

Fiscal Year 2024

# Operating Budget



Penn



# Penn Budget Planning & Analysis

Date: June 15, 2023  
To: Trustee Committee on Budget and Finance  
From: Trevor C. Lewis, Vice President *Trevor C. Lewis*  
Re: FY2024 Consolidated University Operating Budget

I am pleased to present the proposed consolidated operating budget for the University of Pennsylvania for Fiscal Year 2024, the period beginning July 1, 2023, and ending June 30, 2024.

The consolidated budget integrates 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, with the exception of 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 presents both budgetary and programmatic details for the University overall as well as for individual responsibility centers and the Health System.

The development of the operating budget is a collaborative effort involving faculty, staff, and administrators, all of whom deserve recognition. A significant strength of Penn's budget process is the active engagement of the Budget Steering Committee: President Elizabeth Magill, Senior Executive Vice President Craig Carnaroli, Vice President and Chief of Staff Michael Citro, and Vice President for Finance and Treasurer Mark Dingfield. Building on the outstanding efforts of the Office of Budget Planning & Analysis staff, the Budget Steering Committee ensures that our budget aligns with Penn's strategic goals and institutional values. As always, the budget continues to support Penn's prominent position as one of the world's premier research universities.

# University of Pennsylvania

## Fiscal Year 2024 Operating Budget

### TABLE OF CONTENTS

<b>Introduction .....</b>	<b>5</b>
 <b>Operating Budget Schedules and Budget Overview</b>	
<b>Operating Budget Schedules</b>	
Schedule A - GAAP Summary .....	11
Schedule B - RCM Summary .....	12
Schedule C - Summary by Responsibility Center .....	13
Schedule D - RCM to GAAP Academic Component Crosswalk .....	14
 <b>Budget Overview</b>	
GAAP Versus RCM Presentation of the Academic Budget .....	15
Fiscal Year 2023 Performance .....	15
The Fiscal Year 2024 University Budget .....	15
Discussion of Individual Revenue and Expense Categories .....	18
Tuition and Fees .....	18
Financial Aid .....	18
Sponsored Programs .....	19
Indirect Cost Recovery .....	20
Investment Income .....	20
Salaries .....	21
Employee Benefit Rate .....	21
Allocated Cost and Space Charges .....	22
Budget Parameters Summary .....	22
 <b>Responsibility Center Budgets and Program Statements</b>	
<b>Schools</b>	
Annenberg School for Communication .....	24
School of Arts and Sciences .....	26
Penn Carey Law .....	28
School of Dental Medicine .....	30
Graduate School of Education .....	32
School of Engineering and Applied Science .....	34
School of Nursing .....	36
Perelman School of Medicine .....	38
School of Social Policy and Practice .....	40
School of Veterinary Medicine .....	42
Weitzman School of Design .....	44
Wharton School .....	46

<b>Resource Centers</b>	
Division of Recreation and Intercollegiate Athletics .....	49
Institute of Contemporary Art .....	51
Morris Arboretum .....	53
Penn Global – see <i>Office of the Provost section</i>	
Provost Interdisciplinary Programs – see <i>Office of the Provost section</i>	
Penn Live Arts .....	55
University Libraries.....	57
University of Pennsylvania Museum .....	59
 <b>Administrative Service Centers</b>	
Development and Alumni Relations .....	62
Office of the Executive Vice President.....	63
Office of the President.....	65
Office of the Provost.....	66
 <b>University of Pennsylvania Health System .....</b>	 67
 <b>Appendices</b>	
School Metrics.....	79
Fund Balance Summary .....	80
FTE Summary .....	81
Glossary of Penn Budget Terms.....	82

**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, Franklin Building, Suite 421, 3451 Walnut Street, Philadelphia, PA 19104-6205 (215) 898-6993.

## INTRODUCTION

In many ways, FY2023 at Penn was one of new beginnings. The most prominent of these came with the inauguration of Penn's ninth President Liz Magill, who began her tenure July 1 and was officially recognized as president by the Trustees, faculty, students, and staff at a joyous ceremony in October.

At the event, she advocated for a bold, risk-taking Penn—one that would “play offense” and confidently embrace the community's values of creativity and tenacity.

“Making the moment,” Magill described, invoking Penn founder Benjamin Franklin, “is like “drawing down the lightning.”

“We welcome a challenge here, and we thrive on it,” she said.

Another new beginning in FY2023 was the appointment of John L. Jackson, Jr. as Provost. Jackson, who assumed the position June 1, 2023, was previously the Walter H. Annenberg Dean of the Annenberg School for Communication (ASC), dean of the School of Social Policy and Practice (SSPP), and the very first *Penn Integrates Knowledge Professor*, appointed in 2006.

“He is an acclaimed scholar who has had extraordinary success in recruiting outstanding faculty, in leading innovations in teaching and learning, and in building an exceptional educational experience for students,” said Magill upon his appointment. “John is a superb fundraiser who has raised the profile of both Schools that he has led at Penn. I know he will guide Penn to even greater heights.”

On the research front, the trailblazing Penn Institute for RNA Innovation continued its work in applying mRNA technology, including efforts to develop a herpes vaccine that could help 491 million people around the globe; the Basser Center for BRCA at the Abramson Cancer Center received a \$55 million gift to establish the [Basser Cancer Interception Institute](#), targeting hereditary cancers at the earliest stages; and another major gift to the Perelman School of Medicine (PSOM), from Stewart and Judy Colton, will power the next generation of autoimmune disease advances.

Fundraising for FY2023 had already reached \$588 million by the end of April, surpassing the annual goal by \$63 million. In January, President Magill launched an introductory “Penn Forward” tour to meet members of the Penn community that included five US cities and London. [Tomorrow, Together](#), the University-wide process that is identifying and setting a strategic framework for Penn's future, is being led by the Red and Blue Advisory Committee and is headed by Provost Jackson. The committee held meetings with community stakeholders in the fall and spring and will report its findings and recommendations this summer.

Below, please find a review of FY2023 and a preview of the year ahead.

### Engagement

**Local Engagement:** The Netter Center for Community Partnerships kicked off its 30<sup>th</sup> anniversary programming with a fall celebration at the Andrew Hamilton School that showcased Penn's flourishing University-Assisted Community Schools initiative and the Young Quakers Community Athletics program, a collaboration between Netter and Penn Athletics that creates mutually beneficial partnerships between Penn's intercollegiate athletics teams and West Philadelphia public schools.

Penn Vet continues to work with the local community through its Shelter Medicine program. During the last six years, the program has provided 40,000 hours of community service across Greater Philadelphia and reached over 800 middle and high school students. In addition, the School maintains a strong partnership with the

Commonwealth of Pennsylvania and the state's agriculture industry; this includes processing over 180,000 diagnostic samples to safeguard the food supply and wildlife health through the [Wildlife Futures Program](#).

A new \$7.5 million gift to PennPraxis, the Weitzman School of Design's nonprofit consulting arm, supports *Design to Thrive*, a summer youth development initiative that serves high-school-aged youth of color in New York City and Philadelphia. Meanwhile, PennPraxis' *Design Fellows* program creates opportunities for students and faculty to join forces with Black, Latino, and Indigenous leaders, including working on a project to design a new, sustainable Lenape community as part of an environmental reparations agreement.

The Graduate School of Education's (GSE) Office of School and Community Engagement facilitates and supports partnerships with schools and communities to improve educational outcomes and the wellbeing of Philadelphia youth. The office tracks its hundreds of activities around the city through an interactive heat map.

Penn Dental this past year once again provided over \$4 million in partially or non-compensated dental care to the local community, and this summer plans to open its fourth community care center at the PHMC Public Health Campus on Cedar in West Philadelphia.

The first cohort of the School of Nursing's [Leonard A. Lauder Community Care Nurse Practitioner Program](#) enrolled in FY2023, supported by Lauder's historic \$125 million gift. This program will continue to grow and realize its mission to advance health and equity by deploying nurse practitioners in underserved communities.

During FY2023, Penn Museum held virtual tours and workshops for over 3,700 Philadelphia School District students with funding from the Unpacking the Past partnership and re-launched *Culturefest!*, multi-day celebrations for families focused on the diverse cultures represented in its collection. At the Institute of Contemporary Art (ICA), 43 free programs were offered in the past year, 19 of which were led by faculty or students.

**National Engagement:** As global warming issues continue to alter lives, communication on climate change topics is increasingly crucial. This past year, Penn welcomed renowned climate scientist Michael Mann, a School of Arts and Sciences (SAS) faculty member with a secondary appointment at ASC, whose new center in the Annenberg Public Policy Center (APPC), [the Penn Center for Science, Sustainability, and the Media](#), is a collaboration with SAS. The center is tackling climate change issues head-on, with an eye to research that directly impacts public policy.

SAS continues to promote public-facing research and teaching endeavors such as the Crime and Justice Policy Lab, the Klein Family Social Justice grants, and the work of the newly redesigned SAS Science Outreach Initiative.

The Penn Carey Law School doubled the number of Toll Public Interest Scholars entering in the Class of 2024 and doubled the number of Toll Public Interest Fellows awarded to continuing students committed to public service. These programs include post-graduate debt relief.

**Global Engagement:** PSOM's [Center for Global Health](#) has organized relief efforts in Ukraine and developed partnerships with Ukrainian hospitals and medical schools. Penn Vet has received \$22 million in NIH funding for the Institute for Infectious and Zoonotic Diseases, and in FY2023, Penn Vet launched the [Center for Stewardship Agriculture and Food Security](#) to foster the responsible use of resources—including air, water, land, animals, and people—entrusted to farmers to produce sustainable and nutritious food while successfully meeting the demands of feeding the world's burgeoning population.

Through a \$10 million gift, [the Sundheim International Scholars Fund](#) will provide scholarship aid for international students in SAS and create The Sundheim Penn First Plus International Opportunity Fund, providing funds for international students who are also P1P-supported and allowing for experiences with summer internships, research programs, and academic courses.

As a World Health Organization Collaborating Center, Penn Nursing is supporting the Pan American Health Organization in Latin America and the Caribbean in efforts to increase knowledge and understanding of maternal health and mortality, to build capacity in nursing education, and to strengthen nursing research.

## Innovation

**Faculty Recruitment:** Four new *Penn Integrates Knowledge* professors were appointed this past fiscal year, including:

- Dirk Trauner, one of the world's most innovative interdisciplinary chemists, as the George A. Weiss University Professor, with joint appointments in the Department of Chemistry in SAS and the Department of Systems Pharmacology and Translational Therapeutics in PSOM.
- Desmond Patton, a pioneer in the interdisciplinary fusion of social work, communications, and data science, as the Brian and Randi Schwartz University Professor, with joint appointments in the SSPP and ASC along with a secondary appointment in the Department of Psychiatry in PSOM.
- René Vidal, a global pioneer of data science, as the Rachleff University Professor, with joint appointments in the Department of Radiology in PSOM and the Department of Electrical and Systems Engineering in SEAS.
- Gregory Bowman, whose research aims to combat global health threats such as COVID-19 and Alzheimer's disease by better understanding how proteins function and malfunction, as the Louis Heyman University Professorship, with joint appointments in the Department of Biochemistry and Biophysics in PSOM and the Department of Bioengineering in SEAS.

**Educational Innovation:** GSE received a \$16.25 million commitment to create the [McGraw Center for Educational Leadership](#). It will launch in Fall 2023 and focus on meeting challenges in education with an entrepreneurial spirit.

Building on the success of [MCIT Online](#), Penn Engineering (SEAS) introduced its second online master's degree program in Spring 2023. The online Master of Science in Engineering in Data Science ([MSE-DS Online](#)) combines coursework in topics such as big data, artificial intelligence, and machine learning to prepare students for careers as data scientists and data engineers.

The Wharton School welcomed its first global cohort of executive MBAs in May 2023. This program is a blend of in-person sessions in Philadelphia, San Francisco, and other locations around the world, in addition to virtual synchronous sessions every other week. For GSE, FY2024 will be the inaugural year of two fully online master's degree programs in [Global Higher Education](#) and [Learning Analytics](#), and Nursing has introduced a new Master's in Nutrition Science whose first cohort will start this fall. A distinguishing feature of the Vet School's VMD program is the availability of [first-of-their kind dual degrees](#) with partner schools across Penn designed to train global problem-solvers through interdisciplinary and inter-professional master's and certificate programs.

**Research Innovation:** Penn ranked first in licensing income in the latest survey of the Association of University Technology Managers (AUTM), which received responses from 153 different institutions. Penn's gross licensing income was more than double the next largest contributor, the entire University of California system.

PSOM recently created the Penn Institute for Immunology and Immune Health (I3), which will connect basic discovery immunology and translational research with infrastructure to integrate immunological knowledge into the electronic medical record.

ASC launched the Virtual Reality CollABorative, the first lab at Penn to study virtual, augmented, and mixed reality technologies and society. It is considered an underexplored area of study in academia. The School also continues to fund its CAMRA (Collective for Advancing Multimodal Research Arts) Fellows Pipeline Program, supporting the mentorship of undergraduates by PhD students to incorporate multimodal research in their scholarship.

**Awards and Recognition:** The impressive list of awards and recognition recently received by Penn students and faculty includes the following:

- SEAS faculty member Nader Engheta won the Benjamin Franklin Medal;
- Four Penn faculty were awarded Guggenheim Fellowships, and three were named 2023 Sloan Research Fellows;
- Four Penn faculty were elected to the National Academy of Sciences;
- A Penn senior was named a George J. Mitchell Scholar;
- Four Penn students were named 2023 Goldwater Scholars, two Penn seniors and an alumna were named 2023 Marshall Scholars, and a Penn senior and four alumni were named Schwarzman Scholars; and
- Penn was recognized again by the US Department of State as a Top Producing Institution of Fulbright scholars.

## Inclusion

**Diversity and Inclusion:** The Class of 2027 had the largest applicant pool in Penn’s history at over 59,000 and was the most diverse group of admitted students in Penn’s history in terms of racial and ethnic background, socioeconomic diversity, and those who are first-generation college students.

The Wharton School reported its second year of accomplishing gender parity among new MBA students while also attracting its largest cohort of LGBTQ+ and first-generation college students. For FY2024, SSPP is doubling the number of Social Justice Scholars it enrolls in master’s programs. This program provides full-tuition scholarships and shows preference to students who have graduated from HBCUs and minority-serving institutions, with funding coming from a \$7.5 million gift and \$5 million of University matching support. The Weitzman School has steadily increased its number of minority US students since FY2016; for FY2023 this percentage was up to 44%, with the underrepresented minority share at 29%. Nearly 50 college students from around the country traveled to Penn in October for a three-day program designed to prepare students from backgrounds underrepresented in STEM fields to pursue graduate studies. The [DEEPenn STEM](#) program, short for Diversity Equity Engagement at Penn in STEM, is a collaboration of SEAS, SAS, and PSOM.

The School of Nursing has begun implementation of the [Eidos LGBTQ+ Health Initiative](#), a first-of-its-kind social entrepreneurship lab that provides evidence-based health solutions through research and trains students to think about creative solutions to improve LGBTQ+ health. In February, Eidos announced a \$5 million collaborative project with a venture capital firm to support LGBTQ+ medical research and start-ups.

SAS hired three new scholars of African American history: two in Africana studies and one in history. The School is also working to incorporate inclusive teaching practices into undergraduate courses in the College of Arts and Sciences, in partnership with its Office of Diversity, Equity, and Inclusion.

Penn Medicine has gained momentum and traction with its comprehensive anti-racism initiative, the Action for Cultural Transformation (ACT), implementing programs through six workgroups with foci on clinical issues, research, education, community, culture, and people. The Weitzman School hosted a series of dialogues sponsored by its Center for the Preservation of Civil Rights Sites that scrutinized the nation’s collective understanding of what constitutes a civil rights heritage site and how the sites are preserved.

**Financial Aid:** Starting in FY2024, undergraduate students whose families make \$75,000 or less and who have typical assets will receive financial aid packages that fully cover tuition, fees, and housing and dining costs; previously, the cap was \$65,500. Penn announced the University’s minimum FY2024 doctoral stipend would be raised by 24% to \$38,000, the largest increase ever.

For PSOM’s medical scientist training programs (MSTP), students who graduated with debt had about \$74,000 less than the median amount in 2022. In addition, PSOM fully funds all enrolled PhD students while also maintaining the competitive scholarship programs offered. Wharton will provide aid to 33% of the incoming MBA class with an average annual aid amount of \$40,000. This level enables direct competition with its peer group for the top students across all demographics. In addition to continuing its need and merit-based aid program, GSE has been increasing



its new *Dean's Fellowship: Power of Possibility* scholarship program for incoming master's students from diverse backgrounds. Penn Carey Law has doubled the amount of Dr. Sadie T.M. Alexander Scholarships to support incoming JD students whose education, experience, and professional commitments advance racial justice and honor the legacy of Dr. Alexander.

## Capital Project Priorities and Sustainability

Construction is proceeding on the new Vagelos Laboratory for Energy Science and Technology building at 32<sup>nd</sup> and Walnut Streets, a collaboration between SAS and SEAS. Scheduled to open in January 2025, this state-of-the-art facility will house the next generation of energy research programs as well as the Vagelos Integrated Program in Energy Research (VIPER), a dual-degree undergraduate program run jointly by the two Schools. SAS is also continuing programming and schematic design for extensive renovations to David Rittenhouse Laboratories and for a new physical sciences building.

Amy Gutmann Hall will be the focal point for data science and engineering across campus when it opens in the fall of 2024 at the southeast corner of 34<sup>th</sup> and Chestnut Streets. SEAS is also fitting out approximately 40,000 square feet of leased space in University City for its Center for Precision Engineering for Health (CPE4H).

In October, the University held a groundbreaking ceremony for [Stuart Weitzman Hall](#). This project will renovate the former Morgan Building to include new studios, makerspaces, classrooms, meeting spaces, a learning hub, and an exhibition gallery. It will reopen in 2025.

GSE's expansion project is on track for completion in Fall 2023. This project will merge the School's central building with Stiteler Hall through a three-story addition. The expanded facility will include a makerspace, an innovation studio, a multimedia lab, and *Catalyst @ Penn GSE*, the center for global education and innovation.

Other key capital projects in process include the Ott Center for Track and Field, a 200 meter, six-lane indoor track that will open in September 2024, the second phase of the Harrison and Coxe wings renovations at the Penn Museum, and renovations to the Quadrangle and the College Hall West Wing.

The University is committed to the [Climate and Sustainability Action Plan 3.0](#), a plan that sets a goal for the campus to be carbon neutral by 2042. In support of the plan, Facilities and Real Estate Services advanced the power purchase agreement for two solar facilities that are expected to open in FY2024 and dramatically reduce the campus' net carbon emissions. Wharton Executive Education launched its ESG (Environmental, Social, and Governance) Essentials program, offering comprehensive studies of ESG business practices. The Weitzman School's Department of Architecture secured a grant from the US Department of Energy to develop carbon-absorbing large-scale high-performance building components.

## Administrative Excellence

In addition to the appointment of John L. Jackson, Jr. as Provost, several other talented and diverse senior leadership appointments at Penn were announced during FY2023. Among these were: Kathleen Shields Anderson, Vice President for the Division of Public Safety (DPS); Gary Williams, Chief of Police for DPS; Mark Dingfield, Vice President for Finance and Treasurer; Katherine Strunk, Dean of GSE; Sophia Lee, Dean of the Penn Carey Law School; Hikaru Kozuma, Vice Provost for University Life; James Husson, Vice President of Development and Alumni Relations; and Anna Cowenhoven as Vice President for University Communications.

For the third consecutive year, *Forbes* recognized Penn as one of America's Top 100 Large Employers. *Security* magazine's 2022 Security Benchmark Report honored DPS both as a leading "Security Team Using Metrics" and as a "DEI Achiever; Security Making Strides in Diversity, Equity, & Inclusion." Three Penn construction projects received awards from the Preservation Alliance of Philadelphia: the Burk-Bergman Boathouse renovation; repairs to the David Goddard Research Laboratories; and the renovation of the historic Kelly Writer's House.

Operating Budget Schedules  
&  
Budget Overview

**UNIVERSITY OF PENNSYLVANIA OPERATING BUDGET - GAAP BASIS<sup>1</sup>**  
(in thousands of dollars)

**SCHEDULE A**

	Fiscal 2022 Actual	Fiscal 2023 Budget	Fiscal 2023 Forecast	Fiscal 2024 Budget
<b>ACADEMIC COMPONENT</b>				
<b>REVENUE &amp; OTHER SUPPORT</b>				
Tuition & Fees	1,655,620	1,710,766	1,729,034	1,804,436
Student Aid Contra-Revenue	(375,596)	(408,820)	(401,147)	(440,161)
Net Tuition & Fees	1,280,024	1,301,947	1,327,886	1,364,276
Commonwealth Appropriations	35,144	35,144	36,740	37,411
Sponsored Programs - Direct Cost Recovery	937,362	936,637	976,570	1,005,930
Indirect Cost Recovery	332,674	342,905	351,761	362,376
Total Sponsored Programs	1,270,036	1,279,542	1,328,331	1,368,306
Contributions	202,107	201,052	210,924	218,547
Investment Income	661,171	773,786	865,232	896,271
Other Income	1,603,537	915,188	1,037,433	670,275
Transfers From Health System	160,404	187,878	162,633	178,953
<b>TOTAL REVENUE &amp; OTHER SUPPORT</b>	<b>5,212,423</b>	<b>4,694,537</b>	<b>4,969,180</b>	<b>4,734,039</b>
<b>EXPENSES</b>				
Salaries	1,681,678	1,847,339	1,857,465	2,017,812
Employee Benefits	473,632	519,393	519,671	585,150
Total Compensation	2,155,310	2,366,733	2,377,136	2,602,961
Depreciation & Amortization	235,499	244,718	239,595	249,731
Interest Expense	58,529	55,130	57,630	54,126
Current Expense	1,132,973	1,193,842	1,278,327	1,331,211
Student Aid Expense	146,286	156,892	149,170	164,135
<b>TOTAL EXPENSES</b>	<b>3,728,597</b>	<b>4,017,315</b>	<b>4,101,858</b>	<b>4,402,165</b>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>1,483,826</b>	<b>677,222</b>	<b>867,322</b>	<b>331,874</b>
<b>HEALTH SYSTEM</b>				
<b>REVENUE &amp; OTHER SUPPORT</b>				
Net Patient Service Revenue	8,104,388	8,572,098	8,633,071	9,065,589
Other Income	1,287,043	1,295,651	1,445,601	1,448,382
Transfers To Academic Component	(160,404)	(187,878)	(162,633)	(178,953)
<b>TOTAL REVENUE &amp; OTHER SUPPORT</b>	<b>9,231,027</b>	<b>9,679,871</b>	<b>9,916,039</b>	<b>10,335,018</b>
<b>EXPENSES</b>				
Compensation				
Salaries	4,043,481	4,159,790	4,238,964	4,427,188
Employee Benefits	1,010,495	1,109,724	1,051,334	1,135,252
Total Compensation	5,053,976	5,269,514	5,290,298	5,562,440
Depreciation & Amortization	387,958	420,003	418,313	430,825
Interest Expense	69,468	84,366	83,450	86,529
Other Operating Expenses	3,545,131	3,680,517	3,845,955	3,979,371
<b>TOTAL EXPENSES</b>	<b>9,056,533</b>	<b>9,454,400</b>	<b>9,638,017</b>	<b>10,059,165</b>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>174,494</b>	<b>225,471</b>	<b>278,022</b>	<b>275,853</b>
<b>Elimination of Inter-Entity Activities<sup>2</sup></b>				
<b>REVENUE &amp; OTHER SUPPORT</b>	<b>(16,495)</b>	<b>(17,840)</b>	<b>(17,318)</b>	<b>(18,876)</b>
<b>EXPENSES</b>	<b>(16,495)</b>	<b>(17,840)</b>	<b>(17,318)</b>	<b>(18,876)</b>
<b>CONSOLIDATED UNIVERSITY</b>				
<b>REVENUES &amp; OTHER SUPPORT</b>	<b>14,426,955</b>	<b>14,356,569</b>	<b>14,867,901</b>	<b>15,050,181</b>
<b>EXPENSES</b>	<b>12,768,635</b>	<b>13,453,876</b>	<b>13,722,557</b>	<b>14,442,454</b>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>1,658,320</b>	<b>902,693</b>	<b>1,145,344</b>	<b>607,727</b>

<sup>1</sup> Presented in accordance with Generally Accepted Accounting Principles used for external financial reporting

<sup>2</sup> 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 2022 Actual	Fiscal 2023 Budget	Fiscal 2023 Forecast	Fiscal 2024 Budget
<b>ACADEMIC COMPONENT</b>				
<b>REVENUES &amp; TRANSFERS</b>				
Traditional Undergraduate Tuition	521,229	551,570	543,571	567,312
Graduate, Professional & Other Tuition	753,203	764,418	779,319	816,133
Total Tuition	1,274,431	1,315,988	1,322,890	1,383,445
General & Other Fees	381,189	394,778	406,143	420,991
Total Tuition & Fees	1,655,620	1,710,766	1,729,034	1,804,436
Commonwealth Appropriation	35,144	35,144	36,740	37,411
Sponsored Programs - Direct Cost Recovery	937,362	936,637	976,570	1,005,930
Sponsored Programs - Indirect Cost Recovery	332,674	342,905	351,761	362,376
Total Sponsored Programs	1,270,035	1,279,542	1,328,331	1,368,306
Gifts	318,238	278,404	325,135	340,901
Investment Income	701,513	780,045	888,400	921,853
Other Income	1,603,452	915,188	1,037,765	670,275
<b>TOTAL DIRECT REVENUES</b>	<b>5,584,002</b>	<b>4,999,091</b>	<b>5,345,405</b>	<b>5,143,182</b>
Net Resource Transfers <sup>2</sup>	160,132	131,804	172,092	(20,218)
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>5,744,135</b>	<b>5,130,895</b>	<b>5,517,497</b>	<b>5,122,964</b>
<b>EXPENDITURES</b>				
Academic Salaries	858,635	909,019	913,356	957,726
Non-Academic Salaries	951,443	1,052,597	1,069,701	1,154,320
Total Salaries	1,810,079	1,961,616	1,983,057	2,112,046
Employee Benefits	502,992	539,720	548,492	586,021
Total Compensation	2,313,070	2,501,336	2,531,548	2,698,067
Current Expense	983,008	1,068,858	1,136,225	1,254,034
Capital Transactions	342,504	622,602	430,030	602,001
Traditional Undergraduate Student Aid	247,975	272,479	255,714	288,008
Graduate, Professional & Other Student Aid	224,084	243,680	241,762	255,048
Total Student Aid	472,059	516,159	497,476	543,055
<b>TOTAL EXPENDITURES</b>	<b>4,110,642</b>	<b>4,708,956</b>	<b>4,595,280</b>	<b>5,097,157</b>
<b>RCM SURPLUS<sup>3</sup></b>	<b>1,633,493</b>	<b>421,940</b>	<b>922,217</b>	<b>25,808</b>

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

<sup>2</sup> Includes funding transfers to the Health System for the 3600 Civic Center Boulevard Overbuild project: \$25M in FY2022; \$77M in FY2023 Budget; \$13M in FY2023 Forecast; and \$229M in FY2024 Budget

<sup>3</sup> An RCM surplus means that funds are set aside for future years

**UNIVERSITY OF PENNSYLVANIA FISCAL YEAR 2024 OPERATING BUDGET  
ACADEMIC COMPONENT BY RESPONSIBILITY CENTER**

(in thousands of dollars)

	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	6,859		9,220	1,725	45,207	764	1	63,776	26,547	20,073	1,600	4,708	3,742	56,670
Arts & Sciences	374,589		109,517	36,034	69,642	7,662	96,444	693,887	323,590	73,322	49,789	154,118	97,353	698,173
Penn Carey Law	56,015		1,361	16,482	27,641	2,833	9,899	114,231	60,214	16,320	7,224	21,450	14,080	119,288
Dental Medicine	66,890	517	19,816	3,000	7,133	35,737	4,377	137,470	77,765	30,517	2,132	4,988	20,592	135,994
Education	61,986		11,647	4,415	5,729	2,691	4,637	91,105	46,232	16,334	6,038	12,404	10,653	91,660
Engineering	169,701		102,463	18,019	27,927	2,237	26,639	346,986	131,168	65,816	71,656	62,139	42,322	373,102
Nursing	45,368		24,086	1,668	15,193	160	6,932	93,407	46,348	13,118	417	14,890	13,031	87,805
Perelman School of Medicine	83,330	2,673	947,231	94,747	188,380	293,246	(41,401)	1,568,206	812,414	399,972	(122,812)	70,086	181,252	1,340,913
Social Policy & Practice	24,093		8,629	2,563	2,010	1,047	2,418	40,760	24,335	6,152	33	5,895	4,304	40,719
Veterinary Medicine	26,672	34,221	57,175	9,939	16,630	66,634	1,790	213,063	114,716	46,753	19,277	4,558	30,967	216,271
Weitzman School of Design	40,697		3,079	16,825	12,802	413	6,667	80,483	32,487	8,862	6,448	14,133	10,534	72,463
Wharton	361,779		9,117	59,000	101,081	65,011	41,715	637,703	325,766	144,258	16,650	74,148	72,465	633,287
<b>TOTAL SCHOOLS</b>	<b>1,317,978</b>	<b>37,411</b>	<b>1,303,342</b>	<b>264,418</b>	<b>519,376</b>	<b>478,435</b>	<b>160,119</b>	<b>4,081,078</b>	<b>2,021,583</b>	<b>841,496</b>	<b>58,453</b>	<b>443,517</b>	<b>501,295</b>	<b>3,866,345</b>
<b>RESOURCE CENTERS</b>														
Recreation & Intercollegiate Athletics	12,036			43,470	7,878	9,401	28,436	101,221	22,971	15,979	43,105		20,339	102,395
Institute of Contemporary Art			418	1,300	2,110	48	1,362	5,238	2,582	1,873	150		1,034	5,638
Interdisciplinary Programs	7,336		8,413	4,224	16,554	91,764	(89,307)	38,984	21,373	7,716	865	3,412	2,639	36,004
Morris Arboretum	258		127	2,803	4,142	1,585	1,038	9,953	5,315	3,049	1,347		1,108	10,819
Penn Global	1,941		444	984	1,058	365	15,339	20,131	7,363	10,243	312	367	1,154	19,439
Penn Live Arts	765		461	4,215	104	1,730	2,743	10,018	3,602	1,789	5,781		2,175	13,347
University Libraries	10		126	700	7,790	307	77,650	86,583	34,426	37,173	457		14,715	86,771
University Museum			1,227	4,732	7,445	1,649	12,967	28,020	14,083	6,064	3,878	80	8,374	32,479
<b>TOTAL RESOURCE CENTERS</b>	<b>22,345</b>	<b>0</b>	<b>11,216</b>	<b>62,428</b>	<b>47,081</b>	<b>106,850</b>	<b>50,228</b>	<b>300,148</b>	<b>111,715</b>	<b>83,884</b>	<b>55,896</b>	<b>3,859</b>	<b>51,538</b>	<b>306,892</b>
<b>BUSINESS SERVICES</b>														
Housing & Conference Services	77,436				1,040	2,429	(4,944)	75,961	5,910	31,040	32,748		4,983	74,681
Dining Services	29,854				10	776	622	31,262	8,441	23,169			1,753	33,363
Parking & Transportation Services	2,345					16,351	(1,080)	17,616	4,374	8,456	2,773		1,041	16,644
Other Business Services	36			587	113	12,293	5,669	18,697	11,208	4,805	1,173		2,214	19,400
Other Auxiliary Activities						37,480	12,958	50,438		28,487	6,150			34,637
<b>TOTAL BUSINESS SERVICES</b>	<b>109,671</b>	<b>0</b>	<b>0</b>	<b>587</b>	<b>1,163</b>	<b>69,328</b>	<b>13,225</b>	<b>193,975</b>	<b>29,932</b>	<b>95,957</b>	<b>42,844</b>	<b>0</b>	<b>9,991</b>	<b>178,724</b>
<b>ADMINISTRATIVE SERVICE CENTERS</b>														
Audit, Compliance & Privacy							2,582	2,582	5,857	(2,774)			25	3,109
College Houses & Academic Services	4,533			5	41	25	3,748	8,352	4,381	4,144	500		92	9,117
Development & Alumni Relations				345	9,279	1,285	74,051	84,959	61,170	28,020			747	89,937
Executive Vice President's Office					28,606		9,111	37,718	27,576	7,894	1,193		226	36,889
Facilities & Real Estate Services			1,868		1,942	38,914	246,507	289,232	94,951	94,553	99,035		1,349	289,888
Finance	6,625				1,580	175	42,027	50,407	32,669	12,407	6,060		1,880	53,016
Human Resources						760	16,429	17,189	11,758	4,893	596		452	17,699
Information Systems & Computing					312	741	70,886	72,837	48,951	20,816	2,573		990	73,331
President's Center	318		924	5,861	223	4,557	27,741	39,624	33,443	4,921	240		1,604	40,207
Provost's Center	19,162		659	668	3,878	54,324	41,110	119,800	73,728	22,414	4,617	1,000	3,345	105,103
Public Safety	13,280					753	16,534	30,567	20,883	10,378	140		210	31,612
University Life	28,929			831	1,115	2,255	3,103	36,233	15,739	11,846	380	210	7,956	36,131
Wellness	23,922			209	169	1,475	2,716	28,491	19,335	9,856	1,681		181	31,054
<b>TOTAL ADMIN. SERVICE CENTERS</b>	<b>97,668</b>	<b>0</b>	<b>3,451</b>	<b>7,919</b>	<b>47,145</b>	<b>105,264</b>	<b>556,546</b>	<b>817,992</b>	<b>450,441</b>	<b>229,369</b>	<b>117,015</b>	<b>1,210</b>	<b>19,057</b>	<b>817,092</b>
<b>GENERAL UNIVERSITY</b>	<b>256,774</b>	<b>0</b>	<b>50,297</b>	<b>5,550</b>	<b>307,087</b>	<b>(89,601)</b>	<b>(800,336)</b>	<b>(270,229)</b>	<b>84,395</b>	<b>14,766</b>	<b>327,792</b>	<b>94,470</b>	<b>(593,320)</b>	<b>(71,897)</b>
<b>TOTAL ACADEMIC COMPONENT</b>	<b>1,804,436</b>	<b>37,411</b>	<b>1,368,306</b>	<b>340,901</b>	<b>921,853</b>	<b>670,275</b>	<b>(20,218)</b>	<b>5,122,964</b>	<b>2,698,067</b>	<b>1,265,472</b>	<b>602,001</b>	<b>543,055</b>	<b>(11,438)</b>	<b>5,097,157</b>

**Fiscal Year 2024 Operating Budget: Academic Component RCM to GAAP Crosswalk**  
(in thousands of dollars)

	Fiscal 2024 RCM Budget	Adjustments	Fiscal 2024 GAAP Budget
<b>Revenue &amp; Other Support:</b>			
Tuition & Fees	1,804,436	-	1,804,436
Student Aid Contra-Revenue	-	(440,161)	(440,161)
Commonwealth Appropriations	37,411	-	37,411
Sponsored Programs	1,368,306	-	1,368,306
Contributions	340,901	(122,354)	218,547
Investment Income	921,853	(25,582)	896,271
Other Income	670,275	-	670,275
Transfers From Health System	(20,218)	199,171	178,953
Total Revenue & Other Support	<u>5,122,964</u>	<u>(388,925)</u>	<u>4,734,039</u>
<b>Expenditures:</b>			
Salaries	2,112,046	(94,234)	2,017,812
Employee Benefits	586,021	(871)	585,150
Total Compensation	<u>2,698,067</u>	<u>(95,106)</u>	<u>2,602,961</u>
Current Expense	1,254,034	77,178	1,331,211
Capital Transactions	602,001	(547,874)	54,126
Student Aid Expense	543,055	(378,920)	164,135
Depreciation & Amortization	-	249,731	249,731
Total Expenditures	<u>5,097,157</u>	<u>(694,992)</u>	<u>4,402,165</u>
RCM Surplus: Transfer to Other Periods	25,808		
Net RCM to GAAP Adjustments		306,067	
GAAP Increase in Net Assets			331,874

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, debt service principal and interest, and 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 2023 Performance**

As shown in Schedule A, the academic component is expected to close FY2023 with an increase in net assets of \$867 million on a GAAP basis versus the original budgeted increase of \$677 million. The academic component surplus will be reinvested in the University's research and education missions in future periods. The UPHS forecast is for an increase in net assets of \$278 million, which is \$53 million greater than budget.

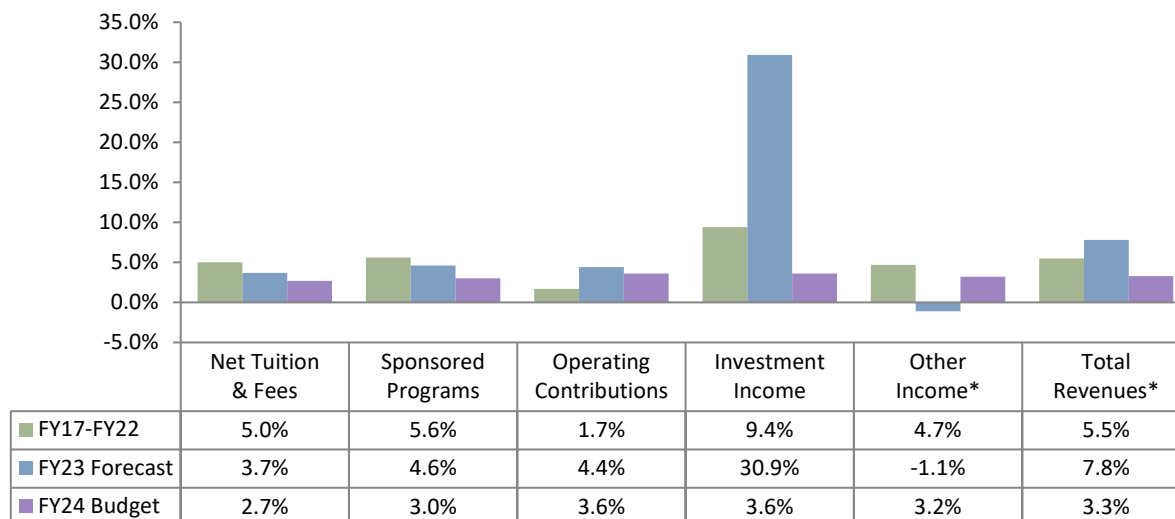
Academic component revenue is forecast to be \$275 million higher than budget due to positive variances in almost every revenue category. The GAAP forecast indicates that academic component expenses will be \$85 million higher than budget primarily due to increased current expense tied to inflationary pressures, higher grant activity, and pent-up demand as the pandemic eased.

### **The Fiscal Year 2024 Budget**

Schedule A shows that the consolidated FY2024 University GAAP budget has \$14.4 billion in expenses, of which \$10.1 billion, or 70%, is in the Health System budget and \$4.4 billion, or 30%, is in the academic budget. The overall increase in expenses is 5.2%, with 7.3% growth projected for the academic component and 4.4% for UPHS. Total University revenues and other support are budgeted to be \$14.4 billion. The academic component budget includes \$4.7 billion in revenue and other support, of which \$179 million are transfers from UPHS. For UPHS, total revenues net of the transfers to the academic component is \$10.3 billion, and the increase in net assets from operations is budgeted at \$276 million.

The academic budget shows an increase in net assets of \$332 million from operations with mRNA license revenues again contributing to the bottom line. This surplus will also be reinvested in key academic and research priorities in future years.

### Growth Rates in Key Revenue Categories



\*Excludes mRNA revenues

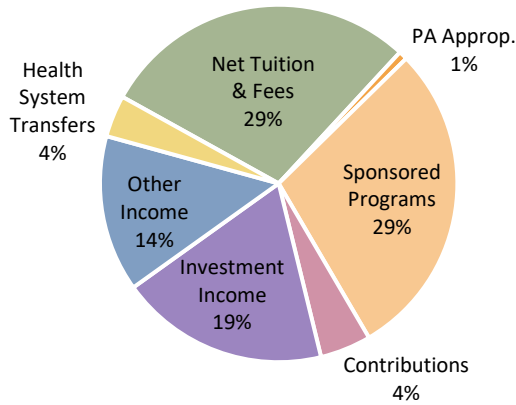
Total academic budget revenue is projected to decrease by 4.7% or \$236 million versus the FY2023 forecast due to lower anticipated mRNA revenues. However, excluding mRNA revenues, the growth rate is 3.3%. Here is a discussion of changes in key GAAP revenue categories:

- Net tuition and fees are budgeted to increase by 2.7% or \$36 million. This projection reflects a 4.4% increase in tuition and fees that is largely rate-driven as well as a 9.7% increase in student aid contra revenue.
- Total sponsored program revenues are forecast to increase by 3.0% or \$40 million. The projected growth rate is lower than what we have seen recently because of a less favorable outlook for commercial awards.
- Investment income is budgeted to increase by 3.6%, or \$31 million. This reflects a \$3 million decrease in other investment income because of anticipated reductions in earnings on cash balances which is more than offset by a \$34 million or 4.4% increase in allocation of endowment returns.
- Operating contributions are increasing by 3.6%, or \$8 million, which is consistent with the growth we have experienced in FY2023.
- Other Income is dropping by 35.4%, or \$367 million because of lower mRNA licensing revenues. Excluding mRNA licensing revenues, this category is increasing by 3.2%.
- Health System transfers are increasing by 10.0%, or \$16 million, primarily due to the timing of some clinical department transfers originally planned for FY2023.

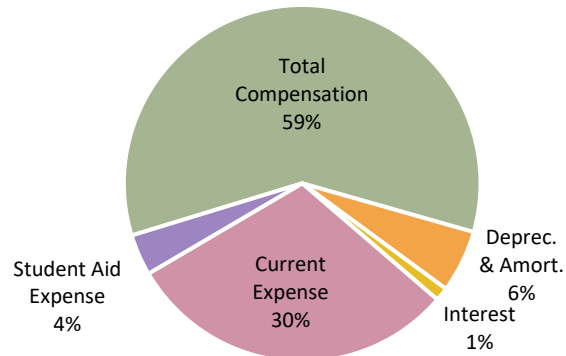
The 7.3%, or \$300 million, increase in total GAAP expenses includes a 9.5% increase in compensation expense and a 4.1% increase in current expense. Compensation growth reflects the 4.25% salary parameter and 0.75% allowance for staff salary adjustments, as well as the filling of vacant positions, significant increases in doctoral and postdoctoral stipends, and the full-year impact of the 1% increase in the Penn's retirement contribution that went into effect January 2023. The increase in current expense is expected to be lower than FY2023 which has had unusually high growth in large part because of the return of travel and entertainment expense to pre-pandemic levels.



### FY2024 Revenues by Type



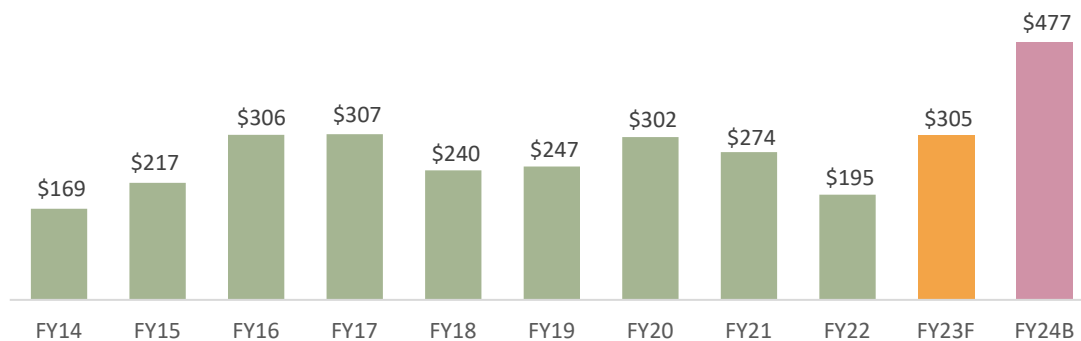
### FY2024 Expenses by Type



**Revenue/Expense Mix:** Net tuition and fees and sponsored programs each account for a little less than 30% of the GAAP academic budget revenues, as shown in the chart above. Investment income is the third largest category at 19% with other income next at 14%. Other income 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 4%, 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 30%, with the remainder accounted for by depreciation and amortization expense at 6%, student aid expense at 4%, and interest expense (1%).

**The RCM Budget:** As shown in Schedule B, the FY2024 budget on an RCM basis has a surplus of \$26 million. Unlike GAAP results, RCM performance is affected by the level of capital spending, which is anticipated to reach record levels in FY2024 with a large number of major projects under construction, including Amy Gutmann Hall, Vagelos Laboratory for Energy Science and Technology, the Ott Center for Track and Field and Quadrangle and College Hall West Wing renovations (*see following chart*).

### 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.

## Discussion of Individual Revenue and Expense Categories

### Tuition and Fees

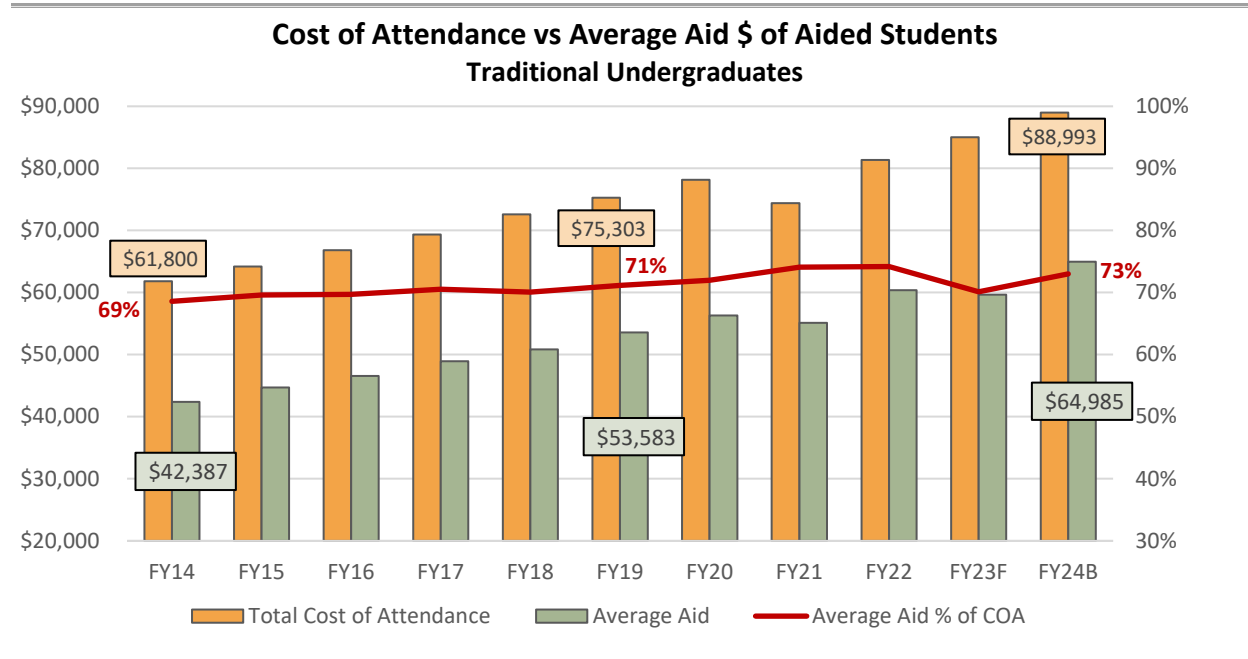
Penn’s undergraduate tuition and fee charges will increase by 4.0% in FY2024 to \$84,600, after two years of growth below 3%. Peer institutions have reported tuition and fee increases ranging from 3.5% to 7.0%. Historically, Penn’s increases have closely matched the average for its peer group but have 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.

### 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. Penn was a national leader in implementing a grant-based financial aid program in FY2009, committing to meet 100% of demonstrated financial need with grants and work-study funds, making it possible for undergraduate students to graduate without debt. In addition, because of recruiting efforts focusing on high-achieving socioeconomically diverse students, the average financial aid package as a percentage of the total cost of attendance has grown from 68% in FY2013 to a projected 73% in the FY2024 budget (see following chart). 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.

Beginning in FY2024, undergraduate students whose families make \$75,000 or less and who have typical assets will receive financial aid packages that fully cover tuition, fees, and housing and dining costs; previously, the cap was \$65,500. These highly aided students have their summer savings expectation waived, a maximum parent contribution of \$2,000, and 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.



For FY2024, the total undergraduate financial aid grant budget is \$288 million, representing an increase of 12.6%, or \$32 million, over the FY2023 forecast. The budget builds in further increases in Pell recipients, which grew by 2% to their highest level ever in FY2023 (1,715), as well as a return to pre-pandemic levels in the number of aided students.

\$273 million of the undergraduate aid budget is funded internally by unrestricted funds, income from financial aid endowments, and term gifts, and \$15 million is from Pell and other federal grants. In addition, students are projected to receive about \$6 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 FY2024, endowment income will fund about \$72 million, or 25%, of undergraduate financial aid. Thanks to generous donors, the value of the undergraduate financial aid endowment has doubled over the past 10 years to around \$1.5 billion.

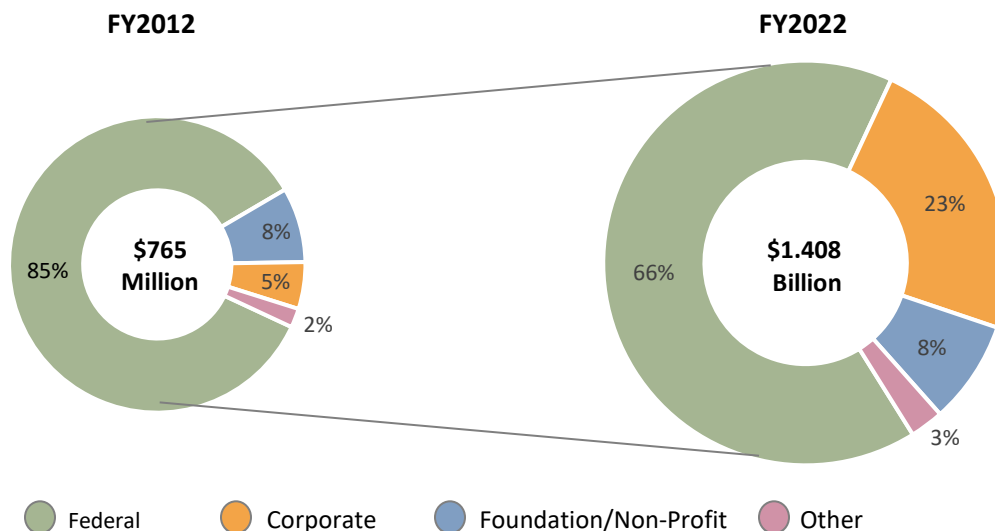
Graduate and Professional Aid: More than half of Penn’s student body is composed of graduate and professional students. The minimum PhD stipend will increase by 24% in FY2024, reflecting Penn’s strong commitment to graduate student education. The base SAS stipend (including summer) will be \$40,500.

The graduate and professional financial aid budget for FY2024 totals \$316 million, including both aid shown as a contra-revenue and aid shown as expense in our GAAP financials. An additional \$83 million is budgeted as stipend support which appears as compensation. 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 need or merit and is determined by each school.

**Sponsored Programs**

As one of the nation’s leading research institutions, the University has maintained its strength in sponsored programs with over \$1.4 billion in awards in FY2022. The scale and interdisciplinary character of research at Penn sets us apart. PSOM is one of the top recipients of NIH funding, with over 1,000 awards that account for over \$550 million in annual research spending. The School of Nursing ranks second among schools of nursing in NIH awards. The School of Veterinary Medicine continues to be ranked first among schools of veterinary medicine in NIH awards per faculty member. Penn also has a strong pipeline for corporate-sponsored research with a more than 20% compound annual growth rate in funding over the past decade.

**Evolution of Penn’s Award Portfolio Over the Past Ten Years**



As shown in the previous chart, federal support represented 66% of Penn’s total research awards in FY2022, including grants where Penn is a subcontractor. In aggregate, research award dollars nearly doubled over the past decade, with the most dramatic growth in corporate awards, which comprised 23% of the total in FY2022 compared to only 5% in FY2012. PSOM received approximately 74% of the sponsored program dollars awarded to the University. Other Penn schools with significant shares of sponsored program awards included SEAS (7%), SAS (7%), and Veterinary Medicine (4%).

**Indirect Cost Recovery (ICR)**

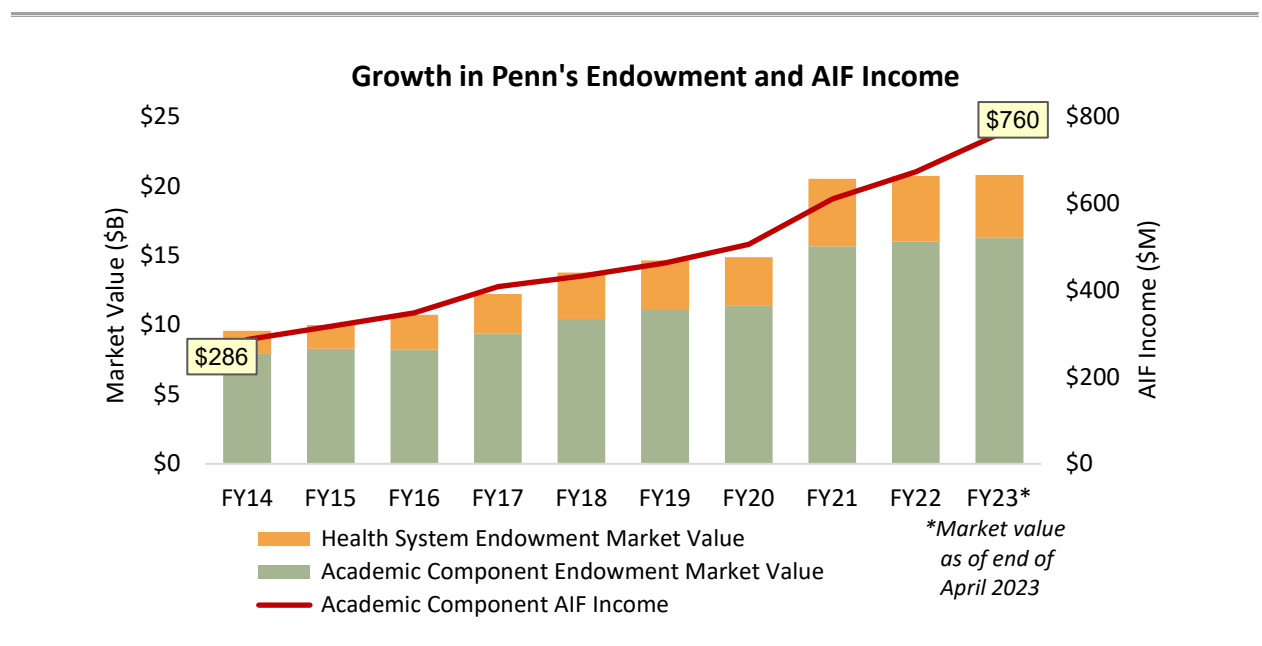
Indirect costs represent a significant portion of the cost of conducting laboratory investigations at large, research-oriented universities and include infrastructure, utilities, maintenance, library, and administrative expenses, both central and school-based. ICR on University grants helps offset these expenses and is a key source of unrestricted revenue. The University’s federal ICR rate for FY2024 will be 62.5% based on an agreement negotiated with the federal Department of Health and Human Services. The distribution of ICR in FY2024 will continue to be 88.5% to the schools; 10.5% to the Subvention Pool; and 1.0% to the Research Facilities Development Fund.

**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 a 5.0% target spending rate.

As shown in the following chart, the value of the University’s endowment, including the Health System, has grown from \$10 billion at the end of FY2014 to an estimated \$21 billion at the end of April 2023, and AIF spendable income for the Academic Component is projected at \$760 million for FY2023, which is more than double the FY2014 amount.



## Salaries

The University’s merit increase program is designed to recognize and reward faculty and staff by paying market-competitive salaries in a fiscally prudent manner. For FY2024, the salary increase pool is 4.25%, and 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 0.75% to meet staff salary adjustments and reclassification requests.

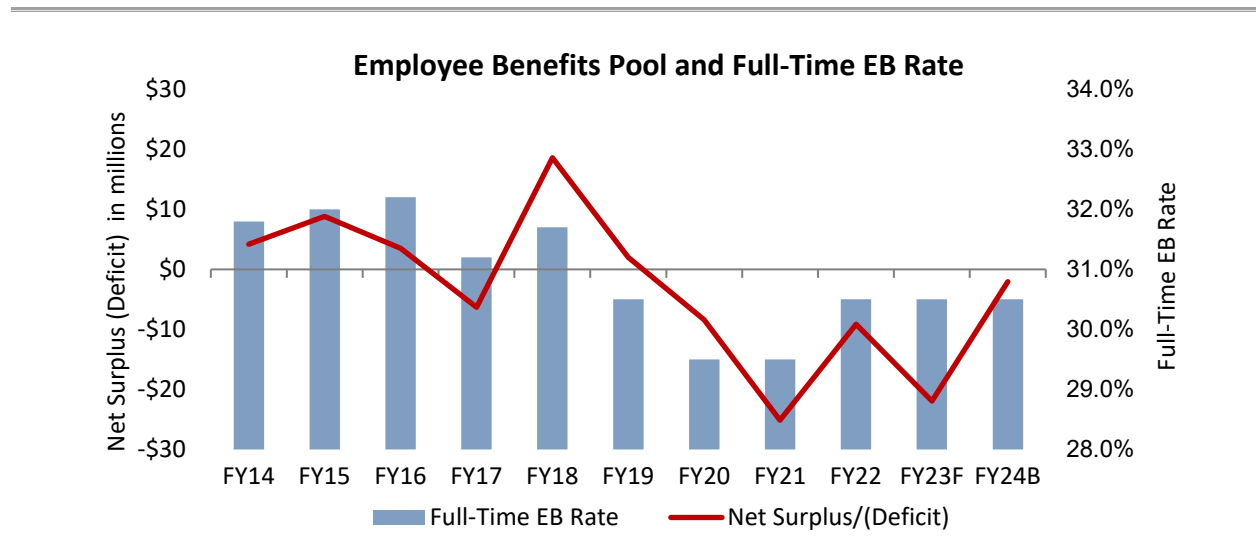
## Employee Benefit Rate

The University continues to enhance its benefits programs to support recruitment and retention, while managing these programs in a cost-effective way. For FY2023, the University’s retirement plans were amended to provide eligibility upon appointment and to increase the basic contribution as a percent of salaries by 1%.

In FY2024, the University will continue to focus on improving employee mental and behavioral health through our *Be in the Know* wellness campaign, the Virgin Pulse wellness platform, and a variety of wellness events and activities. Also, Penn has lowered the co-payments for visits to behavioral health, physical, occupational, and speech therapists to increase access to care.

Another significant change for next year is that non-NRSA postdoctoral fellows and researchers will now be able to access most of the same pre-tax benefits as Penn faculty and staff. To cover the costs of providing these benefits, a new separate EB rate has been established for postdocs equal to 21.0% of salaries.

Key drivers of the EB rates 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 strong cost management, Penn was able to maintain the full-time EB rate at 30.5% in FY2024.



It is important to recognize that EB rates would be much higher without 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, and our robust employee wellness program, have all contributed to reducing the increase in per capita medical costs to an average of 2% versus the national average of 5%.

### Allocated Cost and Space Charges

Under Penn’s RCM system, each school and center pays 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 4.6% in FY2024. This increase, which follows many years where the growth in the pools was below 4%, helps cover the escalation in insurance and utility rates as well as the ongoing costs of new student systems.

### Budget Parameters Summary

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

	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<b>FY24</b>
Total Undergraduate Charges Growth	3.8%	3.9%	3.9%	2.8%	2.9%	<b>4.0%</b>
Undergraduate Aid Discount Rate	38.0%	38.0%	38.0%	37.5%	37.5%	<b>38.0%</b>
Sponsored Program ICR Rate	61.0%	62.0%	62.0%	62.5%	62.5%	<b>62.5%</b>
Spendable Endowment Income Increase:						
Financial Aid Endowment	-1.2%	1.0%	12.7%	2.1%	4.9%	<b>2.1%</b>
Other Endowment	4.9%	5.8%	17.6%	4.6%	6.8%	<b>3.3%</b>
Salary Pool Increase (Faculty and Staff)	3.0%	3.0%	2.5%*	3.0%	4.5%	<b>4.25%</b>
Allowance for Staff Salary Adjustments	0.5%	0.5%	0.0%	0.5%	1.0%	<b>0.75%</b>
Full Time EB Rate	30.5%	29.5%	29.5%	30.5%	30.5%	<b>30.5%</b>
Allocated Cost & Space Charge Growth	3.6%	3.8%	2.9%	2.9%	3.6%	<b>4.6%</b>
Inflation Rate	2.1%	1.6%	2.3%	7.2%	6.3%	<b>3.1%</b>
* FY21 salary pool Increase was applicable only for employees earning \$70,000 or less						

Responsibility Center Budgets & Program Statements  
**SCHOOLS**

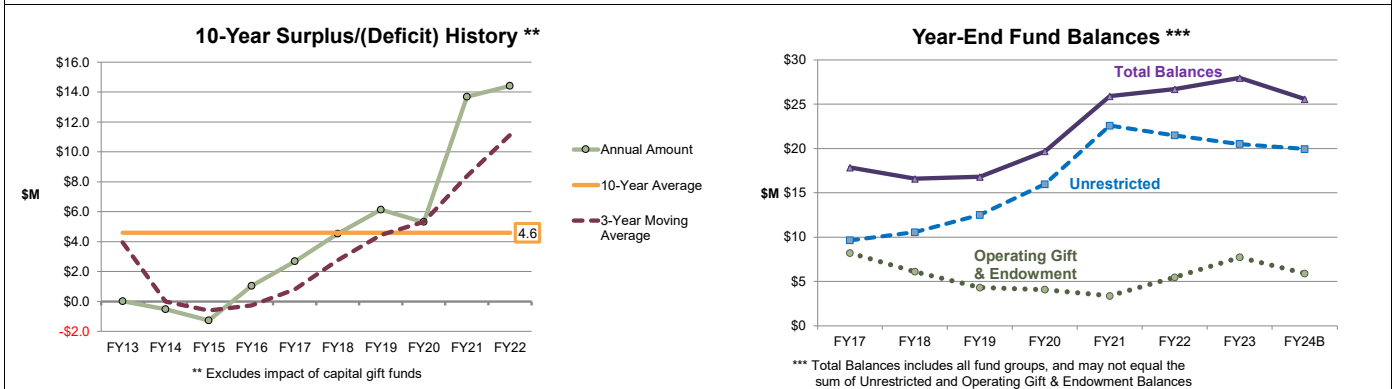
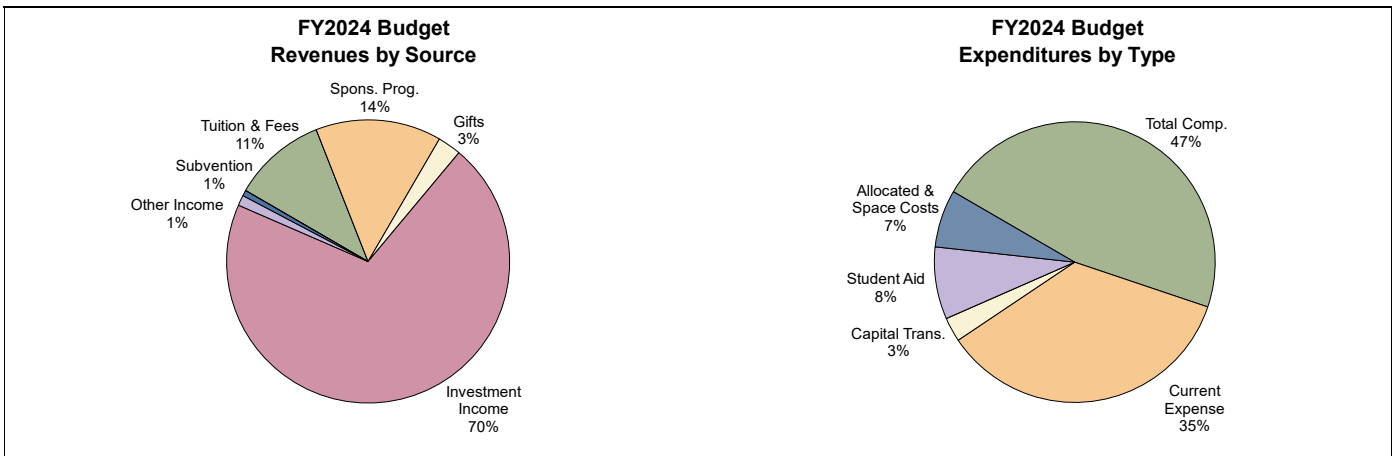
**ANNENBERG SCHOOL FOR COMMUNICATION**  
(in thousands of dollars)

**FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast**

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	6,237	6,618	6,482	4%	6,859	6%
Sponsored Programs	7,420	7,345	8,415	13%	9,220	10%
Gifts	1,008	1,620	875	-13%	1,725	97%
Investment Income	40,216	42,641	43,051	7%	45,207	5%
Other Income	726	765	815	12%	764	-6%
<b>DIRECT REVENUES</b>	<b>55,607</b>	<b>58,989</b>	<b>59,638</b>	<b>7%</b>	<b>63,775</b>	<b>7%</b>
University Subvention	403	403	403	0%	403	0%
Net Resource Transfers From / (To) Other Centers	(1,423)	(4)	(1,949)	37%	(402)	-79%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>54,587</b>	<b>59,388</b>	<b>58,092</b>	<b>6%</b>	<b>63,776</b>	<b>10%</b>
<b>EXPENDITURES</b>						
Total Compensation	21,892	25,150	24,655	13%	26,547	8%
Current Expense	10,260	14,028	14,965	46%	20,073	34%
Capital Transactions	494	550	1,964	297%	1,600	-19%
Student Aid	4,072	4,511	4,511	11%	4,708	4%
<b>NET DIRECT EXPENDITURES</b>	<b>36,719</b>	<b>44,239</b>	<b>46,095</b>	<b>26%</b>	<b>52,928</b>	<b>15%</b>
Allocated Cost & Space Charges	3,460	3,523	3,523	2%	3,742	6%
<b>TOTAL EXPENDITURES</b>	<b>40,179</b>	<b>47,762</b>	<b>49,618</b>	<b>23%</b>	<b>56,670</b>	<b>14%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>14,408</b>	<b>11,626</b>	<b>8,474</b>		<b>7,106</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.	65	67	70	8%	67	-4%
Professional & Other Degree	-	-	-	0%	-	0%
Certificate & Non-Degree	1	-	-	-100%	-	0%
<b>Total Students</b>	<b>66</b>	<b>67</b>	<b>70</b>	<b>6%</b>	<b>67</b>	<b>-4%</b>
Standing Faculty	19	20	20	5%	22	10%
Staff	82	87	88	7%	91	3%







## Major Areas of Focus and Activity

The [Annenberg School for Communication](#) is the smallest of the 12 schools at Penn. However, the School's reach and impact extend far beyond the size of its campus footprint. Interdisciplinarity, accessibility, and collaboration are among ASC's core institutional values, and these can be seen and felt in the ways its [faculty](#) and [PhD students](#) think, work, learn, and disseminate knowledge.

The influx of new faculty over the last five years has brought in new perspectives, methodologies, and research, and ASC's faculty and students are both as diverse as they have ever been. With that comes an expansive understanding of the world and a guarantee that different viewpoints can and will be brought to bear in ASC's research. Annenberg scholarship, programming, and thought leadership reaches across campus and beyond through PIK professorships ([John Jackson](#), [Duncan Watts](#), [Dolores Albarracín](#), and [Desmond Patton](#)), [co-directed research centers](#), campus-wide co-sponsorships, and active faculty, staff, and student engagement.

## Key Budget Assumptions

**Maintaining Budget Balance:** In FY2023, ASC has been able to stay within budget by focusing on core research, education, and service missions. In FY2024, ASC will maintain this approach while also looking to diversify its revenue stream by utilizing the newly launched ASC institutional advancement office.

**Faculty Positions:** The FY2024 budget assumes 24 standing faculty, including two PIKs whose home school is outside of ASC, and factors in the addition of [Deen Freelon](#) and the transition of [Sarah Banet-Weiser](#) to the standing faculty effective July 1, 2023. ASC will also have three academic research associates, one research associate professor, and three full-time lecturers.

**Graduate Students:** The incoming cohort will consist of eight students, which will put the number of PhD students at approximately 67. ASC continues to support students whose research and studies were impacted by the pandemic by offering an extra semester or two of support depending upon need. This support, which is expected to end in academic year 2023-2024, includes reduced tuition and fees, a stipend, and research funds.

**Staff Positions:** FY2024 budgeted FTEs reflect the addition of a human resources coordinator and an alumni engagement coordinator. In FY2023, ASC filled several vacancies, including the appointment of Tim Wortham, Jr. as Senior Director of Institutional Advancement.

**Capital Project Priorities:** In FY2023, the School completed a comprehensive space planning study; implementation of the study's recommendations has been deferred until a new dean is named. This summer the School plans to replace the entire roof at 3620 Walnut Street at an estimated cost of \$1.7 million.

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

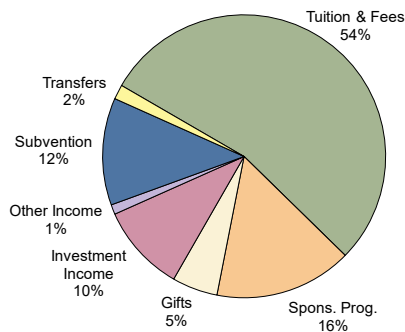
FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	354,089	365,876	358,652	1%	374,589	4%
Sponsored Programs	98,203	100,296	104,463	6%	109,517	5%
Gifts	38,604	31,599	14,287	-63%	36,034	152%
Investment Income	59,527	64,390	66,983	13%	69,642	4%
Other Income	8,359	6,973	7,498	-10%	7,662	2%
<b>DIRECT REVENUES</b>	<b>558,783</b>	<b>569,135</b>	<b>551,883</b>	<b>-1%</b>	<b>597,443</b>	<b>8%</b>
University Subvention	78,839	80,231	80,231	2%	85,043	6%
Net Resource Transfers From / (To) Other Centers	13,738	12,156	15,831	15%	11,401	-28%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>651,359</b>	<b>661,521</b>	<b>647,944</b>	<b>-1%</b>	<b>693,887</b>	<b>7%</b>
<b>EXPENDITURES</b>						
Total Compensation	280,717	300,458	300,031	7%	323,590	8%
Current Expense	56,490	67,175	70,812	25%	73,322	4%
Capital Transactions	31,982	63,089	69,284	117%	49,789	-28%
Student Aid	144,216	147,466	147,655	2%	154,118	4%
<b>NET DIRECT EXPENDITURES</b>	<b>513,406</b>	<b>578,188</b>	<b>587,782</b>	<b>14%</b>	<b>600,820</b>	<b>2%</b>
Allocated Cost & Space Charges	91,459	94,353	94,353	3%	97,353	3%
<b>TOTAL EXPENDITURES</b>	<b>604,865</b>	<b>672,541</b>	<b>682,135</b>	<b>13%</b>	<b>698,173</b>	<b>2%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>46,494</b>	<b>(11,020)</b>	<b>(34,191)</b>		<b>(4,286)</b>	

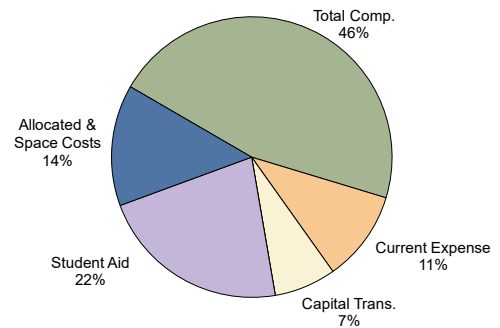
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
Student Enrollment:						
Traditional Undergraduate	5,924	5,924	6,005	1%	6,003	0%
Ph.D.	1,204	1,215	1,224	2%	1,213	-1%
Professional & Other Degree	735	671	710	-3%	792	12%
Certificate & Non-Degree	398	455	406	2%	413	2%
<b>Total Students</b>	<b>8,261</b>	<b>8,265</b>	<b>8,345</b>	<b>1%</b>	<b>8,421</b>	<b>1%</b>
Standing Faculty	488	491	489	0%	492	1%
Staff	724	725	752	4%	751	0%

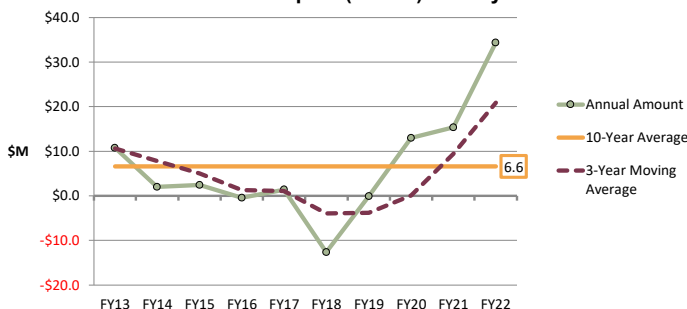
**FY2024 Budget Revenues by Source**



**FY2024 Budget Expenditures by Type**

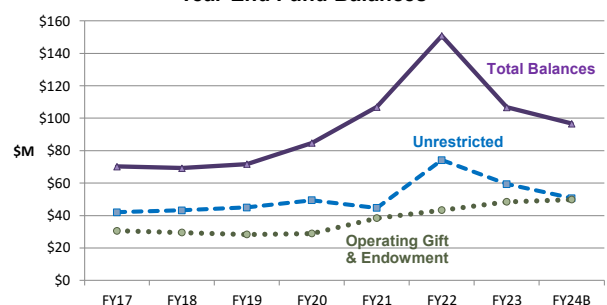


**10-Year Surplus/(Deficit) History \*\***



\*\* Excludes impact of capital gift funds

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



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



## Major Areas of Focus and Activity

The [School of Arts and Sciences](#) (SAS) is the intellectual core of the University, providing liberal arts education for all Penn undergraduates and supporting graduate studies, basic research, and lifelong learning across the humanities, social sciences, and natural sciences. The School's educational and research activities take place in 27 departments, 24 interdisciplinary undergraduate programs, 31 graduate groups, and 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](#) continues to guide programmatic priorities and investments that 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](#) issued in 2020.

## Key Budgetary Assumptions

**Enrollment:** SAS projects an overall increase in enrollment of about 1% driven primarily by growth in professional master's and certificate programs. The projected enrollment for FY2024 includes 6,003 full-time undergraduates; 1,213 full-time doctoral students; 791 professional and other degree FTEs; and 413 certificate and non-degree FTEs.

**Faculty and Staff Positions:** The FY2024 budget assumes that the School will have 492 filled standing faculty positions, 41 of which will be on leave, and 751 filled staff positions.

**Research:** The School projects total research funding to be \$112.6 million, an increase of 4.8% versus the FY2023 forecast. This growth builds on the rebound in grant activity SAS has experienced in the last two years.

**Fundraising:** Gift receipts to SAS are projected at \$7.9 million for term gifts, \$12.0 million for undergraduate financial aid, \$5.8 million for other endowed gifts, and \$22.3 million for term gifts for capital projects.

**Capital Project Priorities:** Construction continues on the new Vagelos Laboratory for Energy Science and Technology building in partnership with SEAS. This project remains on budget and on schedule for a January 2025 opening. In FY2024, SAS will also continue programming and schematic design for extensive renovations to David Rittenhouse Laboratories and for a new physical sciences building.

**Cost Containment and Revenue Enhancement:** While the School has run operating surpluses for the past three years as a result of cost controls that were implemented during the pandemic and strong professional master's program enrollment, SAS anticipates financial pressures building in FY2024 because of constraints on undergraduate tuition revenues and the impact of higher inflation on salaries and other expenses.

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

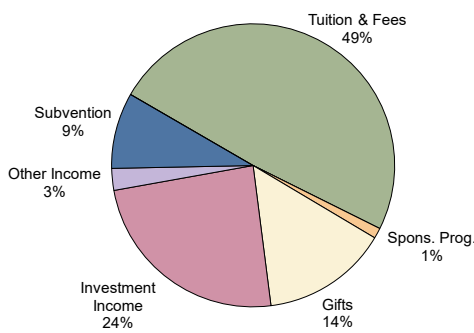
FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	55,374	53,336	51,833	-6%	56,015	8%
Sponsored Programs	982	1,319	1,152	17%	1,361	18%
Gifts	13,176	16,858	17,108	30%	16,482	-4%
Investment Income	24,872	26,751	26,736	7%	27,641	3%
Other Income	1,636	1,795	2,998	83%	2,833	-6%
<b>DIRECT REVENUES</b>	<b>96,039</b>	<b>100,059</b>	<b>99,826</b>	<b>4%</b>	<b>104,332</b>	<b>5%</b>
University Subvention	9,185	9,414	9,414	2%	9,928	5%
Net Resource Transfers From / (To) Other Centers	171	(114)	325	90%	(29)	-109%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>105,395</b>	<b>109,359</b>	<b>109,566</b>	<b>4%</b>	<b>114,231</b>	<b>4%</b>
<b>EXPENDITURES</b>						
Total Compensation	51,168	53,681	56,302	10%	60,214	7%
Current Expense	13,074	12,813	15,100	15%	16,320	8%
Capital Transactions	1,044	4,000	16,908	1520%	7,224	-57%
Student Aid	18,258	19,989	20,131	10%	21,450	7%
<b>NET DIRECT EXPENDITURES</b>	<b>83,544</b>	<b>90,483</b>	<b>108,441</b>	<b>30%</b>	<b>105,208</b>	<b>-3%</b>
Allocated Cost & Space Charges	12,728	13,361	13,361	5%	14,080	5%
<b>TOTAL EXPENDITURES</b>	<b>96,272</b>	<b>103,844</b>	<b>121,802</b>	<b>27%</b>	<b>119,288</b>	<b>-2%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>9,123</b>	<b>5,515</b>	<b>(12,236)</b>		<b>(5,057)</b>	

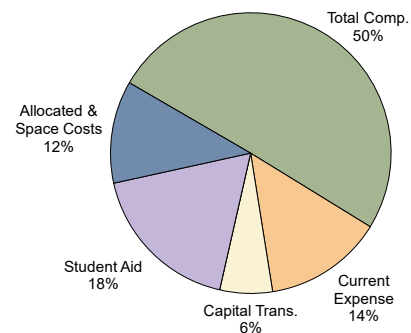
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	1,059	975	945	-11%	975	3%
Certificate & Non-Degree	5	14	1	-81%	15	1400%
<b>Total Students</b>	<b>1,064</b>	<b>989</b>	<b>946</b>	<b>-11%</b>	<b>990</b>	<b>5%</b>
Standing Faculty	48	53	51	6%	50	-2%
Staff	160	170	193	20%	201	4%

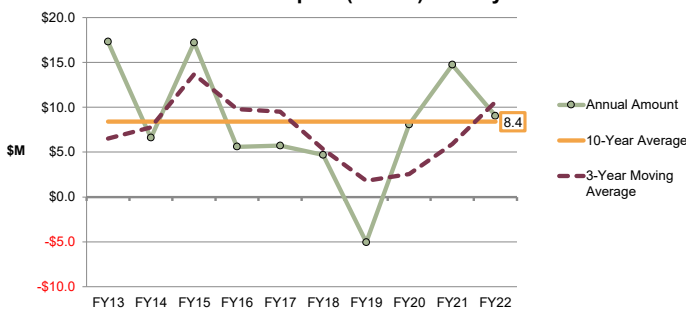
**FY2024 Budget Revenues by Source**



**FY2024 Budget Expenditures by Type**

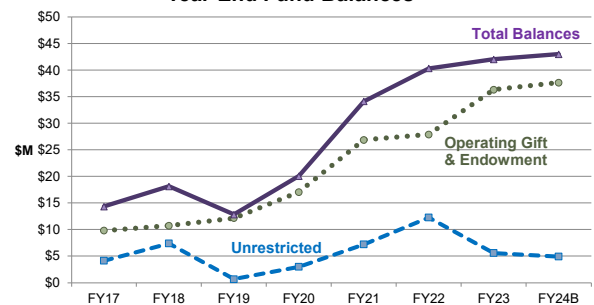


**10-Year Surplus/(Deficit) History \*\***



\*\* 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

As [Penn Carey Law](#) prepares to welcome its new dean Sophia Lee, it remains committed to access and opportunity, investment in leaders, provision of pathways to public service, and fostering transformative thinkers. The FY2024 budget reflects the continuing benefits of the groundbreaking gifts made to the School by the W. P. Carey Foundation and the Toll Family, which have already led to profound achievements in the recruitment of world class faculty, expanded programming, and the availability of public service opportunities throughout the School.

The [Toll Public Interest Center](#) (TPIC), through which Penn Carey Law students complete their required pro bono service, continues to build deep and abiding partnerships which advance the capacity of public interest advocacy in Philadelphia and nationwide. This distinctive pro bono program responded actively to pandemic conditions, bringing legal services to hundreds of community members.

## Key Budgetary Assumptions

The School's FY2024 budget priorities include:

- implementing the programs supported by the Toll and Carey gifts
- recruiting and retaining the highest quality legal scholars
- providing the additional staff, faculty, and student aid resources needed to serve the bulge class that enrolled in Fall 2021
- completing the renovation and upkeep of teaching and faculty spaces
- maximizing endowment chair spending
- actualizing the vision for Penn Carey Law brought by the incoming dean.

**Tuition and Enrollment:** Penn Carey Law has announced a tuition increase of 5.5% for FY2024. With the bulge class in its final year, the return to an LLM class of 115 students, the continued growth of the ML program and transfer students, the school anticipates an 8% increase in overall tuition and fees.

**Compensation:** Compensation costs are projected to grow by 7%. This increase is the result of including a full year of salaries for recent faculty and staff hires as well as increased competition in recruiting qualified faculty and staff candidates for all positions. The School will continue to be vigilant in managing compensation costs.

**Capital Projects:** The top priorities for FY2024 will be the completion of the Levy and Kabacoff ceremonial spaces, the renovation of Silverman Hall fan coils and office spaces, and the construction of the Journal Suite for six of the Law School's law journals in the Biddle Law Library. These investments will result in Penn Carey Law drawing down some of its accumulated cash balances and unrestricted endowment. The five-year plan contains additional significant improvements and upgrades to the School's infrastructure.

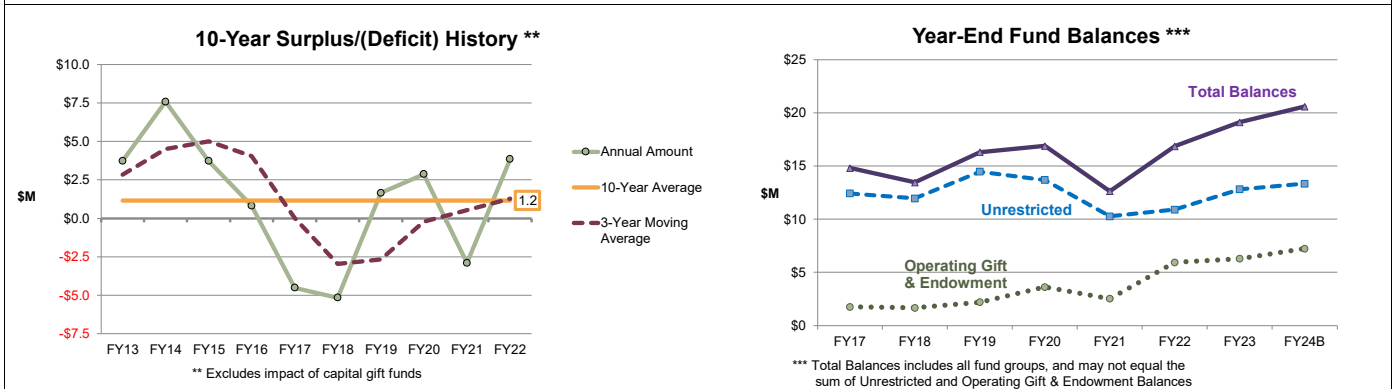
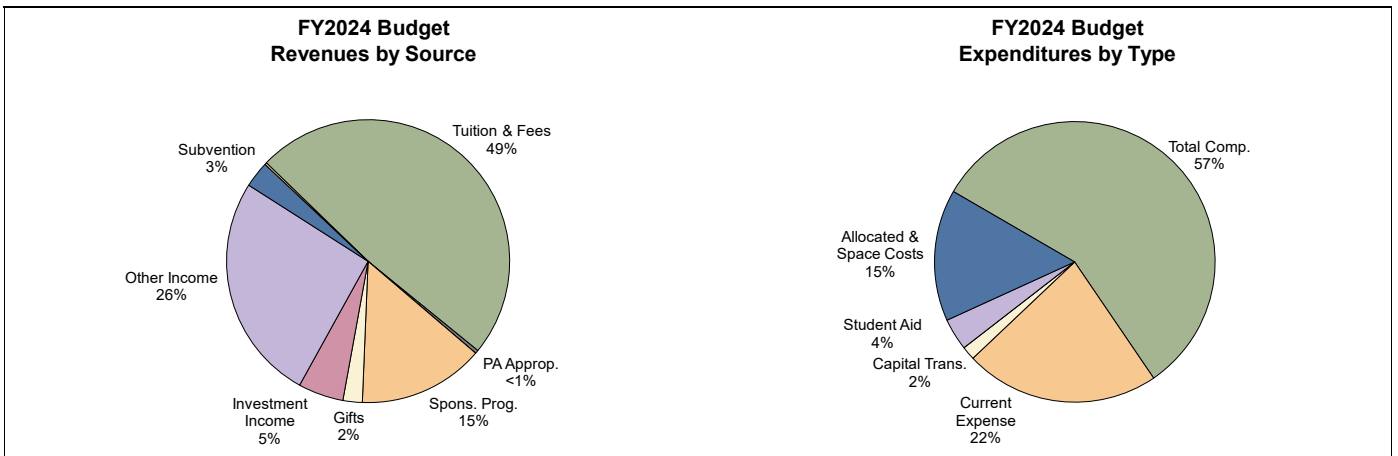
**SCHOOL OF DENTAL MEDICINE**  
(in thousands of dollars)

FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	56,299	62,210	61,690	10%	66,890	8%
Commonwealth Appropriation	517	517	517	0%	517	0%
Sponsored Programs	19,049	18,680	19,042	0%	19,816	4%
Gifts	5,185	3,000	3,950	-24%	3,000	-24%
Investment Income	6,229	6,929	6,856	10%	7,133	4%
Other Income	30,511	34,084	33,036	8%	35,737	8%
<b>DIRECT REVENUES</b>	<b>117,791</b>	<b>125,419</b>	<b>125,091</b>	<b>6%</b>	<b>133,093</b>	<b>6%</b>
University Subvention	4,058	4,058	4,058	0%	4,058	0%
Net Resource Transfers From / (To) Other Centers	588	186	1,211	106%	319	-74%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>122,437</b>	<b>129,663</b>	<b>130,360</b>	<b>6%</b>	<b>137,470</b>	<b>5%</b>
<b>EXPENDITURES</b>						
Total Compensation	64,754	73,144	70,196	8%	77,765	11%
Current Expense	27,375	26,888	30,475	11%	30,517	0%
Capital Transactions	2,887	1,619	2,654	-8%	2,132	-20%
Student Aid	5,012	4,853	5,172	3%	4,988	-4%
<b>NET DIRECT EXPENDITURES</b>	<b>100,028</b>	<b>106,504</b>	<b>108,497</b>	<b>8%</b>	<b>115,402</b>	<b>6%</b>
Allocated Cost & Space Charges	18,576	19,610	19,610	6%	20,592	5%
<b>TOTAL EXPENDITURES</b>	<b>118,604</b>	<b>126,114</b>	<b>128,107</b>	<b>8%</b>	<b>135,994</b>	<b>6%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>3,833</b>	<b>3,549</b>	<b>2,253</b>		<b>1,476</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	660	732	722	9%	746	3%
Certificate & Non-Degree	94	107	87	-7%	86	-2%
<b>Total Students</b>	<b>754</b>	<b>839</b>	<b>809</b>	<b>7%</b>	<b>832</b>	<b>3%</b>
Standing Faculty	50	54	52	4%	56	7%
Staff	306	350	334	9%	351	5%





## Major Areas of Focus and Activity

While [Penn Dental Medicine \(PDM\)](#) is not one of the largest schools at the University, its local, national, and global impact is substantial, and the PDM team works diligently to execute its [mission](#). PDM has an enormously innovative [research enterprise](#), ranking in the top three among US dental schools in extramural funding. The School's impact in the Philadelphia community is profound, with more than 30,000 patients receiving 165,000 treatment visits annually. The [Penn Dental Family Practice \(PDFP\)](#) is the dental care home for many Penn employees. PDM offers a [Doctor of Dental Medicine \(DMD\)](#) degree, nine [graduate dental education programs](#), and five [post-graduate programs](#).

## Key Budgetary Assumptions

PDM's key initiatives in FY2024 to support school and University priorities include:

- An overall total of \$4 million in scholarships and aid, including \$1 million per DMD class year
- Continued prioritization of student wellness and mental health resources, with additional and expanded campus services through Counseling and Psychological Services to all PDM students
- The expansion of PDM's reach within the Philadelphia community through the addition of a new community dental clinic in partnership with Penn Medicine, PHMC Public Health Campus on Cedar. Total revenue from community dental clinics is projected at \$2.2 million in FY2024 up from \$800,000 in FY2023
- Investment in leadership training and succession planning for the organization
- Recruitment of an Associate Dean for Diversity, Equity, and Inclusion to further the School's DEI goals, and recruitment of scholars to support the School's global oral health initiatives.

**Tuition:** FY2024 enrollments are expected to grow by 20 total students in the DMD and Program for Advanced Standing (PASS), resulting in additional tuition revenue of \$1.7 million. The tuition rate for the DMD program will increase by 4% to help cover rising operational and staffing costs. The Master of Oral and Population Health program will launch in FY2024 and will provide a projected revenue stream of \$100,000.

**Endowment:** The market value of PDM endowments has grown 60% since the end of FY2018. As of April 2023, the market value was \$144 million compared to \$90 million at the close of FY2018.

**Clinical Operations and PDFP:** Patient care revenue in both the student teaching clinics and the network are expected to increase by over 8%, providing \$2.5 million of incremental revenue.

**Sponsored Programs:** Moderate growth is anticipated in grant revenues in FY2024, consistent with the trend in recent years.

**Faculty Positions:** The School plans to recruit key faculty, both standing and non-standing, to support the growth in class size, community outreach programs, and global initiatives.

**Current Expense:** Clinical supplies costs are expected to continue to increase due to inflationary pressures and personal protective equipment (PPE) needs.

**Capital Project Priorities:** Only minor renovations are planned for FY2024 although the School intends to complete feasibility studies for significant future capital projects, including the modernization of the Levy Building.

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

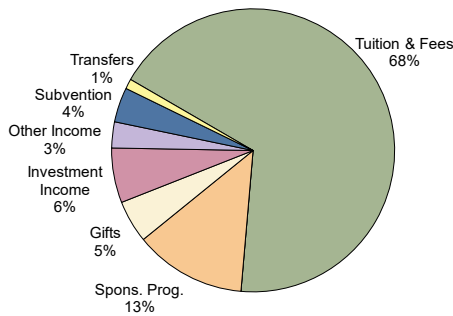
FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	61,782	54,331	60,149	-3%	61,986	3%
Sponsored Programs	9,783	12,138	11,092	13%	11,647	5%
Gifts	3,900	3,792	5,991	54%	4,415	-26%
Investment Income	4,397	4,673	6,017	37%	5,729	-5%
Other Income	2,729	2,264	2,447	-10%	2,691	10%
<b>DIRECT REVENUES</b>	<b>82,592</b>	<b>77,197</b>	<b>85,697</b>	<b>4%</b>	<b>86,468</b>	<b>1%</b>
University Subvention	3,200	3,238	3,238	1%	3,610	11%
Net Resource Transfers From / (To) Other Centers	1,247	750	1,222	-2%	1,027	-16%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>87,038</b>	<b>81,185</b>	<b>90,157</b>	<b>4%</b>	<b>91,105</b>	<b>1%</b>
<b>EXPENDITURES</b>						
Total Compensation	40,343	43,511	43,503	8%	46,232	6%
Current Expense	10,894	13,562	15,935	46%	16,334	3%
Capital Transactions	3,327	19,986	17,656	431%	6,038	-66%
Student Aid	11,848	11,636	11,917	1%	12,404	4%
<b>NET DIRECT EXPENDITURES</b>	<b>66,413</b>	<b>88,695</b>	<b>89,011</b>	<b>34%</b>	<b>81,007</b>	<b>-9%</b>
Allocated Cost & Space Charges	10,078	10,440	10,440	4%	10,653	2%
<b>TOTAL EXPENDITURES</b>	<b>76,491</b>	<b>99,135</b>	<b>99,451</b>	<b>30%</b>	<b>91,660</b>	<b>-8%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>10,547</b>	<b>(17,950)</b>	<b>(9,295)</b>		<b>(555)</b>	

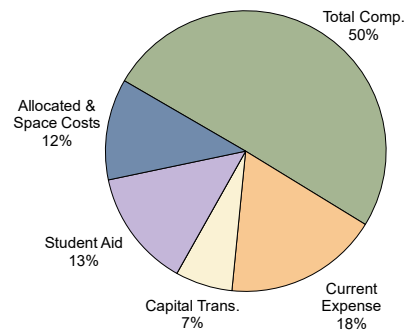
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	99	101	105	6%	105	0%
Professional & Other Degree	1,359	1,155	1,304	-4%	1,278	-2%
Certificate & Non-Degree	79	139	22	-72%	79	259%
<b>Total Students</b>	<b>1,538</b>	<b>1,395</b>	<b>1,431</b>	<b>-7%</b>	<b>1,462</b>	<b>2%</b>
Standing Faculty	34	40	39	14%	42	9%
Staff	138	145	142	3%	148	4%

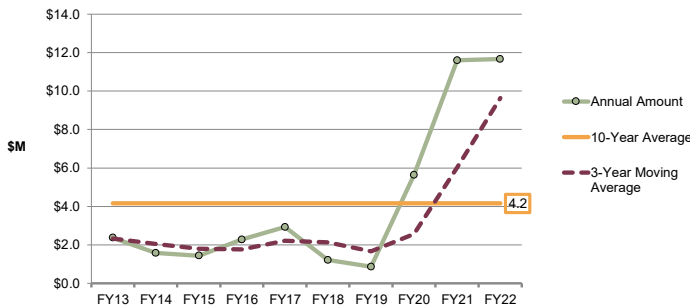
**FY2024 Budget Revenues by Source**



**FY2024 Budget Expenditures by Type**

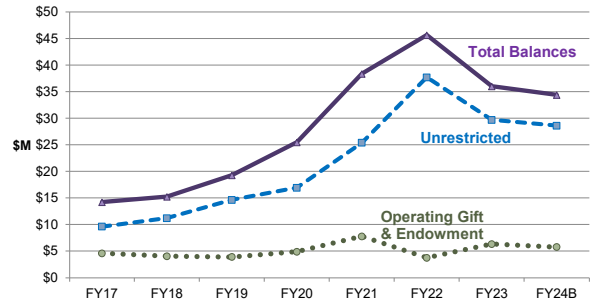


**10-Year Surplus/(Deficit) History \*\***



\*\* 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

Penn GSE partners with schools, communities, policymakers, and businesses to unlock educational opportunities for students locally, nationally, and globally. The School accomplishes this mission through academic programs, research, and service to its varied constituencies. In FY2024, GSE will welcome Katharine Strunk as its new dean. Strunk is an award-winning mixed methods scholar from Michigan State University and an expert on teacher labor markets, school and district improvement and accountability policies, and efforts to bolster student achievement.

Programmatically, [GSE](#) offers master's and doctoral degree programs in specializations that are housed in [five academic divisions](#). The School is recognized for its expertise in education policy, higher education, applied psychology/human development, literacy studies, teacher preparation, international development, and research and evaluation methodology. GSE is a leader in innovative executive-format degree programs for practicing education professionals, which substantially widens the School's reach. With around 1,450 student FTEs, GSE is the fifth largest school at Penn in enrollment.

The current research portfolio includes over \$41 million in awards and roughly \$11 million in annual expenditures in grants from both the federal government and a wide variety of foundations. GSE's service commitment is strong and supports professional development opportunities for teachers and administrators across the region and nation, a strong and deepening partnership with the [Philadelphia School District](#), and enhanced [international education development](#) efforts with student placements circling the globe. The innovation hub [Catalyst](#) and the [Center for Professional Learning](#) are expanding access to Penn learning opportunities across the globe.

## Key Budgetary Assumptions

**Tuition and Fees:** GSE is the most tuition-dependent school at Penn and relies on a wide array of graduate and professional degrees as the core of its financial base. GSE is projecting a return to targeted enrollment levels in FY2024, which will mean a small decline in master's degree enrollment after several years of over-yield. The budget includes an estimated master's degree enrollment decline of 2%, offset by the tuition and fee rate increase of 3.75%. GSE is also budgeting for additional tuition revenue from the inaugural year of two fully online master's degree programs in [Global Higher Education](#) and [Learning Analytics](#).

**Student Aid:** GSE continues to make substantial investments in student aid, including more robust offerings for first generation and low-income students.

**Gifts:** GSE's current pledge and pipeline schedule shows \$4.4 million in gift income for the FY2024 budget, well above historical averages. Of this amount, \$1.7 million is dedicated to the GSE expansion capital project.

**Capital Transactions:** [GSE's first ever expansion project](#) commenced in May 2022, and is expected to be completed in August 2023. The budget includes \$6 million of transfers from its operating budget into the project.

**Salaries:** Salary growth in the budget reflects a merit increase of 4.25%, a reclass pool of 0.75%, and some additions to faculty and staff.

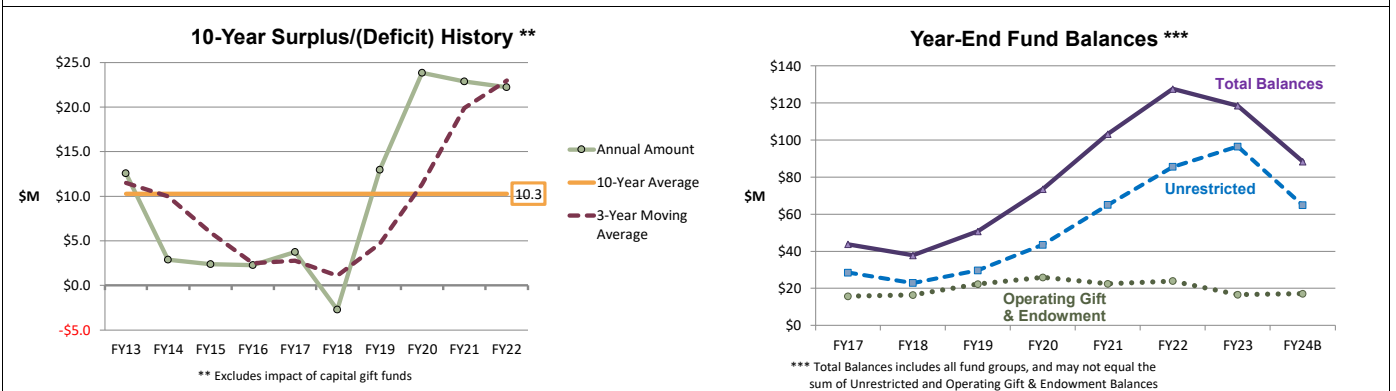
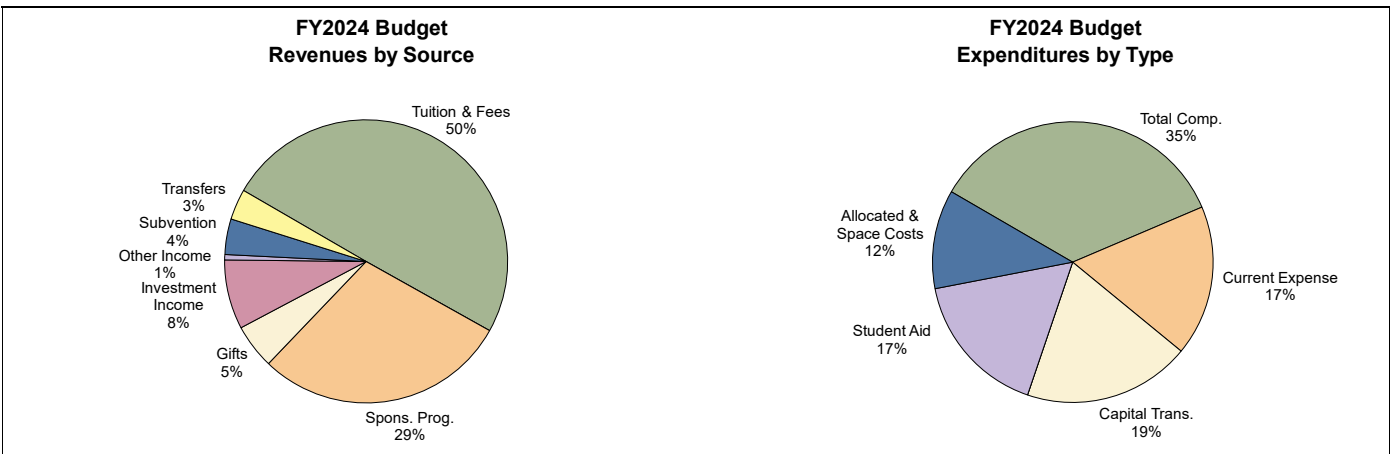
**SCHOOL OF ENGINEERING & APPLIED SCIENCE**  
(in thousands of dollars)

FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	147,098	149,575	160,723	9%	169,701	6%
Sponsored Programs	90,310	91,933	93,339	3%	102,463	10%
Gifts	16,136	20,938	22,547	40%	18,019	-20%
Investment Income	22,237	25,953	27,362	23%	27,927	2%
Other Income	1,484	8,985	9,524	542%	2,237	-77%
<b>DIRECT REVENUES</b>	<b>277,266</b>	<b>297,384</b>	<b>313,494</b>	<b>13%</b>	<b>320,347</b>	<b>2%</b>
University Subvention	13,350	13,439	13,202	-1%	14,336	9%
Net Resource Transfers From / (To) Other Centers	5,742	5,279	5,845	2%	12,302	110%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>296,358</b>	<b>316,102</b>	<b>332,541</b>	<b>12%</b>	<b>346,986</b>	<b>4%</b>
<b>EXPENDITURES</b>						
Total Compensation	107,312	122,599	118,550	10%	131,168	11%
Current Expense	48,144	53,168	60,536	26%	65,816	9%
Capital Transactions	21,919	80,948	60,249	175%	71,656	19%
Student Aid	55,455	57,749	58,540	6%	62,139	6%
<b>NET DIRECT EXPENDITURES</b>	<b>232,831</b>	<b>314,464</b>	<b>297,875</b>	<b>28%</b>	<b>330,780</b>	<b>11%</b>
Allocated Cost & Space Charges	37,718	39,735	39,735	5%	42,322	7%
<b>TOTAL EXPENDITURES</b>	<b>270,549</b>	<b>354,199</b>	<b>337,610</b>	<b>25%</b>	<b>373,102</b>	<b>11%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>25,809</b>	<b>(38,098)</b>	<b>(5,070)</b>		<b>(26,116)</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	1,764	1,765	1,756	0%	1,765	1%
Ph.D.	768	807	790	3%	847	7%
Professional & Other Degree	1,751	1,582	2,117	21%	2,571	21%
Certificate & Non-Degree	12	20	20	67%	20	0%
<b>Total Students</b>	<b>4,295</b>	<b>4,174</b>	<b>4,683</b>	<b>9%</b>	<b>5,203</b>	<b>11%</b>
Standing Faculty	125	133	136	9%	140	3%
Staff	230	244	237	3%	251	6%



\*\* 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

For over 150 years, engineering has been a vibrant and collaborative community of innovation at the University. [Penn Engineering](#) encourages diversity of representation, thought, and experience with the belief that diversity fosters critical thinking and innovation. Its world-acclaimed faculty, state-of-the-art research laboratories, and a highly interdisciplinary curricula offer students an unparalleled learning experience that prepares them to be innovators and leaders in technology-based fields. This unique environment catalyzes technological innovation and fundamental discovery with a focus on global challenges in health, climate, energy, food, urban infrastructure, and education. SEAS offers the degrees of Bachelor of Science in Engineering (BSE), Bachelor of Applied Science (BAS), Master of Science in Engineering (MSE), Master of Biotechnology (MB), Master of Computer and Information Technology (MCIT), Master of Integrated Product Design (MIPD), and the PhD. Graduates leverage their interdisciplinary education to shape the future in engineering, industry, and commerce worldwide.

## Key Budgetary Assumptions

**Revenue Enhancement Measures:** Building on the success of [MCIT Online](#), Penn Engineering introduced its second world-class online master's degree program in Spring 2023. The online Master of Science in Engineering in Data Science ([MSE-DS Online](#)) combines Ivy League-quality coursework in topics such as big data, artificial intelligence, and machine learning to propel students into careers as data scientists and data engineers. High-achieving MCIT Online alumni can also apply for a [dual degree](#) with MSE-DS Online.

**Faculty and Staff Positions:** The number of filled standing faculty positions for FY2024 is budgeted at 140, a net increase of four from FY2023. Filled, full-time staff positions are budgeted at 251, an increase of 14 positions from FY2023 representing planned additional support for research and online education.

**Enrollment:** Full-time undergraduate enrollment is budgeted at 1,765, with an incoming class of 410. PhD enrollment is projected to be 847 FTEs with 170 new matriculants, and professional and other degree program enrollment is budgeted at 2,571 FTEs with 1,063 new matriculants.

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

**Amy Gutmann Hall:** Located on the southeast corner of 34<sup>th</sup> and Chestnut Streets, and on schedule to open in the fall of 2024, this six-story, 116,000 gross square foot mass timber building will be the focal point for data science and engineering across campus. SEAS has firm gifts and pledges totaling \$92 million for this \$137.5 million project. School reserves and \$1.5 million in central support will be used to close this gap.

**Vagelos Laboratory for Energy Science and Technology:** This \$169 million building, slated to open early in 2025, will be located on the south side of 32<sup>nd</sup> and Walnut Streets. SEAS space in VLEST will provide state-of-the-art laboratory facilities for current and new faculty focused on energy and sustainability science and technology. The \$22.5 million SEAS portion of the project will be covered by a \$17.5 million internal capital loan and \$5 million of fundraising, of which SEAS has firm gifts and pledges totaling \$2.5 million.

**One uCity Square:** Penn Engineering's strategic plan, [Engineering Excellence](#), recognizes the need for the support and development of engineering health through targeted investments in the Center for Precision Engineering for Health ([CPE4H](#)). SEAS will fit out and lease 32,000 square feet of space on the 10<sup>th</sup> floor and about 10,000 square feet of space on the 1<sup>st</sup> and 2<sup>nd</sup> floors of [One uCity Square](#) for CPE4H. The total estimated cost of this space expansion will be \$28 million in initial fit-out expense and annual lease and operating costs over ten years totaling \$41 million.

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

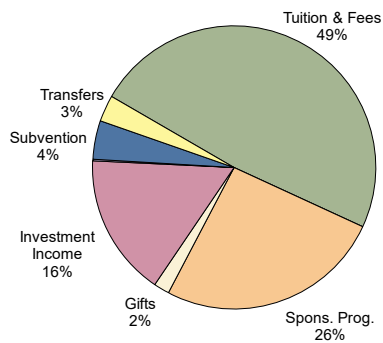
FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	43,175	44,614	43,955	2%	45,368	3%
Sponsored Programs	20,757	21,822	22,592	9%	24,086	7%
Gifts	2,655	1,858	2,445	-8%	1,668	-32%
Investment Income	9,898	12,085	13,188	33%	15,193	15%
Other Income	246	219	198	-19%	160	-19%
<b>DIRECT REVENUES</b>	<b>76,731</b>	<b>80,598</b>	<b>82,378</b>	<b>7%</b>	<b>86,475</b>	<b>5%</b>
University Subvention	3,858	3,890	3,890	1%	4,120	6%
Net Resource Transfers From / (To) Other Centers	510	1,283	1,385	172%	2,812	103%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>81,099</b>	<b>85,771</b>	<b>87,653</b>	<b>8%</b>	<b>93,407</b>	<b>7%</b>
<b>EXPENDITURES</b>						
Total Compensation	39,675	44,056	43,366	9%	46,348	7%
Current Expense	9,573	10,540	11,006	15%	13,118	19%
Capital Transactions	538	511	537	0%	417	-22%
Student Aid	11,740	12,735	13,564	16%	14,890	10%
<b>NET DIRECT EXPENDITURES</b>	<b>61,527</b>	<b>67,842</b>	<b>68,474</b>	<b>11%</b>	<b>74,774</b>	<b>9%</b>
Allocated Cost & Space Charges	12,418	12,563	12,563	1%	13,031	4%
<b>TOTAL EXPENDITURES</b>	<b>73,945</b>	<b>80,405</b>	<b>81,037</b>	<b>10%</b>	<b>87,805</b>	<b>8%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>7,154</b>	<b>5,366</b>	<b>6,616</b>		<b>5,602</b>	

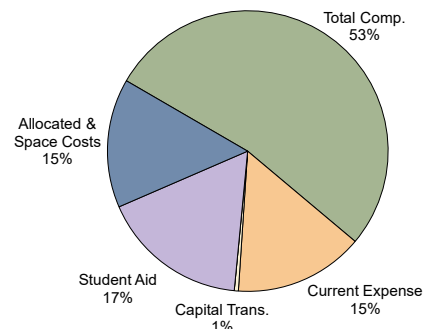
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	410	407	390	-5%	400	3%
Ph.D.	45	44	52	16%	54	4%
Professional & Other Degree	473	480	472	0%	469	-1%
Certificate & Non-Degree	11	12	10	-9%	10	0%
<b>Total Students</b>	<b>938</b>	<b>943</b>	<b>924</b>	<b>-2%</b>	<b>933</b>	<b>1%</b>
Standing Faculty	54	58	56	5%	57	2%
Staff	140	143	149	6%	149	0%

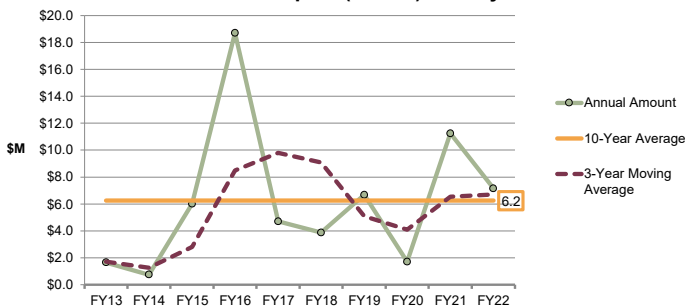
**FY2024 Budget Revenues by Source**



**FY2024 Budget Expenditures by Type**

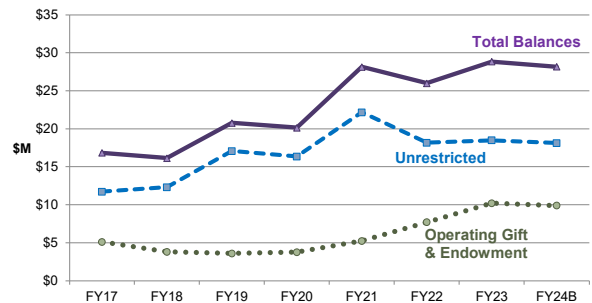


**10-Year Surplus/(Deficit) History \*\***



\*\* Excludes impact of capital gift funds

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



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



## Major Areas of Focus and Activity

The [School of Nursing](#) continues to advance and elevate its educational and research programs. Penn Nursing's excellence in undergraduate, graduate, and professional programs is evidenced by its 8<sup>th</sup> consecutive first-place ranking by *QS World University Rankings* and its first-place ranking in the *US News and World Report* ranking of undergraduate programs. The first cohort of the Leonard A. Lauder Community Care Nurse Practitioner Program enrolled in FY2023, supported by Lauder's historic \$125 million gift. This program will continue to grow and realize its mission to be a leading force in the advancement of health and equity. Research remains a strength of the School, and Penn Nursing is making substantive changes in its education programs, in part due to shifting enrollments and new accreditation requirements. The School continues to prioritize providing resources that support underrepresented minority students and that integrate social justice throughout the School's mission.

## Key Budgetary Assumptions

**Students:** Enrollment has remained stable despite graduate enrollment declining nationally. The Accelerated Bachelor of Science in Nursing (ABSN) program yielded a notably higher class than previous years. A new Master of Science in Nutrition Science program launched its application for its inaugural class (Fall 2023), and Penn Nursing is actively building joint-degree relationships with other schools on campus. The undergraduate nursing Class of 2026 is the most diverse cohort in terms of underrepresented minority and first-generation/low-income students in the School's history.

**Tuition Rates:** The tuition rates for the graduate programs are increasing by 4.28%, consistent with the undergraduate tuition parameter.

**Faculty and Staff Positions:** Because 41% of Nursing standing faculty are retirement-eligible, multiple retirements are expected in the next two years. The School continues to add staff in support of its growing research and educational initiatives. Budgeted salary growth also reflects the competitive labor market and increased recruitment and retention efforts for standing faculty.

**Research:** The School continues to grow and diversify its research portfolio and has robust fiscal and compliance management. Indirect cost recovery is projected to increase by 6.6% in FY2024 consistent with the forecasted growth in research spending.

**Current Expense:** Budgeted growth not only reflects inflation but also increased research activity and expansion of the Eidos initiative and the Lauder nurse practitioner program. Laptop standards are in place, and upgrades to student and research space continue.

**Capital Projects:** Penn Nursing will continue modernization of Fagin Hall's emergency generator and electrical switchgear through the facilities renewal program, will begin conversion of the former history center archival space into research-focused office space, and will complete upgrades to the School's laboratory space.

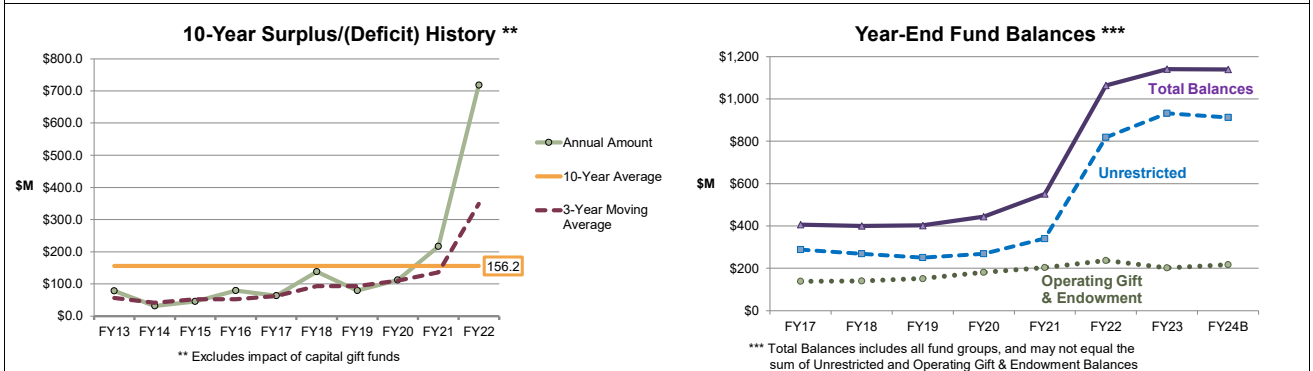
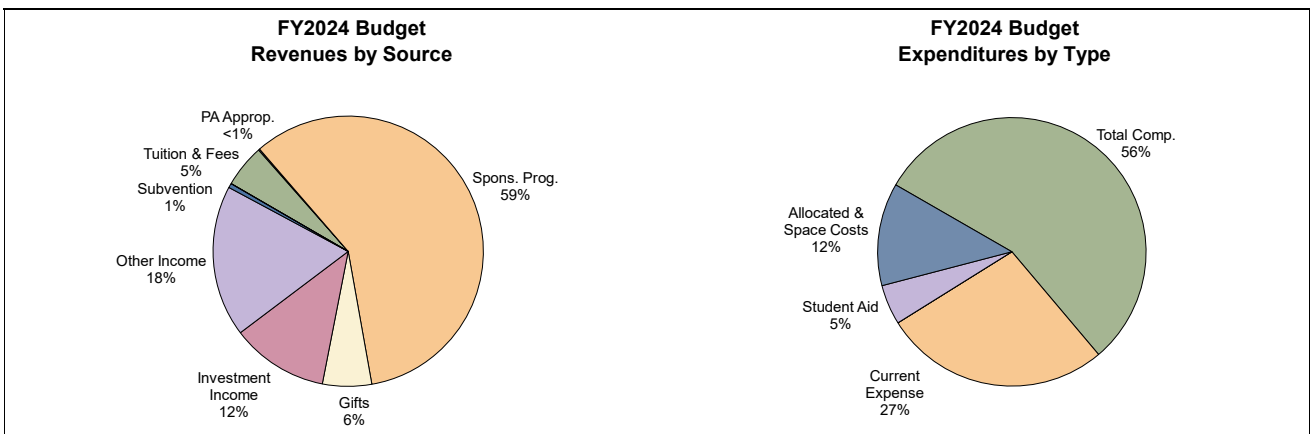
**PERELMAN SCHOOL OF MEDICINE**  
(in thousands of dollars)

FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	76,736	78,414	79,952	4%	83,330	4%
Commonwealth Appropriation	2,673	2,673	2,673	0%	2,673	0%
Sponsored Programs	882,882	903,975	935,202	6%	947,231	1%
Gifts	87,197	76,516	115,262	32%	94,747	-18%
Investment Income	136,026	155,090	158,219	16%	188,380	19%
Other Income	692,905	471,033	620,288	-10%	293,246	-53%
<b>DIRECT REVENUES</b>	<b>1,878,420</b>	<b>1,687,701</b>	<b>1,911,595</b>	<b>2%</b>	<b>1,609,608</b>	<b>-16%</b>
University Subvention	8,242	8,291	8,291	1%	8,365	1%
Transfers From / (To) Health System	149,761	123,996	159,780	7%	(30,714)	-119%
Net Resource Transfers From / (To) Other Centers	(19,695)	(17,353)	(18,424)	-6%	(19,053)	3%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>2,016,728</b>	<b>1,802,635</b>	<b>2,061,243</b>	<b>2%</b>	<b>1,568,206</b>	<b>-24%</b>
<b>EXPENDITURES</b>						
Total Compensation	682,586	736,837	767,973	13%	812,414	6%
Current Expense	333,503	355,461	370,565	11%	399,972	8%
Capital Transactions	54,341	54,828	94,024	73%	(122,812)	-231%
Student Aid	65,588	70,969	67,661	3%	70,086	4%
<b>NET DIRECT EXPENDITURES</b>	<b>1,136,018</b>	<b>1,218,095</b>	<b>1,300,224</b>	<b>14%</b>	<b>1,159,661</b>	<b>-11%</b>
Allocated Cost & Space Charges	161,867	169,946	169,946	5%	181,252	7%
<b>TOTAL EXPENDITURES</b>	<b>1,297,885</b>	<b>1,388,041</b>	<b>1,470,170</b>	<b>13%</b>	<b>1,340,913</b>	<b>-9%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>718,843</b>	<b>414,594</b>	<b>591,073</b>		<b>227,294</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.	880	885	951	8%	962	1%
Professional & Other Degree	858	870	852	-1%	865	2%
Certificate & Non-Degree	43	45	32	-25%	40	25%
<b>Total Students</b>	<b>1,780</b>	<b>1,800</b>	<b>1,835</b>	<b>3%</b>	<b>1,867</b>	<b>2%</b>
Standing Faculty	1,502	1,558	1,565	4%	1,580	1%
Staff	4,083	4,265	4,452	9%	4,492	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, and fellowship programs, and continuing medical education courses, the School trains the future leaders of American medicine. Ambitious biomedical research, carried out in 28 basic science and clinical departments and in numerous multidisciplinary [centers and institutes](#), is closely linked to teaching and patient care, contributing to overall excellence in all three mission areas and to Penn Medicine’s preeminence as an integrated academic medical center.

Recent highlights include the creation of the Penn Institute for Immunology and Immune Health (I3H). I3H will bring together basic discovery immunology and translational research with infrastructure to scale and integrate immunological knowledge into the electronic medical record. In addition, the School has expanded and enriched the eminence of its faculty, with key recruitments such as George Netto, Chair of Pathology and Laboratory Medicine, that will impact FY2024 and beyond.

In FY2024, Penn Medicine will unveil its *2023-2028 Strategic Plan: Serving a Changing World*. The strategic planning process, which began in FY2023, has thus far unfolded through the recommendations of five working groups focused on aspects of the clinical, educational, and research missions; Penn Medicine’s efforts to serve its environment, community, and people; and the School’s foundational commitment to humanity and equity.

## Key Budgetary Assumptions

**Sponsored Programs:** Sponsored research accounts for approximately 60% of the School’s total revenues. For FY2024, PSOM expects growth of only 1.3% primarily due to anticipated corporate funding challenges in its gene therapy program.

**Technology Transfer Revenue:** Although decreasing from its high levels in FY2023, technology transfer income will continue to be the second largest revenue source for PSOM in FY2024.

**UPHS Support:** Health System operating support constitutes approximately 15% of the revenues in the School’s core budget. In FY2024, the School and Health System will work collaboratively to temporarily reduce the level of transfers needed to support School operations.

**Capital Investments:** The most significant obstacle to the School’s continued growth in sponsored research is a lack of research space. Major capital projects initiated in FY2023 will continue through FY2024, including a new multi-floor lease in University City for the Penn Institute for RNA Innovation and an additional floor for research expansion. The budget also contains funding for design and construction of a seven-floor addition on 3600 Civic Center Boulevard to provide increased computational and wet lab space which will house I3H and similar research. The FY2024 capital budget is composed of a complement of additional projects to allow for space expansion under the School’s master facilities plan, including moving Blockley Hall occupants to multiple locations and renewal of major building systems.

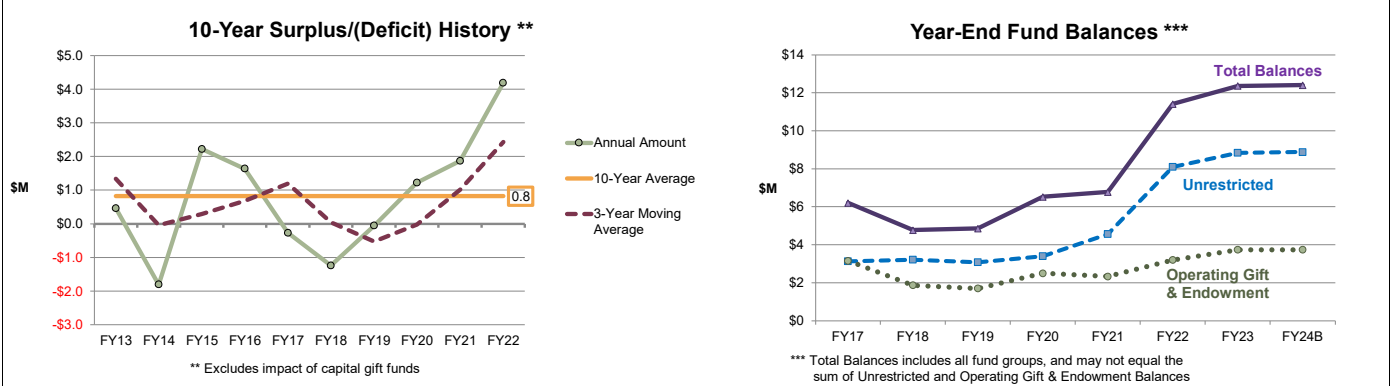
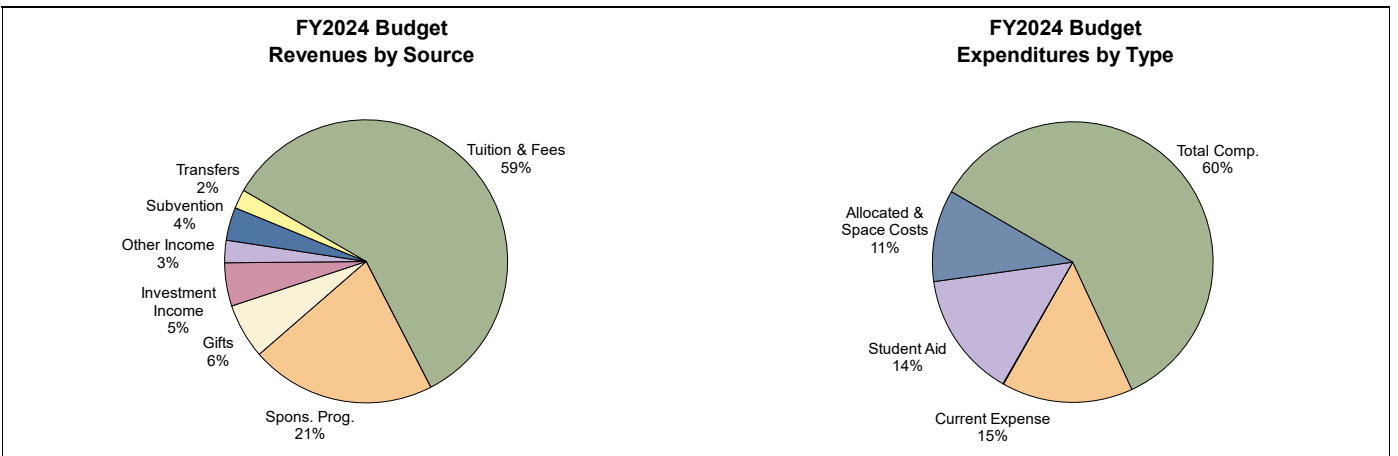
**SCHOOL OF SOCIAL POLICY AND PRACTICE**  
(in thousands of dollars)

FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	23,465	22,158	23,577	0%	24,093	2%
Sponsored Programs	4,898	4,054	6,913	41%	8,629	25%
Gifts	2,569	2,249	2,728	6%	2,563	-6%
Investment Income	1,525	1,897	1,911	25%	2,010	5%
Other Income	507	400	251	-51%	1,047	317%
<b>DIRECT REVENUES</b>	<b>32,966</b>	<b>30,758</b>	<b>35,380</b>	<b>7%</b>	<b>38,342</b>	<b>8%</b>
University Subvention	1,447	1,449	1,449	0%	1,545	7%
Net Resource Transfers From / (To) Other Centers	624	1,040	855	37%	873	2%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>35,037</b>	<b>33,247</b>	<b>37,684</b>	<b>8%</b>	<b>40,760</b>	<b>8%</b>
<b>EXPENDITURES</b>						
Total Compensation	18,119	17,681	21,527	19%	24,335	13%
Current Expense	3,811	5,022	5,401	42%	6,152	14%
Capital Transactions	5	0	0	-100%	33	nm
Student Aid	4,963	6,519	5,744	16%	5,895	3%
<b>NET DIRECT EXPENDITURES</b>	<b>26,898</b>	<b>29,222</b>	<b>32,672</b>	<b>21%</b>	<b>36,415</b>	<b>11%</b>
Allocated Cost & Space Charges	3,764	4,065	4,065	8%	4,304	6%
<b>TOTAL EXPENDITURES</b>	<b>30,662</b>	<b>33,287</b>	<b>36,737</b>	<b>20%</b>	<b>40,719</b>	<b>11%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>4,375</b>	<b>(40)</b>	<b>947</b>		<b>41</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.	22	34	42	91%	40	-5%
Professional & Other Degree	540	488	553	2%	558	1%
Certificate & Non-Degree	1	1	1	0%	2	100%
<b>Total Students</b>	<b>563</b>	<b>523</b>	<b>596</b>	<b>6%</b>	<b>600</b>	<b>1%</b>
Standing Faculty	24	26	27	13%	28	4%
Staff	58	65	74	28%	82	11%



\*\* 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 [School of Social Policy and Practice](#) (SSPP) contributes to the advancement of more effective, efficient, and humane social services through education, research, and community engagement. In pursuit of this mission, theory- and practice-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 learning and in collaboration with social agencies organized at the local, national, and global levels.

SSPP faculty members address issues of income insecurity, health equity, homelessness, nonprofit leadership, environmental equality, equitable access to technology, interpersonal violence, philanthropy, and more. Students are educated in five degree programs: a [Master of Social Work](#) (MSW), a [Master of Science in Nonprofit Leadership](#) (NPL), a [Master of Science in Social Policy](#) (MSSP), a [PhD in Social Welfare](#), 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 Perelman School of Medicine, Penn Carey Law, Graduate School of Education, SAS, Weitzman School of Design, and School of Veterinary Medicine. Students can also pursue specialized [certificate programs](#) within SSPP in collaboration with other Penn schools, as well as through partnerships with local and globally based institutions.

## Key Budgetary Assumptions

**Enrollment:** The FY2024 budget demonstrates continued strong master's enrollment while also increasing selectivity. The MSW program will return to being the program with the greatest enrollment, with 109 students expected to matriculate this fall, and 106 new students enrolling in the MSSP program. The NPL program is also anticipating an increase in enrollment to 52 students, from 48 students this year. New students enrolling in the DSW program will decrease from 21 to 17, an offset to the larger-than-planned enrollment in the current year. For doctoral students, the School is budgeting seven new matriculants versus nine in the prior year.

**Financial Aid:** SSPP is in the second year of developing and assessing need-based aid for incoming students. Working with the Office of Institutional Research and the Office of Budget Planning & Analysis, SSPP has been successful in creating a more diverse class this year, a key goal for admissions. SSPP's Social Justice Scholars program, in its second year, also supports that effort; this program offers full scholarships for high-achieving students, with preference to those coming from historically black colleges or universities or minority-serving institutions.

**Faculty Positions:** SSPP is expecting another banner year for faculty recruitment, with five new standing faculty joining in FY2024. Each new faculty member will be able to teach in multiple academic programs, while also expanding the research portfolio of the School.

**Staff Positions:** SSPP's staff position count continues to grow to not only fulfill the needs of the student body but also the needs of the School's growing research centers. The new research positions have been created contingent on continued grant funding to allow the School flexibility as research needs change across centers.

**Sponsored Programs:** SSPP continues to show strong growth in its research portfolio and projects it will more-than-double its budgeted grants expenditures from FY2023 to FY2024, from \$3.3 million to \$7.3 million. The School is focused on ensuring that grants generate the necessary ICR to fund infrastructure costs. Efforts in FY2023 have resulted in indirect cost recoveries exceeding budget by more than 41%, with an additional 25% increase budgeted in FY2024.

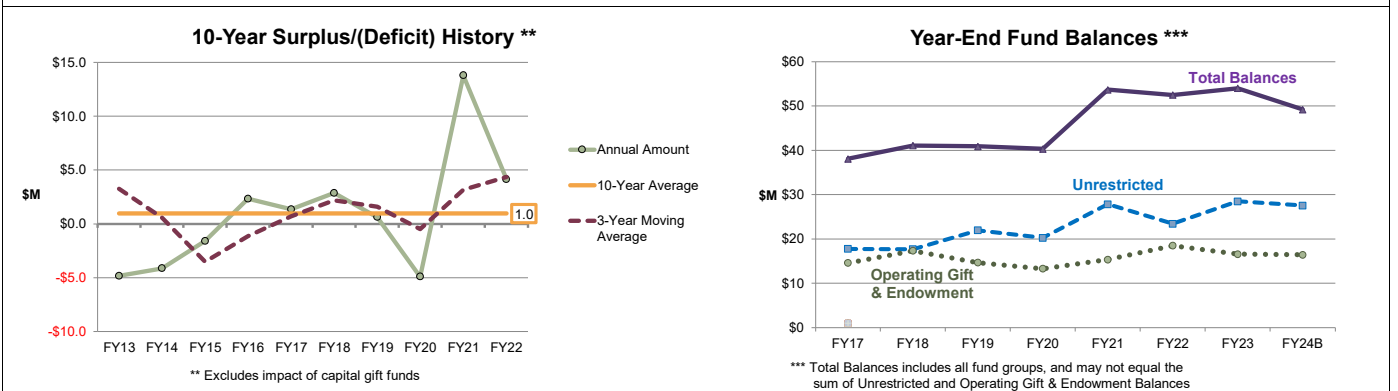
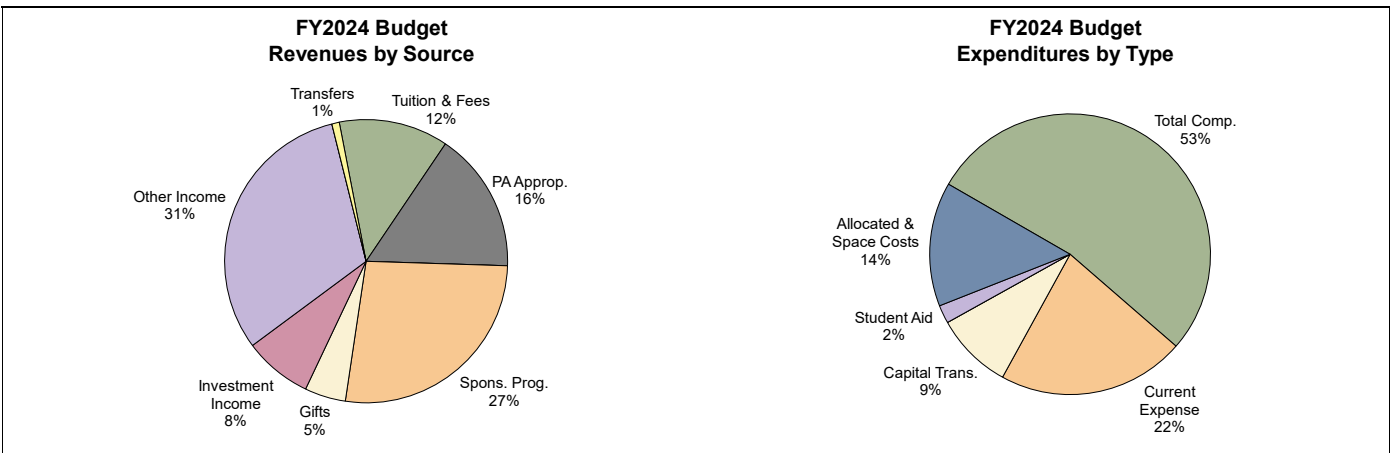
**SCHOOL OF VETERINARY MEDICINE**  
(in thousands of dollars)

FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	24,883	25,846	27,165	9%	26,672	-2%
Commonwealth Appropriation	31,955	33,550	33,550	5%	34,221	2%
Sponsored Programs	43,412	49,963	48,366	11%	57,175	18%
Gifts	8,660	12,381	6,445	-26%	9,939	54%
Investment Income	14,022	14,810	15,851	13%	16,630	5%
Other Income	55,288	60,346	62,845	14%	66,634	6%
<b>DIRECT REVENUES</b>	<b>178,220</b>	<b>196,896</b>	<b>194,222</b>	<b>9%</b>	<b>211,272</b>	<b>9%</b>
University Subvention	0	0	0	0%	0	nm
Net Resource Transfers From / (To) Other Centers	1,403	1,314	765	-45%	1,790	134%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>179,623</b>	<b>198,209</b>	<b>194,987</b>	<b>9%</b>	<b>213,063</b>	<b>9%</b>
<b>EXPENDITURES</b>						
Total Compensation	94,722	107,487	103,931	10%	114,716	10%
Current Expense	42,185	43,374	46,896	11%	46,753	0%
Capital Transactions	5,015	12,696	7,497	49%	19,277	157%
Student Aid	4,931	4,790	4,086	-17%	4,558	12%
<b>NET DIRECT EXPENDITURES</b>	<b>146,853</b>	<b>168,347</b>	<b>162,409</b>	<b>11%</b>	<b>185,304</b>	<b>14%</b>
Allocated Cost & Space Charges	28,171	29,492	29,492	5%	30,967	5%
<b>TOTAL EXPENDITURES</b>	<b>175,024</b>	<b>197,839</b>	<b>191,901</b>	<b>10%</b>	<b>216,271</b>	<b>13%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>4,598</b>	<b>370</b>	<b>3,086</b>		<b>(3,208)</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	530	536	530	0%	547	3%
Certificate & Non-Degree	16	17	16	-4%	13	-19%
<b>Total Students</b>	<b>547</b>	<b>553</b>	<b>546</b>	<b>0%</b>	<b>560</b>	<b>3%</b>
Standing Faculty	108	118	107	-1%	117	9%
Staff	693	749	714	3%	749	5%



\*\* 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 [School of Veterinary Medicine](#) (Penn Vet) trains the next generation of veterinary 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. As one of the most accessed and trusted medical professions, veterinarians are uniquely well-positioned to contribute solutions to some of the most pressing challenges impacting local, regional, and global communities today, including food security, biosecurity, biodiversity, climate change, and healthcare access for underserved areas. Since his arrival at Penn Vet in 2018, [Dr. Andrew Hoffman](#), the Gilbert S. Kahn Dean of Veterinary Medicine, has created a vision for a culture of innovation and inclusion while broadening Penn Vet's social impact on a global scale.

A distinguishing feature of the VMD program is the availability of [first-of-their kind dual degrees](#) with partner schools across Penn designed to train global problem-solvers through interdisciplinary and inter-professional master's and certificate programs. Veterinarians with these dual credentials are uniquely positioned to support underserved areas with respect to healthcare, agriculture, and the environment. In FY2023, the School implemented a [new competency-based curriculum](#) designed to better prepare Penn Vet students for a rapidly changing world.

Penn Vet's two campuses offer students learning opportunities and experiences in virtually every aspect of veterinary medicine. [Ryan Hospital](#) on the Philadelphia campus handles approximately 33,000 companion animal patient visits per year and is actively engaged with the local community through the [Shelter Medicine and Community Engagement Program](#). During the last six years, this special program provided over 40,000 hours of community service across the greater Philadelphia area and reached over 800 middle and high school students through multiple pathway initiatives. [New Bolton Center](#) in Kennett Square, PA, sees approximately 7,000 large animal patient visits annually, with an additional 20,000 patients treated per year at local farms. Penn Vet is also engaged in planning for the [Riepe Center for the Advancement of Veterinary Education](#) and the Commonwealth-funded Veterinary Diagnostic Laboratory on the New Bolton Center campus.

The School's robust research program includes basic, translational, and clinical discovery to address complex problems faced by animals, humans, and the planet, and receives more than \$22 million in NIH funding annually. Areas of study include cancer, immunology, infectious disease, regenerative medicine, and agricultural sustainability. Penn Vet followed the FY2022 launch of the [Institute for Infectious and Zoonotic Diseases](#) with the FY2023 launch of the [Center for Stewardship Agriculture and Food Security](#) to build upon its expertise in regenerative agriculture, animal welfare, food security, and the School's commitment to reduce net carbon emissions.

## Key Budgetary Assumptions

**Tuition and Aid:** FY2024 enrollment is projected at 531 core student FTEs—including 19 dual-degree FTEs—with close to two-thirds coming from outside Pennsylvania, plus 13 master's FTEs and 13 certificate and non-degree FTEs. A 2.0% tuition rate increase reflects Penn Vet's strategic intent to slow tuition growth. The forecasted 1.8% decline in tuition and fee revenue is due to a billing change for fourth-year students that shifts nearly \$2 million of revenue to FY2023.

**Clinical Operations:** FY2024 hospital revenue is projected to increase 8.3% over FY2023 with the anticipation of both higher-than-normal price increases and strong caseloads.

**Research:** Research revenue reflects 18.2% growth in FY2024 due to both Commonwealth funding for the Veterinary Diagnostic Laboratory capital project and key faculty recruitments.

**Commonwealth Appropriation:** The appropriation is budgeted to increase by 2% as recommended in the Governor's proposed budget.

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

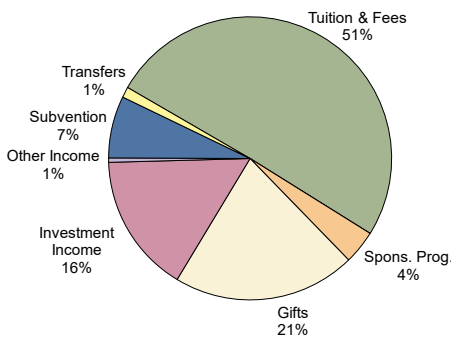
FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	38,280	39,310	40,180	5%	40,697	1%
Sponsored Programs	1,893	2,226	2,625	39%	3,079	17%
Gifts	14,087	19,355	24,895	77%	16,825	-32%
Investment Income	9,895	11,620	11,751	19%	12,802	9%
Other Income	452	404	675	49%	413	-39%
<b>DIRECT REVENUES</b>	<b>64,607</b>	<b>72,915</b>	<b>80,126</b>	<b>24%</b>	<b>73,816</b>	<b>-8%</b>
University Subvention	5,648	5,666	5,666	0%	5,703	1%
Net Resource Transfers From / (To) Other Centers	98	532	1,036	954%	964	-7%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>70,354</b>	<b>79,113</b>	<b>86,828</b>	<b>23%</b>	<b>80,483</b>	<b>-7%</b>
<b>EXPENDITURES</b>						
Total Compensation	27,171	30,030	30,105	11%	32,487	8%
Current Expense	6,864	8,577	8,178	19%	8,862	8%
Capital Transactions	1,288	3,623	4,459	246%	6,448	45%
Student Aid	13,241	13,360	13,350	1%	14,133	6%
<b>NET DIRECT EXPENDITURES</b>	<b>48,565</b>	<b>55,589</b>	<b>56,092</b>	<b>15%</b>	<b>61,929</b>	<b>10%</b>
Allocated Cost & Space Charges	9,944	10,119	10,119	2%	10,534	4%
<b>TOTAL EXPENDITURES</b>	<b>58,509</b>	<b>65,708</b>	<b>66,211</b>	<b>13%</b>	<b>72,463</b>	<b>9%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>11,845</b>	<b>13,405</b>	<b>20,617</b>		<b>8,019</b>	

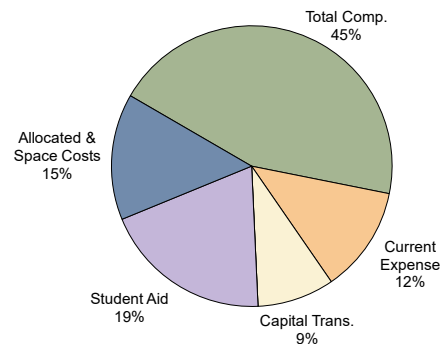
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<b>INPUT ASSUMPTIONS (full-time equivalents)</b>						
<b>Student Enrollment:</b>						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	50	47	47	-6%	46	-2%
Professional & Other Degree	694	678	687	-1%	656	-5%
Certificate & Non-Degree	2	2	2	-14%	2	0%
<b>Total Students</b>	<b>746</b>	<b>727</b>	<b>736</b>	<b>-1%</b>	<b>704</b>	<b>-4%</b>
Standing Faculty	45	51	49	10%	53	8%
Staff	69	76	79	14%	81	3%

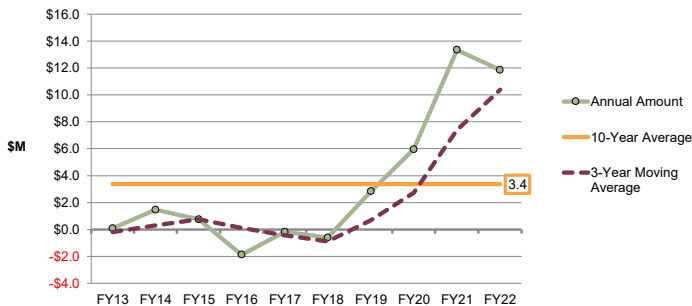
**FY2024 Budget Revenues by Source**



**FY2024 Budget Expenditures by Type**

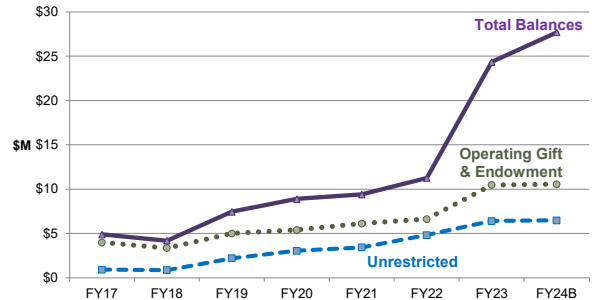


**10-Year Surplus/(Deficit) History \*\***



\*\* 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 master's students in architecture, city and regional planning, fine arts, historic preservation, landscape architecture, and urban spatial analytics, as well as to PhD students in architecture and city and regional planning. The School also teaches courses leading to a BA in architecture, fine arts, or design from SAS or a minor in landscape studies.

## Key Budgetary Assumptions

**Enrollment:** Weitzman is projecting 685 master's students for Fall 2023, a decrease of 31 students when compared to Fall 2022. This decrease is largely due to the School's decision not to admit a new entering MFA class to avoid displacing Fine Arts students from Weitzman Hall while the building is under construction, beginning in Summer 2024. This will obviate the need to identify alternative space for these students, which would have been particularly challenging in such a tight real estate market. The School also made a strategic decision to keep the tuition rate increase at 3.75% for FY2024 to remain competitive with peers. The result of the projected decrease in headcount, coupled with the slightly lower tuition rate increase (when compared to the undergraduate tuition parameter), is keeping graduate and professional tuition relatively flat – a 0.5% increase.

**Faculty Positions:** The FY2024 budget includes 53 filled standing faculty positions, four more than in FY2023, with new chairs in Architecture and in Landscape Architecture. The Department of Architecture is replacing two History and Theory faculty, while Landscape Architecture will welcome a faculty member who delayed her appointment until July 2023. The Kleinman Center for Energy Policy successfully recruited a Presidential Distinguished Professor of Energy Policy and City Planning who will have secondary appointments in the School of Social Policy and Practice and Wharton.

**Staff Positions:** The 81 filled staff positions included in the FY2024 budget represent an increase of two compared to FY2023. These include two faculty (research associate) positions converted to staff; one will lead the School's Justice and Belonging (DEI) efforts, and the other will continue to serve as the associate director of the Center for Environmental Building and Design (CEBD).

**Revenue Enhancement Initiatives:** The School increased FTEs in research support services from two to three in response to a significant increase in faculty applying for federally sponsored research, with the goal of catalyzing further sponsored research proposals. The FY2024 budget reflects a significant increase in sponsored research dollars. The School also plans to launch a new online executive program in sustainable design (XDS) in October 2023, bringing the total number of executive education programs to three. One of the goals of introducing these programs is to create a steady and viable revenue stream in the next three to five years.

**Cost Containment Measures:** In FY2024, Weitzman plans to maintain the same per person limits on meals and will continue to encourage faculty and staff to conduct all University business with minimal entertainment and travel costs. The School prioritizes endowment spending (for designated purposes) before using general purpose funds, especially when it comes to travel studios and programs abroad. The FY2024 budget includes a 5.0% reduction in general purpose current expenses to align with the anticipated decrease in enrollment.

**Capital Projects:** The School's FY2024 capital plan includes the commencement of construction for Weitzman Hall, a \$53.6 million project which will allow the School to move out of leased space and create more gallery, research, and office space. The new building is scheduled to open in September 2025 and will be a model for green building and sustainable design.

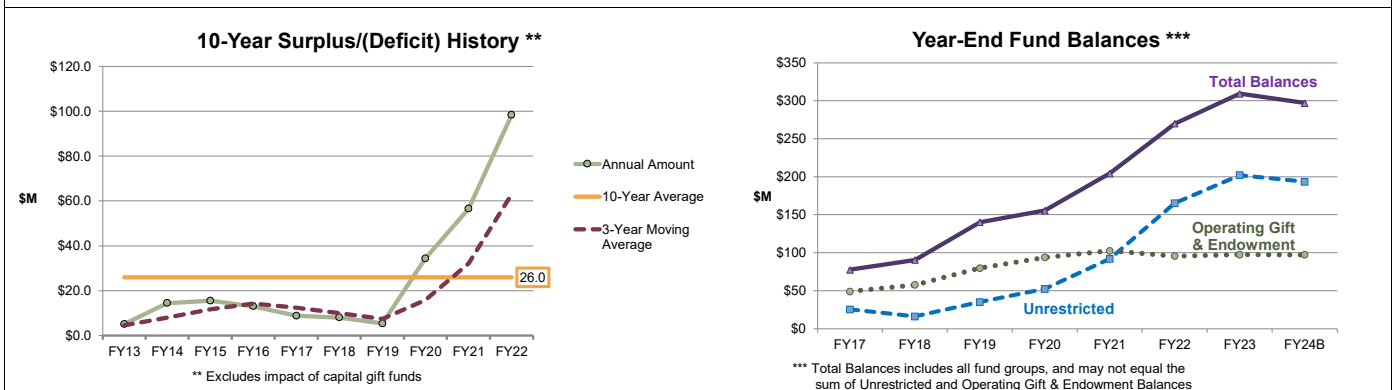
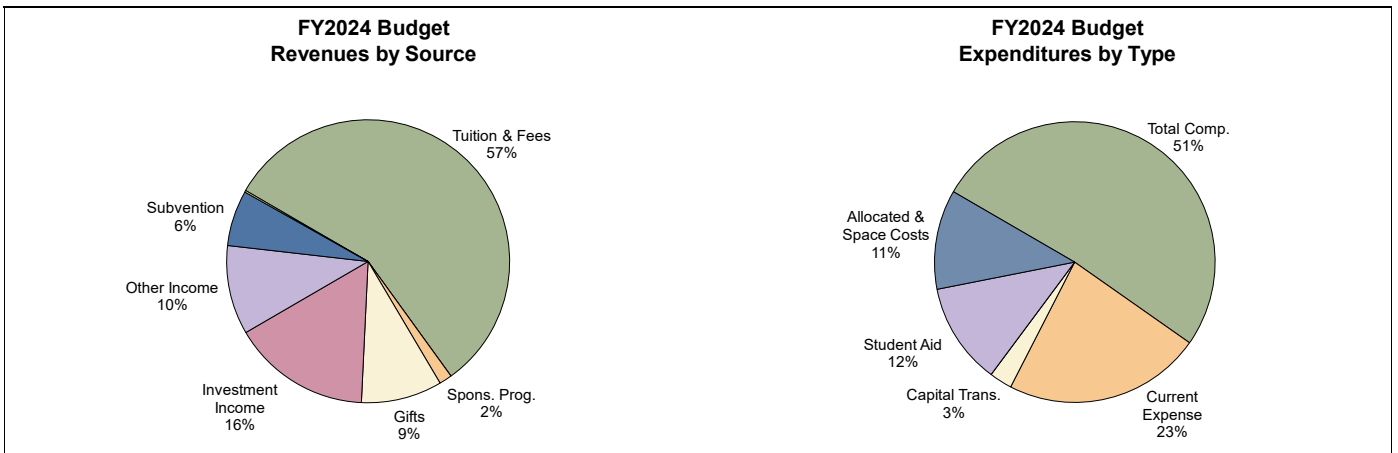
**WHARTON SCHOOL**  
(in thousands of dollars)

FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	328,892	338,571	351,041	7%	361,779	3%
Sponsored Programs	9,563	6,795	8,914	-7%	9,117	2%
Gifts	61,686	63,000	58,610	-5%	59,000	1%
Investment Income	85,355	91,393	94,855	11%	101,081	7%
Other Income	50,967	63,047	62,119	22%	65,011	5%
<b>DIRECT REVENUES</b>	<b>536,462</b>	<b>562,805</b>	<b>575,539</b>	<b>7%</b>	<b>595,988</b>	<b>4%</b>
University Subvention	39,040	39,436	39,711	2%	40,469	2%
Net Resource Transfers From / (To) Other Centers	1,743	1,266	88	-95%	1,246	1313%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>577,245</b>	<b>603,508</b>	<b>615,338</b>	<b>7%</b>	<b>637,703</b>	<b>4%</b>
<b>EXPENDITURES</b>						
Total Compensation	259,278	296,972	294,195	13%	325,766	11%
Current Expense	86,072	134,947	125,786	46%	144,258	15%
Capital Transactions	2,098	16,805	2,762	32%	16,650	503%
Student Aid	63,232	69,685	69,479	10%	74,148	7%
<b>NET DIRECT EXPENDITURES</b>	<b>410,680</b>	<b>518,409</b>	<b>492,222</b>	<b>20%</b>	<b>560,822</b>	<b>14%</b>
Allocated Cost & Space Charges	68,707	70,881	70,881	3%	72,465	2%
<b>TOTAL EXPENDITURES</b>	<b>479,387</b>	<b>589,290</b>	<b>563,103</b>	<b>17%</b>	<b>633,287</b>	<b>12%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>97,857</b>	<b>14,218</b>	<b>52,234</b>		<b>4,416</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	1,678	1,800	1,715	2%	1,715	0%
Ph.D.	192	194	187	-3%	195	4%
Professional & Other Degree	2,233	2,142	2,199	-2%	2,175	-1%
Certificate & Non-Degree	77	79	79	2%	79	0%
<b>Total Students</b>	<b>4,180</b>	<b>4,215</b>	<b>4,180</b>	<b>0%</b>	<b>4,164</b>	<b>0%</b>
Standing Faculty	221	231	227	3%	234	3%
Staff	747	863	815	9%	869	7%





## Major Areas of Focus and Activity

[The Wharton Way](#) represents the Wharton School's strategic plan guiding the School towards greater influence, innovation, and engagement. From Wharton's genesis, the School has been grounded in ideals that guide shared efforts. *The Wharton Way* continues these ideals, referencing them as foundational principles underscoring the School's many endeavors. [Wharton](#) honors its analytical roots by applying a data-informed perspective to identify underlying causes and possible answers to pressing questions. The School leverages the breadth and depth of its knowledge to reimagine possibilities of a local nature, then goes further by scaling solutions for entities and communities far beyond campus. Wharton leans into its reputation as a leading global institution to unite different perspectives to champion equitable outcomes and far-reaching change. Wharton strives to elevate the impact of its research, innovate through its pedagogy, and collaborate across disciplines and divides.

## Key Budget Assumptions

**Enrollment:** FY2024 [undergraduate](#) enrollment is projected to be 1,800 single-degree students and 500 joint-degree students. [Full-time MBA](#) enrollment is projected to be 1,696 students. MBA tuition rates will increase by 2.97% for incoming students. The first [Global cohort](#) of 45 Executive MBA students will join in May 2023. [Philadelphia and San Francisco Executive MBA](#) enrollment is expected to reach 468 students with an incoming class of 232. [Doctoral](#) enrollment is projected to be 195 students.

**Faculty and Staff Positions:** Wharton has successfully recruited 10 new [standing faculty](#), with several pending offers still outstanding. Among the confirmed new faculty are five women and three members of minority groups. Wharton also expects six faculty departures during FY2023. Standing faculty positions are projected to be 241 in FY2024, including all PIK and joint-tenured appointments. Currently, there are 839 filled staff positions, with a vacancy rate of 12%; the FY2024 budget assumes an average of 869 filled staff positions.

**Wharton Enterprise Units:** Executive Education is projecting an excellent close to FY2023 and even higher gross revenues in FY2024. The margin in FY2024 is projected to be lower due to an adjustment to faculty rates to align with Wharton's peers, rising costs due to inflation, and a challenging labor market. Within Exec Ed, Wharton Online is projecting a reduction in revenues as a result of a tightening market as well as contractual changes with the School's third-party marketers. Wharton Research Data Services (WRDS) and Wharton Global Youth Program both continue to contribute a steady margin to the School.

**Fundraising:** In FY2023, travel activity resumed, with robust levels both domestically and internationally. While economic and geopolitical factors have created headwinds for philanthropy, Wharton is on track to reach its \$115 million fundraising and \$105 million receipts goals. As of May 5, 2023, commitments were up to \$79.0 million, and receipts had reached \$67.1 million. Priorities continue to center around access to education (student aid), innovations in research and pedagogy, and unrestricted giving. The Wharton Fund remains strong, and as of May 5, \$13.0 million in receipts had been realized toward an \$18 million goal.

**Cost Containment:** Wharton continues to focus on creating a model of shared services for the School's research centers, which streamlines use of financial, marketing, and IT resources across these units. Wharton has also been able to reduce its off-campus leased space.

**Capital Project Priorities:** A new space utilization study has been launched, with a special focus on Steinberg Conference Center as the School explores options to modernize and evolve Wharton's Exec Ed infrastructure; these upgrades are critical to ensuring that Exec Ed remains competitive in a challenging marketplace. In addition, Wharton will complete the renovation of the exterior and entrance lobby of Vance Hall as well as all MBA offices and suites in both Vance and Huntsman Halls.

Responsibility Center Budgets & Program Statements

**RESOURCE CENTERS**



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

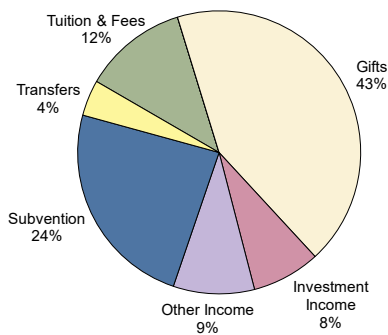
FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	10,850	11,446	11,446	5%	12,036	5%
Sponsored Programs	0	0	0	0%	0	0%
Gifts	23,745	26,708	25,710	8%	43,470	69%
Investment Income	5,726	6,273	7,423	30%	7,878	6%
Other Income	8,203	7,474	9,186	12%	9,401	2%
<b>DIRECT REVENUES</b>	<b>48,525</b>	<b>51,902</b>	<b>53,765</b>	<b>11%</b>	<b>72,785</b>	<b>35%</b>
University Subvention	22,256	23,457	23,457	5%	24,297	4%
Net Resource Transfers From / (To) Other Centers	1,091	3,704	2,971	172%	4,139	39%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>71,872</b>	<b>79,063</b>	<b>80,193</b>	<b>12%</b>	<b>101,221</b>	<b>26%</b>
<b>EXPENDITURES</b>						
Total Compensation	19,688	21,874	21,522	9%	22,971	7%
Current Expense	12,375	13,999	15,205	23%	15,979	5%
Capital Transactions	10,449	41,901	29,167	179%	43,105	48%
Student Aid	0	0	0	0%	0	0%
<b>NET DIRECT EXPENDITURES</b>	<b>42,513</b>	<b>77,774</b>	<b>65,894</b>	<b>55%</b>	<b>82,056</b>	<b>25%</b>
Allocated Cost & Space Charges	19,640	19,538	19,538	-1%	20,339	4%
<b>TOTAL EXPENDITURES</b>	<b>62,153</b>	<b>97,312</b>	<b>85,432</b>	<b>37%</b>	<b>102,395</b>	<b>20%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>9,720</b>	<b>(18,250)</b>	<b>(5,240)</b>		<b>(1,174)</b>	

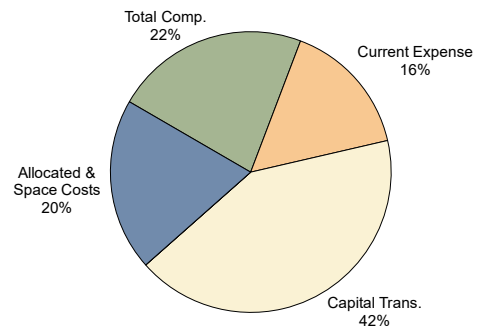
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<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	169	170	174	3%	179	3%

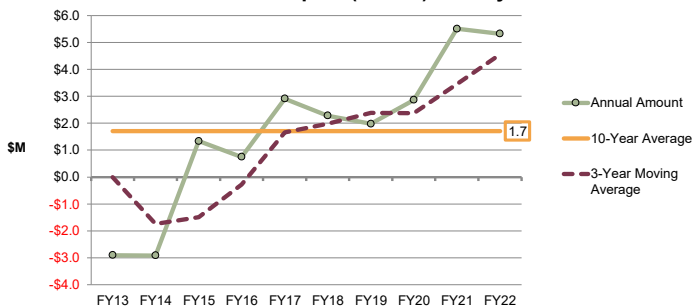
**FY2024 Budget Revenues by Source**



**FY2024 Budget Expenditures by Type**

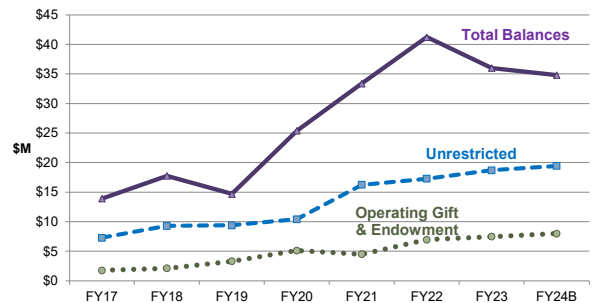


**10-Year Surplus/(Deficit) History \*\***



\*\* Excludes impact of capital gift funds

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



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



## Major Areas of Focus and Activity

The [Division of Recreation and Intercollegiate Athletics](#) (DRIA) is a broad-based division comprised of 33 intercollegiate teams, 37 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 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 among urban campuses, with assets such as Franklin Field, The Palestra, and Penn Park.

Penn intercollegiate teams performed well during the 2022-2023 academic year, winning five regular season conference championships. Men's soccer won the Ivy League championship and advanced to the NCAA Second Round. The Quakers won the Gymnastics East championship, and women's lacrosse, women's golf and baseball all won Ivy League championships. Football recorded an 8-2 record and tied for second in the Ivy League while women's cross country was third at the NCAA Mid-Atlantic Regional, tying for the best finish in program history. Fencing was sixth at the NCAA Championship, its best finish in 19 years and women's basketball qualified for the WNIT, its first postseason appearance since 2019. Women's lacrosse reached the NCAA Second Round, and baseball and women's rowing were selected to compete at the NCAA Championship.

The Division hired its first full-time mental health professional and promoted a sports dietician to a full-time role to better serve the needs of the nearly 1,000 varsity students. The Penn Athletics Wharton Leadership Academy trains student-athletes in leadership development and anticipates scaling the program to include all first-year student-athletes by FY2024. The Young Quakers Community Athletics program, in which student-athletes provide mentorship to West Philadelphia elementary students, has expanded to include women's basketball in addition to men's basketball, men's and women's lacrosse, and men's and women's track and field. Campus recreation participation among students has grown; however increasing faculty/staff memberships has proven challenging due to remote and hybrid work schedules. The Division welcomed a new Director of Racquet Sports in FY2023 and has recruited an accomplished Director of Campus Recreation for FY2024.

## Key Budgetary Assumptions

**Revenue Enhancement Initiatives and Cost-Containment Measures:** DRIA will advance [Power the Next 100](#), a fundraising effort aimed at growing endowment income for women's athletics, which in turn helps financially stabilize all intercollegiate programming. The Division will also pursue comprehensive employee engagement partnerships with schools and centers, with the goal of generating revenue from recreation and racquet sport memberships packaged with tickets to Penn Relays and intercollegiate events, hospitality spaces, and recognition opportunities. Controlling expenses in travel, food, supplies, and professional services is an ongoing effort.

**Changes in Major Revenue and Expense Categories:** Annual giving goals for intercollegiate teams will continue to be tied to inflation- and market-driven increases in their direct expenses. Revenue generated by business units will return to pre-pandemic levels, however with more pressure on ticket sales, racquet center fees, summer camps, rentals, sponsorships, and commissions to offset the loss in faculty/staff fitness center memberships.

**Staffing:** The FY2024 budget assumes 179 staff FTEs and ongoing strategic use of up to 250 temporary employees. Starting this fiscal year DRIA will also benefit from a new full-time DEI position that will be shared with Wellness.

**Capital Project Priorities:** Construction will advance on the Ott Center for Track and Field, Franklin Field team operations upgrades, the Sheerr Pool renovation, and Vagelos Field turf replacement. Robust feasibility studies, investment in existing facilities, and operating and maintenance endowments will continue to be priorities.

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

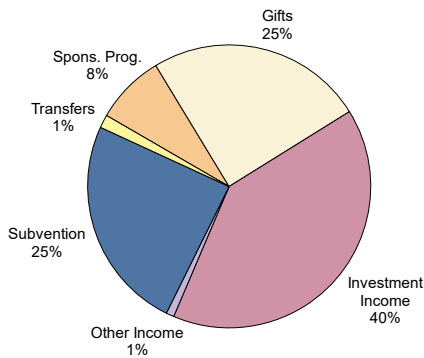
FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	0	0	0	0%	0	0%
Sponsored Programs	465	201	216	-53%	418	93%
Gifts	1,086	1,014	1,260	16%	1,300	3%
Investment Income	1,857	2,024	2,031	9%	2,110	4%
Other Income	62	38	54	-13%	48	-12%
<b>DIRECT REVENUES</b>	<b>3,470</b>	<b>3,276</b>	<b>3,561</b>	<b>3%</b>	<b>3,876</b>	<b>9%</b>
University Subvention	1,257	1,259	1,259	0%	1,284	2%
Net Resource Transfers From / (To) Other Centers	111	78	15	-86%	78	420%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>4,838</b>	<b>4,613</b>	<b>4,835</b>	<b>0%</b>	<b>5,238</b>	<b>8%</b>
<b>EXPENDITURES</b>						
Total Compensation	1,895	2,495	2,224	17%	2,582	16%
Current Expense	1,261	1,286	1,510	20%	1,873	24%
Capital Transactions	0	0	0	0%	150	nm
Student Aid	0	0	0	0%	0	0%
<b>NET DIRECT EXPENDITURES</b>	<b>3,157</b>	<b>3,781</b>	<b>3,734</b>	<b>18%</b>	<b>4,604</b>	<b>23%</b>
Allocated Cost & Space Charges	1,024	1,011	1,010	-1%	1,034	2%
<b>TOTAL EXPENDITURES</b>	<b>4,181</b>	<b>4,792</b>	<b>4,744</b>	<b>13%</b>	<b>5,638</b>	<b>19%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>657</b>	<b>(179)</b>	<b>91</b>		<b>(400)</b>	

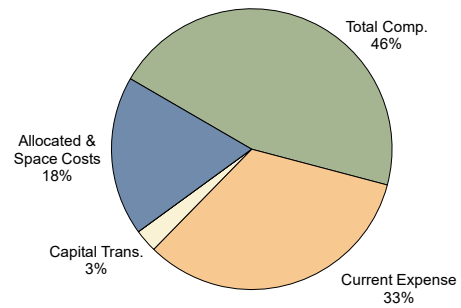
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<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	17	22	19	13%	19	0%

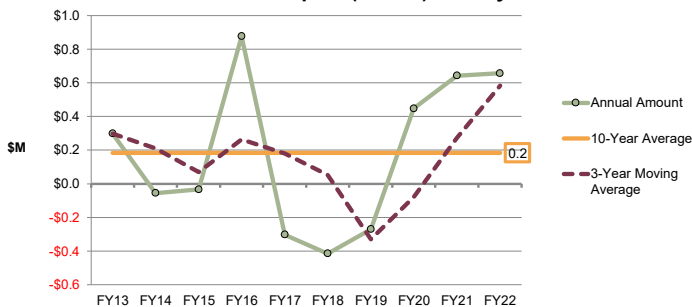
**FY2024 Budget Revenues by Source**



**FY2024 Budget Expenditures by Type**

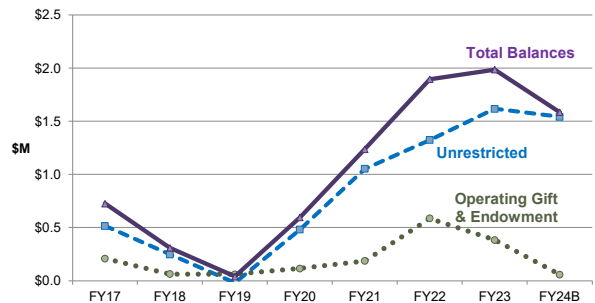


**10-Year Surplus/(Deficit) History \*\***



\*\* 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

# 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. ICA is a launchpad for contemporary art, research, and ideas, and is a laboratory where experimentation and risk-taking are part of its DNA.

In a changing social and cultural landscape, ICA is at a critical moment in its history. ICA recently conducted a strategic visioning process to help create a renewed vision for audience engagement and to define and build capacity for this work at ICA. ICA seeks to advance its mission as a hub of art and ideas that supports projects that challenge assumptions and encourage courageous conversations on society's key issues.

The program this year speaks directly to three core tenets developed through the visioning process that are critical for ICA's mission: strengthening impact, deepening engagement, and raising visibility. It is these key principles that will guide ICA's efforts to grow and build communities for its work at Penn, in Philadelphia, and beyond and to maintain its position as one of the most important arts organizations in the nation.

Major new initiatives that will enable ICA to achieve its goals include:

- I is for Inquiry – launching in 2024, this research platform will be embedded within the Public Engagement and Research team that connects ICA with Penn's mission of knowledge production and makes connections between artists, faculty, and others, catalyzing inquiry, collaboration, learning, and cultural production.
- Building and growing digital capacity, both online and in ICA's galleries.
- A feasibility study of how to increase the accessibility and functionality of ICA's building.

During FY2023, ICA presented three critically-acclaimed [exhibitions](#). Complementing the curatorial work, ICA presented three exhibition publications and 43 free public programs, 19 of which were initiated by Penn students and faculty.

## Key Budgetary Assumptions

**Staffing:** The FY2024 budget provides for 19 staff FTEs and reflects the filling of three vacant positions.

**Capital Project Priorities:** ICA is one of Penn's most recognized and vital arts centers and is free to everyone. ICA's building was constructed in 1991, and though there have been minor improvements in the past 32 years, it is essential to examine how ICA can fulfill its goal of welcoming audiences through vital improvements to access and usage of space. A reimagined building would strengthen visibility, increase accessibility from the street, and improve usability of ICA's spaces to deepen engagement with the communities served and enhance ICA's role as a resource for the campus, neighbors, and greater Philadelphia.

**Fundraising:** ICA's board of advisors currently has 22 members, with another potentially joining before the close of FY2023. ICA continues to engage current and prospective supporters in major gift conversations that align with the goals established in the strategic visioning process.

**Revenue Enhancement Initiatives:** ICA is exploring space rentals as an additional revenue stream.

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

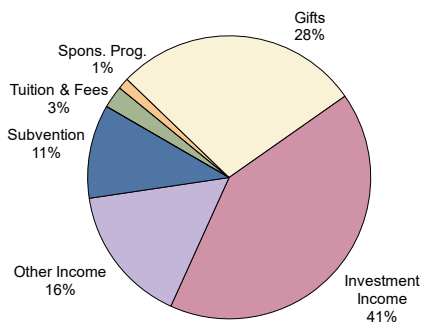
FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	186	236	253	36%	258	2%
Sponsored Programs	3	95	114	3969%	127	11%
Gifts	2,302	2,085	2,629	14%	2,803	7%
Investment Income	3,733	3,998	3,927	5%	4,142	5%
Other Income	1,629	1,773	1,602	-2%	1,585	-1%
<b>DIRECT REVENUES</b>	<b>7,853</b>	<b>8,188</b>	<b>8,526</b>	<b>9%</b>	<b>8,915</b>	<b>5%</b>
University Subvention	985	1,034	1,034	5%	1,066	3%
Net Resource Transfers From / (To) Other Centers	(22)	(29)	(27)	23%	(28)	6%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>8,816</b>	<b>9,192</b>	<b>9,533</b>	<b>8%</b>	<b>9,953</b>	<b>4%</b>
<b>EXPENDITURES</b>						
Total Compensation	4,361	5,129	4,972	14%	5,315	7%
Current Expense	1,826	2,906	3,227	77%	3,049	-6%
Capital Transactions	649	84	106	-84%	1,347	1170%
Student Aid	0	0	0	0%	0	0%
<b>NET DIRECT EXPENDITURES</b>	<b>6,837</b>	<b>8,119</b>	<b>8,305</b>	<b>21%</b>	<b>9,711</b>	<b>17%</b>
Allocated Cost & Space Charges	1,042	1,070	1,070	3%	1,108	4%
<b>TOTAL EXPENDITURES</b>	<b>7,879</b>	<b>9,189</b>	<b>9,375</b>	<b>19%</b>	<b>10,819</b>	<b>15%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>937</b>	<b>3</b>	<b>158</b>		<b>(866)</b>	

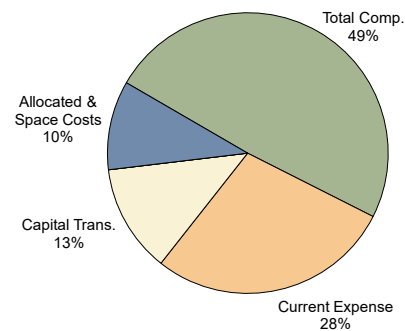
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<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	58	50	10%	55	10%

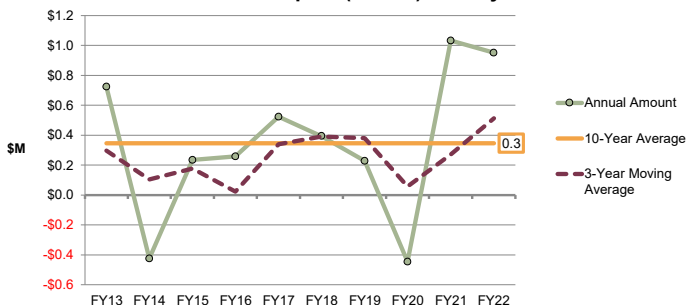
**FY2024 Budget Revenues by Source**



**FY2024 Budget Expenditures by Type**

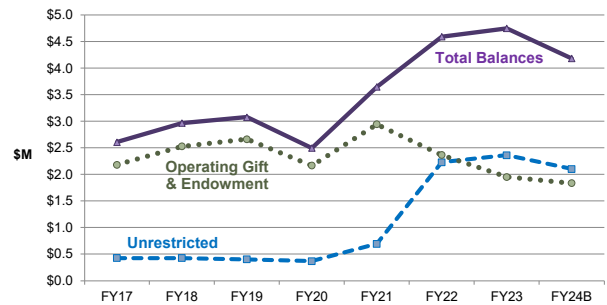


**10-Year Surplus/(Deficit) History \*\***



\*\* Excludes impact of capital gift funds

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



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



## Major Areas of Focus and Activity

The [Morris Arboretum and Gardens of the University of Pennsylvania](#) inspires an understanding of the relationship between plants, people, and place through education, research, and horticultural display. In FY2024, Morris Arboretum will implement year three of its five-year strategic plan. Key goals in support of the strategic plan include:

- 10-Year Master Plan: Leverage work completed on planning and cost estimation to define master plan phases and develop a fundraising strategy.
- Plant Science Lab and Platform for Future Research Growth: Finalize plans for and begin construction of a stand-alone molecular lab building.
- Memberships: Work with a consultant to assess current membership model to ensure it will best serve the Arboretum and its constituents in the future.
- Special Events and Exhibits: Continue to explore avenues that bring repeat visitors and attract new and varied audiences.

## Key Budgetary Assumptions

**New Baseline of Operations:** FY2023 and FY2024 mark a new baseline of operations for the Arboretum following the pandemic-suppressed level of activity in FY2020 and FY2021 and a surge in attendance during FY2022. FY2023's "new normal" reflects attendance above pre-pandemic levels (32% over FY2019), a full and expanded class schedule (47% more participants than FY2019), and strong performance of the rentals business (7% over FY2019). The FY2024 budget is built from this baseline and projects modest operating revenue growth of 3.2% and operating expense growth of 4.5%.

**Staffing:** The Morris Arboretum has completed the conversion of temporary staff from primarily seasonal to largely part-time, permanent employees, contributing to a more stable workforce and a better working environment for employees. Two additional positions budgeted for FY2024 include a plant geneticist, which, in tandem with the new plant science laboratory, will enable the Arboretum to significantly expand research on rare species genetics, taxonomy, and resiliency. A part-time special events coordinator will support events and attendance goals. The cost of these two additions in FY2024 is approximately \$140,000; the Arboretum anticipates that the plant geneticist in future years will be funded partially by sponsored program revenue while the events position is expected to be offset by additional revenue.

**Current Expense:** The FY2024 budget reflects three primary changes from FY2023: the removal of one-time expenses related to the successful revamp of the website and rebranding campaign (\$140,000), an increase in utility expenses to reflect parameters currently projected by FRES (3-5%), and an overall increase of 3% in other/ongoing program and maintenance expenses.

**Capital Projects:** With the plant science lab construction planned to begin in FY2024, the Arboretum anticipates using reserves that were set aside from the FY2022 surplus for this purpose (\$390,000) to cover a portion of the construction costs. The balance of the construction cost will be covered by gift funds, both in hand and to be raised.

**PENN LIVE ARTS**  
(in thousands of dollars)

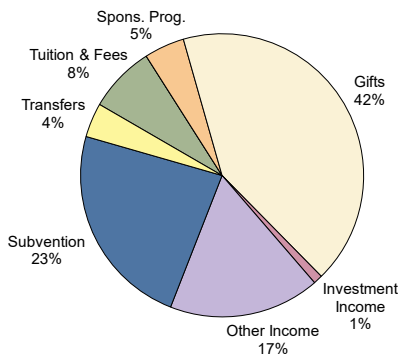
	FISCAL 2022 ACTUAL	FISCAL 2023 BUDGET	FISCAL 2023 FORECAST	% Change from 2022 Actual	FISCAL 2024 BUDGET	% Change from 2023 Forecast
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<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	591	623	623	5%	765	23%
Sponsored Programs	329	476	497	51%	461	-7%
Gifts	2,152	1,946	4,017	87%	4,215	5%
Investment Income	62	77	121	97%	104	-14%
Other Income	920	1,521	1,899	106%	1,730	-9%
<b>DIRECT REVENUES</b>	<b>4,055</b>	<b>4,642</b>	<b>7,158</b>	<b>77%</b>	<b>7,275</b>	<b>2%</b>
University Subvention	2,226	2,329	2,329	5%	2,351	1%
Net Resource Transfers From / (To) Other Centers	333	253	294	-12%	392	33%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>6,613</b>	<b>7,224</b>	<b>9,782</b>	<b>48%</b>	<b>10,018</b>	<b>2%</b>
<b>EXPENDITURES</b>						
Total Compensation	2,213	3,110	2,855	29%	3,602	26%
Current Expense	1,260	1,850	2,235	77%	1,789	-20%
Capital Transactions	8	0	0	0%	5,781	0%
Student Aid	0	0	0	0%	0	0%
<b>NET DIRECT EXPENDITURES</b>	<b>3,481</b>	<b>4,959</b>	<b>5,091</b>	<b>46%</b>	<b>11,172</b>	<b>119%</b>
Allocated Cost & Space Charges	2,051	2,135	2,135	4%	2,175	2%
<b>TOTAL EXPENDITURES</b>	<b>5,532</b>	<b>7,094</b>	<b>7,226</b>	<b>31%</b>	<b>13,347</b>	<b>85%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>1,082</b>	<b>130</b>	<b>2,556</b>		<b>(3,329)</b>	

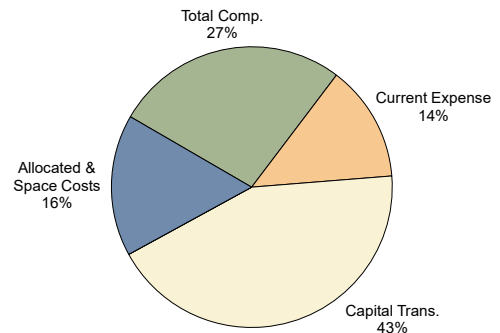
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<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>						
Standing Faculty	-	-	-	-	-	-
Staff	16	25	22	34%	28	27%

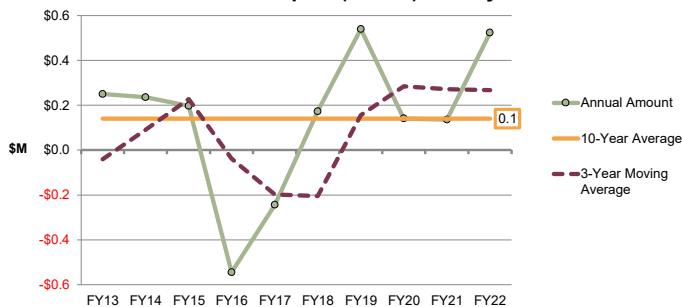
**FY2024 Budget Revenues by Source**



**FY2024 Budget Expenditures by Type**

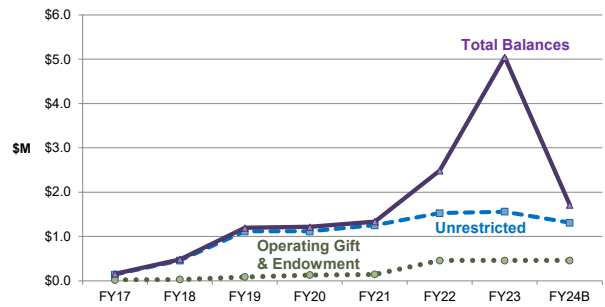


**10-Year Surplus/(Deficit) History \*\***



\*\* 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

[Penn Live Arts](#) (PLA), formerly known as the Annenberg Center for the Performing Arts, 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. PLA also serves as a key resource for the arts at Penn by providing master artists who work directly with Penn students in support of, and as an enhancement to, the arts and non-arts curriculum. Student performing arts groups are key users of the Annenberg Center's multiple performance and rehearsal spaces and staff many operational roles throughout the academic year. A reflection of Penn's core values as a world-renowned academic institution, PLA 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 delivers comprehensive event planning, production support, and customer service. PLA actively engages a broad range of primary, secondary, and post-secondary student audiences and inclusive constituencies from the campus, community, and greater Philadelphia region. PLA 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

The FY2024 budget addresses the next stage of PLA's campus integration, building on the earlier strategic plan (2018-2022) to better support the performing arts across Penn and in Philadelphia. PLA is in active solicitation to complete Phase I of the Annenberg Center's capital campaign while pursuing additional campaign priorities to support programmatic, operational, and student career development initiatives. During the 2022-2023 programming season, PLA further expanded public programs to celebrate its delayed 50<sup>th</sup> anniversary, bringing a range of world-class artists to campus, including several commissions and world premieres across dance, music, and theatre. In FY2024, PLA will begin the pilot phase of its partnership with University Life to develop operational restructuring for broader support of theatrical venues on campus, including centralized space scheduling, technical theatre support, front of house, and ticketing infrastructure for campus performance programs.

**Programming Revenue:** PLA is on track in FY2023 to surpass \$1 million in ticketing revenue, one of the highest annual ticketing revenue years in its history. This achievement is due in large part to robust programming and subscriber retention. PLA has budgeted \$1.1 million in ticketing revenue for FY2024, in line with its plans to further expand programming and thematic festivals that address global and local issues through dance, music, and theatre.

**Rental Revenue:** Rental revenues have now fully recovered from the pandemic and are projected to exceed \$1.2 million in FY2023, a level expected to be maintained in FY2024. PLA's streaming capability is a positive byproduct of the pandemic and has allowed it to offer this service to internal and external clients as a new source of revenue. PLA has further expanded its external rental client base, which now includes the University of the Arts.

**Contributed Revenue:** PLA is forecasting to receive \$2.2 million of non-capital contributed revenue in FY2023 due largely to continued expansion of the donor base while consistently augmenting the size of the PLA Board of Advisors. As of May 2023, PLA had raised \$13.25 million (including the Presidential match) of the \$20 million capital goal for Phase I of the 50<sup>th</sup> anniversary campaign.

**Capital Project Priorities:** Schematic design for Phase I of the Annenberg Center master plan will continue in FY2024 with commencement of construction tied to PLA achieving its fundraising goals for the project. In addition, a significant upgrade to the Center's air handling units is planned for the summer of 2023.



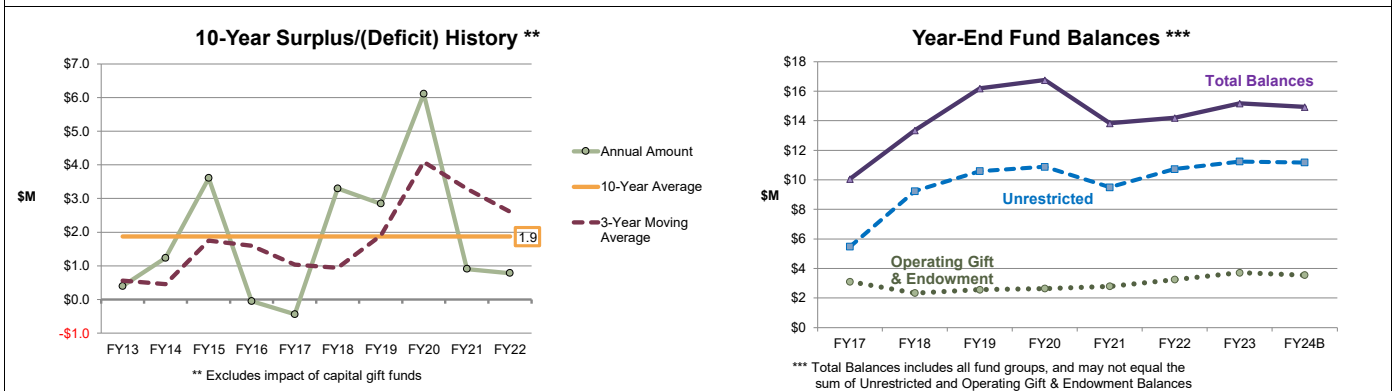
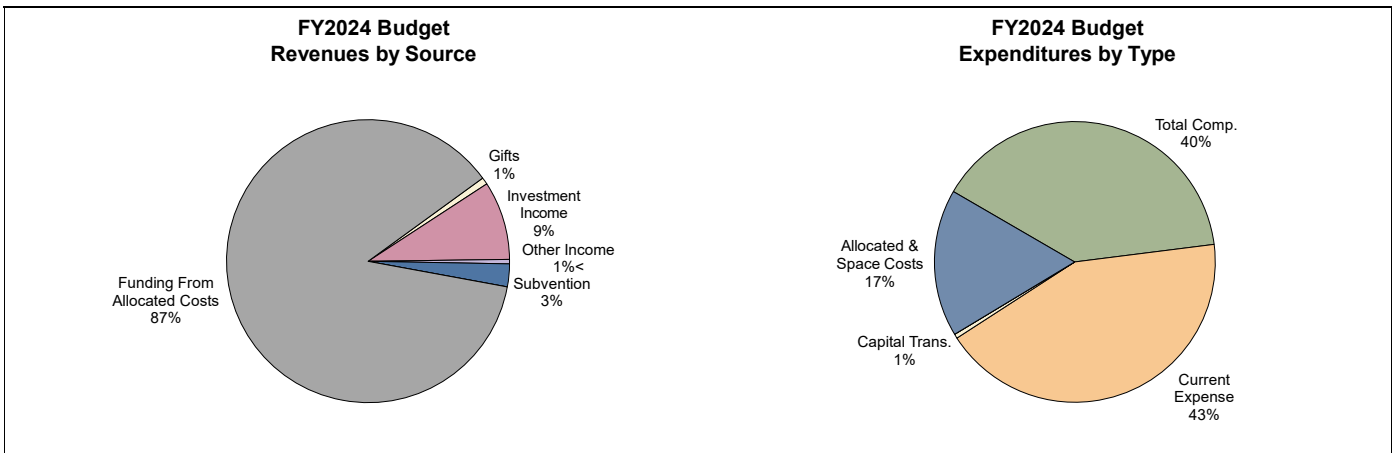
**UNIVERSITY LIBRARIES**  
(in thousands of dollars)

FISCAL 2022 ACTUAL    FISCAL 2023 BUDGET    FISCAL 2023 FORECAST    % Change from 2022 Actual    FISCAL 2024 BUDGET    % Change from 2023 Forecast

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	4	35	5	21%	10	100%
Sponsored Programs	120	126	60	-50%	126	109%
Gifts	1,158	997	1,896	64%	700	-63%
Investment Income	6,680	7,191	7,427	11%	7,790	5%
Other Income	244	316	720	195%	307	-57%
<b>DIRECT REVENUES</b>	<b>8,207</b>	<b>8,665</b>	<b>10,109</b>	<b>23%</b>	<b>8,933</b>	<b>-12%</b>
University Subvention	1,008	1,063	1,063	5%	2,268	113%
Funding From Allocated Costs	69,552	73,372	73,372	5%	75,572	3%
Net Resource Transfers From / (To) Other Centers	928	949	953	3%	(190)	-120%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>79,695</b>	<b>84,049</b>	<b>85,497</b>	<b>7%</b>	<b>86,583</b>	<b>1%</b>
<b>EXPENDITURES</b>						
Total Compensation	29,027	33,464	31,743	9%	34,426	8%
Current Expense	35,551	35,820	37,666	6%	37,173	-1%
Capital Transactions	1,254	455	755	-40%	457	-39%
Student Aid	0	0	0	0%	0	0%
<b>NET DIRECT EXPENDITURES</b>	<b>65,832</b>	<b>69,739</b>	<b>70,164</b>	<b>7%</b>	<b>72,056</b>	<b>3%</b>
Allocated Cost & Space Charges	14,420	14,310	14,310	-1%	14,715	3%
<b>TOTAL EXPENDITURES</b>	<b>80,252</b>	<b>84,049</b>	<b>84,474</b>	<b>5%</b>	<b>86,771</b>	<b>3%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>(557)</b>	<b>0</b>	<b>1,024</b>		<b>(188)</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	262	290	275	5%	288	5%



\*\* 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 Penn Libraries' [Strategic Plan 2020-2025](#) outlines four high-level priorities that have imbued the core work of the Libraries: advance information equity, expand global impact, preserve the scholarly and cultural record, and enrich the organization's capacity. Implementation of the strategic plan has yielded positive results across both public-facing services and the innovative technology that powers an increasing array of systems, which together create seamless access to the information resources the Libraries collect, describe, preserve, and deliver to the Penn community and beyond.

The Penn Libraries continues to enhance access to collections. Retrieval of collections has been simplified within the Libraries' information infrastructure, lowering barriers to access. Usage of eBooks has increased 18% since 2020 with the addition of 241,000 eBook volumes to collections. Investments in digitization are making Penn collections available worldwide. The Penn Libraries continues to negotiate with publishers for [innovative Open Access agreements](#) that provide Penn researchers with greater reach for their published journal articles, a move made more critical as the federal government looks to require that federally-funded research results be made available free of charge immediately upon grant completion.

The Penn Libraries continues to expand staff expertise. New staff positions contribute to [making discoverable and available "hidden collections"](#) that were previously not catalogued. Positions in areas such as Africana studies, data science, and medical research focus on emerging areas of scholarship and research. An inaugural curator for the Barbara Bates Center for the Study of the History of Nursing is being recruited through a partnership with Penn Nursing, ensuring long-term preservation, access, and use of that unique collection.

The Penn Libraries has expanded the Penn community's access to tools that support the research workflow. These tools include software platforms that facilitate collaboration and make research more efficient and impactful. Subscriptions also include point-of-care tools utilized in clinical settings to assist with diagnosis and treatment.

Penn Libraries staff work both in and out of the classroom to support the student and faculty experience. Special Collections librarians bring [rare materials into classroom settings](#). Librarians that support specific disciplines teach courses and work closely with faculty to enhance their research and scholarship. Regular workshops introduce faculty and students to [library-supported research and data analysis tools](#) as well as [publication guidance and writing ethics](#). The creation of the [Center for Global Collections](#) last summer, which builds on the Penn Libraries Area Studies Collections, will distinguish the Penn Libraries as an international destination for the study of the diversity of cultures and societies around the world.

Staff investments in digital preservation and born-digital archiving support the shift from physical to electronic collections. Building on the nearly three-decade success of the [Schoenberg Center for Electronic Text and Image \(SCETI\)](#), the Penn Libraries continues to digitize physical collections while also beginning to integrate collections that exist only in electronic form.

## Key Budgetary Assumptions

**Staffing:** The budget reflects an anticipated rebound in staffing after a post-pandemic increase in retirements and other staff turnover.

**Capital Project Priorities:** The \$6.8 million expansion of the Libraries Research Annex (LIBRA), the high-density shelving facility in West Deptford, New Jersey, is scheduled to begin in January 2024 and be completed during calendar year 2024. The cost of the project will be covered by an internal capital loan.

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

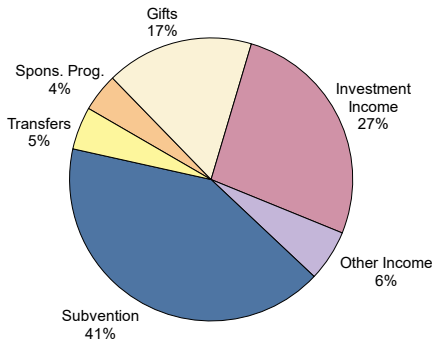
**FISCAL 2022 ACTUAL**    **FISCAL 2023 BUDGET**    **FISCAL 2023 FORECAST**    **% Change from 2022 Actual**    **FISCAL 2024 BUDGET**    **% Change from 2023 Forecast**

<b>ALL OPERATING FUNDS</b>						
<b>REVENUES &amp; TRANSFERS</b>						
Tuition & Fees	0	0	0	0%	0	0%
Sponsored Programs	504	100	496	-2%	1,227	147%
Gifts	7,493	4,641	5,801	-23%	4,732	-18%
Investment Income	6,470	6,986	7,128	10%	7,445	4%
Other Income	1,377	1,617	1,584	15%	1,649	4%
<b>DIRECT REVENUES</b>	<b>15,844</b>	<b>13,345</b>	<b>15,008</b>	<b>-5%</b>	<b>15,053</b>	<b>0%</b>
University Subvention	10,313	10,888	10,888	6%	11,602	7%
Net Resource Transfers From / (To) Other Centers	1,401	1,637	1,468	5%	1,365	-7%
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>27,558</b>	<b>25,869</b>	<b>27,364</b>	<b>-1%</b>	<b>28,020</b>	<b>2%</b>
<b>EXPENDITURES</b>						
Total Compensation	11,190	13,146	12,512	12%	14,083	13%
Current Expense	5,317	5,303	6,865	29%	6,064	-12%
Capital Transactions	3,092	675	2,773	-10%	3,878	40%
Student Aid	82	80	80	-2%	80	0%
<b>NET DIRECT EXPENDITURES</b>	<b>19,681</b>	<b>19,204</b>	<b>22,229</b>	<b>13%</b>	<b>24,105</b>	<b>8%</b>
Allocated Cost & Space Charges	7,709	8,024	8,024	4%	8,374	4%
<b>TOTAL EXPENDITURES</b>	<b>27,390</b>	<b>27,228</b>	<b>30,253</b>	<b>10%</b>	<b>32,479</b>	<b>7%</b>
<b>SURPLUS/(DEFICIT) *</b>	<b>168</b>	<b>(1,359)</b>	<b>(2,889)</b>		<b>(4,459)</b>	

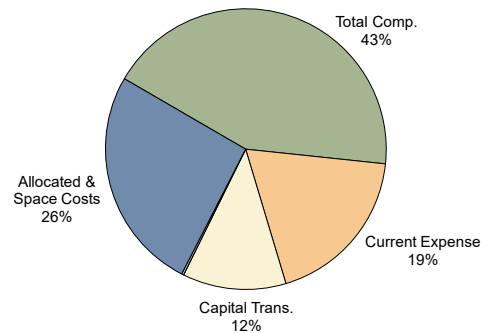
\* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

<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	102	120	110	8%	117	6%

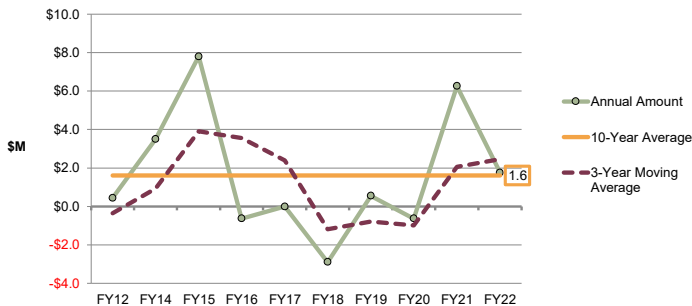
**FY2024 Budget Revenues by Source**



**FY2024 Budget Expenditures by Type**

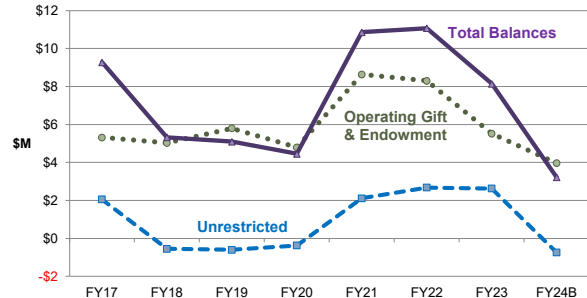


**10-Year Surplus/(Deficit) History \*\***



\*\* Excludes impact of capital gift funds

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



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

# PENNMUSEUM

## Major Areas of Focus and Activity

Open to all, the [Penn Museum](#) conducts research, stewards ancient and living collections, and creates learning opportunities within and beyond the University, transforming the understanding of the common human experience to bring people closer together. The Penn Museum brings to life its over one million artifacts – most unearthed by excavations during the Museum’s early decades – by contextualizing and telling stories about its collections and the people who made them, creating experiences for people to contribute to and engage with these stories.

There is currently a sea-change in how people think of and interact with museums as sources of authority and as custodians of culture, spurred on by the racial and social reckoning that has shaped our national discourse in the last two years. In response, the Museum is weaving a fundamental philosophical transformation into its institutional fabric, embracing a commitment to tackle barriers to equity for its staff, public, and research and community partners, while rethinking how to activate gallery experiences with new kinds of programming. Working with Brightspot Strategy, it is developing a new strategic vision to address the essential question: how does it retain and increase its relevance amid rapidly changing societal and cultural expectations? This strategic visioning process is engaging stakeholders from the University, the community, and the Museum to identify opportunities for its five core mission areas: research, education, collections stewardship and ethics, visitor experience, and interpretation.

## Key Budgetary Assumptions

**Cost-Containment Measures:** With the Museum’s operations now rebounding, several positions that had been held open to reduce costs have now been filled (including one building supervisor and one member of the executive team). Travel and entertainment expenses have increased recently, although they have not yet returned to pre-pandemic levels. Exhibitions in the Museum’s galleries are being refreshed to enhance the visitor experience and encourage repeat visits. Summer fieldwork projects, conference travel, and travel to visit donors have resumed, but many interactions that previously involved travel are still being handled remotely. Other current expense will continue to be managed closely and held flat wherever possible, although in some areas it will increase over FY2023 levels as operations continue to rebound.

**New Staff Positions:** The FY2024 budget reflects new positions associated with the Museum’s social justice initiatives, including several collections management staff to assist with repatriation efforts partially supported by the Provost’s Office. In addition, a bioanthropologist will be joining the Museum to further support research, collections, and student engagement.

**Revenues:** Penn Museum’s revenues are gradually returning to pre-pandemic levels as admissions increase in response to new programming, exhibitions, and gallery openings. Earned income relies heavily upon group sales, programming revenue from camps, catering revenue, facility rentals, admission and membership revenue, and other events, as well as gift shop sales. The Museum continues to partner with Penn Medicine in marketing efforts to drive staff and visitor attendance, and to provide patients, family, and friends opportunities to engage with the collection. The Museum will continue to optimize the use of its gift and endowment funds to support the operating budget as much as possible.

**Capital Project Priorities:** The Museum’s FY2024 capital plan includes the second phase of the Coxe/Harrison renovations, which will include an overhaul of the Egyptian galleries, storage areas, and study room, and new central HVAC equipment and distribution for the Coxe Wing. This project is expected to be submitted for Trustee approval in September 2023, with the University covering \$4.5 million of the estimated \$20.9 million cost. Fundraising efforts are ongoing to support the gallery installation costs, which will be incurred after construction is completed. The Museum’s five-year budget plan assumes that the affected gallery spaces will be offline for approximately 27 months resulting in a slower growth in revenue from admissions, rental events, group tours, and other sources.

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



## DEVELOPMENT AND ALUMNI RELATIONS

### Major Areas of Focus and Activity

Development and Alumni Relations (DAR) welcomed a new leader, Vice President Jim Husson, in October. DAR continues to focus on supporting fundraising priorities, engaging constituents, and investing in the infrastructure that will lay the groundwork for future success. DAR will align its work with the University's strategic planning process, *Tomorrow, Together*, in defining the emerging opportunities and highest priorities for philanthropic investment and engagement moving forward.

**Financial Impact:** FY2023 will end with strong fundraising results. As of April 30, 2023, commitments stood at \$588 million, \$63 million ahead of the annual goal, and cash receipts were at \$544 million. Highlights include a number of eight-figure gifts and a robust performance by Penn Medicine, led by two transformational gifts: \$50 million from Mindy Basser Gray, C'92, and Jon Gray, C'92, W'92, to create a new Cancer Interception Institute at Penn's Basser Center for BRCA, which will target hereditary cancers at their earliest stages, and \$50 million from Stewart and Judy Colton, W'62, to accelerate progress at the Colton Center for Autoimmunity. Several other units are posting strong numbers, especially the Graduate School of Education (GSE), which received \$16.25 million from the Harold W. McGraw, Jr. Family Foundation to create a new center for educational leadership and continue support for the McGraw Prize.

**Engagement Events:** Penn's community of alumni, parents, and friends have enthusiastically returned to in-person events. Highlights this year include the *Engaging Minds* presentations by Penn faculty, held in December in New York City, which returned in person for the first time since 2019, and Homecoming Weekend 2022, which coincided with the President's inauguration. In January, the University launched the *Penn Forward* tour to introduce President Magill to the Penn community. By the end of the tour in April, the President had visited six US cities and London. *Penn Forward* attracted record-breaking attendance at each of its stops. Alumni weekend in May was also a tremendous success.

**Virtual Engagement Opportunities:** DAR continued the virtual events that kept alumni connected during the pandemic. *Inspiring Impact*, a virtual series highlighting Penn faculty, returned for a second season with programs focusing on climate change, cancer research, and data science, among other topics. A combination of in-person, virtual, and hybrid events allows DAR to reach the broadest possible alumni and donor audiences.

**Infrastructure Investment:** DAR's most significant investment in infrastructure advanced considerably this year: in July, DAR will transition from its current 20-year-old system of record, Atlas, to a Salesforce platform, which Penn has branded *Compass*. This state-of-the-art system will provide staff with an array of new tools, better business processes, and enhanced capacity to access and analyze data in support of Penn's next stage of growth.

### Key Budgetary Assumptions

**Programmatic Activities:** Under new leadership, DAR will strategically invest and focus on the greatest opportunities for growth through increasing stakeholder engagement and moving Penn closer to the next campaign in support of the President's vision and goals. To that end, the successful transition to *Compass* is a critical element in taking DAR's fundraising efforts to the next level.

**Staffing:** DAR is working through a restructuring plan that will better align the central fundraising teams and the development program areas. These changes will add a few new positions but will also support a more effective departmental approach. Compensation includes salary savings based on a 7% turnover rate and salary reserves for an increase in key staff positions, along with funding for incentives and retentions.



## OFFICE OF THE EXECUTIVE VICE PRESIDENT

### Major Areas of Focus and Activity

[The Office of the Executive Vice President](#) (EVP) provides strategic leadership for fiscal, operational, and administrative services in support of the University's mission. The nine divisions that are overseen by the EVP office provide key infrastructure and financial, entrepreneurial, and environmental services to support and improve the faculty, student, and staff experience. The Office provides leadership to enhance quality of life and economic development locally in West Philadelphia and partners on city-wide economic development strategies. The divisions reporting to the EVP Office are:

- [Audit, Compliance, and Privacy \(OACP\)](#) – reporting jointly to Penn Medicine
- [Budget Planning and Analysis \(BPA\)](#)
- [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 \(DPS\)](#)

In FY2023, the EVP divisions worked collaboratively to ensure that Penn operated at the highest standards in stabilizing new enterprise systems, overseeing the construction and planning of new facilities, keeping the community safe, piloting innovative services and programs, and stabilizing Penn's workforce in a hybrid work environment. Each division was successful in meeting the five established goals of the EVP office as detailed below. These achievements were realized as Penn transitioned from the pandemic to a more robust operating environment, while confronting labor market challenges, rising inflation, and supply chain delays.

**EVP Goal #1 – Exercise strong fiscal stewardship:** In FY2023, the EVP divisions created resources of over \$90 million by generating new revenues and realizing cost savings, avoidance, and containment. Throughout the year, BPA has effectively managed and communicated the key budgetary challenges the University is facing, notably inflationary pressures, and despite these challenges is projecting the University will outperform its FY2023 budget. Additionally, BPA continues to track mRNA royalty-driven revenue and expenditures, helping the University maximize the impact of these investments. DOF enhanced the undergraduate and Penn First Plus financial aid policy to expand access to fully cover costs of tuition and other fees for families making \$75,000 or less, starting with the next academic year.

**EVP Goal #2 – Recruit, retain, and develop a talented and diverse workforce and support career development:** The EVP divisions were highly focused on recruiting and retaining staff in FY2023. By the end of FY2023, HR is expected to have supported filling approximately 3,300 positions. HR also paved the way for improved employee benefits, including a 1% increase in the University's contribution to employee retirement plans effective January 1, 2023, and new benefits for postdocs that will go into effect in FY2024. There were also significant efforts to advance diversity, equity, and inclusion (DEI). DPS and FRES formed DEI working groups and engaged in trainings; DOF's Racial Justice and Inclusivity Working group was honored with a Models of Excellence Award; and Investments ran its annual Diversity Leadership program and participated in a *Girls Who Invest* internship program.

**EVP Goal #3 – Deliver high-quality services to the campus community:** Throughout FY2023, the EVP divisions worked diligently to provide high-quality services to the Penn community. BSD and FRES collaborated on key student housing renovation projects for the Quadrangle and Stouffer College House. Thanks to the securing of alternate housing in the Radian, the Quad renovation is now expected to take only three years, half of the original scheduled

time. Renovations were completed on the Burk-Bergman Boathouse and construction began on Amy Gutmann Hall, the Vagelos Laboratory for Energy Science and Technology, the Graduate School of Education expansion project, and the 3935 Walnut Street development. Additionally, DOF's Financial Wellness @ Penn program is on track to deliver a record number of workshops (more than 50) and reach at least 300 unique students by the end of FY2023. DPS provided key public safety services to members of the Penn community such as 24/7 walking escorts, in addition to its steady crime abatement efforts. HR delivered exemplary service through both Onboard@Penn and the Solution Center. BSD continued promoting *Fueling Business Growth*, Penn's economic inclusion initiative, and projects to spend approximately \$150 million with diversity suppliers in FY2023. Lastly, ISC expanded core services to campus, including wireless enhancements and improved classroom technology, while implementing Pennant (in partnership with DOF) and Workday Talent Management and Learning (in partnership with HR).

**EVP Goal #4 – Plan and anticipate future change and organizational needs:** The EVP office continuously assesses and responds to the University's existing needs while planning for its future. In support of the *Climate and Sustainability Action Plan 3.0*, FRES advanced the power purchase agreement for two solar facilities that are expected to open in FY2024 and dramatically reduce the campus' net carbon emissions, and BSD added four electric vehicles to its transit fleet. Additionally, DPS launched an innovative new approach to public safety by responding to incidents involving mental health issues with a co-responder from the field of social work. DPS is also advancing its technology modernization processes. To that end, ISC initiated its IT Strategic Plan to prioritize and enhance IT activities for the next three to five years.

**EVP Goal #5 – Protect Penn's reputational, financial, physical, and informational assets:** OACP led many significant projects across the University and Health System to identify and assess risk and to protect the University's assets. The OACP team's reputation as a collaborative partner led to increased requests for privacy consultations, with a 10% and 49% increase in University and Health System requests, respectively, from the prior year. OACP teams also reviewed financial data, construction audits, cybersecurity, and Penn Medicine systems. Investments ensured that Penn's endowment performed well despite the challenging financial markets due to its strong investment management practices. HR developed compliance and regulatory policies and processes to support colleagues working outside the main campus. Finally, ISC continued to deploy increased IT security through Identity and Access Management (IAM), two-factor authentication for email, self-service PennKey password changes, and CrowdStrike.

### **Key Budgetary Assumptions**

**Revenues and Expenses:** FY2024 budgeted expenditures for the functional areas reporting to the EVP total \$684 million. Approximately 60% of this budget is funded through allocated cost charges and the General Fee, and 40% is funded by charges for goods and services. The FY2024 DOF and ISC budgets include costs and funding for the ongoing operation of the Pennant student system.

**Staffing:** The FY2024 budget includes 2,061 FTEs, with FRES, BSD, and ISC accounting for 71% of the total.





## Major Areas of Focus and Activity

The President's Center directly supports the President, the Trustees, and the University's senior leadership and advances Penn's highest priorities by aiding students, faculty, and staff in their teaching, research, and service. The units of the President's Center include:

- [African-American Resource Center](#), which enhances the quality of life of Penn faculty, staff, and students with a particular focus on those of African descent.
- [Almanac](#), Penn's official journal of record, news, and opinion.
- [Office of Affirmative Action and Equal Opportunity Programs](#), which ensures that the University meets its obligations as an affirmative action and equal opportunity employer and educational institution.
- [Office of General Counsel](#), which supports strategic initiatives, academic programs, and research priorities while ensuring compliance with state and federal laws and regulations.
- [Office of Institutional Research and Analysis](#), which produces timely, accurate, and unbiased statistical analyses that are integral to Penn's strategic planning processes.
- [Office of Government and Community Affairs](#), which advocates for Penn's interests at the federal, state, and local governmental levels.
- [Office of the Ombuds](#), which serves members of the Penn community as a confidential, neutral, informal, and independent resource for the resolution of conflicts and disputes.
- [Office of Social Equity and Community](#), which serves as an internal consultant for the University regarding issues related to social equity and DEI.
- [Office of the Associate Vice President for Equity and Title IX Officer](#), which oversees the University's sexual misconduct policy, identifies and implements prevention strategies, and responds equitably and effectively to reports of sexual misconduct when they are received.
- [Office of the President](#), which supports the priorities and operational needs of the President.
- [Office of the University Secretary](#), which manages University governance to further Penn's long-term strategic interests.
- [Office of University Communications](#), which expands and improves Penn's visibility using national and local news media, social media, and the University's own information channels, with the goal of promoting and protecting the Penn brand.
- [WXPN](#), Penn's non-commercial, public radio station.

## Key Budgetary Assumptions

**Staffing:** The budget provides for a total of 208 staff FTEs, including 51 FTEs in WXPN.

**WXPN Revenues:** WXPN is projecting revenue growth of approximately 4% in FY2024, led by continuing strong performance in business support.

**Cost Containment:** The President's Center continues to be a campus leader in judiciously controlling expenses. The Office of Social Equity and Community has cut costs by holding its signature event, the Social Equity Forum, online for the past three years, and the Office of Affirmative Action and Equal Opportunity Programs hosts virtual meetings, trainings, and special events. The *Almanac* has produced savings by shifting to electronic publishing. By engaging in processes to de-escalate conflict and mitigate friction and tension, the Office of the Ombuds serves an important joint risk-management and cost-containment function. The continuation of hybrid work schedules for Institutional Research and Analysis has decreased expenditures on general supplies.



## 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 include a variety of academic programs more appropriately housed centrally than in an individual school. The [Office of University Life](#), which reports to the Provost, is the primary provider of student support services. In addition, the Provost's Office provides oversight and support for Wellness, College Houses and Academic Services, 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.

FY2023 saw the reimagining of the Arts Research and Cultural House. This initiative, led by student advocates, University Life, and Provost leadership, expanded the scope of the cultural resource centers and affiliated groups and embodies Penn's efforts to be a supportive place for the entire Penn community. In FY2023, key renovation projects were also launched in the Quadrangle, Stouffer College House, and College Hall. Renovations to these facilities include enhancements to mechanical systems, upgrades to furniture and finishes, and improvements to accessibility.

## Key Budget Assumptions

**Impact:** Penn has a longstanding commitment to graduate student education, and this past fall announced that there would be a 24% increase, to \$38,000, in the University-wide minimum PhD stipend in FY2024. This increase recognizes the unique pressures doctoral students face, especially in the wake of delays to research and hiring experienced during the pandemic and ensures that Penn remains competitive in recruiting the most outstanding and diverse scholars. This year also marked the 10<sup>th</sup> anniversary of Penn Global, the division of the Provost's Office created by the University's first global strategic plan in 2012. The anniversary was marked by a series of public events and was attended by students, alumni, and faculty, along with major global leaders and policymakers, to highlight the transformative impact of Penn Global on the University and the world.

**Education:** Penn's ability to embark on new directions in pedagogy and technology is crucial for the future of teaching and learning. In FY2024, the Center for Teaching and Learning and the Online Learning Initiative will be merged into one organization to promote teaching excellence and innovation at Penn. Combining the two existing centers will amplify existing partnerships and synergies, enhance innovation and support, and provide infrastructure and agility for future needs and opportunities in teaching and learning.

**Research:** In Spring 2023, the Office of the Vice Provost for Research created a new Office of Postdoctoral Affairs. It also approved a 19% increase in the minimum postdoctoral stipend to \$65,000 for FY2024 and an expansion of postdoc benefits. These enhancements reflect Penn's recognition of the essential role postdocs play in the research ecosystem. To minimize the impact of this change on existing sponsored research budgets, the Senior Vice Provost for Research has committed \$12 million of financial support over two years to affected schools.

Commercialization revenues continue to trend positively and provide resources to invest in Penn's research enterprise, such as investment in vivarium modernization and continued support of high-risk/high-reward research, as well as pre-seed grants.

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

**University of Pennsylvania Health System**  
**Fiscal Year 2024 Consolidated Operating Budget**  
**Statement of Revenues & Expense**  
(in thousands of dollars)

	<b>FY2022 Actual</b>	<b>FY2023 Budget</b>	<b>FY2023 Forecast</b>	<b>FY2024 Budget</b>
<b>Operating Revenue</b>				
Total Net Patient Revenue	8,299,980	8,780,721	8,826,924	9,265,592
Provision for Doubtful Accounts	(195,591)	(208,623)	(193,854)	(200,003)
Other Operating Revenue	1,100,017	1,086,916	1,200,058	1,207,576
<b>Total Operating Revenue</b>	<b>9,204,406</b>	<b>9,659,014</b>	<b>9,833,129</b>	<b>10,273,165</b>
<b>Operating Expenses</b>				
Salaries	4,043,481	4,159,790	4,238,964	4,427,188
Employee Benefits	1,010,495	1,109,724	1,051,334	1,135,252
Supplies & Services	3,373,279	3,489,133	3,626,534	3,771,946
Depreciation & Amortization	387,958	420,003	418,313	430,825
Interest Expense	70,013	84,366	83,450	86,529
Malpractice Expense	84,558	98,856	97,514	103,610
Utilities	87,145	92,528	106,949	103,815
<b>Total Operating Expenses</b>	<b>9,056,929</b>	<b>9,454,400</b>	<b>9,623,059</b>	<b>10,059,165</b>
<b>Net Operating Margin<sup>1</sup></b>	<b>147,477</b>	<b>204,614</b>	<b>210,070</b>	<b>214,000</b>
Non-Operating Revenue	406,852	373,997	106,120	355,035
Unrealized Gain/(Loss) on Investments	(400,693)	0	(69,252)	0
Loss on Extinguishment of Debt	3,398	0	0	0
<b>Excess of Revenue over Expense</b>	<b>157,033</b>	<b>578,611</b>	<b>246,938</b>	<b>569,035</b>
<b>Transfers &amp; Other</b>	<b>(158,798)</b>	<b>(131,620)</b>	<b>(153,321)</b>	<b>23,908</b>
<b>Additional Minimum Pension Liability</b>	<b>545,306</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Increase in Unrestricted Net Assets<sup>2</sup></b>	<b>543,540</b>	<b>446,991</b>	<b>93,617</b>	<b>592,943</b>

<sup>1</sup> FY2022 Actual includes \$17.4M of CARES funding; net operating margin excluding this funding was \$130.0M.  
FY2023 Forecast includes \$21.2M of CARES funding; net operating margin excluding is funding \$188.9M.  
FY2024 Budget does not include CARES funding.

<sup>2</sup> The increase in net assets in this schedule differ from the amounts shown for the Health System in Schedule A as Schedule A excludes non-operating items which are included herein.



# Penn Medicine

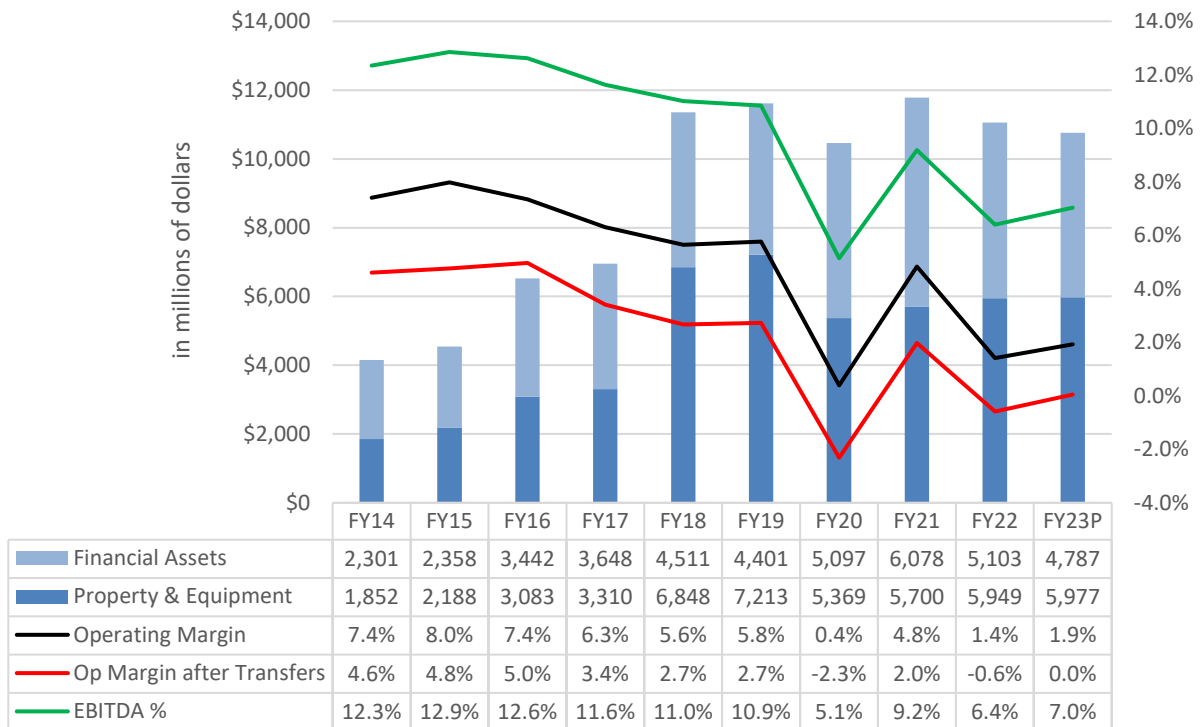
## UNIVERSITY OF PENNSYLVANIA HEALTH SYSTEM (UPHS)

### Fiscal Year 2023 Accomplishments

#### Financial Operations

- Projected net operating margin of \$210 million, or 2.1%. Net operating margin includes approximately \$21 million of funding from the CARES Act distributed by the Department of Health and Human Services (HHS). Net operating margin excluding HHS funding is \$189 million, or 1.9%. Net operating margin also includes \$45 million of other non-recurring unbudgeted payments such as COVID Disproportionate Share Hospital (DSH) payments from prior period, Medicare Graduate Medical Education payments, and chemotherapy payments.
- Projected total margin is \$247 million, or 2.5%, as non-operating revenue was partially offset by unrealized losses on investments, reflective of financial market performance.
- Projected days cash on hand (DCOH) of 190.
- Total financial and physical assets are projected to decrease by approximately \$288 million, or -2.6%, from June 30, 2022.
- Projected total pension and post-retirement liability on June 30, 2023, is \$395 million. The defined benefit pension liability is calculated with a discount rate of 5.07%, 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, 2023.

Financial Operations Summary



Note: Operating margins for FY2020 through FY2023 exclude HHS dollars; operating margins after transfers exclude the PSOM 3600 Civic Center Boulevard Overbuild project and net assets released from restriction for capital.

### Clinical Program Growth - Inpatient Volumes

All inpatient volumes showed increases when compared to FY2022, and adjusted admissions are expected to grow 4.0% over FY2022. The table below measures FY2023 key inpatient statistics against FY2022:

	FY2022	FY2023F	Change
Adjusted Admissions	297,871	309,836	4.0%
Admissions	135,122	137,863	2.0%
Inpatient Surgeries	40,431	41,574	2.8%
Inpatient ER Visits	72,865	73,983	1.5%

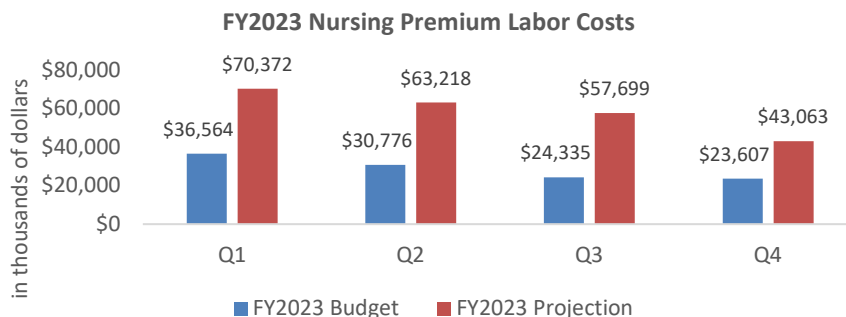
### Clinical Program Growth - Outpatient Volumes

Overall, total outpatient activity in FY2023 has been very strong and is projected to increase by 4.8% over FY2022. This is primarily driven by Cancer Services (chemotherapy and proton). All outpatient services reflect annual growth from the prior year as the table below illustrates, except for observation patients:

	FY2022	FY2023F	Change
Outpatient Surgeries	79,244	80,984	2.2%
MRI Scans	115,682	119,700	3.5%
CT Scans	265,046	279,805	5.6%
Chemotherapy Visits	205,004	218,195	6.4%
Radiation Oncology Treatments	95,656	96,129	0.5%
Observation Patients	30,432	30,120	-1.0%
Outpatient ER Visits	340,856	357,469	4.9%
Proton Therapy	17,146	20,168	17.6%
All Other Outpatient Services	28,343	30,832	8.8%
<b>Total Outpatient Volumes</b>	<b>1,177,409</b>	<b>1,233,401</b>	<b>4.8%</b>
New Patient Starts – Proton Therapy	616	751	21.9%
New Patient Starts - Radiation Oncology	6,307	6,498	3.0%

### Premium Labor Costs

While premium labor spending has moderated in FY2023, it has not eased to the degree anticipated or budgeted. FY2023 premium labor costs (contract labor, overtime, and shift incentives) are projected to total \$234 million, exceeding budget by \$119 million.



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

- Completed renovation and realignment of inpatient units at the Hospital of the University of Pennsylvania (HUP) main campus to convert semi-private rooms to private rooms and established a cohorting of hospital medicine and surgery patients to minimize off-service placement and optimize patient care.
- HUP growth in solid organ transplants:
  - Opened the Deceased Donor Organ Recovery Center (DDORC) in September 2022 in partnership with the regional Gift of Life Donor Program. The DDORC provides 24/7/365 availability of space, staffing, and services for organ procurement at HUP. Through February, 234 organs had been procured from donors served in the DDORC.
  - Established the Center for Living Donation, which provides capacity and patient access for living donor liver and kidney transplants.
- Expanded outpatient radiation oncology services through the opening of a brachytherapy suite at the Perelman Center for Advanced Medicine (PCAM). This service captures a patient population that previously received this type of care at non-Penn locations.
- Completed the consolidation of medical intensive care unit (MICU) patients at the HUP Spruce campus by relocating an eight-bed MICU located at HUP Cedar to a newly renovated 10-bed MICU located at HUP Spruce adjacent to the existing MICU. This consolidation will enable a consistent standard of care for all MICU patients at HUP and increase overall MICU capacity.
- Penn Presbyterian Medical Center (PPMC) expansion of neurosurgery and ophthalmology programs and Virtua Penn Partnership with the launch of proton center in April 2023.
- PPMC's Trauma Division program in partnership with the US Navy—the Naval Strategic Health Alliance for Readiness and Performance—produced surgical, nursing, and technology knowledge outcomes that topped any other military civilian partnership and previous military deployments.
- Pennsylvania Hospital (PAH) expansion of vascular services with onboarding of PA Vascular practice and vascular testing in renovated spaces.
- Designed and implemented CAR-T infrastructure to start a new treatment program at PAH.
- Increased elective surgical cases at Chester County Hospital (CCH) by 10%, including spine (increase of 40%), neurospine, and other high margin cases.
- Opened three new multi-specialty practices across central New Jersey in Hillsboro, Robbinsville, and Pennington.
- Launched elective angioplasty service and completed operating room construction of cardiac catheterization-capable rooms at Penn Medicine Princeton Health (PMPH).
- Finalized architectural plans for a new PMPH comprehensive cancer center and parking.
- Activated the Lancaster General Health (LGH) Proton Center with 502 proton therapy treatments delivered during the third quarter of FY2023.
- Expanded and enhanced ambulatory patient access.
- Launched a Skilled Nursing Facility (SNF) at home program.
- For Penn Medicine at Home, integrated Horizon Healthcare Services into Penn Home Infusion Therapy; closed Penn Hospice at Rittenhouse; sold Princeton Caregivers; facilitated the spin-off of the external community health workers program; and executed first value risk contract with Highmark and Lancaster Home Health.
- Completed equity investment in Tandigm Health, LLC, forming a strategic alignment with Independence Blue Cross that creates a network of over 700 physicians, leveraging expertise and implementation of value-based incentive models to drive improved population health performance of UPHS physicians.
- Successfully negotiated Keystone First contract, including a periodic interim payment program.

## **Operational Efficiencies**

- Opened eight additional operating room blocks in the HUP Pavilion during the daytime to reduce the number of scheduled surgical cases that are performed in the evening and overnight and opened OR 10 at CCH.
- Implemented a set of initiatives aimed at improving patient flow and throughput to maximize inpatient capacity at HUP, including:
  - A Medicine Triage Admitter service to review cases and triage appropriately to inpatient, observation, or discharge to home resulting in observed reduction in short-stay cases and downgraded cases based on additional review.
  - A Neurohospitalist model to manage neurology patients more efficiently; average length of stay (LOS) for these patients dropped from 9.48 days in FY2022 to 8.34 in FY2023.
  - A Transfer Center structural redesign to better facilitate team assignments and transfers from outside hospitals leading to an 8% increase in HUP's outside hospital transfers over the prior year through February.
- Completion of various operating room (OR) efficiency initiatives at PPMC such as the TO Time Project and First Start Improvement Project focused on anesthesia tracking metrics and expansion of OR block times.
- Began investment in workplace safety initiatives, including the Evolv security system, staff duress badges for all staff associated with inpatient locations, and patient de-escalation training to frontline clinicians via in-person and virtual methodologies.
- Enhanced nursing satisfaction, engagement, recruitment, and retention and improved nursing sensitive outcomes, including hospital-acquired infections, central line-associated blood stream infections (CLABSI), catheter-associated urinary tract infections (CAUTI), falls with injury, and pressure ulcers.
- Reduced premium labor costs, particularly agency staffing, with a \$27 million reduction by third-quarter FY2023 compared to the prior year.
- Implemented staffing models for all CCH hospital departments yielding workforce optimization.
- Created a transitional care unit at PMPH that resulted in an 80% reduction in wait time for emergency department (ED) patients to be placed in a treatment area and increased inpatient and ED capacity.
- Developed and initiated financial performance improvement plan at LGH focused on labor efficiency, volume growth, revenue cycle improvements, length-of-stay reductions, and fixed cost reductions.
- Implemented several executive-sponsored Project Vital Advantage initiatives that drove recruitment and retention and improved the well-being of UPHS employees.
- Sub-acute and therapy services (SATS) and long-term care resiliency, infrastructure supports, and empowerment (LTC RISE) operations outperformed budget resulting in the ability to supplement non-grant related costs.
- Trained several management-level cohorts on Penn Medicine's High Reliability model.
- Transitioned PMPH Cerner Lab to downtown instance of Cerner Lab.
- Activated the PennChart Nursing Patient Observer report monitoring solution at multiple entities and the PennChart Community Connect at multiple newly-acquired physician practices. Also implemented PennChart Behavioral Health module throughout Penn Medicine as well as Secure-Chat, a PennChart integrated unified secured messaging tool that supports multi-channel communication capabilities.
- Began implementation of PennForFinance Phase 3 focused on finance, payroll, and the supply chain in preparation for July 2023 activation.



## **Major Facility Improvements**

- Continued or completed several major capital projects including:
  - Various MRI, CT, and linear accelerator additions and replacements.
  - Opening of the Cherry Hill proton facility, which saw its first patient in May 2023.
  - For HUP Main, reorganization of 13 acute care units, permanently eliminating semi-private patient rooms, was completed in November 2022; final unit refurbishment of two women’s health acute units and labor and delivery suite to be completed by the third quarter of FY2024.
  - Relocation of HUP Cedar ICU to HUP Spruce Founders 8.
  - Opening of specialty pharmacy at 76<sup>th</sup> Street location.
  - Completion of construction for the LGH proton facility with the first patient seen in December 2022.
  - LGH ED expansion: Phase 1-4 is complete with Phase 5 (trauma and decontamination units) to open in November 2023 and Phase 6 to be completed by June 2024.
  - Construction of LGH Queen Street medical office building.
  - 1,438 space parking garage on PPMC campus expected to be completed in FY2024.
  - Behavioral Health: includes HUP Cedar crisis response center (CRC) and psychiatry spaces and PPMC acute care facility retrofit.
  - PPMC Voorhees practice expansion.
  - PMPH comprehensive cancer center expansion.
  - 3600 Civic Center Boulevard Overbuild Project: ongoing on behalf and in partnership with PSOM.

## **Fiscal Year 2024 Goals and Expected Accomplishments**

### **Clinical Program Growth - Inpatient Volumes**

All key inpatient statistics are budgeted for growth in FY2024. Per the table below, growth ranges from 2.1% to 4.8%:

	<u>FY2023F</u>	<u>FY2024B</u>	<u>Change</u>
Adjusted Admissions	309,836	324,636	4.8%
Admissions	137,863	141,736	2.8%
Inpatient Surgeries	41,574	42,766	2.9%
Inpatient ER Visits	73,983	75,524	2.1%

### **Clinical Program Growth - Outpatient Volumes**

Overall, total outpatient activity in FY2024 is budgeted to increase by 2.9% over FY2023. The majority of the growth continues to be in cancer services (chemotherapy and proton), a continuation of the favorable growth seen in the FY2023 projection versus the FY2022 actuals. Per the following table, growth ranges from 0.2% to 13.2%.

	FY2023F	FY2024B	Change
Outpatient Surgeries	80,984	82,737	2.2%
MRI Scans	119,700	125,881	5.2%
CT Scans	279,805	291,150	4.1%
Chemotherapy Visits	218,195	231,088	5.9%
Radiation Oncology Treatments	96,129	96,330	0.2%
Observation Patients	30,120	30,650	1.8%
Outpatient ER Visits	357,469	357,124	-0.1%
Proton Therapy	20,168	21,559	6.9%
All Other Outpatient Services	30,832	32,722	6.1%
Total Outpatient Volumes	1,233,401	1,269,239	2.9%
New Patient Starts – Proton Therapy	751	850	13.2%
New Patient Starts - Radiation Oncology	6,498	6,700	3.1%

### **Key Budget Highlights - Operating Performance**

- Total revenue is budgeted to be \$10.3 billion.
- Operating margin is budgeted at 2.1%, or \$214 million (2.2% or \$228 million excluding contingency).
- EBITDA margin is budgeted at 7.1%
- Non-operating revenues are budgeted to be \$355 million.
- Total margin is budgeted at 5.5%, or \$569 million.
- Salary increases of 4% for eligible employees on UPHS payroll was accelerated to May 2023. There is an increase to the employee contribution for health benefits from FY2023, but the contribution as a percentage of salaries remains flat.
- Salary increases for employees on University payroll budgeted at 4.25%, effective July 2023.
- Leveling off of the shift from surgical to medicine patients and payer mix that occurred during FY2022 and FY2023.
- \$20.3 million of operating margin improvement due to various LOS and excess day reduction initiatives.
- \$123 million reduction in contract and other premium labor spending.
- Total pension liability is budgeted at \$395 million, consistent with the FY2023 projection. The defined benefit pension liability calculation assumes a discount rate of 5.07%, consistent with the projected rate at the end of FY2023.
  - The FY2023 pension liability and the FY2024 expense will be finalized once June 30, 2023 interest rates are determined.

A roll forward of projected FY2023 performance to FY2024 budgeted performance is included below:

<i>(in millions of dollars)</i>	
<b>FY2023 Projection</b>	<b>\$210</b>
CARES Act (Non-Recurring)	(21)
Other Non-Recurring Revenues	(45)
Patient Activity/Volume	268
Payment Increases	182
Ambulatory Pharmacy	19
Salary and Employee Benefit Inflation and Market Adjustments	(213)
Salary and Employee Benefit FTE Growth	(179)
Other Expense Inflation and Growth	(198)
Contract Labor and Other Premium Pay Reductions	123
Productivity and Cost Savings	45

LOS Reduction Initiative	20
PSOM Support Reduction	17
Subtotal, without Contingency	<u>18</u>
Contingency	(14)
<b>FY2024 Budget</b>	<b><u><u>\$214</u></u></b>

**Business Development and Service Line Strategies**

- Reestablish a CRC at the HUP Cedar campus to better serve emergent behavioral health needs in the West Philadelphia community. The CRC is under construction with the intent to begin providing these expanded services in early FY2024.
- Expand non-oncology infusion services by opening 20 incremental outpatient infusion bays in HUP Main. This will enable expansion of non-oncology infusion therapies offered at HUP as well as increased capacity for oncology infusion in the PCAM infusion units.
- Consolidate inpatient behavioral health and detoxification units at PPMC and HUP Cedar on the HUP Cedar campus. This consolidation will better utilize the inpatient unit capacity at HUP Cedar and will co-locate the inpatient behavioral health programs with the CRC.
- PPMC strategic growth of anchor services and development of feeder programs; expansion of surgical oncology programs such as cytoreductive surgery (CRS), breast, urology, and thoracic; implementation of plans to expand outpatient cardiology locations; and development of non-operative spine care program to support neurological expansion.
- Complete OR 14 at PPMC as a new hybrid room for expansion of cardiac and vascular services.
- Begin infusion expansion project at PPMC’s Voorhees oncology location to establish a PPMC provider-based site.
- Finalize site planning work and strategic analysis for outpatient multispecialty sites in various market locations across Penn Medicine’s primary service areas, including Montgomeryville and Media in Pennsylvania.
- PAH strategic program expansion initiatives: move of Sleep Center and neurosurgery expansion; launch of neurology interventional program; conversion of urgent care space to cardiology clinic; and establishment of CAR-T program.
- Strategic plan to increase CCH patient volumes: expand outpatient rehabilitation services by opening new sites in partnership with Good Shepherd Penn Partners (GSPP).
- Collaborate with Haven Behavioral Health to open a new site on the CCH campus and ensure a successful hospital opening and patient referral process.
- Develop and implement LGH growth plan with a focus on ED volumes, physician practice volumes and new sites, ambulatory ancillary clinical services, cancer care, neurosciences, and expansion of virtual first primary care.
- Revenue reimbursement enhancement strategies:
  - In partnership with clinical operations, frequently monitor and measure performance of pay-for-performance programs to maximize value-based payments.
  - Continue commercial payer negotiations with the goal of mitigating impact of inflation and continuing to shift certain services, such as radiation therapy, from fee-for-service to bundled payments.

**Operational Efficiencies**

- Staff and open 12 additional operating room blocks in the HUP Pavilion to continue the reduction in scheduled surgical cases that are performed in the evening and overnight and accommodate planned program growth.
- Consolidate surgical intensive care units from two separate 12-bed units into a single 24-bed unit in the HUP Pavilion to improve efficiency, maximize capacity, and reduce patient transport between perioperative spaces and inpatient units.

- Implement EPIC Transfer Center module to improve automation and facilitate transfer process between UPHS entities and with outside hospitals.
- Execute on various strategies across the system to reduce LOS, excess patient days, and readmissions, such as:
  - Focus on hospital medicine and medical oncology populations through a series of initiatives to improve discharge of long-stay patients, including outpatient dialysis pathways for difficult-to-place dialysis patients and cohorting of longer-stay patients with discharge challenges for focused clinical care
  - Implement Project IMPACT at PPMC
  - Initiate behavioral health assessments to reduce LOS of behavioral health patients in the ED
  - Identify specialty and/or expanded geographic need for skilled nursing facility (SNF) network.
- Install Lean TaaS/iQueue software to optimize operating room efficiency at CCH.
- Continue investment in workplace safety initiatives across the system: Evolv security system, staff duress badges, and expansion to ambulatory locations.
- Stabilize workforce and turnover and further reduce premium labor costs, particularly agency staffing.
- Complete outpatient pharmacy expansion to improve discharge and specialty fill rates at PAH.
- Develop PMPH urology program and continue to expand specialty and primary care practice locations within PMPH’s strategic service area.
- Realize full value of financial performance improvement plan at LGH focused on labor productivity, physician practice throughput, ambulatory clinical volumes, revenue cycle improvements, and LOS improvements.
- Develop contingency financial performance improvement initiatives to affect the execution and operational risks of the LGH financial performance improvement plan.
- Complete sale of Pennsylvania College of Health Sciences to St. Joseph’s University.
- Align SNF network and SATS operating plan with Tandigm Health in management of primary care-attributed populations.
- Maximize Pennsylvania State RISE Grant Services to improve quality and resiliency in Southeastern Pennsylvania long-term care communities and generate revenue to cover other SATS activities.
- Leverage Advanced Practice Provider (APP) capacity by utilizing access decision trees and MPM APP self-scheduling.
- Integration and consolidation of various entity departments to a corporate shared service model.
- Implement PennChart enhancements:
  - PennChart Ambulatory at new Penn Medicine partner locations
  - PennChart patient e-Check In via email or text
  - Real time prescription benefit integration with PennChart via CoverMyMeds
  - PennChart Compass Rose to support value-based care initiatives
  - Implement the active data center and achieve the Tier 1 business continuity and disaster recovery objectives for PennChart and core networks services.
- Implement and activate PennForPeople Phase 2b focused on talent management and PennForFinance Phase 4 focused on LGH finance, payroll, and supply chain.

**Academic Support**

UPHS’ FY2024 budget includes \$719 million of allocated funds to support the academic mission of PSOM in two forms:

- \$539 million to support the clinical, teaching, and research activities of CPUP.
- \$180 million transferred to PSOM to support operating expenses.

**Capital Expenditures**

The FY2024 capital budget includes a combination of authorizations at the entity level and unallocated system authorization. The unallocated system authorization (contingency) is \$70 million, which will be allocated to the entities when priorities are identified and financial performance warrants. Of the \$55 million contingency from FY2023, UPHS is deauthorizing the remaining balance of \$29 million and rolling it into the FY2024 contingency. Capital authorizations and planned FY2024 spending by category include authorizations of \$41 million for the PPMC behavioral health/acute care retrofit and \$11.2 million for the PPMC Voorhees practice expansion.

<i>in thousands of dollars</i>	<b>Requested Authorizations</b>		<b>Spending*</b>	
	<b>Category</b>	<b>Amount</b>	<b>% to Total</b>	<b>Amount</b>
Program Building	143,870	55.6%	227,600	47.2%
Major Facilities Projects	9,540	3.7%	49,044	10.2%
Information Systems	25,307	9.8%	34,081	7.1%
Deferred Maintenance	19,077	7.4%	50,145	10.4%
Routine Capital	50,678	19.6%	46,680	9.7%
Clinical Replacement	10,240	4.0%	73,848	15.3%
Chair Commitments	-	0.0%	363	0.1%
Real Estate and Facilities	-	0.0%	633	0.1%
<b>Total</b>	<b>\$258,712</b>	<b>100.0%</b>	<b>\$482,395</b>	<b>100.0%</b>

\* Includes prior year authorization; excludes spending on 3600 Civic Center Boulevard project

On behalf of PSOM, UPHS has taken the lead on the design and construction of 3600 Civic Center Boulevard overbuild project. The FY2024 cash flow reflects capital spending of \$713 million and net transfers of \$24 million from the University, which include the cost and reimbursement of \$229 million related to this PSOM project.

### **Balance Sheet and Cash Flow**

- FY2024 unrestricted financial assets (cash, board-designated funds, and investments) budgeted at \$5.0 billion.
- FY2024 days cash on hand budgeted at 191.
- FY2024 days in accounts receivable budgeted at 45.
- Unrestricted net assets are budgeted to increase \$599 million to a total of \$8.5 billion.

### **KEY FINANCIAL RATIOS**

	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
	<b>Actual</b>	<b>Projection</b>	<b>Budget</b>
<b>Cash on Hand (Days)</b> <i>(Unrestricted Financial Assets / Average Operating Expense)</i>	215	190	191
<b>Debt to Unrestricted Capitalization</b> <i>(Debt / Debt Plus Unrestricted Net Assets)</i>	25.1%	24.4%	22.5%
<b>Debt Service Coverage (Annualized)</b> <i>(Debt Service / Annual Debt)</i>	6.3	5.1	6.4
<b>Accounts Receivable Days (Average)</b> <i>(Net Accounts Receivable / Average Net Patient Revenue)</i>	46	45	45
<b>Net Debt (in millions)</b> <i>(Unrestricted Financial Assets Less Debt)</i>	\$2,505	\$2,255	\$2,587
<b>Operating Margin Excluding HHS Funding</b>	1.40%	1.90%	2.10%
<b>Operating Margin After Transfers*</b>	-0.40%	0.30%	0.10%
<b>EBITDA % Excluding HHS Funding</b>	2.20%	2.80%	2.90%

\*Operating margins after transfers exclude the PSOM 3600 Civic Center Boulevard overbuild project and net assets released from restriction for capital

# APPENDICES

## SCHOOL METRICS

*dollar amounts in millions*

	ASC	SAS	LAW	PDM	GSE	SEAS	SON	PSOM	SSPP	VET	WSOD	WHA	TOTAL
Size of Endowment	\$878	\$1,393	\$622	\$146	\$97	\$605	\$330	\$3,208	\$48	\$322	\$264	\$1,920	\$9,832
<i>School Rank</i>	4	3	5	10	11	6	7	1	12	8	9	2	
Total Expenditures	\$40	\$605	\$96	\$119	\$76	\$271	\$74	\$1,298	\$31	\$175	\$59	\$479	\$3,322
<i>School Rank</i>	11	2	7	6	8	4	9	1	12	5	10	3	
Average Expenditure Growth <sup>1</sup>	0%	3%	6%	3%	3%	8%	5%	5%	4%	5%	5%	-1%	4%
<i>School Rank</i>	11	9	2	10	8	1	6	5	7	4	3	12	
Sponsored Program Revenues	\$7	\$98	\$1	\$19	\$10	\$90	\$21	\$883	\$5	\$43	\$2	\$10	\$1,189
<i>School Rank</i>	9	2	12	6	7	3	5	1	10	4	11	8	
Fund Balance <sup>2</sup>	\$27	\$114	\$40	\$17	\$41	\$109	\$36	\$1,063	\$11	\$42	\$11	\$260	\$1,772
<i>School Rank</i>	9	3	7	10	6	4	8	1	12	5	11	2	
Fund Balance % of Budget	66%	19%	42%	14%	54%	40%	49%	82%	37%	24%	19%	54%	53%
<i>School Rank</i>	2	11	6	12	4	7	5	1	8	9	10	3	
Student Aid % of Tuition & Fees	65%	41%	33%	9%	19%	38%	27%	85%	21%	20%	35%	19%	33%
<i>School Rank</i>	2	3	6	12	11	4	7	1	8	9	5	10	
Tuition & Fees % of Revenues <sup>3</sup>	11%	54%	53%	46%	71%	50%	53%	4%	67%	14%	54%	57%	28%
<i>School Rank</i>	11	5	7	9	1	8	6	12	2	10	4	3	
Grant Revenues % of Revenues <sup>3</sup>	14%	15%	1%	16%	11%	30%	26%	44%	14%	24%	3%	2%	28%
<i>School Rank</i>	8	6	12	5	9	2	3	1	7	4	10	11	
Investment Income % of Revenues <sup>3</sup>	74%	9%	24%	5%	5%	8%	12%	7%	4%	8%	14%	15%	10%
<i>School Rank</i>	1	6	2	10	11	8	5	9	12	7	4	3	
Transfers & Subvention % of Unrestricted Revenues <sup>4</sup>	-47%	18%	12%	4%	6%	9%	-5%	-2%	7%	-1%	12%	9%	5%
<i>School Rank</i>	12	1	2	8	7	4	11	10	6	9	3	5	

<sup>1</sup> All comparisons based on FY2022 year-end actual, except for Average Expenditure Growth which is based on FY2017 - FY2022 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*

	FY2020 <u>Actual</u>	FY2021 <u>Actual</u>	FY2022 <u>Actual</u>	FY2023 <u>Budget</u> <sup>2</sup>	FY2023 <u>Forecast</u>	FY2024 <u>Budget</u>
<b>1. All Funds</b>						
Annenberg School for Communication	19.7	25.9	26.7	35.6	28.0	25.6
School of Arts and Sciences	84.7	106.9	150.8	136.3	106.7	96.7
Penn Carey Law	20.1	34.1	40.3	45.8	42.0	43.0
School of Dental Medicine	16.9	12.6	16.9	20.4	19.1	20.6
Graduate School of Education	25.5	38.4	45.6	27.9	36.0	34.4
School of Engineering and Applied Science	73.5	103.3	127.6	85.5	118.5	88.4
School of Nursing	20.2	28.2	26.0	27.9	28.8	28.2
Perelman School of Medicine	443.5	550.9	1,063.2	1,265.8	1,140.1	1,138.9
School of Social Policy and Practice	6.5	6.8	11.4	11.4	12.4	12.4
School of Veterinary Medicine	40.3	53.7	52.5	52.4	54.0	49.2
Weitzman School of Design	8.9	9.4	11.3	13.9	24.3	27.7
Wharton School	155.7	204.5	270.0	264.5	309.5	297.1
<b>School Total</b>	<b>915.5</b>	<b>1,174.6</b>	<b>1,842.2</b>	<b>1,987.3</b>	<b>1,919.5</b>	<b>1,862.0</b>
Penn Live Arts	1.2	1.3	2.5	2.6	5.0	1.7
Recreation and Intercollegiate Athletics	25.4	33.4	41.2	23.0	36.0	34.8
Institute of Contemporary Art	0.6	1.2	1.9	1.7	2.0	1.6
Provost Interdisciplinary	10.6	17.3	16.4	17.5	17.3	17.3
Penn Global	6.5	7.3	9.8	11.3	12.1	12.8
Morris Arboretum	2.5	3.6	4.6	4.6	4.7	4.2
University Libraries	16.8	13.8	14.2	14.1	15.2	14.9
University Museum	4.5	10.9	11.1	9.1	8.1	3.2
<b>Resource Center Total</b>	<b>68.0</b>	<b>88.9</b>	<b>101.7</b>	<b>84.0</b>	<b>100.5</b>	<b>90.5</b>
<b>2. Unrestricted Funds</b>						
Annenberg School for Communication	16.0	22.6	21.5	30.9	20.5	19.9
School of Arts and Sciences	49.4	44.7	74.2	80.9	59.4	50.7
Penn Carey Law	3.0	7.2	12.3	18.3	5.6	4.9
School of Dental Medicine	13.7	10.3	10.9	13.5	12.8	13.3
Graduate School of Education	16.9	25.4	37.7	23.8	29.7	28.6
School of Engineering and Applied Science	43.5	65.0	85.6	69.6	96.5	64.8
School of Nursing	16.4	22.2	18.2	18.3	18.5	18.1
Perelman School of Medicine	268.9	340.4	818.8	991.5	932.0	912.6
School of Social Policy and Practice	3.4	4.6	8.1	8.0	8.8	8.9
School of Veterinary Medicine	20.2	27.8	23.4	18.9	28.5	27.5
Weitzman School of Design	3.0	3.4	4.8	5.0	6.4	6.5
Wharton School	52.4	91.9	165.4	161.2	202.1	193.6
<b>School Total</b>	<b>506.9</b>	<b>665.4</b>	<b>1,280.8</b>	<b>1,439.8</b>	<b>1,420.9</b>	<b>1,349.5</b>
Penn Live Arts	1.1	1.3	1.5	1.0	1.6	1.3
Recreation and Intercollegiate Athletics	10.4	16.2	17.3	17.8	18.7	19.4
Institute of Contemporary Art	0.5	1.1	1.3	1.1	1.6	1.5
Provost Interdisciplinary	3.9	6.2	6.8	6.4	7.2	6.4
Penn Global	6.1	6.5	7.8	9.3	10.1	10.9
Morris Arboretum	0.4	0.7	2.2	2.4	2.4	2.1
University Libraries	10.9	9.5	10.7	10.8	11.2	11.2
University Museum	(0.4)	2.1	2.7	1.8	2.6	(0.7)
<b>Resource Center Total</b>	<b>32.9</b>	<b>43.5</b>	<b>50.3</b>	<b>50.6</b>	<b>55.4</b>	<b>52.1</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

	FY2018 <u>Actual</u>	FY2019 <u>Actual</u>	FY2020 <u>Actual</u>	FY2021 <u>Actual</u>	FY2022 <u>Actual</u>	FY2018-22 <u>CAGR %</u>	FY2023 <u>Budget</u>	FY2023 <u>Forecast</u>	FY2024 <u>Budget</u>	vs. FY2023 <u>Forecast</u>
<b>1. Student FTEs</b>										
Annenberg School for Communication	80	75	67	71	66	-4.7%	67	70	67	-4.3%
School of Arts and Sciences	8,579	8,599	8,585	8,146	8,261	-0.9%	8,265	8,345	8,421	0.9%
Penn Carey Law	885	912	937	864	1,064	4.7%	989	946	990	4.6%
School of Dental Medicine	664	681	702	729	754	3.2%	839	809	832	2.8%
Graduate School of Education	1,274	1,270	1,353	1,359	1,538	4.8%	1,395	1,431	1,462	2.2%
School of Engineering and Applied Science	3,111	3,289	3,657	3,763	4,295	8.4%	4,174	4,683	5,203	11.1%
School of Nursing	984	1,000	975	1,026	938	-1.2%	943	924	933	1.0%
Perelman School of Medicine	1,584	1,620	1,705	1,747	1,780	3.0%	1,800	1,835	1,867	1.7%
School of Social Policy and Practice	445	469	392	422	563	6.1%	523	596	600	0.7%
School of Veterinary Medicine	474	487	490	523	547	3.6%	553	546	560	2.6%
Weitzman School of Design	705	746	781	673	746	1.4%	727	736	704	-4.3%
Wharton School	4,170	4,205	4,199	4,075	4,180	0.1%	4,215	4,180	4,164	-0.4%
<b>School Total</b>	<b>22,955</b>	<b>23,354</b>	<b>23,842</b>	<b>23,399</b>	<b>24,733</b>	<b>1.9%</b>	<b>24,490</b>	<b>25,101</b>	<b>25,802</b>	<b>2.8%</b>
<b>2. Standing Faculty FTEs (Filled Positions)</b>										
Annenberg School for Communication	17	17	19	20	19	2.7%	20	20	22	10.0%
School of Arts and Sciences	495	495	494	500	488	-0.4%	491	489	492	0.6%
Penn Carey Law	50	51	48	50	48	-1.2%	53	51	50	-2.0%
School of Dental Medicine	41	45	49	50	50	4.9%	54	52	56	6.7%
Graduate School of Education	40	39	39	36	34	-4.2%	40	39	42	9.1%
School of Engineering and Applied Science	123	123	121	124	125	0.4%	133	136	140	2.9%
School of Nursing	54	57	55	54	54	0.0%	58	56	57	1.8%
Perelman School of Medicine	1,454	1,504	1,514	1,537	1,502	0.8%	1,558	1,565	1,580	1.0%
School of Social Policy and Practice	26	26	25	24	24	-2.0%	26	27	28	3.7%
School of Veterinary Medicine	110	110	111	113	108	-0.5%	118	107	117	8.9%
Weitzman School of Design	41	42	41	44	45	1.8%	51	49	53	8.2%
Wharton School	231	234	224	234	221	-1.1%	231	227	234	3.1%
<b>School Total</b>	<b>2,683</b>	<b>2,743</b>	<b>2,738</b>	<b>2,786</b>	<b>2,716</b>	<b>0.3%</b>	<b>2,832</b>	<b>2,818</b>	<b>2,870</b>	<b>1.9%</b>
<b>3. Staff FTEs (Filled Positions)</b>										
Schools	6,893	7,103	7,228	7,269	7,430	1.9%	7,882	8,029	8,215	2.3%
Resource Centers	691	730	729	733	750	2.1%	837	791	843	6.6%
Administrative Centers	3,110	3,137	3,101	3,025	2,949	-1.3%	3,135	3,005	3,126	4.0%
Business Services	302	310	284	270	273	-2.5%	320	307	314	2.2%
<b>Total University</b>	<b>10,995</b>	<b>11,280</b>	<b>11,343</b>	<b>11,297</b>	<b>11,402</b>	<b>0.9%</b>	<b>12,173</b>	<b>12,132</b>	<b>12,498</b>	<b>3.0%</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 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 FY2024 rate is 30.5% for full-time employees, 21.0% for non-NRSA postdoctoral fellows and researchers, 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 38.0% in FY2024.

**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 FY2024. 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 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 last fundraising campaign, which publicly launched in April 2018, and concluded in June 2021. It raised more than \$5.4 billion, well exceeding the original goal of \$4.1 billion.

**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, Penn Live 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 will be 5.0% in FY2024.

**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.

**Tomorrow, Together:** Penn's current strategic planning process.

**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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Front Cover Image:  
Rendering of future renovation and expansion of  
Stuart Weitzman Hall at the Weitzman School of Design  
Image courtesy of KieranTimberlake

