



annual report

2009



ILLINOIS INSTITUTE
OF TECHNOLOGY





annual report

2009

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**Illinois Institute
of Technology**

Office of the President
10 W 33rd Street
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letter from the president

“Change is inevitable; growth is optional.”

—Walt Disney

Improvement is not “optional” for Illinois Institute of Technology. Amidst the rapidly changing global and societal landscape, IIT is committed to continuous improvement. Our bold vision statement sets our sights high. In the past fiscal year we completed our strategic plan, *Many Voices, One Vision*, which was approved by the Board of Trustees, and began the implementation phase. Our plan is relatively straightforward yet very challenging. Its five priorities connect to both the past and the future of the university. As we advance on these priorities, we will move closer to achieving our vision.

One of our priorities is to place IIT on a sound financial base. This presented us a significant challenge during the past year, with the global economic downturn and uncertainties about the future. While we hit our budget target set for the year, our endowment dropped because of the decline of the stock market and the devaluation of our financial position in the company Alion Science and Technology, which spun off from IIT Research Institute seven years ago.

As part of the strategic plan, we developed a three-year financial plan that will lead to a balanced operating budget. We are currently in the first year of this plan and ahead of schedule toward the goal; for example, last year enrollment and tuition revenue increased compared to our initial projections. A solid financial base requires continuous academic improvement in addition to good financial management. To reach a balanced budget in three years, we must continue to make tough decisions that ensure we are allocating resources to our most important priorities, and to focus on revenue enhancement through tuition, research, and philanthropy.

Another priority is to achieve a culture of innovation and excellence. Leadership is the essential driver of this, and IIT was able to enhance its leadership through the addition of Alan Cramb as provost and senior vice president for academic affairs, Russell Betts as dean of IIT College of Science and Letters, Natacha DePaola as dean of IIT Armour College of Engineering, and Patricia Laughlin as vice president for finance and administration. Other changes in academic and administrative leadership positions have also contributed to a culture of excellence.

Providing a distinctive education to our students represents another strategic priority. Our goal is to give our students a strong foundation in their fields of study and to prepare them for change. Under the leadership of Provost Cramb, we are examining our Interprofessional Projects (IPRO) courses



letter from the president

and our out-of-class opportunities, both of which provide a distinctive edge for our students upon graduation. We are also strengthening undergraduate research and placing more emphasis on our graduate research enterprise.

This annual report illustrates how our progress during the last year has positioned us well for future achievement. Although we will likely experience more changes and challenges in the year ahead, we will also create new opportunities for continued growth and improvement.

John L. Anderson
President

Vision: IIT will be internationally recognized in distinctive areas of education and research, using as its platform the global city of Chicago, driven by a professional and technology-oriented focus, and based on a culture of innovation and excellence.

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letter from the chair

At the end of the 2009 fiscal year, my colleagues and I who serve on the Illinois Institute of Technology Board of Trustees were pleased to approve *Many Voices, One Vision*. As chair, I found it immensely gratifying to see the university community come together to develop a plan with the heft to strengthen IIT and its capacity to better educate students for success as global leaders in science and technology.

While IIT has earned its reputation as a leading technology-focused institution in the Midwest, *Many Voices, One Vision* aims to increase IIT's stature nationally and internationally. Its two current interdisciplinary research themes—energy and sustainability, and improving the quality of life—tap IIT's areas of expertise. Several new and high-profile endeavors through the Wanger Institute for Sustainable Energy Research, the Pritzker Institute of Biomedical Science and Engineering, and the National Center for Food Safety and Technology, among others, will allow IIT to take a leadership position in topics of global significance. This includes the Perfect Power System smart microgrid initiative, the first energy-distribution system of its kind in the nation.

The strategic plan is unique in its approach to student education and sets an example for other universities with regard to academic programming. Future innovators will be both well versed in multiple disciplines and globally aware and able to respond to—and in some cases, direct—changes in technology and society. Such innovation is central to our country's continued global leadership. Initiatives such as the proposed International Academy and ramped-up IPRO 2.0 will distinctively define the IIT educational experience, offering students value-added academic and research opportunities that foster their intellectual diversity and ability to create, innovate, and lead.

While the university's commitment to excellence gives me confidence that it will meet the goals set forth in the strategic plan, IIT, like many educational institutions, must address ongoing financial challenges. As you will read elsewhere in this report, prudent measures have been enacted that are allowing the university to move toward its vision, if cautiously, during this early stage of the plan. For IIT to continue to attract the high-quality students and faculty for which it is known, and to carry out new and transformative initiatives, the university and the board will work harder than ever to ensure a strong financial footing. This includes increasing the number and amount of funded undergraduate and graduate scholarships and endowed professorships.

IIT's plan is within reach. I look forward to watching it unfold.

John W. Rowe
Chair
IIT Board of Trustees

academic and research highlights

The last fiscal year was one of significant progress for Illinois Institute of Technology. We completed our new strategic plan, which was approved by the Board of Trustees; we had significant success in external peer-reviewed research proposals; and faculty hiring was very successful, with the addition of a new dean of IIT Armour College of Engineering and the hiring of an additional 26 new faculty members.

Enrollment of full-time undergraduate students was very strong in fall 2009. A total of 2,480 full-time undergraduates enrolled in fall 2009 versus 2,272 in fall 2008, an increase of 9 percent. The increase was 68 students more than our fiscal year 2010 budget target of 2,412. The increase was due to increased retention of our continuing students, indicating that our university-wide effort to increase student satisfaction is paying off. This year we achieved an 89 percent first-to-second-year retention rate. This is the highest rate IIT has achieved since fall 1999, when the size of our first-year class was just above half its present size. We are also experiencing very positive trends in our six-year graduation rate. This year, we achieved a 79 percent retention rate of first-year students making it to their third year of study. This is the highest first-to-third-year retention rate in more than 10 years. The data suggests that we are on target for achieving a six-year graduation rate of 75 percent within the next three years.

The university will continue to invest in efforts that increase retention and student satisfaction. This can be accomplished by increasing faculty/student interaction inside and outside the classroom, creating a more supportive and fun campus environment, streamlining our business processes, and fostering a culture of caring and high customer service in our administrative offices.

Implementation of the Strategic Plan

There are five major initiatives within the strategic plan, *Many Voices, One Vision*. In the academic arena, the formulation of our “Distinctive Education Initiative” is a top priority, and has been an area of significant progress.

A group of deans (Russell Betts, IIT College of Science and Letters; Harold Krent, IIT Chicago-Kent College of Law; and M. Ellen Mitchell, IIT Institute of Psychology), faculty (Matt Bauer, computer science; Don Chmielewski, chemical and biological engineering; Mike Gosz, mechanical, materials, and aerospace engineering; Bob Krawczyk, architecture; Jack Snapper, humanities; and Mark Snyder, civil, architectural, and environmental engineering), and staff (Jerry Doyle, undergraduate admissions,



academic and research highlights

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and Doug Geiger, student affairs) have been meeting regularly to further define this initiative. Within distinctive education, there are a number of topics that are being developed simultaneously: (1) IPRO 2.0, an update of our current Interprofessional Projects (IPRO) Program, (2) innovative co-terminal B.S./M.S. degrees, (3) the incorporation of a “design across the curriculum” concept, and (4) the International Academy.

■ IPRO 2.0

This semester an IPRO strategy group composed of students, faculty, staff, and alumni articulated a framework of basic beliefs associated with the IPRO experience and explored creative ways to refine it. The aim is to assure that all IIT students who complete their general-education IPRO requirement are prepared and able to perform as members of a high-performance team, engaging in open-ended problem solving and inspiring collaborative innovation.

Current thinking suggests the idea of transforming the six-credit-hour IPRO requirement into a progressive, two-phase sequence to (1) build competency and skills, (2) form passionate and balanced teams, and (3) offer greater time over the span of more than one semester for a team to address a comprehensive problem. The first phase would include topics such as team formation, the design process, prototyping, and entrepreneurship. The second phase would be focused solely on completion of the project.

Going forward, the IPRO strategy group will seek ideas and input from students, the academic leadership, trustees, and the University Faculty Council IPRO Oversight Committee. This will lead to a set of recommendations, plans, and actions that will allow us to prototype the next generation of the IPRO experience, beginning in fall 2010.

■ Co-Terminal and Multidisciplinary Degrees

A committee with representatives from across the university and led by Ali Cinar, vice provost for research and dean of the Graduate College, has been formed to develop structures for several new offerings that will provide interdisciplinary and multidisciplinary degrees, enabling students to attain both undergraduate and master’s degrees within five years. Areas that the committee will consider include co-terminal 4+1 degrees, degree programs for future professionals, and the concept of unlimited undergraduate pathways to a master’s degree with the professional offerings from IIT’s schools of law, business, architecture, and design.

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■ Incorporating Design in the Undergraduate Curriculum

A committee is investigating methods to incorporate design ideas from both IIT College of Architecture and IIT Institute of Design into the undergraduate curriculum. Examples include an Introduction to Design workshop for undergraduate students, design education as a major part of IPRO 2.0, partnerships between design and engineering, and the potential for larger offerings as undergraduate electives. Two main aspects of design will be presented to undergraduates and will represent concepts from both the College of Architecture and the Institute of Design: (1) identifying opportunities and solving problems using design frameworks and methods such as activity research, reframing problems, and exploratory prototypes, and (2) visual thinking and representation.

■ International Academy

IIT is developing its first residential college, the International Academy, to educate future global leaders. The academy will give students a global perspective that will complement their specific academic expertise and prepare them to lead diverse teams and enterprises in a global economy. Part of the goal is to inspire students to address global challenges in vital areas such as energy, the environment, and health by promoting international connectedness, cultural understanding, ethics, social responsibility, and economic development. The academy will build upon IIT's strengths and international ties. The main elements will include (1) an on-campus residential college experience, (2) language resources, (3) cultural awareness activities, (4) community service, (5) leadership, team, entrepreneurship, and ethics training, (6) internship experiences abroad for United States students and in U.S. industry and federal labs for international students, (7) an international scholars center, and (8) an annual symposium with partner universities.

Research

Research awards received in fiscal year 2010 reached \$32.2 million as of the end of October 2009, eclipsing the \$20.9 million received for the same period in fiscal year 2009. IIT has received awards in many areas that are synergistic with the strategic plan. Notably, there were 22 research awards totaling \$3.1 million in health/biomedical research; 15 awards totaling \$2.4 million in computer science and wireless networks research; eight awards in the amount of \$8.2 million (including three United States Food and Drug Administration grants totaling \$7 million) in food safety and technology research; and 11 awards totaling \$2.5 million in materials research.

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academic and research highlights

Our two major institutes—Wanger Institute for Sustainable Energy Research and Pritzker Institute for Biomedical Science and Engineering—and our National Center for Food Safety and Technology have been very successful in the last year.

■ **Wanger Institute for Sustainable Energy Research**

Since its inception in 2007, WISER has made good progress toward achieving its companion goals of establishing WISER as an institute with national and international recognition in targeted areas of energy and sustainability research, and of attracting high-quality students and faculty to IIT. External program guidance is provided by the WISER Board of Advisors, chaired by benefactor Ralph Wanger, which is comprised of 13 members from industry, national research laboratories, academia, and the nonprofit sector. Interdisciplinary faculty focus teams have been developed in WISER's four identified niche research areas: smart energy grid and the Perfect Power System, optimum design of wind power, sustainable built environment (including plug-in vehicles), and coal gasification and conversion.

Since June 2008, WISER faculty affiliates have secured close to \$19 million in research funding (including United States Department of Energy funding of \$7 million for the Perfect Power System and \$8 million for the University-Industry Consortium for Wind Energy Research), and are continuing to develop large multimillion-dollar, multiyear proposals in partnership with industry, research and national laboratories, other universities, the State of Illinois, the City of Chicago, and neighboring counties.

■ **Pritzker Institute for Biomedical Science and Engineering**

The Pritzker Institute has been very successful with respect to building its reputation in research. The total amount of funding to faculty in the Pritzker Institute that is anticipated for grants that were awarded in 2009 or were in their first year in 2009 is in excess of \$17 million.

■ **National Center for Food Safety and Technology**

The NCFST had another excellent year, highlighted by three grants totaling \$7 million from the FDA for food safety and technology research. After his successful renewal of the FDA grants, Martin Cole, NCFST director, announced that he will return to Australia to accept a major position within the food safety community. We wish him every success in his new venture and thank him for his excellent service to IIT over the last six years.

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Faculty

In the last year, IIT hired 27 tenured or tenure-track faculty members. Forty-one percent of these faculty members are female. Of the 12 faculty members tenured last year, eight are female. The total number of female tenured or tenure-track faculty members increased from 52 to 55 in the last year; 21 percent of our tenured, tenure-track, and full-time teaching faculty now are female. In leadership positions, Professor Natacha DePaola, formerly chair of biomedical engineering at Rensselaer Polytechnic Institute, became the first woman in the university's history to be appointed as dean of Armour College, and Professor Harold Krent was reappointed as dean of Chicago-Kent College of Law for another six-year term.

In order to recognize IIT's faculty who have achieved excellence in their fields of expertise, the following faculty were named as endowed professors:

- Alan W. Cramb—Charles and Lee Finkl Chair in Metallurgical and Materials Engineering
- Natacha DePaola—Carol and Ed Kaplan Armour College Dean of Engineering Endowed Chair
- Ali Emadi—Harris Perlstein Professor of Electrical and Computer Engineering
- Jafar Saniie—Filmer Professor of Electrical and Computer Engineering
- David Venerus—Hyosung S. R. Cho Professor of Chemical and Biological Engineering
- Miles Wernick—Motorola Professor of Electrical and Computer Engineering

A formal program for mentoring junior faculty at IIT was initiated. Beginning in 2009, each junior faculty member was assigned a faculty mentor who provides guidance relative to expectations in areas of teaching, scholarship, and service. Mentoring is valued, is part of the normal expectations of a faculty member, and is taken into account during a faculty member's annual review.

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financial report

Illinois Institute of Technology remains financially sound despite a very difficult year. In 2009, the university adopted a strategic plan to guide its future, *Many Voices, One Vision*. Increasing the financial strength of the institution is one of the five priorities of the strategic plan. IIT's ability to invest in academic programs, initiatives, and infrastructure depends on the successful achievement of improved financial strength.

A financial plan was created to complement the strategic plan, and identifies the financial resources required to support the university's strategic initiatives. The financial plan includes a five-year schedule; during this time, IIT will balance the operating budget while simultaneously reducing and limiting the endowment distributions taken to support operations. Fiscal year 2009 was year one of that plan, and we have made good progress. Despite the economy and market turmoil, we are on track to compress the schedule and achieve a balanced operating budget in three years.

Worldwide financial market turbulence has had a negative impact on endowments, and IIT did not escape this trend; the university's annual return decreased by 28.3 percent. In FY09, the Board of Trustees assumed a more conservative endowment policy to protect IIT from further losses and to manage the effect on operations. While our endowment has suffered a significant loss, as I write this, recent gains have improved our position.

In FY09, IIT completed several years of classroom laboratory and technology upgrades. Other capital projects included \$2.5 million in energy and sustainability projects, including the beginning of the build-out of the Perfect Power System, a partnership with the United States Department of Energy and Galvin Electricity Initiative to create a prototype of a scalable, redundant smart grid for electricity distribution that combines renewable and conventional power sources.

IIT has weathered the financial headwinds and continues to improve its financial strength with *Many Voices, One Vision*.

Patricia Laughlin
Vice President for Finance and Administration

IIT's audited consolidated financial statements for the year ended May 31, 2009 can be found at www.iit.edu/~controller.



2009

Consolidated Statements of Financial Position

May 31, 2009 and 2008

<i>(In thousands of dollars)</i>	2009	2008
Assets		
Cash	\$ 2,839	2,189
Bond proceeds held by trustees	2,174	6,980
Investments	177,424	293,458
Notes and accounts receivable:		
Grants and contracts, less allowance of \$347 in 2009 and \$105 in 2008	8,945	13,274
Students:		
Tuition, less allowance of \$654 in 2009 and \$205 in 2008	9,882	7,000
Notes, less allowance of \$373 in 2009 and 2008	11,352	10,411
Pledges, less allowance of \$232 in 2009 and \$254 in 2008	14,226	13,015
Other	2,257	2,596
Inventories, prepaid expenses, and deferred charges	2,320	2,312
Physical properties, less accumulated depreciation	275,185	268,390
Beneficial interest in perpetual trusts	17,213	21,836
Total assets	\$ 523,817	641,461
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 20,095	20,434
Accrued salaries and wages	17,165	16,902
Deferred revenue	15,531	20,057
Deposits by students and others	2,228	2,407
Accrued post-retirement benefit obligation	1,661	1,462
Obligation under split-interest agreements	1,308	1,099
Notes and bonds payable	208,740	187,891
Advances from the United States government for student loans	8,094	8,094
Asset retirement obligation	9,243	9,033
Total liabilities	284,065	267,379
Net assets:		
Unrestricted	49,504	184,232
Temporarily restricted	18,855	23,766
Permanently restricted	171,393	166,084
Total net assets	239,752	374,082
Total liabilities and net assets	\$ 523,817	641,461



2009

Consolidated Statements of Activities

Year ended May 31, 2009

<i>(In thousands of dollars)</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue				
Tuition and fees, net of scholarships of \$52,708	\$ 102,456			102,456
Government grants and contracts	39,464			39,464
Private grants and contract	13,218			13,218
Private gifts	7,353	1,251		8,604
Endowment spending distribution	15,986			15,986
Sales and services of auxiliary enterprises	12,060			12,060
Other sources	16,006			16,006
Net assets released from restrictions	6,162	(6,162)		—
Total operating revenue	212,705	(4,911)	—	207,794
Operating expenses				
Faculty salaries	49,309			49,309
Administrative salaries	44,016			44,016
Part-time salaries	14,751			14,751
Employee benefits	21,071			21,071
Operations and maintenance	23,193			23,193
Supplies and services	33,251			33,251
Professional fees and advertising	13,196			13,196
IITRI research	14,497			14,497
Depreciation	15,127			15,127
Total operating expenses	228,411	—	—	228,411
Increase (decrease) in net assets from operating activities	(15,706)	(4,911)	—	(20,617)
Nonoperating revenue and expenses				
Private gifts	—		9,932	9,932
Change in donor restriction	—			—
Interest on indebtedness	(9,447)			(9,447)
Net gain (loss) on investments	(96,182)		(4,623)	(100,805)
Net loss on impairment of asset	(1,900)			(1,900)
Endowment spending distribution	(15,986)			(15,986)
Endowment income	4,813			4,813
Net loss on disposal of assets	(180)			(180)
Asset retirement obligation accretion	(248)			(248)
Other	108			108
Increase (decrease) in net assets from nonoperating activities	(119,022)	—	5,309	(113,713)
Increase (decrease) in net assets	(134,728)	(4,911)	5,309	(134,330)
Net assets at beginning of year	184,232	23,766	166,084	374,082
Net assets at end of year	\$ 49,504	18,855	171,393	239,752

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institutional giving report

Dear Friends:

At Illinois Institute of Technology's Office of Institutional Advancement, we are working to bring together alumni, friends, students, faculty, and staff to support the university through philanthropy, volunteering, and building pride in IIT.

For the past fiscal year, I am proud to report that giving levels exceeded those of the previous year. This is in spite of the economic downturn that gripped our nation, and this is an outstanding reflection on the people who support our university.

Beyond our fundraising efforts, the Office of Institutional Advancement has embarked on a major effort to engage and re-engage IIT alumni. Through the Velocity Initiative, we have conducted more than 1,000 face-to-face interviews with alumni in order to reconnect with them, hear their ideas, and learn about their life's passions.

Velocity ambassadors, who are either current IIT students or recent graduates, travel the country and conduct interviews. The response from alumni has been tremendous. One interviewee wrote to us and said the following:

"My interview with a Velocity ambassador really made me think about IIT. It helped me decide—after 50 years—to come back for my reunion this past fall. I'm so glad I came back. I had a wonderful time reconnecting, and look forward to staying involved with IIT."

In addition, Institutional Advancement continued its emphasis on being excellent stewards to our donors and the gifts they make to support IIT. Whether you are a friend, alumna, or alumnus, each gift to IIT has a direct impact on the life and reputation of the university. We know that IIT's donors are special people who give of themselves and their financial resources, and we continue to work hard to ensure that we honor their legacies, wishes, and family names.

We are looking forward to another successful and exciting year at IIT. A new vision for the university has been set forth by IIT's strategic plan, and the Office of Institutional Advancement is eager to help implement this vision. In the coming year, we will be asking our friends for their financial support to make it a reality. We hope that you will join us.

Best regards,

Betsy Hughes

Vice President for Institutional Advancement



institutional giving highlights

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- In the past five years, IIT donors have given more than \$120 million to our university. This is the largest amount ever raised in a five-year period outside of a comprehensive campaign.
- Institutional Advancement hosted more than 100 events to celebrate our donors, connect with our alumni, and promote the university. Some highlights include the annual Alumni Awards ceremony, Homecoming, the Golden Alumni Society luncheon, and the Donor-Scholar Dinner.
- Although many alumni reached through the Velocity Initiative had lost touch with their alma mater, more than 77 percent of those interviewed indicated that they would now like to be re-engaged with IIT.
- Institutional Advancement delivered the first issue of *Impact Magazine* to its donors. This publication highlights the philanthropy of all those who made gifts to the institution as well as the impact that those gifts have made on the lives of students, faculty, staff, and the university as a whole.

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