Millennium Science Complex
Microchip Packaging Cleanroom – Phase 1, University Park

Project Summary:

- Renovate and expand cleanroom spaces in Millennium Science Complex
- 2-phase approach

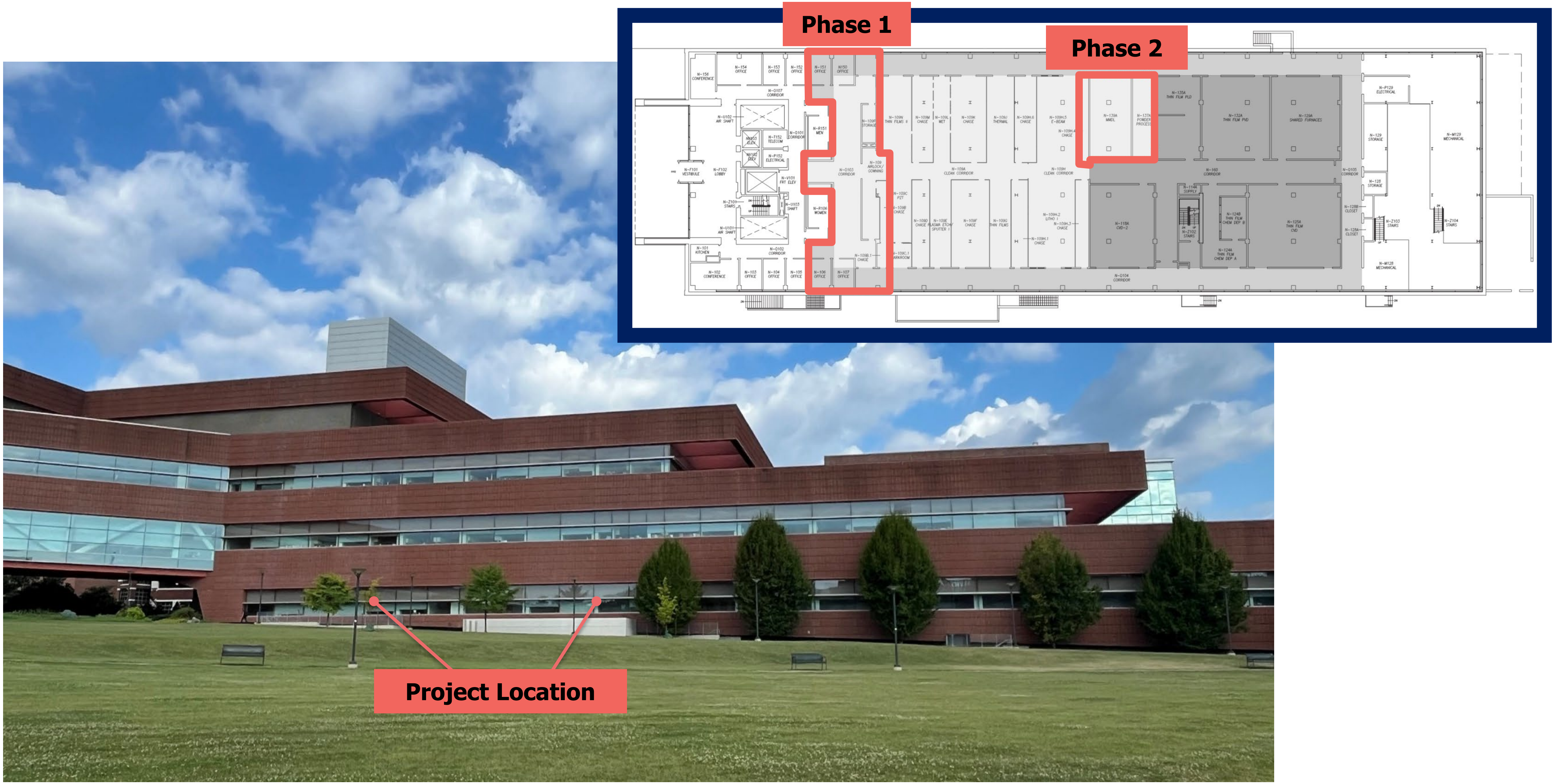
Project Cost: $15M for Phase 1

- Consistent with ’24-’28 Capital Plan

Project Impact

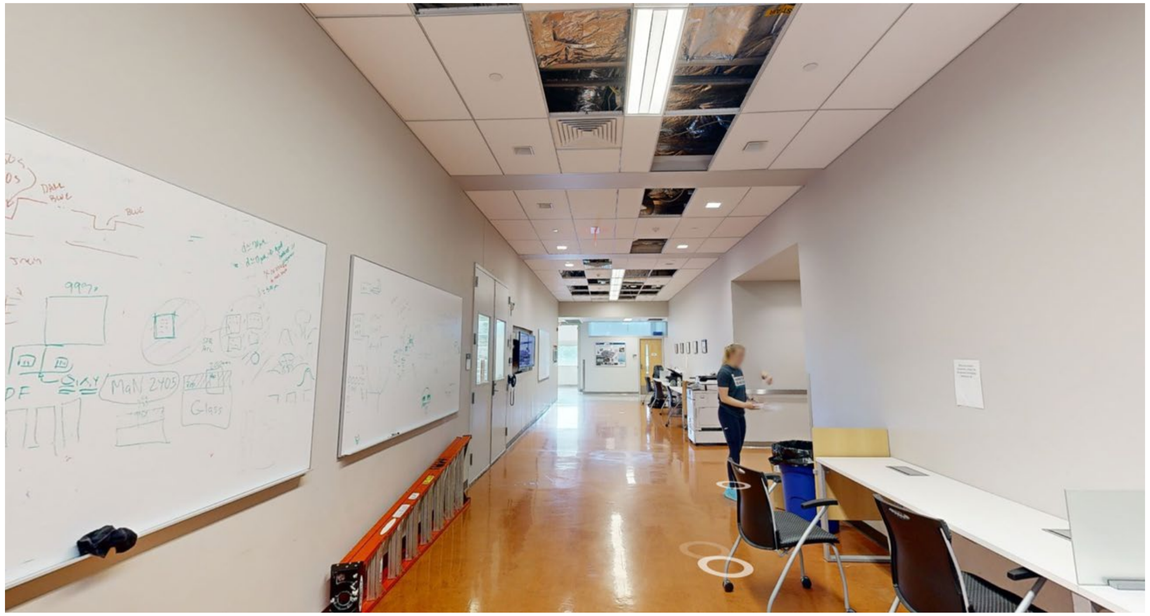
This project will enhance Penn State's capabilities and national preeminence in the critically important field of advanced semiconductor packaging. The three-fold impact includes driving corporate sponsorship and engagement; developing new specialized educational courses; and advancing research opportunities for the Center for Heterogeneous Integration of Micro Electronic Systems (CHIMES).

MSC Microchip Packaging Cleanroom – Phase 1, UP



MSC Microchip Packaging Cleanroom – Phase 1, UP

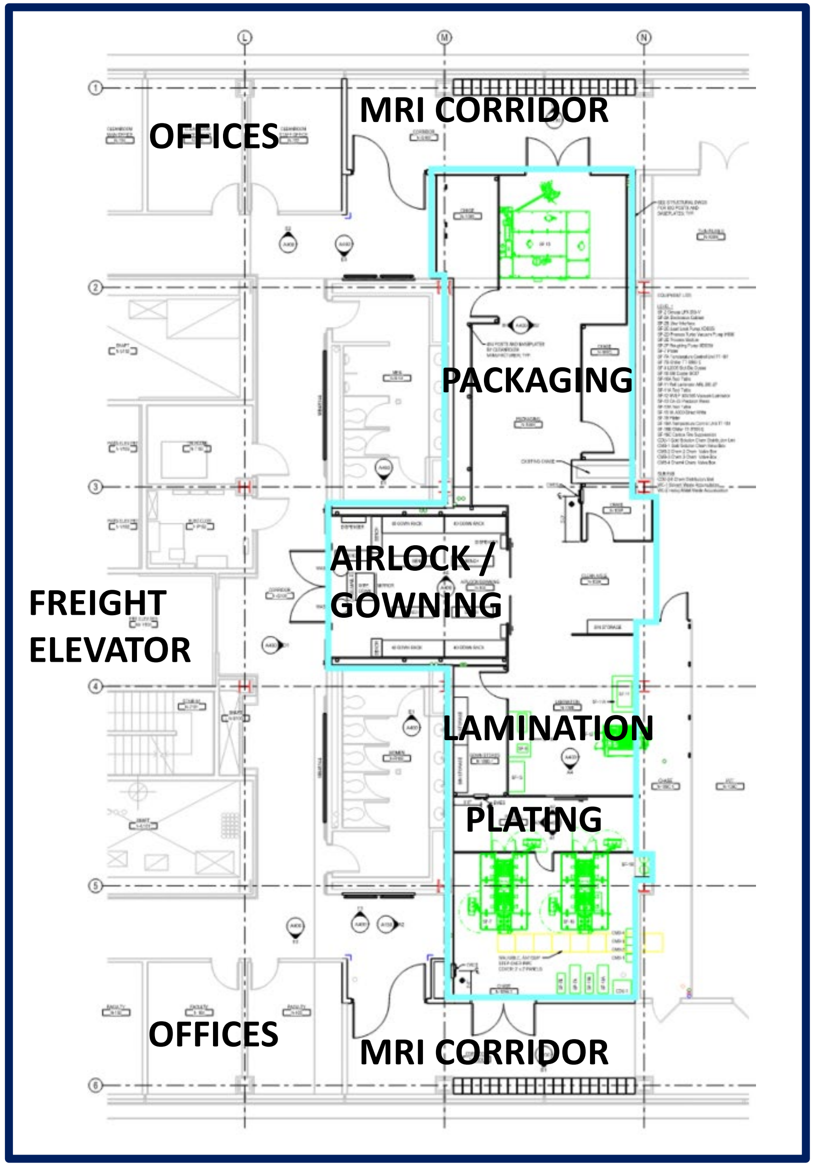
Existing – Phase 1



Proposed – Phase 1

Scope - Phase 1

- Existing research will benefit from additional tooling capabilities and opportunity for collaboration.
- Expansion of building systems and specialty lab systems.
- Larger and centralized Airlock / Gowning for personnel access and tool move-in.
- One existing lab converted - future build out space utilized
  - Net gain of 2,400 SF (19% increase).
- Packaging clean bay with K&S Aptura bonder tool.
- Lamination clean bay with specialized tools.
- Plating clean bay with ClassOne plater tool.



MSC Microchip Packaging Cleanroom – Phase 1, UP

Funding Sources	
University Wide	$ 5.6M
President's Strategic Fund	$ 4.4M
Gifts	$ 4.0M
OSVPR	$ 1.0M
TOTAL:	**$ 15.0M**

Schedule – Phase 1	
November 2025	BOT Project Approval
November 2025	Construction Start
August 2026	Construction Complete

Resolution

RESOLVED, That the Millennium Science Complex Microchip Packaging Cleanroom – Phase 1 project at University Park as designed by Stantec of Pittsburgh, Pennsylvania, is hereby authorized and approved.

FURTHER BE IT RESOLVED, That the officers of the University are hereby authorized to award contracts in the name and on behalf of University as they may deem necessary to accomplish the project and to expend funds for a total cost to the University of up to $15,000,000.

FURTHER BE IT RESOLVED, That the officers of the University are hereby authorized and directed, in the name and on behalf of the University, to prepare, execute, deliver, and perform any agreements, instruments, reports, filings and other documents, and to take or cause to be taken any and all such other actions, as any of such officers so acting deems necessary or appropriate to complete the project or to effectuate any of the foregoing resolutions.

McKee Hall Bathroom Renovations and Additional Bedrooms, University Park

Project Summary:

- Renovate original common bathrooms to shared private bathrooms; add bedrooms

Project Cost: $11.37M

- Consistent with '24-'28 Capital Plan

Project Impact

The project will enhance student well-being and strengthen recruitment by offering modern bathroom amenities throughout McKee Hall, while reducing operational risks caused by aging infrastructure. The project will also add 21 beds to the facility, increasing on-campus bed-count at University Park. These updates to McKee Hall will reduce maintenance costs, improve energy efficiency, and reflect the University’s commitment to student success. This investment supports long-term institutional growth and competitiveness.

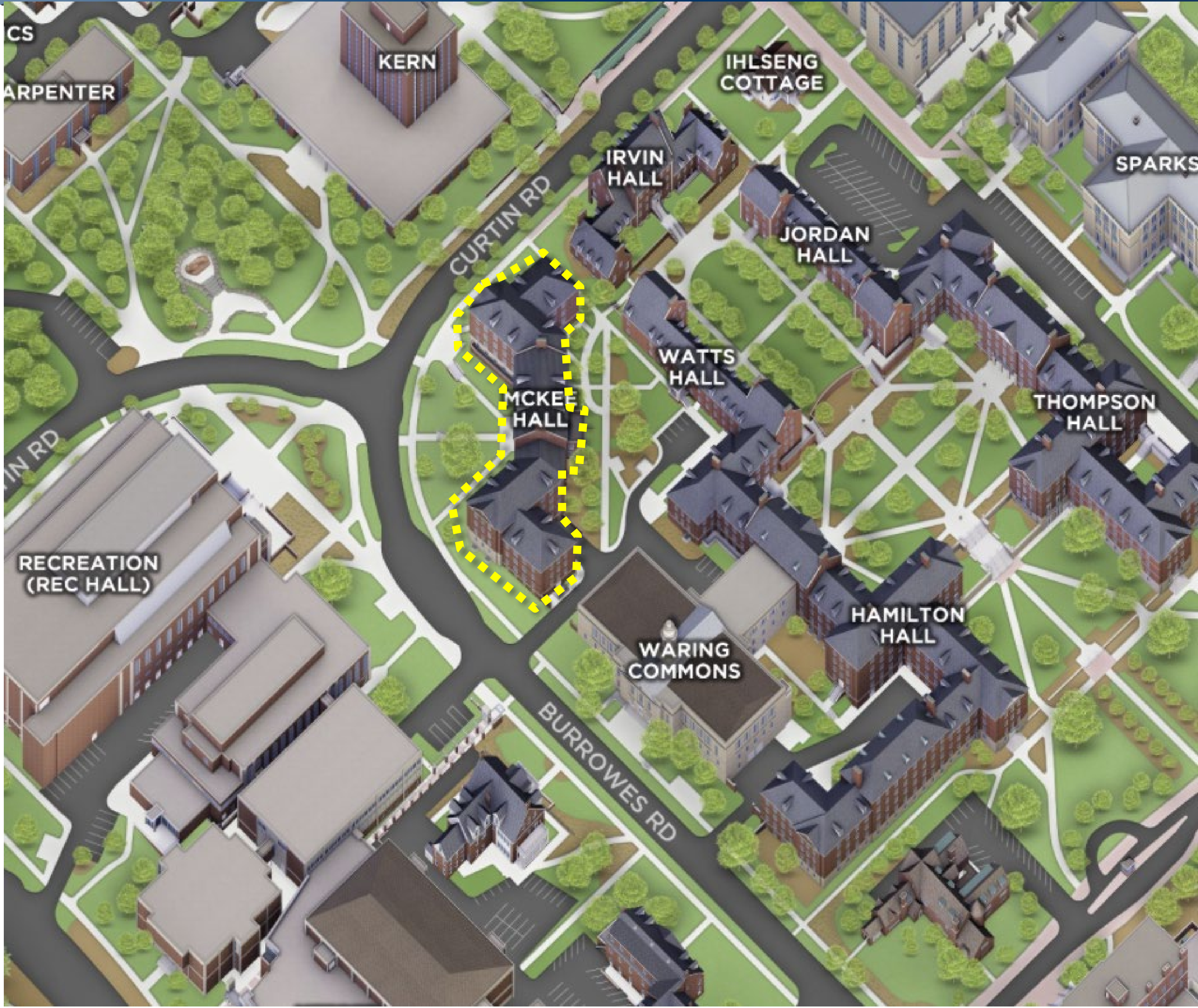
McKee Hall Bathroom Renovations and Additional Bedrooms, UP

West Halls

- Built 1923 – 1950
- 1,672 total beds
- 11% of UP undergrad housing
- Mostly doubles; many singles

McKee Hall

- Built 1950, 282 beds
  - 17% of West beds
- Original 75-Year-Old Bathrooms
  - 2 stacks of bathrooms in building



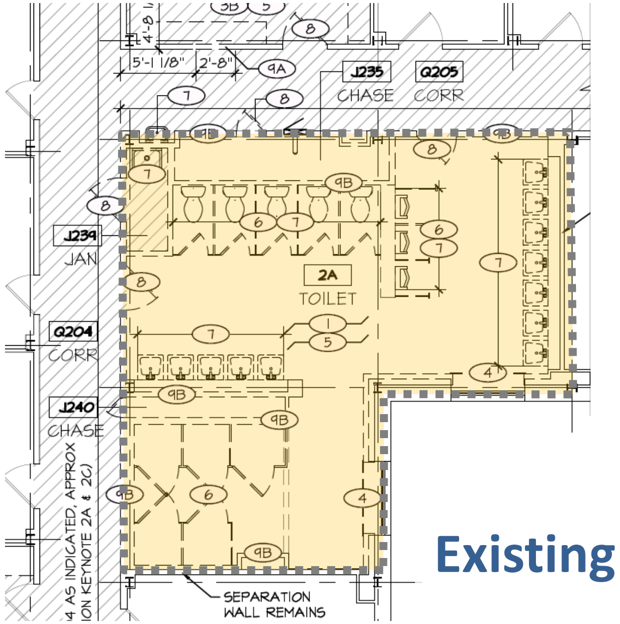
McKee Hall Bathroom Renovations and Additional Bedrooms, UP

Current Bathrooms

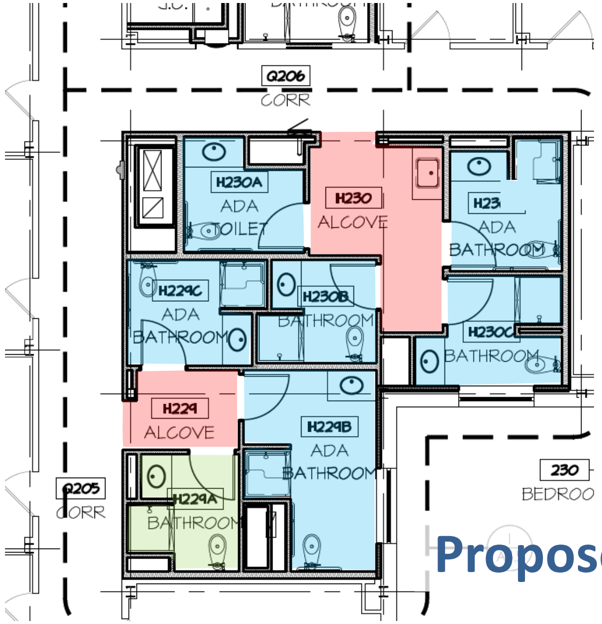
- Beyond end-of-life infrastructure
- Lack of privacy
- Not ADA compliant
- Outdated student experience

Program – New Bathrooms

- Shared Private Bathrooms
- "Wet Core" Open Sink Areas
- 1:6 Bathroom to Bed Ratio target



Existing



Proposed

Program – New Beds

- Add 19 beds in 7 rooms in attic
  - 3 double, 3 triple, and 1 quad rooms
  - adds triples & a quad to West Halls
- Add 2 beds throughout building
  - move/resize existing spaces
- Utilizes existing building features and amenities
  - 21 new beds is ~7% increase in building capacity

Comparable New Room – Thompson Hall

McKee Hall Bathroom Renovations and Additional Bedrooms, UP

Funding Sources	
HFS Reserves	$ 11.37M
TOTAL:	**$ 11.37M**

Schedule	
November 2025	BOT Project Approval
December 2025	Construction Start
August 2026	Construction Complete

Resolution

RESOLVED, That the McKee Hall Bathroom Renovations and Additional Bedrooms project at University Park as designed by Hoffman-Leakey of Bellefonte, Pennsylvania, is hereby authorized and approved.

FURTHER BE IT RESOLVED, That the officers of the University are hereby authorized to award contracts in the name and on behalf of University as they may deem necessary to accomplish the project and to expend funds for a total cost to the University of up to $11,370,000.

FURTHER BE IT RESOLVED, That the officers of the University are hereby authorized and directed, in the name and on behalf of the University, to prepare, execute, deliver, and perform any agreements, instruments, reports, filings and other documents, and to take or cause to be taken any and all such other actions, as any of such officers so acting deems necessary or appropriate to complete the project or to effectuate any of the foregoing resolutions.

331 Building Repurposing, Applied Research Laboratory, University Park

Project Summary:

- Fit out existing lease space at 331 Building in Innovation Park

Project Cost: $16.4 Million

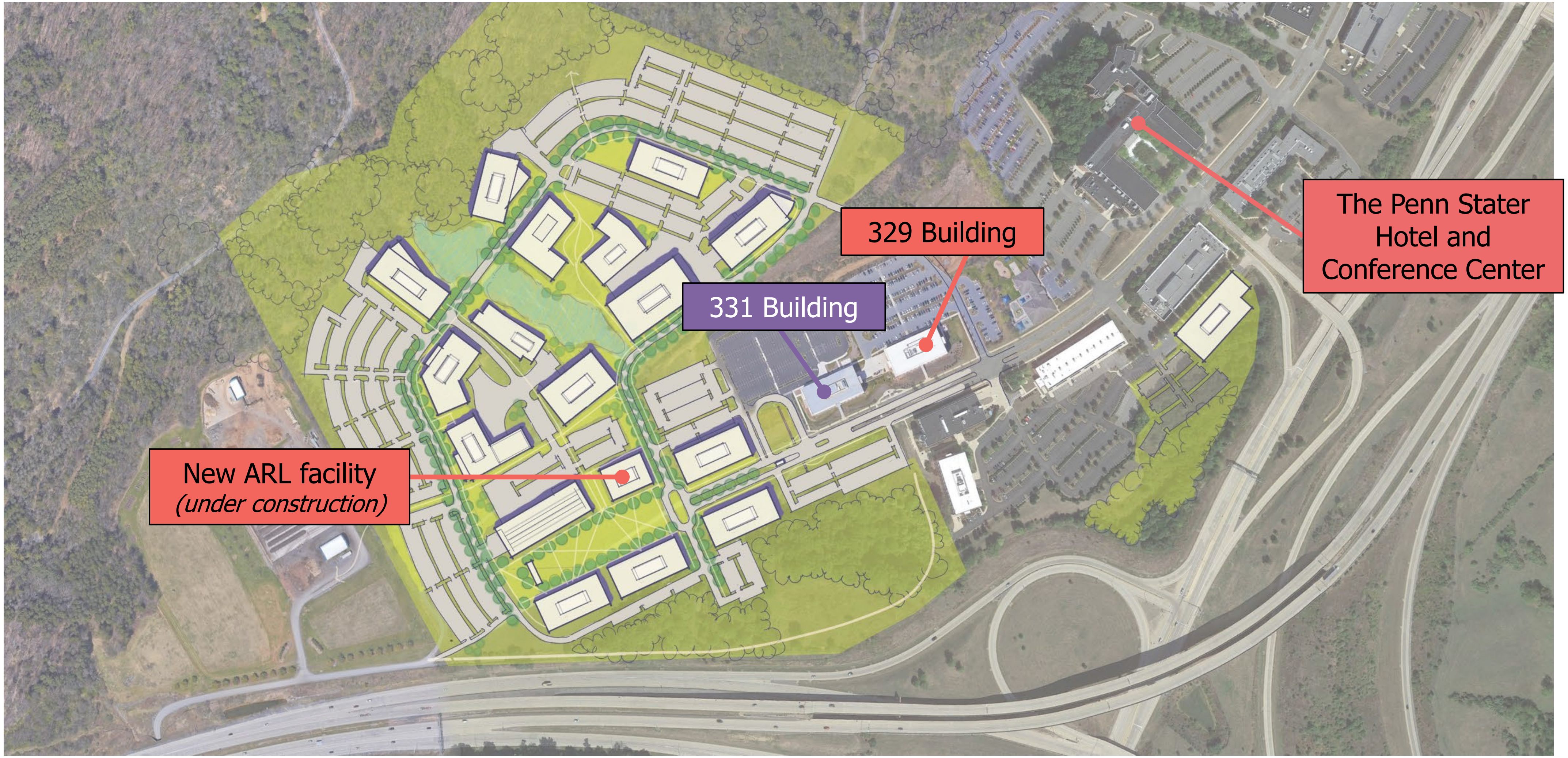
- Consistent with ’24-’28 Capital Plan

Project Impact

This project is the next step in implementing the ARL master plan and allows for the eventual end of occupancy in the ARL Main Lab building, which otherwise would require significant investment. The project will transition research and enterprise personnel to the newly repurposed space located in close proximity to other ARL facilities.

Situational Context

ARL Master Plan at Innovation Park – Presented to PDRB Jan. 2023



Assignable Program	Existing ASF *(Existing ARL facilities)*	331 Bldg. ASF
Office	20,561	19,338
Lab	8,193	8,753
Conference	4,567	6,191
Computing	2,025	1,589
Support	2,843	6,185
Total Assignable SF	38,189 ASF	42,056 ASF

331 Building Repurposing, UP

Funding Sources

ARL - Fee	$ 10.8M
ARL - Overhead (FY26/27)	$ 4.6M
Lease Allowance	$ 1.0M
TOTAL:	**$ 16.4M**

Schedule

November 2025	BOT Project Approval
November 2025	Construction Start
September 2026	Construction Complete

Resolution

RESOLVED, That the 331 Building Repurposing project at University Park as designed by HGA of Washington, D.C., is hereby authorized and approved.

FURTHER BE IT RESOLVED, That the officers of the University are hereby authorized to award contracts in the name and on behalf of University as they may deem necessary to accomplish the project and to expend funds for a total cost to the University of up to $16,400,000.

FURTHER BE IT RESOLVED, That the officers of the University are hereby authorized and directed, in the name and on behalf of the University, to prepare, execute, deliver, and perform any agreements, instruments, reports, filings and other documents, and to take or cause to be taken any and all such other actions, as any of such officers so acting deems necessary or appropriate to complete the project or to effectuate any of the foregoing resolutions.

Whitey Kurowski Field - Penn State Harrisburg

PennState

Whitey Kurowski Field – Penn State Harrisburg

Whitey Kurowski Field Resolution

RESOLVED, That the baseball field at Penn State Harrisburg be named the “Whitey Kurowski Field”.

The Pennsylvania State University

All-Funds Activity Reporting for Board of Trustees

Fiscal Year 2025: Final Reporting

Prepared by the Office of Budget and Finance

The Pennsylvania State University
All University Funds by Category ($ thousands)

University Funds	FY2025 Approved Budget	FY2025 Projection	FY2025 Actuals
University Education & General			
Revenues	$ 3,014,490	$ 3,043,095	$ 3,053,583
Expenditures	2,673,685	2,623,837	2,603,235
Transfers to (from)	(374,869)	(419,258)	(450,347)
Surplus (Deficit)	**(34,064)**	**-**	**-**
Land Scrip (College of Ag)			
Revenues	2,612	1,201	2,001
Expenditures	58,504	56,106	57,923
Transfers to (from)	55,892	55,180	55,295
Surplus (Deficit)	**-**	**276**	**(626)**
University Auxiliaries			
Revenues	502,487	589,577	590,447
Expenditures	397,899	430,080	433,634
Transfers to (from)	(104,587)	(159,497)	(156,814)
Surplus (Deficit)	**-**	**-**	**-**
University Capital			
Revenues	87,442	202,958	173,112
Expenditures	564,289	660,906	607,896
Transfers to (from)	201,850	217,217	327,169
Surplus (Deficit)	**(274,996)**	**(240,731)**	**(107,615)**
University Other Unrestricted			
Revenues	1,327,922	1,440,300	1,572,429
Expenditures	1,497,816	1,518,844	1,487,887
Transfers to (from)	225,195	308,378	211,538
Surplus (Deficit)	**55,301**	**229,834**	**296,081**
Total University Unrestricted			
Surplus (Deficit)	**(253,759)**	**(10,621)**	**187,840**
University Restricted			
Revenues	94,480	101,804	98,521
Expenditures	-	-	-
Transfers to (from)	(3,481)	(2,020)	13,159
Surplus (Deficit)	**90,999**	**99,784**	**111,680**
Total University Funds			
Revenues	5,029,433	5,378,936	5,490,094
Expenditures	5,192,193	5,289,773	5,190,575
Transfers to (from)	-	-	-
Surplus (Deficit)	**$ (162,760)**	**$ 89,163**	**$ 299,519**

The Pennsylvania State University
All University Funds by Category ($ thousands)

	FY2025 Approved Budget	FY2025 Projection	FY2025 Actuals
Subsidiaries			
Penn State Health			
Revenues	$ 4,255,030	$ 4,550,715	$ 4,587,042
Expenditures	4,212,281	4,503,736	4,497,864
Surplus (Deficit)	**42,749**	**46,979**	**89,178**
Penn College of Technology			
Revenues	176,784	175,500	191,598
Expenditures	181,785	176,300	184,691
Surplus (Deficit)	**(5,001)**	**(800)**	**6,907**
Penn State Health Eliminations			
Revenues	(153,215)	(151,120)	(170,307)
Expenditures	(153,215)	(151,120)	(170,307)
Surplus (Deficit)	**-**	**-**	**-**
Total Penn State University, Including Subsidiaries			
Revenues	9,308,032	9,954,031	10,098,427
Expenditures	9,433,044	9,818,689	9,702,823
Transfers to (from)	-	-	-
Surplus (Deficit)	**$ (125,012)**	**$ 135,342**	**$ 395,604**
University Full Accrual Operating Adjustments (*)			
Expenditures capitalized on balance sheet	*580,816*	*641,079*	*584,495*
Depreciation	*(384,374)*	*(392,485)*	*(395,688)*
	196,442	*248,594*	*188,807*
University Other Cash Flows Not Included Above			
Bond proceeds	*737,000*	*733,590*	*733,590*
Debt principal payments	*(95,005)*	*(95,034)*	*(95,034)*

(*) Nonoperating activities, including unrealized investment gain/loss and adjustments to post-retirement liabilities, among others, are not included here as these are not budgeted; inclusion of these activities is required for reconciliation to net activity as reported in the University's audited financial statements.

The Pennsylvania State University
E&G Funds - Activity ($ thousands)

	FY2025 Approved Budget	FY2025 Projection	FY2025 Actuals
Sources:			
State Appropriations	$ 317,753	$ 299,410	$ 299,410
Tuition And Fees	2,239,118	2,296,042	2,276,189
Investment Income	103,317	77,241	77,789
Academic Support from PSH	67,500	67,500	79,892
Grants and Contracts	153,161	166,128	174,156
Gifts and Pledges	-	877	2,193
Auxiliary/ Sales and Services	68,708	62,334	62,467
Other Revenues	64,931	73,563	81,487
Total Sources	**3,014,490**	**3,043,095**	**3,053,583**
Uses - Natural Classification **(*)**:			
Salaries and Wages	1,390,294	1,368,835	1,366,860
Fringe and Benefits	460,915	471,863	483,957
Maintenance-Repairs	35,814	16,623	12,496
Services	162,798	169,843	160,261
Equipment	73,035	64,950	61,449
Information Technology	79,356	77,644	70,533
Marketing-PR-Advertising	33,965	32,383	30,795
General Office Expense/Supplies	41,165	37,058	37,928
Travel and Conferences	34,825	33,099	30,826
Cost of Goods Sold	16,353	18,752	21,530
Utilities	15,290	18,696	19,240
Student Aid	298,874	289,139	283,196
Penn State Health Expenses	31,000	24,950	24,165
Total Uses	**2,673,685**	**2,623,837**	**2,603,235**
Net Transfers	(374,869)	(419,258)	(450,347)
Surplus / (Deficit)	**$ (34,064)**	**$ -**	**$ 0**
Beginning Fund Balance	812,173	812,173	812,173
Ending Fund Balance	**$ 778,108**	**$ 812,173**	**$ 812,173**

(*) *Functional* Breakdown of Uses Follows:

	FY2025 Approved Budget	FY2025 Projection	FY2025 Actuals
Instruction	*$ 747,251*	*$ 741,109*	*$ 726,231*
Research	*195,483*	*207,088*	*200,953*
Public Service	*42,960*	*41,707*	*44,156*
Academic Support	*581,104*	*576,077*	*576,484*
Student Services	*192,062*	*199,288*	*199,279*
Institutional Support	*481,927*	*450,403*	*439,849*
Auxiliary Enterprise	*1,684*	*1,267*	*2,281*
Physical Plant	*202,671*	*176,535*	*180,746*
Student Aid	*228,543*	*230,363*	*233,256*
	$ 2,673,685	***$ 2,623,837***	***$ 2,603,235***

The Pennsylvania State University

All Funds - Activity ($ thousands)

	FY2025 Approved Budget	FY2025 Projection	FY2025 Actuals
Sources:			
State Appropriations	$ 317,753	$ 299,410	$ 299,410
Tuition And Fees	2,239,510	2,297,303	2,277,647
Investment Income	345,358	334,225	411,370
Academic Support from PSH	67,500	68,233	79,892
Grants and Contracts	1,111,333	1,268,641	1,261,270
Gifts and Pledges	207,058	278,688	303,663
Auxiliary/ Sales and Services	662,953	731,810	745,700
Other Revenues	77,969	100,627	111,142
Total Sources	**5,029,433**	**5,378,936**	**5,490,094**
Uses - Natural Classification **(*)**:			
Salaries and Wages	2,106,553	2,145,235	2,161,462
Fringe and Benefits	691,538	688,495	704,186
Maintenance-Repairs	564,274	558,712	542,636
Services	619,642	689,594	618,827
Equipment	216,838	203,364	172,846
Information Technology	142,102	165,921	142,552
Marketing-PR-Advertising	37,231	35,620	34,158
General Office Expense/Supplies	104,089	104,123	108,156
Travel and Conferences	86,159	86,130	89,359
Cost of Goods Sold	104,750	112,458	113,826
Utilities	57,556	47,100	44,767
Student Aid	430,463	427,623	432,905
Penn State Health Expenses	31,000	25,400	24,895
Total Uses	**5,192,193**	**5,289,773**	**5,190,575**
Net Transfers	-	-	-
Surplus / (Deficit)	**$ (162,760)**	**$ 89,163**	**$ 299,519**
Beginning Fund Balance	6,674,383	6,674,383	6,674,383
Ending Fund Balance	**$ 6,511,623**	**$ 6,763,546**	**$ 6,973,902**

(*) *Functional* Breakdown of Uses Follows:

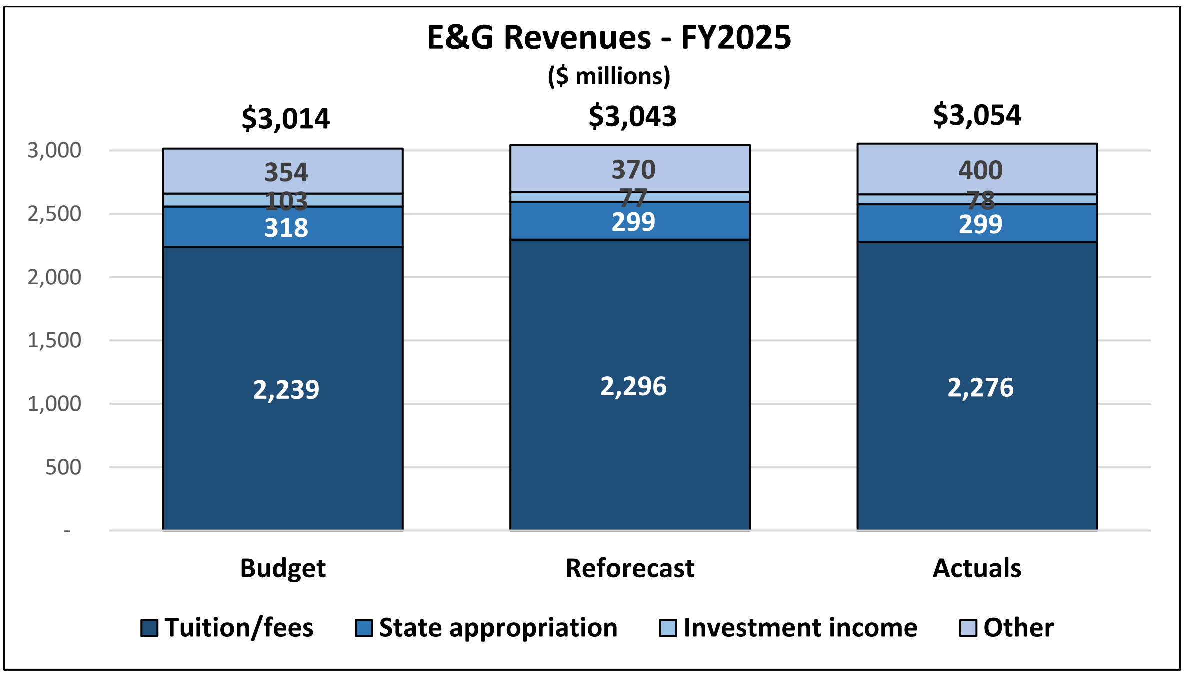
Instruction	*$ 786,222*	*$ 764,245*	*$ 751,284*
Research	*988,892*	*1,166,983*	*1,099,128*
Public Service	*195,406*	*184,173*	*189,977*
Academic Support	*664,919*	*659,798*	*659,565*
Student Services	*214,303*	*229,608*	*228,728*
Institutional Support	*674,227*	*657,702*	*627,968*
Auxiliary Enterprise	*461,032*	*485,752*	*456,728*
Physical Plant	*884,975*	*817,519*	*843,646*
Student Aid	*322,218*	*323,993*	*333,551*
	$ 5,192,193	***$ 5,289,773***	***$ 5,190,575***

Notes on FY2025 Actual Results

Education and General (E&G) Funds

Sources / Revenues

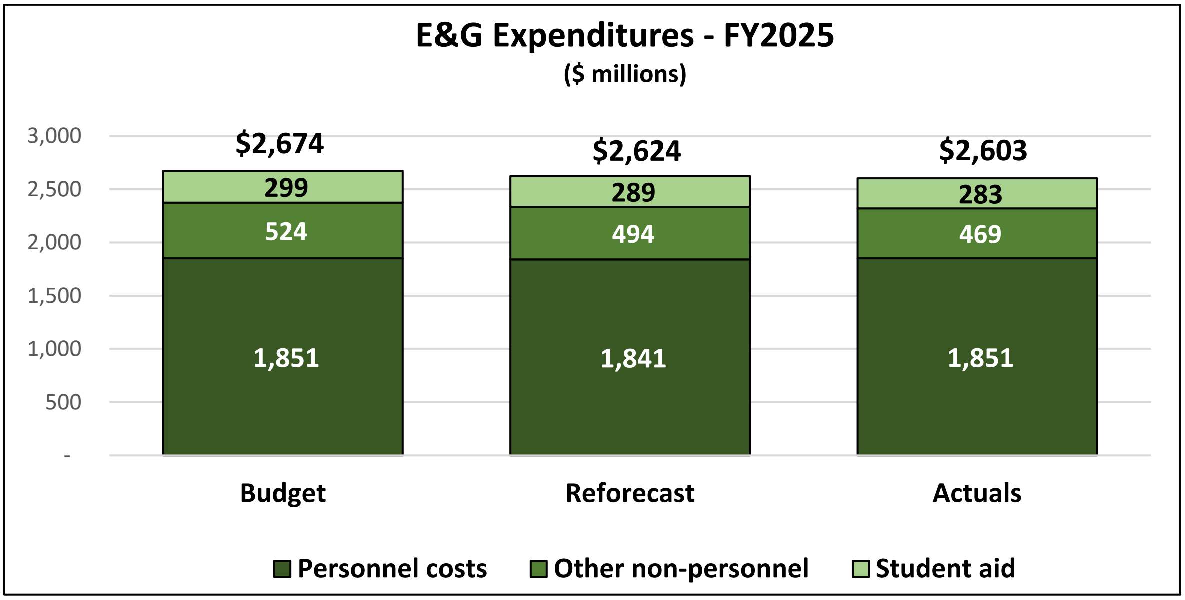
- Revenues of $3.05 billion were ultimately realized in FY2025, an increase of $10.5 million from the FY2025 projection presented previously.
- The *Academic Support* payment to the College of Medicine from Penn State Health was $12.4 million higher than projected; the payment from Penn State Health is formula driven and based on three-year averages, and improvements in PSH operating results resulted in a larger ultimate payment in FY2025.
- *Tuition and Fees* were $19.8 million lower than projected due to the deferral of summer tuition to FY2026 based on the start-date of the summer term.
- *Grants and Contracts* revenues were higher than projected by $8.0 million due to higher-than-anticipated indirect costs recoveries from sponsored research.
- *Other Revenues* were higher than projected by $7.8 million, mostly in the College of Medicine due to higher occupancy fee reimbursements from Penn State Health.



Uses / Expenditures

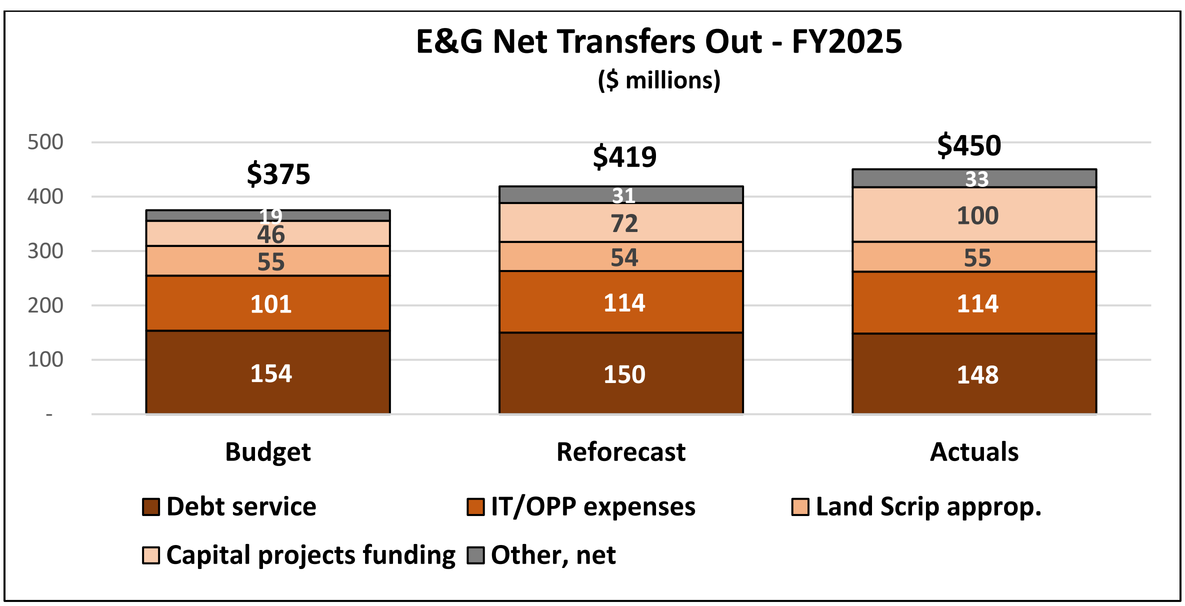
- Expenditures of $2.60 billion were ultimately incurred in FY2025, a decrease of $20.6 million from the FY2025 projection presented previously.
- Personnel costs were $10.1 million more than projected, due mostly to group insurance expense coming in higher than estimated.
- *Student Aid* expense was $5.9 million less than due to a run rate being used to forecast and actual expense coming in lower.
- All other natural expense categories were down a collective $24.7 million from projection due to improvements in actuals as compared to historic run rates.

- Note that E&G *Student Aid* expense contains tuition discount benefit for both employees and their dependents, totaling $5.1 million and $39.4million in FY2025, respectively, which is not inclusive of the grandfathered dependent tuition discount available to certain employees of the Milton S. Hershey Medical Center (an entity of Penn State Health).



Transfers

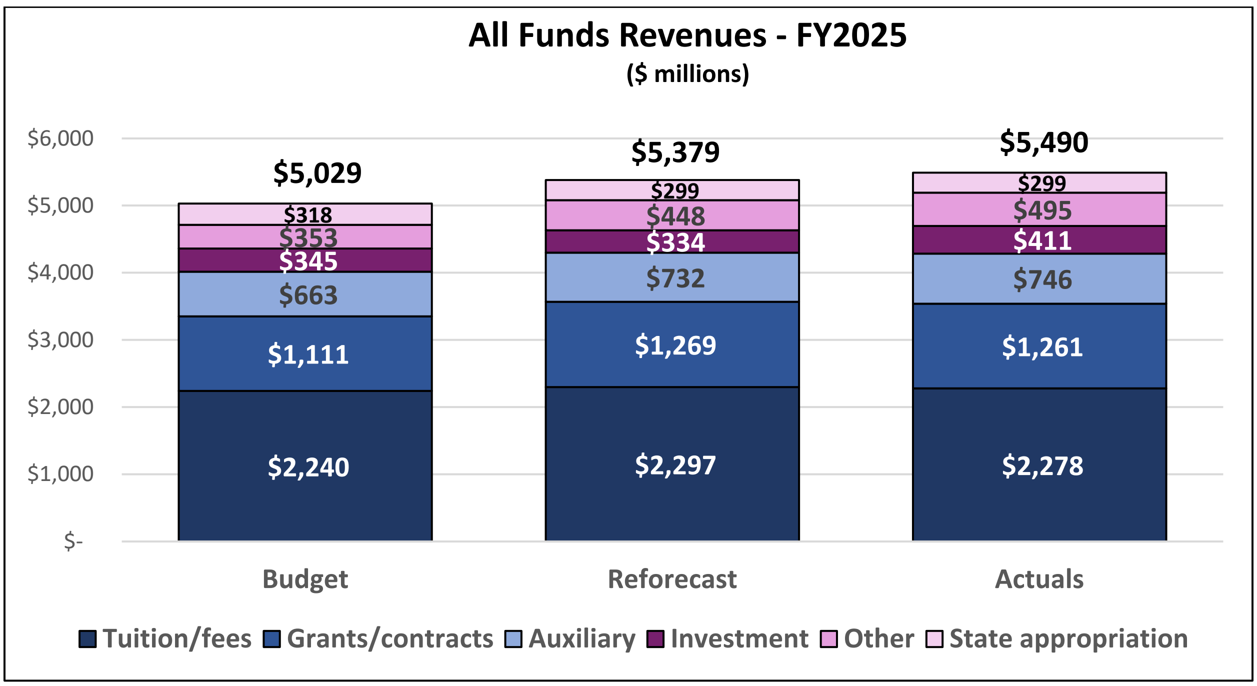
- Funds totaling $450.3 million were transferred from E&G to other fund types (net of transfers in), an increase of $31.1 million from the FY2025 projection presented previously and $75.5 million more than originally budgeted.
- Transfers from units for the funding of capital projects accounted for most of the increase in net transfers out over what was previously projected.



<u>All Funds</u>

Sources / Revenues

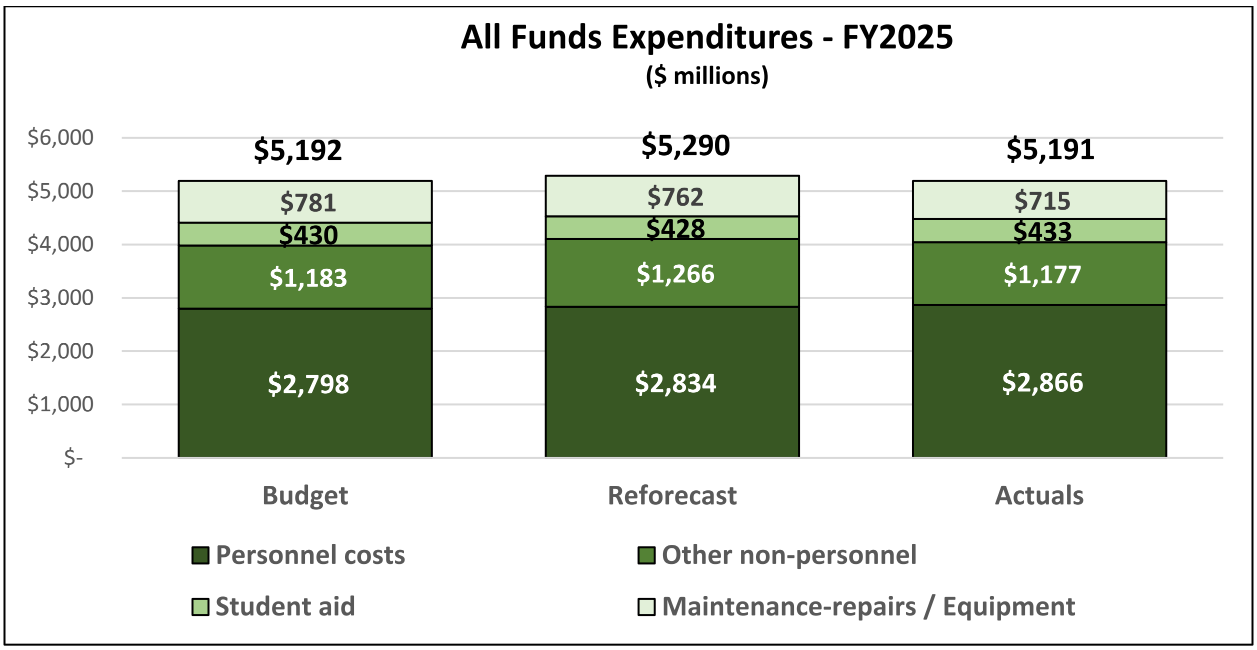
- Revenues of $5.49 billion were ultimately realized in FY2025, an increase of $111.2 million from the FY2025 projection presented previously.
- *Investment Income* was $77.1 million higher than projected, with investments comfortably outperforming conservative expectations anticipating more volatility than what was actually experienced in the last quarter of the fiscal year.
- *Gifts and Pledges* revenues outperformed the projection by $25.0 million, with the most notable positive variances to projection as follows:
  - Intercollegiate Athletics by $15.4 million
  - College of Medicine by $5.0 million
  - Agriculture by $4.4 million
- *Auxiliary Sales and Services* revenues were favorable to projection by $13.9 million, with the most notable increases as follows:
  - Agriculture by $5.9 million
  - Auxiliary and Business Services by $3.2 million
  - University Health Services by $2.7 million
- Note the commentary included above in the E&G Funds section related to *Tuition and Fees*, *Academic Support from PSH*, and *Other Revenues* revenue categories.



Uses / Expenditures

- Expenditures of $5.19 billion were ultimately incurred in FY2025, a decrease of $99.2 million from the FY2025 projection presented previously.
- Personnel expenses exceeded projection by $31.9 million due to group insurance and non-E&G salaries, but non-personnel expenses came in under projection by a combined net of $131.1 million.

- *Services* expenses were under projection by $70.8 million, most notably in Health and Human Development ($22.1 million), centrally ($18.1 million), Auxiliary and Business Services ($18.1 million), Agriculture ($16.7 million), and Engineering ($15.7 million).
    - Collectively across all areas, the positive variance to projection was experienced mainly in Capital/Plant funds ($41.3 million) and Other Unrestricted funds ($21.6 million).
- *Maintenance-Repairs*, *Equipment*, and *Information Technology* expenses had a combined $70.0 million favorable variance to projection, most notably in Auxiliary and Business Services ($32.1 million), Applied Research Lab ($31.4 million), and Penn State IT ($9.8 million).
    - Collectively across all areas, the positive variance to projection was experienced mainly in Other Unrestricted funds ($39.1 million), in E&G funds ($14.7 million), and in Capital/Plant funds ($12.5 million).
- From a functional expense standpoint, the positive variances to projection noted above related to college units and ARL are the driver for the decrease in *Research* expenses compared to projection. Similarly, the positive variances to projection for Auxiliary and Business Services and Penn State IT result in less *Auxiliary Enterprise* and *Institutional Support* functional expenses, respectively, compared to projection.



Funding of Central Capital Reserves

Non-endowed funds' investment income totaling $108.7 million was added to central University capital reserves in FY2025 to fund capital needs including deferred maintenance. This is down from the $145.9 million moved to central reserves in FY2024, primarily due to a realized loss in FY25 of $29 million.

Reconciliation: All Funds Reporting to Audited Financial Statements
Modified Cash Basis Surplus to Increase in Net Assets
FY2025
(all $ millions)

	All-Funds, University Only, Modified Cash	Depreciation / Asset Disposal	Capital Expenditures / Gifts	Subsidiary Consolidation (*)	Other Accrual Adjustments (A)	Consolidated, Full Accrual
Education & General						
Revenue	$ 3,053.6	$ -	$ 14.7			$ 3,068.3
Expense	2,603.2	267.5	(20.4)			2,850.3
Transfer	(450.3)	-	-			(450.3)
Net surplus / deficit	-	(267.5)	35.1			(232.4)
Land Scrip						
Revenue	2.0	-	0.1			2.1
Expense	57.9	1.6	(1.3)			58.2
Transfer	55.3	-	-			55.3
Net surplus / deficit	(0.6)	(1.6)	1.5			(0.8)
Auxiliaries						
Revenue	590.4	-	-			590.4
Expense	433.6	0.9	(2.0)			432.6
Transfer	(156.8)	-	-			(156.8)
Net surplus / deficit	-	(0.9)	2.0			1.1
Capital/Plant Funds						
Revenue	173.1	-	-			173.1
Expense	607.9	112.3	(527.7)			192.4
Transfer	327.2	-	-			327.2
Net surplus / deficit	(107.6)	(112.3)	527.7			307.8
Other Unrestricted						
Revenue	1,572.4	-	-			1,572.4
Expense	1,487.9	20.8	(31.9)			1,476.7
Transfer	211.5	-	-			211.5
Net surplus / deficit	296.1	(20.8)	31.9			307.2
All Funds - Unrestricted Subtotal						
Revenue	**5,391.6**	**-**	**14.9**			**5,406.5**
Expense	**5,190.6**	**403.0**	**(583.3)**			**5,010.3**
Transfer	**(13.2)**	**-**	**-**			**(13.2)**
Net surplus / deficit	**187.8**	**(403.0)**	**598.2**			**383.0**
Restricted						
Revenue	98.5	-	-			98.5
Expense	-	-	-			-
Transfer	13.2	-	-			13.2
Net surplus / deficit	111.7	-	-			111.7
All-Funds, Total						
Revenue	5,490.1	-	14.9			**5,505.0**
Expense	5,190.6	403.0	(583.3)			**5,010.3**
Transfer	-	-	-			**-**
Net surplus / deficit	**$ 299.5**	**$ (403.0)**	**$ 598.2**			**$ 494.7**

Reconciliation: All Funds Reporting to Audited Financial Statements
Modified Cash Basis Surplus to Increase in Net Assets
FY2025
(all $ millions)

	All-Funds, University Only, Modified Cash	**Depreciation / Asset Disposal**	**Capital Expenditures / Gifts**	**Subsidiary Consolidation (*)**	**Other Accrual Adjustments (A)**	**Consolidated, Full Accrual**
Financial Statement-Level Funds						
Revenue				$ 4,825.0	$ (394.2)	$ 4,430.9
Expense				4,721.6	(858.0)	3,863.6
Transfer				-	-	-
Net surplus / deficit				103.5	463.9	567.3
University Consolidated - Total						
Revenue	**5,490.1**	**-**	**14.9**	**4,825.0**	**(394.2)**	**9,935.9**
Expense	**5,190.6**	**403.0**	**(583.3)**	**4,721.6**	**(858.0)**	**8,873.8**
Transfer	**-**	**-**	**-**	**-**	**-**	**-**
Net surplus / increase in net asset	**$ 299.5**	**$ (403.0)**	**$ 598.2**	**$ 103.5**	**$ 463.9**	**$ 1,062.0**

(*) Note that Subsidiary revenues and expenses include those of Penn State Health as well as the Corporation for Penn State subsidiaries, including Penn College of Technology, Ben Franklin, and others.

(A) Accrual adjustments include:

Revenues

$ 376.0	*Net unrealized investment gain*
(303.0)	*Tuition discounting*
(312.3)	*Elimination of indirect cost recoveries*
(232.2)	*Elimination of intra-University / intra-co. revenues*
69.6	*Contributions / gifts receivable adjustments*
7.7	*Other net revenue adjustments*
$ (394.2)	

Expenses

$ (303.0)	*Tuition discounting*
(312.3)	*Elimination of indirect cost recoveries*
(232.2)	*Elimination of intra-University / intra-co. revenues*
(7.5)	*Reduction in post-retirement liability*
(7.1)	*Various accrual adjustments*
4.0	*Other net expense adjustments*
$ (858.0)	

The Pennsylvania State University

All-Funds Activity Reporting for Board of Trustees

Fiscal Year 2026, Through September 30, 2025

(Quarter 1)

Prepared by the Office of Budget and Finance

Table of Contents

1. All University Funds by Category
2. Education and General (E&G) Funds: Activity
3. All University Funds: Activity
4. Notes on Activity

The Pennsylvania State University
All University Funds by Category ($ thousands)

	FY2025 Actual Year End	FY2026 Approved Budget	FY2025 Actuals thru September	FY2026 Actuals thru September
University Education & General				
Revenues	$ 2,816,222	$ 2,933,210	$ 1,228,152	$ 1,136,884
Expenditures	2,440,791	2,571,255	694,073	682,025
Transfers from (to) other funds	(375,431)	(361,955)	(122,719)	(94,255)
Surplus (Deficit)	**-**	**-**	**411,360**	**360,605**
Land Scrip (College of Ag)				
Revenues	2,001	2,050	623	295
Expenditures	57,923	57,303	12,012	11,893
Transfers from (to) other funds	55,295	54,208	54,136	54,130
Surplus (Deficit)	**(626)**	**(1,045)**	**42,747**	**42,532**
University Auxiliaries				
Revenues	590,447	566,697	192,419	190,064
Expenditures	433,634	425,631	94,400	99,846
Transfers from (to) other funds	(156,814)	(141,065)	(17,770)	(17,767)
Surplus (Deficit)	**-**	**-**	**80,249**	**72,451**
University Capital				
Revenues	173,112	122,137	4,633	37,339
Expenditures	607,896	845,569	194,887	225,209
Transfers from (to) other funds	327,169	302,213	(108,682)	18,237
Surplus (Deficit)	**(107,615)**	**(421,219)**	**(298,935)**	**(169,633)**
University Other Unrestricted				
Revenues	1,809,790	1,606,829	392,838	374,953
Expenditures	1,650,331	1,719,414	380,241	416,635
Transfers from (to) other funds	136,622	142,793	195,202	39,127
Surplus (Deficit)	**296,081**	**30,208**	**207,799**	**(2,555)**
Total University Unrestricted				
Surplus (Deficit)	**187,840**	**(392,055)**	**443,219**	**303,399**
University Restricted				
Revenues	98,521	69,357	17,375	21,122
Expenditures	-	-	-	-
Transfers from (to) other funds	13,159	3,806	(168)	529
Surplus (Deficit)	**111,680**	**73,163**	**17,207**	**21,651**
Total University Funds				
Revenues	5,490,094	5,300,280	1,836,040	1,760,659
Expenditures	5,190,575	5,619,172	1,375,614	1,435,608
Transfers from (to) other funds	-	-	-	-
Surplus (Deficit)	**$ 299,519**	**$ (318,892)**	**$ 460,426**	**$ 325,051**

Note that College of Medicine funds have been moved wholly out of E&G starting in FY2026. In order to facilitate a better comparison, FY2025 actuals amounts in this report have been updated to likewise move activity previously recorded as E&G to Other Unrestricted funds, which results in differences between the FY2025 All Funds reporting as originally presented at previous meetings.

The Pennsylvania State University
E&G Funds - Activity ($ thousands)

	FY2025 Actuals	FY2026 Approved Budget	FY2025 Through September	FY2026 Through September
Sources:				
State Appropriations	$ 295,310	$ 299,410	$ 78,637	$ -
Tuition And Fees	2,232,227	2,283,542	1,061,150	1,069,532
Investment Income	77,789	162,312	38,597	20,528
Academic Support from PSH	-	-	-	-
Grants and Contracts	136,244	125,985	30,373	29,205
Gifts and Pledges	1,338	-	-	0
Auxiliary/ Sales and Services	58,636	55,517	17,195	15,992
Other Revenues	14,678	6,443	2,200	1,628
Total Sources	**2,816,222**	**2,933,210**	**1,228,152**	**1,136,884**
Uses - Natural Classification **(*)**:				
Salaries and Wages	1,295,710	1,328,171	359,427	346,994
Fringe and Benefits	462,189	461,165	110,838	118,592
Maintenance-Repairs	5,502	12,015	2,029	2,915
Services	147,916	143,128	24,768	24,122
Equipment	55,982	85,937	9,221	9,291
Information Technology	73,124	90,521	29,721	34,089
Marketing-PR-Advertising	30,669	35,121	3,868	3,674
General Office Expense/Supplies	31,557	47,760	6,391	6,968
Travel and Conferences	29,857	40,332	4,416	3,946
Cost of Goods Sold	21,528	16,230	5,486	5,368
Utilities	13,616	13,736	2,370	2,721
Student Aid	273,141	297,139	135,538	123,344
Penn State Health Expenses	-	-	-	-
Total Uses	**2,440,791**	**2,571,255**	**694,073**	**682,025**
Net Transfers	(375,431)	(361,955)	(122,719)	(94,255)
Surplus / (Deficit)	**$ -**	**$ -**	**$ 411,360**	**$ 360,605**

(*) *Functional* Breakdown of Uses Follows:

	FY2025 Actuals	FY2026 Approved Budget	FY2025 Through September	FY2026 Through September
Instruction	*$ 714,278*	*$ 762,729*	*$ 72,207*	*$ 57,677*
Research	*169,132*	*182,622*	*24,572*	*26,213*
Public Service	*44,071*	*48,275*	*11,108*	*10,266*
Academic Support	*529,809*	*507,562*	*112,969*	*114,236*
Student Services	*197,406*	*215,006*	*46,877*	*45,006*
Institutional Support	*395,823*	*438,779*	*300,512*	*310,078*
Auxiliary Enterprise	*-*	*-*	*31*	*932*
Physical Plant	*161,727*	*188,464*	*37,098*	*38,680*
Student Aid	*228,544*	*227,819*	*88,698*	*78,936*
	$ 2,440,791	***$ 2,571,255***	***$ 694,073***	***$ 682,025***

The Pennsylvania State University
All Funds - Activity ($ thousands)

	FY2025 Actuals	FY2026 Approved Budget	FY2025 Through September	FY2026 Through September
Sources:				
State Appropriations	$ 299,410	$ 299,410	$ 79,662	$ -
Tuition And Fees	2,277,647	2,329,045	1,083,207	1,093,525
Investment Income	411,370	390,221	69,795	46,484
Academic Support from PSH	79,892	70,000	16,250	17,715
Grants and Contracts	1,261,270	1,186,648	298,595	318,867
Gifts and Pledges	303,663	209,043	38,451	41,079
Auxiliary/ Sales and Services	745,700	728,053	226,124	215,151
Other Revenues	111,142	87,860	23,957	27,837
Total Sources	**5,490,094**	**5,300,280**	**1,836,040**	**1,760,659**
Uses - Natural Classification **(*)**:				
Salaries and Wages	2,161,462	2,183,177	552,173	543,170
Fringe and Benefits	704,186	700,686	162,660	174,603
Maintenance-Repairs	542,636	883,009	177,459	210,897
Services	618,827	606,071	118,397	138,451
Equipment	172,846	184,781	37,086	36,431
Information Technology	142,552	152,379	56,296	61,310
Marketing-PR-Advertising	34,158	38,612	4,769	4,901
General Office Expense/Supplies	108,156	124,999	23,632	24,692
Travel and Conferences	89,359	98,417	14,712	12,821
Cost of Goods Sold	113,826	103,144	26,732	26,765
Utilities	44,767	57,294	9,416	11,429
Student Aid	432,905	455,604	185,945	184,196
Penn State Health Expenses	24,895	31,000	6,336	5,943
Total Uses	**5,190,575**	**5,619,172**	**1,375,614**	**1,435,608**
Net Transfers	-	-	-	-
Surplus / (Deficit)	**$ 299,519**	**$ (318,892)**	**$ 460,426**	**$ 325,051**

(*) *Functional* Breakdown of Uses Follows:

Instruction	*$ 751,284*	*$ 789,314*	*$ 80,213*	*$ 65,412*
Research	*1,099,128*	*1,083,886*	*233,067*	*245,443*
Public Service	*189,977*	*184,231*	*41,727*	*42,851*
Academic Support	*659,565*	*656,363*	*140,988*	*143,348*
Student Services	*228,728*	*247,828*	*54,274*	*52,073*
Institutional Support	*627,968*	*743,944*	*360,064*	*371,352*
Auxiliary Enterprise	*456,728*	*464,211*	*94,396*	*110,475*
Physical Plant	*843,646*	*1,103,207*	*245,596*	*277,848*
Student Aid	*333,551*	*346,189*	*125,290*	*126,806*
	$ 5,190,575	***$ 5,619,172***	***$ 1,375,614***	***$ 1,435,608***

Notes on E&G Funds

As noted previously, College of Medicine funds have been moved wholly out of E&G starting in FY2026. In order to facilitate a better comparison, FY2025 actuals amounts in this report have been updated to likewise move activity previously recorded as E&G to Other Unrestricted funds, which results in differences between the FY2025 interim reporting.

Sources (Revenues)

- Revenues of $1.14 billion, or 39% of the annual approved E&G budget, have been recorded through September 30.
- Overall revenues are down $91.3 million, or 7%, from the same three-month period in FY2025, due primarily to the following:
    - No *State Appropriations* revenue has been received thus far in FY2026 due to the state budget impasse; *State Appropriations* are budgeted to be flat for FY2026.
    - Investment Income is down $18 million due to the change in how investment income is recorded in E&G vs. Other Unrestricted funds in FY25, which was enacted later in the fiscal year. Accordingly, Q1 of FY25 includes $14.5 million of non-endowed funds investment income that was later reclassed to Other Unrestricted.

Uses (Expenses)

- Expenses of $682 million, or 27% of the annual approved E&G budget, have been incurred through September 30.
- Overall expenses are down $12.0 million, or 2%, from the same three-month period in FY2025.
    - Personnel expenses are down $4.7 million, or 1%, with a decrease in salary expense of $12.4 million due to inclusion of VSIP payments in Q1 of FY2025 offset by an increase in benefits (mostly group insurance) of $7.8 million.
- Non-personnel expenses are down a collective $7.4 million, or 3%, with a marked decrease in *Student Aid* expense due to the absence of UP Athletics waivers (compared to $11.3 million in Q1 of FY2025) as Athletics is now funding these directly.
- Note that E&G *Student Aid* expense contains tuition discount benefit for both employees and their dependents, totaling $2.1 million and $16.9 million in Q1 FY2026, respectively, which is not inclusive of the grandfathered dependent tuition discount available to certain Milton S. Hershey Medical Center (an entity of Penn State Health) employees.
- From the Functional expense viewpoint, *Institutional Support* expenses are temporarily inflated through Q1 (which was also the case in Q1 of FY2025) due to the mechanics of the annual salary increase process.

Transfers

- Net transfers out of E&G funds in the first quarter of FY2026 total $94.3 million, down $28.5 million from the Q1 of FY2025, primarily due to the lack of a monthly College of Medicine close-out entry starting in FY2026.

Notes on All Funds

Sources (Revenues)

- Revenues of $1.76 billion, or 33% of the annual approved All Funds budget, have been recorded through September 30.
- Overall revenues are down $75.4 million, or 4%, from the same three-month period in FY2025.
    - As noted previously, no *State Appropriations* have been received thus far in FY2026, whereas $79.7 million had been received in Q1 of FY2025.
    - *Tuition and Fees* revenue is up $10.3 million, or 1%. This represents less of an increase than the year-over-year increase from FY24 to FY25 (end of Q1), which amounted to $35.6 million, or 3%.
        - The more modest increase this year is due to an overall decrease in enrollment University wide, offset by Board-approved tuition rate increases for FY2026.
    - *Grants and Contracts* revenues are up by $20.3 million, or 7%, with most notable increases as follows:
        - Health and Human Development up $8.5 million
        - College of Medicine up $6.7 million
        - Office of Sr. VP of Research up $2.1 million
    - *Investment Income* is down $23.3 million, due primarily to less realized gains in LTIP than what was experienced in Q1 of FY2025.
- *Auxiliary / Sales and Services* revenues are down $11.0 million, primarily due to reversals of Athletics 6/30/2025 receivables, which remain uncollected through the end of September.

Uses (Expenses)

- Expenses of $1.44 billion, or 26% of the annual approved All Funds budget, have been incurred through September 30.
- Overall expenses are up $60.0 million – or 4% – from the same three-month period in FY2025.
    - Personnel expenses are up by $2.9 million, or 0.4%.
    - Non-personnel expenses are up $57.1 million, or 9%, impacted by the following:
        - $33.4 million increase over Q1 FY2025 in construction costs (dependent on timeline of major capital projects, including the Beaver Stadium renovation).
        - $7.7 million increase in interest expense.
        - $7.1 million for the purchase of the Beta Theta Pi house (will be capitalized in accrual financial statements).
        - $6.0 million increase in sponsored research related spend.
- From the Functional expense viewpoint, *Institutional Support* expenses are temporarily inflated as discussed E&G detail above, and also up (more than temporarily) due to higher interest expense.
- *Physical Plant* expenses are also up, mirroring the increase in the *Maintenance-Repairs* natural expense category.

Financial Metrics
As of June 30, 2025

Presentation to

Board of Trustees

Office of Budget and Finance

November 2025

PennState

	Metric/Ratio	Category	Objective	Measure	Target	As of June 30, 2025	As of June 30, 2024	Note
1	**Spendable Cash/Investments to Operating Expenses**	Liquidity	To measure the University's ability to function using existing spendable cash/investments without relying on additional revenues	Cash plus investments minus perm. restricted endowments / annual operating expenses	1.5x	1.52x	1.49x	
2	**Debt Burden Ratio**	Debt Management	To measure debt service's (principal + interest payments) contribution to annual expenses	Annual debt service / annual operating expenses	< 4.0%	3.2%	3.2%	A
3	**Operating Margin**	Operating Results	To ensure the University is living within its means and budget	(Operating revenues - expenses) / operating revenues	> 5.0%	9.9%	9.3%	B
4	**Unrestricted Contributions**	Operating Results	To measure extent to which philanthropic support is funding annual operations	Unrestricted contributions / operating revenues	> 3.5%	4.0%	2.3%	
5	**Physical Asset Reinvestment**	Asset Performance	To ensure sufficient investment in capital	Capital expenditures / depreciation expense	> 120%	159%	155%	
6	**Maintenance Backlog**	Asset Performance	To compare outstanding maintenance requirements to University Reserves	Maintenance backlog / University Reserves	< 75%	93%	93%	C
7	**Tuition Dependency**	Other Metrics	To measure the extent to which the University relies on tuition to fund operations	Net tuition/fee revenue / operating revenues	35%	40%	41%	D
8	**LTIP Annualized Returns**	Other Metrics	To measure extent that intergenerational equity is being achieved by growing endowments to meet annual payouts, costs, and inflation	Annualized 10-year LTIP return published by OIM	> 8.5%	8.8%	8.2%	
9	**Credit Rating**	Other Metrics	To maintain excellent credit ratings to allow for future borrowing at favorable rates	Moody's and S&P ratings	Aa1 / AA	Aa1 / AA	Aa1 / AA	
10	**Composite Financial Index (CFI)**	Overall Financial Health	CFI provides a single number - based on 4 underlying ratios - representing holistic means of measuring instiutional financial health	Function of: primary reserve, viability, return on net assets, and operating margin ratios	5.0 (5-yr avg.)	4.6	3.9	

Note that activity / balances of Penn State Health are excluded from all metrics above.

Notes on Proposed Metrics

- A – Debt burden metric excludes principal and interest payments associated with series 2020D bonds, which were issued in connection with the SERS prefunding transaction. Based on current projections and expected bond offerings, debt burden is anticipated to peak in FY2028 at around 3.9%.
- B – Operating margin is difficult to compare to other institutions due to subjectivity as to what constitutes "operating" activities and a lack of a specific accounting definition.
- C – Maintenance backlog is provided annually by OPP and is net of the average of annual funded maintenance (i.e. projects with corresponding funding in net assets designated for capital but not yet completed). University *Reserves* represent a portion of total expendable net assets, consisting specifically of operating carryforward, unit managed non-general funds, debt service reserve funds, renewal/replacement funds, and capital plan funds. Special project and plant funds are not included in *Reserves* for purposes of analysis here. Note that the 6/30/2024 metric has been revised to include amounts transferred to *Reserve* funds in late FY2024 that were inadvertently excluded from the calculation when metrics were first published.
- D – Tuition dependency ratio will decrease as other operating revenue sources – state appropriation, investment income, and unrestricted giving, to name a few – increase.