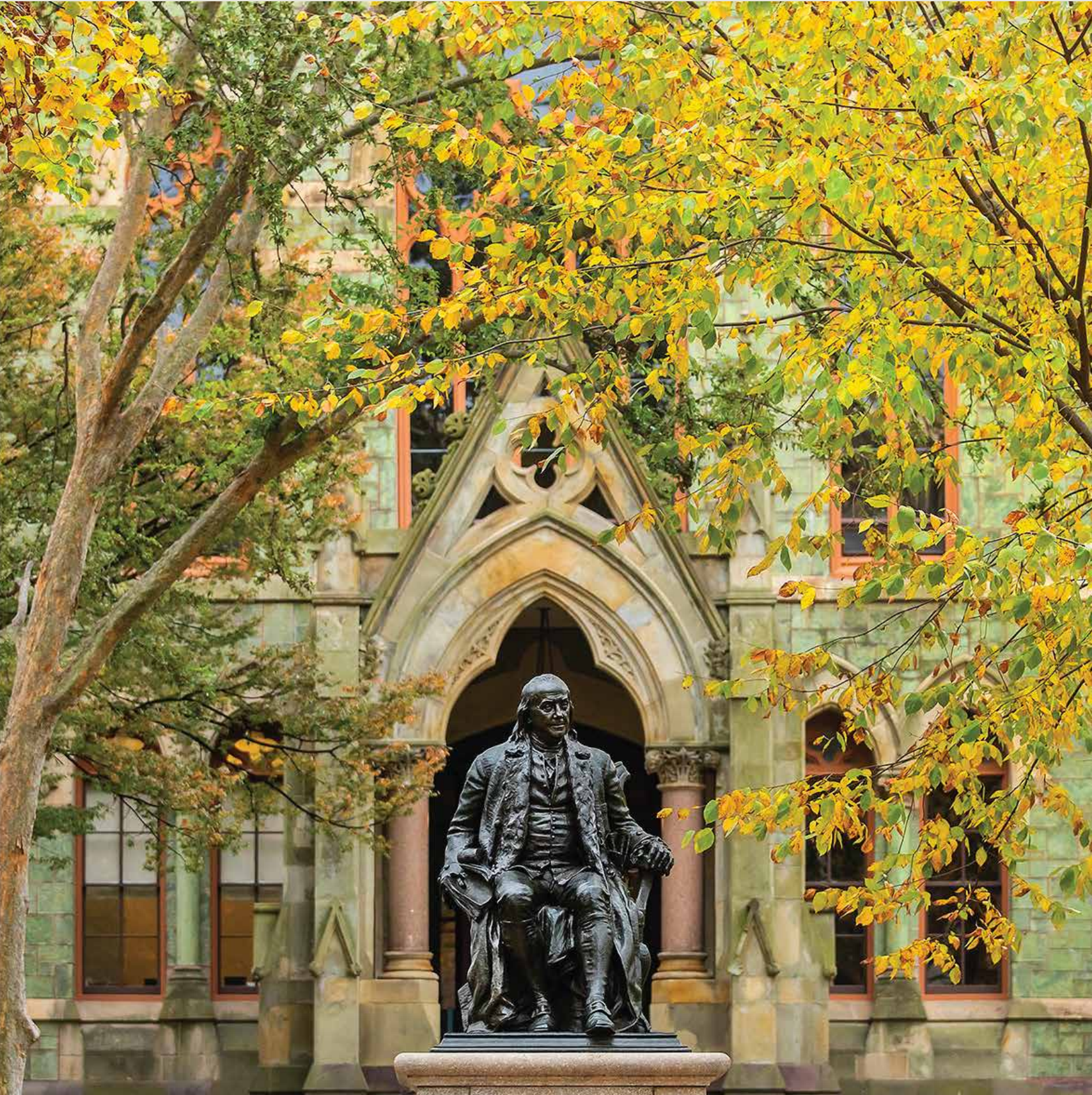



FISCAL YEAR 2025

OPERATING BUDGET





Penn Budget Planning & Analysis

Date: June 13, 2024
To: Trustee Committee on Budget and Finance
From: Trevor C. Lewis, Vice President, Budget Planning & Analysis 
Re: FY2025 Consolidated University Operating Budget

I am pleased to present the proposed consolidated operating budget for the University of Pennsylvania for Fiscal Year 2025, the period beginning July 1, 2024, and ending June 30, 2025.

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 budget's development is the result of a highly collaborative process, engaging faculty, staff, and administrators whose contributions are invaluable. The Budget Steering Committee, with the active participation of Interim President Larry Jameson, Provost John Jackson, Senior Executive Vice President Craig Carnaroli, Vice President and Chief of Staff Michael Citro, and Vice President for Finance and Treasurer Mark Dingfield, plays a pivotal role. Their oversight, supported by the diligent efforts of the Office of Budget Planning & Analysis staff, ensures the budget's fidelity to Penn's new strategic framework, *In Principle and Practice*. 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 2025 Operating Budget

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University of Pennsylvania Nondiscrimination Statement

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

INTRODUCTION

Following the events of the fall, the University's board of trustees appointed J. Larry Jameson as interim president, leading Penn through a difficult moment in American higher education and setting the stage for future engagement with, and excellence in, the world.

"All of us—faculty, students, staff, alumni, caregivers, and the many friends of this University—can contribute to a new chapter in Penn's nearly 300-year history," remarked Jameson upon his appointment in December 2023. "I have experienced the strength and solidarity that defines this remarkable place. With respect for one another, support for one another, and adaptation to our changing world, Penn can truly lead in this moment, and emerge better and stronger than before. I hope you will join me in this important work and come together to support one another and the University we love."

This moment of leadership is spearheaded by Penn's new strategic framework, *In Principle and Practice*, launched after an extensive period of reflection and community conversations to build on the successes of Penn and meet the challenges of today and tomorrow, together.

"In the coming year, we have an opportunity to put this plan into action," said Jameson in a January interview with *Penn Today*. "I am asking every school and center to consider how their unique and complementary skills can be leveraged to help Penn lead in a changing world. Provost John Jackson and I will be partnering with the deans and other academic leaders across campus to identify and support new initiatives that align with this strategic vision."

In Principle and Practice identifies four principles as Penn's enduring values: The Anchored University, as an excellent neighbor to Philadelphia and the world; The Interwoven University, achieving interdisciplinary excellence; The Inventive University, showcasing innovation that powers technological breakthroughs; and The Engaged University, nurturing dialogue across differences and divides. These principles are supported by five practices that guide the University's future course, ranging from fostering leadership and service to growing opportunity and strengthening community.

This past fall, Katalin Karikó and Drew Weissman were named co-recipients of the Nobel Prize in Physiology or Medicine for their collaborative research that established mRNA as an avenue of new possibilities that paved the way for the vaccines that helped to end the COVID-19 pandemic.

The largest solar plant in Pennsylvania opened in December, with Penn committing to purchase all of the electricity it generates. The plant is expected to produce 70% of the electricity the campus uses and move Penn one huge step closer toward its goal of carbon neutrality in 2042.

Through an \$83.9 million gift from alumnus Roy Vagelos and his wife, Dana, the School of Arts and Sciences (SAS) will establish 20 new Vagelos Fellows and greatly enhance graduate education in the Department of Chemistry. This gift, announced in January, is the largest in the School's history and has implications that range from tackling climate change to curing neurodegenerative diseases.

In February, The School of Engineering and Applied Science (SEAS) unveiled the first-ever undergraduate program in artificial intelligence in the Ivy League. Subsequently, it rolled out an online master's in AI that is also unique in the Ivies. Both of these programs will empower students to lead AI into the future.

In the spring, the University created two new leadership positions, the Vice Provost for the Arts and Vice Provost for Climate Science, Policy, and Action that will advance the goals of *In Principle and Practice*. The Vice Provost for the Arts will expand opportunities for Penn to create, exhibit, study, and research the arts while the inaugural Vice Provost for Climate Science, Policy, and Action will draw from Penn's academic strengths in the science and policy of climate mitigation and adaptation, advance scholarship and training for future leaders, and help lead our own institutional efforts at sustainability.

Also, this spring, several schools, centers, and departments led conversations to cultivate an environment of open expression and civil discourse, through speaker series such as the SAS' Living the Hard Promise. These conversations are in addition to the work advanced by the Presidential Commission on Countering Hate and Building Community, as well as the University Task Force on Antisemitism.

Below, please find a review of FY2024 and a preview of the year ahead.

Accelerate Interdisciplinary Pursuits

The 20th *Penn Integrates Knowledge* professor will arrive in January 2025 and will have a joint appointment between SAS and the Perelman School of Medicine (PSOM).

The Wharton School's Mack Institute for Innovation Management announced a partnership with the School of Dental Medicine's Center for Innovation and Precision Dentistry to develop new technologies in oral health care. Through the program, MBAs are paired with clinical researchers and engineers.

Penn's [Regenerative Agricultural Alliance](#), is a coalition funded by the University's [Environmental Innovations Initiative](#) that promotes cross-campus collaboration on the future of agriculture. An interdisciplinary team of designers from the Weitzman School, in consultation with agriculturalists at Penn Vet, are working to improve water quality, land use, ecosystem services, and animal welfare at Penn Vet's [New Bolton Center](#).

A distinguishing feature of the Penn Vet'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. Veterinarians with these dual credentials are uniquely positioned to support underserved areas with respect to healthcare, agriculture, and the environment.

Penn Nursing and Penn Libraries are partnering to advance access to materials, services, and awareness of the Penn Nursing Barbara Bates Center for the Study of the History of Nursing, a preeminent history of nursing research center and archive.

Lead on Great Challenges of Our Time

Complementing Penn's strengths in data-driven discovery and data analytics and building off School high-performance computing efforts, the Provost's Office plans to create a new shared services computing facility in FY2025 that will rival others around the country. This new core facility will be managed by the Provost's Office in partnership with key faculty and administrative stakeholders and will provide high-performance computing and consulting services.

PSOM recently appointed Marilyn Ritchie as the inaugural Vice Dean of Artificial Intelligence and Computing, and Mitchell Schnall as the inaugural Senior Vice President for Data and Technology Solutions. These appointments will allow Penn Medicine to thoughtfully implement AI across Penn Medicine's research, education, and clinical care missions.

Over the past year, the Wharton community has realized a series of remarkable achievements in the realm of AI research, teaching, and thought leadership. Wharton continues to foster an environment where innovation thrives. Programs such as Executive Education's [Generative AI and Business Transformation](#) and Analytics at Wharton's [AI Horizons webinar series](#) showcase the innovative work being done at Wharton and serve as catalysts for dialogue and collaboration within the broader AI community and on a global scale. Wharton is actively engaging with Open AI to finalize the terms for an enterprise solution that can be offered to its faculty and students.

The [SAS Data-Driven Discovery Initiative](#) continues to promote data science in research and teaching across the School. This year, SAS welcomed faculty using machine learning in Chemistry and data science in Criminology, and current faculty recruitment under way in Biology seeks to build further in these areas.

Penn Dental Medicine's participation in COP28 discussions in Dubai demonstrates its commitment to integrating oral health into global decision-making, emphasizing sustainability and positive change. The School of Social Policy & Practice (SSPP) views the climate crisis as a significant social justice issue, brought on in part by structural oppression, resulting in human vulnerabilities and inequities. SSPP is committed to addressing climate justice through research and practice to advance mitigation, anticipation, adaptation, and community action.

Penn Vet launched the Center for Stewardship Agriculture and Food Security, building on its expertise in regenerative agriculture, animal welfare, food security, and reducing carbon emissions. The initiative follows and complements the work of the Institute for Infectious and Zoonotic Diseases that was launched in 2022.

In the area of Democracy, Trust, and Truth, Penn Nursing is combating misinformation and disinformation nationally through Dean Villarruel's role as advisor to the National Academy of Medicine in an assessment of credible health information. Locally, the School disseminates evidenced-based information through partnerships with the Philly Community Alliance Against COVID-19 (Philly CEAL) and the Penn Medical Communication Research Institute (PMCRI), which is a multidisciplinary effort with PSOM, the Annenberg School for Communication, and SEAS.

As part of [Penn's Democracy Project](#), programming will be expanded at the Penn Biden Center under the direction of Penn Global. Activity will include school and Penn Global-based programming, a new executive director, new staff positions and other investments to help reinforce Penn's presence in Washington.

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

- Katalin Kariko and Drew Weissman of PSOM shared the Nobel Prize in Physiology or Medicine.
- Tyshawn Sorey of SAS won a 2024 Pulitzer Prize in Music.
- Carl June received a 2024 Breakthrough Prize in Life Sciences.
- Joey Wu, a student in the Vagelos Integrated Program in Energy Research, won a Udall Scholar award.
- Five faculty members were elected to the American Academy of Arts and Sciences.
- Students Min Jae Kim and Zijian Niu were awarded a 2024 Paul & Daisy Soros Fellowship for New Americans.
- Third-year students Aravind Krishnan and Tej Patel were awarded Truman Scholarships.
- Faculty Wale Adebawo and Deborah A. Thomas were named 2024 Guggenheim Fellows.
- Four Penn third-year students were named Goldwater Scholars.

Grow Opportunity and Strengthen Community

SEAS supports a wide range of programs and initiatives for women and underrepresented minorities, including [Advancing Women in Engineering](#) (AWE), the [A. James Clark Scholars Program](#), a [Freshman Coaching Program](#) and [master's-to-PhD bridge programs](#). During this past academic year, the School launched the [Penn Engineering History](#) project, which seeks to address barriers to inclusion and belonging within the School's physical spaces. The resulting [timeline](#) and [portraiture](#) displays elevated awareness of the School's key historical and cultural context.

In FY2025, the Graduate School of Education (GSE) will make scholarships for teacher education programs a critical fundraising priority, and the School is also seeking to increase the breadth of its international student enrollment by deepening connections in global regions with unmet demand for high-quality graduate education and professional development.

This past year, Wharton marked the inaugural year of its Master of Arts degree in Statistics and Data Science – [Bridge to a PhD](#). The program provides strong mentorship and a learning environment for students who need additional

preparation for admission to a doctoral program. Wharton has begun to match the current Bridge Fellows with a research experience in Summer 2024 and initiate the recruitment for the new cohort.

Penn Nursing is making substantive changes in its education programs, including the launch of the Master of Professional Nursing entry to practice program that will enroll its first cohort in Fall 2024. The School continues to prioritize providing resources that support students from under-resourced backgrounds and that integrate social justice throughout the School's mission.

Deepen Connection with Neighbors and the World

In January, Penn Dental expanded its reach in West Philadelphia by opening a new community dental clinic in partnership with Penn Medicine at the PHMC Public Health Campus on Cedar. The School is also planning to transform retail space in the Schattner Building into an urgent dental care facility that will also serve the Philadelphia community.

SEAS is partnering with the Army Educational Outreach Program High School Apprenticeship Program to provide high-school students from historically underrepresented groups with science and engineering research experience. The School also hosts the Blended Learning Initiative, which offers free computer science instruction and preparation for AP STEM coursework, partnering with various K-12 schools.

Wharton launched an Academically Based Community Service (ABCS) [tax policy and practice course](#), in collaboration with Penn's Netter Center for Community Partnerships and the IRS's Volunteer Income Tax Assistance (VITA) program. The coursework includes 40 hours of volunteer work at any of the 12 VITA sites, providing free tax preparation to low-income taxpayers and a valuable learning experience for the students.

GSE is working to forge new research and programmatic collaborations with the Pennsylvania Department of Education on topics of mutual concern, such as statewide educator shortages. The School is also launching a five-year global engagement strategy to enhance its relationships with international schools, NGOs, governments, and transnational organizations.

The Office of the Executive Vice President launched [Penn & Philly](#), a public affairs campaign that features examples of Penn's role as an anchor institution in the city and the larger region. Its philosophy, that Penn is *in, of, and for* Philadelphia, galvanizes and inspires Schools and Centers to forge their own community partnerships.

The Penn Museum leverages its global collection to work with more than 60,000 Philadelphia public school children through its *Unpacking the Past* program, and the Morris Arboretum holds an annual event that brings together students from North Philadelphia schools with experts in the field, so students can learn about opportunities to work in horticulture. The Institute of Contemporary Art is developing relationships with organizations that serve under-resourced and marginalized communities in Philadelphia, such as the Leeway Foundation and Taller Puertorriqueño.

Programming for Penn Live Arts this past year has had a season-long focus on gun violence awareness that has been undertaken in partnership with several Philadelphia community organizations. This program is culminating in a citywide sound installation activating faith-based partners in over 25 locations across the city.

Foster Leadership and Service

An SAS faculty committee is beginning what will be a lengthy review of the undergraduate General Requirement to ensure its enduring strength as a liberal arts education core with elements that prepare students to engage in difficult dialogue and adapt to a changing world.

Penn Dental is expanding enrollment in the new Master in Oral Population Health program, an online program that builds leaders who can inform, develop, and implement policies both locally and globally.

The Carey School of Law continues to deploy the \$53 million Toll Family Foundation gift to foster leadership and service in public interest law, supporting graduates in becoming leaders in their community and partners in service.

The Penn Athletics Wharton Leadership Academy (PAWLA) hired a full-time director for the first time who is training student-athletes in leadership development. The program has been expanded to include all first-year student-athletes.

Penn Libraries and GSE are partnering to organize events to help schoolteachers, leaders, and higher education administrators and educators learn to facilitate challenging conversations.

Capital Project Priorities and Sustainability

Construction continues on the new Vagelos Laboratory for Energy Science and Technology building at 32nd and Walnut Streets, a collaboration between SAS and SEAS that will house the next generation of energy research programs. Occupancy is slated to begin in late October. In addition, the programming process for the new physical sciences building and extensive renovation of David Rittenhouse Laboratory (DRL) will continue in FY2025 for what will become the largest capital project in the SAS' history.

Amy Gutmann Hall, Penn's new data science building, was topped off in July and nears completion. As Philadelphia's tallest new mass timber structure, it will open in Fall 2024 as a hub for cross-disciplinary collaborations that harness research and data across all 12 schools. SEAS is also adding 32,000 square feet of leased space in One uCity Square for its Center for Precision Engineering for Health ([CPE4H](#)).

PSOM's seven-floor addition to 3600 Civic Center Boulevard will near completion in FY2025; this new space will house programs such as the Colton Center for Autoimmunity and the Institute on Immunology and Immune Health. In addition, PSOM's Penn Institute for RNA Innovation, Center for Cellular Immunotherapies, and Abramson Cancer Center will begin occupying new leased space at One uCity Square.

Other key capital projects that are expected to be finished in FY2025 include the Ott Center for Track and Field, a 200 meter, six lane indoor track, which is scheduled for a November opening, Phase II of the University Museum renovations, which has a planned completion in June 2025, and the College Hall West Wing Renovation, expected to be done in January.

Work continues on Weitzman Hall, Design's most significant capital project in more than 50 years. The facility, which is expected to be ready for occupancy in August 2025, will include makerspaces, classrooms, meeting spaces, a learning hub, and an exhibition gallery.

Administrative Excellence

In addition to the appointment of J. Larry Jameson as interim president, several talented and diverse senior leadership appointments at Penn were announced during FY2024. Among these were: Ramanan Raghavendran, chair of the Board of Trustees; Sarah Banet-Weiser, dean of the Annenberg School for Communication; David A. Asch, senior vice president for strategic initiatives; Julia Puchtler as senior vice president and chief financial officer of UPHS; John Swartley as Penn's inaugural chief innovation officer; Michael Scales, vice president for Business Services; Brigitte Weinstein, interim director of the Penn Libraries; Sigal Ben-Porath, faculty director of the SNF Paideia Program; Marie Harf, executive director of Perry World House; Eric Anglero, executive director of the Penn LGBT Center; Patricia Ruiz, executive director of Student Health and Counseling; and Carrie Hutnick, executive director of Civic House.



Operating Budget Schedules & Budget Overview

UNIVERSITY OF PENNSYLVANIA OPERATING BUDGET - GAAP BASIS¹

SCHEDULE A

(in thousands of dollars)

	Fiscal 2023 Actual	Fiscal 2024 Budget	Fiscal 2024 Forecast	Fiscal 2025 Budget
ACADEMIC COMPONENT				
REVENUE & OTHER SUPPORT				
Tuition & Fees	1,731,202	1,804,436	1,802,445	1,890,715
Student Aid Contra-Revenue	(401,396)	(440,161)	(442,084)	(464,542)
Net Tuition & Fees	1,329,806	1,364,276	1,360,361	1,426,173
Commonwealth Appropriations	36,740	37,411	36,740	36,740
Sponsored Programs	981,590	1,005,930	1,039,027	1,070,205
Indirect Cost Recovery	351,832	362,376	368,594	380,900
Total Sponsored Programs	1,333,422	1,368,306	1,407,620	1,451,105
Contributions	230,060	218,547	209,070	195,001
Investment Income	875,339	896,271	947,909	959,694
Other Income	1,011,908	670,275	721,938	576,161
Transfers From Health System	155,766	178,953	190,372	173,913
TOTAL REVENUE & OTHER SUPPORT	4,973,041	4,734,039	4,874,010	4,818,788
EXPENSES				
Salaries	1,866,964	2,017,812	2,050,170	2,157,829
Employee Benefits	547,051	585,150	629,082	660,497
Total Compensation	2,414,015	2,602,961	2,679,252	2,818,327
Depreciation & Amortization	235,730	249,731	241,013	248,000
Interest Expense	58,192	54,126	53,954	68,035
Current Expense	1,262,807	1,331,211	1,356,216	1,399,159
Student Aid Expense	150,949	164,135	171,976	180,656
TOTAL EXPENSES	4,121,693	4,402,165	4,502,411	4,714,177
INCREASE IN NET ASSETS FROM OPERATIONS	851,348	331,874	371,600	104,612
HEALTH SYSTEM				
REVENUE & OTHER SUPPORT				
Net Patient Service Revenue	8,727,443	9,065,589	9,345,600	9,830,546
Other Income	1,465,076	1,448,382	1,593,095	1,664,650
Transfers To Academic Component	(155,766)	(178,953)	(190,372)	(173,913)
TOTAL REVENUE & OTHER SUPPORT	10,036,753	10,335,018	10,748,324	11,321,282
EXPENSES				
Compensation				
Salaries	4,263,683	4,427,188	4,501,850	4,770,408
Employee Benefits	1,065,016	1,135,252	1,173,640	1,283,714
Total Compensation	5,328,699	5,562,440	5,675,490	6,054,122
Depreciation & Amortization	414,521	430,825	420,653	430,563
Interest Expense	81,549	86,529	87,695	82,915
Other Operating Expenses	3,927,607	3,979,371	4,250,116	4,450,897
TOTAL EXPENSES	9,752,376	10,059,165	10,433,954	11,018,497
INCREASE IN NET ASSETS FROM OPERATIONS	284,377	275,853	314,370	302,785
Elimination of Inter-Entity Activities²				
REVENUE & OTHER SUPPORT	(16,921)	(14,414)	(22,180)	(24,224)
EXPENSES	(16,921)	(14,414)	(22,180)	(24,224)
CONSOLIDATED UNIVERSITY				
REVENUES & OTHER SUPPORT	14,992,873	15,054,643	15,600,155	16,115,847
EXPENSES	13,857,148	14,446,916	14,914,185	15,708,450
INCREASE IN NET ASSETS FROM OPERATIONS	1,135,725	607,727	685,969	407,397

¹ Presented in accordance with Generally Accepted Accounting Principles used for external financial reporting

² 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 BASIS¹
(in thousands of dollars)

SCHEDULE B

	Fiscal 2023 Actual	Fiscal 2024 Budget	Fiscal 2024 Forecast	Fiscal 2025 Budget
ACADEMIC COMPONENT				
REVENUES & TRANSFERS				
Traditional Undergraduate Tuition	539,703	567,312	573,168	595,378
Graduate, Professional & Other Tuition	783,131	816,133	810,370	851,383
Total Tuition	1,322,834	1,383,445	1,383,537	1,446,760
General & Other Fees	408,368	420,991	418,908	443,955
Total Tuition & Fees	1,731,202	1,804,436	1,802,445	1,890,715
Commonwealth Appropriation	36,740	37,411	36,740	36,740
Sponsored Programs - Direct Cost Recovery	981,590	1,005,930	1,039,027	1,070,205
Sponsored Programs - Indirect Cost Recovery	351,832	362,376	368,594	380,900
Total Sponsored Programs	1,333,422	1,368,306	1,407,620	1,451,105
Gifts	323,718	340,901	303,322	264,288
Investment Income	776,836	921,853	968,856	980,271
Other Income	1,011,908	670,275	721,938	576,161
TOTAL DIRECT REVENUES	5,213,826	5,143,182	5,240,922	5,199,281
Net Resource Transfers ²	163,387	(20,218)	33,024	66,194
TOTAL REVENUES & TRANSFERS	5,377,214	5,122,964	5,273,946	5,265,475
EXPENDITURES				
Academic Salaries	914,746	957,726	964,989	1,019,897
Non-Academic Salaries	1,081,970	1,154,320	1,193,734	1,252,121
Total Salaries	1,996,716	2,112,046	2,158,723	2,272,018
Employee Benefits	554,781	586,021	603,001	656,024
Total Compensation	2,551,497	2,698,067	2,761,724	2,928,042
Current Expense	1,132,988	1,254,034	1,281,555	1,305,009
Capital Transactions ³	459,920	602,001	617,575	431,256
Traditional Undergraduate Student Aid	256,857	288,008	290,900	307,532
Graduate, Professional & Other Student Aid	240,129	255,048	263,043	275,174
Total Student Aid	496,987	543,055	553,944	582,706
TOTAL EXPENDITURES	4,641,391	5,097,157	5,214,798	5,247,013
RCM SURPLUS⁴	735,822	25,808	59,148	18,462

¹ Presented in Responsibility Center Management format used for internal financial management and reporting

² Includes funding transfers to the Health System for the 3600 Civic Center Boulevard Overbuild project: \$13M in FY2023; \$229M in FY2024 Budget; \$181M in FY2024 Forecast; and \$138M in FY2025 Budget

³ Capital transactions are reduced by \$300M planned bond issue in the Fiscal 2025 Budget

⁴ An RCM surplus means that funds are set aside for future years

**UNIVERSITY OF PENNSYLVANIA FISCAL YEAR 2025 OPERATING BUDGET
ACADEMIC COMPONENT BY RESPONSIBILITY CENTER
(in thousands of dollars)**

SCHEDULE C

	REVENUES & TRANSFERS								EXPENDITURES					
	Tuition & Fees	PA Approp.	Sponsored Programs	Gifts	Investment Income	Other Income	Transfers	Total	Total Comp.	Current Expense	Capital Trans.	Student Aid	Allocated Cost & Space Charges	Total
SCHOOLS														
Annenberg School	6,482		4,576	850	46,963	449	368	59,687	28,279	14,073	4,390	4,545	3,838	55,125
Arts & Sciences	388,181		110,626	19,326	75,922	6,742	97,980	698,777	340,640	75,428	27,445	160,079	102,062	705,653
Penn Carey Law	56,608		1,249	15,525	28,220	3,148	9,717	114,467	63,149	17,434	1,650	22,268	14,510	119,011
Dental Medicine	71,770	517	20,452	4,000	8,126	34,675	4,387	143,926	81,518	30,761	2,486	4,983	21,405	141,153
Education	63,672		11,461	3,075	6,480	2,912	5,012	92,612	50,090	15,000	850	13,061	11,342	90,343
Engineering	184,358		108,510	16,117	30,533	2,313	35,205	377,036	148,312	74,541	36,430	69,730	46,224	375,236
Nursing	49,261		29,038	1,512	17,142	165	6,861	103,979	51,171	14,677	50	17,342	13,453	96,693
Perelman School of Medicine	86,503	2,673	1,013,987	81,742	212,675	164,969	53,353	1,615,902	899,011	448,397	(10,661)	79,847	188,252	1,604,846
Social Policy & Practice	23,916		11,147	1,876	2,240	1,107	3,062	43,347	25,830	6,702	8	5,781	4,482	42,803
Veterinary Medicine	28,346	33,550	62,036	8,697	17,596	73,064	2,926	226,214	125,713	48,290	19,924	4,832	32,181	230,941
Weitzman School of Design	40,601		5,148	15,310	13,528	280	7,322	82,188	35,593	9,149	24,491	13,832	10,886	93,951
Wharton	378,603		7,119	46,125	106,917	69,521	42,507	650,792	336,883	150,092	17,918	76,592	74,185	655,671
TOTAL SCHOOLS	1,378,302	36,740	1,385,347	214,155	566,341	359,344	268,698	4,208,927	2,186,190	904,543	124,982	472,890	522,820	4,211,425
RESOURCE CENTERS														
Recreation & Intercollegiate Athletics	12,517			20,614	8,422	11,124	29,790	82,467	24,938	16,953	17,773		22,313	81,978
Institute of Contemporary Art			571	1,691	2,156	92	1,354	5,864	2,723	2,262			1,083	6,068
Interdisciplinary Programs	10,291		9,085	3,794	17,069	43,807	(41,910)	42,135	21,834	8,275	865	5,241	2,819	39,033
Morris Arboretum	286		36	5,177	4,266	1,814	1,140	12,719	5,408	3,313	2,474		1,152	12,348
Penn Global	2,923		988	1,042	1,200	520	17,503	24,175	9,132	13,023	312	382	1,259	24,108
Penn Live Arts	940		550	7,260	122	2,065	2,683	13,620	3,855	1,933	2,500		2,085	10,373
University Libraries	10		142	3,804	8,199	307	80,701	93,162	36,445	38,679	2,579		15,265	92,968
University Museum			393	4,656	7,468	1,867	14,417	28,802	15,355	5,740	3,514	80	8,799	33,487
TOTAL RESOURCE CENTERS	26,967	0	11,763	48,039	48,902	61,597	105,677	302,944	119,690	90,178	30,017	5,703	54,776	300,363
BUSINESS SERVICES														
Housing & Conference Services	80,237				1,190	2,877	(347)	83,957	6,331	33,770	34,527		5,144	79,772
Dining Services	31,623				10	673	837	33,144	8,798	24,782			1,810	35,391
Parking & Transportation Services	2,417					16,668	1,820	20,905	5,016	10,194	5,105		1,077	21,391
Other Business Services	36			587	116	9,280	(26,030)	(16,011)	8,604	3,966	(29,934)		2,213	(15,150)
Other Auxiliary Activities						39,075	29,263	68,338		28,766	56,150			84,916
TOTAL BUSINESS SERVICES	114,313	0	0	587	1,316	68,573	5,544	190,333	28,748	101,479	65,849	0	10,244	206,320
ADMINISTRATIVE SERVICE CENTERS														
Audit, Compliance & Privacy							2,657	2,657	6,081	(2,954)			26	3,153
College Houses & Academic Services	4,669			5	42	25	3,498	8,239	4,494	4,208	500		95	9,297
Development & Alumni Relations				345	9,676	1,521	75,757	87,299	64,324	25,145			776	90,246
Executive Vice President's Office					30,344		9,248	39,592	28,825	8,653	1,085		235	38,799
Facilities & Real Estate Services			1,868		4,328	40,599	256,343	303,138	105,364	89,536	114,676		1,848	311,423
Finance	6,954				1,652	2,317	47,873	58,796	38,046	12,942	7,479		2,001	60,469
Human Resources						760	16,381	17,141	12,087	3,872	596		467	17,021
Information Systems & Computing	925				318	634	75,885	77,762	53,619	21,087	2,847		1,078	78,630
President's Center	328		871	5,970	533	4,665	31,678	44,044	36,165	7,318	331		1,653	45,467
Provost's Center	19,927		582	402	8,004	34,343	41,981	105,239	79,757	25,282	7,265	960	3,971	117,235
Public Safety	13,947				335	772	17,024	32,079	21,249	10,317	140		222	31,927
University Life	29,711			981	1,165	2,116	4,469	38,443	16,998	13,110		291	7,731	38,130
Wellness	24,812			89	303	1,505	2,687	29,396	20,337	10,214	181		192	30,924
TOTAL ADMIN. SERVICE CENTERS	101,272	0	3,321	7,791	56,701	89,258	585,481	843,823	487,346	228,730	135,101	1,251	20,295	872,721
GENERAL UNIVERSITY	269,862	0	50,674	(6,284)	307,011	(2,611)	(899,205)	(280,552)	106,068	(7,958)	75,308	102,862	(620,097)	(343,818)
TOTAL ACADEMIC COMPONENT	1,890,715	36,740	1,451,105	264,288	980,271	576,161	66,194	5,265,475	2,928,042	1,316,972	431,256	582,706	(11,963)	5,247,013

Fiscal Year 2025 Operating Budget: Academic Component RCM to GAAP Crosswalk
(in thousands of dollars)

	Fiscal 2025 RCM Budget	Adjustments	Fiscal 2025 GAAP Budget
Revenue & Other Support:			
Tuition & Fees	1,890,715	-	1,890,715
Student Aid Contra-Revenue	-	(464,542)	(464,542)
Commonwealth Appropriations	36,740	-	36,740
Sponsored Programs	1,451,105	-	1,451,105
Contributions	264,288	(69,287)	195,001
Investment Income	980,271	(20,576)	959,694
Other Income	576,161	-	576,161
Transfers From Health System	66,194	107,719	173,913
Total Revenue & Other Support	<u>5,265,475</u>	<u>(446,686)</u>	<u>4,818,788</u>
Expenditures:			
Salaries	2,272,018	(114,189)	2,157,829
Employee Benefits	656,024	4,474	660,497
Total Compensation	<u>2,928,042</u>	<u>(109,715)</u>	<u>2,818,327</u>
Current Expense	1,305,009	94,150	1,399,159
Capital Transactions	431,256	(363,221)	68,035
Student Aid Expense	582,706	(402,050)	180,656
Depreciation & Amortization	-	248,000	248,000
Total Expenditures	<u>5,247,013</u>	<u>(532,836)</u>	<u>4,714,177</u>
RCM Surplus: Transfer to Other Periods	18,462		
Net RCM to GAAP Adjustments		86,149	
GAAP Increase in Net Assets			104,612

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 2024 Performance

As shown in Schedule A, the academic component is expected to close FY2024 with an increase in net assets of \$372 million on a GAAP basis versus the original budgeted increase of \$332 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 \$314 million, which is \$39 million greater than budget.

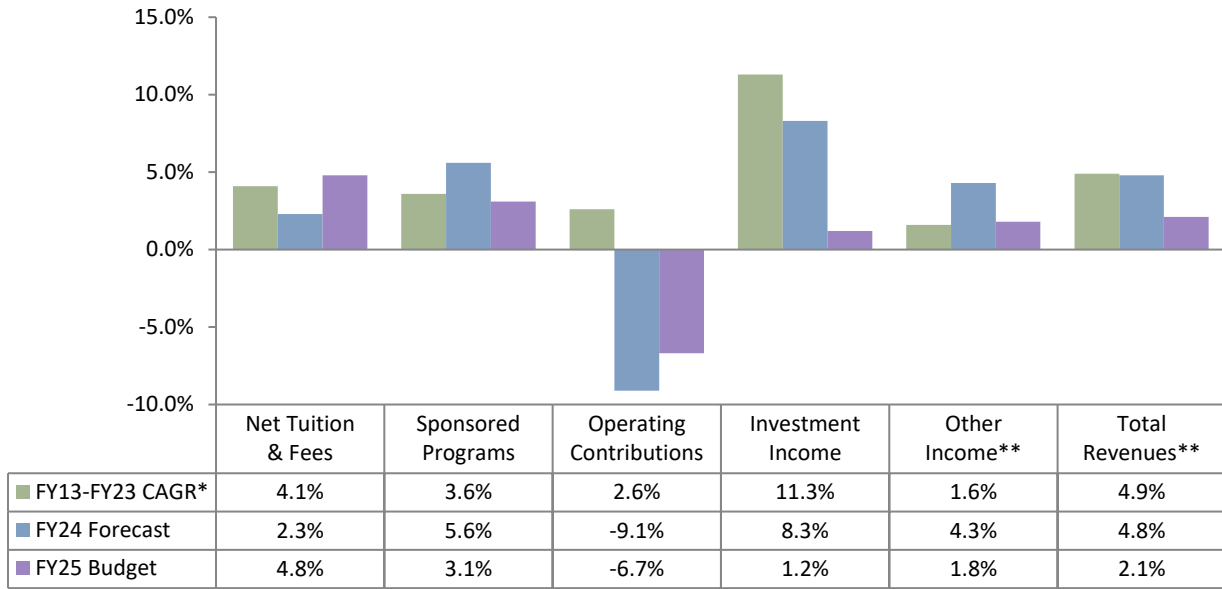
Academic component revenue is forecast to exceed budget by \$140 million primarily due to higher investment income and sponsored program revenue. However, this positive variance is largely offset by \$100 million in greater expense, which is primarily compensation.

The Fiscal Year 2025 Budget

Schedule A shows that the consolidated FY2025 University GAAP budget has \$15.7 billion in expenses, of which \$11.0 billion, or 70%, is in the Health System budget and \$4.7 billion, or 30%, is in the academic budget. The overall increase in expenses is forecast to be 5.3%, with 4.7% growth for the academic budget and 5.6% for UPHS. Total University revenues and other support are budgeted to be \$16.1 billion. The academic component budget includes \$4.8 billion in revenue and other support, of which \$174 million are transfers from UPHS. For UPHS, total revenues net of the transfers to the academic component are \$11.3 billion, and the increase in net assets from operations is budgeted at \$303 million.

The academic budget shows an increase in net assets of \$105 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 by Revenue Category



*Compound Annual Growth Rate

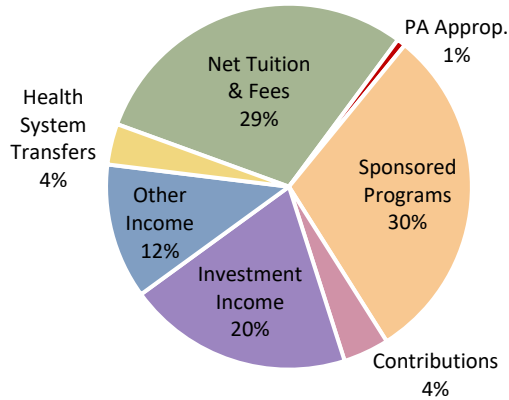
**Excludes mRNA revenues

Total academic budget revenue is projected to decrease by 1.1% or \$55 million versus the FY2024 forecast due to lower anticipated mRNA revenues. Excluding mRNA revenues, the growth rate is 2.1%. Here is a discussion of changes in key GAAP revenue categories:

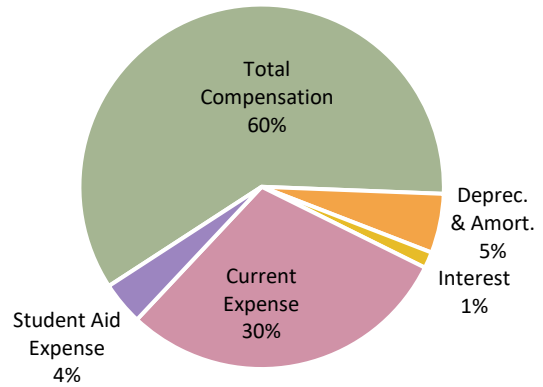
- Net tuition and fees are budgeted to increase by 4.8% or \$66 million. This projection reflects a 4.9% increase in tuition and fees as well as a 5.1% increase in student aid contra revenue.
- Total sponsored program revenues are forecast to increase by 3.1% or \$43 million. The projected growth rate is lower than what we have seen recently because of a less favorable outlook for commercial awards.
- Investment income is budgeted to increase by 1.2%, or \$12 million. This reflects a \$29 million decrease in other investment income because of anticipated reductions in earnings on cash balances which is more than offset by a \$40 million, or 4.9% increase, in allocation of endowment returns.
- Operating contributions are projected to decrease by 6.7%, or \$14 million, factoring in a lagged impact from some donors pausing new commitments this past fall.
- Other Income is dropping by 20.2%, or \$146 million because of lower mRNA licensing revenues. Excluding mRNA licensing revenues, this category is increasing by 1.8%.
- Health System transfers are decreasing by 8.6%, or \$16 million, primarily because UPHS has decided to accelerate fulfillment of a commitment to the Cancer Center Chair, moving \$11 million previously scheduled to be transferred in FY2025 to the FY2024 forecast.

The 4.7%, or \$212 million, increase in total GAAP expenses includes a 5.2% increase in compensation expense and a 3.2% increase in current expense. Salary growth is expected to ease after two years of unusually high growth and current expense is anticipated to moderate as well.

FY2025 Revenues by Type



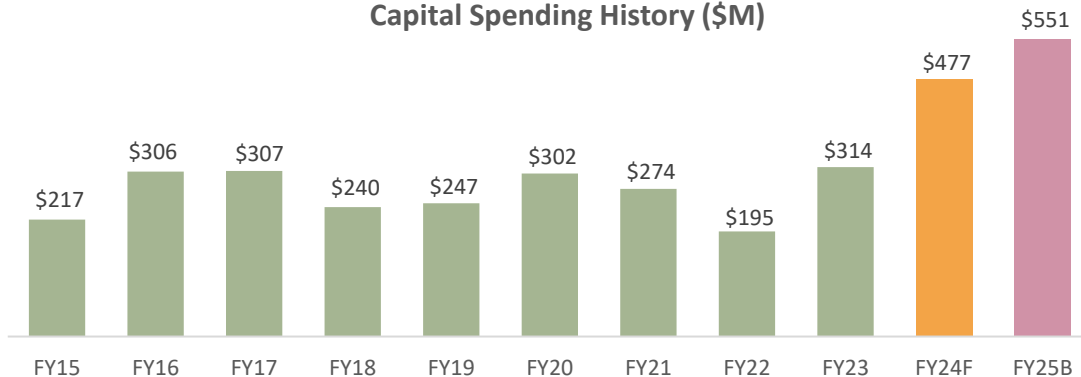
FY2025 Expenses by Type



Revenue/Expense Mix: Net tuition and fees and sponsored programs each account for about 30% of the GAAP academic budget revenues, as shown in the above chart. Investment income is the third largest category at 20% with other income next at 12%. 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 60% 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 5%, student aid expense at 4%, and interest expense (1%).

The RCM Budget: As shown in Schedule B, the FY2025 budget on an RCM basis has a surplus of \$18 million. Unlike GAAP results, RCM performance is affected by the level of capital spending, which is anticipated to set a record for the second consecutive year in FY2025 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, Sheraton, 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 3.9% in FY2025 to \$87,860. Peer institutions have reported tuition and fee increases ranging from 3.5% to 5.8%. 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.

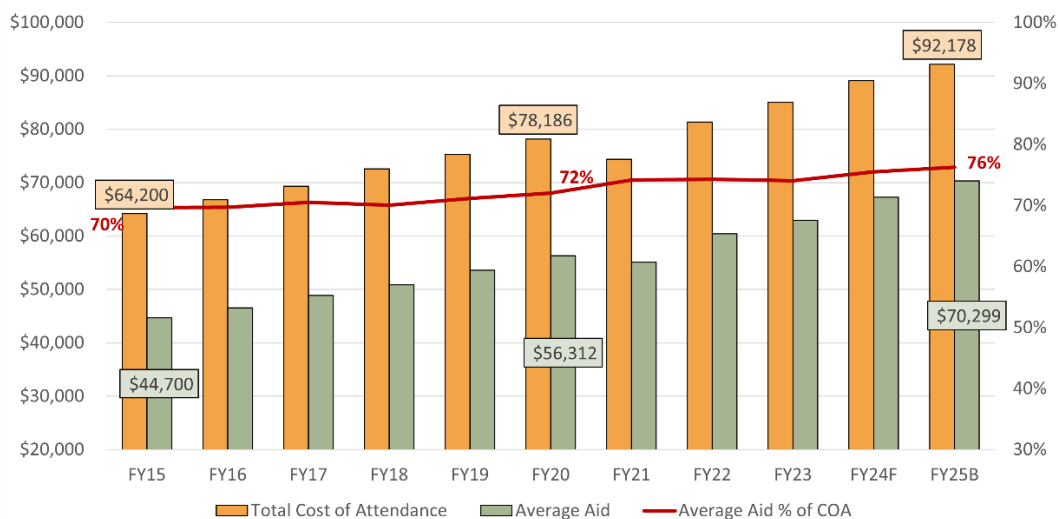
In FY2019, Penn adopted a block tuition distribution approach for traditional undergraduate tuition to better align our educational mission and goals. The block has helped create predictability and stability for budget planning and ensured that schools’ decisions on course offerings are based more on academic merit than financial considerations.

Financial Aid

Traditional 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 to a projected 76% in the FY2025 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 are receiving 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. 235 additional students received these benefits in FY2024 because of this expanded policy. In 2020, the University launched *Financial Wellness @ Penn*, a personal finance education program available to all students, as well as a new commitment to middle-income families, guaranteeing financial aid packages that cover at least the cost of tuition for families that make up to \$140,000 and have typical asset levels.

**Cost of Attendance vs Average Aid \$ of Aided Students
Traditional Undergraduates**



For FY2025, the total undergraduate financial aid grant budget is \$308 million, representing an increase of 5.7%, or \$17 million, over the FY2024 forecast. The budget builds in further increases in Pell recipients, which grew by 10% to their highest level ever in FY2024 (1,892), as well as to the number of aided incoming freshman.

\$292 million of the undergraduate aid budget is funded internally by unrestricted funds, income from financial aid endowments, and term gifts, and \$16 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 FY2025, endowment income will fund about \$79 million, or 26%, of undergraduate financial aid. Thanks to generous donors, the value of the undergraduate financial aid endowment has doubled over the past 10 years to over \$1.5 billion.

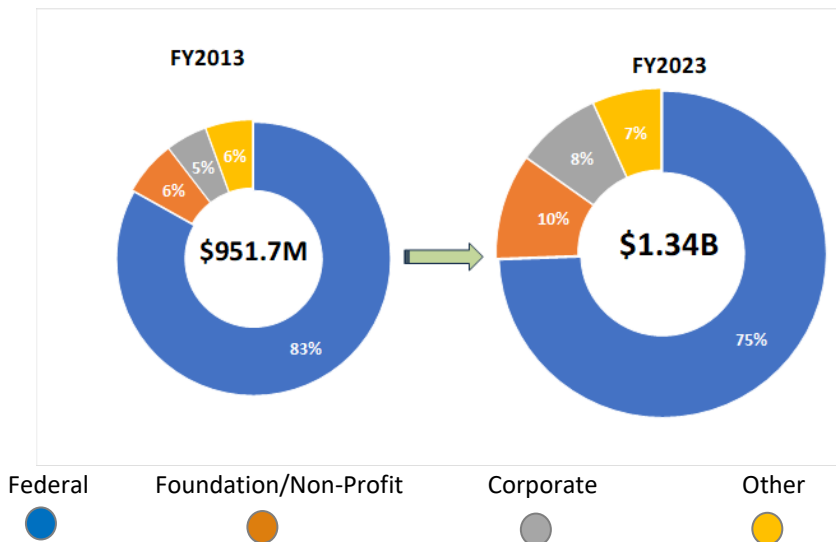
Graduate and Professional Aid: More than half of Penn’s student body is composed of graduate and professional students. The minimum PhD stipend will increase by 3.75% in FY2025 to \$39,425, reflecting Penn’s strong commitment to graduate student education. The base SAS stipend (including summer) will be \$41,800.

The graduate and professional financial aid budget for FY2025 totals \$338 million, including both aid shown as a contra-revenue and aid shown as expense in our GAAP financials. An additional \$90 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 \$1.34 billion in awards in FY2023. 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 \$703 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.

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



As shown in the previous chart, federal support represented 75% of Penn’s total research awards in FY2023, including grants where Penn is a subcontractor. In aggregate, research award dollars have increased by over 40% during the past decade. PSOM received approximately 72% of the sponsored program dollars awarded to the University in FY2023. Other Penn schools with significant shares of sponsored program awards included SAS (9%), SEAS (7%), and Veterinary Medicine (3%).

Indirect Cost Recovery (ICR)

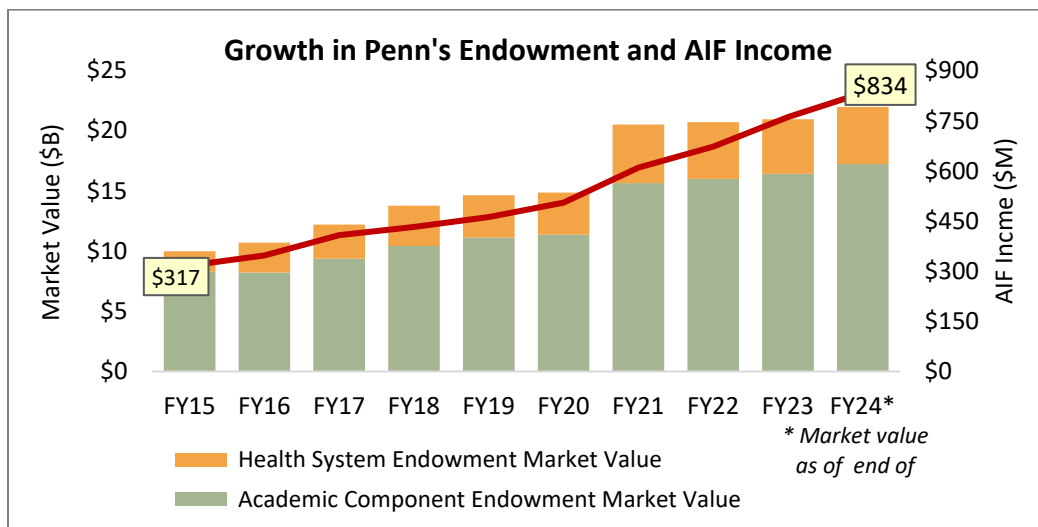
Indirect costs represent a significant portion of the cost of conducting laboratory investigations at large, research-oriented universities and include infrastructure, utilities, maintenance, library, and administrative expenses, both central and school-based. ICR on University grants helps offset these expenses and is a key source of unrestricted revenue. The University’s federal ICR rate for FY2025 will be 62.5% based on an agreement negotiated with the federal Department of Health and Human Services. The distribution of ICR in FY2025 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 FY2015 to an estimated \$22 billion at the end of April 2024, and AIF spendable income for the Academic Component is projected at \$834 million for FY2024, which is more than double the FY2015 amount.



Salaries

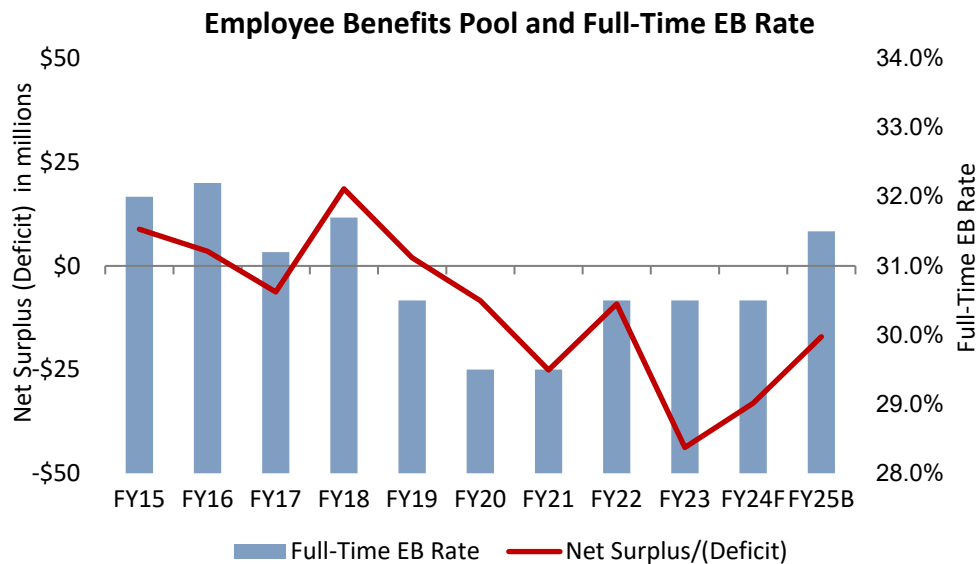
The University's merit increase program is designed to recognize and reward faculty and staff by paying market-competitive salaries in a fiscally prudent manner. For FY2025, the salary increase pool is 3.75%, and is based on market trends, economic conditions, and the need for fiscal responsibility. 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 provide high quality, market-competitive benefits to support recruitment and retention, while managing these programs in a cost-effective way. In FY2024, the non-NRSA postdoctoral fellows and researchers became eligible for 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 was established for postdocs equal to 21.0% of salaries. Also, in FY2024, Penn lowered the co-payments for visits to behavioral health, physical, occupational, and speech therapists to increase access to care and enhanced its paid-time off policy for newly recruited staff.

Starting in FY2025, Penn employees can elect to enroll their domestic partners in Penn's benefit plans. This eligibility applies for both same-sex and opposite-sex partners.

Key drivers of the EB rates include medical costs, Social Security taxes, and retirement plan contributions. Collectively, these components make up about 80% 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 strong cost management, the FY2025 full-time EB rate is slightly below the level of ten years ago despite enhanced benefit offerings, which include an increase in the basic contribution to retirement plans by a percentage point in FY2023.



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 4% versus the national average of 6%.

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 3.9% in FY2025. This increase helps cover the escalation in insurance premiums and claims 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>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Total Undergraduate Charges Growth	3.9%	3.9%	2.8%	2.9%	4.0%	3.9%
Undergraduate Aid Discount Rate	38.0%	38.0%	37.5%	37.5%	38.0%	38.5%
Sponsored Program ICR Rate	62.0%	62.0%	62.5%	62.5%	62.5%	62.5%
Spendable Endowment Income Increase:						
Financial Aid Endowment	1.0%	12.7%	2.1%	4.9%	2.1%	0.3%
Other Endowment	5.8%	17.6%	4.6%	6.8%	3.3%	1.2%
Salary Pool Increase (Faculty and Staff)	3.0%	2.5%*	3.0%	4.5%	4.25%	3.75%
Allowance for Staff Salary Adjustments	0.5%	0.0%	0.5%	1.0%	0.75%	0.75%
Full Time EB Rate	29.5%	29.5%	30.5%	30.5%	30.5%	31.5%
Allocated Cost & Space Charge Growth	3.8%	2.9%	2.9%	3.6%	4.6%	3.9%
Inflation Rate	1.6%	2.3%	7.2%	6.3%	3.2%	2.4%
*FY21 salary pool Increase was applicable only for employees earning \$70,000 or less						



Responsibility Center Budgets & Program Statements

SCHOOLS

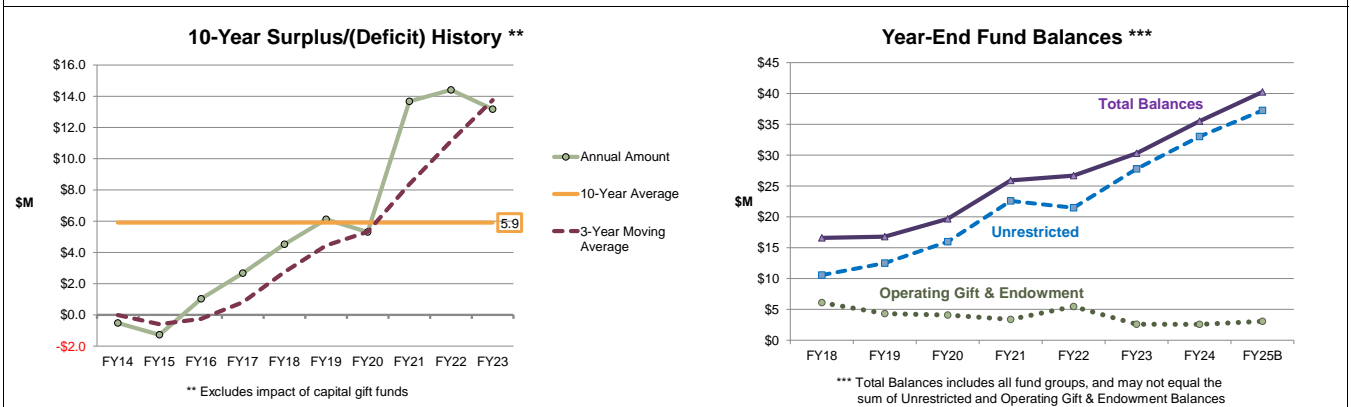
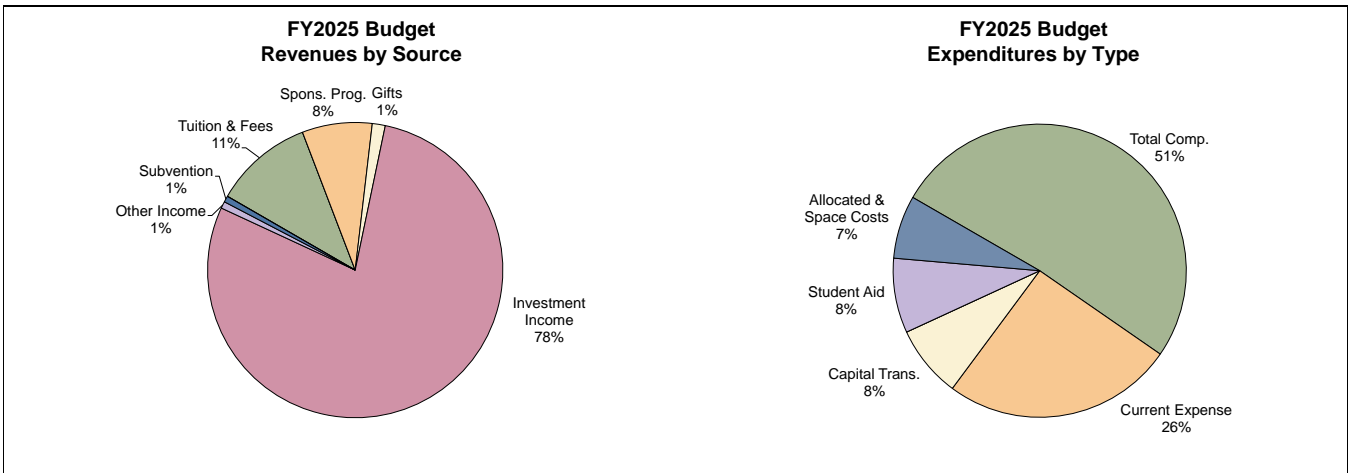
ANNENBERG SCHOOL FOR COMMUNICATION
(in thousands of dollars)

	FISCAL 2023 ACTUAL	FISCAL 2024 BUDGET	FISCAL 2024 FORECAST	% Change from 2023 Actual	FISCAL 2025 BUDGET	% Change from 2024 Forecast
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ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	6,456	6,859	6,263	-3%	6,482	3%
Sponsored Programs	8,530	9,220	6,521	-24%	4,576	-30%
Gifts	1,140	1,725	714	-37%	850	19%
Investment Income	43,638	45,207	46,258	6%	46,963	2%
Other Income	775	764	1,472	90%	449	-70%
DIRECT REVENUES	60,539	63,775	61,228	1%	59,319	-3%
University Subvention	403	403	403	0%	403	0%
Net Resource Transfers From / (To) Other Centers	276	(402)	(119)	-143%	(35)	-71%
TOTAL REVENUES & TRANSFERS	61,218	63,776	61,512	0%	59,687	-3%
EXPENDITURES						
Total Compensation	24,882	26,547	26,894	8%	28,279	5%
Current Expense	13,354	20,073	15,232	14%	14,073	-8%
Capital Transactions	1,780	1,600	571	-68%	4,390	669%
Student Aid	4,505	4,708	4,370	-3%	4,545	4%
NET DIRECT EXPENDITURES	44,521	52,928	47,067	6%	51,287	9%
Allocated Cost & Space Charges	3,523	3,742	3,742	6%	3,838	3%
TOTAL EXPENDITURES	48,044	56,670	50,809	6%	55,125	8%
SURPLUS/(DEFICIT) *	13,174	7,106	10,703		4,562	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	-	-	-	0%	-	0%
Ph.D.	67	67	67	0%	66	-1%
Professional & Other Degree	-	-	-	0%	-	0%
Certificate & Non-Degree	0	-	-	-100%	-	0%
Total Students	67	67	67	0%	66	-1%
Standing Faculty	20	22	22	11%	21	-5%
Staff	89	91	90	2%	96	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

Sarah Banet-Weiser was announced as the sixth dean of the Annenberg School for Communication (ASC), officially assuming the role on August 14, 2023. When appointed dean, she had just completed two years as the first joint faculty appointment between the Annenberg School at Penn and USC Annenberg. Her first actions as Dean were to appoint Professor Emily Falk as the Vice Dean of ASC, to convene the faculty for a two-day retreat to discuss revisions to the doctoral program, and to set-up a year-long tour to meet with ASC alums. Her goals and initiatives align with the University's strategic framework *In Principle and Practice* as discussed below.

Programmatic Initiatives

Accelerating Interdisciplinary Pursuits: Communication is an interdisciplinary field, and many ASC faculty hold joint or secondary appointments in other schools or programs. Several ASC centers will continue to collaborate with other schools at Penn (e.g., Wharton, SEAS, SAS, and SP2) or other universities (e.g., USC Annenberg, Stanford, Dartmouth, and Rutgers). These collaborations include facilitating postdoctoral fellowships across schools and offering joint classes, exchanges, and events. In addition, ASC is also in the early stages of reorienting Annenberg around four loci of research: cultural inquiry; politics, policy, and institutions; health communication; and computational social science. These groupings will help break down silos and encourage a more integrated approach to research and mentorship that incentivizes collaboration, teamwork, and shared staff resources.

Leading on Great Challenges of Our Time: The new [Climate Communication Division](#) at the Annenberg Public Policy Center and the ASC course on [climate change and communication](#) reflect the School's commitment to environmental research. Several ASC centers are exploring [societal divides](#) and the [digital landscape's impact on democracy](#). The [Center for Media at Risk](#) actively engages in addressing media vulnerabilities, and several ASC faculty members are at the forefront of misinformation research, including misinformation that causes [vaccine hesitancy](#). Courses on [data analytics](#) and [large language models and AI](#) will continue to equip students to address the technological aspects of today's great challenges.

Growing Opportunity and Strengthening Community: Since 2019, ASC has welcomed nine outstanding [faculty members](#) who represent diversity across race, ethnicity, gender, sexuality, nationality, and methodology. The ASC Community, Inclusion, and Culture Committee has developed a strategy and action plan that includes establishing deliverables in the areas of faculty recruitment and retention; staff recruitment, retention, and well-being; and integration of both graduate and undergraduate students to the School's overall mission and ethos. The Committee has also prioritized community outreach and strengthening internal culture-building efforts.

ASC continues to offer postdoctoral fellows equitable stipends, relocation allowances, visa fee coverage, and dependent healthcare. ASC will continue to cover 50% of doctoral student dental costs, with the remainder subsidized by the University.

Deepening Connection with Neighbors and the World: The ASC faculty and students have multiple [connections to the Netter Center](#), with several ongoing projects in West Philadelphia. Projects such as the [Philadelphia Community Engagement Alliance](#) and [Pennsylvania Broadband Research Institute](#) demonstrate ASC's dedication to addressing societal inequities. ASC also recently held the first Global Media Cultures International Doctoral Institute with the University of Hyderabad, supported by Penn Global.

Fostering Leadership and Service: Annenberg exemplifies leadership development, evidenced by [former Dean John L. Jackson, Jr.'s advancement to Provost](#) and the [internal hire of Dean Sarah Banet-Weiser](#), who also [promoted a professor to Vice Dean](#). Professor Jessa Lingel is chair of [Penn Forum for Women Faculty](#) and will soon direct [GSWS](#). Nearly all ASC [courses](#), including [those in collaboration with Paideia](#), empower students to critically engage with media and understand its multifaceted role in education, activism, power dynamics, misinformation, politics, surveillance, and public health.

Key Budget Assumptions

Fundraising: The ASC Office of Institutional Advancement (OIA) continues to build relationships with ASC alumni. The OIA initiated a “Seven Cities” networking tour, with alumni receptions in London, Los Angeles, San Francisco, Chicago, Atlanta, New York, and Washington, DC, of which Dean Banet-Weiser attended five. In partnership with SAS, these events allowed ASC PhD and master’s alumni, as well as SAS’s undergraduate alumni who majored in communication, to connect with fellow graduates who reside and work in their region.

Potential Reintroduction of Master’s Program: The School is considering reintroducing a master’s program at ASC. In-depth analysis and research are being completed on designing and potentially creating a joint program with USC Annenberg.

Capital Project Priorities: In FY2023, ASC completed a comprehensive space planning study for the 3620 Walnut Street building and hopes to begin the design phase of a renovation project in FY2025. ASC is also working with Facilities and Real Estate Services to conduct a comprehensive water penetration study for the building and expects to replace an air handler unit in the summer of 2025.

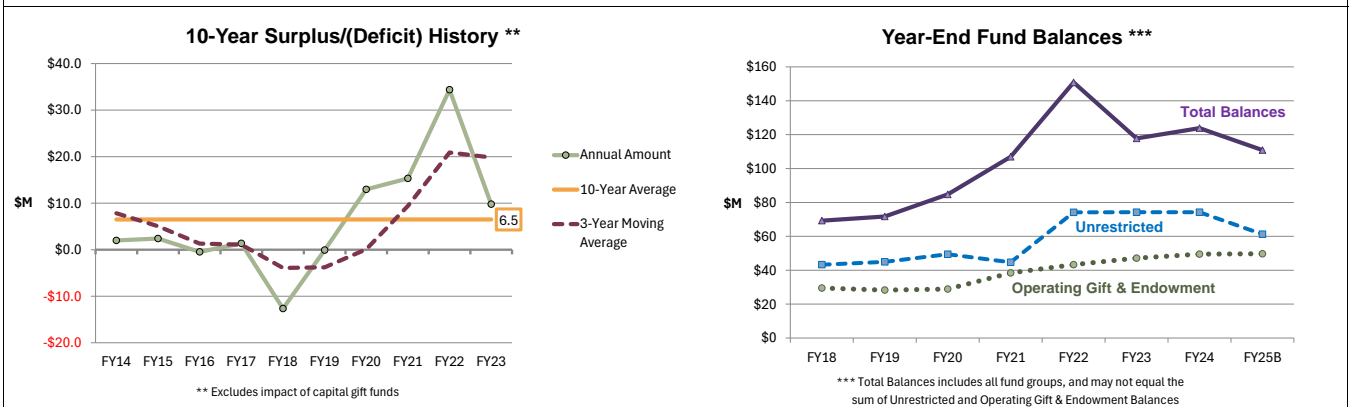
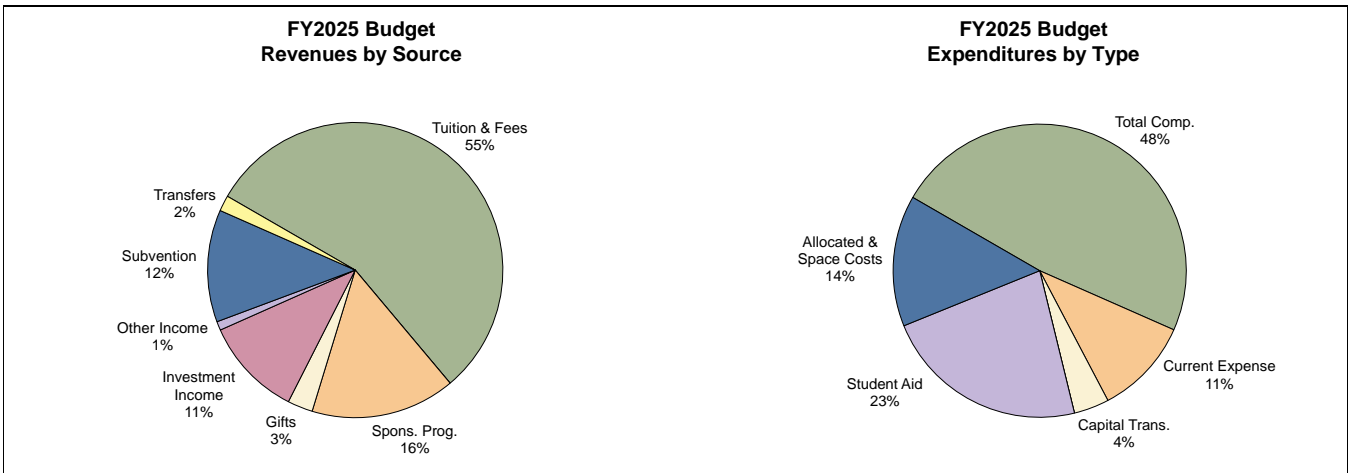
SCHOOL OF ARTS AND SCIENCES
(in thousands of dollars)

FISCAL 2023 ACTUAL FISCAL 2024 BUDGET FISCAL 2024 FORECAST % Change from 2023 Actual FISCAL 2025 BUDGET % Change from 2024 Forecast

ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	360,871	374,589	375,309	4%	388,181	3%
Sponsored Programs	101,057	109,517	109,004	8%	110,626	1%
Gifts	13,813	36,034	30,606	122%	19,326	-37%
Investment Income	67,756	69,642	74,237	10%	75,922	2%
Other Income	8,401	7,662	7,581	-10%	6,742	-11%
DIRECT REVENUES	551,898	597,443	596,737	8%	600,797	1%
University Subvention	80,231	85,043	85,043	6%	85,970	1%
Net Resource Transfers From / (To) Other Centers	18,208	11,401	12,447	-32%	12,010	-4%
TOTAL REVENUES & TRANSFERS	650,337	693,887	694,227	7%	698,777	1%
EXPENDITURES						
Total Compensation	299,984	323,590	320,463	7%	340,640	6%
Current Expense	69,074	73,322	72,978	6%	75,428	3%
Capital Transactions	65,341	49,789	37,247	-43%	27,445	-26%
Student Aid	147,621	154,118	154,358	5%	160,079	4%
NET DIRECT EXPENDITURES	582,020	600,820	585,046	1%	603,591	3%
Allocated Cost & Space Charges	94,353	97,353	97,353	3%	102,062	5%
TOTAL EXPENDITURES	676,373	698,173	682,399	1%	705,653	3%
SURPLUS/(DEFICIT) *	(26,036)	(4,286)	11,828		(6,876)	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	6,003	6,003	6,065	1%	6,003	-1%
Ph.D.	1,198	1,213	1,197	0%	1,212	1%
Professional & Other Degree	859	792	847	-1%	922	9%
Certificate & Non-Degree	414	413	512	24%	474	-7%
Total Students	8,473	8,421	8,621	2%	8,611	0%
Standing Faculty	485	492	492	1%	501	2%
Staff	749	751	754	1%	759	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 [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 28 departments, 24 interdisciplinary undergraduate programs, 32 graduate groups, and 28 research centers, in programs leading to the BA, BAAS, AM, MS, PhD, and eight professional master's degrees. The School's major educational units are the undergraduate [College](#), the [Graduate Division](#), and the [College of Liberal and Professional Studies](#) (LPS).

[Our Foundations and Frontiers: A Strategic Plan for Penn Arts and Sciences](#), which echoes the vision of *In Principle and Practice*, 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](#).

Programmatic Initiatives

Accelerating Interdisciplinary Pursuits: The School is undertaking several cross-departmental faculty cluster searches, resulting in three recently recruited faculty in Asian American Studies, an ongoing cluster search in Sexuality Studies, and the newest cluster, Interconnected Minds, focused on the brain, behavior, and neuroscience. The School's 20th *Penn Integrates Knowledge* professor will arrive in January 2025 with an appointment between SAS and the Perelman School of Medicine.

Leading on Great Challenges of Our Time:

- **Climate:** The Vagelos Laboratory for Energy Science is expected to open starting in late October 2024. A faculty committee is working to update the School's interdisciplinary Environmental Studies major. Faculty have recently joined SAS who study American environmental policy and the history of environment, science, and technology, while current faculty searches are pursuing appointments in ecology, energy science, environmental history, and glaciology.
- **Data:** The [SAS Data-Driven Discovery Initiative](#) continues to promote data science in research and teaching across the School. This year, SAS welcomed faculty using machine learning in Chemistry and data science in Criminology, and current faculty recruitment under way in Biology seeks to build further in these areas. An undergraduate Data Science minor that is launching in Fall 2024 has drawn strong interest from students.
- **Democracy, Trust, and Truth:** Faculty hiring this year is bolstering SAS' strength in American politics. SAS has recently launched an online global version of its Master of Public Administration degree.
- **Health:** Scholars joining SAS in the upcoming academic year include a biological anthropologist who studies human adaptation to extreme environments and a historian of medical and scientific constructions of race. [The Population Aging Research Center](#) secured a \$10 million grant from the NIH's National Institute on Aging for biosocial aging research in Malawi that will advance understanding of aging in low-income countries.

Growing Opportunity and Strengthening Community: The School's Office of Diversity, Equity, and Inclusion, partnering with SAS divisions, has worked to refine faculty hiring procedures and graduate student recruitment practices aimed at building the broadest talent pools. Responding to global and campus events of this past fall, and

believing that universities have an obligation to promote constructive discourse on complex issues, SAS launched a dialogue series called [Living the Hard Promise](#) in Spring 2024. Series events on academic freedom, the role of universities, and understanding social media discourse in times of crisis have been well-attended and successful in generating constructive audience engagement.

Deepening Connection with Neighbors and the World: Economics has made junior hires with expertise on Chinese trade and development in India; Political Science has appointed a junior scholar who studies Korean politics; and South Asia Studies is working to recruit a scholar of social hierarchy, diversity, and inclusion in that region. The School's [Klein Family Social Justice Grants](#) and Making a Difference in Global Communities Grants have supported academic activities that foster community engagement and social justice in the US, while the SAS [Making a Difference in Global Communities Grants](#) have a similar goal with an international focus. The SAS-based [Science Outreach Initiative](#) continues to help faculty and students expand collaborative outreach and engagement activities with the Philadelphia community.

Fostering Leadership and Service: A faculty committee is beginning what will be a lengthy review of the undergraduate Arts and Sciences General Requirement to ensure its enduring strength as a liberal arts education core with elements that prepare students to engage in difficult dialogue and adapt to a changing world. The School continues to foster student leadership and service through efforts such as the [Robert A. Fox Leadership Program](#) and academically-based community service courses, of which SAS offers more than any other Penn school.

Key Budgetary Assumptions

Financial Pressures: The School achieved operating surpluses for the last several years as a result of cost controls that were implemented during the pandemic, combined with solid growth in sponsored program activity, strong professional master's program enrollments, and University support for priority faculty hires. However, financial pressures have built up in FY2024 due to the constraints on undergraduate tuition revenues, the impact of higher inflation on salaries and other expenses, and a moderation in the growth of sponsored program activity. These factors are expected to continue to affect the budget in FY2025, with additional pressures coming from a very successful year of faculty hiring, and the increased instructional needs as the School assesses the impacts of the new faculty Study Leave, implemented in FY2024 to maintain competitiveness with peer institutions.

Growth in Key Revenue and Expense Categories: Revenues totaling \$694 million are budgeted, exclusive of capital gifts, an increase of 3.3%, which includes 2.8% growth in the undergraduate tuition block amount, additional endowment income from the first payment from the new \$83.0 million Vagelos gift to fund scientific initiatives, strong growth in the professional program enrollments, and 1.5% growth in sponsored program revenue. Expenses totaling \$700 million are budgeted, exclusive of capital gift spending, an increase of 3.6%, which includes 4.1% growth in undergraduate aid, and growth of 6.3% in compensation driven by new faculty hires and reduced staff turnover rates.

Faculty and Staff Positions: The FY2025 budget assumes that the School will have 501 filled standing faculty positions, nine more than the current year, and 759 filled staff positions.

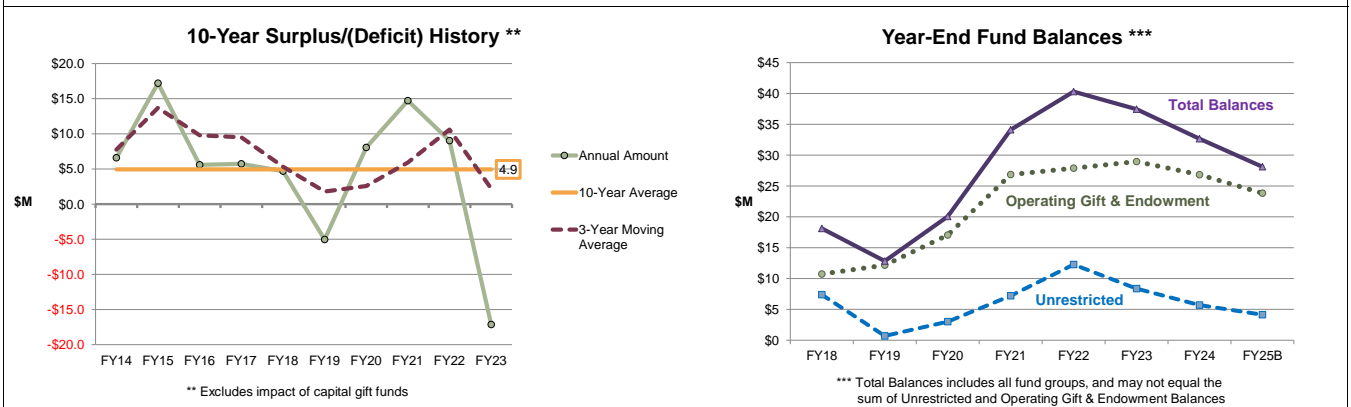
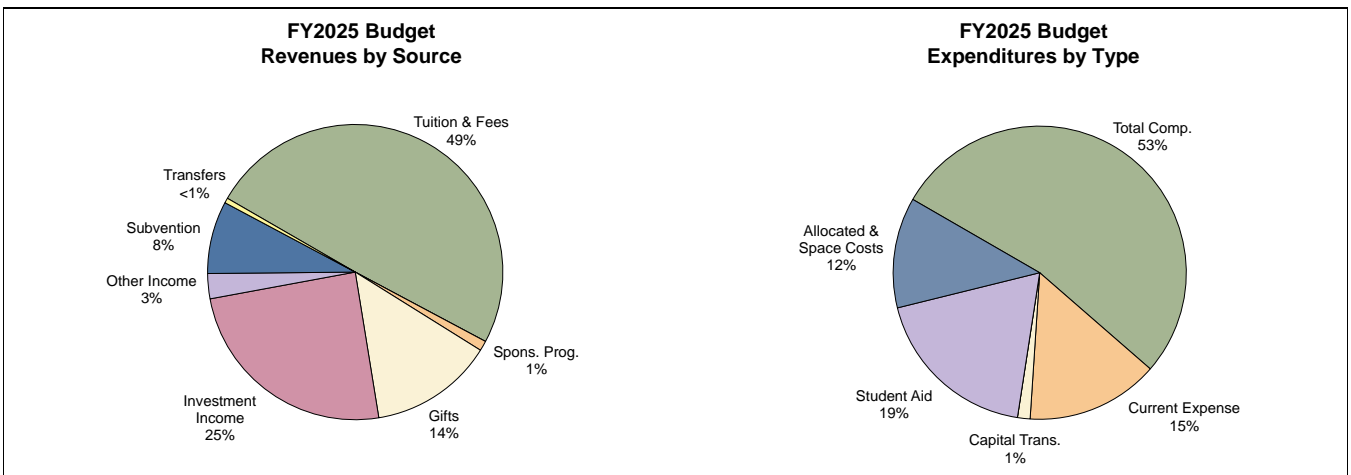
Enrollment: The projected enrollment for FY2025 includes 6,003 full-time undergraduates; 1,212 full-time doctoral students; 922 professional and other degree FTEs; and 474 certificate and non-degree FTEs.

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 with planned occupancy expected to start in late October. The programming process for the new physical sciences building and extensive renovation of David Rittenhouse Laboratory (DRL) will continue in FY2025 for what will be the largest capital project in the School's history.

ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	52,171	56,015	54,868	5%	56,608	3%
Sponsored Programs	1,075	1,361	1,305	21%	1,249	-4%
Gifts	15,199	16,482	15,000	-1%	15,525	3%
Investment Income	27,091	27,641	27,748	2%	28,220	2%
Other Income	2,889	2,833	3,014	4%	3,148	4%
DIRECT REVENUES	98,425	104,332	101,935	4%	104,750	3%
University Subvention	8,684	9,928	9,280	7%	9,095	-2%
Net Resource Transfers From / (To) Other Centers	386	(29)	550	43%	622	13%
TOTAL REVENUES & TRANSFERS	107,495	114,231	111,765	4%	114,467	2%
EXPENDITURES						
Total Compensation	56,664	60,214	61,066	8%	63,149	3%
Current Expense	17,631	16,320	19,280	9%	17,434	-10%
Capital Transactions	16,793	7,224	(348)	-102%	1,650	-574%
Student Aid	20,174	21,450	22,481	11%	22,268	-1%
NET DIRECT EXPENDITURES	111,262	105,208	102,479	-8%	104,501	2%
Allocated Cost & Space Charges	13,361	14,080	14,080	5%	14,510	3%
TOTAL EXPENDITURES	124,623	119,288	116,559	-6%	119,011	2%
SURPLUS/(DEFICIT) *	(17,128)	(5,057)	(4,794)		(4,544)	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	937	975	942	0%	923	-2%
Certificate & Non-Degree	6	15	5	-6%	15	181%
Total Students	943	990	947	0%	938	-1%
Standing Faculty	50	50	51	2%	52	2%
Staff	169	201	176	4%	178	1%





Major Areas of Focus and Activity

In keeping with the University's *In Principle and Practice* strategic framework, Penn Carey Law's FY2025 budget incorporates and focuses on accelerating interdisciplinary pursuits, leading on the great challenges of our time such as Climate, Democracy, Trust, and Truth and Data (and AI), expanding opportunities and strengthening community, deepening connection with neighbors and the world, and fostering leadership and service.

Penn Carey Law is applying these practices as it discusses and implements Dean Lee's Vision Project, the pillars of which are to: 1) provide an outstanding legal education that is broadly accessible, innovative, and interdisciplinary; 2) foster a collegial and inclusive environment that promotes productive debate and enables effective collaboration; and 3) nurture an ethos of service, leadership, and community building. Faculty and staff discussions regarding the Vision Project are centering on how these pillars are already being applied at the School, what new initiatives are needed, and how its implementation can further the adoption of University's strategic framework.

Programmatic Initiatives

- Continue to utilize W.P. Carey Foundation gifts and endowment proceeds for the recruitment and retention of world class faculty and earmarks funds to support faculty innovation in teaching and leadership.
- Deploy the Toll Family Foundation gifts to foster leadership and service in public interest law and to support graduates in becoming leaders in their community and partners in service.
- Distribute student aid efficiently while continuing to support school admission of outstanding leaders and scholars.
- Establish a framework for stewardship of facilities that best supports the Vision Project from FY2025 to FY2029.

Key Budgetary Assumptions

The key goals of the FY2025 budget are to:

- Manage the financial implications of the graduation of the bulge class of 2024.
- Reduce current expense spending.
- Optimize Law School restricted resources more effectively, thereby reducing the draw on University bank reserves and the quasi-endowment.
- Build a robust long-term capital program supported by fundraising that is in alignment with the School's master plan while continuing with the maintenance and upkeep of the School's buildings.
- With the retirement of the Vice-Dean for Administration, restructure and reallocate staff functions to best meet the School's needs.

Financial Performance: Recently, Penn Carey Law has been drawing down on some of its balances to fund key capital projects such as the Silverman classroom upgrades and the new Journal Suite. For FY2025, the School does not intend to liquidate any of its quasi-endowment and is working to minimize the spending of University bank balances by utilizing restricted funds to the greatest extent possible. It has also implemented strict current expense controls.

Tuition and Enrollment: The School has announced a tuition increase of 4.8% for FY2025. With the graduation of the 2024 bulge class, a cohort of 250 JDs and 130 LLMS, and the continued growth of the ML program and transfer students, the School anticipates a 3.2% increase in tuition and fees.

Compensation: Compensation costs are projected to grow by 3.4%. This reflects a net increase of one in the size of the standing faculty, robust competition for world-class scholars, and the restructuring of key staff roles. The School will continue to be vigilant in managing compensation costs.

Current Expense: A decrease of \$1.8 million, or 9.6%, is anticipated in the FY2025 budget because of controls implemented on departmental spending as well as one-time professional service costs that were incurred in FY2024.

Development and Fundraising: In partnership with the central development office, fundraising will ramp up for capital projects and student aid. There will also be a continued focus on raising funds for faculty chairs, student programs, and annual giving.

SCHOOL OF DENTAL MEDICINE
(in thousands of dollars)

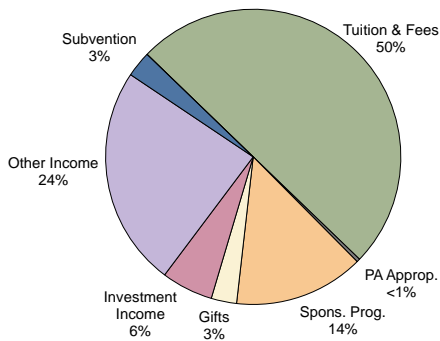
	FISCAL 2023 ACTUAL	FISCAL 2024 BUDGET	FISCAL 2024 FORECAST	% Change from 2023 Actual	FISCAL 2025 BUDGET	% Change from 2024 Forecast
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ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	61,879	66,890	66,763	8%	71,770	8%
Commonwealth Appropriation	517	517	517	0%	517	0%
Sponsored Programs	20,124	19,816	19,816	-2%	20,452	3%
Gifts	4,056	3,000	5,120	26%	4,000	-22%
Investment Income	7,289	7,133	7,980	9%	8,126	2%
Other Income	31,954	35,737	33,611	5%	34,675	3%
DIRECT REVENUES	125,820	133,093	133,806	6%	139,540	4%
University Subvention	4,058	4,058	4,058	0%	4,058	0%
Net Resource Transfers From / (To) Other Centers	1,305	319	1,177	-10%	329	-72%
TOTAL REVENUES & TRANSFERS	131,183	137,470	139,041	6%	143,926	4%
EXPENDITURES						
Total Compensation	70,163	77,765	75,925	8%	81,518	7%
Current Expense	29,765	30,517	30,444	2%	30,761	1%
Capital Transactions	3,598	2,132	3,810	6%	2,486	-35%
Student Aid	5,066	4,988	4,765	-6%	4,983	5%
NET DIRECT EXPENDITURES	108,592	115,402	114,944	6%	119,748	4%
Allocated Cost & Space Charges	19,610	20,592	20,592	5%	21,405	4%
TOTAL EXPENDITURES	128,202	135,994	135,536	6%	141,153	4%
SURPLUS/(DEFICIT) *	2,981	1,476	3,504		2,773	

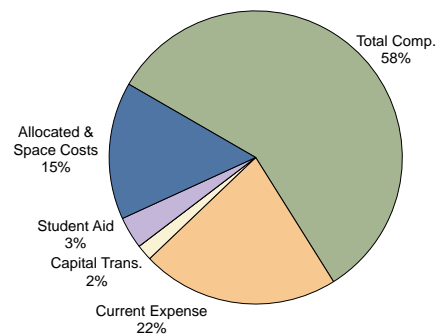
* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	668	746	744	11%	773	4%
Certificate & Non-Degree	88	86	86	-3%	87	2%
Total Students	756	832	829	10%	860	4%
Standing Faculty	52	56	49	-5%	51	4%
Staff	323	351	355	10%	355	0%

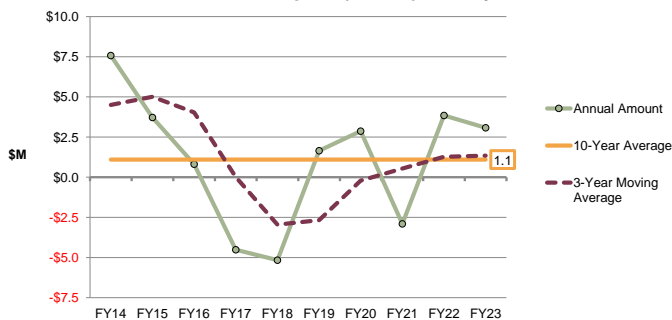
FY2025 Budget Revenues by Source



FY2025 Budget Expenditures by Type

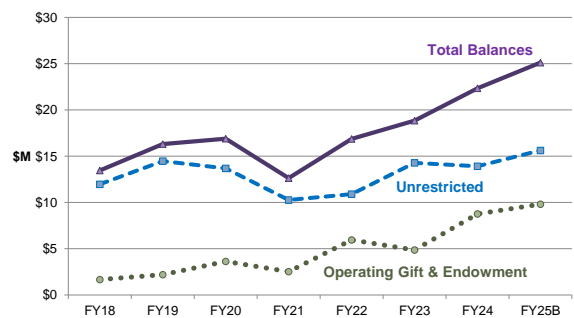


10-Year Surplus/(Deficit) History **



** 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

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 our [mission](#). PDM has an enormously innovative [research enterprise](#), ranking in the top four 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](#).

Programmatic Initiatives

Accelerating Interdisciplinary Pursuits: PDM actively promotes interdisciplinary collaboration. By forging connections across disciplines, it advances knowledge and improves lives. Whether through research, teaching, or clinical practice, PDM encourages novel approaches that transcend traditional boundaries.

Leading on Great Challenges of Our Time: PDM's participation in COP28 discussions in Dubai demonstrates its commitment to integrating oral health into global decision-making, emphasizing sustainability and positive change. Participation in global health discussions (such as COP28) and commitment to the WHO Global Oral Health Action Plan exemplify PDM's engagement beyond its immediate community.

Growing Opportunity and Strengthening Community: The addition of a new community dental clinic in partnership with Penn Medicine expands PDM's reach within the Philadelphia community, providing essential services and generating revenue. The PHMC Public Health Campus on Cedar opened in January 2024 and is expected to generate \$2.4 million in revenues for the School in FY2025. For FY2025, PDM also expects to provide \$4.6 million in scholarships and aid, including \$1.0 million per DMD class year, supporting more than a quarter of the members of each class.

Fostering Leadership and Service: The recruitment of an Associate Dean for Diversity, Equity, and Inclusion reflects PDM's commitment to developing leadership that promotes equity and inclusivity. PDM is also committed to continually prioritizing student wellness and mental health. As part of this commitment, it has expanded its campus services through counseling and psychological services, ensuring that all of its students have access to the support they need.

Key Budgetary Assumptions

Tuition: For FY2025, the School anticipates a 23-student increase in the DMD program. Simultaneously, the tuition rate for the DMD program will rise by 3.75% to address escalating operational and staffing expenses. As a result, the overall impact on revenue for FY2025 is projected to be a 7% increase. PDM also expects further growth in post-doctoral matriculants for both asynchronous programs and the new Master of Science in Oral and Population Health program.

Endowment: The market value of PDM endowments has grown 63.3% since the end of FY2018. As of April 2024, the market value was \$147 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 6.5%, providing \$1.9 million of incremental revenue in FY2025.

Sponsored Programs: Moderate growth is anticipated in grant revenues in FY2025, 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, extramural research opportunities, and global initiatives.

Current Expense: PDM anticipates growth in current expense will be constrained to a 1% increase in FY2025. There are several factors contributing to the rise in patient supply costs, including volume growth and inflationary pressures. However, PDM remains committed to cost control, efficient inventory management, and other strategic initiatives. As a result, it anticipates that patient supply costs will remain stable despite these challenges.

Capital Project Priorities: The School plans to transform the soon-to-be-reclaimed Saxby space (expected to become available by the end of December 2024) into a multi-room, same-day surgical facility. This facility will include appropriate pre-op and recovery areas, as well as a dedicated space for urgent care delivery to patients in the Philadelphia community. Capital funding for this project, along with fundraising efforts, are scheduled for FY2025 and FY2026. Additionally, the School aims to conduct a feasibility study for upgrading its research space.

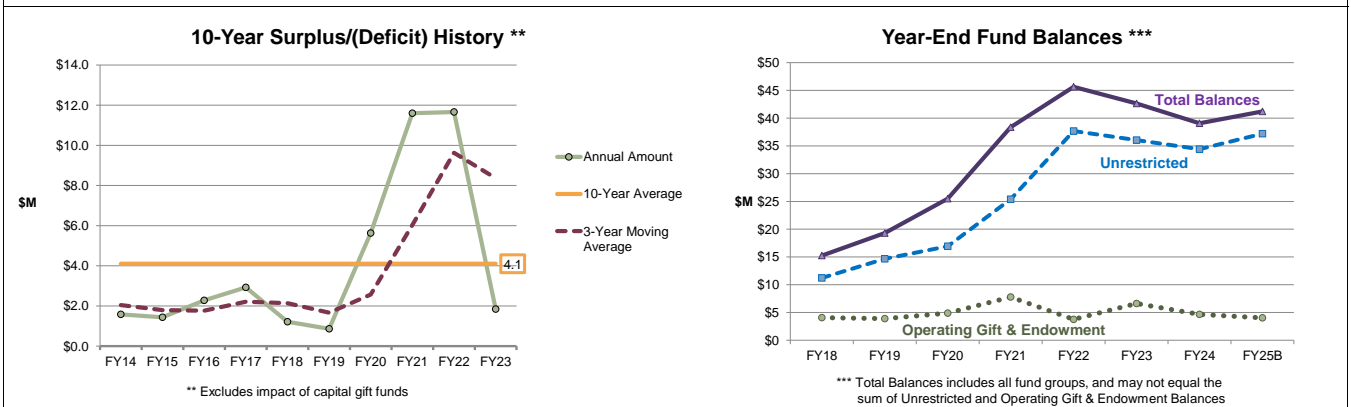
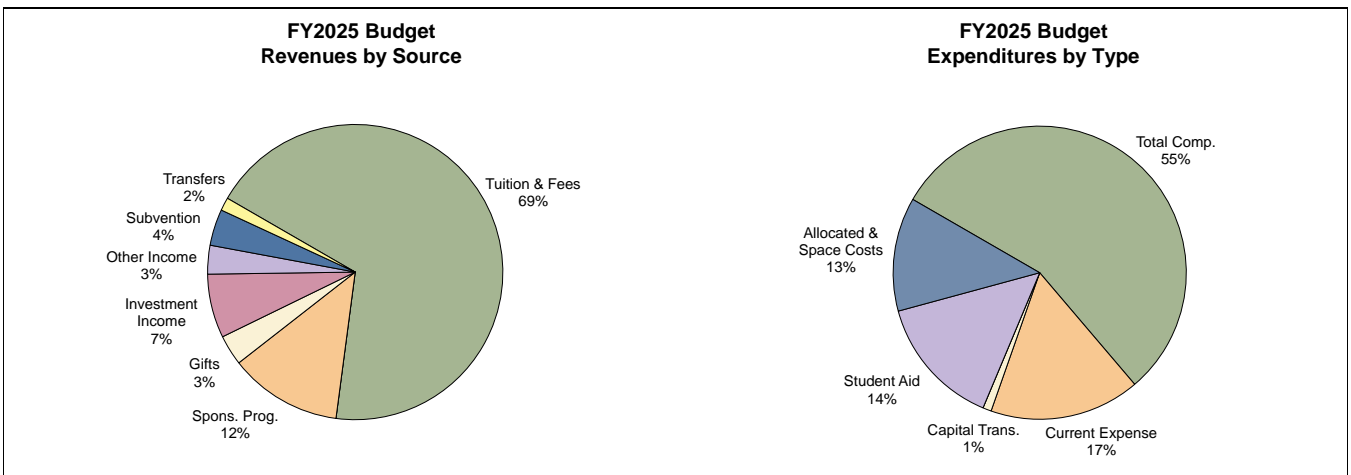
GRADUATE SCHOOL OF EDUCATION
(in thousands of dollars)

FISCAL 2023 ACTUAL FISCAL 2024 BUDGET FISCAL 2024 FORECAST % Change from 2023 Actual FISCAL 2025 BUDGET % Change from 2024 Forecast

ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	62,036	61,986	62,450	1%	63,672	2%
Sponsored Programs	10,879	11,647	10,915	0%	11,461	5%
Gifts	6,486	4,415	2,400	-63%	3,075	28%
Investment Income	5,993	5,729	6,620	10%	6,480	-2%
Other Income	2,300	2,691	2,422	5%	2,912	20%
DIRECT REVENUES	87,694	86,468	84,807	-3%	87,600	3%
University Subvention	3,238	3,610	3,610	11%	3,687	2%
Net Resource Transfers From / (To) Other Centers	1,778	1,027	1,649	-7%	1,325	-20%
TOTAL REVENUES & TRANSFERS	92,710	91,105	90,066	-3%	92,612	3%
EXPENDITURES						
Total Compensation	43,288	46,232	48,141	11%	50,090	4%
Current Expense	14,182	16,334	14,579	3%	15,000	3%
Capital Transactions	15,483	6,038	6,683	-57%	850	-87%
Student Aid	12,006	12,404	12,762	6%	13,061	2%
NET DIRECT EXPENDITURES	84,958	81,007	82,166	-3%	79,001	-4%
Allocated Cost & Space Charges	10,440	10,653	10,653	2%	11,342	6%
TOTAL EXPENDITURES	95,398	91,660	92,819	-3%	90,343	-3%
SURPLUS/(DEFICIT) *	(2,688)	(555)	(2,753)		2,270	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	105	105	106	1%	106	0%
Professional & Other Degree	1,301	1,278	1,277	-2%	1,251	-2%
Certificate & Non-Degree	20	79	79	289%	79	0%
Total Students	1,426	1,462	1,462	3%	1,436	-2%
Standing Faculty	38	42	39	2%	38	-3%
Staff	146	148	147	1%	152	3%



** Excludes impact of capital gift funds

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



Major Areas of Focus and Activity

[Penn GSE](#) partners with schools, communities, policymakers, and businesses to unlock educational opportunities for students locally, nationally, and globally. The School accomplishes this mission through academic programs, research, and service to its varied constituencies. Programmatically, GSE offers master's and doctoral degree programs and 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.

GSE's current research portfolio includes over \$46M in awards and \$11M in expenditures annually 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 worldwide.

Programmatic Initiatives

Penn GSE's programmatic initiatives are shaped by an emerging Strategic Vision that comprises programmatic priorities and key operational levers to guide planning, resource allocation, and communications and fundraising initiatives over the coming decade, with the goal of substantially increasing GSE's impact in local and global educational communities and continuous refinement of GSE's suite of high-quality, socially conscious, market-relevant degree and professional learning programs. GSE's Strategic Vision is guided by the University's *In Principle and Practice* strategic framework, positioning GSE to lead across each of the framework's priority areas.

Fostering Leadership and Service: GSE's Strategic Vision centers on preparing and sustaining the K-12 and higher education workforce. GSE is unique among schools of education for its breadth of high-quality academic programs and professional development offerings for educational practitioners at each career stage. GSE will continue to focus on growing and enhancing its teacher preparation and leadership programs by honing programmatic offerings for teacher graduates as they enhance their pedagogy or transition into leadership roles at the school, district, state, or federal levels. GSE is also undertaking external reviews for GSE's academic programs to continue to ensure exceptional quality, effectiveness, and market relevance. To support this priority in FY2025, Penn GSE will unite its professional development programs within Penn GSE Catalyst, the school's innovation hub, for the first time. This shift allows for programmatic synergies, enhanced quality and consistency, and agility in innovation to meet the ever-evolving needs of educational practitioners.

Deepening Connection with Neighbors and the World: Community-engaged scholarship and programs have long been a hallmark of GSE, including a longstanding and multifaceted relationship with the School District of Philadelphia. This relationship includes over \$6 million of annual GSE commitments to the district across student placements, scholarships, programming, and research. In FY2025, Penn GSE will focus on a unified strategy for schoolwide community engagement. GSE is also working to forge new research and programmatic collaborations with the Pennsylvania Department of Education on topics of mutual concern like statewide educator shortages and is launching a five-year global engagement strategy that will enhance the School's capacity with international schools, NGOs, governments, and transnational organizations to explore academic, research, and service partnerships.

Growing Opportunity and Strengthening Community: High cost of attendance remains a major barrier for prospective students at GSE. Increasing the accessibility of programs is a key lever of the Strategic Vision as GSE expands need-based aid and identifies other approaches to contain and lower costs. In FY2025, GSE will make scholarships for teacher education programs a critical fundraising priority. Additionally, GSE will seek to increase the breadth of its international student enrollment by deepening connections in global regions with unmet demand for high-quality graduate education and professional development.

Leading on Great Challenges of Our Time: Penn GSE possesses exceptional faculty expertise on how educational communities can foster hard conversations across diverse identities and ideologies in and beyond the K-12 and higher education classrooms. The Penn GSE Strategic Vision sets as a key priority facilitating hard conversations, staking an affirmative claim about the vital role of education—K-12 and postsecondary—within democratic society. This effort involves enhancement to existing academic and community-engaged programs, as well as novel collaborations across Penn. In pursuing this priority, GSE assumes a leadership role across the University, among peer schools of education, and in wider public discourse on how society can move forward productively in an era of profound polarization.

Accelerating Interdisciplinary Pursuits: Penn GSE prioritizes pushing the boundaries of knowledge. As always at GSE, knowledge creation will focus on research frontiers that translate theory to practice and emphasize impact in the lives of educators, learners, and their communities. Given the rapid pace of change in education today, interdisciplinarity is vital to GSE's impact because it is essential to creative solution-seeking; key to this is recruitment of faculty with interdisciplinary reach across educational arenas who can research and teach across multiple GSE programs. To deepen interschool and interdisciplinary collaborations across Penn, GSE is exploring partnership opportunities with other Penn schools around artificial intelligence, given the extraordinary expertise in AI-engaged pedagogy among GSE's faculty.

Key Budgetary Assumptions

With the GSE expansion capital project now complete and significant capital expenses ending in FY2024, GSE expects to begin achieving positive margins again in FY2025. The School is conservatively projecting a surplus of \$2.3 million in FY2025, a margin of 2.5%.

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. The FY2025 budget conservatively estimates a small enrollment decline of 2%, offset by the tuition and fee rate increase of 3.75%. The early results of the FY2025 admissions cycle are positive to date, suggesting tuition and fees may exceed the forecast incorporated into the budget.

Student Aid: GSE continues to make substantial investments in student aid and should surpass the \$13 million mark in FY2025. The School continues to increase the types of aid programs offered, including increasingly robust need-based offerings for first generation and low-income students.

Gifts: The School is projecting \$3 million in gift income for the FY2025 budget, which is consistent with historical averages but below levels seen in the past few years, which were higher than normal due to the fundraising for the expansion project.

Salaries: Total salaries are only expected to increase by 3.2%, which is lower than the 3.75% increase the University set for the merit pool. The modest growth is due to a significant number of sabbaticals taking place, which will relieve the GSE budget. These savings will be offset by modest growth in administrative positions that are part of a marketing and communications restructuring.

Capital Transactions: The GSE expansion project was completed in FY2024, and the School is utilizing the new space to full capacity. The project was awarded a LEED Gold certification in early 2024. The School's final transfer into the project of \$600,000 will occur in FY2025. In addition, GSE is also budgeting \$250,000 for bathroom renovations in parts of the building that were untouched by the expansion project.

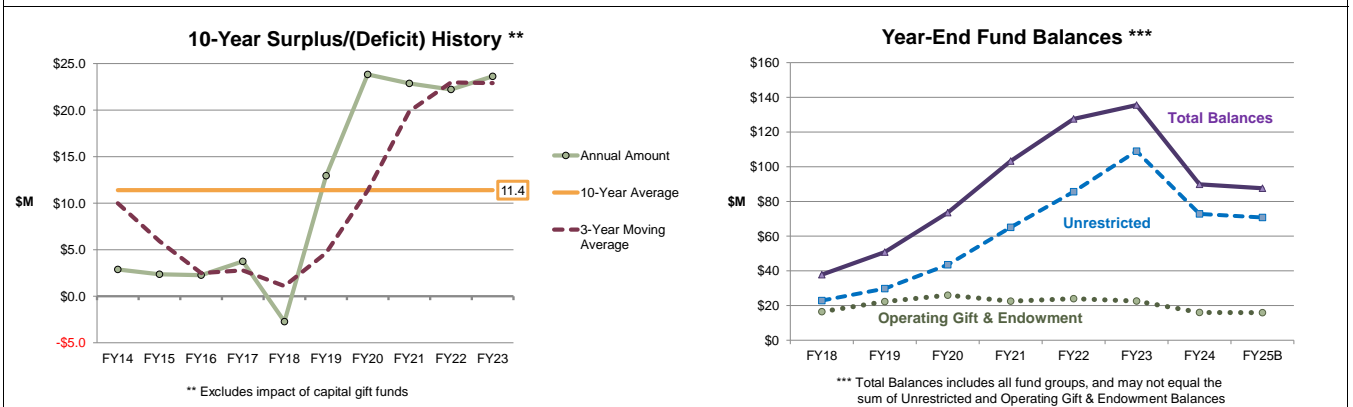
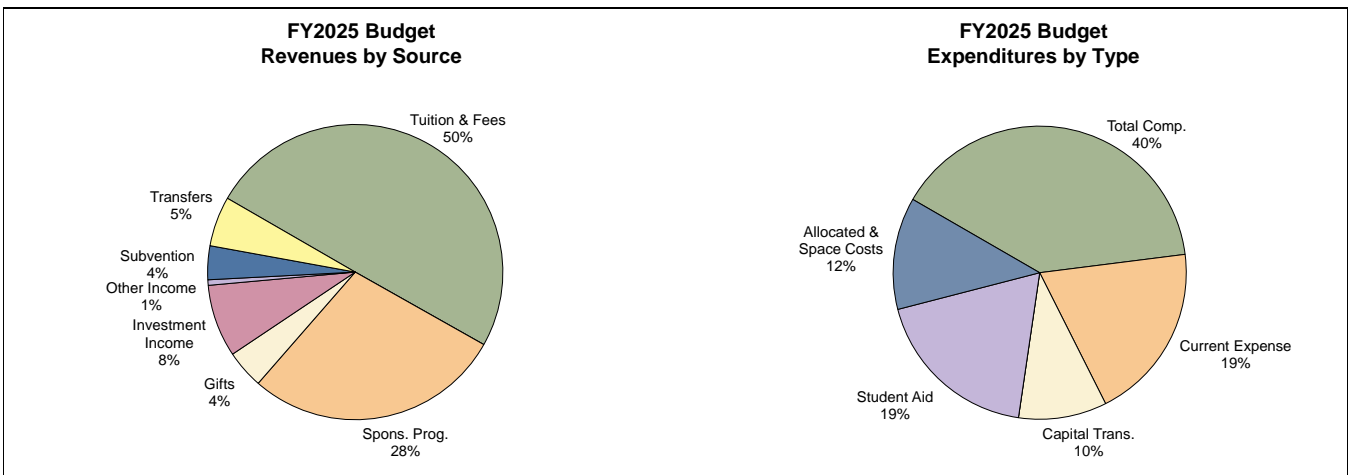
SCHOOL OF ENGINEERING & APPLIED SCIENCE
(in thousands of dollars)

	FISCAL 2023 ACTUAL	FISCAL 2024 BUDGET	FISCAL 2024 FORECAST	% Change from 2023 Actual	FISCAL 2025 BUDGET	% Change from 2024 Forecast
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ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	160,230	169,701	171,514	7%	184,358	7%
Sponsored Programs	90,014	102,463	102,756	14%	108,510	6%
Gifts	21,742	18,019	17,094	-21%	16,117	-6%
Investment Income	26,497	27,927	30,343	15%	30,533	1%
Other Income	9,713	2,237	3,376	-65%	2,313	-31%
DIRECT REVENUES	308,197	320,347	325,084	5%	341,831	5%
University Subvention	13,202	14,336	14,015	6%	14,206	1%
Net Resource Transfers From / (To) Other Centers	6,037	12,302	12,080	100%	20,999	74%
TOTAL REVENUES & TRANSFERS	327,436	346,986	351,178	7%	377,036	7%
EXPENDITURES						
Total Compensation	117,959	131,168	133,969	14%	148,312	11%
Current Expense	58,147	65,816	65,225	12%	74,541	14%
Capital Transactions	43,635	71,656	89,779	106%	36,430	-59%
Student Aid	58,239	62,139	63,597	9%	69,730	10%
NET DIRECT EXPENDITURES	277,979	330,780	352,570	27%	329,012	-7%
Allocated Cost & Space Charges	39,735	42,322	42,322	7%	46,224	9%
TOTAL EXPENDITURES	317,714	373,102	394,892	24%	375,236	-5%
SURPLUS/(DEFICIT) *	9,723	(26,116)	(43,714)		1,799	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	1,755	1,765	1,786	2%	1,786	0%
Ph.D.	794	847	885	12%	929	5%
Professional & Other Degree	2,116	2,571	2,550	21%	2,728	7%
Certificate & Non-Degree	16	20	28	75%	20	-29%
Total Students	4,681	5,203	5,249	12%	5,463	4%
Standing Faculty	131	140	136	3%	145	7%
Staff	241	251	271	13%	277	2%





Major Areas of Focus and Activity

For over 170 years, Penn Engineering's vibrant, collaborative, and innovative community has been Penn's intellectual home for technology-related teaching and research. The School's state-of-the-art research laboratories allow its world-acclaimed faculty to pursue the solutions to leading global challenges in human health, data science and artificial intelligence, and energy and sustainability. Penn Engineering's interdisciplinary curricula offer students an unparalleled learning experience, and its students play a critical role in posing and answering the important questions that will improve the human condition and transform our world. The School offers the following degrees: 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 Doctor of Philosophy (PhD).

Programmatic Initiatives

Accelerating Interdisciplinary Pursuits: With close partnerships across Penn's 11 other schools, Penn Engineering benefits from a highly interdisciplinary culture. The School's [centers and institutes](#) exemplify the cross-pollination of its research and affiliated graduate programs, while its [dual-degree and majors](#) reflect the multidisciplinary nature of undergraduate studies in the School. Penn Engineering is also committed to the commercialization of its research assets and works in partnership with the Penn Center for Innovation (PCI). The School's invention disclosures, patent filings, licenses and options, and sponsored research activities are on the rise, including notable partnerships with Amazon, Google, BioNTech and Toyota, with 24 new ventures started by faculty and students in just the last five years. To further encourage innovation and entrepreneurship, the School, in collaboration with the Wharton School, actively provides operational support for the [Penn Venture Lab](#) and during FY2024 launched its [Entrepreneurship Fellows](#) program.

Leading on Great Challenges of Our Time: In partnership with schools and centers across the University, Penn Engineering is working to address societal grand challenges. The School's research, education and outreach efforts to address these global challenges are outlined in its three [Signature Initiatives: Engineering Health, Data Science and Energy and Sustainability](#). With three new buildings and spaces — [Amy Gutmann Hall](#), [VLEST](#) and [One uCity](#) — coming online during the 2024-2025 academic year, along with opportunities for faculty hiring and seed grants for innovative projects, these initiatives will catalyze the Penn Engineering community in new ways, leading to practical solutions to many of the world's most pressing problems.

Growing Opportunity and Strengthening Community: Penn Engineering is [passionately committed](#) to attracting, nurturing, and graduating engineers whose diversity reflects our society in all respects. Under the guidance of the School's [Office of Diversity, Equity and Inclusion](#), (ODEI), Penn Engineering supports a wide range of programs and initiatives for women and underrepresented minorities, including [Advancing Women in Engineering](#) (AWE), the [A. James Clark Scholars Program](#), a [Freshman Coaching Program](#) and [master's-to-Ph.D. bridge programs](#). During this past academic year, the School launched the [Penn Engineering History](#) project, which seeks to address barriers to inclusion and belonging within the School's physical spaces. The resulting [timeline](#) and [portraiture](#) displays elevated awareness of the School's key historical and cultural context.

Deepening Connection with Neighbors and the World: Penn Engineering's outreach activities at the K-12 level focus on impact within the City of Philadelphia and the surrounding areas, with the goal of increasing interest in STEM and ultimately widening the pipeline of prospective Penn Engineering students. Initiatives in this area include: partnering with [The Army Educational Outreach Program \(AEOP\) High School Apprenticeship Program](#) to provide students from historically underrepresented groups with authentic science and engineering research experiences; partnering with [Heights Philadelphia](#) to offer both the [Inveniam Program](#) to develop foundational STEM resources to create pathways to Penn Engineering and other college engineering programs, and the Blended Learning Initiative and the Summer Blended Learning Initiative, which offer free computer science instruction and preparation for AP STEM

coursework; partnering with George Washington High School to develop STEM experiences and workshops for high school students; and expanded partnerships to reach 20 local elementary and middle schools in the Fife-Penn STEM and CS Academy, including 43 STEM and coding clubs.

Fostering Leadership and Service: Global impact and leadership is a key tenet of Penn Engineering's mission, outlined in detail in the School's [strategic plan](#). Additionally, a service mindset is encouraged throughout the Penn Engineering experience, with students able to leverage the [Penn Engineering Student Learning and Engagement \(PESTLE\) portal](#) to find local volunteer opportunities. Global service-learning programming is done in partnership with Penn Abroad via [Penn Global Seminars](#) in Jamaica, China, and the Netherlands, with planned expansions to Germany and Argentina. The School has also partnered with Perelman School of Medicine's Medical Physics program and receive an award from the Penn Global Research and Engagement Grant Program to send students to Ghana starting in Summer 2025 to support AI-driven medical intervention for radiation oncology. Leveraging the instructional technologies developed by [Penn Engineering Online](#), the School envisions a future of accessible, at-scale education that uses technological advancements and inclusive practices that will remove traditional boundaries, empower individuals, and provide unparalleled opportunities for learners globally.

Key Budgetary Assumptions

Revenue Enhancement Measures: Building on the success of [MCIT Online](#), Penn Engineering introduced its second online master's degree program, the [Master of Science in Engineering in Data Science](#) in Spring 2023, and is maintained this momentum with the [Raj and Neera Singh Master of Science in Engineering in Artificial Intelligence](#) announced in April 2024. Designed to make an Ivy League education accessible to aspiring Penn Engineers across the world, this new, online-only degree program is the first of its kind among Ivy League universities and will empower students to lead AI into the future.

Faculty and Staff Positions: The number of filled standing faculty positions for FY2025 is budgeted at 145, a net increase of nine from the FY2024 forecast. Filled, full-time staff positions are budgeted at 277, an increase of six filled positions from FY2024 representing planned additional support for research and online education.

Enrollment: Full-time undergraduate enrollment is budgeted at 1,786, with an incoming class of 426. Ph.D. enrollment is projected to be 929 FTEs with 178 new matriculants, and professional and other degree program enrollment is budgeted at 2,728 FTEs with 1,190 new matriculants.

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

Amy Gutmann Hall: Slated for opening in the fall of 2024, the new six-story, 116,000 gross square foot mass-timber building, located at the southeast corner of 34th and Chestnut Streets, will serve as the central hub for data science and engineering on campus. This project is budgeted at \$137.5 million.

Vagelos Laboratory for Energy Science and Technology (VLEST): With planned occupancy starting in late October 2024, this \$169 million facility will be situated on the south side of 32nd and Walnut Streets. The Penn Engineering space within the VLEST building will offer state-of-the-art laboratory facilities, catering to both current and new faculty specializing in energy and sustainability science and technology.

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](#)). Penn Engineering is fitting out and leasing 32,000 square feet of space on the 10th floor and about 10,000 square feet of space on the 2nd floor of [One uCity Square](#) for CPE4H. The total estimated cost of this space expansion is \$25.5 million in initial fit-out expense, with annual lease and operating costs over 10 years totaling \$41 million.

Space Master Plan: As new facilities open, Penn Engineering is strategically repurposing vacated areas within existing buildings through a space-planning and optimization initiative in collaboration with [HDR, Inc.](#) This effort aims to enhance spaces for undergraduate students, teaching laboratories, and research facilities. Concurrently, while Penn Engineering has secured space at Pennovation and on Market Street to address immediate needs, the School continues to actively develop long-term strategies to comprehensively address its significant space challenges.

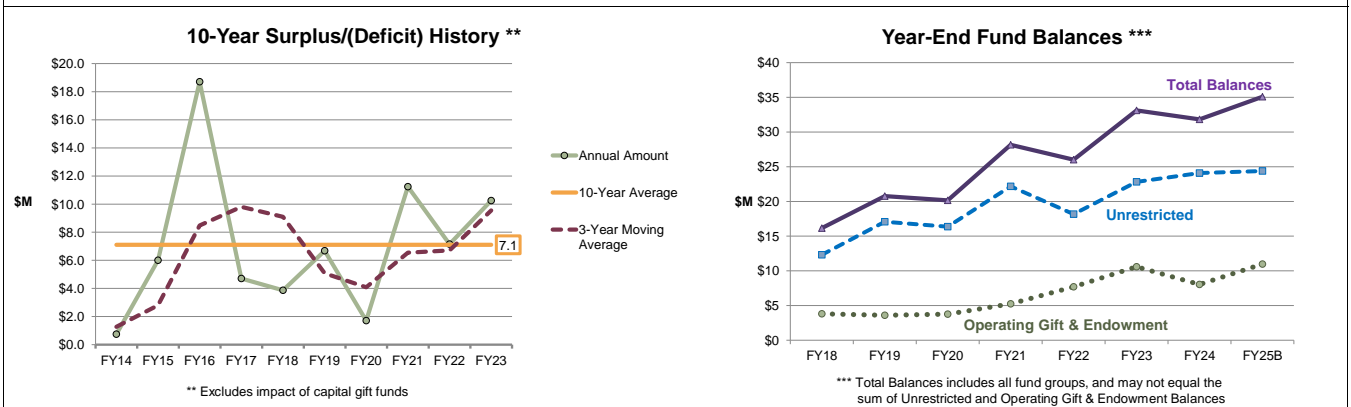
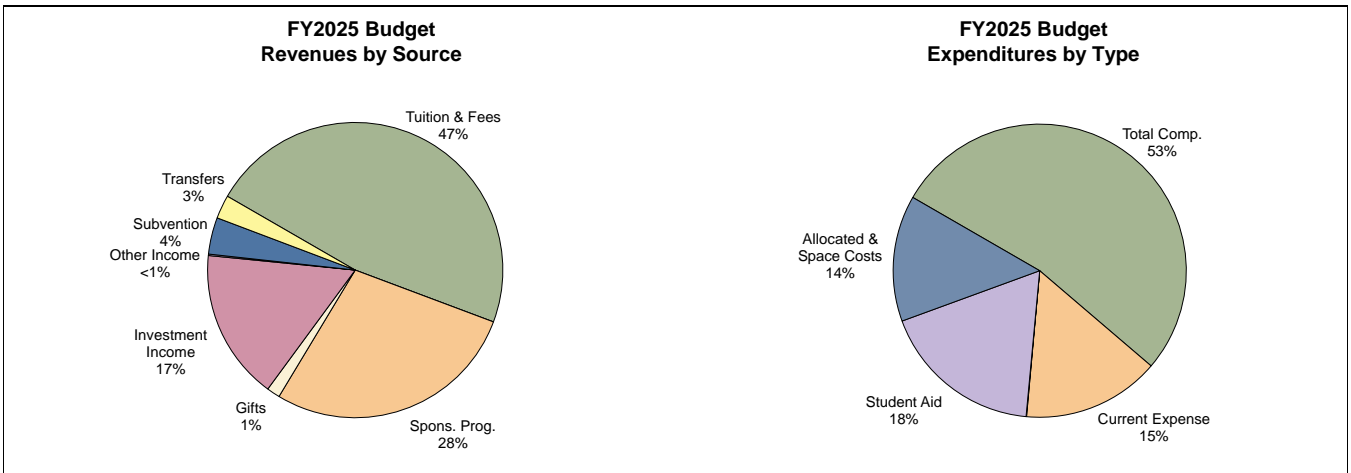
SCHOOL OF NURSING
(in thousands of dollars)

	FISCAL 2023 ACTUAL	FISCAL 2024 BUDGET	FISCAL 2024 FORECAST	% Change from 2023 Actual	FISCAL 2025 BUDGET	% Change from 2024 Forecast
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ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	46,353	45,368	45,368	-2%	49,261	9%
Sponsored Programs	23,935	24,086	28,182	18%	29,038	3%
Gifts	2,694	1,668	1,712	-36%	1,512	-12%
Investment Income	12,685	15,193	15,545	23%	17,142	10%
Other Income	242	160	240	-1%	165	-31%
DIRECT REVENUES	85,909	86,475	91,046	6%	97,117	7%
University Subvention	3,890	4,120	4,120	6%	4,183	2%
Net Resource Transfers From / (To) Other Centers	2,284	2,812	3,154	38%	2,678	-15%
TOTAL REVENUES & TRANSFERS	92,084	93,407	98,321	7%	103,979	6%
EXPENDITURES						
Total Compensation	42,833	46,348	48,394	13%	51,171	6%
Current Expense	12,463	13,118	13,722	10%	14,677	7%
Capital Transactions	87	417	875	904%	50	-94%
Student Aid	13,839	14,890	16,546	20%	17,342	5%
NET DIRECT EXPENDITURES	69,222	74,774	79,537	15%	83,240	5%
Allocated Cost & Space Charges	12,563	13,031	13,031	4%	13,453	3%
TOTAL EXPENDITURES	81,785	87,805	92,568	13%	96,693	4%
SURPLUS/(DEFICIT) *	10,298	5,602	5,752		7,286	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	390	400	387	-1%	387	0%
Ph.D.	51	54	50	-3%	53	6%
Professional & Other Degree	472	469	491	4%	510	4%
Certificate & Non-Degree	10	10	8	-17%	10	25%
Total Students	923	933	936	1%	960	3%
Standing Faculty	55	57	55	0%	62	13%
Staff	146	149	152	4%	165	9%





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 9th 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 second cohort of the Leonard A. Lauder Community Care Nurse Practitioner Program enrolled in FY2024, 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, including the launch of the Master of Professional Nursing entry to practice program that will enroll its first cohort in Fall 2024. The School continues to prioritize providing resources that support students from under-resourced backgrounds and that integrate social justice throughout the School's mission.

Programmatic Initiatives

Programmatic initiatives within Penn Nursing are well-aligned with the University's *In Principle and Practice* strategic framework, as highlighted below, and the School is undertaking a strategic review of its priorities to ensure even greater synergy with the framework.

Accelerating Interdisciplinary Pursuits: Penn Nursing and Penn Libraries partnered to advance access to materials, services, and awareness of the Penn Nursing Barbara Bates Center for the Study of the History of Nursing, a preeminent history of nursing research center and archive. With the hiring of a curator that reports to both Penn Nursing and Penn Libraries, the Bates Center is well-positioned to provide resources for scholars and students to question traditional disciplinary paradigms, to give voice to the historical power of nursing, and to analyze the strengths and weaknesses of local and global approaches to issues of health and illness.

Leading on Great Challenges of Our Time: In the area of data science, Penn Nursing and the Penn Artificial Intelligence and Technologies Collaboratory for Healthy Aging (PennAITech), funded by the National Institute on Aging, hosted a roundtable with experts from academia, industry, and government to discuss challenges and opportunities in the use of Large Language Models (LLMs) and Generative Artificial Intelligence (AI) in gerontology. With the exponential growth of LLMs and the platforms they support, Penn Nursing is leading in understanding the intersection of AI, nursing, and the broader healthcare landscape. A national symposium is being planned for 2025 with nursing and tech leaders to identify key research opportunities. Penn Nursing is also leading in campus conversations at this intersection of research, technology, and human health.

Penn Nursing continues to highlight climate change and its impacts on social justice and health and hosted Roxana Chicas, PhD, FAAN, as part of Penn Nursing's 2024 Dr. Martin Luther King, Jr. Event series, to deliver a talk on "Social and Climate Injustice: Examining the Effects on the Health of Farmworkers." The School works collaboratively with other units on campus to address climate issues, including its participation in a recent Society of Environmental Journalists conference held at the Annenberg Public Policy Center.

In the area of Democracy, Trust, and Truth, Penn Nursing is combating misinformation and disinformation nationally through Dean Villarruel's role as advisor to the National Academy of Medicine in an assessment of credible health information. Locally, the School disseminates evidenced-based information through partnerships with the Philly Community Alliance Against COVID-19 (Philly CEAL) and the Penn Medical Communication Research Institute (PMCRI), which is a multidisciplinary effort with the Perelman School of Medicine, the Annenberg School for Communication, and Penn Engineering, and through various research grants and policy guidance.

Deepening Connection with Neighbors and the World: The Penn Nursing Renfield Foundation Award for Global Women's Health was awarded to Hilaria Huaman, Director of Mosoq Pakari Sumaq Kawsay (New Dawn for Good Living Healing Center) for her lifelong dedication in advocating for the rights and well-being of indigenous women in Peru. The Leonard A. Lauder Community Care Nurse Practitioner Program has provided opportunities to work with

community-based health centers in the region, including Project HOME, Oak Street, and others. Penn Nursing supports health initiatives in Philadelphia such as those at Puentes de Salud Health Center and the United Community Clinic at the African Family Health Organization (AFAHO) site in Southwest Philadelphia to set up the United Community Clinic (UCC). Over the next five years, Penn Nursing will partner with Philly CEAL to work with the City of Philadelphia to support chronic illness management.

Key Budgetary Assumptions

Students: Enrollment has remained stable despite graduate enrollment declining nationally. For the second year in a row, the Accelerated Bachelor of Science in Nursing (ABSN) program yielded a notably larger class than in previous years. This will be the final ABSN cohort, with the new Master of Professional Nursing (MPN) cohort enrolling in the Fall 2024. The new Master of Science in Nutrition Science program enrolled its inaugural class in Fall 2023, and Penn Nursing is actively building joint-degree relationships with Penn Dental and PSOM. Planning is underway for innovating bridges between the Master of Nursing Science degree (MSN) and the Doctor of Nursing Practice degree (DNP) that will allow for a more efficient completion of both degree programs and elevate Penn Nursing's educational programs in the marketplace.

Tuition Rates: The tuition rates for the graduate programs are increasing by 3.9%, consistent with the undergraduate tuition parameter.

Faculty and Staff Positions: Due to multiple faculty retirements expected in the next few years, the School was successful in the recruitment of several new faculty members amongst standing faculty, clinical educator faculty, and teaching faculty. In addition, the School continues to fill vacancies and add staff in support of its growing research and educational initiatives. Budgeted salary growth also reflects inflationary factors and a competitive labor market for both faculty and staff.

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 in FY2025 consistent with the budgeted growth in research spending.

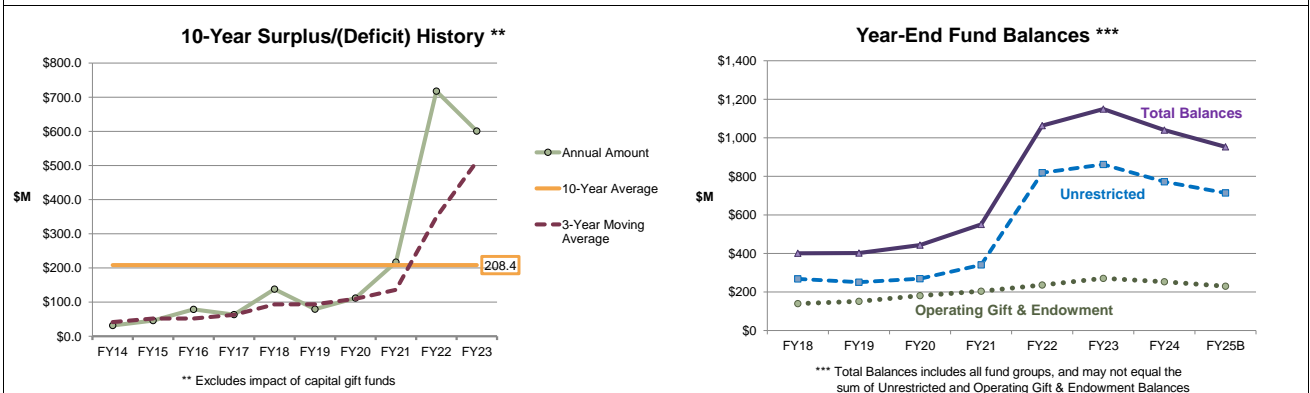
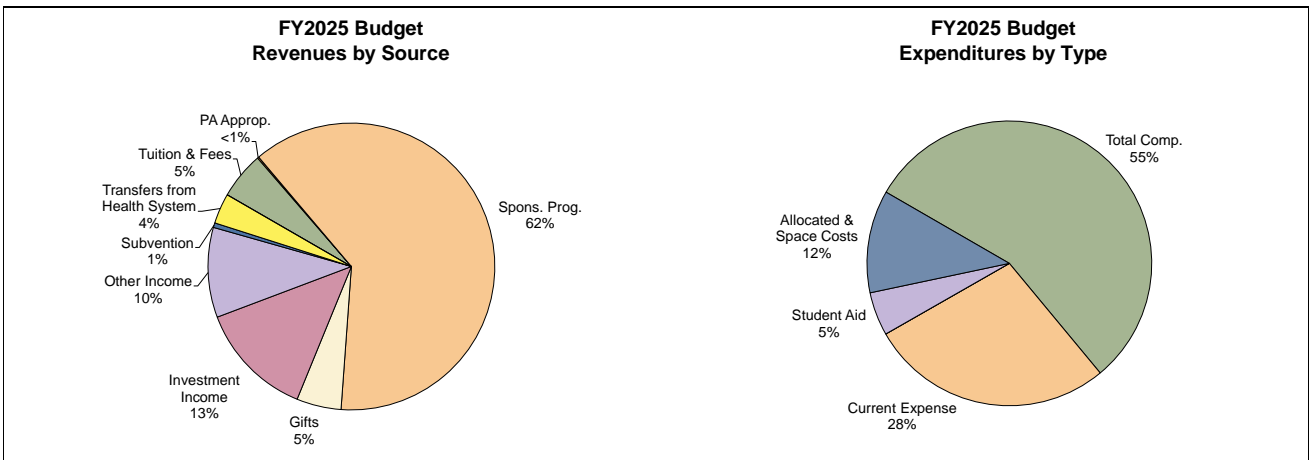
Current Expense: Budgeted growth not only reflects inflation but also increased research activity and continued expansion of the Eidos LGBTQ+ Health Initiative and the Leonard A. Lauder Community Care Nurse Practitioner Program. Classroom technology upgrades continue, and upgrades to student and research space are ongoing.

Capital Projects: The upgrade to the Fagin Hall emergency generator is nearing completion, and the electrical switchgear upgrades will continue with funding from the University's facilities renewal program. The conversion of the former history center archival space into research-focused office space is nearly finished, and the upgrades to the School's laboratory space are complete. The Roy Auditorium will be renovated through investments made by Penn's central classroom pool during the summer of 2024.

ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	77,850	83,330	84,794	9%	86,503	2%
Commonwealth Appropriation	2,673	2,673	2,673	0%	2,673	0%
Sponsored Programs	944,429	947,231	993,197	5%	1,013,987	2%
Gifts	123,186	94,747	82,670	-33%	81,742	-1%
Investment Income	161,333	188,380	195,920	21%	212,675	9%
Other Income	635,744	293,246	321,173	-49%	164,969	-49%
DIRECT REVENUES	1,945,216	1,609,608	1,680,428	-14%	1,562,549	-7%
University Subvention	8,291	8,365	8,365	1%	8,449	1%
Transfers from Health System	151,133	(30,714)	24,188	-84%	55,544	130%
Net Resource Transfers From / (To) Other Centers	(18,160)	(19,053)	(12,195)	-33%	(10,640)	-13%
TOTAL REVENUES & TRANSFERS	2,086,479	1,568,206	1,700,786	-18%	1,615,902	-5%
EXPENDITURES						
Total Compensation	778,454	812,414	852,968	10%	899,011	5%
Current Expense	373,118	399,972	428,582	15%	448,397	5%
Capital Transactions	95,434	(122,812)	(102,626)	-208%	(10,661)	-90%
Student Aid	67,670	70,086	75,360	11%	79,847	6%
NET DIRECT EXPENDITURES	1,314,676	1,159,661	1,254,284	-5%	1,416,594	13%
Allocated Cost & Space Charges	169,946	181,252	181,252	7%	188,252	4%
TOTAL EXPENDITURES	1,484,622	1,340,913	1,435,536	-3%	1,604,846	12%
SURPLUS/(DEFICIT) *	601,858	227,294	265,250		11,056	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	951	962	965	1%	969	0%
Professional & Other Degree	852	865	876	3%	882	1%
Certificate & Non-Degree	32	40	38	20%	42	11%
Total Students	1,835	1,867	1,879	2%	1,893	1%
Standing Faculty	1,549	1,580	1,609	4%	1,628	1%
Staff	4,339	4,492	4,554	5%	4,582	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 future leaders of medicine. Ambitious biomedical research, carried out in 28 basic science and clinical departments and in numerous multi- and cross-disciplinary 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 system.

Programmatic Initiatives

Penn Medicine’s programmatic priorities are driven by [Serving a Changing World](#), its strategic plan, which is closely aligned with Penn’s *In Principle and Practice* strategic framework. Implementation of initiatives in each of the Plan’s core mission areas are underway:

- **Leading on Great Challenges of Our Time:** In FY2025 and beyond, Penn Medicine will continue to lead in the Penn tradition of collaboration and innovation which extends across the campus. This includes recruiting impactful leaders, as demonstrated by two recent appointments: Marylyn Ritchie was recently appointed as [the inaugural Vice Dean of Artificial Intelligence and Computing](#), and Mitchell Schnall was named as [the inaugural Senior Vice President for Data and Technology Solutions](#). In this role, Dr. Ritchie will help develop and implement AI strategies across Penn Medicine’s research, education, and clinical care missions. Dr. Schnall will leverage technological strategies to drive efficiency and focus on aligning information technology and data infrastructure with Penn Medicine’s digital strategy.
- **Fostering Leadership and Service:** The School continues to build and strengthen the eminence of its faculty, with several key recruitments. These recruitments include Kyle Potter, Chair of Orthopaedic Surgery; and *Penn Integrates Knowledge* professors Derrick Griffith (with the School of Nursing) and Squire Booker (with the School of Arts and Sciences), underscoring the importance of collaborative partnerships across Penn’s campus.
- **Accelerate Interdisciplinary Pursuits:** Discovery propels Penn Medicine, improving and differentiating its service to patients, students, and the world. Penn Medicine will invest in opportunities that are visible now and invest in an environment that creates and capitalizes on prospects not yet seen. Penn Medicine has launched initiatives to develop frontier research cores to support the most promising opportunities in basic, translational, and clinical research, health services and population health research, and new areas such as digital innovation.

Key Budgetary Assumptions

Sponsored Programs: Sponsored research accounts for approximately 60% of the School’s total revenues. For FY2025, PSOM expects an increase of 2% due to the slow growth in the federal research budget and less funding being available for commercial grants.

Technology Transfer Revenue: Technology transfer income will continue to be a significant revenue source for PSOM in FY2025. It is now the third largest revenue source behind sponsored program revenue and investment income.

UPHS Support: Health System operating support constitutes approximately 15% of the revenues in the School's core budget. In FY2025, the School and the Health System will continue to work collaboratively to manage 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 that will be completed or will near completion in FY2025 include the seven-floor addition on 3600 Civic Center Boulevard, which will house programs such as the Colton Center for Autoimmunity and the Institute on Immunology and Immune Health. Construction will also be completed on several floors in University City for the Penn Institute for RNA Innovation, Center for Cellular Immunotherapies, and Abramson Cancer Center. The budget also includes funding for design and construction of the lower levels of 3600 Civic Center Boulevard which will allow the School to demolish Blockley Hall, an outdated office building. The FY2025 capital budget has several additional projects that allow for space expansion under the School's master facilities plan, including renewal of major building systems.

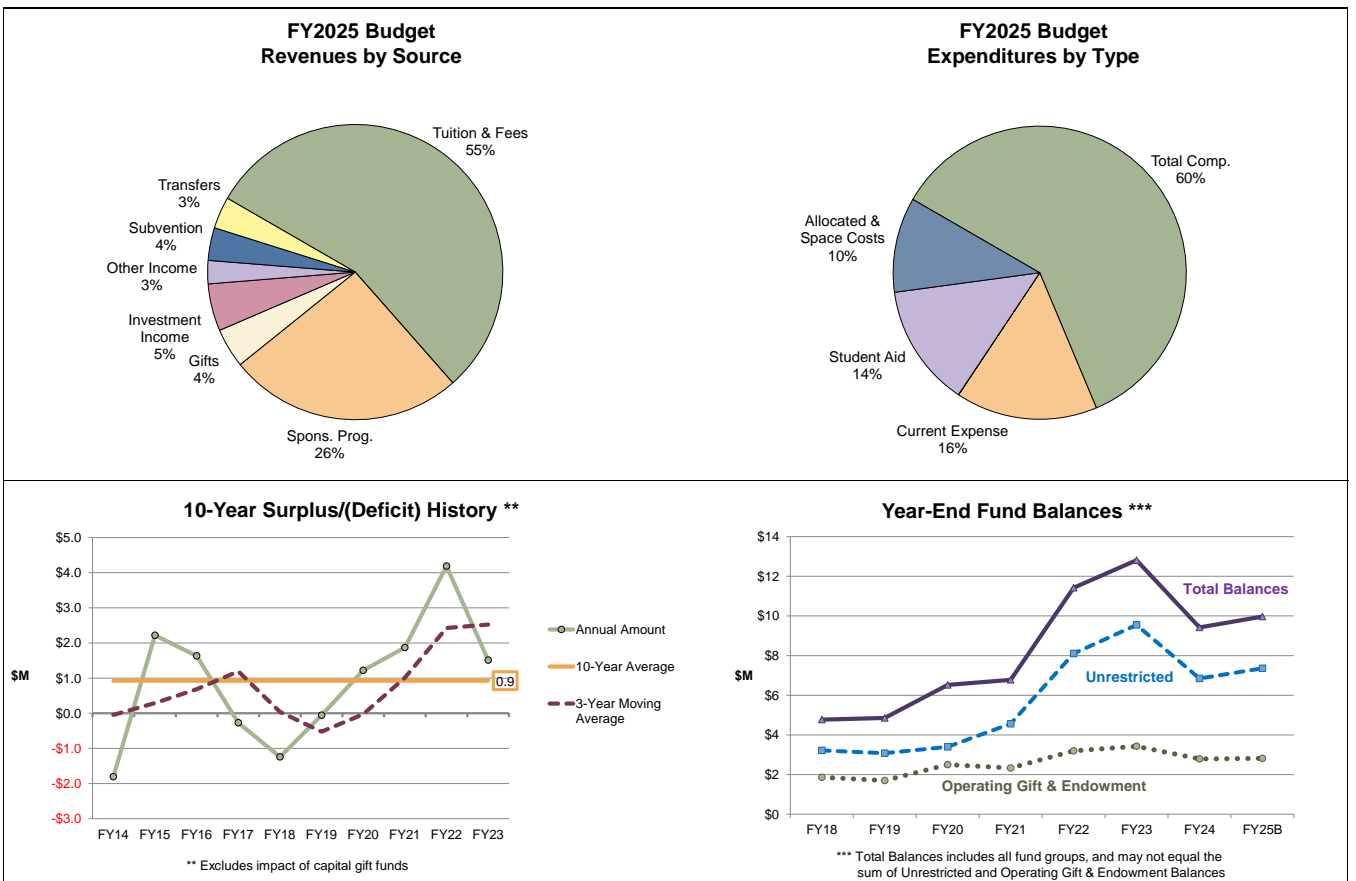
SCHOOL OF SOCIAL POLICY AND PRACTICE
(in thousands of dollars)

	FISCAL 2023 ACTUAL	FISCAL 2024 BUDGET	FISCAL 2024 FORECAST	% Change from 2023 Actual	FISCAL 2025 BUDGET	% Change from 2024 Forecast
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ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	22,971	24,093	20,653	-10%	23,916	16%
Sponsored Programs	7,881	8,629	9,883	25%	11,147	13%
Gifts	2,422	2,563	1,639	-32%	1,876	14%
Investment Income	2,031	2,010	2,123	5%	2,240	5%
Other Income	560	1,047	670	20%	1,107	65%
DIRECT REVENUES	35,866	38,342	34,968	-3%	40,286	15%
University Subvention	1,449	1,545	1,545	7%	1,556	1%
Net Resource Transfers From / (To) Other Centers	1,233	873	1,110	-10%	1,506	36%
TOTAL REVENUES & TRANSFERS	38,548	40,760	37,623	-2%	43,347	15%
EXPENDITURES						
Total Compensation	21,017	24,335	24,694	17%	25,830	5%
Current Expense	6,009	6,152	6,139	2%	6,702	9%
Capital Transactions	300	33	33	-89%	8	-75%
Student Aid	5,853	5,895	5,841	0%	5,781	-1%
NET DIRECT EXPENDITURES	33,178	36,415	36,707	11%	38,321	4%
Allocated Cost & Space Charges	4,065	4,304	4,304	6%	4,482	4%
TOTAL EXPENDITURES	37,243	40,719	41,011	10%	42,803	4%
SURPLUS/(DEFICIT) *	1,304	41	(3,388)		545	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	26	40	32	25%	34	6%
Professional & Other Degree	553	558	455	-18%	521	15%
Certificate & Non-Degree	1	2	1	99%	1	-25%
Total Students	579	600	488	-16%	556	14%
Standing Faculty	26	28	28	9%	28	0%
Staff	69	82	83	20%	92	11%





Major Areas of Focus and Activity

The [School of Social Policy and Practice](#) (SSPP) is preparing the next generation of society's changemakers who will work tirelessly for social innovation, justice, and impact. SSPP offers five top-ranked degree programs: [Master of Social Work](#), (MSW), [Master of Science in Social Policy](#), (MSSP), [Master of Science in Nonprofit Leadership](#), (NPL), [Doctorate in Clinical Social Work](#), (DSW), and [Doctor of Philosophy in Social Welfare, \(PhD\)](#). The Non-Profit Leadership and Doctorate in Clinical Social Work degrees offer well-established online program options. Master's degrees can be earned as [dual-degrees](#) within SSPP as well as through collaborations with other Penn schools such as the Perelman School of Medicine, Penn Carey Law, the Graduate School of Education, the School of Arts and Sciences, Weitzman School of Design, the Wharton School, and the School of Veterinary Medicine. Students can also pursue specialized [certificate programs](#) within SSPP and in collaboration with other Penn schools, as well as through partnerships with local, national, and global institutions. All of SSPP's programs combine a demanding academic curriculum, grounded in rigorous theoretical perspectives, with the opportunity to engage in meaningful applied community-based training.

SSPP's interdisciplinary research centers and initiatives, in collaboration with Penn's other schools, yield innovative solutions that advance social policy and practice. Given SSPP's engagement in Penn's vast and varied ecosystem, SSPP students have the freedom and flexibility to design and complete unique educational programs that meet their individual needs and personal goals. The School's educational and research programs reinforce its commitment to active student engagement in learning, in collaboration with social agencies at the local, national, and global levels. SSPP students spend countless hours working in challenging but rewarding [field placements](#), [internships](#), and [practicums](#) across Philadelphia and beyond.

Taught by [world-class faculty](#) renowned for their teaching excellence and intellectual contributions, SSPP students ground their learning in rock-solid theoretical frameworks. SSPP faculty research addresses issues of income insecurity, health equity, homelessness, nonprofit leadership, environmental equality, equitable access to technology, interpersonal violence, philanthropy, climate justice and more. The SSPP community is laser-focused on solving society's most significant challenges.

Programmatic Initiatives

The research, educational, and service activities of SSPP are in perfect alignment with the University's new strategic framework *In Principle and Practice*. SSPP advances all dimensions of the framework, and the School is highly motivated and poised to lead in its implementation. *In Principle and Practice* identifies four principles and five practices to guide the University's future. Through SSPP's cutting-edge research and theory-informed professional degrees, the School already advances programmatic initiatives in all domains of the framework.

For example, SSPP is leading on great challenges of our time through the research and practice of faculty, staff, students, and alumni across the fields of social work, social welfare, social policy, and nonprofit leadership. SSPP also understands the climate crisis as a significant social justice issue, brought on in part by structural oppression, resulting in human vulnerabilities and inequities. The School is committed to addressing climate justice through research and practice to advance mitigation, anticipation, adaptation, and community action. In addition, SSPP is deeply dedicated to the physical and mental well-being of children, families, and communities, with a focus on issues of access and equity for underserved populations. Health disparities, medical debt, homelessness, and substance use are just some of SSPP's areas of expertise. Further, SSPP is committed to data-driven policy analysis, evidence-based practice, and to producing social policy professionals with expertise in data analytics. The School is advancing knowledge in related areas such as ethical municipal data sharing, unconditional cash transfers, and the digital experiences of youth of color. SSPP also fosters a community of engaged citizens, practitioners, and researchers who serve the institutions of democracy. Through

research, public service, community engagement, leadership, and innovation, they create knowledge, action, and policy to address society's needs.

For each domain of *In Principle and Practice*, SSPP is advancing highly impactful and cutting-edge policy and practice activities that will lead Penn forward as the new strategic framework is implemented.

Key Budgetary Assumptions

A fundamental FY2025 SSPP budgetary goal is stabilization of the School's financial model, including more accurate forecasting, especially with respect to sources of revenue.

Enrollment: SSPP's largest source of revenue is tuition. The FY2025 budget anticipates a return to FY2023's greater master's student enrollment while also adhering to a continued focus on selectivity. SSPP is planning for a total enrollment increase of 14%, from 488 student FTEs in Fall 2023 to 556 in Fall 2024, including significant increases in the NPL program (57%) from 40 FTEs in Fall 2023 to 63 in Fall 2024; and a 40% increase in the MSSP program enrollment, from 150 FTEs in Fall 2023 to 210 in Fall 2024. The PhD program enrollment is projected to increase by two to 34, and the MSW program enrollment is forecast to grow by one to 192 in Fall 2024. The DSW program enrollment is anticipated to drop by 14 FTEs to 56, as many students whose dissertation work was delayed during the pandemic finished in FY2024.

Sponsored Programs: SSPP is having another year of strong growth in its research portfolio. FY2024 grant revenue is projected to finish \$1.3 million higher than budget and increase by 25% over the prior year. FY2025 is budgeted for a 12% grant revenue increase, and this projection may also be exceeded. In this context, the School is focused on ensuring that grants generate the necessary overhead to fund associated administrative costs.

Financial Aid: SSPP continues to develop strategies to advance need-based student financial aid. Last summer's US Supreme Court decision required adjustment to SSPP's financial aid allocation model, created through a collaboration between SSPP and Penn's Office of Institutional Research and Office of Budget Planning & Analysis. SSPP's Social Justice Scholars program, in its third year, offers full scholarships for high-achieving students in all three master's degree programs.

Faculty Positions: SSPP standing faculty count is budgeted to remain level in FY2025 with one faculty member retiring at the end of FY2024 and the anticipated recruitment of a new faculty member to fill the endowed Welsh Chair. SSPP continues to attract excellent faculty members who teach in multiple academic programs, while also expanding the research portfolio of the School. Faculty members areas of specialization include social determinants of health, climate justice, poverty, inequality, immigration, substance abuse, child and family well-being, mental health, and cancer care for children, adults, families, and older adults, among others. SSPP's aggressive faculty hiring efforts over the last three years have revitalized the School's faculty community and promoted increased research activity.

Staff Positions: SSPP's staff FTEs are projected to increase to 92 in FY2025, from 83 in FY2024. Many of these staff will fill new research positions that have been created contingent on continued grant funding.

SCHOOL OF VETERINARY MEDICINE
(in thousands of dollars)

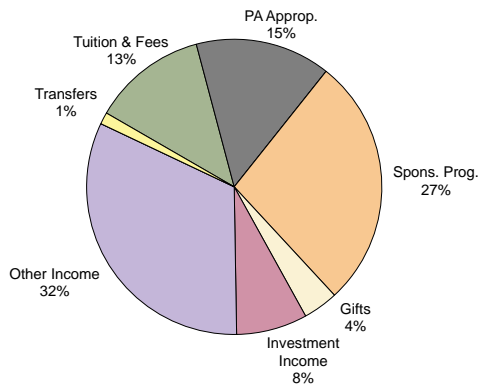
	FISCAL 2023 ACTUAL	FISCAL 2024 BUDGET	FISCAL 2024 FORECAST	% Change from 2023 Actual	FISCAL 2025 BUDGET	% Change from 2024 Forecast
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ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	26,305	26,672	27,223	3%	28,346	4%
Commonwealth Appropriation	33,550	34,221	33,550	0%	33,550	0%
Sponsored Programs	48,091	57,175	50,319	5%	62,036	23%
Gifts	8,295	9,939	7,637	-8%	8,697	14%
Investment Income	15,912	16,630	17,196	8%	17,596	2%
Other Income	63,121	66,634	67,440	7%	73,064	8%
DIRECT REVENUES	195,272	211,272	203,366	4%	223,288	10%
University Subvention	0	0	0	0%	0	nm
Net Resource Transfers From / (To) Other Centers	975	1,790	7,085	627%	2,926	-59%
TOTAL REVENUES & TRANSFERS	196,247	213,063	210,451	7%	226,214	7%
EXPENDITURES						
Total Compensation	103,864	114,716	116,192	12%	125,713	8%
Current Expense	47,316	46,753	47,510	0%	48,290	2%
Capital Transactions	6,654	19,277	7,173	8%	19,924	178%
Student Aid	4,087	4,558	4,688	15%	4,832	3%
NET DIRECT EXPENDITURES	161,921	185,304	175,562	8%	198,760	13%
Allocated Cost & Space Charges	29,492	30,967	30,967	5%	32,181	4%
TOTAL EXPENDITURES	191,413	216,271	206,529	8%	230,941	12%
SURPLUS/(DEFICIT) *	4,834	(3,208)	3,922		(4,727)	

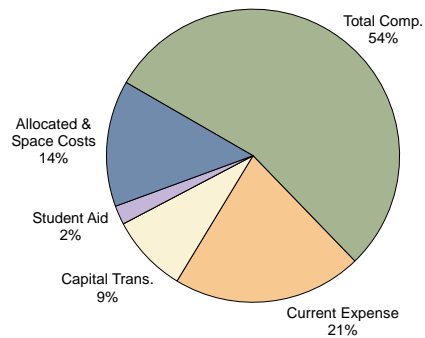
* Surpluses mean that funds are set aside for use in future years, while deficits represent the use of prior period balances.

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	528	547	542	3%	554	2%
Certificate & Non-Degree	16	13	12	-27%	20	71%
Total Students	544	560	554	2%	574	4%
Standing Faculty	108	117	119	10%	125	6%
Staff	718	749	759	6%	794	5%

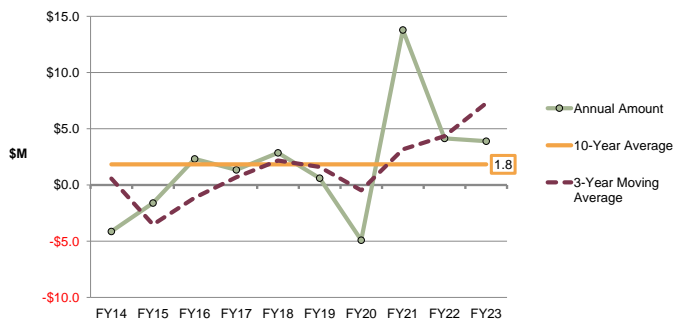
FY2025 Budget Revenues by Source



FY2025 Budget Expenditures by Type

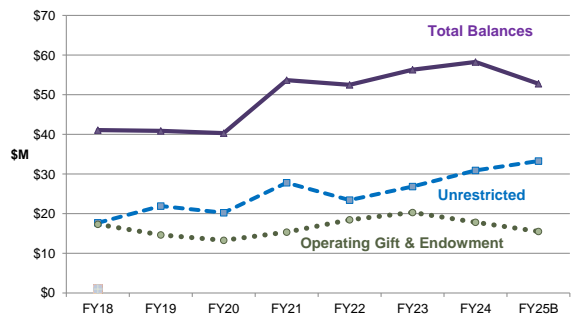


10-Year Surplus/(Deficit) History **



** 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 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.

Programmatic Initiatives

Accelerating Interdisciplinary Pursuits: 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 also implemented a [new competency-based curriculum](#) designed to better prepare Penn Vet students for a rapidly changing world.

Growing Opportunity and Strengthening Community: Penn Vet's two campuses offer students learning opportunities and experiences in virtually every aspect of veterinary medicine while providing leading edge clinical care to their respective communities. [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](#). [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 Advanced Veterinary Education](#) and the Commonwealth-funded Veterinary Diagnostic Laboratory on the New Bolton Center campus.

Leading on Great Challenges of Our Time: 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 approximately \$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

Enrollment: Regular VMD student enrollment in FY2025 is projected at 537 FTEs—with close to two-thirds coming from outside Pennsylvania—and includes 22 dual-degree FTEs and three Program for the Assessment of Veterinary Education Equivalence (PAVE) students. The PAVE program is a pathway for veterinarians who are graduates of international, non-accredited veterinary programs to practice in the US and Canada. Enrollment projections also include 17 master's FTEs.

Clinical Operations: FY2025 hospital revenue is projected to increase 6.8% over the FY2024 forecast with the anticipation of both higher-than-normal price increases and strong caseloads.

Sponsored Program Revenues: Growth of 23% reflects the expansion of the Wildlife Futures program (\$2 million), design costs for the Veterinary Diagnostic Laboratory capital project (\$7.4 million), and the early-stage program development of recently recruited faculty.

Commonwealth Appropriation: The appropriation is budgeted to remain consistent with FY2024's level as recommended in the Governor's proposed budget. This reflects the absence of an increase since FY2023.

Technology Transfer: In FY2024, \$5 million in funding was provided to Penn Vet by the Penn Institute for RNA Innovation through the backing of 2023 Nobel Prize winner Drew Weissman of the Perelman School of Medicine. With this transformative funding, Penn Vet has announced the launch of the School's mRNA Research Initiative to advance veterinary vaccine science.

Compensation: Total compensation is budgeted to increase by 8.2% in FY2025. Restricted funds, including sponsored programs, endowed funds, and operating gift funds are absorbing close to half of the increase, while unrestricted funds reflect, in part, higher hospital staffing needs.

Current Expense: Current expense is budgeted to grow by only 0.5% in FY2025 due primarily to an anticipated reduction in hospital bad debt expense and stronger inventory supply controls.

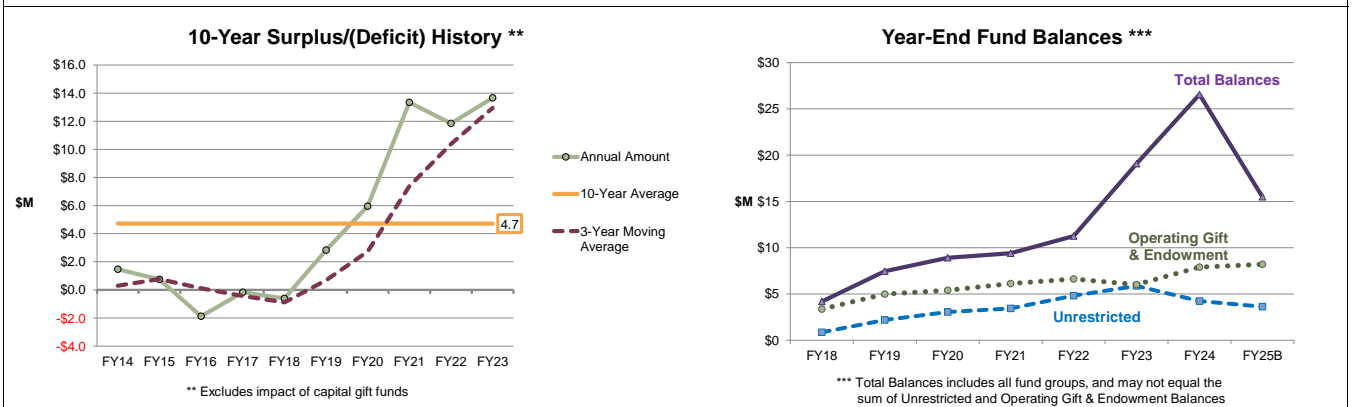
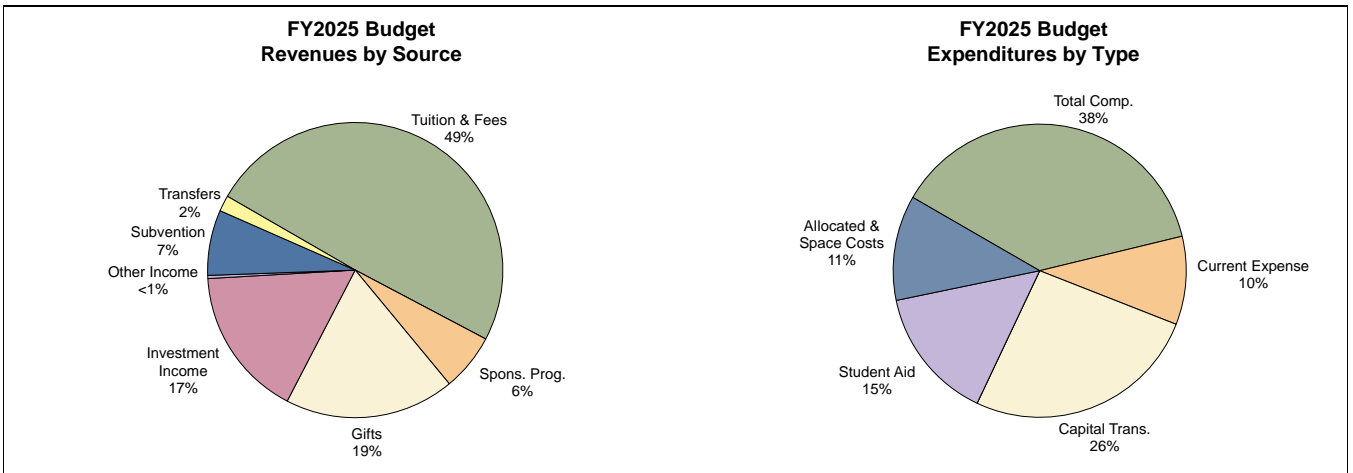
Capital Expenditures: Significant budgeted capital expenditure growth in FY2025 is primarily due to several major capital projects including the Richard Lichter Advanced Dentistry and Oral Surgery Suite, the Veterinary Diagnostic Laboratory, the Riepe Center for Advanced Veterinary Education, and Phase I of the NBC Advanced Imaging and Translational Center (AITC).

Student Aid: Student aid expense is budgeted to increase by 3.1% in FY2025, and in the coming months, SVM will be reassessing how aid is administered—such as award size, type of aid programs (recruitment versus merit), and emphasizing areas of study—to make full use of the School's student aid funds.

ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	40,030	40,697	38,890	-3%	40,601	4%
Sponsored Programs	3,388	3,079	4,460	32%	5,148	15%
Gifts	23,699	16,825	18,640	-21%	15,310	-18%
Investment Income	12,001	12,802	13,346	11%	13,528	1%
Other Income	759	413	350	-54%	280	-20%
DIRECT REVENUES	79,876	73,816	75,686	-5%	74,866	-1%
University Subvention	5,666	5,703	5,703	1%	5,891	3%
Net Resource Transfers From / (To) Other Centers	1,372	964	1,551	13%	1,431	-8%
TOTAL REVENUES & TRANSFERS	86,914	80,483	82,940	-5%	82,188	-1%
EXPENDITURES						
Total Compensation	30,428	32,487	33,865	11%	35,593	5%
Current Expense	8,478	8,862	8,471	0%	9,149	8%
Capital Transactions	3,333	6,448	4,928	48%	24,491	397%
Student Aid	13,453	14,133	13,813	3%	13,832	0%
NET DIRECT EXPENDITURES	55,693	61,929	61,076	10%	83,065	36%
Allocated Cost & Space Charges	10,119	10,534	10,534	4%	10,886	3%
TOTAL EXPENDITURES	65,812	72,463	71,610	9%	93,951	31%
SURPLUS/(DEFICIT) *	21,103	8,019	11,330		(11,763)	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	44	46	46	5%	51	11%
Professional & Other Degree	715	656	654	-8%	661	1%
Certificate & Non-Degree	1	2	2	100%	2	0%
Total Students	760	704	702	-8%	714	2%
Standing Faculty	45	53	53	17%	55	5%
Staff	73	81	83	13%	86	4%





Major Areas of Focus and Activity

The Stuart Weitzman School of Design 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. Weitzman also staffs courses leading to a BA with a major in architecture, design, or fine arts and a minor in landscape studies from the School of Arts and Sciences.

Programmatic Initiatives

Accelerating Interdisciplinary Pursuits: Interdisciplinary excellence and collaboration across fields – both within the School and across Penn – are core tenets of a Weitzman education. With a focus on climate change and equity, Weitzman faculty routinely collaborate with faculty in other schools on interdisciplinary research and on University-wide initiatives, including [Energy Week at Penn](#), hosted by the [Kleinman Center for Energy Policy](#) and the [Vagelos Institute for Energy Science and Technology](#), which is housed in the School of Arts and Sciences. Energy Week included events focused on innovative pathways toward a clean energy transition, designing a healthier built environment, electrifying the grid, and advancing energy justice and women in the energy sector.

Another example of Weitzman's commitment to interdisciplinary programs is Penn's [Regenerative Agricultural Alliance](#), a coalition funded by the University's [Environmental Innovations Initiative](#) that promotes cross-campus collaboration on agriculture issues. An interdisciplinary team of designers from the Weitzman School, in consultation with agriculturalists at Penn Vet, are working to improve water quality, land use, ecosystem services, and animal welfare at Penn Vet's [New Bolton Center](#).

Leading on Great Challenges of Our Time: Weitzman faculty are at the forefront of research to advance sustainable design and mitigate the effects of global warming. With funding from the federal Department of Energy, researchers in the Department of Architecture are using innovative new technologies to reduce energy consumption by taking advantage of thermal mass and radiative heating and cooling in the built environment, which accounts for approximately 50% of energy use and greenhouse gas emissions. The same research team is developing a novel concrete mixture that absorbs carbon dioxide throughout the life cycle of buildings. Through the McHarg Center and with funding from the US Army Corps of Engineers, Weitzman researchers are studying the impact of climate change on coastal ecosystems.

Weitzman's [Autonomous Manufacturing Lab](#) (AML) is pioneering [aerial additive manufacturing](#), which employs teams of drones equipped with 3D printers that use artificial intelligence to "swarm build" large-scale building parts either on-site or prefabricated off-site. Inspired by wasps and other natural builders that use collective building methods, it is a collaboration with AML's sister lab in University College London's Department of Computer Science, and research teams from several other universities in Europe.

Faculty in the Master of Urban Spatial Analytics program are using big data to investigate neighborhood change in US cities by linking real estate advertisements and mortgage lending data to understand the demographics of homebuyers in certain neighborhoods and by using trajectory clustering methods to track racial change over time in urban neighborhoods.

Growing Opportunity and Strengthening Community: One of Penn's most important vehicles for strengthening community and being a good neighbor in Philadelphia is [PennPraxis](#), the nonprofit consulting, engagement, and applied research arm of the School. PennPraxis continues to operate [Design to Thrive](#), a summer youth development initiative funded by a \$7.5M gift from Lori Kanter Tritsch (MArch'85) and William P. Lauder (W'83) that is designed to address the opportunity gap for low-income youth of color in Philadelphia and New York City in partnership with

the Fresh Air Fund. This initiative aims to advance skills development and awareness of the relevance of design, planning, art, and preservation professions and increase diversity in design schools and professions. Praxis also runs *Studio+*, a school-wide interdisciplinary design/build studio focused on community-engaged design, planning, art, and preservation in Philadelphia. Studio+ is currently working with Sayre High School to transform a school courtyard into a community hub.

Deepening Connection with Neighbors and the World: The Weitzman School has an abiding commitment to global citizenship exemplified by its interdisciplinary travel studios, which aim to promote positive social and economic change through the built and natural environment in cities across the globe. During FY2024, for example, students and faculty traveled to Colombia, Kenya, Panama, Turkey, the United Arab Emirates, and US Virgin Islands.

Fostering Leadership and Service: One of the ways Weitzman promotes leadership, dialogue, and collaboration, is through the [Center for the Preservation of Civil Rights Sites \(CPCRS\)](#), whose goal is to advance the understanding and sustainable conservation of heritage sites commemorating American civil rights histories and Black heritage. The Center has ongoing partnerships with HBCU Tuskegee University and Friends of the Tanner House in Philadelphia, and organized the public lecture series [CPCRS Dialogues](#) to bring together academics, students, and activists across the US on civil rights heritage and the equity, memory, design, legal, and other issues brought to light by its preservation. Parallel to CPCRS, the [Urban Heritage Project](#) and [Center for Architectural Conservation](#) worked with the National Park Service at multiple sites in Washington, DC and Arizona to protect Black and indigenous heritage, and create pathways for indigenous youth to enter the profession. Meanwhile, Weitzman's Architectural Archive has stimulated new scholarship focused on underrepresented women, Black, and Chinese designers.

Weitzman aims to cultivate leaders who serve – students, faculty, and community members – through the PennPraxis' [Design Fellows Program](#), which provides paid opportunities for students and faculty to join forces with community and indigenous leaders to develop leadership and advocacy skills and solve problems in the built and natural environment. Design Fellows have worked with the Ramapough Lenape Turtle Clan on the design of a new, sustainable Lenape community center that is to be funded by the federal and state governments as part of an environmental reparations' agreement, and on research to document and preserve sacred ceremonial landscapes along the historic Minisink Trail.

Key Budgetary Assumptions

Revenue Enhancement Initiatives: The School is investing in another FTE in research support services, bringing its total to four, in response to an increase in faculty applying for sponsored research, especially large federal grants. In FY2024, the School received its first award from NASA. Weitzman is budgeting \$5.1 million in sponsored program revenues for FY2025, representing an increase of 15%. The School is also adding sections to oversubscribed courses in the Master of Urban Spatial Analytics (MUSA) program to attract non-Weitzman graduate students and is exploring the feasibility of growing and extending the increasingly popular MUSA program.

Cost Containment Measures: In FY2025, Weitzman plans to continue reducing part-time faculty and electives with low enrollment. The School continues to maximize the use of income from endowments and term gifts, especially for aid, professorships, travel, and departmental competitions, to reduce pressures on the unrestricted budget.

Enrollment: The FY2025 budget assumes 665 master's students for Fall 2024, an increase of eight students from Fall 2023, and 51 pre-dissertation doctoral students.

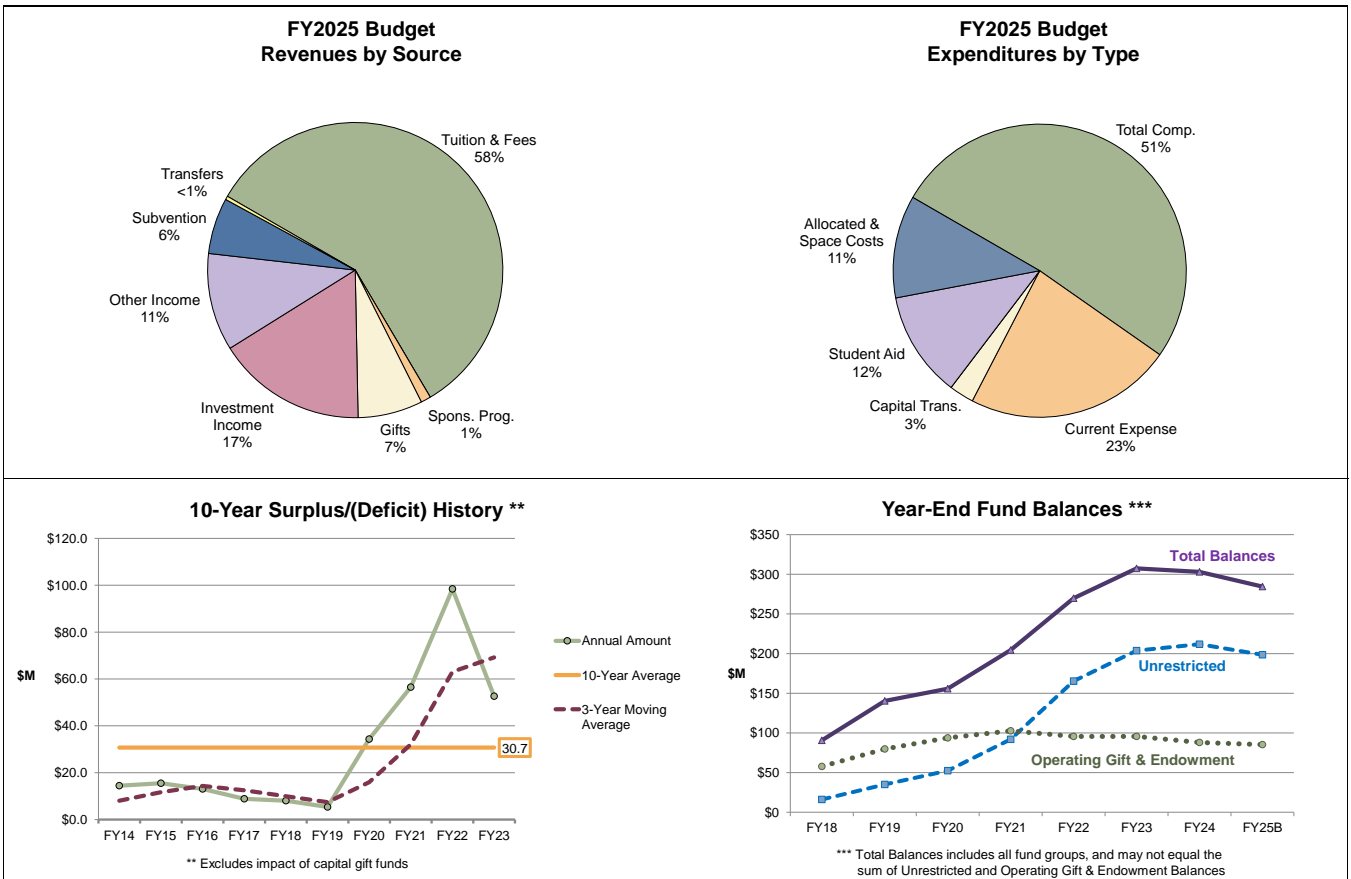
Faculty and Staff: The budget provides for 55 filled standing faculty positions, 13 practice professors, and two additional associated faculty. Filled staff positions are budgeted at 86 FTEs, including additional staff needed in information technology and research support.

Capital Project Priorities: Weitzman Hall, the School's most significant capital project in more than 50 years, is expected be ready for occupancy in August 2025. The new building will have double the space of the former Morgan Building and will be a model for green building and sustainable design.

ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	353,931	361,779	353,894	0%	378,603	7%
Sponsored Programs	8,196	9,117	11,437	40%	7,119	-38%
Gifts	52,684	59,000	45,000	-15%	46,125	2%
Investment Income	94,755	101,081	106,433	12%	106,917	0%
Other Income	64,783	65,011	66,842	3%	69,521	4%
DIRECT REVENUES	574,348	595,988	583,605	2%	608,285	4%
University Subvention	39,799	40,469	40,321	1%	39,999	-1%
Net Resource Transfers From / (To) Other Centers	1,537	1,246	691	-55%	2,508	263%
TOTAL REVENUES & TRANSFERS	615,685	637,703	624,617	1%	650,792	4%
EXPENDITURES						
Total Compensation	288,692	325,766	316,824	10%	336,883	6%
Current Expense	127,900	144,258	141,507	11%	150,092	6%
Capital Transactions	3,349	16,650	11,865	254%	17,918	51%
Student Aid	68,489	74,148	73,850	8%	76,592	4%
NET DIRECT EXPENDITURES	488,430	560,822	544,046	11%	581,486	7%
Allocated Cost & Space Charges	70,881	72,465	72,465	2%	74,185	2%
TOTAL EXPENDITURES	559,311	633,287	616,511	10%	655,671	6%
SURPLUS/(DEFICIT) *	56,374	4,416	8,106		(4,879)	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	1,704	1,715	1,800	6%	1,800	0%
Ph.D.	188	195	191	2%	205	7%
Professional & Other Degree	2,176	2,175	2,188	1%	2,217	1%
Certificate & Non-Degree	75	79	79	6%	79	0%
Total Students	4,142	4,164	4,258	3%	4,301	1%
Standing Faculty	222	234	228	3%	235	3%
Staff	812	869	873	7%	914	5%





Major Areas of Focus and Activity

[The Wharton Way](#) serves as the School's philosophical North Star, guiding it towards greater influence, innovation, and engagement for the advancement of business, education, and society at large. [Wharton](#) offers a broad slate of academic programs meticulously designed for every stage in a student's academic journey from the Global Youth Program to Executive Education. The School is focused on continually redefining best practices in knowledge dissemination, creating a transformative educational experience for all of its students.

Programmatic Initiatives

Accelerating Interdisciplinary Pursuits: Wharton's research centers and initiatives remain dedicated to pursuing interdisciplinary initiatives within the University, fostering an environment of collaboration and knowledge exchange. As Wharton's hub for research and practical insight into technology-driven innovation and entrepreneurship, the [Mack Institute for Innovation Management](#) recently announced a partnership with Penn Dental's Center for Innovation and Precision Dentistry to explore disruptive technologies in oral health care. This collaborative research project pairs MBAs with clinical researchers and engineers to explore potential uses of nanorobot technology for oral health care. The institute's work also includes the [Program on Vehicle and Mobility Innovation](#), which focuses on AI for autonomous vehicles and brings together a network of more than 50 scholars from more than 25 universities worldwide.

Leading on Great Challenges of Our Time: Over the past year, the Wharton community has realized a series of remarkable achievements in the realm of AI research, teaching, and thought leadership. Wharton continues to foster an environment where innovation thrives. Programs such as Executive Education's [Generative AI and Business Transformation](#) and Analytics at Wharton's [AI Horizons webinar series](#) showcase the innovative work being done at Wharton and serve as catalysts for meaningful dialogue and collaboration within the broader AI community and on a global scale. Wharton is actively engaging with Open AI to finalize the terms for an enterprise solution that could be offered to its faculty and students.

In today's dynamic landscape, there is a strong need for a new generation of business leaders equipped with a deep understanding of the rapidly shifting paradigms in business models and frameworks that have implications for the environment and society at large. Starting with the 2023-2024 academic year, Wharton students could choose from two [MBA majors](#) and an undergraduate concentration that provide comprehensive groundwork for students interested in the relationship between business and the natural environment and business and society broadly.

Growing Opportunity and Strengthening Community: Connections@Wharton is a new initiative with the mission to systematically expand and strengthen connections within the Wharton ecosystem, aiming to cultivate a resilient community and create accessible ways for individuals to be heard and supported. The taskforce's work also underscores the efforts of other Penn connection-centered organizations, particularly those most relevant to the Wharton Community.

This year, Wharton marked the inaugural year of its Master of Arts degree in Statistics and Data Science – [Bridge to a PhD](#). The program provides strong mentorship and a learning environment for students who need additional preparation for admission to a doctoral program. Wharton has begun to match the current Bridge Fellows with a research experience in Summer 2024 and initiate the recruitment for the new cohort.

Deepening Connection with Neighbors and the World: In collaboration with Penn’s Netter Center for Community Partnerships and the IRS’s Volunteer Income Tax Assistance (VITA) program, the Wharton’s Accounting and Business Ethics & Public Policy Departments launched the Academically Based Community Service (ABCS) [tax policy and practice course](#) last year. The coursework includes 40 hours of volunteer work at any of the 12 VITA sites, providing free tax preparation to low-income taxpayers and a valuable experiential learning opportunity for the students.

Wharton recently welcomed the second cohort of the [Global EMBA program](#), having adeptly navigated through the challenges and opportunities of the inaugural cohort over the past year. The program offers a blended learning schedule, allowing students to participate flexibly from various time zones.

Fostering Leadership and Service: Through the School’s [Initiatives for Teaching and Learning Excellence](#), Wharton continues to focus on advancing instructional excellence, implementing and refining best practices in knowledge dissemination to its students.

In the evolving field of higher education, innovative and technology-driven approaches provide opportunities to expand access and engagement for students worldwide. Wharton recently introduced the Wharton Academic Virtual Environment ([WAVE](#)) classroom, which allows faculty to deliver lectures in this advanced virtual space to students from around the globe. This innovative platform enables students and instructors to foster meaningful interactions, regardless of their geographical location.

Key Budget Assumptions

Enrollment: FY2025 [undergraduate](#) enrollment is projected to be 1,800 single-degree students and 500 joint-degree students. [Full-time MBA](#) enrollment is projected to be 1,698 students. MBA tuition rates will increase by 3.65% for incoming students. The second [Global cohort](#) of 50 Executive MBA students began their studies in May 2024. [Philadelphia and San Francisco Executive MBA](#) enrollment is expected to be 461 students, with an incoming class of 232. [Doctoral](#) enrollment is projected to be 205 students.

Faculty and Staff Positions: Wharton has recruited eight new [standing faculty](#), for which there is one pending offer still outstanding. Among the confirmed new faculty are three women and four members of minority groups. Wharton also expects two faculty departures at the end of FY2024. Standing faculty positions are projected to be 241 in FY2025, including all PIK and joint-tenured appointments. Currently, there are 905 filled staff positions, with a vacancy rate of 8%; the FY2025 budget assumes an average of 914 filled staff positions.

Wharton Enterprise Units: Executive Education is projecting lower revenue than budget in FY2024 primarily due to the Custom business experiencing challenges related to the geopolitical climate and increased competition. FY2025 revenue is projected to be higher, driven by LIVE’s new synchronous remote programming, which is now in development. Wharton Research Data Services (WRDS) and Wharton Global Youth Program both continue to contribute a steady margin. Wharton Global Youth Program is launching a pilot program in FY2025 targeting students aged 18 – 25 with essential skills instruction offered through immersive in-person and online experiences.

Fundraising: Due to geopolitical instability and its domestic repercussions, Wharton anticipates continuing challenges with philanthropy. As of mid-April, Wharton Fund receipts totaled \$9.4 million versus a reduced goal of \$13.0 million and were down versus the prior year. New commitments for FY2024 are now projected at \$70 million versus an original goal of \$115 million.

Cost Containment: Wharton remains focused on identifying opportunities to shift spending to restricted funds. The School also continues to enhance its model of shared services for research centers and administrative departments, streamlining the use of financial, marketing, and IT resources across these units.

Capital Project Priorities: The Wharton Learning Center Feasibility Study has just been launched to explore several scenarios for a new executive education facility. 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

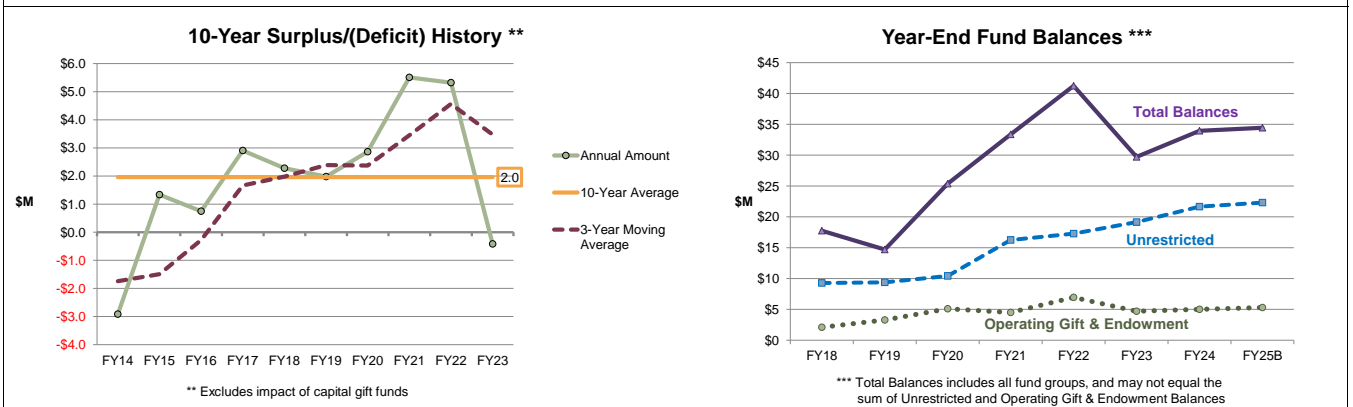
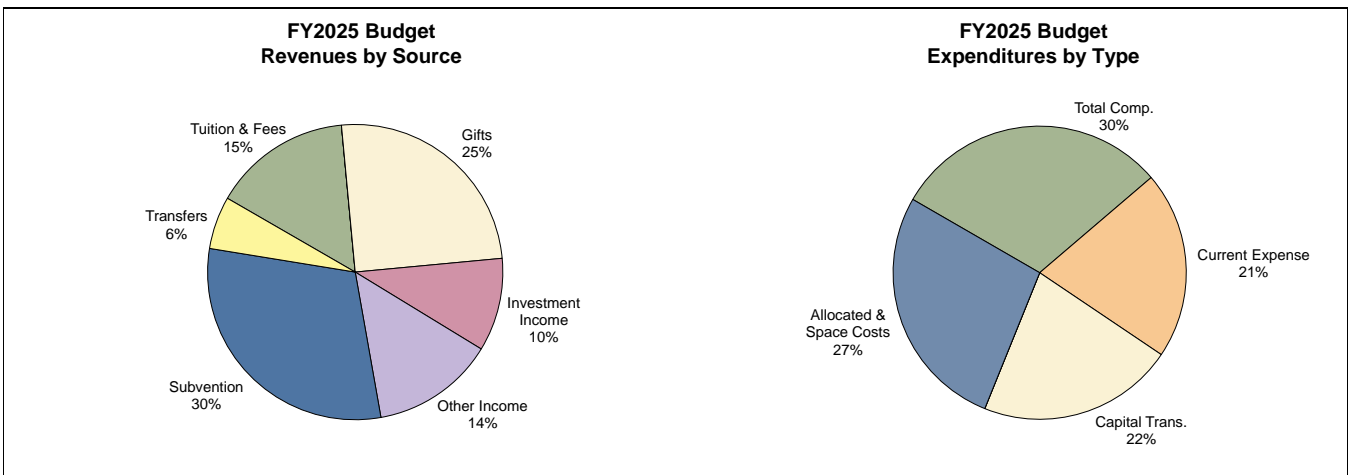
RECREATION AND INTERCOLLEGIATE ATHLETICS
(in thousands of dollars)

FISCAL 2023 ACTUAL **FISCAL 2024 BUDGET** **FISCAL 2024 FORECAST** **% Change from 2023 Actual** **FISCAL 2025 BUDGET** **% Change from 2024 Forecast**

ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	11,446	12,036	12,036	5%	12,517	4%
Sponsored Programs	0	0	0	0%	0	0%
Gifts	23,598	43,470	49,767	111%	20,614	-59%
Investment Income	7,541	7,878	8,857	17%	8,422	-5%
Other Income	11,092	9,401	11,609	5%	11,124	-4%
DIRECT REVENUES	53,678	72,785	82,269	53%	52,676	-36%
University Subvention	23,680	24,297	24,297	3%	25,037	3%
Net Resource Transfers From / (To) Other Centers	2,733	4,139	3,458	26%	4,753	37%
TOTAL REVENUES & TRANSFERS	80,091	101,221	110,024	37%	82,467	-25%
EXPENDITURES						
Total Compensation	21,668	22,971	23,670	9%	24,938	5%
Current Expense	17,421	15,979	18,078	4%	16,953	-6%
Capital Transactions	32,562	43,105	43,693	34%	17,773	-59%
Student Aid	0	0	0	0%	0	0%
NET DIRECT EXPENDITURES	71,651	82,056	85,440	19%	59,665	-30%
Allocated Cost & Space Charges	19,538	20,339	20,340	4%	22,313	10%
TOTAL EXPENDITURES	91,189	102,395	105,780	16%	81,978	-23%
SURPLUS/(DEFICIT) *	(11,098)	(1,174)	4,243		489	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	-	-	-	-	-	-
Certificate & Non-Degree	-	-	-	-	-	-
Total Students	-	-	-	-	-	-
Standing Faculty	-	-	-	-	-	-
Staff	176	179	184	5%	186	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 [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 programs had a memorable 2023-2024 academic year, highlighted by a team national championship by men's squash and an individual national championship by men's fencing's Bryce Louie, who defeated teammate Blake Broszus in the final. Six teams won regular season championships: men's soccer, women's fencing, men's squash, women's gymnastics, women's indoor track and field, and women's outdoor track and field. Women's lacrosse advanced to the NCAA quarterfinals, fencing finished eighth at the NCAA Championships, and men's swimmer Matt Fallon finished second in the 200 breaststroke at NAAs and is a US Olympic hopeful. Baseball won the Ivy League Tournament for the second straight year and will advance to the NCAA Championship, while women's rowing earned its third straight at-large bid to NAAs. Seven student-athletes qualified for the NCAA Indoor Track and Field Championship, which is a school record, and 28 qualified for the NCAA East First Round Meet. Men's and women's lacrosse both defeated the top-ranked teams in the nation during the regular season. Men's lightweight rowing won the overall points title at the Eastern Sprints for the second time in program history, and men's heavyweight rowing was fifth in the varsity eight, its best finish since 2001. Following the winter season, Penn sits 56th out of more than 350 Division I programs in the Learfield Director's Cup standings, which measures broad-based athletic success. The Penn school record is 60th in the Learfield Director's Cup.

Programmatic Initiatives

The Division hired a Head of Diversity, Equity, Inclusion, and Belonging in January, which is a shared position with Wellness at Penn, and an Associate Athletic Director/Director of Campus Recreation last summer. The Penn Athletics Wharton Leadership Academy (PAWLA) hired a full-time director for the first time in the summer who is training student-athletes in leadership development. The program has been scaled to include all first-year student-athletes this year and aligns with the University's strategic framework, *in Principle and Practice*, to foster leadership and accelerate interdisciplinary pursuits. The Division has enhanced centralized student-athlete nutrition and will open a fueling station in January 2025. The Young Quakers Community Athletics program, in collaboration with the Netter Center, provides mentorship to West Philadelphia elementary students by varsity student-athletes in men's and women's lacrosse, men's and women's track and field, and men's and women's basketball, fulfilling the University's strategic priority of strengthening community and deepening connections with neighbors and the world. Campus recreation continues to serve the University community, partnering with the Division of Human Resources to offer a 50% discount on fitness center memberships to full-time, benefits-eligible faculty and staff as well as benefits-eligible postdoctoral researchers and fellows.

Key Budgetary Assumptions

Revenue Enhancement Initiatives and Cost-Containment Measures: DRIA will be in its third year of [Power the Next 100](#), a fundraising effort aimed at growing endowment income for women's athletics and in turn stabilizing all intercollegiate programming. Support from DRIA's donor community will also be critical in advancing "cross-divisional priorities," broadly defined as initiatives that help the entire student-athlete population (e.g., PAWLA, mental health, nutrition). Other income from business activities will benefit from ongoing promotion of basketball events such as the Cathedral Classic tournament and Philadelphia Big 5 series, the elevation of the Penn Relays in

partnership with World Athletics, and rentals at the new Ott Center for Track and Field, which is expected to open in November 2024. Containing and leveling off expense growth in travel, supplies, and professional services is a priority but is becoming more challenging.

Changes in Major Revenue and Expense Categories: Annual giving goals for intercollegiate teams will be based on their direct expenses, and starting in FY2025 will include a 10% increase aimed at building team reserves or increasing sport-specific operational endowment. Revenue generated by business units is forecast to remain level with FY2024's strong, post-pandemic performance, buttressed by the other income activities described above, and extended partnerships with Penn Medicine and the Division of Human Resources. Budgeted growth in compensation expenses reflects the impact of quicker hiring timelines and an increase in the minimum wage among temporary employees. Space charges will increase by 12% in FY2025 versus 4.2% in FY2024, driven primarily by completion of the 71,000 square foot Ott Center.

Staffing: The FY2025 budget assumes 186 staff FTEs and ongoing strategic use of up to 320 temporary employees. Starting in FY2025, DRIA will benefit from the hiring of a new full-time Adventure Coordinator, who will ensure growth and safety in this programmatic area of Campus Recreation, and the addition of two positions that will support the revenue-generating activities of the Ott Center and the Penn Relays.

Capital Project Priorities: In addition to the opening of the Ott Center this fall, construction will advance on a centralized student-athlete fueling station, the Sheerr Pool renovation, swim team facilities, and Franklin Field track resurfacing. Renovation of the lacrosse locker rooms will begin in FY2025 if fundraising goals are met. Robust feasibility studies, investment in existing facilities, and operating and maintenance endowments will continue to be priorities. Aligned with these priorities, DRIA will be planning improvements to the entrance of the Pottruck Health and Fitness Center and initiating schematic design for much needed upgrades to the locker room facilities in the Hollenback Center.

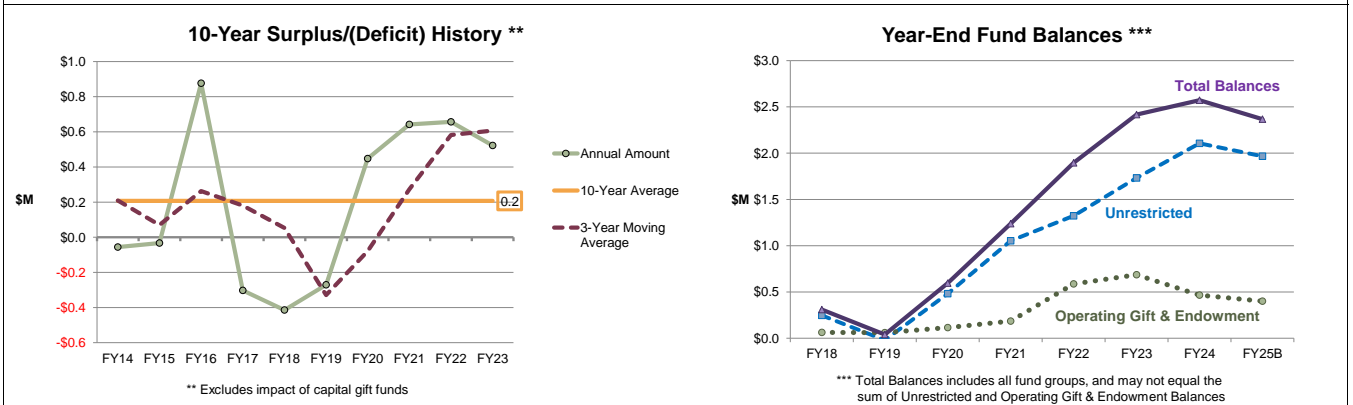
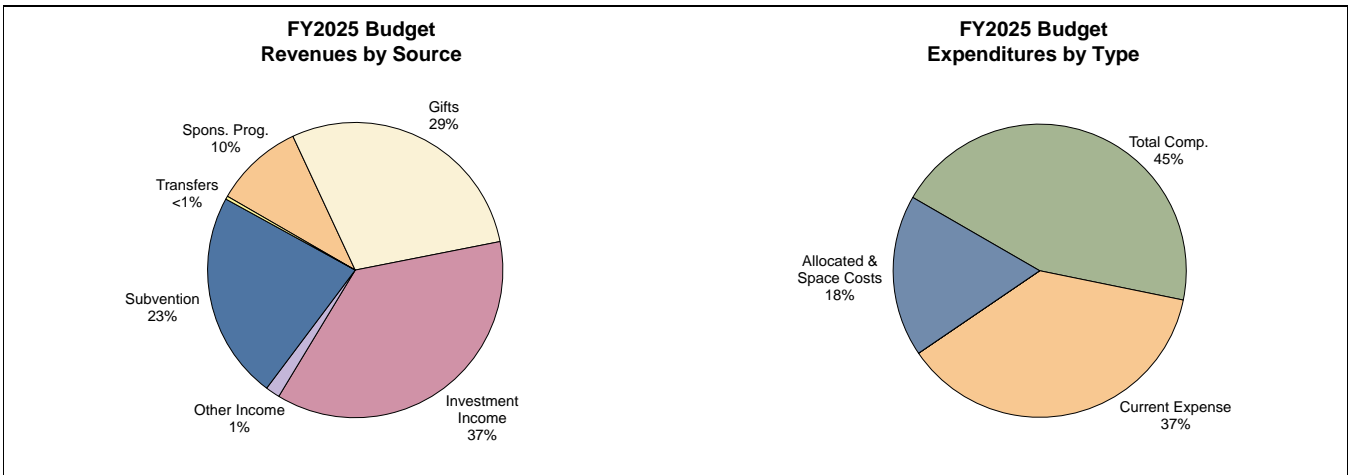
INSTITUTE OF CONTEMPORARY ART
(in thousands of dollars)

FISCAL 2023 ACTUAL FISCAL 2024 BUDGET FISCAL 2024 FORECAST % Change from 2023 Actual FISCAL 2025 BUDGET % Change from 2024 Forecast

ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	0	0	0	0%	0	0%
Sponsored Programs	220	418	442	101%	571	29%
Gifts	1,474	1,300	1,554	5%	1,691	9%
Investment Income	2,055	2,110	2,108	3%	2,156	2%
Other Income	57	48	29	-50%	93	225%
DIRECT REVENUES	3,805	3,876	4,132	9%	4,510	9%
University Subvention	1,259	1,284	1,284	2%	1,334	4%
Net Resource Transfers From / (To) Other Centers	103	78	26	-75%	20	-23%
TOTAL REVENUES & TRANSFERS	5,167	5,238	5,442	5%	5,864	8%
EXPENDITURES						
Total Compensation	2,207	2,582	2,277	3%	2,723	20%
Current Expense	1,427	1,873	1,826	28%	2,262	24%
Capital Transactions	0	150	150	0%	0	0%
Student Aid	0	0	0	0%	0	0%
NET DIRECT EXPENDITURES	3,634	4,604	4,253	17%	4,985	17%
Allocated Cost & Space Charges	1,011	1,034	1,034	2%	1,083	5%
TOTAL EXPENDITURES	4,645	5,638	5,287	14%	6,068	15%
SURPLUS/(DEFICIT) *	522	(400)	155		(205)	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	-	-	-	-	-	-
Certificate & Non-Degree	-	-	-	-	-	-
Total Students	-	-	-	-	-	-
Standing Faculty	-	-	-	-	-	-
Staff	19	19	19	1%	19	0%



** Excludes impact of capital gift funds

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

Institute of Contemporary University^{Art} of Pennsylvania

Major Areas of Focus and Activity

The [Institute of Contemporary Art](#) (ICA) is a global hub for contemporary art and ideas. Free and open to all, ICA is dedicated to supporting artistic practices across disciplines and to serving as a laboratory for risk-taking, community-building, and knowledge-creation. Since 1963, ICA has championed the University's commitment to cultivating the next generation of imaginative creators and thinkers. Through commissions, exhibitions, programs, publications, and special projects, ICA fosters bold experimentation, curiosity, and discovery.

Following a robust strategic visioning process, ICA has refined its mission as a launchpad for contemporary art and ideas. The institute is committed to collaboration, experimentation, and learning as core guiding values, and to reexamining the best ways to serve audiences as ICA embarks upon a new milestone—its 60th anniversary. Through this process, ICA's staff has come together and is directing its energies toward creating a Strategic Direction for ICA for the next one to five years. FY2025 will be a planning period in which ICA will set programmatic, financial, personnel, and new project goals around three key priorities:

- Deepen ICA as a launchpad for contemporary art and ideas.
- Expand learning and new connections with art and ideas.
- Strengthen and support a sustainable infrastructure and future for ICA.

The Strategic Direction will enable ICA to focus its efforts and realize its mission to create transformative experiences with art across disciplines and encourage bold experimentation, deep connection, and boundless curiosity among artists and audiences alike.

Programmatic Initiatives

During FY2024, ICA presented five critically-acclaimed exhibitions, produced one exhibition catalogue, and held 40 free public programs, 17 of which were initiated by Penn students and faculty. ICA partnered with the Office of New Student Orientation and Academic Initiatives to welcome families in the Penn First Plus program ahead of the school year. ICA also continued its partnership with Weitzman School of Design to host four sessions of their artist lecture series, this year highlighting artists that have a history of exhibiting at ICA. Events like the Family Photo Day in celebration of *David Antonio Cruz: When the Children Come Home* continued ICA's tradition of Free for All events in inviting a unique cross-section of the general public to actively engage with the ideas in ICA's shows. Opening celebrations continue to be popular with both on and off campus participants, and welcome over 500 guests to campus.

Accelerating Interdisciplinary Pursuits: ICA fosters dialogue across disciplines with exhibitions and programs touching upon areas such as history, politics, social issues, biology, and more. In Fall 2024, ICA will launch *Field Notes*, a new research and commissioning platform centered on furthering ICA's mission. The platform takes advantage of ICA's position within the University, the City of Philadelphia, and the broadly defined world of contemporary art. *Field Notes* supports ICA's role as a convener and space of supportive collaboration, inspiring discovery through boundary-breaking research and commissions. The program is designed to provide opportunities for supporting new thinking and exploration on issues related to art and society.

Leading on Challenges of Our Time: ICA is committed to advancing sustainability in various facets of its operations, such as reducing printed materials, partnering with waste disposal companies focused on recycling, and purchasing green materials for exhibitions and the office. ICA actively promotes virtual platforms minimizing carbon footprints associated with physical travel. Through innovative initiatives like repurposing exhibition wall materials and

implementing a sustainable wall building system, ICA strives to minimize waste and environmental impact. These efforts reflect dedication to fostering a greener, more environmentally conscious future for the arts.

Growing Opportunity and Strengthening Community: ICA’s programs take audiences into consideration from the outset and the strategic visioning process has helped ICA get more specific about the communities it aims to serve across campus, the City of Philadelphia, and the global art world. Currently, ICA is developing mutually beneficial relationships with organizations that serve under-resourced and marginalized communities around Philadelphia, including the Leeway Foundation and Taller Puertorriqueño. ICA has deepened its commitment to ensuring that programs are accessible to all visitors through a variety of initiatives in partnership with industry leaders across sectors. These initiatives include captioning for all onsite content using AccessKit, live transcription of events through 3Play media services, and engaging American Sign Language interpreters through HandsUp.

Fostering Leadership and Service: ICA offers year-round opportunities for Penn students, local artists, and arts practitioners to gain valuable museum experience while engaging with the Philadelphia arts community at-large. [ICA’s student initiatives](#) offer them the opportunity to learn about and interact with new, exciting ideas while gaining professional experience of working at an arts center and a deeper understanding of how ICA supports underrecognized artists from around the world. ICA’s student board (ICASB) is comprised of 45 members from across disciplines, and ICA’s team engages ICASB through monthly meet-ups, structured research projects that inform student-led programs such as [Art Unphiltered](#), After Dark, and an annual Student Week slate of programs. This year, ICA’s gallery ambassador program has grown to include artists and arts practitioners in addition to Penn’s MFA and MA students. The program is an opportunity to learn industry best practices and engage in meaningful dialogue with ICA visitors while enhancing participants’ own creative and teaching practices. In addition, ICA is committed to staff professional development and has set aside funding each year to support the professional growth of its team.

Key Budgetary Assumptions

Revenue Enhancement Initiatives: Current projections include steady and reasonable growth for ICA’s newest revenue source—space rentals—with plans to double current revenue by FY2029.

Capital Project Priorities: The recently completed strategic visioning study emphasized a number of key capital priorities including strengthening ICA’s visibility, expanding public accessibility, increasing space for programming and public engagement activities, and improving the functionality of spaces. ICA’s Building Feasibility Study will seek to examine how the facility can be more welcoming to visitors and deepen engagement. An architectural firm will be engaged shortly with final plans projected to be submitted to ICA by December 2024.

Fundraising: ICA’s board of advisors currently has 25 members, with another potentially joining before the close of FY2024. ICA continues to engage current and prospective supporters in major gift conversations that align with the goals established in the strategic visioning process.

Staffing: ICA expects to fill five vacant positions during FY2025, and the budget reflects an average of 19 filled positions.

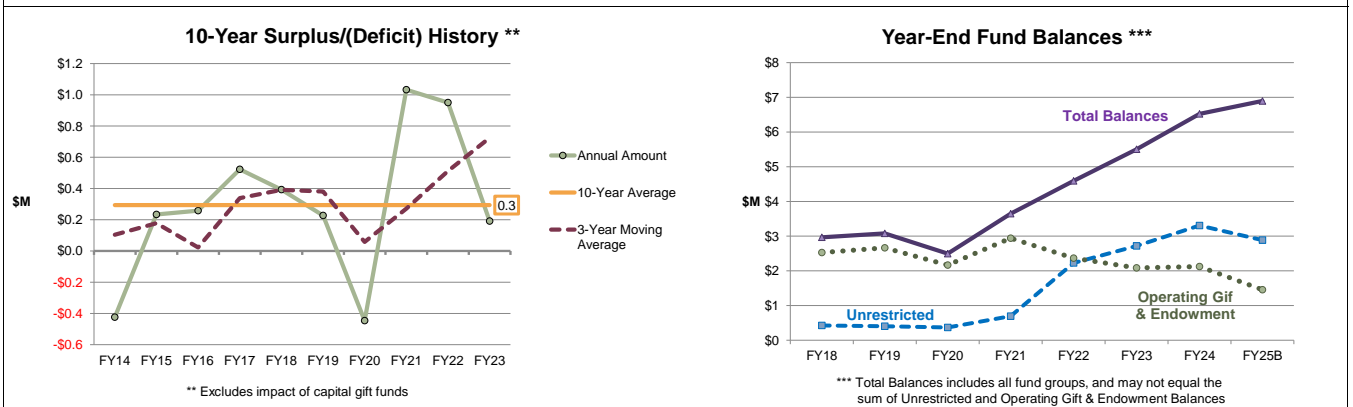
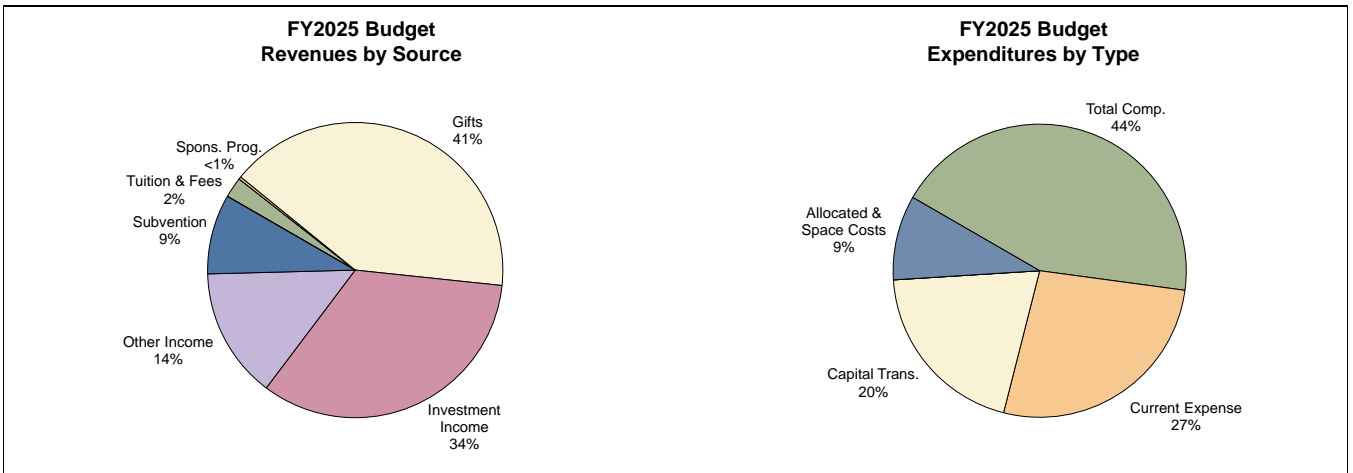
MORRIS ARBORETUM
(in thousands of dollars)

FISCAL 2023 ACTUAL	FISCAL 2024 BUDGET	FISCAL 2024 FORECAST	% Change from 2023 Actual	FISCAL 2025 BUDGET	% Change from 2024 Forecast
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ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	261	258	279	7%	286	3%
Sponsored Programs	93	127	53	-43%	36	-32%
Gifts	3,113	2,803	2,950	-5%	5,177	75%
Investment Income	3,945	4,142	4,268	8%	4,266	0%
Other Income	1,771	1,585	1,761	-1%	1,814	3%
DIRECT REVENUES	9,184	8,915	9,312	1%	11,580	24%
University Subvention	1,034	1,066	1,066	3%	1,110	4%
Net Resource Transfers From / (To) Other Centers	(53)	(28)	(38)	-28%	30	-177%
TOTAL REVENUES & TRANSFERS	10,164	9,953	10,340	2%	12,719	23%
EXPENDITURES						
Total Compensation	4,929	5,315	5,260	7%	5,408	3%
Current Expense	3,121	3,049	2,596	-17%	3,313	28%
Capital Transactions	156	1,347	353	126%	2,474	600%
Student Aid	0	0	0	0%	0	0%
NET DIRECT EXPENDITURES	8,206	9,711	8,209	0%	11,196	36%
Allocated Cost & Space Charges	1,070	1,108	1,108	4%	1,152	4%
TOTAL EXPENDITURES	9,276	10,819	9,317	0%	12,348	33%
SURPLUS/(DEFICIT) *	889	(866)	1,022		372	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	-	-	-	-	-	-
Certificate & Non-Degree	-	-	-	-	-	-
Total Students	-	-	-	-	-	-
Standing Faculty	-	-	-	-	-	-
Staff	52	55	52	1%	53	2%



** 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 165-acre [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. The Arboretum offers a 92-acre horticultural display garden with a spectacular collection of mature trees and plantings in a beautiful, colorful landscape. It is the official arboretum of the Commonwealth of Pennsylvania and is ranked among the top 5% of North America's largest public gardens. In addition to providing an enjoyable learning experience for visitors, the Arboretum offers educational programs for many audiences ranging from youth to professionals. It is a leader in botanical and horticultural research. While young families comprise the most significant portion of the member and visitor base, the Arboretum's robust programs are geared to attract constituents of all ages. The Arboretum welcomes over 160,000 visitors annually, of which 5,000 are Penn students, faculty, and staff (who receive complimentary admission).

The Arboretum's service delivery goals for FY2025 include providing excellent and accessible guest experiences, cultivating and expanding the plant collections, building a robust platform for future research, facilitating excellent educational experiences, and working towards a more inclusive guest and member base.

Programmatic Initiatives

In FY2025, the Morris Arboretum will continue to advance its strategic plan in tandem with the University's *In Principle and Practice* strategic framework through the key programmatic initiatives described below.

Launch Phase 1 of Master Plan: With the site Master Plan approved in FY2024, the Arboretum will further define Master Plan phases and refine a fundraising strategy. Preliminary fundraising for select components of Phase 1 has already begun. The Master Plan greatly enhances accessibility and inclusion of the grounds and expands its research on climate impact and resilience – advancing the University's strategic framework goals of expanding opportunities and strengthening community and leading on great challenges of our time. Phase 1 of the Master Plan will also include transformative changes enabling the Arboretum to expand the number and types of events offered and increase the number of guests that may be accommodated overall.

Open Plant Science Lab – the Platform for Future Research Growth: Cost estimates for the new molecular lab building are nearly complete, and with funding in hand, construction is expected to begin in Fall 2024. Additionally, the Arboretum will hire a new plant pathologist/geneticist whose research will focus on regionally rare plant species and forest health. This work will study the impact of climate changes on plants and natural communities.

Rollout New Membership Strategy: After a full assessment of its membership program by an external consultant, the Arboretum will be moving forward in FY2025 with a new model that is expected to better meet its constituents' needs. The new structure will be rolled out in February 2025, and it is expected to generate incremental revenue by attracting new members through a more flexible, inclusive framework. The full impact of the new structure on membership revenue will not be experienced until FY2026, and the Arboretum has budgeted for a 5% increase.

Host Engaging Special Events and Exhibits: The Arboretum continues exploring unique attractions that will work with existing collections and fresh annual plantings to draw repeat visitors and new and varied audiences. For example, in Summer 2024, the feature will be *Plants in the Age of Dinosaurs*, which is expected to be particularly attractive to families with young children.

Increase Neighborhood Connections: In support of the strategic framework’s goals of expanding opportunities and strengthening community and deepening connections with neighbors and the world, the Arboretum continues to work closely with Title I schools in North Philadelphia by welcoming school groups to visit and learn about plants and nature and by holding an annual event that brings students together with experts in the field, so they may learn about opportunities to work in horticulture. In addition, in FY2024, the Arboretum began a successful internship program with students from Lankenau High School.

Key Budgetary Assumptions

Admissions and Operating Revenue: The foundation of the Arboretum’s operating revenue is visitation and attracting guests both as one-time visitors (105,000 in FY2023) and members (58,000). The Arboretum has had strong visitation growth over the past five years (+35% in total gate admissions through FY2023), anticipates 12% growth in paid admissions in FY2024, and budgets to continue to increase guest-related revenue by planning for and offering seasonal attractions, continually enhancing the plant collection, and optimizing guest services. Additionally, mission-related revenue (education) and operating gift revenue are projected to grow in alignment with planning parameters and inflation.

Staffing: The Arboretum’s staff currently has a total of 52 FTEs, which includes 43 full-time and 32 part-time staff. In addition, its workforce also has 21 seasonal staff members and 10 interns supporting the Horticulture and Education programs. The Arboretum has budgeted for one additional staff member in FY2025, a new plant geneticist whose work will further expand research operations when the molecular lab is complete. The Arboretum will fund this position from its operating budget but anticipates that, in future years, this position will be funded partially by sponsored program awards.

Current Expense: With the exception of planned project and maintenance expenses that will be charged to gifts and endowments, the FY2025 operating budget has a modest increase in current expense over the FY2024 forecast, reflecting cost controls in each department.

Capital Project Priorities and Fundraising: The Arboretum plans to initiate Phase 1 of its Master Plan in FY2025, to include further design refinement, completion of project renderings, and rollout of a comprehensive fundraising plan. In addition, it will expand and advance its research operations with the construction of the molecular lab (\$2.1 million), begin a multi-year project to restore and renovate the Seven Arches (\$1.1 million), and advance the aesthetics of its Garden Railway exhibit with the construction of a new Garden Railway “newsstand” modeled after the one found at Chestnut Hill West station.

Operating Margin: While the Arboretum will draw down on cash balances to fund capital projects in FY2025, its core operations are anticipated to realize a healthy operating margin of over \$400,000 that will be reserved and deployed to support future emergency expenses or critical investments that advance the Arboretum’s mission.

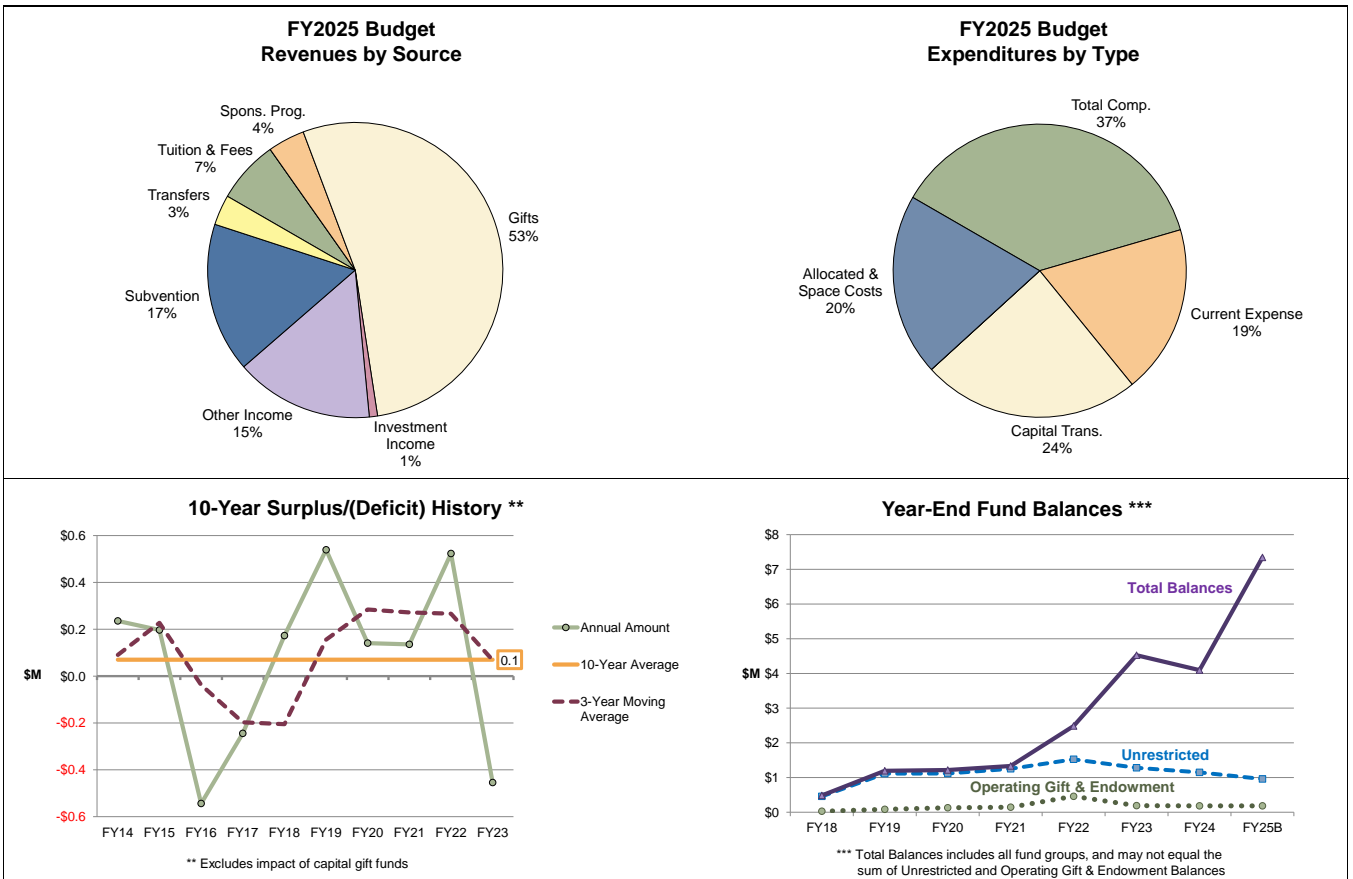
PENN LIVE ARTS
(in thousands of dollars)

FISCAL 2023 ACTUAL	FISCAL 2024 BUDGET	FISCAL 2024 FORECAST	% Change from 2023 Actual	FISCAL 2025 BUDGET	% Change from 2024 Forecast
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ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	623	765	765	23%	940	23%
Sponsored Programs	486	461	428	-12%	550	29%
Gifts	3,467	4,215	1,690	-51%	7,260	330%
Investment Income	179	104	294	64%	122	-59%
Other Income	1,727	1,730	1,666	-4%	2,065	24%
DIRECT REVENUES	6,484	7,275	4,843	-25%	10,937	126%
University Subvention	2,329	2,351	2,351	1%	2,232	-5%
Net Resource Transfers From / (To) Other Centers	220	392	586	166%	451	-23%
TOTAL REVENUES & TRANSFERS	9,033	10,018	7,779	-14%	13,620	75%
EXPENDITURES						
Total Compensation	2,947	3,602	3,254	10%	3,855	18%
Current Expense	1,799	1,789	1,831	2%	1,933	6%
Capital Transactions	5	5,781	950	0%	2,500	0%
Student Aid	0	0	0	0%	0	0%
NET DIRECT EXPENDITURES	4,752	11,172	6,035	27%	8,288	37%
Allocated Cost & Space Charges	2,135	2,175	2,175	2%	2,085	-4%
TOTAL EXPENDITURES	6,887	13,347	8,210	19%	10,373	26%
SURPLUS/(DEFICIT) *	2,146	(3,329)	(431)		3,247	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	-	-	-	-	-	-
Certificate & Non-Degree	-	-	-	-	-	-
Total Students	-	-	-	-	-	-
Standing Faculty	-	-	-	-	-	-
Staff	20	28	24	19%	32	33%





Major Areas of Focus and Activity

[Penn Live Arts](#) (PLA) 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. Headquartered at the Annenberg Center for the Performing Arts, 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. Integrated with University Life programs, PLA supports student performing arts groups who are key users of the Annenberg Center's multiple performance and rehearsal spaces and staffs many operational roles throughout the academic year. A reflection of Penn's core values as a world-respected 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 stresses 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. PLA also provides discounted West Philly Welcome tickets for residents of the immediate neighborhood, as well as deeply discounted tickets for Penn first-generation students.

During the 2023-2024 season, PLA further expanded public programs to advance arts and culture from Ukraine through the *Ukraine: Edge of Freedom* series on the two-year anniversary of the invasion. PLA also presented programs aligned with a season-long theme on gun-violence awareness, which will culminate in a city-wide community sound installation activating church bells across Philadelphia on June 7th, National Gun Violence Awareness Day. The season brought a range of world-class artists to campus including several commissions and world premieres across dance, music, and theatre.

Programmatic Initiatives

Deepening Connection with Neighbors and the World: Community access and engagement are vital components of PLA's public programs, and the Center serves the Philadelphia region as a major cultural resource and presenter of artistic work. PLA supports the community through access programs like the *Student Discovery* series, bringing school-aged children to the Annenberg Center for monthly performances. PLA offers programs at historic, cultural, and iconic sites throughout Philadelphia, including the Morris Arboretum, the Woodlands Cemetery and Hamilton Mansion, the Class of 1923 Ice Arena, Philadelphia Episcopal Cathedral, St. Mary's Church in Hamilton Village, and Locust Walk.

PLA also works to increase audience engagement, dialogue, and artistic expression through public performances that are thought-provoking, contemporary, and innovative. These programs advance PLA's mission of facilitating dialogue through the performing arts as a fundamental means of human communication to support the exchange of ideas.

Leading on Great Challenges of Our Time: Many of PLA's presentations provide opportunities for audiences to encounter diverse viewpoints and perspectives and serve as a platform for artists to address key issues of our time. Connecting the audience to opportunities for reflection, discussion, and learning are core components of the program. Recent examples include a partnership with Penn's Paideia program to create story-circle discussion groups for audiences at the Negro Ensemble Company's performance of Charles Fuller's play, *Zooman and the Sign*.

This program is part of a larger season-long focus on gun violence awareness that PLA has undertaken in partnership with several community organizations in Philadelphia. This program will culminate in a citywide sound installation activating faith-based partners in over 25 locations across West Philadelphia, North Philadelphia, and Center City to create greater awareness of gun violence and the issues associated with this problem in Philadelphia.

Accelerating Interdisciplinary Pursuits: As part of PLA's mission, interdisciplinary work is supported broadly and includes multifaceted residencies with artists such as Rennie Harris, the Negro Ensemble Company, national and international dance companies, and other artists who work across curricular and co-curricular programs. These residencies engage students and enhance learning in the arts and humanities. They also promote the deeper exploration of themes and the responses of artists in society and how artistic work can support academic inquiry, the exchange of diverse viewpoints, and ideas and serve as a place for dialogue in a segmented world.

Growing Opportunity and Strengthening Community: Nearly 20% of Penn students are involved in performance and PLA is advancing capital projects to increase opportunity for these students and the performing arts ecosystem at Penn. The planned addition of the Stuart Weitzman Theatre to the Annenberg Center in combination with the new Student Performing Arts Center on Hill Field would represent the largest investment in performing arts space on campus since the Annenberg Center was created in 1971.

Key Budgetary Assumptions

The FY2025 budget has been carefully created to address the next stage of PLA's campus integration, including active solicitation to complete Phase I of the Annenberg Center's capital campaign while pursuing additional campaign priorities to scale the programmatic, operational, and student career support programs. In partnership with University Life, PLA will begin managing the Iron Gate Theatre in FY2025 to further Penn's operational restructuring for broader support of theatrical venues on campus, including centralized space scheduling, technical theatre support, front of house operations, and ticketing infrastructure for campus performance programs.

Public Programming: PLA has forecasted \$1.1 million of ticket revenue in FY2024, in line with pre-pandemic revenue levels. Subscriber retention during the 2023-2024 season has been excellent, due largely to robust programming and subscriber engagement strategies. The FY2025 budget projects \$1.25 million in ticketing revenue, reflecting expanded programming and new work across disciplines.

Rental Revenues: Rental revenues in FY2024 are forecasted at \$1 million, slightly less than the FY2023 level due to closure of the Center during Summer 2023 for an HVAC replacement project. The FY2025 rental revenue budget is \$1.4 million.

Contributed Revenue: Gift income and sponsored program revenue in FY2024 are expected to total \$1.6 million (excluding capital gifts) as PLA continues to expand its donor base while consistently augmenting the PLA Board of Advisors. Final fundraising for Phase I of the 50th Anniversary Campaign is underway to reach the \$20 million capital goal, with \$14.4 million in pledges to date (including the Presidential match).

Staffing: PLA is budgeting for 32 staff FTEs, an increase of eight compared to the average FTEs in FY2024. The staff growth, which is spread across the second half of FY2024 and into FY2025, is related to PLA's management of the Iron Gate Theatre.

Capital Project Priorities: Budgeted FY2025 capital expenditures include the completion of the schematic design phases for the Stuart Weitzman Theatre and Phase I of the Annenberg Center renovation.

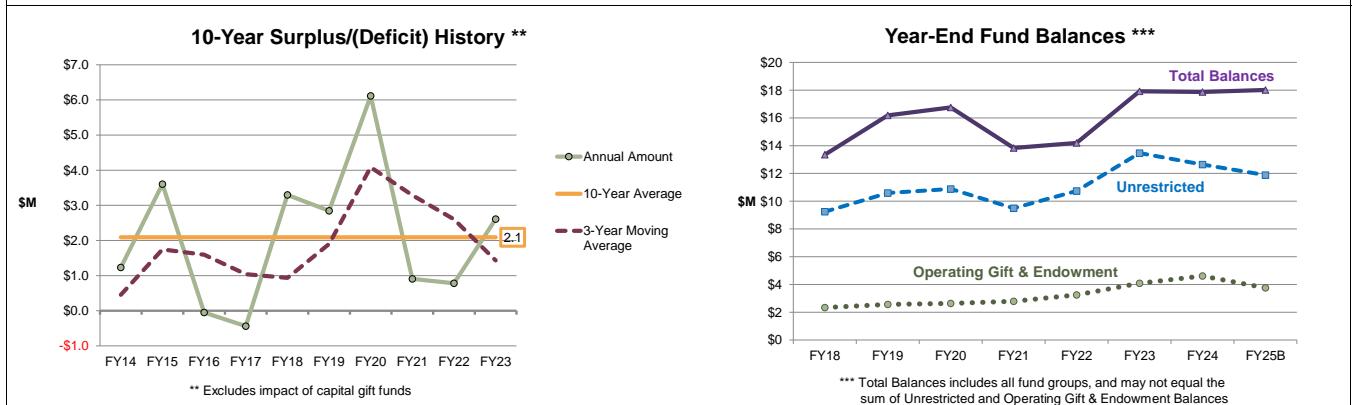
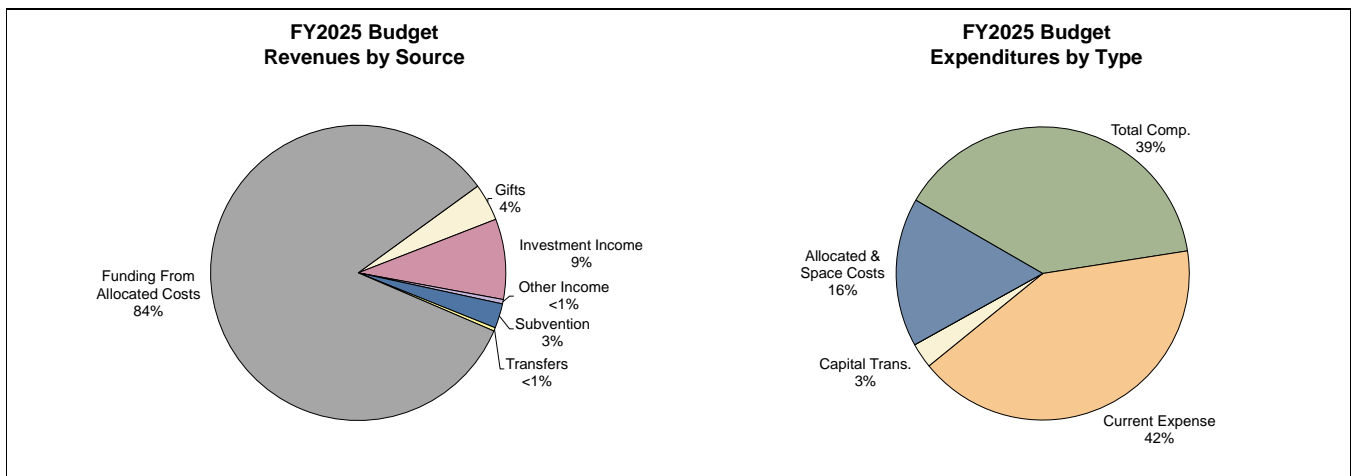
UNIVERSITY LIBRARIES
(in thousands of dollars)

FISCAL 2023 ACTUAL FISCAL 2024 BUDGET FISCAL 2024 FORECAST % Change from 2023 Actual FISCAL 2025 BUDGET % Change from 2024 Forecast

ALL OPERATING FUNDS						
<u>REVENUES & TRANSFERS</u>						
Tuition & Fees	0	10	10	nm	10	0%
Sponsored Programs	53	126	16	-70%	142	794%
Gifts	2,056	700	2,320	13%	3,804	64%
Investment Income	7,562	7,790	8,031	6%	8,199	2%
Other Income	754	307	307	-59%	307	0%
DIRECT REVENUES	10,426	8,933	10,684	2%	12,462	17%
University Subvention	1,063	2,268	2,268	113%	2,511	11%
Funding From Allocated Costs	73,372	75,572	75,572	3%	77,839	3%
Net Resource Transfers From / (To) Other Centers	939	(190)	(809)	-186%	351	-143%
TOTAL REVENUES & TRANSFERS	85,800	86,583	87,715	2%	93,162	6%
<u>EXPENDITURES</u>						
Total Compensation	31,549	34,426	33,779	7%	36,445	8%
Current Expense	36,534	37,173	39,545	8%	38,679	-2%
Capital Transactions	646	457	(182)	-128%	2,579	-1518%
Student Aid	0	0	0	0%	0	0%
NET DIRECT EXPENDITURES	68,729	72,056	73,142	6%	77,703	6%
Allocated Cost & Space Charges	14,310	14,715	14,715	3%	15,265	4%
TOTAL EXPENDITURES	83,039	86,771	87,857	6%	92,968	6%
SURPLUS/(DEFICIT) *	2,761	(188)	(143)		194	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	-	-	-	-	-	-
Certificate & Non-Degree	-	-	-	-	-	-
Total Students	-	-	-	-	-	-
Standing Faculty	-	-	-	-	-	-
Staff	272	288	285	5%	288	1%





Major Areas of Focus and Activity

Penn's dynamic system of specialized libraries plays a critical role in research, teaching, and learning at the University. Over 300 library staff members partner with and deliver collections, resources, and services to the Penn community, the greater Philadelphia region, and scholars around the globe. Annually, the Penn Libraries welcomes more than one million visitors into its physical spaces and logs more than 35 million service events and interactions with patrons in person and virtually. On a day-to-day basis, [60 subject-specialist librarians](#) are available on site and online to answer reference questions, provide research assistance, and offer instructional sessions for courses. Staff experts also provide support for scholarly communications, copyright issues, research data management, educational technology, and digital scholarship.

This year, the Penn Libraries furthered the reach and impact of Penn scholarship, and continued to exert influence on the national landscape for scholarly communications, through five new transformative agreements with [Wiley](#), [Springer](#), [Royal Society of Chemistry](#), [Company of Biologists](#), and [Institute of Physics](#). In addition to prior agreements with SAGE Publishing and Cambridge University Press, these agreements make 20% of current Penn scholarship openly available to the world at no cost to Penn authors, putting \$3 million previously paid each year in article processing charges back into research budgets.

The Penn Libraries is currently undergoing a transition in leadership: Constantia Constantinou, appointed H. Carton Rogers III Vice Provost and Director of the Penn Libraries in 2018, stepped down in September 2023. [Brigitte Weinstein](#) currently serves as [Interim Director](#) of the Libraries, while also continuing to serve as Gershwind and Bennett Family Senior Associate Vice Provost for Collections and Scholarly Communications. A search for the next vice provost is underway.

Programmatic Initiatives

The Penn Libraries has many initiatives in planning or underway that closely align with the University's new strategic framework, [In Principle and Practice](#).

Leading on Great Challenges of Our Time: In April 2024 the [Penn Libraries Book Prize in Sustainability](#) was launched toward addressing the great challenge of climate change. The prize acknowledges outstanding contributions to the global discourse on environmental sustainability, with a focus on books that greatly impact public understanding. The inaugural prize winner will be announced in September. The Libraries is also implementing a series of sustainability-related changes across physical plant operations. Highlights include in-line water filtration stations for bottled water dispensers; LED lighting instead of fluorescent fixtures; four-stream recycling and trash pickup, including compostable collection; anti-bird strike film across first-floor windows in Van Pelt-Dietrich Library Center; and replacing aging gas-powered delivery vans with new electric vehicles.

In another area—addressing data challenges—the Libraries is piloting the ethical use of generative artificial intelligence in the pedagogy of students with the Marks Family Center for Excellence in Writing. In three seminars in the Spring 2024 semester, the Libraries piloted the integration of ChatGPT into PowerNotes, a collaborative writing tool the Libraries offers and a major component of the University's required Critical Writing Program seminars. The overarching goal is to help students learn how to use generative AI effectively and ethically.

Growing Opportunity and Strengthening Community: The Penn Libraries [Center for Global Collections](#) brings together scholars and students from across the University—and beyond—for classes, events, exhibits, seminars, and symposia. [Fundraising](#) and schematic design for a capital renovation are currently underway, requiring only a

naming gift to be fully funded. The Center's revitalized physical structure will co-locate programmatic spaces, collections, and specialist librarians who provide subject expertise for individual world areas and global studies.

Deepening Connection with Neighbors and the World: The Libraries' Community Engagement program works with local nonprofits on reestablishing and operating multiple public school libraries within the School District of Philadelphia. In partnership with the [West Philadelphia Alliance for Children](#), the program has grown to 21 schools, sustaining access to libraries serving more than 10,000 Philadelphia students in underserved neighborhoods and ensuring that the program will have long-lasting, generational influence.

Fostering Leadership and Service: The Penn Libraries amplifies the efforts of multiple campus partners and offers vital space for hosting important, albeit challenging, dialogues that foster civil discourse. In March 2024, the Libraries launched the first of these [conversations in partnership with SNF Paideia and the Program in Jewish Studies](#). Currently Penn Libraries staff members are working with the Graduate School of Education to plan events to help schoolteachers, leaders, and higher education administrators and educators learn to facilitate challenging conversations.

Key Budgetary Assumptions

Staffing: The Library budget anticipates three more filled positions than FY2024, a result of continued stabilization of the workforce 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 be completed during FY2025, meeting the Penn Libraries' growing need for offsite storage of cultural heritage material. Additionally, schematic design will commence in FY2025 to renovate the fifth floor of the Van Pelt-Dietrich Library Center into a new home for the Center for Global Collections, filling a vital need for a communal venue for global studies programming on campus.

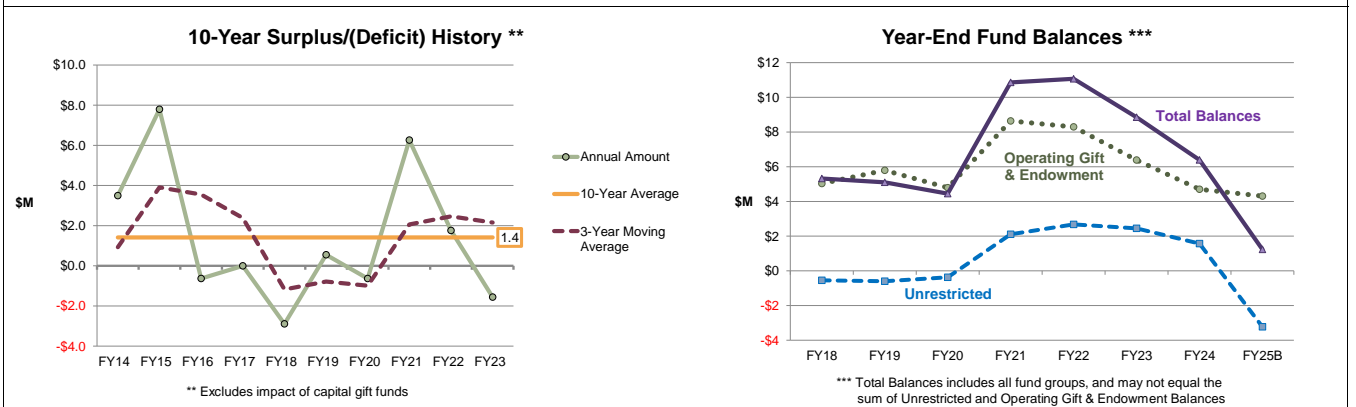
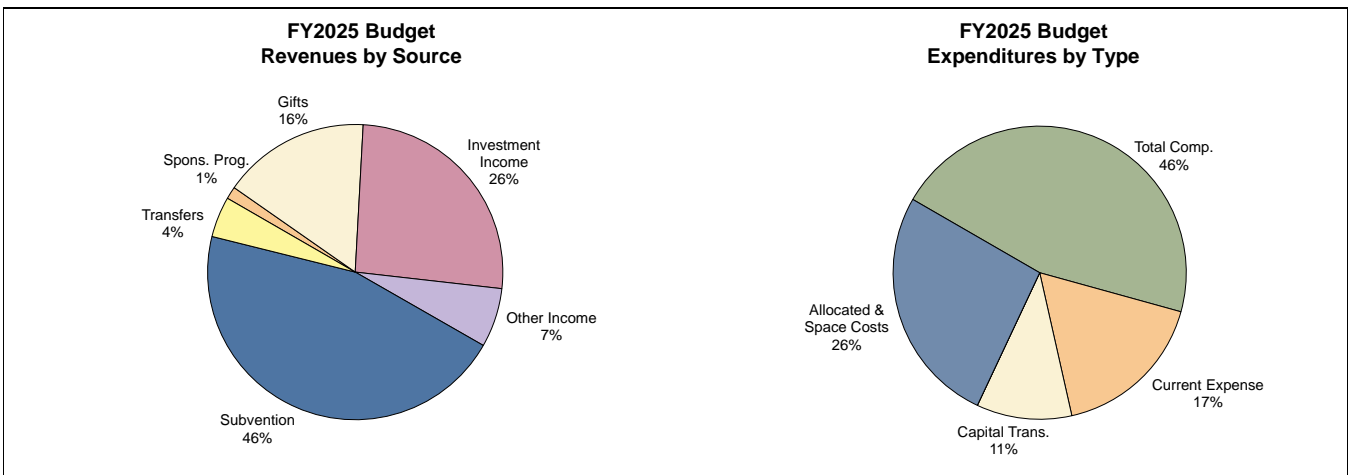
UNIVERSITY OF PENNSYLVANIA MUSEUM
(in thousands of dollars)

	FISCAL 2023 ACTUAL	FISCAL 2024 BUDGET	FISCAL 2024 FORECAST	% Change from 2023 Actual	FISCAL 2025 BUDGET	% Change from 2024 Forecast
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ALL OPERATING FUNDS						
REVENUES & TRANSFERS						
Tuition & Fees	0	0	0	0%	0	0%
Sponsored Programs	551	1,227	1,623	195%	393	-76%
Gifts	5,847	4,732	7,089	21%	4,656	-34%
Investment Income	7,130	7,445	7,451	4%	7,468	0%
Other Income	1,612	1,649	1,639	2%	1,867	14%
DIRECT REVENUES	15,140	15,053	17,802	18%	14,385	-19%
University Subvention	10,888	11,602	11,602	7%	13,135	13%
Net Resource Transfers From / (To) Other Centers	1,378	1,365	2,092	52%	1,282	-39%
TOTAL REVENUES & TRANSFERS	27,406	28,020	31,496	15%	28,802	-9%
EXPENDITURES						
Total Compensation	12,305	14,083	14,395	17%	15,355	7%
Current Expense	5,774	6,064	6,629	15%	5,740	-13%
Capital Transactions	2,898	3,878	4,426	53%	3,514	-21%
Student Aid	58	80	80	37%	80	0%
NET DIRECT EXPENDITURES	21,035	24,105	25,529	21%	24,688	-3%
Allocated Cost & Space Charges	8,024	8,374	8,374	4%	8,799	5%
TOTAL EXPENDITURES	29,059	32,479	33,903	17%	33,487	-1%
SURPLUS/(DEFICIT) *	(1,653)	(4,459)	(2,407)		(4,685)	

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

INPUT ASSUMPTIONS (full-time equivalents)						
Student Enrollment:						
Traditional Undergraduate	-	-	-	-	-	-
Ph.D.	-	-	-	-	-	-
Professional & Other Degree	-	-	-	-	-	-
Certificate & Non-Degree	-	-	-	-	-	-
Total Students	-	-	-	-	-	-
Standing Faculty	-	-	-	-	-	-
Staff	110	117	124	13%	123	-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

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.

In 2023, the Museum completed its strategic visioning process and is now finalizing the three-year plan for implementation of the vision that will focus on the Museum’s top priorities, which include preserving cultural heritage, deepening research, addressing technological infrastructure needs, creating opportunity for dialogue across museums with similar collections, stewardship of the collection, creation of an interpretive plan, and creating an environment that is welcoming, inclusive, and safe for all audiences.

The Museum continues to create engaging programming and educational opportunities that attract regional, national, and international audiences while remaining a resource to students, staff, and alumni, with accessibility to all as an overarching goal.

Programmatic Initiatives

Deepening Connections with Neighbors and the World: The Penn Cultural Heritage Center (PennCHC) at the Penn Museum was founded in 2008 to be the gathering place for scholarly and professional interaction among faculty, staff, and students, along with national and international visitors, engaged with the management and study of tangible and intangible cultural heritage. Much of the Museum’s current research incorporates a cultural heritage dimension, and Penn Museum seeks to expand and develop coordination and unity of purpose in the University’s cultural heritage work and share well-articulated goals across these efforts. A current project, for example, entails working with partners in the preservation of Ukrainian heritage threatened by the ongoing conflict. In addition, the Gordion Archaeological Project in Turkey received the designation of a UNESCO World Heritage Site this past year, underscoring the importance of cultural heritage and the educational and universal aspects it affords humanity. These projects not only deepen Penn Museum’s connections with partners in countries around the world, but also position the Penn Museum on an international stage in the global challenge of preserving cultural heritage for future generations.

Growing Opportunity and Strengthening Community: Through *Unpacking the Past*, the Museum’s leading program for school-aged children, more than 60,000 Philadelphia public school children have already seen themselves in the Penn Museum’s global collection—and in doing so, uncovered aspects of our shared humanity. The program—which includes support with bussing to and from school, classroom outreach, a gallery tour and workshop at the Museum, and long-term follow-up for teachers—creates a ripple effect that reaches far beyond a day at the Museum. Children see objects from ancient civilizations they are studying, bringing history to life. *Unpacking the Past*, which is about to celebrate its 10th anniversary, welcomes families from all parts of the City of Philadelphia to spend time in the Museum, deepening the Museum’s connections with these communities and opening doors to new experiences for generations to come.

Accelerating Interdisciplinary Pursuits: The Museum’s Academic Engagement Department continues to expand and provide thought-provoking and unique hands-on learning experiences for students to engage with and study objects in the Museum’s vast collections, by facilitating co-curricular programming with many schools on campus. Topical classes are concerned with museological, anthropological, and archaeological issues—recently a Penn Slavery Project class met with the Museum staff to learn about the Morton Cranial Collection repatriation process. Providing a platform for interdisciplinary exchange on campus, the Academic Engagement Department serves students in their

pursuit of knowledge and connection, providing opportunities to engage with ancient objects and ideas within contemporary contexts.

Also celebrating its 10th anniversary this fall, the Museum's Center for the Analysis of Archaeological Materials (CAAM) provides laboratory and classroom spaces that give Penn students a chance to work directly with materials excavated from Penn field projects around the world. CAAM is a hands-on learning center, teaching state-of-the-art archaeological science to both undergraduate and graduate students, allowing the Museum to uniquely offer the combination of global fieldwork projects and laboratory and teaching facilities necessary to train students in archaeological science. Providing this dual capacity allows for a holistic approach to archaeology and opens the way to creative problem-solving and discoveries through science and *in situ* research.

Key Budgetary Assumptions

Revenue Enhancement Initiatives: Penn Museum's revenues are returning to pre-pandemic levels, as admissions increase in response to new programming, exhibitions, and targeted marketing initiatives. Earned income relies heavily upon group sales, programming revenue from camps, catering revenue, facility rentals, admission and membership revenue, and 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.

New Staff Positions: The FY2025 budget reflects term positions needed to comply with federal repatriation laws, including several collections management staff partially supported by the Provost's Office. In addition, a bioanthropologist will be joining the Museum to further support research, collections, and student engagement. In collaboration with Development and Alumni Relations, the search for a new Director of Development is underway.

Current Expense: Travel and entertainment expenses have continued to increase as research and excavations return to pre-pandemic activity 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. Other current expenses will continue to be managed closely and held flat wherever possible.

Capital Project Priorities: The Museum's FY2025 capital plan includes the second phase of the Coxe/Harrison renovations, which is scheduled to be completed by the end of FY2025. This major project includes an overhaul of the Egyptian galleries, storage areas, study room, and new central HVAC equipment and distribution for the Coxe Wing. 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 Main Level gallery spaces will be offline until late 2026 and the Upper-Level gallery spaces will be closed until late 2028, impacting 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

For Development and Alumni Relations (DAR), FY2024 has been a year of unanticipated challenges and transitions. DAR began the year with the expectation of laying the foundation for Penn's next capital campaign; however priorities shifted as a result of last fall's events. While important foundational fundraising work continues, these events have had a significant impact on the near-term fundraising trajectory as well as on engagement activities.

Midway through FY2024, Penn welcomed new leadership: Interim President J. Larry Jameson, MD, PhD, and Board Chair Ramanan Raghavendran, ENG'89, W'89, LPS'15. As we conclude FY2024 and plan for FY2025, DAR looks forward to working with our new leaders and building on the work done this past spring.

Penn's new strategic framework, *In Principle and Practice* will provide new opportunities and priorities for philanthropic investment and engagement moving forward and will be a galvanizing factor in drawing support from Penn's global community of alumni and friends.

Programmatic Initiatives

DAR's programmatic initiatives are designed to support every aspect of *In Principle and Practice*, from raising funds to support the University's highest priorities to cultivating engaged leaders and strengthening a global community of advocates, donors, and ambassadors who are invested in Penn's bright future.

Financial Impact: While fundraising is lower than prior years, the University is still on track to exceed this year's commitments goal of \$550 million and its receipts goal of \$625 million, which is a testament to the powerful resilience of Penn's fundraising program. The fundraising highlight of the year has been a transformative gift of \$83.9 million from P. Roy Vagelos, C'50, PAR'90, HON'99, and his wife Diana to fund scientific initiatives in the School of Arts and Sciences, which sent a powerful message to our community and shifted the fundraising trajectory into a more positive direction.

Engagement: The Penn community has come together for a range of gatherings and events this past year. Last fall, Penn returned to Asia for its first all-constituency events since the pandemic with *Penn Forward* events in Singapore and Hong Kong. Alumni and friends came together at Penn Spectrum Weekend, Homecoming Weekend featuring Arts & Culture, and a *Penn to You* event in Chicago. This spring, dozens of events sponsored by schools and centers have brought together alumni, donors, and volunteers in a wide range of forums. These occasions have created opportunities for connection and reconnection with donors and alumni, and have been supported by a cadre of volunteers who have served as ambassadors for new deans, hosts for events, and champions for Penn.

Investment in Infrastructure: In July 2023, DAR launched a new Salesforce-based platform called Compass which now serves as the new system of record. This state-of-the-art platform offers a fundamental shift in DAR's ability to manage fundraising and engagement activity and an array of new tools that offer DAR new opportunities to maximize use of data and enhance fundraising strategies. The launch of Compass represents the largest investment ever made in DAR's infrastructure.

Realignment of Fundraising Staff: Last spring, central DAR fundraising units were realigned to better leverage talent in the organization, respond to an evolving philanthropic landscape, and increase effectiveness in partnering with academic leaders and fundraisers across the University. The overall goal of the realignment was to ensure growth in high-impact philanthropy at every level and to increase opportunities for collaboration in fundraising efforts.

The Road Ahead: Looking forward, DAR is focused on the following key aspects of its work:

- Developing and executing a messaging and engagement strategy for new leadership.
- Continuing dialogues with high-net-worth alumni.
- Rebuilding the seven-figure+ donor pipeline.
- Assessing the most compelling opportunities for philanthropic investments that emerge from implementation of the *In Principle and Practice* strategic framework.
- Assessing and strengthening the volunteer ecosystem.
- Supporting and investing in the DAR community.

Key Budgetary Assumptions

Programmatic Activities: In FY2025, DAR will strategically invest in the greatest opportunities to effectively propel Penn forward to increase fundraising success, support priorities across the University aligned with *In Principle and Practice* and prepare for the next campaign. The continued successful implementation of Compass will be instrumental in this process.

Staffing: As the next campaign approaches, DAR will continue to build out the restructuring plan set forth by its senior leadership. This restructuring better aligns the fundraising teams and the development program areas with Penn’s evolving philanthropic landscape. The compensation budget builds in salary savings based on a 7% turnover rate assumption 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 EVP divisions provide key infrastructure and financial, entrepreneurial, and environmental services organized to support the experiences of faculty, students, and staff. Additionally, the EVP Office provides leadership to enhance quality of life and economic development in West Philadelphia and partners on economic development strategies city-wide. 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 FY2024, the EVP divisions collaborated to ensure that Penn operated at the highest standards. Each division was successful in meeting the five established goals of the EVP Office, as detailed below.

EVP Goal #1 – Exercise strong fiscal stewardship: Under the strong management of DOF, and in the face of heightened scrutiny, the University maintained its Aa1/AA+ long-term credit rating. BPA identified funding for the University's new strategic framework, *In Principle and Practice*, while aiding Schools and Centers in their monitoring of the changing fiscal environment. In response to the Department of Education's delayed rollout of the 2024–2025 FAFSA, DOF issued guaranteed financial aid packages consisting entirely of institutional aid, which will be swapped for federal funds based on student eligibility after FAFSA data is received.

EVP Goal #2 – Recruit, retain, and develop a talented and diverse workforce and support career development: HR continued its strong management of employee benefits, including offering a discounted campus recreation membership to support wellness and designing and implementing positive changes to the paid time off (PTO) policy. Labor contracts, including a new contract with Penn Police, were negotiated and ratified. Together, all nine EVP divisions demonstrated their focus on recruiting, retaining, and supporting staff.

EVP Goal #3 – Deliver high-quality services to the campus community: BSD and FRES managed the first phase of the renovation of the Quad, the re-opening of Stouffer College House, and the opening of The Accolade. Construction of academic buildings such as the Vagelos Laboratory for Energy Science and Technology, Amy Gutmann Hall, and the Graduate School of Education addition were completed or are nearing completion. Historic College Hall is being upgraded and preserved, while the new Ott Center for Track and Field will open this coming fall. DPS delivered award-winning public safety services to the campus and its neighbors, including providing additional security support during the recent campus unrest. DPS's mental health co-responder model reduced the amount of time spent and the number of officers responding to incidents involving mental health issues. DOF's economic inclusion efforts are projected to result in spending \$175 million with diverse suppliers in FY2024.

EVP Goal #4 – Plan and anticipate future change and organizational needs: The EVP divisions continuously assess and respond to the University's existing needs while planning for its future. ISC completed an IT Strategic Plan,

identifying major themes such as “Instructional Technology” and “Student Experience” and communicating them widely to stakeholders. To manage the driving force of artificial intelligence, ISC created “tiger teams” to explore opportunities to implement AI and worked with OACP to issue guidance on AI use for the Penn community. In support of the *Climate and Sustainability Action Plan 3.0*, FRES contracted with a third party to support the construction of two solar facilities, expected to produce approximately 70% of the total electricity demand of the academic campus and the Health System; BSD also implemented a new transit commuter discount program.

EVP Goal #5 – Protect Penn’s reputational, financial, physical, and informational assets: OACP led projects across the University and Health System to protect the University’s assets, including reviews of financial data, construction audits, cybersecurity, and systems. The team also managed an increased volume of incidents, consultations, and hotline reports in FY2024. The Office of Investments drove Penn’s endowment performance with its effective investment management practices.

Programmatic Initiatives

The EVP divisions are committed to the *In Principle and Practice* strategic framework, as detailed below.

Accelerating Interdisciplinary Pursuits: FRES is dedicated to campus planning and development that creates spaces for interdisciplinary collaboration in buildings like the new Amy Gutmann Hall and Pennovation Works. This work embodies Penn’s focus on knowledge exchange and the ongoing cross-pollination of ideas.

Leading on Great Challenges of Our Time: ISC is driving data transformation through its new strategic plan, support and exploration of AI use across the University, and implementation of new research systems. The Penn Sustainability Office continues to demonstrate the University’s commitment to carbon neutrality by creating new initiatives that include securing solar-sourced electricity, building recommissioning projects to increase energy efficiency, and improved waste management practices. BSD has been awarded grant funds to continue its expansion of the electric vehicle fleet for Penn Transit.

Growing Opportunity and Strengthening Community: BSD and FRES are both continuing their strong investment in state-of-the-art facilities and inclusive spaces for community engagement, especially for student housing and dining. DOF provides services to support diverse and exceptional students through its financial aid and financial wellness programs.

Deepening Connection with Neighbors and the World: Penn’s work to advance economic growth, social equity, and community development is multifaceted. DPS builds positive relationships and provides essential services to the local community. Procurement promotes supplier diversity and inclusion by increasing Penn’s purchases from minority business enterprises. The EVP Office launched *Penn & Philly*, a public affairs campaign featuring Penn’s role as an anchor institution in the city and larger region. Its philosophy that Penn is *in, of, and for* Philadelphia galvanizes and inspires Schools and Centers to assess their own community partnerships.

Fostering Leadership and Service: HR delivers talent development programs to staff and faculty to cultivate their leadership skills. Additionally, the EVP Office provides the organizational infrastructure for key University-wide initiatives and partnerships and has played a key role in ensuring that recent University leadership transitions have gone smoothly.

Key Budgetary Assumptions

Revenues and Expenses: FY2025 budgeted expenditures for the functional areas reporting to the EVP total \$748 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 divisions are focused on resource creation, primarily achieved through contract negotiations and new revenue opportunities. In FY2024, the resource creation activities of the EVP divisions generated \$58.5 million in incremental resources to the University.

Staffing: The FY2025 budget includes 2,156 FTEs, with FRES, BSD, and ISC accounting for 72% 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 Office \(AVP-Title IX\)](#), 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.

Programmatic Initiatives

The President's Center is actively developing and evaluating programmatic opportunities to advance the University's implementation of *In Principle and Practice*, the University's strategic framework.

The Office of Government and Community Affairs' nonpartisan voter engagement program, *Penn Leads the Vote*, aligns with key tenets of the framework, such as growing opportunity and strengthening community, deepening connection with neighbors and the world, and fostering leadership and service.

In line with the strategic framework tenet to grow opportunities and strengthen community, the AVP-Title IX Office continues to build strong partnerships with units across Penn's campus, including Health and Wellness, Student Intervention Services, Special Services, Penn Violence Prevention, Penn Women's Center, and Human Resources to provide the fullest support to community members participating in the process under the Sexual Misconduct Policy.

The Office of the University Secretary facilitates the engagement of volunteer leaders, including trustees and advisors, ensuring meetings and agendas align with the *In Principle and Practice* tenet of fostering leadership and service.

Finally, many offices in the President's Center continue to play a supporting role that advances the framework's implementation. University Communications develops and promotes noteworthy stories that highlight *In Principle and Practice*. Institutional Research and Analysis serves as a centralized information repository and clearinghouse for the Penn community, which in turn reflects its diverse populations, its interdisciplinary activity, and its local and global impact.

Key Budgetary Assumptions

Staffing: The FY2025 budget provides for a total of 214 staff FTEs, including 54 FTEs in WXP. This is growth of 19 FTEs (9.5%) versus the FY2024 working forecast and reflects the filling of vacant positions and the addition of several new positions.

Cost Containment: The President's Center continues to judiciously control its 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. Institutional Research and Analysis is launching a Data Management and Governance initiative, which will focus on resolving downstream impacts from system replacement projects and thereby reduce the need to engage external consultants.



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.

In the past year, major initiatives completed include: consolidation of Online Learning Initiative and the Center for Teaching and Learning into a new office called [the Center for Excellence in Teaching, Learning and Innovation \(CETLI\)](#); completion of the Middle States Accreditation process; revision of the Faculty Income Allowance Policy (FIAP); and continued engagement with the Faculty Advancement Network, a consortium of national research universities collaborating to advance diversity and inclusion in the American professoriate.

New leadership appointments have been made recently in a number of Provost centers including Paideia, Civic House, and Perry World House (interim). In addition, [the first Chief Innovation Officer of Penn was appointed](#), as well as a new Associate Provost for Finance and Planning. A search is underway for the Vice Provost and Director of Libraries.

The Provost Office budget functions are divided between an administrative service center and an interdisciplinary resource center.

The administrative service center aggregates programs and offices designed to support University operations, including: the Office of the Provost; the Office of the Vice Provost for Research and its reporting departments — Penn Center for Innovation (PCI), Environmental Health and Radiation Safety (EHRS), University Laboratory Animal Resources (ULAR), and Regulatory Affairs; the Office of the Chaplain; the Graduate Student Center; the Office of Undergraduate Admissions; and the University of Pennsylvania Press.

The interdisciplinary resource center encompasses a variety of academic programs more appropriately housed centrally than in an individual School. These include: the Laboratory for Research on the Structure of Matter; the Center for Cognitive Neuroscience; the Center for Neuroscience and Society; the Penn Institute for Urban Research; the Office of Student Conduct; CETLI; the Faculty Senate; the Teachers Institute; Kelly Writers House; Weiss Tech House; Paideia; Civic House; the Center for Undergraduate Research and Fellowships; the Arthur Ross Gallery; the Curator of the University Art Collection and research conducted with Health Research Formula Funds from the Commonwealth.

In addition, the Provost's Office provides oversight and support for College Houses and Academic Services (CHAS), the Office of Research Services within the Division of Finance, and Penn Global. Other resource centers that report to the Office of the Provost are covered in other sections. The [Office of the Vice Provost for University Life \(VPUL\)](#), which reports to the Provost, is the primary provider of student support services, including: access, achievement, and equity programs; campus resource centers; civic engagement initiatives; facility and administrative services; health and wellness programs; and student activities.

Programmatic Initiatives:

In order to further the goals of *In Principle and Practice*, the Provost's Office will be appointing two new Vice Provosts to oversee and guide investment in Climate and the Arts. These roles will be tasked with bringing together key stakeholders from around the University to build a vision for investments that will both support and augment the strength that Penn already has in these areas. Advisory committees will be named to nominate and recommend candidates to the Provost for these new roles.

Complementing Penn's strengths in data-driven discovery and data analytics and building off School high-performance computing efforts, the Provost's Office plans to create a new shared services computing facility that will rival others around the country. This new core facility will be managed by the Provost's Office in partnership with key faculty and administrative stakeholders and will provide high-performance computing and consulting services across campus.

As part of the Provost's Office support of [the Democracy Project](#), programming will be expanded at the Penn Biden Center under the direction of Penn Global. Activity will include school and Penn Global-based programming, a new executive director, new staff positions and other investments to help reinforce Penn's presence in Washington.

The Provost's Office will also be analyzing and implementing recommendations emerging from the efforts of the University Task Force on Antisemitism and the Presidential Commission on Countering Hate and Building Community.

Key Budgetary Assumptions

Revenue Sources: The administrative service center is funded by a diverse set of revenue sources which include the General Fee and application fees for the Office of Undergraduate Admissions; a share of the technology transfer income for the Penn Center for Innovation; service center cost recovery for ULAR; and primarily funding from allocated costs for other units. VPUL's operations are funded by the General Fee, while the interdisciplinary resource center and Penn Global are largely funded by the Subvention Pool.

Cost Containment: The Provost Centers are focused on controlling costs and headcount while investing in critical areas in support of Penn's strategic plan. Its budget has absorbed significant wage increases over the past year and is working to contain future compensation growth. A particular area of focus is building a viable long-term financial plan for the Penn Press.

Staffing: The FY2025 budget has provided for 573 filled positions in the administrative service center; 105 in the interdisciplinary resource center; 137 in VPUL; 115 in Health & Wellness; 45 in CHAS; and 67 in Penn Global.

Capital Project Priorities: Penn Global and VPUL will be moving to a new office building at 3935 Walnut midway through FY2025. In addition, the Provost Centers continue to focus on successful planning for construction of the Student Performing Arts Center, Stuart Weitzman Hall, and the Physical Sciences Building and renovation of the David Rittenhouse Laboratories, as well as ongoing construction of the Vagelos Laboratory for Energy Science and Technology and Amy Gutmann Hall.



Operating & Capital Budget

**UNIVERSITY OF PENNSYLVANIA
HEALTH SYSTEM**

University of Pennsylvania Health System
Fiscal Year 2025 Consolidated Operating Budget
Statement of Revenues & Expense
(in thousands of dollars)

	FY2023 Actual	FY2024 Budget	FY2024 Forecast	FY2025 Budget
Operating Revenue				
Total Net Patient Revenue	8,895,511	9,265,592	9,531,492	10,031,245
Provision for Doubtful Accounts	(168,068)	(200,003)	(185,892)	(200,700)
Other Operating Revenue	1,247,253	1,207,576	1,328,748	1,402,952
Total Operating Revenue	9,974,697	10,273,165	10,674,348	11,233,497
Operating Expenses				
Salaries	4,287,260	4,427,188	4,501,850	4,770,408
Employee Benefits	1,064,904	1,135,252	1,173,640	1,283,714
Supplies & Services	3,724,041	3,771,946	3,978,779	4,236,475
Depreciation & Amortization	414,519	430,825	420,653	430,563
Interest Expense	81,548	86,529	87,695	82,915
Malpractice Expense	97,253	103,610	183,815	129,108
Utilities	66,999	103,815	82,915	85,314
Total Operating Expenses	9,736,524	10,059,165	10,429,348	11,018,497
Net Operating Margin	238,173	214,000	245,000	215,000
Non-Operating Revenue	132,948	355,035	321,576	381,797
Unrealized Gain/(Loss) on Investments	(39,456)	0	14,124	0
Loss on Extinguishment of Debt	0	0	0	0
Excess of Revenue over Expense	331,665	569,035	580,700	596,797
Transfers & Other¹	(142,196)	23,908	(18,239)	(66,699)
Additional Minimum Pension Liability	144,280	0	(185,000)	0
Increase in Unrestricted Net Assets²	333,749	592,943	377,461	530,098

¹ FY2023 Actual includes \$21.2M of CARES funding; net operating margin excluding this funding was \$217.0M. FY2024 Budget and Forecast and FY2025 Budget do not include CARES funding.

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

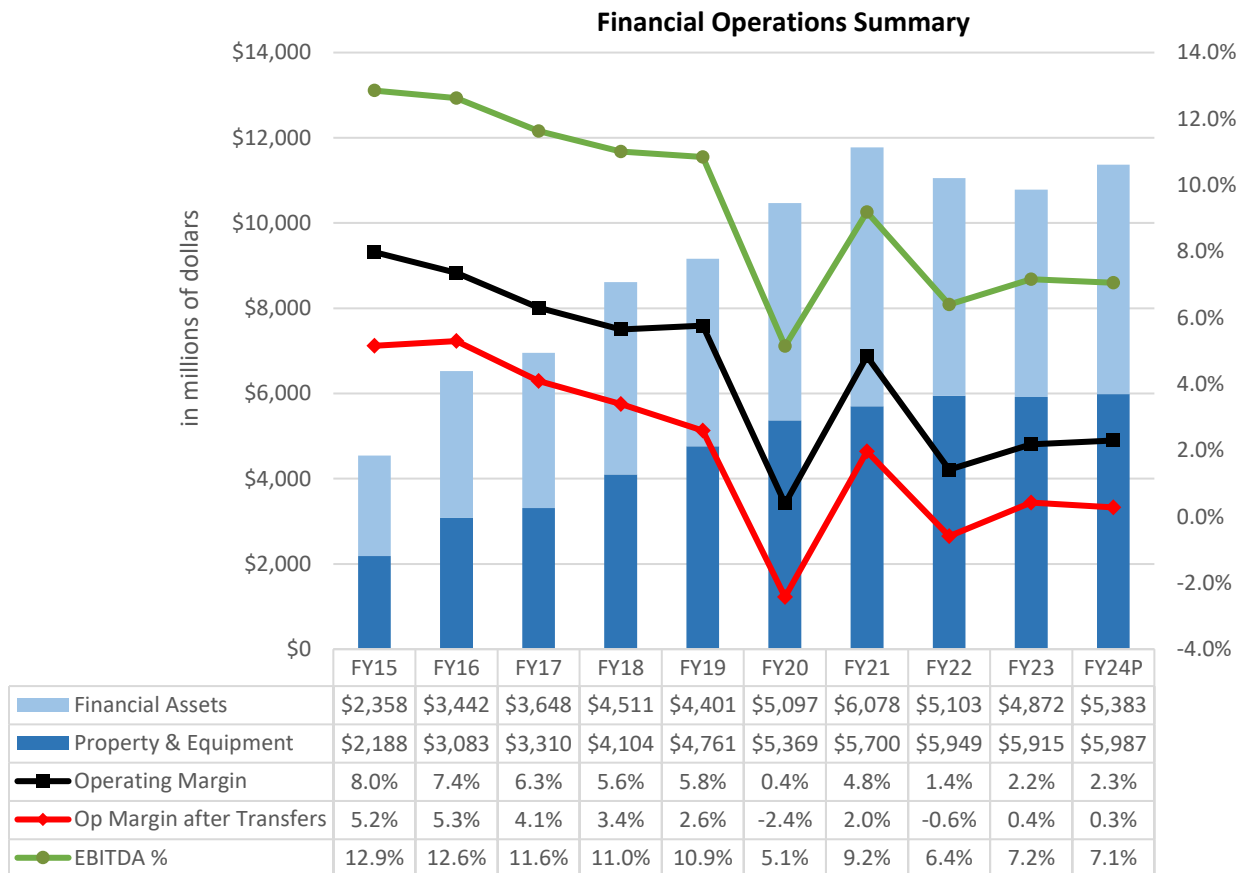


UNIVERSITY OF PENNSYLVANIA HEALTH SYSTEM (UPHS)

Fiscal Year 2024 Accomplishments

Financial Operations

- Projected net operating margin of \$245 million, or 2.3%. Net operating margin includes non-recurring adjustments totaling a positive \$93 million consisting of Medicare 340B payments of \$130 million, cost report settlements, and billing compliance, partially offset by an \$80 million increase in malpractice reserves.
- Projected total margin is \$581 million, or 5.4%, due to non-operating revenue and gains on investments, reflective of financial market performance.
- Projected days cash on hand (DCOH) of 197.
- Total financial and physical assets are projected to increase by approximately \$583 million, or 5.4%, from June 30, 2023.
- Projected total pension and post-retirement liability on June 30, 2024, is \$427 million. The defined benefit pension liability is calculated with a discount rate of 5.84%, 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, 2024.



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 FY2023, and adjusted admissions are expected to grow 1.3% over FY2023. The table below measures FY2024 key inpatient statistics against FY2023:

	FY2023	FY2024F	Change
Adjusted Admissions	320,144	324,155	1.3%
Admissions	137,129	139,567	1.8%
Inpatient Surgeries	41,434	42,538	2.7%
Inpatient ER Visits	73,807	75,722	2.6%

Clinical Program Growth - Outpatient Volumes

Overall, total outpatient activity in FY2024 has been very strong and is projected to increase by 4.0% over FY2023. This is primarily driven by MRIs, CTs, chemo, and observation patients. All outpatient services reflect annual growth from the prior year as the table below illustrates, with the exception of proton therapy, which is expected to rebound in FY2025:

	FY2023	FY2024F	Change
Outpatient Surgeries	87,679	88,876	1.4%
MRI Scans	122,456	126,482	3.3%
CT Scans	286,697	308,468	7.6%
Chemotherapy Visits	211,858	218,366	3.1%
Radiation Oncology Treatments	96,585	96,684	0.1%
Observation Patients	30,106	36,507	21.3%
Outpatient ER Visits	353,789	362,436	2.4%
Proton Therapy	19,412	17,926	-7.7%
All Other Outpatient Services	31,796	34,160	7.4%
Total Outpatient Volumes	1,240,378	1,289,904	4.0%
New Patient Starts - Proton Therapy	732	702	-4.1%
New Patient Starts - Radiation Oncology	6,679	6,872	2.9%

Business Development and Strategic Growth Strategies

- Reopened a Crisis Response Center (CRC) at the Hospital of the University of Pennsylvania (HUP) Cedar campus in September 2023 to better serve emergent behavioral health needs in the West Philadelphia community.
- Expanded non-oncology infusion services by opening 20 incremental outpatient infusion bays in HUP Main and providing infusion therapy on weekends at the Perelman Center. This enabled the expansion of non-oncology infusion therapies offered at HUP, increased capacity for oncology infusion in the Perelman Center infusion units, helped facilitate discharge of oncology inpatients, and provided increased access for outpatient therapy appointments.
- Consolidated inpatient behavioral health and detox units located at Penn Presbyterian Medical Center (PPMC) and HUP Cedar on the HUP Cedar campus to better utilize the inpatient unit capacity at HUP Cedar and address the medical and surgical demands at PPMC with the design expansion of two 12-bed units in the vacated space.
- Completed operating room (OR) 14 at PPMC as a new hybrid room for expansion of cardiac and vascular services.
- Pennsylvania Hospital (PAH) sleep center move scheduled for Q4 FY2024, which will allow neurosurgery expansion to begin.
- Successfully converted PAH urgent care space to cardiology clinic and echo testing facility and established CAR-T program.
- Chester County Hospital (CCH) opened a new outpatient therapy location in partnership with Good Shepherd Penn Partners (GSPP) in June 2024.

- Established CCH-facing spine presence in Valley Forge.
- Converted CCH's cancer program to HUP's license scheduled for June 2024.
- Further expanded Lancaster General Health (LGH) oncology offerings through incremental infusion space, growth of proton and CAR-T facilities, and recruitment of surgical oncology specialty providers.
- Launched Virtual First Primary Care and Penn Medicine Advance Home Health, a hospital-at-home service.
- Expanded specialty and primary care practice locations in the Penn Medicine Princeton Health (PMPH) strategic service area with seven new practices opened from July 2023 through March 2024 and the recruitment of 38 providers.

Operational Efficiencies

- Staffed and opened 12 additional OR blocks in the HUP Pavilion to reduce evening and overnight cases and accommodate planned program growth.
- Consolidated 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.
- Established expanded models of care to address increases in ED boarding and wait times, including a Hospital Medicine surge team and staff in the Transfer Center to arbitrate team assignments.
- Progressed with the implementation of the EPIC Transfer Center module to improve automation and facilitate transfer process between UPHS entities and with outside hospitals; targeted go-live date in Q1 FY2025.
- Executed various strategies across the system to reduce length-of-stay (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.
 - Project IMPACT at PPMC.
 - Behavioral health assessment to reduce LOS of behavioral health patients in the Emergency Department (ED).
 - Identified specialty and expanded geographic need for Skilled Nursing Facility (SNF) Network.
- Improved efficiency of inpatient and outpatient MRIs with the addition of new equipment and template changes.
- Added access at the Cherry Hill location by launching extended hours four days a week.
- Invested in workplace safety initiatives across the system; installed Evolv security system and deployed staff duress badges across Penn Medicine, including in ambulatory locations.
- Executed plans across UPHS to stabilize workforce and turnover and reduce premium labor costs, particularly agency staffing.
- Completed outpatient pharmacy expansion to improve discharge and specialty fill rates at PAH.
- Implemented Lean Taas/iQueue to optimize OR efficiency at CCH.
- Successfully completed the LGH sale of PA College of Health Sciences to St. Joseph's University.
- Increased med-surg/tele capacity at PMPH while also decreasing LOS for admitted patients.
- Exceeded the financial performance improvement plan goals at LGH focused on labor productivity, physician practice throughput, ambulatory clinical volumes, revenue cycle improvements, and LOS improvements.
- Completed Phase 1 of Ambulatory Clinical Operations Transformation through successful implementation and adoption of PennSymphony room utilization tool, Mobile arrival, financial clearance artificial intelligence (AI), and enhancement of workplace safety and business continuity technology and training.
- Aligned SNF Network and Subacute and Therapy Services (SATS) operating plan with Tandigm Health in management of primary care attributed populations.
- Maximized Pennsylvania long-term care Resiliency, Infrastructure, and Support and Empowerment (RISE) grant services to improve quality and resiliency in Southeastern Pennsylvania long-term care communities and generate revenue to cover other SATS activities.

- Leveraged Advanced Practice Provider (APP) capacity by utilizing access decision trees and MPM APP self-scheduling.
- Integrated and consolidated various entity departments to a corporate shared service model.
- PennChart enhancements: activated 3M Computer Assisted Coding solution, the PennChart Nurse Triage solution, piloted implementation of Microsoft/Nuance Ambient Listening physician documentation solution, the PennChart Compass Rose functionality to support value-based care initiatives, PennChart Hello World texting solution, and PennChart Ambulatory Professional Billing to support Community Connect partnerships.
- PennForFinance: activation of PennForFinance Phase 3 focused on finance, payroll, and supply chain.
- Cybersecurity/business continuity initiatives and investments: continued segmentation of the application and medical device networks, upgraded perimeter firewalls for added protection, extended phishing and ransomware support to include 24/7 monitoring, implemented a CyberVault air-gap backup solution providing immutable database backups and ransomware recovery capabilities, and developed a cybersecurity strategic investment roadmap.

Major Facility Improvements

- Continued or completed several major capital projects including:
 - Various MRI, CT, and linear accelerator additions and replacements.
 - HUP Main final unit refurbishment to two women’s health acute units and labor and delivery suite to be completed in fourth quarter of FY2024.
 - Relocation of HUP Cedar ICU to HUP Spruce Founders 8.
 - LGH ED Expansion: Phase 1-5 completed. Final Phase 6 to be completed June 2024.
 - LGH Queen Street Medical Office Building: Base building complete; occupancy of orthopedics and family medicine third quarter of FY2025.
 - PPMC: 1,438 space parking garage completed in FY2024; demolition of old garage to be completed in first quarter of FY2025.
 - Behavioral Health: HUP Cedar crisis response centers (CRCs) and Psych spaces will be completed in the first quarter of FY2025.
 - PMPH Cancer and Imaging Center expansion: Garage construction in FY2025; Cancer/Imaging design and approvals through FY2025.
 - 3600 Civic Center Boulevard (in partnership with the Perelman School of Medicine (PSOM)): Overbuild construction to be completed in fourth quarter of FY2025; levels 3-8 renovations by early FY2026.
 - PPMC inpatient expansion to be complete in FY2025.
 - PAH HVAC system upgrades construction through FY2026.
 - PPMC Proton: Design underway; construction to start in the second half of FY2025.

Fiscal Year 2025 Goals and Expected Accomplishments

Clinical Program Growth - Inpatient Volumes

All key inpatient statistics are budgeted for growth in FY2025. Per the table below, growth ranges from 1.0% to 5.0%:

	<u>FY2024F</u>	<u>FY2025</u>	<u>Change</u>
Adjusted Admissions	324,155	340,393	5.0%
Admissions	139,567	143,347	2.7%
Inpatient Surgeries	42,538	44,519	4.7%
Inpatient ER Visits	75,722	76,454	1.0%

Clinical Program Growth - Outpatient Volumes

Overall, total outpatient activity in FY2025 is budgeted to increase by 3.9% over FY2024. The majority of the growth continues to be in Cancer Services (chemotherapy and proton therapy), a continuation of the favorable growth seen in the FY2024 projection versus the FY2023 actuals in chemotherapy and a rebound of proton therapy over the FY2024 projection. Per the table below, growth rates range from -0.6% to 22.3%:

	FY2024F	FY2025	Change
Outpatient Surgeries	88,876	96,182	8.2%
MRI Scans	126,482	132,040	4.4%
CT Scans	308,468	318,837	3.4%
Chemotherapy Visits	218,366	239,887	9.9%
Radiation Oncology Treatments	96,684	96,058	-0.6%
Observation Patients	36,507	38,457	5.3%
Outpatient ER Visits	362,436	360,576	-0.5%
Proton Therapy	17,926	21,931	22.3%
All Other Outpatient Services	34,160	35,856	5.0%
Total Outpatient Volumes	1,289,904	1,339,823	3.9%
New Patient Starts - Proton Therapy	702	784	11.7%
New Patient Starts - Radiation Oncology	6,679	6,981	4.5%

Key FY2025 Budget Highlights - Operating Performance

- Total revenue is budgeted to be \$11.2 billion, a 5.2% increase over the FY2024 projection. This is largely driven by continued outpatient growth and increased inpatient activity in high-intensity programs including cancer, cardiovascular care, and neurosciences.
- Operating margin is budgeted at 1.9%, or \$215 million (2.0% or \$228 million excluding contingency).
- EBITDA margin is budgeted at 6.5%.
- Non-operating revenues are budgeted to be \$382 million.
- Total margin is budgeted at 5.3%, or \$597 million.
- Salary increase of 3% for eligible employees on UPHS payroll will be effective July 2024. There is an increase versus FY2024 in the employee contribution for health benefits, but the contribution as a percentage of salaries will remain flat.
- Salary increase for employees on University payroll budgeted at 3.75%, effective July 2024.
- The budget includes \$21 million of operating margin improvement due to various productivity and cost-savings measures.
- In FY2024, premium labor costs have been significantly reduced from their FY2023 levels. The budget assumes a continued focus on containing these costs, with an incremental reduction of \$28 million in contract and other premium labor spending.
- Total pension liability is budgeted for FY2025 at \$427 million, consistent with the FY2024 projection. The defined benefit pension liability calculation assumes a discount rate of 5.84%, consistent with the projected rate at the end of FY2024.
 - The FY2024 pension liability and the FY2025 expense will be finalized once June 30, 2024, rates are determined.

A roll forward of projected FY2024 performance to FY2025 budgeted performance is included below:

<i>(in millions of dollars)</i>	
FY2024 Projection	\$ 245
Patient Activity/Volume	391
Payment Increases	232
Ambulatory Pharmacy	61
Non-Recurring Revenues	(173)
Salary and Employee Benefit Inflation and Market Adjustments	(193)
Salary and Employee Benefit FTE Growth	(178)
Other Expense Inflation	(66)
Other Expense Growth	(185)
Depreciation and Amortization	(10)
Contract Labor and Other Premium Pay Reductions	28
Productivity and Cost Savings	21
Malpractice	55
Subtotal, without Contingency	<u>(18)</u>
Contingency	<u>(13)</u>
FY2025 Budget	<u>\$ 215</u>

Business Development and Strategic Growth Strategies

- Reallocate inpatient bed capacity at the HUP Pavilion to co-locate cardiology units and ICUs and accommodate medical and surgical inpatient growth in the neurosciences.
- Add observation unit capacity by expanding HUP’s Emergency Department Observation Unit (EDOU) from 28 beds to 41 beds.
- Increase procedural capacity through HUP OR expansion and opening a fourth interventional cardiology lab part-time to accommodate program growth and new recruits.
- Improve endoscopy access and increase volumes, both through a combination of faculty recruitment and process improvement at the Perelman Center and through recruitment of three physicians through Penn Specialty Physicians to practice at Penn Medicine at Radnor.
- Open the two 12-bed units at PPMC vacated by the consolidation of inpatient behavioral health and detox units at HUP Cedar.
- Develop final plans and begin construction of PPMC proton therapy facility.
- Finalize operational/site planning work and strategic analysis for acquisitions or new outpatient multispecialty sites in various market locations across Penn Medicine’s Pennsylvania primary service areas in Doylestown, Montgomeryville, and Media.
- Execute PAH strategic program expansion initiatives: neurosurgery spine expansion, launch cognitive neurology program, and expand radiology services and hours focusing on MRI and breast imaging.
- Strategic plan to grow volumes at CCH: outpatient therapy at new Exton location and radiology expansion and general surgery presence in Phoenixville and West Grove.
- Develop and implement LGH growth plan initiatives with focus on the following: ED volumes, physician practice volumes and new sites, ambulatory ancillary clinical services, 340B program, orthopedics, and primary care.
- Continue expansion of specialty and primary care practice locations in the PMPH strategic service area.
- Expand PMPH OR hours of operations to accommodate volume growth and service line offerings at the Monroe Ambulatory Surgery Center (ASC) to include urology, urogynecology, and gynecology.
- Achieve PMPH Cancer Center project milestones, including securing a minimum of \$20 million in philanthropy for capital, beginning construction of six-level parking garage, and submitting final project plans to Princeton Township.
- Execute acquisition and operational plan to integrate Doylestown Health System.
- Launch One Ambulatory Pharmacy team to navigate patients who need infusion and injections across Penn Medicine.

- Launch One Penn Radiology to provide a centralized radiology structure to enhance UPHS' ability to invest in its patients and employees and meet the growing demand for innovative, high-quality, and safe patient care.
- Complete organizational analysis that will provide a pathway to reset UPHS' financial performance baseline.
- Revenue reimbursement enhancement strategies:
 - In partnership with clinical operations, frequently monitor and measure results of UPHS pay-for-performance programs to maximize value-based payments.
 - Ongoing commercial payer negotiations to mitigate inflationary pressures and continue shifting certain services from fee-for-service to bundled payments (i.e., radiation therapy).

Operational Efficiencies

- Complete phased transition of solid oncology population from oncology attending services to hospital medicine attending services. This transition is designed to enable consistent models of care, improve efficiency of inpatient care, and cohort this population in HUP Main to create increased capacity for liquid oncology population.
- Relocate the transitional care unit from HUP Spruce to HUP Cedar. This transition will increase the patient census at HUP Cedar and will relocate a low acuity patient population from HUP Spruce to increase available bed capacity for other medical and surgical patients.
- Enhance models of care:
 - Implement an APP, co-management model at HUP Cedar to provide additional medical consultation capacity for patients on behavioral health units.
 - Begin an addiction medicine consultation service at HUP, expanding on a service already in place at PPMC.
 - Continue work on patient progression at PPMC.
- Transition to a complete inpatient neuro-hospitalist program at PPMC.
- Continue to focus on room optimization and redistribution of perioperative time at HUP and PPMC.
- Execute plans to increase access through the expansion of hours in numerous services across UPHS.
- Continue to focus on workforce stabilization and turnover, workforce wellness, and achieving further reductions in premium labor costs.
- Improve the UPHS' bed management by increasing transfers to PAH.
- Develop action plans to reduce costs at CCH, including addressing issues with 1:1 sitter usage, environmental service costs, and nursing staffing models.
- Execute operational transition of the CCH cancer program to HUP.
- Continue the path to achieving high levels of reliability by focusing on providing high-quality, patient-centric care while reducing harm events and improving quality indicators.
- Complete next phase of Ambulatory Clinic Operations Transformation with a focus on clinician work relief tools.
- Enhance support care team models to grow clinical services.
- Implement Brightree, a new home infusion electronic health record, and launch performance improvement initiative to utilize technology and streamline processes for home infusion warehouse logistics and delivery.
- Continue the success of the SATS program by developing high-performing networks to address ED and SNF utilization and right care transitions for returns to acute and acute LOS.
- PennChart enhancements: implementation of PennChart Ambulatory at new Penn Medicine partner locations, implement PennChart Dermatology application through Dermatology departments, PennChart Procedure (ProcDoc) application within the inpatient setting, expand the PennChart Augmented Response Technology to additional caregivers, expand PennChart Ambient Listening clinical documentation solution to additional providers and PennChart Nurse Triage solution across additional entity settings, and begin implementation of Penn Medicine and Access Management solution.
- PennForFinance: implement and activate PennFor for LGH human capital management and payroll systems (targeted for January 1, 2025) and evaluate Workforce Management options to replace Kronos Time and Attendance.

Academic Support

UPHS’ FY2025 budget includes \$783 million of allocated funds to support the academic mission of PSOM in two forms:

- \$607 million in gross support for the clinical, teaching, and research activities of CPUP.
- \$176 million transferred to PSOM to support operating expenses.

Capital Expenditures

The FY2025 capital budget includes a combination of authorizations at the entity level and unallocated system authorization. The unallocated system authorization (contingency) is \$103 million, which will be allocated to the entities when priorities are identified and financial performance warrants. Of the FY2024 contingency of \$70 million, UPHS is deauthorizing the remaining estimated balance of \$12.7 million. The residual amount will be rolled into the FY2025 contingency, as UPHS continues to monitor capital needs, and will be released as financial performance warrants.

Capital authorizations and planned FY2025 spending by category are outlined below and include authorizations for the following: Suburban Strategy Montgomeryville/Doylestown \$50 million, PPMC Proton \$39 million (the costs of planning and the deposit for equipment; the full project estimate is \$200 million), HUP Founders mechanical infrastructure replacement \$37.9 million, HUP Ground Rhoads Pharmacy relocation and automation upgrade \$36.8 million, and 3535 Market Street consolidation \$24.9 million. Capital authorizations and planned FY2025 spending by category are outlined below:

<i>(in thousands of dollars)</i> Category	Requested Authorizations		Spending *	
	Amount	% to Total	Amount	% to Total
Program Building	122,774	28%	208,003	36%
Major Facilities Projects	123,964	28%	127,876	22%
Information Systems	41,850	9%	41,541	7%
Deferred Maintenance	48,545	11%	57,434	10%
Routine Capital	43,798	10%	60,902	10%
Clinical Replacement	65,051	15%	85,415	15%
Chair Commitments	-	0%	2,829	1%
Real Estate and Facilities	-	0%	-	0%
Total	\$445,981	100%	\$584,000	100%

** Includes prior year authorizations; excludes spending on 3600 Civic Center Boulevard Overbuild*

On behalf of PSOM, UPHS has taken the lead on the design and construction of the 3600 Civic Center Boulevard renovation and expansion. The FY2025 cash flow reflects capital spending of \$584 million plus \$138 million related to 3600 Civic Center Boulevard. It is anticipated that PSOM will transfer \$138 million in FY2025 to reimburse UPHS for the costs of this project.

Balance Sheet and Cash Flow

- FY2025 unrestricted financial assets (cash, board designated funds, and investments) budgeted at \$5.5 billion.
- FY2025 days cash on hand budgeted at 190.
- FY2025 days in accounts receivable budgeted at 45.
- Unrestricted net assets are budgeted to increase \$530 million for a total of \$9.0 billion.

KEY FINANCIAL RATIOS

	FY2023 <u>Actual</u>	FY2024 <u>Projection</u>	FY2025 <u>Budget</u>
Cash on Hand (Days) <i>(Unrestricted Financial Assets / Average Operating Expense)</i>	191	197	190
Debt to Unrestricted Capitalization <i>(Debt / Debt plus Unrestricted Net Assets)</i>	23.8%	22.5%	20.9%
Debt Service Coverage (Annualized) <i>(Debt Service / Annual Debt)</i>	5.4	6.3	6.7
Accounts Receivable Days (Average) <i>(Net Accounts Receivable / Average Net Patient Revenue, Net of Provision)</i>	45	45	45
Net Debt (in millions) <i>(Unrestricted Financial Assets less Debt)</i>	\$2,341	\$2,929	\$3,130
Operating Margin Excluding HHS Funding	2.2%	2.3%	1.9%
Operating Margin after Transfers*	0.6%	0.3%	0.1%
EBITDA % Excluding HHS Funding	7.2%	7.1%	6.5%

**Operating margin after transfers excludes the PSOM 3600 CCB overbuild project and net assets released from restriction for capital.*



APPENDICES

SCHOOL METRICS

dollar amounts in millions

	<u>ASC</u>	<u>SAS</u>	<u>LAW</u>	<u>PDM</u>	<u>GSE</u>	<u>SEAS</u>	<u>SON</u>	<u>PSOM</u>	<u>SSPP</u>	<u>VET</u>	<u>WSOD</u>	<u>WHA</u>	<u>TOTAL</u>
Size of Endowment	\$855	\$1,398	\$589	\$143	\$99	\$621	\$323	\$3,667	\$50	\$316	\$266	\$1,885	\$10,212
<i>School Rank</i>	4	3	6	10	11	5	7	1	12	8	9	2	
Total Expenditures	\$48	\$676	\$125	\$128	\$95	\$318	\$82	\$1,485	\$37	\$191	\$66	\$559	\$3,811
<i>School Rank</i>	11	2	7	6	8	4	9	1	12	5	10	3	
Average Expenditure Growth ¹	6%	3%	11%	2%	6%	9%	5%	6%	6%	6%	6%	2%	5%
<i>School Rank</i>	7	10	1	12	5	2	9	4	8	6	3	11	
Sponsored Program Revenues	\$9	\$101	\$1	\$20	\$11	\$90	\$24	\$944	\$8	\$48	\$3	\$8	\$1,268
<i>School Rank</i>	8	2	12	6	7	3	5	1	10	4	11	9	
Fund Balance ²	\$30	\$116	\$37	\$19	\$43	\$131	\$44	\$1,148	\$13	\$45	\$12	\$298	\$1,936
<i>School Rank</i>	9	4	8	10	7	3	6	1	11	5	12	2	
Fund Balance % of Budget	63%	17%	30%	15%	45%	41%	54%	77%	34%	24%	18%	53%	51%
<i>School Rank</i>	2	11	8	12	5	6	3	1	7	9	10	4	
Student Aid % of Tuition & Fees	70%	41%	39%	8%	19%	36%	30%	87%	25%	16%	34%	19%	33%
<i>School Rank</i>	2	3	4	12	9	5	7	1	8	11	6	10	
Tuition & Fees % of Revenues ³	11%	55%	49%	47%	67%	49%	50%	4%	60%	13%	46%	57%	28%
<i>School Rank</i>	11	4	7	8	1	6	5	12	2	10	9	3	
Grant Revenues % of Revenues ³	14%	16%	1%	15%	12%	27%	26%	45%	20%	25%	4%	1%	28%
<i>School Rank</i>	8	6	12	7	9	2	3	1	5	4	10	11	
Investment Income % of Revenues ³	71%	10%	25%	6%	6%	8%	14%	8%	5%	8%	14%	15%	11%
<i>School Rank</i>	1	6	2	11	10	8	5	9	12	7	4	3	
Transfers & Subvention % of Unrestricted Revenues ⁴	-2%	17%	9%	4%	7%	8%	10%	-46%	9%	3%	13%	8%	-5%
<i>School Rank</i>	11	1	4	9	8	7	3	12	5	10	2	6	

¹ All comparisons based on FY2023 year-end actual, except for Average Expenditure Growth which is based on FY2018 - FY2023 year-end actual.

² 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.

³ Revenues include Direct Revenues and Transfers in All Funds.

⁴ Transfers exclude the Overhead & Other Transfers category.

FUND BALANCE SUMMARY ¹

dollar amounts in millions

	FY2021 <u>Actual</u>	FY2022 <u>Actual</u>	FY2023 <u>Actual</u>	FY2024 <u>Budget</u> ²	FY2024 <u>Forecast</u>	FY2025 <u>Budget</u>
1. All Funds						
Annenberg School for Communication	25.9	26.7	30.3	27.9	35.5	40.2
School of Arts and Sciences	106.9	150.8	117.8	107.8	123.9	110.9
Penn Carey Law	34.1	40.3	37.5	38.4	32.7	28.1
School of Dental Medicine	12.6	16.9	18.8	20.3	22.3	25.1
Graduate School of Education	38.4	45.6	42.6	41.0	39.1	41.2
School of Engineering and Applied Science	103.3	127.6	135.5	105.4	89.8	87.6
School of Nursing	28.2	26.0	33.1	32.4	32.6	35.8
Perelman School of Medicine	550.9	1,063.2	1,149.3	1,148.1	1,041.8	955.4
School of Social Policy and Practice	6.8	11.4	12.8	12.9	9.4	10.0
School of Veterinary Medicine	53.7	52.5	56.3	51.5	58.3	52.8
Weitzman School of Design	9.4	11.3	19.1	22.4	26.6	15.5
Wharton School	204.5	269.9	307.4	295.0	303.0	284.5
School Total	1,174.6	1,842.1	1,960.5	1,903.1	1,814.9	1,687.2
Penn Live Arts	1.3	2.5	4.5	1.2	4.1	7.3
Recreation and Intercollegiate Athletics	33.4	41.2	29.7	28.5	34.0	34.4
Institute of Contemporary Art	1.2	1.9	2.4	2.0	2.6	2.4
Provost Interdisciplinary	17.3	16.4	18.6	18.6	15.5	15.2
Penn Global	7.3	9.8	12.4	13.1	10.0	10.1
Morris Arboretum	3.6	4.6	5.5	4.9	6.5	6.9
University Libraries	13.8	14.2	17.9	17.7	17.9	18.0
University Museum	10.9	11.1	8.9	3.9	6.4	1.2
Resource Center Total	88.9	101.7	100.0	90.0	96.9	95.6
2. Unrestricted Funds						
Annenberg School for Communication	22.6	21.5	27.8	27.2	33.0	37.2
School of Arts and Sciences	44.7	74.2	74.3	65.5	74.2	61.2
Penn Carey Law	7.2	12.3	8.4	7.7	5.7	4.1
School of Dental Medicine	10.3	10.9	14.3	14.8	13.9	15.6
Graduate School of Education	25.4	37.7	36.1	35.0	34.4	37.2
School of Engineering and Applied Science	65.0	85.6	109.0	77.3	72.8	70.8
School of Nursing	22.2	18.2	22.8	22.5	24.9	25.1
Perelman School of Medicine	340.4	818.8	861.9	842.4	773.6	716.1
School of Social Policy and Practice	4.6	8.1	9.5	9.6	6.8	7.4
School of Veterinary Medicine	27.8	23.4	26.8	25.9	30.9	33.3
Weitzman School of Design	3.4	4.8	5.9	5.9	4.2	3.6
Wharton School	91.9	165.3	203.7	195.1	211.9	198.6
School Total	665.4	1,280.7	1,400.4	1,329.0	1,286.4	1,210.3
Penn Live Arts	1.3	1.5	1.3	1.0	1.1	1.0
Recreation and Intercollegiate Athletics	16.2	17.3	19.2	19.9	21.7	22.3
Institute of Contemporary Art	1.1	1.3	1.7	1.7	2.1	2.0
Provost Interdisciplinary	6.2	6.8	6.1	5.4	6.2	6.4
Penn Global	6.5	7.8	10.3	11.1	7.9	8.0
Morris Arboretum	0.7	2.2	2.7	2.5	3.3	2.9
University Libraries	9.5	10.7	13.5	13.4	12.6	11.9
University Museum	2.1	2.7	2.5	(0.9)	1.6	(3.2)
Resource Center Total	43.5	50.3	57.2	54.0	56.5	51.2

¹ Balances at the close of each fiscal year.

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

FTE SUMMARY

	FY2019 <u>Actual</u>	FY2020 <u>Actual</u>	FY2021 <u>Actual</u>	FY2022 <u>Actual</u>	FY2023 <u>Actual</u>	FY2019-23 <u>CAGR %</u>	FY2024 <u>Budget</u>	FY2024 <u>Forecast</u>	FY2025 <u>Budget</u>	vs. FY2024 <u>Forecast</u>
1. Student FTEs										
Annenberg School for Communication	75	67	71	66	67	-2.9%	67	67	66	-1.5%
School of Arts and Sciences	8,599	8,585	8,146	8,261	8,473	-0.4%	8,421	8,621	8,611	-0.1%
Penn Carey Law	912	937	864	1,064	943	0.8%	990	947	938	-1.0%
School of Dental Medicine	681	702	729	754	756	2.7%	832	829	860	3.7%
Graduate School of Education	1,270	1,353	1,359	1,538	1,426	2.9%	1,462	1,462	1,436	-1.8%
School of Engineering and Applied Science	3,289	3,657	3,763	4,295	4,681	9.2%	5,203	5,249	5,463	4.1%
School of Nursing	1,000	975	1,026	938	923	-2.0%	933	936	960	2.6%
Perelman School of Medicine	1,620	1,705	1,747	1,780	1,835	3.2%	1,867	1,879	1,893	0.7%
School of Social Policy and Practice	469	392	422	563	579	5.4%	600	488	556	13.9%
School of Veterinary Medicine	487	490	523	547	544	2.8%	560	554	574	3.8%
Weitzman School of Design	746	781	673	746	760	0.5%	704	702	714	1.7%
Wharton School	4,205	4,199	4,075	4,180	4,142	-0.4%	4,164	4,258	4,301	1.0%
School Total	23,354	23,842	23,399	24,733	25,129	1.8%	25,802	25,992	26,372	1.5%
2. Standing Faculty FTEs (Filled Positions)										
Annenberg School for Communication	17	19	20	19	20	3.3%	22	22	21	-4.5%
School of Arts and Sciences	495	494	500	488	485	-0.5%	492	492	501	1.8%
Penn Carey Law	51	48	50	48	50	-0.4%	50	51	52	2.0%
School of Dental Medicine	45	49	50	50	52	3.6%	56	49	51	3.6%
Graduate School of Education	39	39	36	34	38	-0.3%	42	39	38	-3.0%
School of Engineering and Applied Science	123	121	124	125	131	1.7%	140	136	145	6.6%
School of Nursing	57	55	54	54	55	-0.8%	57	55	62	12.7%
Perelman School of Medicine	1,504	1,514	1,537	1,502	1,549	0.7%	1,580	1,609	1,628	1.2%
School of Social Policy and Practice	26	25	24	24	26	-0.6%	28	28	28	0.0%
School of Veterinary Medicine	110	111	113	108	108	-0.6%	117	119	125	5.6%
Weitzman School of Design	42	41	44	45	45	2.0%	53	53	55	4.8%
Wharton School	234	224	234	221	222	-1.4%	234	228	235	3.0%
School Total	2,743	2,738	2,786	2,716	2,780	0.3%	2,870	2,880	2,941	2.1%
3. Staff FTEs (Filled Positions)										
Schools	7,103	7,228	7,269	7,430	7,874	2.6%	8,215	8,297	8,450	1.8%
Resource Centers	730	729	733	750	782	1.7%	843	843	874	3.6%
Administrative Centers	3,137	3,101	3,025	2,949	2,957	-1.5%	3,500	3,658	3,791	3.6%
Business Services	310	284	270	273	297	-1.1%	314	304	297	-2.2%
Total University	11,280	11,343	11,297	11,402	11,909	1.4%	12,873	13,102	13,412	2.4%

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 FY2025 rate is 31.5% 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 38.5% in FY2025.

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, and the Penn Club of New York.

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 FY2025. 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).

In Principle and Practice: Penn’s new strategic framework which identifies four key principles: the Anchored University, the Interwoven University, the Inventive University, and the Engaged University.

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.

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 funds 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 FY2025.

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 are 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 predoctoral 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 past years, the Office of the Treasurer established a floor on both borrowing and earnings rates; short-term borrowing rates will in no event be lower than 2.0% and actual earning rates will not be negative.

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

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



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