PERIODIC REVIEW REPORT

Presented by

University of Pennsylvania

Philadelphia, Pennsylvania

June 9, 2009

Amy Gutmann, President

Last Decennial Evaluation Team Site Visit
May 2-5, 2004
PERIODIC REVIEW REPORT

Section 1: Executive Summary

Introductory Overview

The University of Pennsylvania is a highly selective, private research university, dedicated to the advancement and dissemination of knowledge. Penn has twelve Schools, more than 20,000 students, and more than 4,000 members of the Standing and Associated Faculty. Founded by Benjamin Franklin in 1749, the University has followed his exhortation to utilize its research and scholarly endeavors for the greater good of society. Situated in a vibrant urban environment, the campus is a wonderful mix of the “ivory tower” and the real world. Scholars and students within the University are amongst the very best in the world and they form a learning community that is constantly pushing the boundaries of discovery, as Penn seeks to move from excellence to eminence. This report outlines several of the most important steps currently underway to advance Penn’s mission and address the questions posed by the Middle States Commission on Higher Education.

Summary on Approach to prepare PRR

This report is the Periodic Review Report (PRR) to the Middle States Commission on Higher Education, which falls midway between the decennial review completed in 2004 and the next full review that will take place in 2013-14. While the 2004 review focused on the University’s research doctoral programs, the scope of the PRR encompasses the entire University, including both graduate and undergraduate academic programs and the planning and budgeting processes that underlie them.

The PRR has been prepared by a core team of individuals in the Office of the President and the Office of the Provost, including Andrew Binns, Associate Provost for Education; Joann Mitchell, Vice President for Institutional Affairs; Bonnie Gibson, Vice President for Budget and Management Analysis; Stacey Lopez, Assistant Vice President for Institutional Research; Rob Nelson, Director for Education; and Karen Lawrence, Assistant Director for Education. Extensive consultation has taken place within the University, including with the Council of Deans, the Council of Graduate Deans, and the Council of Undergraduate Deans. The report has been reviewed by the leadership of the Faculty Senate and the University Council, a University-wide committee composed of faculty, staff and student representatives that is advisory to the President, Provost, and Executive Vice Presidents.
Summary of Major Institutional Changes since the Last Decennial Review

A number of executive leadership positions have been filled during the past five years, starting with the appointment of Dr. Amy Gutmann as President of the University in July 2004. Since her arrival, Dr. Gutmann has appointed two Provosts (Ronald Daniels and Vincent Price), as well as new Deans in six Schools: Dr. Rebecca Bushnell, School of Arts and Sciences (2005); Dr. Joan Hendricks, School of Veterinary Medicine (2006); Dr. Andrew Porter, Graduate School of Education (2007); Dr. Thomas Robertson, Wharton School (2007); Marilyn Jordan Taylor, School of Design (2008); and Dr. Denis Kinane, School of Dental Medicine (2009). Former Provost Ronald Daniels, who was appointed in 2005, stepped down at the end of February 2009 to assume the presidency of Johns Hopkins University. Dr. Vincent Price became Interim Provost on March 1, 2009 and will take office as Penn's 29th Provost on July 1, 2009, after formal ratification by the University’s Trustees.

In addition, several executive administrative leaders have been appointed, including Executive Vice President Craig Carnaroli (2004), Vice President for Institutional Affairs Joann Mitchell (2004), Vice President for Budget and Management Analysis Bonnie Gibson (2005), Vice President for Development and Alumni Relations John Zeller (2005), Vice President for Facilities and Real Estate Services Anne Papageorge (2006), Vice President and Chief of Staff Gregory Rost (2006), Vice President for Finance Steven Golding (2007), and Vice President for Government and Community Affairs Jeffrey Cooper (2008).

In her inaugural address in October 2004, President Gutmann announced the Penn Compact (Appendices 1.1 and 1.2), which sets forth a strategic vision to propel the University from excellence to eminence in all its core endeavors – teaching, research, and service. The three pillars of the Penn Compact are: increasing access, integrating knowledge, and engaging locally and globally. The Penn Compact has permeated the University and is the guiding force for the University’s academic and administrative planning efforts and strategic initiatives.

Many new programs and expanded activities have been launched in support of the Penn Compact. Three important examples are: (1) the Penn Integrates Knowledge professorships, (2) substantially strengthened undergraduate and graduate financial aid programs, and (3) Penn Connects. The Penn Integrates Knowledge (PIK) professorships are an initiative to recruit distinguished scholars whose research and teaching exemplify the integration of knowledge across multiple fields of study. These scholars hold endowed professorships and joint appointments in two of Penn’s 12 Schools. Second, to make a Penn education more accessible to talented students of all backgrounds, Penn has significantly enhanced its financial aid program for undergraduates, which was already need-blind in admission. Those efforts culminated in the elimination of loans from the financial aid packages of socioeconomically disadvantaged students whose families earn less than $100,000 per year, beginning with the class that will enter in the
fall of 2009. In addition, stipends for graduate students have been increased to ensure that Penn is able to recruit the very best applicants; minimum stipends for Ph.D. students in the School of Arts and Sciences have been increased by 61% since 2004.

Third, the University developed Penn Connects, a new campus master plan that incorporates the development of property recently acquired to the east of the campus and includes plans for a Penn Park along the Schuylkill River, which will include new athletic and recreational facilities, a new residential college, a new nanotechnology building, a renovated and expanded music building, and other academic and administrative space.

To realize the ambitions of the Penn Compact, substantial new financial resources will be needed. The University’s capital campaign, “Making History: The Campaign for Penn” – which seeks to raise $3.5 billion for faculty support, undergraduate and graduate financial aid, research, and capital improvements – is designed to provide the resources necessary to continue advancing the Penn Compact. As of April 30, 2009, with just over three years remaining in the campaign, Penn has raised approximately $2.4 billion in commitments and $2.0 billion in receipts, and is on track to meet its overall campaign goal.

**Highlights of This Report**

As noted above, this report outlines many of the steps being taken to advance the goals of the Penn Compact, while responding to the specific questions posed by the Middle States Periodic Review Report process. In the 2004 decennial review, the focus was on Ph.D. education. Since that report was issued, curricular and financial changes have been instituted, several of which were suggestions by the review team. For example, changes have been made to allow more flexibility in the course of study for the Ph.D., which could not be easily achieved under the former model for tuition charges. Modifications were made first to the tuition system and then to the rules governing the Ph.D. to achieve the academic goals described in greater detail in Section 2.

Enrollment (see Section 4) has been, and is projected to remain, at current levels for undergraduate, first professional, and research doctoral student populations. Managed growth in professional student enrollment has taken place, and will likely continue due to the creation of new program offerings as well as pressures being felt by prospective students and employers to expand their skills in order to remain competitive in a global economy. The percentage of students from socioeconomically disadvantaged and underrepresented minority groups continues to increase.

Much has been accomplished, yet there are substantial challenges and opportunities that remain (discussed in Section 3). For example, Penn was the first Ivy League university to sign the American College and University Presidents Climate Commitment (PCC). President Gutmann formed the Environmental Sustainability Advisory Committee
(ESAC) to oversee the University’s efforts to fulfill the PCC within the prescribed time frame (by September 2009), including the creation of a unique climate action plan to reduce Penn’s carbon footprint and to develop academic programs related to sustainability.

Penn also is actively pursuing its aims to strengthen its global impact and engagement in research, education, and service. One of the challenges that Penn faces in so doing is the coordination of those efforts across the University and the assessment of the efficacy of those activities. The newly hired Executive Director of the Office of International Programs will advance Penn’s vision for global engagement, by ensuring that international and domestic students and scholars benefit from the rich diversity of experiences they bring to our campus. In addition, the Executive Director will convene a faculty committee to assess the wide array of options for international students in terms of both breadth and depth.

A clear and historical activity at the University of Pennsylvania has been the recurring assessment of its students, faculty, and programs (Section 5). Various means are used in these assessments and conversations about them have been robust. Many of the Schools, particularly the professional Schools, are routinely assessed and accredited by regional or national accrediting bodies. In the liberal arts and sciences, educational assessment of student learning begins with continual self-review and peer review within a culture dedicated to teaching and learning. For example, the School of Arts and Sciences is a national leader in assessing general education activities, having designed, implemented, and evaluated a “pilot curriculum” followed by a complete curriculum reform initiative. To facilitate these assessments and to further enhance their utility, Penn has increased its efforts to collect centrally accurate and consistent data and to develop stronger analytic and reporting tools. The University recruited a new Assistant Vice President for Institutional Research and Analysis who has led efforts to regularize the analysis and reporting of assessment data (e.g., major cross-institutional student surveys such as the Ph.D. Exit survey; retention and graduation data). These data, then, become a central part of the conversations within Schools and programs about their successes, opportunities, and challenges.

The managerial framework for Penn’s internal budgeting and financial reporting activities is Responsibility Center Management (RCM), in which each revenue-generating center funds the direct cost of its own operations and covers the net cost of operating the administrative service centers. This system promotes the broadest possible stewardship of financial resources in a highly decentralized environment and enhances Penn’s capacity to encourage and reward academic innovation and fiscal efficiency. Five-year budgets are developed and updated annually. Key linkages are made between the budget process and Penn’s academic mission through a variety of consultative and policy setting committees. University-wide budget parameters (tuition, financial aid, salary increases, et al.) are set by the Budget Steering Committee, which is chaired by the President and includes the Provost, Executive Vice President, Vice
President for Finance and Treasurer, Vice President and Chief of Staff and Vice President for Budget and Management Analysis. The budget process is informed by consultative groups, including the Faculty Senate Executive Committee, Academic Policy and Budget Committee, Council of Deans, Council of Graduate Deans, and Council of Undergraduate Deans.
Section 2: Institutional Response to 2004 Accreditation

In its report for the 2004 decennial review, the External Review Team offered “Brief summary comments and suggestions...The Team does not have recommendations of requirements to forward to the Commission.” The observations and suggestions offered in that report were very helpful, and were shared widely with the senior leadership in graduate education. The external review team’s report reflected many of the same issues that arose in the course of the self-study process and complemented the recommendations of the campus subcommittees.

Thus, while no required changes were mandated, the 2004 Middle States review process added focus and momentum to efforts already underway. In the intervening five years, Penn has followed-up on many of the suggestions and implemented significant improvements in the financial infrastructure and academic oversight of its graduate programs, as summarized below.

Curricular and Financial Changes

In its report, the external review team suggested the following:

(1) Encourage new & more flexible models for delivery of graduate education,
(2) Eliminate the University minimum 20 credit unit course requirement, and
(3) Change to flat annual tuition, separating course unit-driven billing from academic requirements set by the academic unit.

These suggestions were consistent with the recommendations of the Self-Study and gave further impetus to efforts already underway. Aided by the Office of Budget and Management Analysis, the Associate Provost for Education and the Graduate Deans undertook an extensive study of the academic and financial implications of overhauling the existing model for charging Ph.D. tuition. The clear consensus was that academic reforms were limited by the existing structure. However, graduate student funding variables differ greatly across the humanities, social sciences, sciences, and engineering. The implications of changes in tuition revenues and external support were carefully studied and a new tuition model was identified that appeared to work across all fields. Following a period of comment, the new flat-rate tuition system was announced (Appendix 2.1), which separated the billing of tuition from academic considerations as suggested by the review team.

Implementation of the new flat-rate tuition model took place in fall 2008, setting a standard “full tuition” for the first five years ($24,000 in AY09), followed by “reduced tuition” ($3,000 in AY09) for years 6-10. Enrollment is now capped at ten years, with a final one-year extension possible if the student passes uniform “recertification” requirements. Under the new model, students take courses for credit and begin work
on the dissertation at the pace approved by their individual graduate groups, maximizing academic program flexibility and progress to completion.

In addition to replacing the old tuition model with a new one, the Graduate Deans and Graduate Council of the Faculties undertook a review of the University-wide rules and regulations governing the Ph.D. The overall goal of that review was to put in place “best practices” to promote clarity of academic expectations, foster better supervision of students, and reduce the time to degree while preserving maximum flexibility for graduate programs to structure their curricula requirements.

After a full year of discussion by the Graduate Council of the Faculties, the revised Ph.D. Rules were published (July 2008). Some of the most significant changes to the University-wide Rules include:

- Elimination of the minimum (20cu) course requirement. Henceforth, a student will reach dissertation level once he or she passes the candidacy exam.
- 5-year maximum for completing all course requirements, exams, and “advancing to candidacy.”
- Requirement for annual progress reports and meetings of dissertation committees.
- 10-year cap on enrollment, after which students will automatically be dropped. However, a final one-year extension for completion of dissertation may be granted contingent upon “recertification” of the student by the graduate group.

Institutional Mechanisms for Monitoring Student Progress

The external review team suggested that the University establish:

1. Institutional mechanisms for monitoring student progress and communicating assessment information to students and
2. Annual central tracking of continuing students’ progress, calculating average & median TTD and completion rates.

During AY 2008, Penn developed the institutional reporting capacity to monitor student progress in the graduate programs and to compare student academic performance across programs. A series of specialized report templates were designed, which permit tracking of students’ progress by matriculation cohort, at both the program and student levels. The Academic Cohort Report indicates the percentage of each cohort to graduate, receive a masters degree, or be dropped, as well as the average and median time to degree in each category (Appendix 2.2); these reports allow for the comparison of graduate programs across Schools and disciplinary “clusters” (e.g., humanities, social sciences, etc.). The reports are now available online and may be accessed by any authorized user (e.g., the Graduate Dean, Graduate Group Chair, Graduate Coordinator,
analysts in the Office of Institutional Research and Analysis, or staff of the Office of the Provost). These reports draw upon data in the Student Records System which is updated nightly. In addition to the Academic Cohort Reports, there is a report to facilitate tracking of each student’s completion of the University and program degree requirements (e.g., satisfaction of the qualifications evaluation, candidacy examination, and dissertation defense, specific courses or teaching experience). The “Exam Report” is designed both to help programs monitor an individual student’s progress and to identify any periods in which students tend to attrit or “languish” with the expectation that structural changes to the program might address the issue and lead to improved progress for all students.

In addition to the new reporting capacity, a new online software tool is under development that will allow graduate students to track their satisfaction of degree requirements, including the new requirement for annual progress reports for students working on their dissertations.

**Teaching Preparation of Graduate Students**

The external review team suggested that “Penn expand the size and scope of Center for Teaching and Learning and include evaluation of TA performance in regular process of undergraduate course evaluation.” Both of these suggestions have been realized in recent years. The Center for Teaching and Learning (CTL) now reports to the Associate Provost for Education and its mandate is University-wide. A new full-time director was recruited in 2006, a budget line has been established that pays for an expanded staff, and a corps of ten graduate teaching fellows reports to the director. The teaching fellows will expand the reach of the CTL throughout the campus, developing special programs and disciplinary-focused workshops (Appendix 2.3) geared to students who teach or would like to teach. Programs are offered in conjunction with the Graduate Student Center. A new teaching certificate program has been developed for those students who wish to earn a formal credential in teaching to document their commitment and to enhance their marketability. Finally, a new online system for course evaluation, implemented in 2009, will be enhanced next year to provide the Schools with tools for more consistent and robust evaluation of their graduate student teachers, as recommended by the Middle States team.

**Admissions and Placement**

The external review team observed: “Decentralization makes it difficult to determine the qualifications of admitted students” and suggested the “development of a central electronic admissions database to receive, process and analyze data from all PhD groups.”

Beginning in 2007, the Provost mandated annual submission to the Data Warehouse of “core” admissions data (for applicants, admits, and matriculants) for all graduate and
professional programs at the University. In addition, the Schools were required to submit historical admissions data for the past five years. Report templates are now being developed that will permit analysis and comparison of admissions data. These reports will be made available online to all authorized users. In a complementary development, most of the graduate and professional schools have now elected to use a common commercial vendor (Hobsons/Apply Yourself) to manage their online admissions processes; this move facilitates the collection of admissions data.

In preparation for the self-study undertaken for the last Middle States review, the University developed program software (Career Tracker) to collect longitudinal placement data on all Ph.D. graduates. As observed by the external review team, the usefulness of the system for outcome analysis depends upon the Schools’ monitoring of student placement. Discussion is now underway to determine “best practices” for keeping the data current. The University plans to link record-level student admissions data through degree completion and placement, to provide a “cradle to grave” continuum. Once accomplished, this process will allow us to examine important assumptions, such as whether the standard admissions “input measures” (e.g., GRE scores, undergraduate GPA) are predictive of students’ academic performance and career outcomes.

Other Responses to the 2004 Review

The external review team suggested that the Provost “regularize the cyclical review of graduate programs.” This has been implemented. In 2006 the Graduate Council of the Faculties revised the Protocol for Review of Ph.D. programs to provide for greater standardization of the types of information collected and examined in a review. The new Cohort Reports are examined during the reviews and soon the admissions reports will also be available. The timetable for the program reviews has been formalized and includes all graduate programs.

Finally, the external review team suggested that Penn “keep funding packages competitive with peer institutions.” Offering competitive stipends to Ph.D. students is an institutional priority, and they are periodically adjusted. In fall 2008, the minimum nine-month University stipend was raised from $18,000 to $19,200; stipends in the School of Arts and Sciences (SAS) were raised to $21,000 for ten months, with a guarantee of three summers of support. University minimum stipend levels will be raised again in AY10 to $19,600 and to $21,630 plus three summers of support in SAS. Stipends in the sciences and engineering, which come largely from external research and training grants, are calibrated to ensure that Penn programs are competitive with those of peer programs. Between 2004 and 2009, the minimum stipend for all Ph.D. students has been increased by 24% and minimum stipends for Ph.D. students in SAS have been increased by 61%. For FY2010, the graduate and professional student financial aid budget totals $197 million, including $76 million in stipend support.
Section 3: Major Challenges and Opportunities

Like every major research university, Penn is faced with a number of challenges and opportunities, some of which are exacerbated by the current economic downturn. The most significant of these challenges and opportunities are highlighted below.

Making History: The Campaign for Penn

Standard 3: Institutional Resources
Standard 10: Faculty

As noted in Section 1, the Penn Compact sets forth the strategic vision that guides the academic and fiscal priorities of the University. The University’s current capital campaign, Making History: The Campaign for Penn, will support Penn’s highest priorities. By raising over $3.5 billion, the University will dramatically increase its ability to support graduate and professional student aid; secure financial support for an ever more distinguished faculty, particularly those whose work crosses disciplinary boundaries; and provide additional state-of-the-art research and teaching facilities, programs, and initiatives that provide societal benefits in this region and around the world.

Increasing support for financial aid has taken on new urgency as a result of the University’s unwavering commitment to its recently instituted no-loan policy for eligible undergraduate students (see below). To fund this bold expansion of its aid policy, the University will raise $350 million. Making History also aims to enhance Penn’s ability to enroll the very best graduate and professional students who are the leaders of academe and the professions. To do so, Penn seeks to raise $323 million during the capital campaign for graduate and professional student support.

With all 12 Schools on one contiguous campus, Penn is particularly well situated to encourage collaborations across disciplines. The Penn Compact puts a new emphasis on bringing together the thinkers who can build interdisciplinary bridges and inspire others to think broadly as well as deeply. The Penn Integrates Knowledge (PIK) professorships are one of the highest priorities of the campaign. These eminent scholars, who hold joint appointments in two Schools, add luster to an already excellent faculty. The eight PIK professors who have been appointed (with a ninth about to be announced) are energizing the Penn community and engaging the minds of students, faculty, and alumni. The capital campaign seeks to raise $623 million to fund a total of 18 PIK professors and support the recruitment and retention of other distinguished faculty members.
To support its extraordinary faculty and students, the capital campaign will fund a number of new facilities. A target of $924 million has been set to support construction of new or renovated facilities, including the soon-to-open Annenberg Public Policy Center, the Fisher Translational Medicine Building, the Krishna P. Singh Center for Nanotechnology, a new Neural and Behavioral Sciences building, a renovated Music Building, a new College House, Penn Park, and new athletic and recreational facilities.

A new campus master plan to coordinate these activities – Penn Connects – has been approved by the Board of Trustees. This plan will utilize recently acquired fallow industrial land, transforming it into a vibrant, environmentally friendly space that supports the academic mission of Penn while fostering connections with Philadelphia and the region (See Appendix 3.1 and www.pennconnects.upenn.edu).

“No-Loan” Financial Aid Program

**Standard 8: Student Admissions**

In December 2007, Penn announced an ambitious new financial aid initiative to eliminate loans for financially eligible undergraduate students regardless of family income, making it possible for students from a broad range of economic backgrounds to graduate from Penn debt-free. Beginning in September 2009, undergraduate students from families with income of less than $40,000 will typically pay no tuition, fees, room or board. Undergraduate students from families with incomes of less than $90,000 will typically pay no tuition and fees. All undergraduates eligible for financial aid will receive grants rather than loans in their aid packages.

The new initiative expands Penn’s long-standing commitment to need-blind admissions. It guarantees that any accepted student who matriculates with demonstrated financial need will receive a financial aid package that meets the full extent of the student’s need for a full four years. Additionally, Penn has launched an outreach program to increase awareness of its new financial aid initiative.

Weathering the Economic Downturn

**Standard 3: Institutional Resources**

As of February 2009, Penn had raised $2.3 billion (66%) of its $3.5 billion goal, a record-breaking performance. In February of 2009, President Gutmann wrote that:

> While we are also ahead of our goal for new commitments, we must prepare for the pace of new commitments to slow down until the economy shows signs of picking up. Although the economic crisis is proving a challenge for everyone, our
donors remain devoted to Penn and steadfast in their support of our strategic goals. This is providing us with critically needed strength to pursue our highest priorities in difficult times.

Penn relies less on endowment income (approximately 9% of Penn’s current operating budget comes from this source of funds) than many of our peers. In addition, the University receives appropriations from the State, largely to support Penn’s School of Veterinary Medicine, the only one in the state. This year, however, the Commonwealth has announced a significant decrease in support as it works to close a budget deficit. The University has taken steps to prepare for a downturn of uncertain duration and depth.

The following University-wide actions were taken in December 2008 and will be in effect until June 2010:

- Elimination of reclassifications of positions and in-grade salary adjustments.
- Discontinuation of recruitment bonuses and discretionary bonuses that are not part of established compensation plans. No new incentive or bonus programs or new acting rates will be created during this time period.
- Open staff positions will be filled only if essential to the operational needs of the School or Center or needed to fulfill the requirements of sponsored research. Continuation of existing faculty searches and initiation of new searches will be determined by each Dean.
- Reduction of the use of temporary employees, including those on payroll and those employed through agencies.

Additionally, Schools have been asked to:

- Reduce non-compensation-related expenditures such as travel, meals, and professional conference participation; and
- Review capital projects, moving forward only with those that are fully funded via gifts and/or grants or those of the highest priority with a certain funding strategy.

Despite the economic climate, Penn has reiterated its commitment to meet the full need of every Penn undergraduate as well as continue to fund graduate students with competitive stipends. The increase in Penn’s undergraduate tuition and fees for academic year 2009-2010 of 3.75% will be the smallest in 41 years. In addition, Penn has increased its financial aid budget to support the increased number of students requiring assistance as a result of the economic downturn. The University’s undergraduate financial aid grant budget for fiscal year 2009-2010 is $135.1. Penn’s
financial aid endowment, which has tripled since 1998, is relatively small. Approximately 78% of the financial aid budget is funded through unrestricted resources, with the balance funded by endowment and gifts.

**Economic Stimulus**

**Standard 2: Planning, Resource Allocation and Institutional Renewal**

The University of Pennsylvania is well positioned to capitalize on the research funding opportunities in the federal government’s economic stimulus plan, the American Recovery and Reinvestment Act (ARRA). As the largest private employer in Philadelphia, Penn is a vital economic driver with a workforce of more than 32,000 faculty and staff; a student body of more than 20,000 full-time undergraduate and graduate students; an annual operating budget in excess of $5.5 billion; a nationally acclaimed health system; and a world class research enterprise fueling important new discoveries. The institution’s aggregated annual economic impact is estimated to be approximately $10 billion, and University activities sustain more than 100,000 jobs.

Penn has an exceptionally strong research program and consistently ranks as one of the largest recipients of federal funding to academic research institutions, with approximately $800 million in total sponsored awards in the last fiscal year. Penn sponsors the activities of more than 2,300 faculty investigators and is home to some of the world’s leading interdisciplinary researchers, whose work bridges the traditional divide between the life sciences and physical sciences. Penn researchers made 332 patent disclosures in the last fiscal year and more than 1,500 over the last 5 years. Penn moved rapidly to take advantage of additional research funding available as a result of the passage of the ARRA and Penn faculty members submitted 787 proposals seeking more than $424 million. As a major research university with a very strong research record that is also an economic engine and anchor of this region, Penn should be a leading candidate for stimulus-related research opportunities from a wide array of federal and state agencies.

**Data Collection and Analysis**

**Standard 7: Institutional Assessment**

There are several projects underway at Penn that involve data collection and analysis. Most of these projects were initiated to further support data-driven decision-making. Centralized data collection at Penn poses many challenges; our financial model is one in which each of the 12 Schools is an independent revenue producing unit. The entrepreneurial spirit of these Schools results in differing business models and hence differing data collection habits. Under the current administration, there has been
increased focus on the creation of accurate, consistent, centralized data collection and the development of better reporting tools:

- The Office of Undergraduate Admission completed its phased implementation of OASIS (Online Admissions Staff Information System) in the fall of 2008.
- Nine of the 12 graduate schools have agreed to use the ApplyYourself Application System. Data collected through ApplyYourself will flow into our Data Warehouse, making centralized data on graduate admissions available in one central location for the first time in Penn’s history. Additionally, an initiative is underway to create a historical collection of graduate admissions data in the warehouse. Each of the Schools has been asked to submit standardized record level data for the past five graduate admissions cycles.
- A new electronic faculty application system was recently released to the Penn community, and 10 of the 12 Schools plan to adopt this system for future faculty searches. This system mirrors our current staff application system, PeopleAdmin. Faculty search data will now flow into our Data Warehouse, making data on faculty searches centrally available for the first time in Penn’s history.
- Preliminary study into a next generation Student Records System is underway.

President’s Climate Commitment

Standard 2: Planning, Resource Allocation, and Institutional Renewal

President Gutmann signed the American College and University Presidents Climate Commitment, in which the signatory institutions agree to develop an institutional plan for reducing their carbon footprints. Penn’s action plan is due in September 2009 and includes a target date and interim milestones (Appendix 3.2). President Gutmann designated Anne Papageorge, Vice President for Facilities and Real Estate Services, to chair an Environmental Sustainability Advisory Committee (ESAC), comprised of faculty, staff, and students from across the University. The ESAC divided itself into 6 subcommittees: Energy and Utilities, Built Environment, Transportation, Waste and Recycling, Academics, and Communications. Over the past year these groups have been investigating steps that can be taken in each area and have developed a draft plan that is now being vetted by groups across the University before being submitted to President Gutmann for approval and implementation.

Penn’s approach to sustainability was highlighted as a model during the first meeting of Vice President Joseph Biden’s Middle Class Task Force. The University was pleased to host the inaugural meeting of the Task Force which focused on creating green jobs for middle-income workers. During the Task Force’s visit to campus, they reviewed the University’s plans for converting 14 acres of land into Penn Park, a green space that will include open spaces and athletic facilities and is part of Penn Connects.
International Activities

Global engagement is a major opportunity involving multiple School-based and University-wide efforts to create innovative, cross-disciplinary solutions to global problems. The high level of faculty activity in international research projects and active participation in international conferences and congresses creates a solid foundation upon which to build programs and exchanges. One example of an institution-wide project is the Botswana-UPenn Partnership. This project takes a broad interdisciplinary approach to health care throughout Botswana in the prevention and treatment of HIV/AIDS and its complications. Faculty and students from the Schools of Medicine, Nursing, Arts and Sciences, Engineering and Applied Science, and Social Policy and Practice are all actively involved. Other examples include new partnerships with Tsinghua University in China and the China edition of Knowledge@Wharton.

Coordinating and assessing Penn’s many international programs and institutional partnerships pose coordination challenges for Penn's global initiatives. Moreover, ensuring that more than 6,200 international students, scholars, and staff maintain accurate visa status and full compliance with U.S. immigration law requires constant attention and careful management. A new Executive Director of International Programs has been hired to address issues faced by international students and scholars at Penn, to coordinate the faculty-led evaluation of the quality and utility of international study options, and to provide additional focus on risk management for global initiatives.

Section 4: Enrollment and Finance Trends and Projections

Introduction

The University of Pennsylvania is a highly decentralized institution composed of 12 Schools, 8 Resource Centers, 15 Administrative Centers, and business services. This section, combined with section 6, provides a comprehensive review of Penn’s institutional resources and the process used to allocate and manage them. Section 6 focuses on the process, while this section focuses on the numbers and trends.

Enrollment Trends

While enrollment at the undergraduate level is set centrally, graduate enrollments are set by the Schools based on their strategic objectives and financial capacities. For the past four years, enrollment for undergraduate, first professional, and Ph.D. student populations has been essentially stable, with only slight variations across fields, which are attributable to year-to-year fluctuations in yield (Appendix 4.1). There is, however, continuing growth in the numbers of students enrolled in professional degree programs and in part-time “non-traditional” continuing education programs. This growth, seen particularly in the Graduate School of Education, School of Engineering and Applied
Science, School of Medicine, and College of Liberal and Professional Studies, reflects the creation of new masters and certificate programs. Among the new programs introduced in recent years are masters programs in Biotechnology, Urban Spatial Analytics, Health Policy Research, Translational Medicine, Non-Profit Leadership, and Social Policy Research.

These trends are likely to remain consistent for the next several years. The University’s commitment to enhancing access to education is being realized by providing loan-free aid packages to all undergraduate students eligible for financial aid who enter after the fall of 2009. It is unlikely that the University will expand undergraduate class size at this time. Students in Ph.D. programs are fully funded for tuition, stipend, and health insurance, typically for four or five years or until completion. Increases in the size of the Ph.D. student body are precluded for the time being and, in fact, some reduction in this number may be expected. If the market for professional degrees remains strong, as professionals seek to re-tool and enhance their credentials in a highly competitive job market, growth in professional student enrollment may continue to increase. Careful attention is being given to preserve an optimal balance in faculty teaching loads, so that the increase in the number of professional students does not detract from the core mission of undergraduate and Ph.D. education.

Penn is committed to diversity in its fullest sense. Penn accepts undergraduates without regard to their family’s financial means. As indicated above, by fall 2009, all entering undergraduate students eligible for financial aid will receive loan-free aid packages. Since 1996, African American and Hispanic undergraduate student enrollment has grown steadily (from 3.8% to 6.7% for Hispanic students and from 5.1% to 8.3% for African Americans). Underrepresented students now comprise 16% of Wharton undergraduates, 14% in Arts and Sciences, 9% in Nursing, and 8% in Engineering. Numerous on-campus programs (e.g., Africana Studies Summer Institute, PennCap, Prefreshman Program, McNair Scholars, and Mellon Scholars) support the recruitment, retention, and academic success of undergraduates from underrepresented minority groups and those whose families are socioeconomically disadvantaged.

At the graduate and professional degree levels, underrepresented students comprise nearly 9% of total enrollment (5.3% African American, 3.2% Hispanic, and .3% American Indian in 2008). The presence of underrepresented students is strongest in the professional programs (e.g., 15% in Medicine, 16% in Law, and 9% in Education and Dental Medicine).

National issues relating to “pipeline” retention, smaller pool size, and fierce competition from peer schools make the recruitment of underrepresented students at the Ph.D. level challenging. In 2008, 4.5% of new students were from underrepresented groups, a figure that is in keeping with peer schools. Penn engages in vigorous outreach to underrepresented students through the Leadership Alliance, Institute for Recruitment of Teachers, National Name Exchange, National Consortium for Physical Sciences, and an
array of summer internship programs in such areas as biological sciences, health sciences, research, sensor technologies, and materials science. In addition to providing Schools with resources to leverage their recruitment of outstanding students, the University’s Fontaine Fellowship program offers underrepresented doctoral students an extensive series of social and networking events throughout the academic year designed to support timely degree completion.

**Performance Trends: Operating, Non-Operating, and Selected Revenue and Expense categories**

The University of Pennsylvania has experienced strong financial performance over the last five years (see Appendix 4.2). Net assets from operations have grown in each of the past four years, with strong growth in revenue consistently outpacing the growth in expenditures. Non-operating performance was also strong, with growth in net assets, primarily related to the endowment, up 52% from the beginning of FY2004 to the close of FY2008.

As shown in Figure 4.1, *Revenue Trends: Tuition*, gross tuition and fees have grown at an average annual rate of 6.4% since FY2003. Net tuition and fees have grown at an average annual rate of 5.9%, reflecting the University’s more aggressive undergraduate financial aid policies. In FY2009, the average aid package for freshman rose to nearly $35,000 and the net cost of attending Penn for freshmen receiving financial assistance decreased sharply, from $16,805 to $12,354. In addition, since FY1999, the average aid package for incoming freshmen has increased by 30%, with the grant component increasing by 49% and the loan component declining by 69%.

As shown in Figure 4.2, *Revenue Trends: Research*, Penn saw significant growth through FY2006, reflecting the doubling of NIH funding through 2004. Across Penn’s Medical, Dental, and Veterinary Schools, in addition to the School of Arts and Sciences, NIH funding makes up 60% of our research portfolio. Since 2006, our research funding has remained relatively flat. We believe that Penn is well positioned to benefit from the research funding included in the stimulus package.
On the expenditure side, Figure 4.3, Cost Control: Employee Benefits Rate, demonstrates our success in controlling the growth in employee benefit costs despite the substantial increases in healthcare inflation during this period. Figure 4.4, Growth in Allocated Costs, shows that we have grown administrative and facilities costs more slowly than the overall rate of growth in our Schools.
Cost Control: Employee Benefit Rates Have Declined Over The Past 3 Years Despite Rising Health Care Costs

<table>
<thead>
<tr>
<th>Year</th>
<th>Full-Time EB Rate</th>
<th>Dependent EB Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>31.0%</td>
<td></td>
</tr>
<tr>
<td>2000*</td>
<td>29.0%</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>27.0%</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>25.0%</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>29.0%</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>31.0%</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>33.0%</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>31.0%</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>29.0%</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>27.0%</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>25.0%</td>
<td></td>
</tr>
</tbody>
</table>

* Since FY2000, a separate dependent tuition charge has been assessed that is not part of the full-time rate.

Cost Control: Growth in Allocated Costs Compared to Total Direct Expenditures for All Schools FY2002 – FY2008

![Graph showing the growth in allocated costs compared to total direct expenditures](image-url)

- **Total Direct Expenditures**
- **Facilities Allocated Costs Excluding New Buildings**
- **Other Allocated Costs (University Services, Development, Library)**

Figure 4.3

Figure 4.4
Financial Planning and the Budget Process

Penn uses a common budget planning system and process with centrally approved planning parameters, but the development of our annual operating and capital budgets is a distinctly bottom-up process. Unlike many institutions at which resources are both centrally credited and allocated, Penn credits revenue to the unit in which it was generated and allocates the cost of running the University through a series of data driven formulas. The details of Penn’s integrated strategic and financial planning processes are fully described later, in section 6. Included as appendices are Penn’s FY2009 Operating Budget (Appendix 4.3) a summary of our proposed FY2010 operating budget (not available until early June), and a copy of the Five Year Budget Planning Parameters distributed in June 2009 (Appendix 4.4), redacted to exclude undergraduate total charges and salary pools. Penn’s five year budget planning process uses centrally determined parameters to build its budget from the bottom up, with Schools identifying their own priorities, consistent with the Penn Compact, and their own resource allocations. The FY2009 Operating Budget document provides a wealth of information about the consolidated University budget as well as the budgets and plans of each responsibility center. The FY2010 operating budget was finalized in May for presentation to the Trustees for approval in June. Once approved, the Five Year Budget Planning Parameters will be used to update the remaining four fiscal years (FY2011-FY2014) as the first step in the FY2011 budget process.

As shown in Appendix 4.5 (5 Year Central Resources Pool), we project our five year resource pools and their proposed utilization, with reserves for the unknown and allowances for future period requests that have not yet been granted. This confidential forecast allows us to identify and plan for trends, challenges, and opportunities. The University also carries out a five-year capital planning process (see Section 6 for details). As in the operating budget process, Schools and Centers submit detailed documentation for projects that they intend to bring forward for approval in the next budget cycle, with more general outlines for projects that may be pursued in the subsequent four years. Projects are classified as “likely to move forward” and “pending funding” to distinguish between those projects that we expect to begin and those that will only move forward if sufficient funding is identified. The Capital Plan (Appendix 4.6) is presented to the Trustees in June. Inclusion in the Capital Plan does not constitute approval of a project; each project must move through the capital approval process outlined in Section 6.

Financial Reports

The two most recent audited financial statements (2006-2007 and 2007-2008 Financial Reports), as well as management letters with responses, are provided in Appendices 4.7 and 4.8 respectively. The financial information submitted in our IPEDS reports for the current and three previous years is in Appendix 4.9.
Section 5: Assessment Processes and Plans

In the five years since Penn’s decennial review, assessment of higher education has entered the national spotlight. The national conversation inspired by the Spellings Commission report in September 2006, along with Congressional and state investigations into financial aid, study abroad, and endowment spending, have prompted renewed discussion and activity at Penn regarding accountability and assessment. During the 2007-2008 academic year, meetings of the Council of Deans, Council of Undergraduate Dean, Council of Graduate Deans, and Trustees’ Academic Policy Committee had far-ranging discussions on these topics. There was broad agreement that Penn’s evaluation of its programs and goals should continue to develop within a system of peer review organized by MSCHE and professional accreditation agencies. This system has proven to be successful for Penn due in part to the fact that research and teaching, at their core, are exercises in evaluation. The systems in place at Penn and at other research universities for evaluating faculty and students are intensive, both in the processes and resulting documentation.

The assessment of teaching and learning, which is so critical to our mission, is too often conflated with accountability. Though related, assessment and accountability are different enterprises. Along with peer institutions, Penn is developing strategies for better explaining assessment processes and practices. Penn participated in meetings and discussions that resulted in Assessment: A Fundamental Responsibility (Appendix 5.1) developed by a task force composed of representatives of 31 highly selective colleges and universities and endorsed by nearly 100 colleges and universities. This statement expresses the general approach Penn takes toward assessment.

Institutional Assessment

Standard 7: Institutional Assessment

Several Provostial Councils coordinate assessment in terms of institutional mission and goals, with support from the Office of Institutional Research and Analysis (IR&A) (see Appendices 5.2.1 through 5.2.8 and Section 6 for more detail). In large measure, the work of the Councils is to assess the quality of our educational programs and recommend changes in policies and the allocation of resources. The Graduate Council of the Faculties is singularly concerned with assessment, conducting periodic reviews of all Ph.D. programs and officially certifying the candidates for the Ph.D. each year (Appendices 5.3.1 and 5.3.2). Other Councils regularly assess aspects of graduate or undergraduate education as they provide policy direction and/or coordination among the Schools. IR&A provides crucial support for centrally managed projects and supports School-based accreditation processes and program reviews. In addition, IR&A
administers a wide array of cross-institutional surveys and collects information for reports to governmental and non-governmental agencies.

**Assessment of Teaching and Learning**

**Standard 14: Assessment of Student Learning**

The core work of assessing teaching and learning occurs within individual programs and Schools. Professional accreditation and licensure processes guide the assessment of student learning for professional education. We have provided reports from nine professional schools detailing their assessment activities in relation to their accreditation processes, which include discussions of outcomes assessment in the context of each School’s curriculum (see Appendices 5.4). For example, the School of Medicine and the School of Engineering and Applied Science successfully completed reaccreditation reviews. The School of Nursing, which is now accredited by the Commission on Collegiate Nursing Education (CCNE), was accredited by that body since the decennial review.

For Schools and programs that provide liberal arts and general education, assessment of student learning begins with peer review in a culture of teaching and learning. Faculty-led, program-based reviews drive the process for assessing student learning in the School of Arts and Sciences, Annenberg School for Communication, and programs in the School of Design. In particular, the School of Arts and Sciences is a national leader in assessing general education. Since the last decennial review, the School of Arts and Sciences has successfully completed its Curriculum Reform and continued to work on assessing and improving general education (for more information, see [www.sas.upenn.edu/ugrad/curriculum_review/index.html](http://www.sas.upenn.edu/ugrad/curriculum_review/index.html) and Assessment of General Education, Appendix 5.5). Careful attention is paid to the sector requirements which make up an important part of the general education in the School of Arts and Sciences. The faculty review sector courses on an ongoing basis to ensure they meet the goals of the curriculum (see Appendix 5.6). All the work of assessing the curriculum, in both general education and major fields, occurs within a system of periodic review of academic departments that includes both internal and external assessment (see Appendices 5.7 and 5.8).

The Division of the Vice Provost for University Life (VPUL), the University’s student affairs division, regularly assesses student needs and student services through the collection of on-site and online use data along with periodic surveys. Both quantitative and qualitative measures are used to assess and track campus-wide trends of student satisfaction and well-being. Career Services, a VPUL department, surveys graduating students regarding their immediate career plans (see Appendix 5.9) as well as alumni to assess their career trajectories.
Assessment of Faculty

Standard 10: Faculty

Perhaps the most resource-intensive assessment that occurs at Penn is faculty appointment and promotion. This integrated assessment process includes both internal and external reviews and flows from the departmental level all the way to the Trustees. Earlier this year, Penn strengthened the process for annual faculty reviews. The new process aims to preserve the autonomy and diversity of School practices, while ensuring that those practices are fully disclosed to the faculty, standardized within each School, and applied equitably to all standing faculty members. The central administration encourages a diversity of practices for each School while also urging:

- That each School develop a written statement of annual faculty review procedures
- That this statement be adopted in keeping with the customary practices of each School faculty
- That these procedures be periodically reviewed to gauge their efficacy
- That all members of a School’s standing faculty be informed of these procedures

While annual reviews and the evaluation of individual promotion and tenure cases are at the heart of the assessment of faculty teaching, other centrally gathered data also support our efforts.

Interschool centers and institutes are crucial structures for organizing faculty research. In 2007, Penn developed clear guidelines for the creation and review of centers and institutes (Appendix 5.10).

Though Penn is proud of its well-established culture of assessment, we recognize the need to build upon our past successes and to respond creatively to the demands of the future. New leadership in IR&A has led to a more robust process for regularly sharing assessment data with Deans and other administrators. This includes a schedule for major cross-institutional surveys (e.g., Senior Survey and Ph.D. Exit Survey), an inventory of surveys regularly conducted at Penn, and a clear process for coordination and planning of surveys (Appendix 5.11).

Another crucial aspect of assessment at Penn is the review and analysis of reports conducted for accreditation by the Middle States Commission on Higher Education. This Periodic Review Report will be a key document as we begin the planning process for our next decennial review in 2014.
Section 6: Linked Institutional Planning and Budgeting Processes

Standard 2: Planning, Resource Allocation, and Institutional Renewal

Introduction

In developing plans and setting priorities for its highly regarded undergraduate, graduate, and professional schools, as well as its wide-ranging programs of interdisciplinary research and scholarship, the University is currently guided by the Penn Compact, which stresses the integration of knowledge, access to all outstanding students, and global and local engagement (Appendix 1.1). The University of Pennsylvania is a highly decentralized institution composed of 12 Schools, along with 8 resource centers, 15 administrative centers, and business services. Each of these Schools periodically develops a strategic plan, generally early in the tenure of its Dean. The School Deans, the Vice Provost and Director of Libraries, the Director of Recreational and Intercollegiate Athletics, and the Vice Provost for University Life (and, through her, the various campus cultural centers) report to the Provost, who evaluates their academic and co-curricular endeavors and accomplishments to ensure that their work advances the Penn Compact. Academic planning and priorities are linked to the budgeting process through interactions between the President and Provost (and his or her designees) and various consultative groups and the budget-setting bodies. While Penn uses a common budget planning system and process with centrally approved planning parameters, the development of our annual operating and capital budgets is a distinctly bottom-up process. Unlike many institutions at which resources are both centrally credited and allocated, Penn credits revenue to the unit in which it was generated and allocates the cost of running the University through a series of data driven formulas. The goal of this section is to provide a comprehensive review of Penn’s institutional planning, in particular how the President and Provost work with administrative and faculty councils to refine and institute University priorities, as well as the processes used to allocate resources and manage them in the service of those priorities.

Institutional Planning

As noted above, the Penn Compact serves to guide institutional, School, and resource center planning. The Penn Compact, developed by President Gutmann when she arrived at Penn, focuses the University’s attention on three critical priorities: 1) integrating knowledge from different disciplines and professional perspectives to impact our research and teaching; 2) increasing access to an excellent Penn education for all outstanding students of talent and high potential who can benefit from and contribute to our University; and 3) engaging locally and globally in order to advance the central values of democracy: life, liberty, opportunity, and mutual respect. These form the foundation on which the Schools and administrative units build their own academic programs and resources.
priorities and budget plans to support those priorities. The basic strategy of linking priorities to budgeting is shown below in Figure 6.1.

**Implementation**

The President and the Provost rely on several critical groups to ensure that institutional planning and budgets are appropriately linked. The President’s Council – consisting of the President, the Provost, the Executive Vice President, and the Deans of the Schools – is an important source of advice and feedback regarding University priorities and the means by which they are being implemented by the Schools and Centers. The Budget Steering Committee (see below for more details) is the senior executive group responsible for ensuring that budget parameters supportive of the Penn Compact are developed. The President and Provost meet bi-weekly with the Tri-Chairs of the Faculty Senate to obtain input from this elected faculty body. The President and the Provost meet monthly with the University Council Steering Committee and the University Council (see Appendices 6.1 and 6.2). The University Council – a deliberative and broadly representative body of faculty, students, and staff – is a University-wide forum which considers activities with particular attention to educational objectives and matters that affect the common interests of faculty, staff, and students.

As Chief Academic Officer, the Provost continually engages the academic community through a series of advisory councils (see Figure 6.2, below, and Appendix 5.2) that help develop and/or monitor plans that support the Penn Compact, as well as core academic missions, throughout the University.
Senior Administrative and Faculty Councils that provide Advice and Counsel to the Provost

<table>
<thead>
<tr>
<th>Council of Deans</th>
<th>(Chaired by Provost)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provost Staff Conference</td>
<td>(Chaired by Provost)</td>
</tr>
<tr>
<td>Provost’s Council on Research</td>
<td>(Chaired by Vice Provost for Research)</td>
</tr>
<tr>
<td>Council of Graduate Deans</td>
<td>(Chaired by Associate Provost for Education)</td>
</tr>
<tr>
<td>Council of Undergraduate Deans</td>
<td>(Chaired by Associate Provost for Education)</td>
</tr>
<tr>
<td>Academic Planning and Budget Committee</td>
<td>(Chaired by Provost)</td>
</tr>
<tr>
<td>Faculty Council on Access and Academic Support</td>
<td>(Chaired by Associate Provost for Education)</td>
</tr>
<tr>
<td>Graduate Council of the Faculties</td>
<td>(Chaired by Associate Provost for Education)</td>
</tr>
</tbody>
</table>

Figure 6.2

Through the activities of these units, the Provost thoroughly vets institutional plans and the overall budget strategies that facilitate their implementation.

Our budgeting process places the majority of funds under the control of the Schools and Resource Centers (see below). Each School and Resource Center must demonstrate that its goals and activities are aligned with the University’s overarching strategic vision. This occurs through meetings with the President and Provost, and during consultation with the administrative councils noted above. During the budgeting process, all Schools, Resource Centers, and administrative units must indicate how their activities support the Penn Compact (for example, see FY2009 Operating Budget, Appendix 4.3).

Unit reviews are a crucial component in the evaluation of the efforts of our academic units to fulfill the University’s mission and achieve the Penn Compact’s overarching goal of moving from excellence to eminence (also see Section 5). These regularly scheduled reviews at the School, departmental, and graduate group levels examine the academic strength of the unit and also the capacity of its budget to maintain a preeminent program (See Appendices 5.3.1, 5.3.2, 5.7 and 5.8). These reviews generally engage both internal and external reviewers. From these exercises, the Provost receives the
unit self-study and the review committee report(s) and either attends the exit interview with the review team or is represented there by one of the Associate Provosts. These review efforts ensure that the Schools and the Provost’s Office have independent assessments of various academic units, how they work to promote University-wide priorities, and how their academic activities are supported by the budget process.

**The Budget Process**

**Overview**

The University of Pennsylvania has a formal and disciplined budget process. In order to understand the University’s budget and financial management, it is critical to understand Responsibility Center Management (Appendix 6.3). Known as RCM, this is the managerial framework for our internal budgeting and financial reporting activities. Created at Penn in the early 1970s when the University was experiencing financial difficulty, RCM was designed to control expenses but has proven to be an even stronger driver of revenue (see Appendix 6.4 for more detail). The benefits of RCM to the University are significant. RCM promotes:

- **Disciplined financial decision-making**
  - Schools are responsible for their own bottom line
- **Entrepreneurial activity**
  - Schools retain the majority of the revenue they generate and reinvest it in their highest priorities
- **Shared fundraising**
  - Deans are actively engaged in fundraising for School and cross-University priorities
- **Culture of accountability**
  - Tuition revenue is distributed in large measure based on course units taught
  - Space charges are directly tied to occupancy and costs
  - Administrative units are funded via transparent algorithms

Five-year budgets are developed and updated annually, with quarterly forecasts prepared at the responsibility center level for the first through third quarters. Every responsibility center submits an updated budget accompanied by several pages of input assumptions, ranging from the number of faculty and staff, to expected number of course units taught, to cash flow on outstanding gift pledges. Administrative centers also submit service delivery goals which quantify the unit’s performance expectations for the budget period. Each responsibility center submits a cover memo outlining how the budget will enable the goals outlined in the strategic plan, as well as identifying opportunities and challenges. Once each budget has been reviewed by the Office of Budget and Management Analysis, a formal budget meeting is held. Administrative units meet with the Executive Vice President, Provost, or Vice President and Chief of
Staff, while all Schools and Resource Centers meet with the Provost. Final allocation decisions are made (funding from Allocated Costs, General Fee, and the Subvention Pool) and final budgets are revised and submitted. The annual budget process is illustrated below in Figure 6.3.

Centrally Determined Common Parameters

In order to manage in our decentralized environment, the following principles undergird our operations:

- Clear Strategic Vision That Informs School Strategic Plans: The Penn Compact
- Clear and Accepted Responsibilities
- University-Wide Standards when Appropriate
- Common Budget Structures
- Consultation
- Communication
- Collaboration

As noted above, University-wide standards are set by the Budget Steering Committee, whose members include the President, the Provost, the Executive Vice President, the Vice President for Finance and Treasurer, the Vice President for Budget and Management Analysis, and the Vice President and Chief of Staff. This group meets regularly throughout the year and is charged by the President with identifying the
common budget parameters that will be applicable across every School and Center. The Budget Steering Committee also plays the significant role in aligning resource allocations and institutional priorities, both as a group and individually in the budget approval process.

Budget planning parameters set by the Budget Steering Committee include:
1. Undergraduate Tuition Growth Rate (subject to Trustee approval)
2. Ph.D. Graduate Group Tuition Growth Rates (in consultation with Graduate Deans)
3. Discount to Tuition for Undergraduate Financial Aid
4. General Fee Growth Rates (subject to Trustee approval)
5. Housing and Dining Fee Growth Rates (subject to Trustee approval)
6. Endowment Spending Rule (subject to Trustee approval)
7. Employee Benefits Rate (subject to DHHS approval)
8. Salary Pool Growth for Faculty and Staff (in consultation with the Deans)
9. Growth Rates for Allocated Cost Charges
10. Base Funding Growth for Administrative Centers (Funding from Allocated Cost Charges)

The Capital Planning Process is initiated in the fall of each year. Schools and Centers work with the Division of Facilities and Real Estate Services and the Office of Budget and Management Analysis to develop documentation, including cost estimates, timetables, and funding strategies, for projects they wish to include in the capital plan. Inclusion in the plan requires a formal signoff on a Capital Needs Statement by the Provost or Executive Vice President. The Capital Plan includes all projects over $250,000 expected to be initiated during the fiscal year and master plan priorities to be initiated in future years. Each individual project requires approval, based on its size, prior to committing significant financial resources. The plan must be approved by the President before it is presented to the Trustees for their information at the June meeting, but no project is approved by the President (or in cases of projects over $1 million, by the Trustees) until it goes through the full approval process outlined below:

Projects Over $250,000
- Require Capital Advisory Group Approval
  - VP Finance, VP Budget, VP Facilities, VP Development participate
  - Construction and funding cash flows reviewed

Projects Over $500,000
- Require Capital Council Approval
  - President, Provost, EVP, SRVP and General Council, VP Finance, VP Budget, VP Facilities, VP Development, VP and Chief of Staff participate
  - Construction and funding cash flows reviewed
  - Must have significant commitment on projected gift funding

Projects Over $1,000,000
- Require Trustee Approval
Appendices

Section 1 – Executive Summary

Appendix 1.1 The Penn Compact
Appendix 1.2 Impact of the Penn Compact

Section 2 – Institutional Response to 2004 Accreditation

Appendix 2.1 Almanac Announcement of new Ph.D. Tuition Model
Appendix 2.2 Sample Academic Cohort Report
Appendix 2.3 Center for Teaching and Learning: workshops for graduate student teachers

Section 3 – Master Challenges & Opportunities

Appendix 3.1 Penn Connects
Appendix 3.2 ACUPCC Implementation Guide

Section 4 - Enrollment and finance trends and projections

Appendix 4.1 Enrollment Trends 1998-2008
Appendix 4.2 FY2004-2008 Statement of Activities (Operating & Non-Operating)
Appendix 4.3 Fiscal Year 2009 Operating Budget
Appendix 4.4 Planning Parameters for Fiscal Years 2010-2014 December 2008 (redacted)
Appendix 4.5 5 Year Central Resources Pool
Appendix 4.6 Capital Plan
Appendix 4.7.1 2005-06 Financial Report
Appendix 4.7.2 2006-07 Financial Reports
Appendix 4.7.3 2007-08 Financial Reports
Appendix 4.8.1 2005-06 Management Letter
Appendix 4.8.2 2006-07 Management Letter
Appendix 4.8.3 2007-08 Management Letter
Appendix 4.9.1 IPEDS Finance Submission FY06
Appendix 4.9.2 IPEDS Finance Submission FY07
Appendix 4.9.3 IPEDS Finance Submission FY08
Appendix 4.9.4 IPEDS Finance Submission FY09
## Section 5 – Assessment processes and plans

<table>
<thead>
<tr>
<th>Appendix 5.1</th>
<th>COHFE Statement on Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix 5.2</td>
<td>Provost’s Councils</td>
</tr>
<tr>
<td>5.2.1</td>
<td>Academic Planning &amp; Budget Committee</td>
</tr>
<tr>
<td>5.2.2</td>
<td>Council of Deans</td>
</tr>
<tr>
<td>5.2.3</td>
<td>Council of Undergraduate Deans</td>
</tr>
<tr>
<td>5.2.4</td>
<td>Council of Graduate Deans</td>
</tr>
<tr>
<td>5.2.5</td>
<td>Graduate Council of the Faculties</td>
</tr>
<tr>
<td>5.2.6</td>
<td>Provost’s Staff Conference</td>
</tr>
<tr>
<td>5.2.7</td>
<td>Provost’s Council on Research</td>
</tr>
<tr>
<td>5.2.8</td>
<td>Faculty Advisory Council for Access and Academic Support Initiatives</td>
</tr>
<tr>
<td>Appendix 5.3.1</td>
<td>Graduate Council Protocol for Graduate Group Review</td>
</tr>
<tr>
<td>Appendix 5.3.2</td>
<td>Graduate Group Review Schedule</td>
</tr>
<tr>
<td>Appendix 5.4</td>
<td>School Assessment Processes</td>
</tr>
<tr>
<td>Appendix 5.5</td>
<td>Assessment of General Education</td>
</tr>
<tr>
<td>Appendix 5.6</td>
<td>Sample of Sector Course Review</td>
</tr>
<tr>
<td>Appendix 5.7</td>
<td>Departmental Review Schedule</td>
</tr>
<tr>
<td>Appendix 5.8</td>
<td>Sample Department Review Protocols: Schools of Arts and Sciences, Wharton, and Medicine</td>
</tr>
<tr>
<td>Appendix 5.9</td>
<td>Career Services Career Plan Survey</td>
</tr>
<tr>
<td>Appendix 5.10</td>
<td>Guidelines for Interschool Centers &amp; Institutes</td>
</tr>
<tr>
<td>Appendix 5.11</td>
<td>Institutional Survey Schedule</td>
</tr>
</tbody>
</table>
Section 6 – Linked Institutional Planning and Budgeting Processes

Appendix 6.1  Faculty Senate Mission
Appendix 6.2  University Council Mission
Appendix 6.3  Responsibility Center Management