57.5</b>	<b>68.0</b>	<b>60.9</b>	<b>74.2</b>	<b>70.9</b>
<b>2. Unrestricted Funds</b>						
Annenberg School for Communication	10.6	12.5	16.0	21.5	25.9	34.8
School of Arts and Sciences	43.3	45.0	49.4	36.9	32.4	35.5
Penn Carey Law	7.4	0.7	3.0	(1.0)	16.3	21.3
School of Dental Medicine	12.0	14.5	13.7	5.9	10.5	10.7
Graduate School of Education	11.2	14.7	16.9	15.9	25.4	25.8
School of Engineering and Applied Science	22.9	29.7	43.5	31.1	63.7	68.8
School of Nursing	12.3	17.1	16.4	18.3	20.6	25.3
Perelman School of Medicine	268.0	250.9	268.9	246.2	274.5	276.4
School of Social Policy and Practice	3.2	3.1	3.4	1.8	4.2	4.9
School of Veterinary Medicine	17.7	21.9	20.2	18.8	25.6	22.7
Weitzman School of Design	0.9	2.2	3.0	(1.1)	1.0	1.7
Wharton School	16.1	35.0	52.4	53.9	77.2	105.5
<b>School Total</b>	<b>425.4</b>	<b>447.2</b>	<b>506.9</b>	<b>448.2</b>	<b>577.2</b>	<b>633.4</b>
Annenberg Center for the Performing Arts	0.5	1.1	1.1	1.1	1.2	0.7
Recreation and Intercollegiate Athletics	9.3	9.4	10.4	10.9	12.6	11.3
Institute of Contemporary Art	0.2	0.0	0.5	0.5	0.7	0.6
Provost Interdisciplinary	6.8	5.1	3.9	4.4	4.5	5.4
Penn Global	3.9	5.5	6.1	5.8	7.6	7.8
Morris Arboretum	0.4	0.4	0.4	0.4	0.7	0.8
University Libraries	9.2	10.6	10.9	8.9	9.4	9.8
University Museum	(0.5)	(0.6)	(0.4)	(2.6)	0.0	(1.9)
<b>Resource Center Total</b>	<b>29.9</b>	<b>31.5</b>	<b>32.9</b>	<b>29.4</b>	<b>36.8</b>	<b>34.7</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*

	FY2018 <u>Actual</u>	FY2019 <u>Actual</u>	FY2020 <u>Actual</u>	FY2021 <u>Budget</u> <sup>2</sup>	FY2021 <u>Forecast</u>	FY2022 <u>Budget</u>
<b>3. Restricted Funds (Excl. Capital Gifts)</b>						
Annenberg School for Communication	6.0	4.3	3.7	4.2	2.6	1.6
School of Arts and Sciences	26.0	26.7	27.8	27.4	28.5	29.6
Penn Carey Law	10.7	12.1	17.1	16.7	14.8	16.1
School of Dental Medicine	1.5	1.8	3.2	9.0	3.1	4.1
Graduate School of Education	4.0	3.9	4.8	4.0	5.3	4.6
School of Engineering and Applied Science	14.8	21.0	27.3	28.9	27.9	28.7
School of Nursing	3.8	3.7	3.8	4.1	7.3	8.2
Perelman School of Medicine	132.7	150.5	174.6	178.6	209.5	238.9
School of Social Policy and Practice	1.6	1.6	2.5	2.8	4.1	4.1
School of Veterinary Medicine	19.4	14.7	10.6	11.3	17.4	19.9
Weitzman School of Design	3.3	4.9	5.3	5.1	5.9	6.4
Wharton School	57.6	79.6	93.6	82.1	100.2	118.9
<b>School Total</b>	<b>281.5</b>	<b>325.0</b>	<b>374.2</b>	<b>374.1</b>	<b>426.5</b>	<b>481.1</b>
Annenberg Center for the Performing Arts	0.0	0.1	0.1	0.1	0.1	0.0
Recreation and Intercollegiate Athletics	2.1	3.3	5.1	5.4	5.9	6.0
Institute of Contemporary Art	0.1	0.1	0.1	0.0	0.3	0.2
Provost Interdisciplinary	5.0	4.7	5.1	5.9	6.7	9.2
Penn Global	0.2	0.2	0.4	0.3	0.8	0.3
Morris Arboretum	2.5	2.7	2.1	2.1	2.7	3.0
University Libraries	2.3	2.6	2.6	2.7	2.9	3.0
University Museum	5.0	5.6	4.7	4.2	4.3	3.9
<b>Resource Center Total</b>	<b>17.3</b>	<b>19.2</b>	<b>20.3</b>	<b>20.7</b>	<b>23.7</b>	<b>25.6</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	7.5	1.3	16.0	22.6
Penn Carey Law	0.0	0.0	0.0	0.0	0.0	0.2
School of Dental Medicine	0.0	0.0	0.0	0.0	0.1	0.1
Graduate School of Education	0.0	0.7	3.7	5.8	4.3	4.6
School of Engineering and Applied Science	0.1	0.0	2.8	18.2	9.3	21.1
School of Nursing	0.0	0.0	0.0	0.0	0.0	0.0
Perelman School of Medicine	0.0	1.0	0.0	(0.1)	0.0	0.1
School of Social Policy and Practice	0.0	0.1	0.6	0.6	0.2	0.2
School of Veterinary Medicine	4.0	4.3	9.5	9.2	9.8	11.1
Weitzman School of Design	0.0	0.3	0.5	0.4	0.0	0.0
Wharton School	16.9	25.7	9.7	4.6	9.8	7.2
<b>School Total</b>	<b>21.1</b>	<b>32.2</b>	<b>34.4</b>	<b>40.1</b>	<b>49.4</b>	<b>67.2</b>
Annenberg Center for the Performing Arts	0.0	0.0	0.0	0.0	0.0	0.0
Recreation and Intercollegiate Athletics	6.4	2.0	9.9	9.9	9.9	9.9
Institute of Contemporary Art	0.0	0.0	0.0	0.0	0.0	0.0
Provost Interdisciplinary	1.9	1.7	1.6	0.4	1.1	0.4
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	1.8	3.0	3.2	0.4	2.8	0.3
University Museum	0.8	0.1	0.1	0.1	0.0	0.0
<b>Resource Center Total</b>	<b>10.9</b>	<b>6.9</b>	<b>14.8</b>	<b>10.8</b>	<b>13.8</b>	<b>10.6</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

	FY2016 <u>Actual</u>	FY2017 <u>Actual</u>	FY2018 <u>Actual</u>	FY2019 <u>Actual</u>	FY2020 <u>Actual</u>	FY2016-20 <u>CAGR %</u>	FY2021 <u>Budget</u>	FY2021 <u>Forecast</u>	FY2022 <u>Budget</u>	vs. FY2021 <u>Forecast</u>
<b>1. Student FTEs</b>										
Annenberg School for Communication	88	81	80	75	67	-6.5%	72	71	68	-4.2%
School of Arts and Sciences	8,605	8,586	8,579	8,599	8,585	-0.1%	8,656	8,507	8,613	1.2%
Penn Carey Law	886	885	885	912	937	1.4%	884	884	937	6.0%
School of Dental Medicine	647	653	664	681	702	2.0%	738	738	790	7.0%
Graduate School of Education	1,401	1,218	1,274	1,270	1,353	-0.9%	1,274	1,358	1,365	0.5%
School of Engineering and Applied Science	2,861	2,996	3,111	3,289	3,657	6.3%	3,420	3,762	4,151	10.3%
School of Nursing	972	1,002	984	1,000	975	0.1%	966	1,026	1,006	-1.9%
Perelman School of Medicine	1,528	1,528	1,584	1,620	1,705	2.8%	1,680	1,748	1,770	1.3%
School of Social Policy and Practice	450	425	445	469	392	-3.4%	418	420	480	14.3%
School of Veterinary Medicine	491	488	474	487	490	-0.1%	506	535	537	0.4%
Weitzman School of Design	702	690	705	746	781	2.7%	615	689	721	4.6%
Wharton School	4,085	4,100	4,170	4,205	4,199	0.7%	4,107	4,032	4,255	5.5%
<b>School Total</b>	<b>22,716</b>	<b>22,652</b>	<b>22,955</b>	<b>23,354</b>	<b>23,842</b>	<b>1.2%</b>	<b>23,336</b>	<b>23,770</b>	<b>24,693</b>	<b>3.9%</b>
<b>2. Standing Faculty FTEs (Filled Positions)</b>										
Annenberg School for Communication	19	20	17	17	19	-0.7%	21	20	19	-5.0%
School of Arts and Sciences	472	483	495	495	494	1.2%	500	499	491	-1.6%
Penn Carey Law	47	48	50	51	48	0.5%	52	52	55	5.8%
School of Dental Medicine	42	41	41	45	49	4.1%	50	52	51	-1.9%
Graduate School of Education	36	39	40	39	39	2.0%	38	36	36	-1.4%
School of Engineering and Applied Science	112	114	123	123	121	2.0%	128	128	132	3.1%
School of Nursing	55	50	54	57	55	-0.1%	58	57	57	0.0%
Perelman School of Medicine	1,390	1,413	1,454	1,504	1,514	2.2%	1,535	1,541	1,522	-1.2%
School of Social Policy and Practice	24	24	26	26	25	1.6%	26	24	25	4.2%
School of Veterinary Medicine	108	107	110	110	111	0.7%	121	112	116	3.6%
Weitzman School of Design	38	42	41	42	41	1.8%	45	46	46	0.0%
Wharton School	221	219	231	234	224	0.4%	244	241	225	-6.6%
<b>School Total</b>	<b>2,562</b>	<b>2,600</b>	<b>2,683</b>	<b>2,743</b>	<b>2,738</b>	<b>1.7%</b>	<b>2,819</b>	<b>2,808</b>	<b>2,775</b>	<b>-1.2%</b>
<b>3. Staff FTEs (Filled Positions)</b>										
Schools	6,312	6,549	6,893	7,103	7,228	3.4%	7,399	7,366	7,499	1.8%
Resource Centers	653	669	691	730	729	2.8%	754	740	795	7.5%
Administrative Centers	3,000	3,068	3,110	3,137	3,101	0.8%	3,238	3,130	3,208	2.5%
Business Services	284	290	302	310	284	0.1%	308	293	316	7.6%
<b>Total University</b>	<b>10,249</b>	<b>10,577</b>	<b>10,995</b>	<b>11,280</b>	<b>11,343</b>	<b>2.6%</b>	<b>11,699</b>	<b>11,530</b>	<b>11,819</b>	<b>2.5%</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.

**Clinical Fee:** This mandatory fee is assessed to all students and supports Penn Wellness services, including Campus Health, Counseling and Psychological Services, the Student Health Service, and the Office of Alcohol and Other Drug Programs.

**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 transfers.

**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 FY2022 rate is 30.5% 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.

**Financial Aid Discount:** An assessment against undergraduate tuition to cover the expenses of the undergraduate aid pool. The financial aid discount will be 37.5% in FY2022.

**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 Fee:** A fee assessed to all undergraduate, graduate, and professional students that directly funds Penn's non-instructional student support services. The General Fee for full-time students provides them with complete access to a wide variety of services and resources, including counseling and wellness, multicultural resource centers, student activities, recreation and fitness, career services, and learning support.

**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 62.5% in FY2022. 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 was temporarily increased to 7.0% in FY2021 but is expected to be reduced to 6.0% in FY2022 and then return to its previous level of 5.0% in FY2023.

**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 allocated on a recurring or a one-time basis and can fund ongoing operations or 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 revenue, and the same percentage of non-PhD graduate tuition revenue. 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 very low Treasury bill rates in recent years, the Office of the Treasurer established a floor on both borrowing and earnings rates; short-term 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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