

Congress of the United States
U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS
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Washington, D.C 20515-0348

<http://waysandmeans.house.gov>

March 15, 2023

Ms. Mary Elizabeth Magill
President
University of Pennsylvania
Philadelphia, PA 19104

Dear President Magill,

Over the last decade, the Committee on Ways and Means has examined how colleges and universities use their endowments to further their charitable purposes.¹ Much of that previous work led to a tax on net investment income for certain endowments, which was included in the Tax Cuts and Jobs Act (TCJA).² Recent revelations regarding classified documents found in President Biden’s former office at the Penn Biden Center for Diplomacy and Global Engagement (hereinafter the “Penn Biden Center”) — including reports that the Federal Bureau of Investigation conducted a search of the Center³ — have raised new questions about the Penn Biden Center that are related to our previous work on University endowments and their investments.

Our understanding is that the Penn Biden Center is an entity operating under the umbrella of the University of Pennsylvania and receives all its funding through the University. In fact, the Penn Biden Center’s mission statement includes the following: “The Penn Biden Center does not accept any contributions or gifts.”⁴ President Biden was paid approximately \$900,000 over approximately two years according to public reporting and his public tax returns while the Center

¹ The Rising Cost of Education and Tax Policy Before the Subcomm. On Oversight of the H. Comm. On Ways and Means, 114th Cong. (2015); Back to School: Review of Tax-Exempt College and University Endowments Before the Subcomm. On Oversight of the H. Comm. On Ways and Means, 114th Cong. (2016).

² 26 U.S.C. § 4968.

³ Annie Linskey, *Classified-Documents Controversy Brings Spotlight to Penn Biden Center*, THE WALL STREET JOURNAL (Jan. 21, 2023), <https://www.wsj.com/articles/classified-documents-controversy-brings-spotlight-to-penn-biden-center-11674319102>.

⁴ Penn Biden Center for Diplomacy & Global Engagement, Our Mission Statement, <https://global.upenn.edu/penn-biden-center/our-mission-statement> (last visited Feb. 2, 2023).

also paid other employees.⁵ Presumably, if these funds were not coming from contributions or gifts, these funds had to come from the University.

Public reports have also raised questions about foreign direct investment in the University of Pennsylvania and the relationship between those investments and the creation of the Penn Biden Center.⁶ The timing of the Center's creation along with the reported increase in foreign investment appears to coincide with members of President Biden's family seeking business opportunities in China.⁷

On June 9, 2022, your University, along with fourteen others, received a letter requesting information about whether each University's endowment had investments in adversarial entities that are on any of the following U.S. Government (USG) Lists: Entity List, Military End User (MEU) List, Unverified List, or FCC Covered List (hereinafter "USG Lists").⁸ The letter also asked whether the University divested from any such entities. The University of Pennsylvania's June 23, 2022, response to Representative Murphy's letter noted that the University's endowment does in fact hold investments in three entities on the USG Lists. Based on the most recently available public data, which indicates that UPenn's endowment holdings are valued at approximately \$20.7 billion,⁹ the percentage invested in listed entities equals a value of approximately \$3.3 million. In addition, the University's June 23, 2022, response did not indicate any plans to divest, nor did it identify the entities that held such investments.

Since then, the Department of Defense announced on February 2, 2023, that it was tracking a high-altitude surveillance balloon belonging to the People's Republic of China (PRC) in U.S. airspace.¹⁰ The balloon was used as a surveillance device and traveled across the U.S. before the U.S. Air Force shot it down on February 4, 2023.¹¹ The U.S. House of Representatives unanimously passed a resolution condemning the PRC for its violation of U.S. sovereignty.¹²

⁵ Jonathan Tamari, *Penn has paid Joe Biden more than \$900K since he left the White House. What did he do to earn the money?*, PHILADELPHIA INQUIRER (Jul. 12, 2019), <https://www.inquirer.com/news/joe-biden-penn-salary-lectures-20190712.html>.

⁶ Steven Nelson, *Biden think tank where secret docs were stashed accused of giving prez, his allies 'no show' jobs*, NEW YORK POST (Jan. 13, 2023), <https://nypost.com/2023/01/13/irs-complaint-filed-against-penn-biden-center-that-housed-classified-docs/>.

⁷ *Id.*

⁸ The Hon. Gregory F. Murphy, M.D., *Murphy Pressures University Endowments to Divest from Adversarial Chinese Entities Sanctions by U.S. Government* (June 10, 2022), <https://murphy.house.gov/media/press-releases/murphy-pressures-university-endowments-divest-adversarial-chinese-entities>.

⁹ Penn Office of Investments, *About the Endowment*, (last accessed Feb. 24, 2023), <https://investments.upenn.edu/about-us>.

¹⁰ C. Todd Lopez, U.S. Department of Defense, *U.S. Tracking High-Altitude Surveillance Balloon* (Feb. 2, 2023), <https://www.defense.gov/News/News-Stories/Article/Article/3287177/us-tracking-high-altitude-surveillance-balloon/>.

¹¹ Jim Garamone, U.S. Department of Defense, *F-22 Safely Shoots Down Chinese Spy Balloon Off South Carolina Coast* (Feb. 4, 2023), <https://www.defense.gov/News/News-Stories/Article/Article/3288543/f-22-safely-shoots-down-chinese-spy-balloon-off-south-carolina-coast/>.

¹² H.Res.104, *Condemning the Chinese Communist Party's use of a high-altitude surveillance balloon over United States territory as a brazen violation of United States sovereignty*, <https://www.congress.gov/bill/118th-congress/house-resolution/104/text>.

Additionally, on February 10, 2023, the Commerce Department added five Chinese companies and one research institute to the “Entity List.”¹³ Those entities include: Nanjiang Aerospace Technology Company; Dongguan Lingkong Remote Sensing Technology Company; Eagles Men Aviation Science and Technology Group Company; Guangzhou Tien-Hai-Xiang Aviation Technology Group Company; Shanxi Eagles Men Aviation Science and Technology Group Co., Ltd; and China Electronics Technology Group Corporation 48th Research Institute.¹⁴

Given recent events and the lack of details provided in response to the June 9, 2022, letter, please provide the following information by March 28, 2023:

1. Describe in detail the legal relationship between the University of Pennsylvania and the Penn Biden Center.
2. What were the annual expenses, including salaries, of the Penn Biden Center for each year of its operation?
3. What percentage of the Penn Biden Center’s annual expenses, including salary, were funded using University funds?
4. Does the University move proceeds from its endowment into other University accounts to fund general operations or other activities of the University? If so, please indicate the years in which the University moved such proceeds, and to which accounts they were moved and which activities they funded.
5. Identify the three entities on the USG Lists in which the University held investments as of June 23, 2022.
6. Does the University’s endowment hold any investments in the six entities added to the USG Lists on February 10, 2023?
7. Identify any additional entities listed on the USG Lists that the University has invested in since the University’s June 23, 2022, response to Representative Murphy.
8. Explain whether the University has made any efforts to divest from the three entities mentioned in the University’s June 23, 2022, response to Representative Murphy. Please also explain whether the University has made any efforts to divest from any entities identified in response to question 7 above.
9. Has there been an increase in investments from entities on the USG Lists since the creation of the Penn Biden Center? If so, please provide details regarding that increase.

¹³ Ana Swanson, *U.S. Blacklists 6 Chinese Entities Involved in Spy Balloon Programs*, THE NEW YORK TIMES (Feb. 10, 2023), <https://www.nytimes.com/2023/02/10/business/economy/china-spy-balloon-sanctions.html>.

¹⁴ Additions to the Entity List, 88 Fed. Reg. 9389 (Feb. 14, 2023) (to be codified at 15 C.F.R. 744).

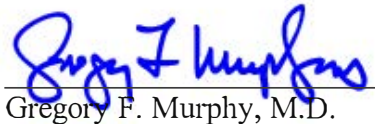
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Should you have any questions about this request, please contact Ways and Means
Committee majority staff at (202) 225-3625.

Sincerely,



Jason Smith
Chairman
Committee on Ways and Means



Gregory F. Murphy, M.D.
Member
Committee on Ways and Means