In 1990, the University of Pennsylvania will celebrate its 250th anniversary. Years before the country began its struggle for independence, a group of artisans and merchants set out to build the largest structure in colonial Philadelphia for the purpose of establishing a school. In two and one-half centuries, this institution has grown from a modest concept to educate the poor to a large, thriving urban university, sprawling over 260 acres, with four undergraduate and 12 graduate schools. Our past is firmly rooted in the history of the country, but always the future is an uncharted land.

We who guide this University are neither seers nor prophets, but we must create plans for the future, discerning what we can from current trends in technology, demography, and the economy; we will depend on our resourcefulness to cope with the inevitable surprises. Much of the following report focuses on projects planned and launched some time ago—some are "works in progress," some are in the initial stages of development, and others are completed or nearing completion. All were initiated to help assure that the institution continues to grow and gain strength in the coming years.

At the fundamental level, Penn has had a very good year, a year in which we made considerable progress in efforts to reinforce our research and educational programs. We have been able to strengthen the faculty. Several outstanding appointments of senior scholars and scientists have been made, and a number of promising younger faculty join us this year in various schools. I am also pleased that we are continuing the strong positive trend of the past five years in attracting talented undergraduates. We have been able to invest more heavily in graduate student support in each of the last three budgets, and we are beginning to see a strengthening of applications to our Ph.D. programs. Our fund-raising efforts and our endowment performance have both produced record results.

Certainly, we face challenges and we have problems, as do all vital communities of ambitious and talented people. I worry a great deal about the rapidly changing world of health care delivery and the effects that the revolutionary changes already underway will have on our educational and research efforts. I worry about tax reform, the federal deficit, financial aid. I worry, further, that we are fully extended as an institution in the credit markets from which we are getting major funds for capital improvements. I want to create a more considerate and caring environment on campus.

Despite my furrowed brow, I try to put these problems in historical perspective. Two hundred years ago, this institution was in the middle of the period described by historian Edward Potts Cheyney as "Division and Reunion." The political aftermath of Provost Smith having been declared a Tory was suspension of the powers of the Trustees of the College of Philadelphia by the state legislature and the creation of a new board of trustees for "The University of the State of Pennsylvania." It was not until 1789 that the old Trustees were reinstated and Provost Smith resumed leadership of the College.

I am thankful that, in comparison, the University's present-day problems are small. And, I know that because we have an unusual amount of talent gathered in the faculty and administration, the future holds a great deal of promise for this University.
In January of this year I presented to the University community a report titled "Investing in Penn’s Future" that outlined a comprehensive investment strategy to enhance Penn’s position as a research and teaching institution of international distinction. Three priority areas identified in the planning process that began three years ago are the focus of that investment strategy: undergraduate education, research excellence, and student financial assistance.

Our planning in these areas must take into consideration two important changes currently working their way through the world of higher education. Advances in computer technology are rapidly altering the scope and instrumentation of academic research and scholarship, affecting not only the nature of the buildings and facilities we plan to construct, but also the fundamental nature of how we teach and what we teach. The second major change in higher education, which will serve to transform the national and international reputations of universities such as ours, is the retirement in the coming two decades of the majority of distinguished scholars who came to our universities in the quarter century following the Second World War. Their departure will leave a vacuum that must be filled with men and women of the highest academic quality if Penn is to maintain its standards of academic excellence and intellectual vitality.

I am confident that, despite the challenges presented by these technological advances and demographic shifts, Penn will prevail in securing a leadership position among our sister institutions. My confidence stems from the completion of one task: academic education; we have done our homework. Three years ago, we began a strategic planning process with the formation of six working groups, each charged with preparing a report on one of the University’s priorities: minority faculty and students, undergraduate education, graduate education, outreach, and ties with the City of Philadelphia. We also established the Academic Planning and Budget Committee to help develop the University’s strategic plan and make sure that budgetary allocations follow academic priorities. While the planning process is ongoing, and adjustments are made as we consider contingencies, we have made measurable progress on all fronts, as this report illustrates.

Yet, in our years of examination and evaluation, we have also come face to face with a striking paradox: Penn’s special comparative advantage among great research universities is in the extraordinary interaction among our academic programs, but we remain a University best known by our constituent parts. As a consequence, Penn often lacks the institutional identity that characterizes many of the great universities with which we compete for students, faculty, and support. Over the next decade, while strengthening the component parts of the University, we must also seek to develop among them a greater sense of mutual dependence, interaction and shared opportunity.

Undergraduate Education

Programmatic planning is key to strengthening the links among the University’s component schools and developing a sense of common identity and purpose. While we reaffirm our intention to promote and maintain the singular strengths of each of our schools, the overall profile of the University should not be dominated by any single school or group of schools. Planning to this end has taken place both centrally and within each school. The Faculty Council on Undergraduate Education was created with the goal of encouraging fresh thought and planning for undergraduate education, developing common academic experiences for undergraduates and enriching the undergraduate experience by bringing to bear the resources of the entire faculty. The Council has designed a set of courses to provide students with introductions to the major modes of knowing human experience and our physical environment and is expanding an already successful course in ethics and the Discovery and Meaning Lecture Series.

The University is responding to the increasing demand that higher education meld in a better way the liberal arts and the professions. New majors available to undergraduates include the Biological Sciences, as well as the Schools of Medicine and Veterinary Medicine; Urban Studies (a College major, in conjunction with the Graduate School of Fine Arts); and Computer and Cognitive Sciences (involving faculty from linguistics, psychology, and philosophy, as well as the School of Engineering and Applied Sciences). "Writing Across the University," a program that develops students’ writing skills within various academic contexts, is successfully bridging disciplines and schools. The Management and Technology Program—a joint venture of the School of Engineering and Wharton, whose students take nearly half their courses in the arts and sciences—has been our most successful model of integration.

1987 will mark the beginning of a five-year program through which we expect to raise $20 million in annual giving for the four undergraduate schools. This year I proposed using one-half of these funds to enrich the undergraduate curriculum, strengthen the interaction between the liberal arts and the professions, enhance instructional computing and undergraduate research, and provide additional support for Penn’s college houses and other living-learning programs.

A Diverse Student Body

Diversity and interaction is achieved not only through the teacher and what he or she teaches, but by the students. A central component of the educational experience is the continuing interchange of ideas among fellow students and the opportunity to form friendships within a student body that is culturally diverse. On Labor Day we welcomed an entering freshman class of more than 2,200 stu-
The entering class described above would be impossible to assemble were we not committed to maintaining an admissions policy that does not take financial need into account, even in the face of the rising costs of higher education and threatened reductions in federal student financial aid. Determined to meet this problem, this innovative program represents the most comprehensive program of any major educational institution for providing low-cost financing to middle-income families.

Last year, 1,165 undergraduate students and their families took advantage of one of six tuition-financing plans. The options offered under The Penn Plan have been increased to eight, ranging from a lump-sum prepayment of four year's tuition to shield against future tuition increases to a tuition credit line with repayment extended over seven years beyond graduation. Financing options have been extended to all undergraduates, professional students and students receiving faculty/staff tuition benefits.

The Faculty
As was stated early in this report, an unusually large number of distinguished members of our faculty will retire by the year 2000. Our continuing responsibility, therefore, is to fill the small number of tenure positions each year with the most competent teachers and researchers in the international scholarly community. I can report that, in 1984-85, there were a number of very distinguished appointments made, including the following:

Roger D. Abrahams, an expert in folklore theory, communications and black oral traditions—Professor of Folklore and Folklore;
Friedrich Kubler, a leading expert in corporation law and media law at the University of Frankfurt—Professor of Law;
Stephen G. Nichols, an outstanding French medievalist and philologist from Dartmouth—Professor of Romance Languages;
William I. Norwood, cardiovascular surgeon in pediatrics—Professor of Surgery;
Richard P. Paul, international authority in robotics from Purdue—Professor of Computer and Information Science; and
Saul Sternberg, cognitive psychologist from Bell Laboratories, member of the National Academy of Sciences—Professor of Psychology.

The University's faculty were again recognized nationally and internationally during the past year—five faculty members were named Guggenheim Fellows, eight were recipients of Fulbright Awards, and others won such prestigious awards as the Presidential Young Investigator Award. (Recipients are recognized elsewhere in this report.)

Maintaining the quality of our distinguished faculty remained essential to our continued good standing, and that priority is reflected in the 1986 budget, which shows real growth in faculty salaries and includes a salary reserve for continuing standing faculty to cover special situations. Penn faculty salaries must be competitive with those at peer institutions. Over each of the past four years, we have met the goal of real growth in faculty income. We recognize, however, that some disciplinary areas need particular attention, and we are committed to maintaining and strengthening the competitiveness of Penn's faculty salaries, but we face formidable problems. The value of Penn's endowment is next to the lowest in the grouping of sister institutions, and the endowment dollars per non-medical faculty are the lowest. With the federal government threatening to reduce support for research and student financial aid, our budgets will be painfully tight in the next few years. Nevertheless, faculty salaries will continue to be a key priority.

The Program for the Eighties and the momentum it generated brought to Penn a number of endowed professorships that have made possible the appointment and retention of distinguished senior scholars. For example, Ambassador Walter H. Annenberg, a Trustee with broad interests, was persuaded to establish Anenberg Professorships in the social sciences, and natural sciences. A chair established in honor of former University Trustees Chairman Donald T. Regan by his former firm, Merrill Lynch, and friends was assigned to the Department of English. More recently, we have been successful in funding professorships in the other three undergraduate schools.

The University also has generated significant support for the advancement of younger faculty members. The Andrew W. Mellon Foundation has provided grants for mid-career faculty appointments and for dissertation support and a faculty early retirement plan in the humanities.

A extraordinary gift of $4 million from The Glenmede Trust Company made possible the promotion of promising assistant professors to tenured rank as associate professors, the recruitment of outstanding young faculty members from outside the University, and the occasional appointment of an outstanding scholar to provide leadership for a department of central importance.

Black Presence
The Provost and I have been deeply committed to increasing the number of women and minorities among the University's faculty. Over the past three years, the Provost's Office has worked with each dean to set targets for minority faculty hiring. Each school was asked to include these targets in its five-year plan and faculty-search authorization requests to fill available tenure-track positions. Ad hoc programs to encourage the hiring of minority pre-and post-doctoral fellows, adjunct faculty, lecturers, and senior visiting scholars were initiated. We continue to provide the schools with monies to hire minority faculty through the Provost's Reinvestment Fund. In addition, funds have been made available to the schools to hire non-tenure track faculty, with particular efforts directed toward schools without a Black faculty presence. The Office of Affirmative Action has established a vita bank, which is designed to attract and hold on file the curriculum vitae of minority scholars.

Men and women of different races, religions, nationalities, regions and economic backgrounds are prized here, not because their presence fulfills a commitment to equal opportunity, but because their presence helps to create a diverse community of inquiring minds that comprises the best possible educational environment.

The insensitive remarks of a senior lecturer in the Wharton School served as a catalyst that brought into sharp focus serious concerns of Black faculty, students, and staff about racism and inadequate minority presence on campus. The Provost and I met on several occasions with members of the Black Student League and concerned members of the faculty and the administrative staff to discuss these issues and to identify some specific steps that would strengthen the Black presence.

At the June meeting, the Trustees, in the interest of creating an educational environment enhanced by substantial numbers of Black students and faculty, asked its Committee on Development and the University administration to examine prospects for raising funds for minority graduate fellowships, faculty support, research in Afro-American studies, and programs to improve the quality of campus life for minority students as part of the Building Penn's Future development effort.
The Schools

New deans were appointed in two schools.

Michael Aiken, chairman of the sociology department since 1984, has succeeded Joel Conarroe as Dean of the School of Arts and Sciences. Dean Conarroe was named president of the John Simon Guggenheim Memorial Foundation. The Provost and I are confident that under Dean Aiken's leadership Arts and Sciences will be strengthened both within the University and in the national academic community.

Michael Austin, who has been professor of management in the University of Washington's School of Social Work since 1976, assumed the deanship of the School of Social Work from Dr. Louise Shoemaker, who served with great effect as dean for 12 years. She continues on as a member of the faculty.

Three schools—Arts and Sciences, Veterinary Medicine, and Social Work—passed important milestones in 1984-85 by celebrating anniversaries.

Playwright Arthur Miller, pianist Andre Watts, Lt. Governor William Scranton, Nobel laureates Baruch Blumberg and Lawrence Klein, among others, took part in the fall celebration of the 70th anniversary of the School of Arts and Sciences. The celebration featured a university convocation, an outdoor performing-arts festival, academic panels of distinguished scholars, and a faculty-student doubles tennis tournament. The humanities, social sciences, and natural sciences were each the focus of a week of special events and scholarly presentations.

The Centennial Convocation for the School of Veterinary Medicine was held in October in the University Museum, where a special exhibition, "Man and Animals," was exhibited for several months in honor of the Veterinary School's 100 years of contribution to animal and human welfare.

The Family as Resource—International Perspectives, a two-day conference in April, was among the events scheduled to celebrate the 75th anniversary of the School of Social Work. An academic con- vocation, seminars and workshops, an alumni dinner, and a gala anniversary dinner were also part of the festivities held for more than 250 participants and honorees.

"The Penn Profile," a paper the Provost and I prepared in conjunction with the Academic Planning and Budget Committee, and presented to the campus in May, provides details of each of the twelve schools' current planning within the framework of the University's priorities, concerns and prospects. The project has produced a remarkable portrait of the breadth and depth of the University's research, instructional, and service programs. Our administrative goal is to support that richness of intellectual enterprise and endeavor. Our financial, programmatic and strategic processes, therefore, are designed to create an environment that supports and coordinates independent scholarly inquiry, and which also ensures that such independence is consistent with the collective goals of the institution.

Research

The quality of a major research institution is measured by the intellectual strength of its faculty, whose achievements are the product of a stimulating, supportive environment that offers excellent research facilities. Penn's research achievements are extraordinary. Many of our Ph.D. programs are counted among the best in the world. Our research libraries have achieved international distinction.

Among our faculty's recent accomplishments have been the description and classification of a new state of matter, in the form of "quasi-crystals," proposed by physics professor Paul J. Steinhardt and graduate student Dov Levine. The new structures, which are based on a new set of possible arrangements for the atoms in a solid, give promise of materials with a wealth of remarkable structural and electronic properties.

Advanced computer-imaging systems to help in medical diagnosis and surgical planning were developed recently in the School of Engineering's General Robotics and Active Sensory Perception Lab in collaboration with the School of Medicine's Cardiovascular Research Center. To produce a 3-D image of a human skull, for example, a series of CAT, NMR or PET scan pictures are taken, and then stacked by the computer systems to create a 3-D image that can be rotated in any direction to give the diagnostician a variety of views. The 3-D image can also be sliced open to reveal internal structures.

Our reputation is based on such achievements and there are hundreds of equally enterprising investigations under way in every discipline across the campus. It is vital, therefore, that the University plan and make a careful set of central investments in support of research programs and facilities to complement the investments of the schools, particularly those projects that are either too expensive for a particular school to finance or that by their disciplinary nature involve participation by faculty from more than one school.

We have already begun to put this precept into practice. The Research Fund was initiated a year ago to fund internal projects beyond the scope of the University Research Foundation's $5000 limit. In its first year of operation, the Research Fund distributed more than $765,000 to researchers engaged in a broad spectrum of disciplines and thereby served to encourage preliminary exploration of new fields by both junior and senior investigators. These grants provided seed money for exploratory research programs, funds to match external grants, interdisciplinary research initiatives, equipment, and release-time for faculty.

Faculty responded enthusiastically to the call for proposals, and an extremely competitive review process resulted. Of 189 proposals reviewed, 52 were funded in amounts ranging from $3,000 to $35,000.

Looking to the future, we plan to invest up to $40 million in research facilities and specialized equipment, an amount that represents 8 percent of our anticipated research income.
The Head Injury Lab
Controversy over the use and care of animals in the School of Medicine's Head Injury Clinical Research Laboratory began in May 1984, with the break-in and burglary of the laboratory by a group of animal-rights activists. Among the items stolen were 60 hours of videotapes of the experiments in which an anesthetized baboon is subjected to a head injury under controlled conditions and then examined carefully before being sacrificed. Under the best of circumstances, the experiments are not pleasant to witness. In the form of a polemically and misleadingly edited 24-minute videotape excerpt made by the People for the Ethical Treatment of Animals, the experiments have a dramatic impact on any lay-person viewing the edited tape. Charges of cruelty to animals, backed up by the visual impact of the edited tape, have made a major issue of that part of the research of the Head Injury Lab that uses primates, though it is important to note that 80 percent of the laboratory's research does not involve animals.

Since it was established in 1970, the work carried out in this laboratory has been well known to the National Institutes of Health by virtue of its submitted proposals, yearly progress reports, and evaluations. To date, all NIH scientific reviews have been most favorable and have led to its continued funding. In July 1985, however, funding of the laboratory was halted on the basis of an NIH committee's preliminary report that described a number of violations of NIH guidelines for laboratory procedures. The University halted experiments using animals in response to this report, and will not resume the experiments unless University and NIH officials are fully satisfied that the use of animals in the research project is in complete compliance with all relevant guidelines.

A committee of faculty members and lay persons appointed by the Provost and me to review the practices and procedures in the laboratory issued its report in August. The committee found that the research is both valid and important, that there was no credible evidence of the inhumane treatment of the animals, that the laboratory had made significant changes and improvements in accordance with the NIH guidelines and principles governing the care and use of laboratory animals, and that current protocols and facilities, as used for acute studies, are in compliance. The committee was most impressed by the results of the studies in the laboratory, in particular those which have led to an entirely new concept of the traumatic coma as being due to axonal damage. Their report made a number of recommendations concerning ongoing review and monitoring of research involving animals at the University, upgrading of facilities for post-operative care of chronically injured animals, and documentation of an insensitivity to pain on the part of the animals prior to injury.

I was reassured by the committee's findings on the validity of the research and that, in general, the treatment of research animals is in accordance with NIH guidelines. Nevertheless, the committee found that the lab had been in violation of NIH guidelines with regard to the supervision and training of laboratory personnel, sanitation, and other matters concerning operation of the laboratory. Those practices not in compliance are not acceptable at this University, and deviance from relevant guidelines, no matter how slight, will not be tolerated.

Computing at Penn
In the past year, under the leadership of David Stonehill, vice provost for computing, we have made significant progress in the University's computerization plans. The number of microcomputers on campus has more than doubled and a computer resource center has been established. A good measure of the interest and involvement in computing on campus is the success of the "Computer Shack," which in its first year of operation sold more than $5 million worth of microcomputers and related equipment at a discount to Penn faculty, students and staff.

The University's plans for computerization were advanced considerably by a gift-and-grant program from the Digital Equipment Corporation and a $4 million computer equipment gift from IBM. DEC made a gift of 500 Rainbow and Professional personal computers, valued at $2.5 million, and a $10 million matching grant toward the purchase of $20 million worth of equipment. A gift from IBM of personal computers paved the way for a cooperative program called THRESHOLD, designed to develop and test innovative academic applications of computers.

Two other internal grant programs to support computer use in instruction and research are made possible by the United Parcel Service to support personnel to design, construct, and use computer technology in research and graduate instruction. The Educational Development Fund supports the integration of computer technology into the undergraduate curriculum. Through these programs, the vice provost for computing made awards of equipment and funds worth more than $2 million last year.

The U.S. Army Research Office awarded the University a $4.4 million, three-year grant to establish a center to support basic artificial intelligence research already being investigated at the School of Engineering and Applied Science.

Computing at Penn has, in the past, been largely decentralized, and many aspects will remain so as each school or department designs computer systems that can best serve its own interests. However those systems can now take advantage of the centralized support services offered by the Computer Resource Center.

The Computer Resource Center "East" will open in mid-fall in the Edison Building at 33rd and Walnut Streets. A similar center is being planned for a more central campus location—the "CRC West." These facilities will house a resource library of software, periodicals and books, a micro-computer training area, and a large laboratory where faculty and students can work at clusters of microcomputers.

The Center's presentation series has brought a number of hardware and software vendors to campus for demonstrations. Six campus-wide user groups have been established under the Center's sponsorship, and Wharton Computing and the Center co-sponsor a series of microcomputer training classes.

The first fiber-optic cable for the University's computer network was laid this summer between the School of Engineering and Wharton, the initial link of a $1 million, five-year data communications network plan. Eventually, computers in all corners of the campus (14,000 are projected to be in place by 1992) will be connected by the backbone network, enabling users to search the library's card catalog via their own computers, send electronic messages to each other, or even "attend" lectures.

A major component of the network, the Penn Library Information Network (PennLIN), received support from the Pew Memorial Trust in December 1984 in the form of a $1.5 million grant. PennLIN, when completed, will enable scholars to gain access to research information from a variety of on-line sources, including the 14 campus research libraries and the national network of Research Libraries Group.

University Life
The Office of the Vice Provost for University Life focused its activities this year on several issues of campus-wide concern, including the administration of a new University student judicial system developed in consultation with many members of the University community. The new judicial charter clearly codifies procedures and increases faculty involvement in the system.

The Fraternity/Sorority Advisory Board is in the process of studying the value of increasing the involvement of adults older than typical undergraduates in the operations and activities of Penn's sororities and fraternities.

The vice provost's office was also
Penn as a Meeting Ground for Ideas

Part of our charge as a university is to provide ample opportunity for the exploration of a wide variety of ideas and issues by inviting knowledgeable guests to visit campus and by holding conferences, seminars and informal discussions on a range of topics of public interest and importance. The past year brought us a number of distinguished visitors.

Beverly Sills, considered by music critics to be one of the world's greatest coloratura sopranos and opera career and who is now serving brilliantly as artistic director of the New York City Opera, came to Penn in January as the third Pappas Fellow. The fellowship, established by a grant from the Pappas family in Boston, brings well-known figures in the arts and public life to Penn to be lecturers-in-residence. Previous fellows were Norman Mailer and Robert MacNamara. During her week-long stay, Sills and her husband Peter Greenough, retired associate editor of The Cleveland Plain Dealer and financial writer for The Boston Globe, stayed at Van Pelt College House. Her first public appearance on campus was before an audience of 700 in the Zellerbach Theater, where she delivered the third annual Pappas Lecture, titled "The Making of a Career." She described the turning point of her career — her role as Cleopatra in Handel's "Julius Caesar" — in the fall of 1966, for which she praised her lavishly — as the triumph of her career, for afterward she was invited to sing in every major opera house in the world.

Donald T. Regan, '73 Hon., addressed more than 3,000 graduates and 7,000 guests at Penn's 1985 Commencement ceremony. The White House Chief of Staff and former Secretary of the Treasury told the Class of 1985 that "by a lucky accident of birth, you inherit a brilliant and decent political tradition, you get a rich and varied culture, you get the freedom to make your own decisions, you get a society that still accepts the validity of spiritual beliefs and spiritual values." He exhorted them to "make a difference," in a nation that is "endlessly open to change, to new ideas and leadership."

Ian McEwan, British novelist and screenwriter hailed by the London Times as "the best young writer on this island," came to Penn in February as a visiting lecturer in English. He participated in a seminar on contemporary British literary culture, sharing the teaching with department chairman Robert Lucid; dropped in on several other classes; gave readings; and took part in animated after-dinner discussions in Hill House.

The rapidly changing American family was the subject for the third annual President's Forum, a University-wide series of free, open events, which this spring included a film and discussion series titled "Family Portraits," a day-long program on health-care research related to Black families, and a two-day international seminar conducted by the School of Social Work as part of its 75th anniversary celebration.

Senator Bill Bradley (D-N.J.) and Martin S. Feldstein, professor of economics at Harvard and former chairman of the Council of Economic Advisors, were among the tax experts who participated in a forum on tax reform held on Penn's fifth annual Economics Day. The legal and economic implications of the various tax-reform plans were also the subject of a day-long conference sponsored by the Institute for Law and Economics, in which more than 30 representatives from government, business, academia, and the legal community participated.

"Ways of Knowing: Comparing World Views and Methodologies," an open University-wide conference sponsored by the Liberal Studies Graduate Group, examined fundamental questions about knowledge, including why it is pursued, how it is used, and how the values of different disciplines shape views of life and death.

The arts were not slighted in the year's presentations, either, but space allows only a sampling of the many events held on campus this past year.

Works depicting images and impressions of the U.S.A. by three European
photographers—Emil Otto Hoppe, Harald Lechenperg, and Bernd Lohse—was a featured exhibition that opened in the Arthur Ross Gallery on May 30. The 78 black-and-white photographs and photo essays have rarely been displayed in the United States.

The Annenberg Center held the city’s first International Children’s Festival this spring, featuring nine professional theater companies in 60 performances of children’s theater from around the world. Free outdoor events captured the attention of children and their parents as dancers, mime artists, puppeteers, clowns, musicians and jugglers filled the campus walks with colorful and exuberant activity.

The University Museum also had good news to report on development efforts—Building Penn’s Future—to meet our special priorities on undergraduate education, research resources and student financial assistance with the hope of advancing yearly gifts and subscriptions to the University from $50 million to $80 million over a three-year period. In just two years, the $80 million goal has been reached. Gifts and subscriptions for Penn’s 1984-85 fund-raising efforts totaled $80,580,856 by mid-June, 24 percent ahead of last year’s all-time record.

Pledges from alumni were up an astounding 99 percent over last year. Gifts from Trustees were an important element in this increase, and are ultimately expected to reach $18 to $20 million. Annual Giving exceeded the $10 million barrier for the first time with a total of $11,148,363—an increase of 17 percent over last year. The effort was particularly boosted by the Class of 1960, which became the first class to have its 25th reunion gift exceed a million dollars. A college house in the renovated Quad has been named in their honor. And the outlook for the future is bright. The fifth reunion class, the Class of 1980, became the first Penn alumni class to set an all-time, all-time reunion gift record for their time of out of school.

The University won this year’s CASE-U.S. Steel Alumni Giving Incentive Award for the most improved alumni annual giving program in the country. Overall, in three years Penn’s total gift ranking among all universities in the nation has moved from 15th to 10th to 8th.

Corporate giving also broke records for the second year in a row—at $18.3 million, they are up 24 percent over last year. Gifts for faculty support in the development campaign are 60 percent ahead of last year, and gifts of endowment are up 27 percent. And gifts for the four undergraduate schools, a major priority in Building Penn’s Future, have increased by 67 percent over the past two years. Working closely with the University administration, Arts and Sciences, Engineering and Applied Science, Nursing and Wharton all have significantly increased their gift commitments under the leadership of their deans.

The University Museum also had good news to report on development efforts. The Museum’s $1 million challenge to raise funds for roof and life/safety renovations has been met six months ahead of schedule. In December 1983, the Pew Memorial Trust made a gift of $1 million for the renovations, adding a $1 million challenge to be met by December 1985. Certainly a good portion of the year’s fund-raising success is attributable to the work of the newly formed President’s Council, which had its first meeting last November. The Council consists of members of alumni development committees in seven regions—Philadelphia, New York, the Midwest, California, Texas, Florida, and Washington, D.C.—who

Management of our Physical Plant

For the first time, the University has developed a capital spending plan, which includes five-year projections for expenditures and expected funding for new construction projects, major renovations and additions to the communications infrastructure. We plan to spend nearly $60 million on capital projects during fiscal year 1986.

Vice President for Facilities Management John M. Anderson, who joined the University in August after 24 years as an executive with Catalytic, Inc., will oversee several exciting new projects, which include the Wharton Executive Education Center, a building that may also house career planning and placement offices and a computer resource center. The total cost of this new building is estimated at $323 million. The clinical sciences research building planned for the Philadelphia General Hospital site is projected to cost $426.6 million. The office building-retail store complex at 34th and Walnut Streets will cost $15 million.

Major renovations accounted for in the 1986 capital budget include the creation of a microfabrication laboratory in the School of Engineering at a cost of $1.2 million, $13 million in renovations to the Quadrangle dormitories, and $1.9 million for continued structural rehabilitation of Franklin Field.
The development of such a capital-spending budget allows us to forecast major capital expenditures over several years and to plan for their funding. Armed with such a plan, we can not only anticipate our needs but avoid the pitfalls of over-extending our resources.

The Office of Environmental Health and Safety continually conducts surveys and tests of campus buildings, removing asbestos where damage and exposure reveals a potential health hazard to those working or living there. Under that office's direction our $3.9 million asbestos-removal plan for the residence halls continued into Phase II this summer, with completion scheduled for next summer.

In order to project more accurately what capital expenditures face us in the future, Senior Vice President Helen O'Bannon commissioned a building-by-building survey in the spring of 1985 to determine the present state of repair, or disrepair, of our main-campus facilities. The survey revealed that many of our buildings are in need of early attention if we are to protect our largest single physical asset—our 176 main campus buildings. The survey estimated that repairing existing conditions would require an expenditure of $69 million as soon as possible, or five percent of the total current replacement value. In order to preserve and protect our considerable investment in physical plant, the resulting report recommends that we both substantially increase our annual funding for deferred maintenance and reduce the backlog of maintenance needs.

Changes in Administration
Senior Vice President Helen O'Bannon made several organizational changes in the summer of 1984 that gave each of the three administrative offices reporting to her a more coherent structure. The reorganization aligned the administrative areas into three main offices: administration, facilities management, and finance.

Gary J. Posner, vice president for human resources since 1982, was named vice president for administration, gaining responsibility for several offices formerly organized under operational services. The offices of physical plant, construction, and facilities planning were reorganized under the Office of Vice President for Facilities Management.

Dr. Marna Whittington, former Delaware state secretary of finance, was named vice president for finance for the University. From 1979 to 1981, she was deputy secretary of education for the Commonwealth of Pennsylvania. Frank Claus, who joined the University early in 1984 as the first director of the Penn Plan Agency, became treasurer of the University and assistant vice president for finance in July of 1984. He continues to oversee the highly successful Penn Plan.

Human Resources
The University continues to develop programs and policies to promote the creation of a fully satisfying working environment and community for faculty and employees.

Compensation, in the form of salary and benefits, is of course, of great consequence to all Penn faculty and staff, and equally important to the administration to support our goal of attracting and retaining the best people. As a result, the minimum academic base salary for assistant professors was raised to $22,000 for 1985-86, with a total increase for continuing standing faculty as a whole of 5 percent. An overall salary increase pool of 5 percent was established for non-academic employees as well, and, as a result of a salary-and-wage market survey conducted by the compensation office, hiring minimums and maximums for several employee grade levels were raised, effective July 1.

The University is exploring increasing the flexibility of choice of benefit programs for faculty and staff. Due to demographic changes, many benefit programs originally designed for a typical family that included one wage-earner and a mother who stayed home with the children are no longer providing the best possible coverage. The benefits office and the Personnel Benefits Committee, in consultation with the Faculty Senate and the A1 and A3 Assemblies, are currently examining the concepts of a flexible benefits program to ensure that we are meeting the needs of employees.

The Faculty/Staff Assistance Program, established through the efforts of the dean of the School of Social Work and the vice president for administration, opened its doors in September 1983, and to date over 400 faculty and staff have used its services. The F/SAP is a confidential resource providing assessment and referral services for both personal and job-related problems.

Other programs recently made available to Penn staff include career development and training programs for non-academic employees, and a series of “wellness” programs, open to all, offering help and instruction in health-related topics such as quitting smoking, weight-loss, and stress management.

An innovative cost-reduction program in the Department of Physical Plant that cuts Penn's maintenance costs won one of the top Cost Reduction Incentive Awards in a national competition open to all colleges and universities. Two other cost-saving ideas from the Office of Public Safety and the Office of Human Resources received honorable mentions. This was the first time that Penn made a university-wide appeal for entries to the competition, and reflects our commitment to good management as well as educational excellence.

Penn and the City of Philadelphia
Penn draws much of its strength and identity from its location in the City of Philadelphia; indeed, a third of our applicants mention Philadelphia as among the reasons they applied to Penn. And while our faculty and students draw on the city's many cultural, social, and academic resources, they also make a significant contribution to the city's well-being.

Perhaps the spirit of Penn's sense of commitment to our city was best exemplified by the extraordinary response of our faculty, staff, and students to the devastating fire that destroyed 60 homes last spring in the Cobbs Creek area of West Philadelphia. The University promptly opened its dormitory rooms and apartments to those left homeless. The Hospital of the University of Pennsylvania donated $100,000 to the victims, and doctors, nurses and other health-care professionals staffed the relief center at St. Carthage Church during the first weeks after the tragedy. Accompanied by faculty members from the Schools of Social Work and Dental Medicine, the HUP doctors and nurses continued to provide care to the fire victims after the emergency center closed. The day after the fire, the University established 15 collection points on campus for the donation of food, clothing, and household items.

Our contributions are not limited to acts of compassion in the wake of tragedy, however. Penn faculty and students study the city and learn from it, and frequently take the knowledge gained and offer it to those who can use it to solve some of the city's problems. In the past year, studies related to Philadelphia have been conducted by five of our schools.

Last year, the Office of Community-Oriented Policy Studies was established to strengthen the links between theoretical and applied learning and between the University and the Philadelphia community. Each student enrolled in a seminar forms a research affiliation with an organization committed to improving the quality of life in the community. As a guest lecturer in the seminar, I can attest that the results to date have been impressive. Government offices and agencies have put to good use the information gained from the students' efforts, and participation has grown from seven to 40 agencies in just two years.

Several of the students looked at the problems of urban decline and youth unemployment. This led to the creation of the West Philadelphia Youth Service Corps, sponsored by Penn and four urban organizations, which provided meaningful work experiences last summer to 112 youths in five West Philadelphia neigh-
1985 Guggenheim Awards
Dr. Norman T. Adler, professor of psychology, for research on the biological psychology of reproduction.
Dr. Deirdre Bair, associate professor of English, for work on a critical biography of Simone de Beauvoir.
Dr. Amos B. Smith, III, professor of chemistry, for study of the chemistry of communication in primates.
Dr. Arnold W. Thackray, professor of history and sociology of science, for work on a history of the Center for Advanced Study in the Behavioral Sciences.
Dr. Alexander Vucinich, professor of history and sociology of science, for the study of science and Soviet ideology.

1984-85 Fulbright Awards
Dr. William Adler, lecturer in religious studies, to lecture at Hebrew University in Jerusalem.
Dr. Helen C. Berezovsky, associate director of the University Program for Foreign Students, Senior Scholar Fulbright Award, to teach linguistics at the University of Bergen, Norway.
Dr. George H. Crumb, Annenberg Professor of Music, for a semester at the University of Western Australia.
Dr. Nicholas K. Gonatas, professor of pathology, for research at the Pasteur Institute, Paris, France.
Dr. Arthur Green, associate professor of religious studies, for research at Hebrew University in Jerusalem.
Dr. Anthony S. Kroch, assistant professor of linguistics, to lecture at the Federal University at Rio de Janeiro, Brazil.
Professor Clyde N. Summers, Jefferson B. Fordham Professor of Law, for travel and lecturing in Europe and Japan.
Dr. Brian Sutton-Smith, professor of education, to lecture at the University of Belgrade, Yugoslavia.

Sloan Research Fellows
Dr. Ted C. K. Chinburg, assistant professor of mathematics.
Dr. Dennis M. DeTurck, assistant professor of mathematics.
Dr. William R. Molzon, assistant professor of physics.

A Final Word
These pages constitute a series of Polaroid-like snapshots of activities in an enterprise comprising nearly 40,000 persons—an enterprise that is fueled by the influx and outflow of resources rapidly approaching the billion-dollar level. The size and complexity of our mutual task of education and research has impelled me to say, in many different ways, that we need to build a much stronger sense of community at Penn, that each of us needs to think about what we owe our fellow members of the campus community. I have returned to this theme again and again in statements and conversations not only because I believe that is what Penn most needs at this time, but because we have a chance, and I would say an obligation, to build at Penn a model community that might guide the development of similar forms and attitudes in society at large.

The campus community participates in the apparent paradox of our time, wherein the world shrinks as a result of technological changes and an increasingly independent economy and yet there have been explosions of parochialism and nationalism. I believe that the most important problem that the world has to solve is that of achieving justice in a multi-cultured society, the problem of building a single community out of culturally different communities. We at the University of Pennsylvania—whether student, teacher or researcher, manager or secretary, trustee or alumnus—have our role to play and our responsibility to bear in shaping this microcosm of the larger world into a community of greater understanding, sensitivity and compassion for each each individual among us.
A Message from the Vice President for Finance

The University ended Fiscal Year 1985 with an excess of revenues over expenditures from its unrestricted operations. This is the tenth consecutive year in which the University has had a positive operating position.

The results of operations for the year reflect a significant increase in the total resources of the University as indicated on the Balance Sheet and Statement of Changes in Fund Balances (*). Total Assets increased to $1.4 billion, an increase of $245 million over FY 1984. For the second consecutive year, the largest increase in assets was in Investments, which increased by $151 million to $736 million. This increase was attributable in part to the temporary investment of $96.3 million of proceeds realized in connection with a bond issue sold during the year. Investments also increased markedly as a result of an increase of 9% in gifts and private grants received, the effect of the reinvestment of endowment income into endowment principal, and the continued growth of Health Services revenues.

Liabilities increased by nearly $121 million during the year as the result of an $87.2 million increase in long-term debt and a $33.7 million increase in other liability categories, specifically, accounts payable and accrued expenses, and deferred income. A significant portion of the increase in accounts payable and accrued expenses is attributable to an increase in reserves for malpractice claims, while almost all of the increase in deferred income resulted from prepaid tuition associated with the "Penn Plan," the University’s "family-based" financial assistance program. Total fund balances, which is the University’s equivalent of net worth, increased by $125 million, or 15%. This was the largest increase in University history and these balances now total $958 million.

The major increase in liabilities was in long term debt, which was $343 million at June 30, 1985, as compared to almost $256 million the previous year. During June 1985, the University sold $96.3 million of tax-exempt revenue bonds through the Pennsylvania Higher Educational Facilities Authority. The bonds were issued in two series. The proceeds of the $80 million Series A bonds are being used to acquire educational equipment, renovate existing facilities, and construct new academic facilities. The proceeds of the $16.3 million Series B bonds are being used to acquire educational equipment for the Hospital of the University of Pennsylvania. The Series A bonds will be repaid from University operating revenues, and the Series B bonds from the operating revenues of the Hospital.

In the last two fiscal years, the University has issued a significant amount of tax-exempt revenue bonds for modernization and upgrading of existing facilities, construction of new facilities necessary for a premier research university and hospital, and for the acquisition of educational equipment and computer technology. While our capacity to borrow is limited, we must invest in our facilities now if we are to maintain and enhance our status as one of the nation’s leading private research universities.

**Investments and Endowment**

The University’s Endowment and Similar Funds consist of true, term, and quasi-endowment funds. During the year the balances of these funds increased $41.7 million to $373.9 million (*). This increase is comprised of realized gains of $18 million and additions to endowment of over $23 million (new gifts and the reinvestment of income into endowment principal).

In FY 1981, the Trustees implemented a spending rule for the Associated Investments Fund (A.I.F) in order to protect the endowment against the effects of inflation. During FY 1985, $11.2 million or 41% of total A.I.F. income earned was reinvested. Since the inception of the spending rule policy, $34.5 million have been reinvested, which represents over 9% of the A.I.F.’s principal market value at June 30, 1985.

As indicated in our five-year review of investments (*), the market value of the University’s total endowment has increased from $218 million at June 30, 1981, to $437 million at June 30, 1985, a near 100% increase. The performance of the A.I.F. (*) has been extraordinary. A recent study by the National Association of College and University Business Officers indicates that the University’s A.I.F. was ranked in the top 4% of all university endowment funds over

---

*In the full Annual Report, additional data are displayed.*
the most recent five year period.

The A.I.F. is managed, together with all other University investments, by the Investment Board of the Trustees of the University of Pennsylvania. During 1985, the University created, out of existing investment assets, two pooled funds, an Equity Fund and a Fixed Income Fund, in which virtually all of the A.I.F. is invested. These two open-end pooled funds will facilitate the diversified investment of other funds managed by the University.

Current Operations
Current fund balances were $122.8 million at June 30, 1985, an increase of $20.8 million (unrestricted funds of $16.7 million and restricted current funds of $4.1 million). The increase in unrestricted funds reflects the positive operating performance of both the Educational and General component of the University and its Health Services group (the Hospital of the University of Pennsylvania, and the Clinical Practices at the University of Pennsylvania).

Educational and General
Unrestricted Educational and General Operations of the University produced an excess of revenues over expenditures for the tenth consecutive year. The schedule on page 24, Five Years of Financial Performance, summarizes this performance. Contributing to this favorable balance were savings in salary expense and current expense and gains in graduate tuition and unrestricted gift income. Our cash management policies and an increase in working capital resulted in an increase over budget in income earned on the investment of available operating funds.

Excess revenues from operations were designated by the Trustees to assist faculty in research initiatives and to provide funds for the establishment of the Philadelphia Center for Early American History. In addition, the accumulated deficit of $249,000 attributable to student residences constructed in 1970 has been fully amortized.

A Five Year Review of Current Funds

**(thousands of dollars)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Student tuition and fees</td>
<td>$173,999</td>
<td>$162,089</td>
<td>$144,451</td>
<td>$126,647</td>
<td>$111,328</td>
</tr>
<tr>
<td>Commonwealth appropriations</td>
<td>26,776</td>
<td>23,914</td>
<td>23,102</td>
<td>21,996</td>
<td>20,600</td>
</tr>
<tr>
<td>U.S. Gov't contracts &amp; grants</td>
<td>114,424</td>
<td>110,061</td>
<td>96,677</td>
<td>98,157</td>
<td>99,321</td>
</tr>
<tr>
<td>Investment income</td>
<td>31,992</td>
<td>24,324</td>
<td>19,413</td>
<td>19,016</td>
<td>16,638</td>
</tr>
<tr>
<td>Gifts and private grants</td>
<td>45,304</td>
<td>44,658</td>
<td>35,212</td>
<td>37,813</td>
<td>30,486</td>
</tr>
<tr>
<td>University Hospital</td>
<td>207,033</td>
<td>180,258</td>
<td>170,114</td>
<td>140,751</td>
<td>117,895</td>
</tr>
<tr>
<td>Clinical practices</td>
<td>92,101</td>
<td>82,591</td>
<td>77,329</td>
<td>58,368</td>
<td>47,164</td>
</tr>
<tr>
<td>Other educational activities</td>
<td>19,072</td>
<td>17,412</td>
<td>22,372</td>
<td>17,276</td>
<td>14,375</td>
</tr>
<tr>
<td>Other sources</td>
<td>14,642</td>
<td>11,565</td>
<td>6,597</td>
<td>8,310</td>
<td>7,309</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>46,317</td>
<td>38,312</td>
<td>34,746</td>
<td>31,604</td>
<td>28,205</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$771,600</strong></td>
<td><strong>$695,184</strong></td>
<td><strong>$630,013</strong></td>
<td><strong>$559,838</strong></td>
<td><strong>$493,321</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>156,514</td>
<td>141,183</td>
<td>126,513</td>
<td>117,779</td>
<td>103,901</td>
</tr>
<tr>
<td>Research</td>
<td>88,385</td>
<td>84,464</td>
<td>71,681</td>
<td>72,928</td>
<td>70,112</td>
</tr>
<tr>
<td>Libraries</td>
<td>11,858</td>
<td>11,173</td>
<td>9,960</td>
<td>8,594</td>
<td>8,801</td>
</tr>
<tr>
<td>Other educational activities</td>
<td>26,904</td>
<td>24,131</td>
<td>23,642</td>
<td>21,558</td>
<td>20,563</td>
</tr>
<tr>
<td>Student aid</td>
<td>43,802</td>
<td>40,458</td>
<td>36,590</td>
<td>35,434</td>
<td>34,808</td>
</tr>
<tr>
<td>Student services</td>
<td>12,014</td>
<td>10,892</td>
<td>10,658</td>
<td>8,928</td>
<td>7,227</td>
</tr>
<tr>
<td>University Hospital</td>
<td>197,243</td>
<td>175,852</td>
<td>172,305</td>
<td>140,505</td>
<td>118,720</td>
</tr>
<tr>
<td>Clinical practices</td>
<td>85,571</td>
<td>71,567</td>
<td>66,077</td>
<td>48,593</td>
<td>39,459</td>
</tr>
<tr>
<td>Operations &amp; maintenance</td>
<td>33,114</td>
<td>30,366</td>
<td>27,589</td>
<td>24,987</td>
<td>22,472</td>
</tr>
<tr>
<td>General institutional expense</td>
<td>28,457</td>
<td>25,425</td>
<td>24,264</td>
<td>22,652</td>
<td>18,692</td>
</tr>
<tr>
<td>General administration</td>
<td>15,566</td>
<td>15,217</td>
<td>12,963</td>
<td>10,849</td>
<td>9,439</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>51,335</td>
<td>42,453</td>
<td>40,220</td>
<td>34,597</td>
<td>31,162</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$750,763</strong></td>
<td><strong>$673,181</strong></td>
<td><strong>$621,452</strong></td>
<td><strong>$546,349</strong></td>
<td><strong>$485,356</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages: University</td>
<td>203,897</td>
<td>187,293</td>
<td>178,337</td>
<td>165,989</td>
<td>151,269</td>
</tr>
<tr>
<td>Health Services: University Hospital</td>
<td>88,011</td>
<td>80,347</td>
<td>78,480</td>
<td>66,719</td>
<td>54,694</td>
</tr>
<tr>
<td>Clinical practices</td>
<td>51,658</td>
<td>43,360</td>
<td>37,035</td>
<td>31,172</td>
<td>25,648</td>
</tr>
<tr>
<td><strong>Total salaries and wages</strong></td>
<td><strong>343,566</strong></td>
<td><strong>311,000</strong></td>
<td><strong>298,352</strong></td>
<td><strong>263,880</strong></td>
<td><strong>231,611</strong></td>
</tr>
<tr>
<td>Current expense</td>
<td>385,009</td>
<td>344,928</td>
<td>310,911</td>
<td>267,488</td>
<td>240,916</td>
</tr>
<tr>
<td>Equipment</td>
<td>22,188</td>
<td>17,253</td>
<td>16,689</td>
<td>14,981</td>
<td>12,829</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$750,763</strong></td>
<td><strong>$673,181</strong></td>
<td><strong>$621,452</strong></td>
<td><strong>$546,349</strong></td>
<td><strong>$485,356</strong></td>
</tr>
</tbody>
</table>
The 42-page Penn Annual Report 1985, sent by the President's Office to alumni and friends, has been condensed in this Almanac Supplement. The President's overview of the year appears full-text, as does the main text portion of the Financial Report. Only two of the key data displays have been included here, however. Members of the University who wish to examine the full Financial Report may call William Owen at Ext. 6813.

on schedule, as of June 30, 1985.

During FY 1985, expenditures for the direct costs of research from both federal and non-federal sponsors increased 4%. Research grant awards, both in numbers and dollars, also increased during the year, resulting in an increase in research funds available for expenditure in FY 1986. As the result of a multi-year rate settlement concluded last year with the Department of Health and Human Services our recovery of indirect costs for research increased in proportion to direct research expenditures. Our rate settlement should allow us to recover full indirect costs through FY 1986, unless enactment of proposed federal legislation precludes full recovery.

Revenue from operations of our Auxiliary Enterprises increased by more than 20 percent. A significant contribution to that increase was the sale of a variety of computer hardware and peripherals through a University outlet. Our intent is to expand our computing capability significantly, and to make cost effective, interactive computing available to the entire University community over the next several years.

For the third consecutive year, the University provided additional funds from unrestricted operations in order to continue our need-blind admissions policy. This increased support amounted to $2.1 million in FY 1985. Beginning this year, the University implemented a program of “family-based” financial assistance in the form of low-cost loan arrangements. This program, known as the “Penn Plan”, is available to families of undergraduates, including those not eligible for traditional forms of student aid. The University views this program as a partnership between the family, the student and itself to assure that every student can manage to afford the cost of attendance at Pennsylvania. Nearly 1,200 students participated in the Penn Plan during FY 1985, of which 900 were entering freshmen. For FY 1986, the University has extended the plan to include its professional schools. In addition, families may borrow to cover other costs, such as the costs of on-campus residence and dining.

Health Services

Despite continuing pressures affecting many segments of their operations, the Hospital of the University of Pennsylvania and the Clinical Practices at the University of Pennsylvania generated an excess of revenues over expenditures for the year of $9.8 million and $6.5 million respectively. Specifically, the introduction, in FY 1985, of prospective payment systems for health care providers affected our Medicare and Medicaid reimbursements. These payment changes have challenged our Hospital’s ability to compete with its peer institutions. By all accounts, we have met the challenge and will continue to do so.

There are many challenges and opportunities which face the University of Pennsylvania in the future. We expect to continue to balance our operations against budget despite continuing pressures on our funding sources. Challenges will be met, and opportunities availed of through the cooperation and assistance of the entire University community.

—Marna C. Whittington, Vice President for Finance