

Almanac

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Death of James Skinner

James M. Skinner Jr., Chairman of the Trustees' Committee on Finance, died February 19 at his home in Chestnut Hill. A member of the Wharton Class of 1936, Mr. Skinner was former president of the Philco Corporation and a director of First Pennsylvania Banking and Trust Company. And he was, in President Meyerson's words "a devoted Trustee and generous benefactor, as was his father before him." Mr. Skinner was a Life Trustee who had headed the Development and the Investment committees, and served on Long-Range Planning, Nominating and Recreation-Athletic subcommittees of the Trustees. "Our Faculty Club stands as a visible expression of the contribution which he and his family have made to the life of our University Community," Mr. Meyerson continued. "His presence in our midst will be deeply missed by his fellow Trustees and the members of the administration who worked with him over the years."

Intercollegiate Athletics Director Fred Shabel described Mr. Skinner as "one of a small group of people who should be identified as forming the backbone of our present athletics program."

Mr. Skinner is survived by his wife, his mother and two daughters.

LECTURES

The Ethics of a Therapeutic Man. GSE Colloquium Committee sponsors discussion of theories of the nature of man and society by Dr. Clarence Karier, chairman of history and philosophy of education at the University of Illinois, Urbana-Champaign. Faculty lounge, Steitler, February 28, noon-2 p.m. Bring your own lunch.

Gingival Tissue in Health and Disease. COHR lecture by Dr. Hubert E. Schroeder, professor of oral structural biology, University of Zurich. 234 Levy, March 1, 1-4 p.m.

Inventing the Future. Pacifist and social reformer Danilo Dolci speaks at the Fine Arts auditorium March 4 at 4 p.m. Sponsored by Human Resources Center, departments of sociology, city and regional planning, landscape architecture and Leon Lecture Committee.

Professor Ivan Supek of the University of Zagreb leads colloquia on *Philosophical Bases of World Peace*, March 5, 4:30 p.m. and *The Intellectual in the Contemporary World*, March 6, 4 p.m., both in 285-286 McNeil.

Humanism vs. Technology: Revolution or Counter-revolution. Spencer lecture by Ben Bagdikian, national correspondent, Columbia Journalism Review and E. M. Lyle Spencer Visiting Professor, Syracuse. Towne Bldg., Alumni Hall, March 5, 3 p.m.

Dr. Alfred B. Harbage, Cabot Professor of English Emeritus, Harvard, gives the Jayne lectures this year on *A Kind of Power: The Shakespeare-Dickens Analogy*. Three lectures, March 5-7, Prince Theatre, 8:30 p.m. Sponsored by the University and the American Philosophical Society.

STEAMBOAT ROAST

March 1 at the Faculty Club: the food part (by reservation \$5.50), is 5 to 7:30 p.m.; in addition, members can order from the Club's block of *Film Flam* tickets, \$4 each. The Mask & Wig Show begins at 8:30, Annenberg Auditorium.

LIVELY ARTS

Philadelphia Chamber Soloists perform works of Hindemith, Barber, Piston and others. Prince Theatre, February 27, 8:30 p.m. Free tickets in advance, Annenberg Center box office.

Julliard String Quartet: works of Beethoven, Schubert, Dvorak. Museum Auditorium February 28, 8 p.m. Tickets at \$2 (faculty and staff): Houston Hall.

University Repertory Company presents *The Hunter*, by Murray Mednick. Old cafeteria, Houston Hall, February 27-March 3, 8:30 p.m. Free.

The Dance of Death. A. J. Antoon directs Zoe Caldwell and Robert Shaw in New York Shakespeare Festival Production opening at Zellerbach Theatre March 4, 7 p.m. Special previews March 1 and 2, 8 p.m. Runs Monday-Saturday until March 16, 8 p.m., Wednesday and Saturday mat., 2:30 p.m. Ext. 6791.

BULLETINS

The *A-3 Assembly meeting* Thursday continues last month's discussion of retirement benefits; members of the personnel department will attend. February 28, Ivy Room, HH, 1 p.m.

The English department has opened the *annual poetry contests* for graduate and undergraduate students. Up to five pages of poetry may be submitted to Professor Jerre Mangione, 119 Bennett Hall, by Friday, March 1.

The *spring meeting of the Faculty Senate* will be April 17, 102 New Chemistry Bldg., 3-6 p.m. Agenda will be published in March.

The School of Veterinary Medicine has inaugurated a *fund in memory of Dr. Janet R. Decker* (*Almanac*, February 12) to be used for student scholarships or student research awards particularly, but not exclusively, for cancer research. Contributions may be sent to the dean's office, 110 Veterinary School. Checks payable to "Trustees of the University of Pennsylvania."

FACULTY OPENINGS: HILL HOUSE

Hill House may have openings for faculty residents next year. Contact Peter Conn, Ext. 7321.

JOB OPENINGS OMITTED

In this special issue devoted to The Budget, *Almanac* was unable to carry its normal OPENINGS column. Please check Personnel's twelve bulletin boards for up-to-date job listings for administrative and support staff positions.

College Hall, first floor next to room 116
Franklin Building, next to room 130
Towne School, mezzanine lobby
Veterinary School, first floor next to directory
Leidy Labs, first floor next to room 102
Anatomy-Chemistry Building, near room 358
Rittenhouse Labs, east staircase, second floor
LRSM, first floor opposite elevator
Johnson Pavilion, first floor next to directory
Logan Hall, first floor near room 117
Social Work, first floor
Richards Building, first floor near mailroom
Law School, room 28, basement

Dr. Hobstetter is Associate Provost for Academic Planning and chairman of the University Budget Committee.

The Budget System of the University of Pennsylvania

by John N. Hobstetter

The University's new budget system has been the subject of much recent discussion and it has become clear that its nature and purposes are not always understood. This paper is an attempt to provide a needed clarification and to promote consideration of further refinements and improvement.

The paper also serves as a detailed introduction to the budgets of the University which are being published at this time. The final budget results for the fiscal year 1972-73 are shown for each school and center alongside the expected budget results for the current year.

The new budget system is designed to provide the kinds of information that will encourage the formation of forward-looking academic plans to guide budgeting decisions. This emphasis on planning and on the budget priorities that accompany the plans of the University, the plans of its schools and of their departments, leads to a system that differs substantially in intent and content from the "each tub on its own bottom" approach. Yet, it permits a decentralization of decision-making that yields many management efficiencies and advantages. As we all gain more experience with the new system, we shall doubtless want to modify and improve it in many ways, for it is viewed as an evolving approach to budget-making.

GENERAL OBJECTIVES

University budget systems should be the means of implementing academic plans and priorities, not of setting them, and Pennsylvania's new budget system has been developed with this end in view. Academic priorities can be set only by careful study of the benefits obtained from existing programs or expected from new or altered programs within our various schools. Academic benefits are particularly hard to measure. They are not expressed in monetary terms, but in a more subtle coinage measuring contributions to knowledge and learning, to the societal resource of trained minds, and to service.

Our Academic Planning Committee has been at work for more than two years studying ways by which better information may be obtained about academic benefits. Their preliminary report sets forth a scheme for examining our programs in terms of their academic quality, their academic productivity, their centrality within the University and their uniqueness or relation to national need. These methods will help our schools assess their own programs, set academic

priorities among them and plan to maximize the benefits obtained with their resources. In turn, they will help the University set priorities among the schools and centers. Since the problem is difficult and sensitive, no one doubts that a degree of subjectivity will temper interpretation of objective academic data. However, the data are expected to reveal much more than we have previously known about our academic programs, and to broaden the consensual view of benefits received and expected.

The new budget system has been devised to complement the emerging process of academic evaluation and planning. Its hallmarks are a clear identification of and control of the University's budget priorities which are expressed in terms of the allocation of the unrestricted General Income of the University to the schools to supplement their earned income. The system has been devised so that the University's setting of priorities by distribution of the General Income can be reflected within each school by a further distribution among its departments and programs in accordance with internal academic priorities. Detailed budgetmaking is thus decentralized to each school or center where academic needs, values, and benefits can be most clearly seen.

The essence of the budget system is quite simple. Each school (or center) must control its operations so that its *net cost* does not exceed its share of the General Income. The net cost is the difference between the income each school earns from the activities it decides to undertake and the total expense (direct plus indirect) incurred to carry out those activities. Both earned income and total expense are in large measure controllable by the school. Budget-making, then, is a series of decisions made by the school (or center) to maximize the academic benefits gained through expenditure of its earned income plus its support from the General Income.

NATURE OF THE BUDGET SYSTEM

The new system divides the whole University into 22 responsibility centers. These have been chosen so as to encompass all operations that directly contribute to the outputs by which the University defines its mission: contributions to knowledge, to learning, to education and to service. Each school is a separate responsibility center. So is the University Museum. So too, with emphasis on service both to the campus and to the larger community, are the hospitals, the Annenberg Center and the Division of Intercollegiate Athletics.

Other activities do not directly contribute to University outputs, but instead only support and facilitate them. For example, it is not part of the mission of the University to "have" a general administration or to "maintain" a physical plant for their own sakes. These latter activities help the responsibility centers to carry out their missions, and the (indirect) costs so incurred are borne by the responsibility centers on a shared basis. Algorithms for finding each center's fair share of indirect expense are an important part of the budget system. They are described later in this paper. A characteristic of the system is that the various classes of indirect costs are controlled as fixed percentages of the total direct costs of the University. In this way, indirect costs reflect the academic decisions made and are not permitted to take on a budget trajectory of their own.

In what follows we define the various categories of income and direct expense and describe the algorithms for sharing indirect costs as used in the budget system.

GENERAL INCOME

The University receives income from various sources which is unrestricted as to purpose except in the most general sense. This income is wholly used each year to make allocations (subventions) to the centers. In 1972-73 the magnitude of the General Income was \$22,245,000 and it came from the following sources in the indicated amounts:

| | |
|--|---------------------|
| Commonwealth of Pennsylvania | |
| Part of allocation to School of Medicine | \$2,684,000 |
| Part of allocation to School of Veterinary | 1,764,000 |
| Medicine | |
| Part of allocation for (undergraduate) | 3,206,000 |
| student aid | |
| Part of allocation to University Museum | 100,000 |
| Part of allocation for net cost of instruction | 6,072,000 |
| Total | \$13,826,000 |
| Return on Unrestricted Endowment | 768,000 |
| Return on Temporary Investment Fund | 945,000 |
| Unrestricted Alumni Giving (net of expenses) | 1,550,000 |
| Return on Unrestricted Scholarship Endowment | 2,507,000 |
| Miscellaneous General Income | 2,649,000 |
| Total | \$22,245,000 |

Since the new budget system was not in use in 1972-73, the allocation process was an implicit and not a deliberate one. We have been able, however, to account after the fact for the use of the General Income and see how the implicit allocations came out. The published final budgets for the year 1972-73 and the estimated budgets for the current year, 1973-74, show the allocation for each center. Wherever relevant, the total allocation to a center exceeded any part of the Commonwealth appropriation that may have been generally designated for that center. Similarly, general allocation of student aid exceeded the portion of the appropriation designated for that purpose.

NET COSTS OF RESPONSIBILITY CENTERS

By virtue of its teaching, research and other activities, each center generates *direct* income imputed as its own. Similarly, by virtue of the staffing decisions and other actions it takes, each center generates *direct expenses* as well as its fair share of the *indirect expenses* that accompany these activities. The difference between direct income and direct-plus-indirect expense is the *net cost* of the programs of the center. In each center the net cost is a positive number, and it should be. It is not appropriate to call this number a deficit; it is the net cost of obtaining desirable academic ben-

efits. The General Income of the University is raised precisely to help cover such costs and we should not speak of "deficit" unless the net cost of a center exceeds its support from the General Income.

Certain assumptions are made in imputing direct income to the centers as well as for allocating indirect costs. Differences of opinion may exist about the accuracy of the particular devices used, but since our budget analyses are used mainly for comparison of the fiscal performance of the centers and programs rather than for finding their absolute standing, such differences of opinion are relatively unimportant. What is important is that the algorithms be reasonable and defendable and that they be applied consistently to all centers. They must have the property that the sum of all imputed incomes is the actual earned income of the whole University (not including the General Income), and that the sum of all direct and indirect costs be the actual total expense of the University.

EARNED INCOME

The principal item of school income is the tuition it earns through its pattern of teaching and other instruction. This figure is derived from the known number of student-course-units taught by the faculty of the school to all students, wherever registered. The tuition per course unit varies according to the school in which a student is registered because the tuition level and the average course loads may differ in different schools. However, for undergraduate students the overall average is used. Later, when faculty activity data become more precisely known, the course unit equivalents of advising and dissertation supervision will be added, thus significantly improving the earned income calculation. These changes will accompany extension of the system of budget analysis to the department and program level.

Note that the General Fee paid by students is not part of earned tuition income of the schools. Revenue obtained from the General Fee is intended to support student service activities and is used to reduce the net cost of these activities before it is passed on to the schools. Special application fees, etc., charged by a school are, however, part of its earned income.

Other items of earned income are the following:

- All *scholarship income* received as return on endowed scholarships restricted to a school, or as gifts or grants for scholarship purposes, or won by graduate students in the annual fellowship competition.
- *Endowment income* received as return on endowment restricted to the center, whether for support of faculty, staff or other purposes.
- *Gift and grant (or contract) income* received from federal, state or private sources to support instruction, research or other activities of the center, including any indirect costs recovered as part of these awards.
- *Sales and Services income* or other *miscellaneous income* received by the center as consequences of activities undertaken.

DIRECT EXPENSES

The expenses most clearly controlled by a center are the *direct salary costs* of its faculty and of the school and department administrative, clerical and technical support staffs, along with the appropriate *employee benefits*. *Current expenses* and *equipment costs* are also direct expenses. All these must be included in the center's budget regardless of whether they may be supported in whole or in part by external income, credited above.

A more complex expense is that of student aid. If each of our centers developed its own student aid policy and incurred accompanying costs for the students enrolled and taught by each, we would have a relatively straightforward, controllable direct cost to include in each center's budget. The facts are otherwise; only a minority of our students are directly aided by the schools in which they are enrolled. All undergraduate students and students in Graduate School of Arts and Sciences who receive aid are reviewed by University-wide procedures. Student need either is or is becoming the principal factor in determining the costs of aiding all students. Also, courses are increasingly being taken across school lines. In these circumstances, student aid is best viewed as a cost of education that inheres more in where the students are taught than in where they are enrolled. Accordingly, the average cost of student aid for each classification of students is being spread in accordance with the teaching patterns, just as tuition income is spread. For undergraduates, the extra cost of special aid packages is covered by the General Income and not charged to the schools. In computing the average aid, all kinds of student support are considered, whether gift or endowed scholarships, fellowships, training or research grant support on the University's free funds. Note that while these costs are spread via the teaching pattern, each center receives full credit for all income it raises to help cover its share.

INDIRECT EXPENSES

It was stated above that the aggregate costs of the various indirect activities must be controlled so as to lie at or within historical percentages of the total direct costs of the responsibility centers. This control means that the indirect costs can increase only if the direct costs of the centers increase, and then only in proportion. The main problem is to work out how the responsibility centers are fairly charged for their share of these aggregate indirect costs. The budget system recognizes two kinds of such costs: *assignable costs* which are charged to the centers on the basis of the proportionate number of "transactions" each center generates, and *general indirect costs* (sometimes called "overhead" costs) which are spread in proportion to various direct costs of each center.

Assignable indirect costs include such straightforward things as the costs of purchasing and research administration which are spread in proportion to the numbers of purchase orders and of research proposals each center generates. Library costs are spread on the basis of our (improving) records of usage in all our library branches. (The costs of Law, Medicine and Annenberg libraries are separately budgeted in those centers as direct expenses, but the usage spread is still made.)

Operations and maintenance are charged on the basis of the known costs of our buildings and the proportionate square footage of them each center uses. General campus maintenance is spread in proportion to the center's own "O and M" cost.

Student services are a complex cost item. Included are the admissions office, the registrar, student counseling, student health, student activities, recreation and other activities under the Dean of Students. Undergraduate, graduate and professional school students use these services to different degrees and pay somewhat different general fees for them. Algorithms based on head count of the various classifications of students have been developed to determine "per student" costs. The General Fee paid is deducted from the cost and the *net cost* is spread to each school in accordance with the numbers of students in each classification enrolled in the school.

Finally, certain auxiliary services (dining service, book store, some residences) do not yet cover all their costs although they are expected to do so in the near future. These net costs are spread to the center on the basis of student head count.

General indirect costs are the costs of general administration and general expenses (interest, insurance, rental payments to the Commonwealth, etc.). As indicated these are spread to the centers in proportion to various total direct costs.

Aggregate indirect costs are not to exceed the following percentages of the total direct costs of the University.

| | |
|---------------------------------------|--------------|
| Operation and Maintenance | 5.8% |
| Student Services (net of General Fee) | 0.9% |
| Libraries | 5.0% |
| General Administration | 5.5% |
| General Expense | 4.6% |
| Total | 21.8% |

Given these constraints and the algorithms above, it is possible at the initiation of the budget cycle to make a fairly accurate estimate of what the indirect costs of a center are apt to be in relation to its total direct cost.

Space Allocation represents the important cost of operating our schools and centers which has not always been recognized in the past. Space costs money. Because universities have traditionally funded their space needs through charitable contributions, space has come to be regarded as almost a free good. The normal accounting practice of recognizing depreciation as an expense to be funded (thus generating a rehabilitation or replacement reserve) has been widely ignored by universities. The future is unlikely to treat us so kindly. We are already paying the price for past under-recognition of these true costs as deferred maintenance and obsolescence creep over the campus. The establishment of a *space allocation* expense is the first step in addressing this problem.

The space allocation expense of each center is based on an average value per square foot of the campus buildings as determined by our insurability value and spread over a 50-year amortization schedule. This averaging procedure is used to eliminate the unfair advantages or disadvantages of a center's having buildings of various ages.

It is impossible to begin building a space reserve fund during the current year (and probably next year) so the space allocation expense for each center is being exactly balanced by a memo increase in support from the General Income (subvention). Thus the space allocation expense entry is without budgetary impact at this time. In the future it is intended that the memo increase in subvention (which represents no real General Income) will be somewhat decreased so that each center will bear an annual space allocation charge the proceeds of which will be deposited in the University's space reserve fund.

Full depreciation of our physical plant is neither warranted nor intended, but some fractional depreciation is necessary to finance rehabilitation, renovation, refurbishing, etc.

INTERCENTER BANK

In the exercise of its responsibility each center is expected to live within its support from the General Income (subvention), and the University's budgetary requirement is met when it does. A center is expected to make restitution if it fails to do so. A mechanism called an *intercenter bank* has been established to fund deviations from budget targets and to close the responsibility loop.

(continued on page 6)

SUMMARY OF THE BUDGET, 1973-74

SUMMARY FINANCIAL STATEMENT, 1972-73

| | INSTRUCTIONAL Unrest. | ORGANIZED ACT. Unrest. | SPONSORED RES. Unrest. | TOTALS Rest. |
|---|--------------------------|---------------------------|---------------------------|-----------------|
| | Rest. | Rest. | Rest. | Total |
| REVENUE: | | | | |
| Tuition | 40,632 | 295 | | 40,632 |
| Special fees | 430 | 389 | | 430 |
| Scholarship Income: | | | 3 | 392 |
| Endowment income | | 716 | | 716 |
| Gifts | | 996 | | 996 |
| U.S. Government | | 1,172 | | 1,172 |
| Other | | 208 | | 208 |
| GSA & S | | — | | — |
| Investment income | 2,050 | 2,568 | 98 | 4,365 |
| Gifts & grants (direct): | | | | 6,513 |
| Private | 21 | 2,336 | 1,241 | 7,108 |
| Federal | | 10,115 | | 35,450 |
| State | | 91 | 3 | 360 |
| Indirect cost recovery | 294 | | 135 | 5,950 |
| Sales & services: | | | | |
| Others | 16 | 2,182 | 1,851 | 10,348 |
| Hospitals | | | 50,846 | 50,846 |
| Miscellaneous | | 1,033 | 1,501 | 4,411 |
| Total revenue | 43,443 | 22,101 | 2,084 | 165,627 |
| Commonwealth Appropriation | | | | 13,926 |
| Allocation from general income | | | | 16,666 |
| Total funds available | | | | 196,351 |
| DIRECT EXPENDITURES: | | | | |
| S & W - Administrative | 1,794 | 750 | 747 | 6,654 |
| Academic | 20,772 | 8,924 | 39 | 43,388 |
| Clerical & technical | 3,692 | 1,456 | 593 | 36,518 |
| Service | 375 | 426 | 479 | 7,148 |
| Total S & W | 26,633 | 11,556 | 1,858 | 93,706 |
| Employee benefits | 3,602 | 1,269 | 156 | 10,987 |
| Current expense | 2,766 | 5,273 | 2,029 | 40,513 |
| Equipment | 248 | 1,044 | 7 | 4,037 |
| Student aid | 9,674 | 3,078 | | 12,752 |
| Academic computer services | | | 697 | 697 |
| Total direct costs | 42,923 | 22,220 | 4,747 | 162,692 |
| INDIRECT COSTS: | | | | |
| Student services | | | | 1,834 |
| Libraries | | | | 5,158 |
| O & M | | | | 5,833 |
| Auxiliary enterprises | | | | 2,698 |
| General administration | | | | 5,638 |
| General expense | | | | 8,096 |
| Space allocation (Responsibility Centers) | | | | 4,202 |
| Total indirect costs | | | | 4,202 |
| Total expenditures | | | | 196,351 |

Deviations may occur in either direction. As a consequence of decisions or activities it undertakes, a center may attract more or fewer students to its programs than expected, may win more or less support from federal agencies, may benefit from a new endowment, or overcommit or undercommit itself on faculty hiring. Any of these or other items within control of the center may lead to either a surplus or a deficit relative to its support from the General Income.

The center need not precipitously spend a surplus to enjoy it. Instead it can deposit the surplus, at interest, in the bank and save it for later use.

On the other hand, the center may borrow from the bank to cover a deficit. The loan will incur interest and will be expected to be repaid by the center in later years (probably not more than three years). Accumulating deficits or failure to repay such loans would raise critical questions about a center's viability and, unless the campus could agree to an increased subvention at the expense of other centers, intervention would be necessary.

On the brighter side, the bank is a source of venture capital. New and promising programs usually have start-up costs. A center may borrow to start attractive new programs with the understanding that the bank will be repaid, with interest, in a reasonable time.

ANTICIPATED ADVANTAGES

The new budget system supports and even compels the process of academic planning in the responsibility centers. The very making of each center's budget requires planning and projecting of both income and expense. The system also lends itself easily to the process of forward-year budgeting which is a natural outgrowth of planning.

The new system will reveal the University's budget priorities at each level (from academic program through department to school), and will show these priorities in such a way as to facilitate comparison with perceived benefits of those programs and units.

The system decentralizes decision-making to a level where benefits and costs can most readily be compared.

The system increases the responsibilities of local administration, but couples this with increased local authority and greatly increased flexibility.

Perhaps most important, the system provides incentives for strengthening our centers in pursuit of their various missions.

FUTURE DEVELOPMENTS

The budget system is an evolving one which will be modified as experience suggests. Several cautions can be foreseen, along with some obvious areas for improvement.

The importance of extending the responsibility center concept first to the department and then to the program level has been noted above. The Office of Academic Planning has already developed the conceptual framework to do the necessary accounting, and computer systems to carry it out are under development by the UMIS group under Richard Paumen. The necessary data should be in hand and the first results available by the spring term, 1974. The Associate Provost and the Executive Director of the University Budget will work with the management of each center in interpreting and mutually learning to use these new data.

The tuition-earned algorithm clearly can be improved by taking better account of dissertation supervision, etc.

Left just as it is, the system would tend to discourage to some extent the utilization of faculty across school or department lines or the exploration of out-of-school or out-of-

department courses by students. Important benefits might thus be lost. It is obvious, for example, that for some courses it is more appropriate for a department to pay part of the salary of an out-of-department faculty member than to lose all of the tuition earned by the course he or she teaches. This kind of negotiated arrangement is now available and is now being practiced wherever approved.

Other incentives to encourage each program to draw on the benefits of One University are being devised. One way to approach the problem is through institutes and centers that can help to fund and therefore give incentives to inter-program activities. No doubt there are other means that may be even more helpful and productive. Our problem is closely akin to that of any society which attempts to establish a high degree of personal freedom for its members. That freedom must be constrained by the common needs of the whole and systems equivalent to taxation of our free members will be needed to promote the general welfare.

GUIDE TO BUDGET TABLES

On the ten pages that follow are shown the final accounts of the University's responsibility centers for 1972-73, and comparative budgets for the current year on which the centers are operating.

The General Income available to the University for distribution to the centers amounts to \$30,482,000 and is derived from various sources.

Although these data are comparative, they will not relate fully to data published last year (*Almanac December 5, 1972*) because of changes in accounting methods.

In the tables that follow, current budgets are shown first, and the 1972-73 financial statements second, screened in gray. Figures are given in thousands of dollars.

Although there are 22 responsibility centers, only 20 tables appear here. The budgets of the College of General Studies, Summer Session and Evening School were combined as "Auxiliary Educational Programs" for reasons of space. In addition, in order to fit the tables in limited space it was necessary to take them out of strict alphabetical order. Following is a guide to locations:

| | |
|--|----|
| Annenberg Center | 11 |
| Annenberg School | 11 |
| Auxiliary Educational Programs | 7 |
| College and College for Women | 8 |
| College of Engineering and Applied Science | 8 |
| Division of Intercollegiate Athletics | 7 |
| Graduate Hospital | 14 |
| Graduate School of Arts and Sciences | 10 |
| Graduate School of Education | 9 |
| Graduate School of Fine Arts | 9 |
| Hospital of the University of Pennsylvania | 12 |
| Law School | 12 |
| School of Allied Medical Professions | 13 |
| School of Dental Medicine | 13 |
| School of Medicine | 14 |
| School of Nursing | 15 |
| School of Social Work | 10 |
| School of Veterinary Medicine | 15 |
| Wharton School | 16 |
| University Museum | 16 |

Abbreviations used: *Unrest.* and *rest.* for unrestricted and restricted; *organized act.* for organized activities; *sponsored res.* for sponsored research; *S & W* for salaries and wages; *O & M* for operation and maintenance.

| INSTRUCTIONAL Rest. Unrest. | | ORGANIZED ACT. Rest. Unrest. | | SPONSORED RES. Rest. Unrest. | | ORGANIZED ACT. Rest. Unrest. | | INSTRUCTIONAL Rest. Unrest. | | SPONSORED RES. Rest. Unrest. | | TOTALS Rest. Unrest. | | | |
|-----------------------------------|---------|------------------------------------|--|------------------------------------|--|------------------------------------|--|-----------------------------------|-------|------------------------------------|--|----------------------------|---------|--|---------|
| | | | | | | | | | | | | | | | |
| REVENUE: | | | | | | | | | | | | | | | |
| Tuition | 1,442 | | | | | | | 1,442 | | | | | 1,244 | | 1,244 |
| Scholarship fees | 150 | | | | | | | 150 | 9 | | | | 121 | | 121 |
| Endowment income | 220 | | | | | | | 220 | 7 | | | | 102 | | 102 |
| Gifts | 855 | | | | | | | 250 | 2 | | | | 342 | | 342 |
| U.S. Government | 164 | | | | | | | 855 | | | | | 854 | | 854 |
| Other schools | (1,256) | | | | | | | 164 | | | | | 159 | | 159 |
| Investment income | 250 | | | | | | | (1,256) | 7 | | | | (1,284) | | (1,284) |
| Gifts & grants (direct) | | | | | | | | 250 | 3 | | | | 88 | | 88 |
| Private | 158 | | | | | | | 377 | 535 | | | | 115 | | 115 |
| Federal | 287 | | | | | | | 228 | 227 | | | | 608 | | 608 |
| State | | | | | | | | 40 | 58 | | | | | | |
| Indirect cost recovery | 2 | | | | | | | 25 | | | | | | | |
| Sales & services | 40 | | | | | | | 1,984 | 1,991 | | | | | | |
| Miscellaneous | 25 | | | | | | | | | | | | | | |
| Total revenue | 1,659 | | | | | | | 605 | | | | | | | |
| Alloc. from gen. income | | | | | | | | | | | | | | | |
| Total funds available | | | | | | | | | | | | | | | |
| DIRECT EXPENDITURES: | | | | | | | | | | | | | | | |
| S & W - Administrative | 91 | | | | | | | 50 | 91 | | | | 66 | | 66 |
| Administrative | 1,556 | | | | | | | 1,556 | 510 | | | | 270 | | 270 |
| Academic | 399 | | | | | | | 111 | 178 | | | | 1,174 | | 1,174 |
| Clerical & tech. | 41 | | | | | | | 88 | 129 | | | | 143 | | 143 |
| Service | 12 | | | | | | | 40 | 6 | | | | 43 | | 43 |
| Total S & W | 1,831 | | | | | | | 289 | 1,831 | | | | 191 | | 191 |
| Employee benefits | 272 | | | | | | | 4 | 222 | | | | 243 | | 243 |
| Current expense | 54 | | | | | | | 211 | 54 | | | | 194 | | 194 |
| Equipment | 170 | | | | | | | 83 | 435 | | | | 261 | | 261 |
| Student aid | 233 | | | | | | | 350 | 91 | | | | 105 | | 105 |
| Computer services | 350 | | | | | | | 3 | 3 | | | | 4 | | 4 |
| Total direct costs | 2,507 | | | | | | | 928 | 58 | | | | 2,510 | | 2,510 |
| INDIRECT COSTS (NET): | | | | | | | | | | | | | | | |
| Student services | | | | | | | | | | | | | | | |
| Libraries | | | | | | | | | | | | | | | |
| O & M | | | | | | | | | | | | | | | |
| Auxiliary enterprises | | | | | | | | | | | | | | | |
| General administration | | | | | | | | | | | | | | | |
| Space allocation | | | | | | | | | | | | | | | |
| Total indirect costs | | | | | | | | | | | | | | | |
| Total expenditures | | | | | | | | | | | | | | | |
| REVENUE: | | | | | | | | | | | | | | | |
| Tuition | 826 | | | | | | | 826 | 826 | | | | 672 | | 672 |
| Scholarship fees | 8 | | | | | | | 7 | 7 | | | | 8 | | 8 |
| Other | 34 | | | | | | | 51 | 51 | | | | | | |
| Investment income | | | | | | | | | | | | | | | |
| Gifts & grants (dir.) | | | | | | | | | | | | | | | |
| Private | 76 | | | | | | | 76 | 76 | | | | | | |
| Federal | 515 | | | | | | | 71 | 515 | | | | | | |
| State | 71 | | | | | | | 71 | 71 | | | | | | |
| Indirect cost recovery | 30 | | | | | | | 30 | 82 | | | | | | |
| Sales & services | | | | | | | | | 38 | | | | | | |
| Miscellaneous | | | | | | | | | 4 | | | | | | |
| Total revenue | 864 | | | | | | | 715 | 99 | | | | 650 | | 650 |
| Alloc. from gen. income | | | | | | | | | | | | | | | |
| Total funds available | | | | | | | | | | | | | | | |
| DIRECT EXPENDITURES | | | | | | | | | | | | | | | |
| S & W - Administrative | 46 | | | | | | | 26 | | | | | 45 | | 45 |
| Administrative | 401 | | | | | | | 17 | 10 | | | | 364 | | 364 |
| Academic | 373 | | | | | | | 71 | 23 | | | | 22 | | 22 |
| Clerical & tech. | 71 | | | | | | | 1 | 2 | | | | 1 | | 1 |
| Service | 1 | | | | | | | 519 | 451 | | | | 473 | | 473 |
| Total S & W | 519 | | | | | | | 413 | 38 | | | | 233 | | 233 |
| Employee benefits | 74 | | | | | | | 37 | 4 | | | | 64 | | 64 |
| Current expense | 33 | | | | | | | 258 | 59 | | | | 33 | | 33 |
| Equipment | | | | | | | | | | | | | 308 | | 308 |
| Student aid | 140 | | | | | | | 7 | 7 | | | | 341 | | 341 |
| Computer services | 766 | | | | | | | 715 | 99 | | | | 1 | | 1 |
| Total direct costs | | | | | | | | | | | | | | | |
| INDIRECT COSTS (NET): | | | | | | | | | | | | | | | |
| Student services | | | | | | | | | | | | | | | |
| Libraries | | | | | | | | | | | | | 41 | | 41 |
| O & M | | | | | | | | | | | | | 114 | | 114 |
| Auxiliary enterprises | | | | | | | | | | | | | 3 | | 3 |
| General administration | | | | | | | | | | | | | 60 | | 60 |
| Space allocation | | | | | | | | | | | | | 97 | | 97 |
| Total indirect costs | | | | | | | | | | | | | 473 | | 473 |
| Total expenditures | | | | | | | | | | | | | 2,053 | | 2,053 |

| INSTRUCTIONAL | | ORGANIZED ACT. | | SPONSORED RES. | | TOTALS | | TOTALS | |
|-----------------------------------|------------|----------------|------------|----------------|------------|------------|------------|------------|--------------|
| Unrest. | Rest. | Unrest. | Rest. | Unrest. | Rest. | Unrest. | Rest. | Unrest. | Rest. |
| A | N | N | B | G | S | C | H | A | N |
| REVENUE: | | | | | | | | | |
| Tuition | 114 | 260 | | | | | | 131 | 181 |
| Special fees | | | | | | | | 312 | |
| Scholarship income | | | | | | | | 11 | 11 |
| Endowment income | 30 | | | | | | | | |
| Gifts | | | | | | | | | |
| Other | 11 | | | | | | | | |
| GSA & S | 1 | | | | | | | | |
| Investment income | | | | | | | | | |
| Gifts & grants (direct) | | | | | | | | | |
| Private | | | | | | | | | |
| Federal | | | | | | | | | |
| State | | | | | | | | | |
| Indirect cost recovery | | | | | | | | | |
| Sales & Services | | | | | | | | | |
| Miscellaneous | | | | | | | | | |
| Total revenue | 114 | 40 | | | | | | | |
| Alloc. from gen. income | 7 | | | | | | | | |
| Total funds available | 3 | 678 | | | | | | | |
| DIRECT EXPENDITURES: | | | | | | | | | |
| S & W - Administrative | 61 | | | | | | | | |
| Administrative | 372 | | | | | | | | |
| Academic | 33 | | | | | | | | |
| Clerical & Tech. | 33 | | | | | | | | |
| Service | 6 | | | | | | | | |
| Total S & W | 480 | | | | | | | | |
| Employee benefits | 69 | | | | | | | | |
| Current expense | 83 | | | | | | | | |
| Equipment | | | | | | | | | |
| Student aid | 41 | | | | | | | | |
| Computer services | | | | | | | | | |
| Total direct costs | 159 | 678 | 5 | — | 56 | 164 | 734 | 898 | 232 |
| INDIRECT COSTS (NET): | | | | | | | | | |
| Student services | | | | | | | | | |
| Libraries | | | | | | | | | |
| O & M | | | | | | | | | |
| Auxiliary enterprises | | | | | | | | | |
| General administration | | | | | | | | | |
| Space allocation | | | | | | | | | |
| Total indirect costs | | | | | | | | | |
| Total expenditures | 159 | 678 | 5 | — | 56 | 164 | 734 | 898 | 232 |
| REVENUE: | | | | | | | | | |
| Tuition | | | | | | | | | |
| Special fees | | | | | | | | | |
| Scholarship income | | | | | | | | | |
| Investment income | | | | | | | | | |
| Gifts & grants (direct) | | | | | | | | | |
| Private | | | | | | | | | |
| Federal | | | | | | | | | |
| State | | | | | | | | | |
| Indirect cost recovery | | | | | | | | | |
| Sales & Services | | | | | | | | | |
| Miscellaneous | | | | | | | | | |
| Total revenue | | | | | | | | | |
| Alloc. from gen. income | 1 | | | | | | | | |
| Total funds available | 9 | 575 | | | | | | | |
| DIRECT EXPENDITURES: | | | | | | | | | |
| S & W - Administrative | 73 | 74 | | | | | | | |
| Administrative | 50 | 153 | 67 | 67 | 50 | 153 | 294 | 417 | 147 |
| Academic | 13 | 30 | 123 | 123 | 13 | 13 | 13 | 100 | 74 |
| Clerical & Technical | 13 | 30 | 128 | 128 | 13 | 13 | 13 | 100 | 74 |
| Service | 128 | 236 | 15 | 15 | 128 | 364 | 236 | 15 | 15 |
| Total S & W | 123 | 30 | 128 | 15 | 150 | 575 | 725 | 404 | 1,129 |
| Employee benefits | | | | | | | | | |
| Current expense | | | | | | | | | |
| Equipment | | | | | | | | | |
| Student Aid | | | | | | | | | |
| Computer services | | | | | | | | | |
| Total direct costs | | | | | | | | | |
| Total expenditures | 264 | 575 | | | | | | | |
| INDIRECT COSTS (NET): | | | | | | | | | |
| Student services | | | | | | | | | |
| Libraries | | | | | | | | | |
| O & M | | | | | | | | | |
| Auxiliary enterprises | | | | | | | | | |
| General administration | | | | | | | | | |
| Space allocation | | | | | | | | | |
| Total indirect costs | | | | | | | | | |
| Total expenditures | 264 | 575 | | | | | | | |

| | | INSTRUCTIONAL Rest. | | ORGANIZED ACT. Unrest. | | SPONSORED RES. Unrest. | | TOTALS Rest. | | INSTRUCTIONAL Rest. | | ORGANIZED ACT. Unrest. | | SPONSORED RES. Unrest. | | TOTALS Rest. | | |
|------------------------------|----------|------------------------------|---------------|---------------------------|---------------|---------------------------|--|-----------------|--------------|------------------------|--------------|---------------------------|------------|---------------------------|------------|-----------------|------------|--------------|
| | | | | | | | | | | | | | | | | | | |
| REVENUE: | | | | | | | | | | | | | | | | | | |
| L | A | 1,838 | 50 | 27 | | | | 1,838 | 1,50 | 1,838 | 1,50 | 1,787 | 53 | 1,787 | 53 | 1 | 1,787 | |
| W | | | | | | | | | | 9 | 7 | 68 | 68 | 68 | 68 | 1 | 54 | |
| 1 | 9 | Special fees | | | | | | | | 27 | 27 | 6 | 6 | 6 | 6 | | 6 | |
| | | Scholarship income | | | | | | | | | | 2 | 2 | 2 | 2 | | 2 | |
| | | Endowment income | | | | | | | | | | 72 | 72 | 72 | 72 | | 107 | |
| 1 | 9 | Gifts | | | | | | | | | | | | | | | | |
| | | Other | | | | | | | | | | | | | | | | |
| 1 | 9 | Investment income | | | | | | | | | | | | | | | | |
| 7 | 7 | Gifts & grants (dir.) | | | | | | | | | | | | | | | | |
| 3 | 3 | Private | | | | | | | | | | | | | | | | |
| Federal | | | | | | | | | | | | | | | | | | |
| State | | | | | | | | | | | | | | | | | | |
| 7 | 7 | Indirect cost recovery | | | | | | | | | | | | | | | | |
| 4 | 4 | Sales & services | | | | | | | | | | | | | | | | |
| | | Miscellaneous | | | | | | | | | | | | | | | | |
| B | U | Total revenue | | | | | | | | | | | | | | | | |
| U | D | Alloc. from gen. income | | | | | | | | | | | | | | | | |
| D | G | Total funds available | | | | | | | | | | | | | | | | |
| G | E | | | | | | | | | | | | | | | | | |
| E | T | | | | | | | | | | | | | | | | | |
| DIRECT EXPENDITURES: | | | | | | | | | | | | | | | | | | |
| S | E | S & W - Administrative | 170 | 17 | | | | 177 | 170 | 194 | 186 | A | 130 | 152 | 130 | 185 | 315 | |
| E | T | Academic | 803 | 35 | | | | 27 | 803 | 62 | 865 | L | 724 | 37 | 63 | 787 | | |
| | | Clerical & tech. | 135 | 48 | | | | 35 | 135 | 83 | 218 | 126 | 44 | 126 | 55 | 181 | | |
| | | Service | 13 | 36 | | | | 46 | 13 | 82 | 95 | 13 | 37 | 13 | 63 | 76 | | |
| T | S | Total S & W | 1,121 | 136 | | | | 285 | 1,121 | 421 | 1,562 | S | 993 | 210 | 993 | 1,359 | | |
| | | Employee benefits | 158 | 16 | | | | 27 | 158 | 43 | 201 | T | 131 | 26 | 131 | 167 | | |
| | | Current expense | 36 | 202 | | | | 136 | 36 | 338 | 374 | M | 49 | 125 | 49 | 178 | 227 | |
| | | Equipment | 9 | 3 | | | | 3 | 12 | 12 | 11 | T | 359 | 1 | 3 | 12 | 15 | |
| | | Student aid | 425 | 27 | | | | 425 | 27 | 452 | 452 | T | 359 | 76 | 359 | 435 | | |
| | | Computer services | | | | | | | | | | | | | | | | |
| | | Total direct costs | 1,740 | 390 | | | | 451 | 1,740 | 841 | 2,581 | 1,535 | 246 | 1 | 422 | 1,535 | 668 | 2,204 |
| INDIRECT COSTS (NET): | | | | | | | | | | | | | | | | | | |
| S | E | Student services | | | | | | | | | | | | | | | | |
| E | T | Libraries | | | | | | | | | | | | | | | | |
| | | O & M | | | | | | | | | | | | | | | | |
| | | Auxiliary enterprises | | | | | | | | | | | | | | | | |
| | | General administration | | | | | | | | | | | | | | | | |
| | | Space allocation | | | | | | | | | | | | | | | | |
| | | Total indirect costs | | | | | | | | | | | | | | | | |
| | | Total funds available | 1,740 | 390 | | | | | | | | | | | | | | |
| REVENUE: | | | | | | | | | | | | | | | | | | |
| L | A | Tuition | | | | | | | | | | | | | | | | |
| W | | Scholarship income | | | | | | | | | | | | | | | | |
| 1 | 9 | Investment income | | | | | | | | | | | | | | | | |
| | | Gifts & grants (dir.) | | | | | | | | | | | | | | | | |
| | | Private | | | | | | | | | | | | | | | | |
| | | Federal | | | | | | | | | | | | | | | | |
| | | State | | | | | | | | | | | | | | | | |
| | | Indirect cost recovery | | | | | | | | | | | | | | | | |
| | | Sales & services | | | | | | | | | | | | | | | | |
| | | Miscellaneous | | | | | | | | | | | | | | | | |
| | | Total revenue | | | | | | | | | | | | | | | | |
| | | Alloc. from gen. income | | | | | | | | | | | | | | | | |
| | | Total funds available | | | | | | | | | | | | | | | | |
| G | E | | | | | | | | | | | | | | | | | |
| E | T | | | | | | | | | | | | | | | | | |
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| E | T | | | | | | | | | | | | | | | | | |
| T | E | | | | | | | | | | | | | | | | | |
| DIRECT EXPENDITURES: | | | | | | | | | | | | | | | | | | |
| S | E | S & W - Administrative | 190 | | | | | 190 | 190 | 197 | 190 | 2 | 190 | | 190 | 190 | | |
| E | T | Academic | 100 | | | | | 100 | 100 | 100 | 100 | 100 | 360 | | 360 | 360 | | |
| | | Clerical & tech. | | | | | | | | | | | | | | | | |
| | | Service | | | | | | | | | | | | | | | | |
| | | Total S & W | | | | | | | | | | | | | | | | |
| | | Employee benefits | | | | | | | | | | | | | | | | |
| | | Equipment | | | | | | | | | | | | | | | | |
| | | Computer services | | | | | | | | | | | | | | | | |
| | | Total direct costs | 38,984 | 550 | 39,824 | | | | | | | | | | | | | |
| G | E | | | | | | | | | | | | | | | | | |
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