



annual report

2010



ILLINOIS INSTITUTE  
OF TECHNOLOGY





# annual report

2010

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**Illinois Institute  
of Technology**

Office of the President  
IIT Tower  
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Suite 1900  
Chicago, IL 60616  
[www.iit.edu](http://www.iit.edu)



# letter from the president

We made great strides in the execution of our strategic plan this past year. Below I briefly comment on progress on the five priorities of the plan. More details appear in other parts of the IIT Annual Report.

## **Improve the financial strength of the university**

We met the target of our FY10 operating budget and approved a budget for FY11 that has only a 1.6 percent deficit. A Responsibility Centered Management budgeting system was initiated for the first time, which provides for decision making and financial accountability at the college level.

## **Distinctively define the IIT graduate**

First-to-second-year undergraduate student retention reached 92.5 percent, the first time ever that retention percentages were above 90 percent at IIT. Educational innovation was advanced by the development of a new version of our Interprofessional Projects (IPRO) Program courses, called IPRO 2.0, which is currently being tested with 100 students. This new version of IPRO resulted from a collaboration among the colleges, our students, and the vice provost for undergraduate affairs. Because all IIT undergraduates will take IPRO 2.0 when it is finalized, we will ensure that all of our students have had exposure to design, ethics, problem solving, communication skills, and team building—the hallmarks of any education.

## **Increase the impact of IIT's research by focusing on interdisciplinary themes**

Research awards (not counting IITRI) topped \$50 million for the first time in IIT's history. This achievement is testament to the increased interest of our faculty in pushing the boundaries of knowledge and creating new processes and products. Research and education are synergistic activities because research projects are great vehicles for student learning. Several of our faculty obtained multimillion-dollar research awards.

## **Promote innovation and excellence throughout the university**

A dedicated space (13,000 square feet) for IPRO projects and other interdisciplinary team projects, called the Idea Shop, was opened during the past summer in University Technology Park. The Idea Shop will foster innovations in education and become a hub for student entrepreneurial endeavors on campus. In a unique program that gives our students a significant voice in improving our administrative processes, we initiated the Students Speak survey, with excellent results in both identifying and fixing problem areas and improving our processes in general. Even in this challenging academic time, we hired 12 new tenured and tenure-track faculty members and promoted or



## letter from the president

tenured 14 of our faculty. More than half of these are female, advancing our goal of increasing the percentage of women on our faculty. Finally, iPads were purchased for all first-year undergraduates with the goal of promoting educational innovations; faculty and students are now developing programs that integrate this new learning tool into our curriculum.

### **Elevate engineering's reputation to international stature**

IIT co-sponsored and led the Chicago Summit on the NAE Grand Challenges for the 21st Century. Charles Vest, president of the National Academy of Engineering and president emeritus of MIT, participated in the Summit. Power engineering, under the leadership of Professor Mohammad Shahidehpour, has been recognized for its research in the area of the smart grid with a number of major awards, culminating with two multimillion-dollar grants from the United States Department of Energy.

It was a good year for Illinois Institute of Technology on many fronts. The important achievement is that we made real progress in executing our strategic plan, which is taking us toward our vision for the university.

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

Last January, I had the honor of representing the IIT Board of Trustees in delivering the State of the University address to the IIT community. This was my first opportunity to personally share the views of the board with IIT's students, faculty, and staff. Nearly a year later, I am pleased to report that IIT has made good progress with regard to two priorities I highlighted in my address: the strategic plan and financial investment in the university.

IIT applied the strategic plan to initiate a number of noteworthy projects in 2010. The Idea Shop—a new facility in University Technology Park at IIT—opened in the fall, offering both a new home to the Interprofessional Projects (IPRO) Program and adding heft to IIT's initiatives supporting open-ended learning. The revamped IPRO 2.0, which began its pilot phase in the fall semester, is now exploring how to make IIT's flagship team-based academic program more robust for students.

The business of higher education is growing increasingly competitive, which is good for students and challenges institutions to both set higher standards and better convey their uniqueness and value. IIT is working to distinguish itself by offering an ever more innovative and relevant education. New faculty appointments, more undergraduate research opportunities, greater emphasis on entrepreneurship, and new scholarships are enabling IIT to better educate its talented students. Additionally, the increase in the university's research funding during the past year reflects the merit of IIT's interdisciplinary body of research and the potential contributions of this work to society.

While this progress is encouraging, the need to identify and push for excellence remains inescapable. Because excellence is dependent in part on increased financial investment in the university, IIT launched a six-year fundraising campaign in June. Although the campaign goals are being finalized at this time, we know IIT must grow its research funding, invest more in its faculty, and offer students more competitive scholarship opportunities. My hope is that the campaign will further unite the IIT community in its efforts to make IIT one of this country's great universities—one whose graduates are not only capable of maneuvering in a world of constant change, but are drivers of that change.

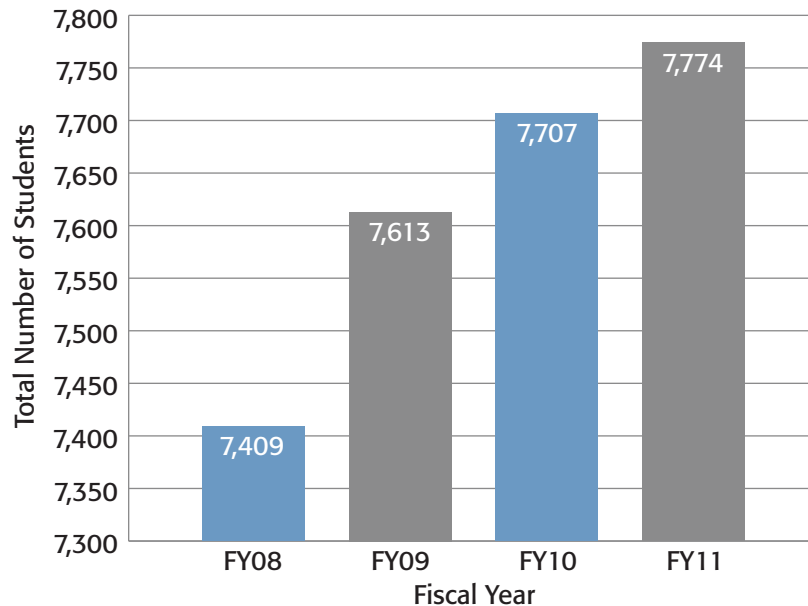
John W. Rowe  
Chair  
IIT Board of Trustees

# academic and research highlights

The last fiscal year was one of significant progress for Illinois Institute of Technology. We increased enrollment, began implementation of our strategic plan, increased our research awards to more than \$50 million for the first time, distributed iPads to our first-year students, and opened the Idea Shop. IIT also initiated external academic program reviews, the first two of which were conducted last year.

## Enrollment

Student enrollment at IIT continued to increase last year. The growth in total enrollment is shown in Figure 1, where the data reflects enrollment in the fifth week of each fall semester.



**Figure 1: Total Enrollment Growth**

A breakdown of our total enrollment is given below in Table 1, which shows our student population to be two-thirds graduate and one-third undergraduate. At this time, the growth in our graduate population is responsible for our continued growth overall.

	<b>New Students</b>	<b>All Students</b>
Undergraduate	676	2,602
Graduate	1,855	5,172
<b>Total</b>	<b>2,531</b>	<b>7,774</b>

**Table 1: Total Enrollment**

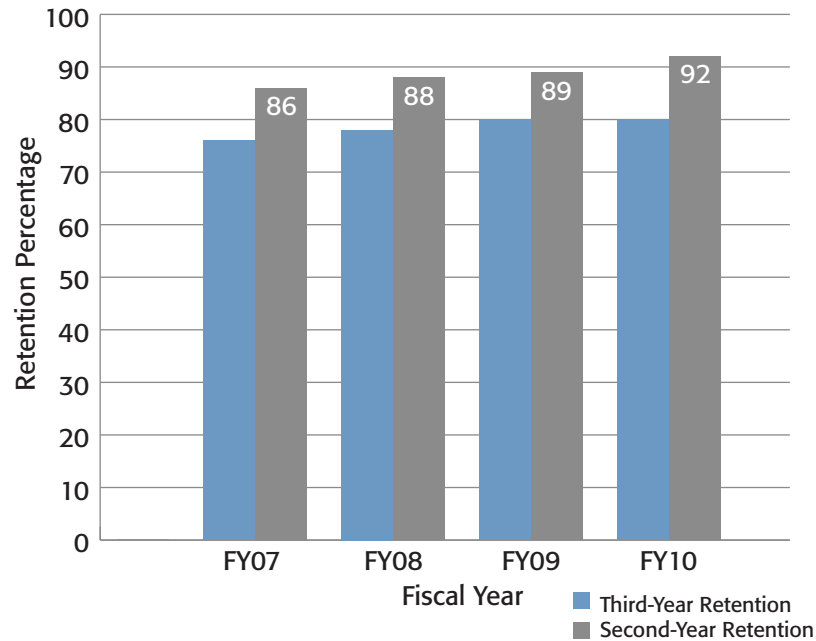


# academic and research highlights

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## Undergraduate Retention

This year we achieved a 92.5 percent first-to-second-year retention percentage; this is the highest retention percentage that IIT has achieved in the last 10 years. We also achieved an 80 percent retention rate of first-year students who made it to their third year of study—also the highest retention statistic in the last 10 years. The data suggests that we are on target to achieve a six-year graduation rate of 75 percent within the next three years.



**Figure 2: Trends in Undergraduate Retention**

IIT 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*: 1) improving the financial strength of the university, 2) distinctively defining the IIT graduate, 3) increasing our research



# academic and research highlights

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impact, 4) promoting innovation and excellence, and 5) elevating engineering's reputation. During the past year, considerable progress was achieved in all five areas.

In the academic arena, the focus on our distinctive education initiative is a top priority. Last year we redefined our Interprofessional Projects (IPRO) Program under the title IPRO 2.0, initiated the Entrepreneurship Academy, expanded the impact of our Leadership Academy, and developed two innovative co-terminal degree programs.

Part of our distinctive education is to pioneer the use of new technologies in the classroom and on campus. The iPad initiative resulted in all first-year students and all professors who teach first- or second-year classes receiving an iPad; iPad training has already been completed for teaching faculty. An emergency application was developed for the iPad, which allows us to easily contact our first-year students and other subscribers who have an iPad or a similar mobile device. The IIT Alert System, shown in Figure 3, allows direct contact during an emergency and also includes emergency phone numbers.



**Figure 3: The iPad IIT Alert System**



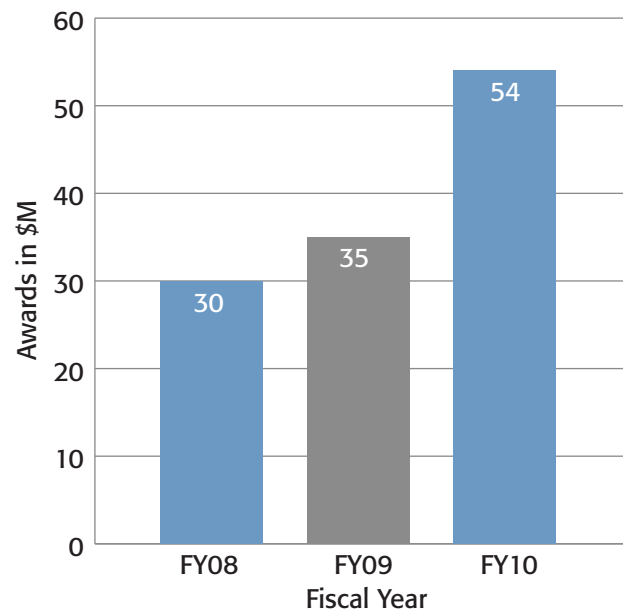


# academic and research highlights

2010

## Research Awards

Research awards received in fiscal year 2010 reached a record-breaking \$54 million. 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.



**Figure 4: Growth in Research Awards**

Our two major institutes—Wanger Institute for Sustainable Energy Research and Pritzker Institute of Biomedical Science and Engineering—and our National Center for Food Safety and Technology continue to be very successful.

### ■ Wanger Institute for Sustainable Energy Research

WISER established an Interdisciplinary Seed Funding Grants (ISFG) program to cultivate broad-based interdisciplinary university research initiatives that demonstrate significant potential to attract major funding. WISER received 14 proposals in the first run of this initiative. As a result, a total of \$100,000 in ISFG funding was awarded equally among four innovative one-year projects.

WISER faculty members have been awarded more than \$38 million in government-sponsored research contracts since June 2008 in the following areas: smart grid and Perfect Power (\$25.4 million), clean coal technology (\$1.4 million), wind energy (\$10 million), and energy



# academic and research highlights

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efficiency/plug-in hybrid technologies (\$2.3 million). The institute continues to develop sizeable 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 of Biomedical Science and Engineering

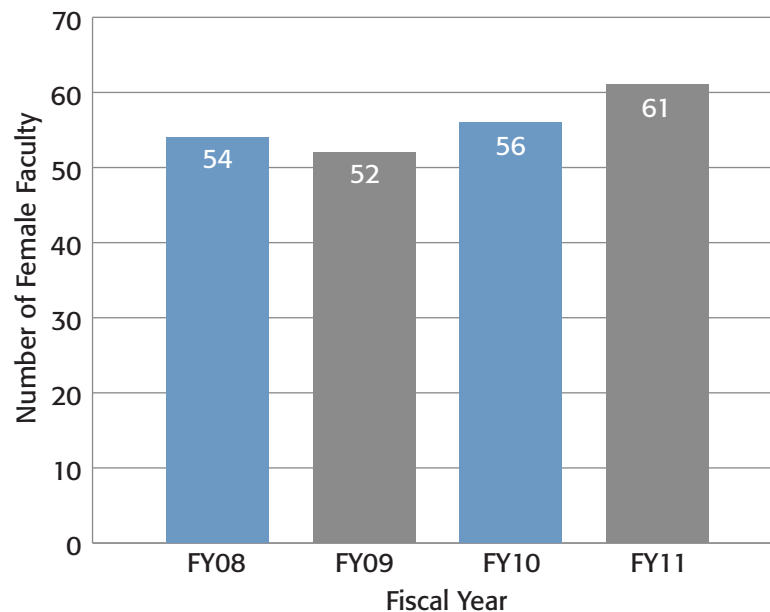
The Pritzker Institute continues its success with respect to building its reputation in research. The amount of funding to faculty in the Pritzker Institute that was awarded in 2010, or was in the first year of funding in 2010, totaled more than \$10.5 million.

## ■ National Center for Food Safety and Technology

In July 2010, IIT welcomed Robert Brackett, who will serve as vice president and director of NCFST. Brackett previously served as director of the FDA's Center for Food Safety and Applied Nutrition and, most recently, as senior vice president and chief science and regulatory officer for the Grocery Manufacturers Association. The NCFST had another excellent year, highlighted by several grants totaling nearly \$11 million from the FDA and other sponsors in food safety and technology research.

## Faculty

In the last year, the size of the tenured and tenure-track faculty grew by three, from 288 to 291. In addition, IIT hired 12 tenured or tenure-track faculty members. Fifty percent of these faculty members are female. The total number of female tenured or tenure-track faculty members increased from 56 to 61 in the last year (Figure 5), and now 21 percent of our tenured and tenure-track faculty are female.



**Figure 5: Growth in Female Faculty Numbers**



# academic and research highlights

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

- Patrick Corrigan—Distinguished Professor, Institute of Psychology
- Darsh Wasan—Distinguished Professor, Armour College of Engineering
- Richard Wright—Distinguished Professor, Chicago-Kent College of Law
- Keiichi Sato—Charles Owen Professor, Institute of Design

## External Program Reviews

Beginning in fiscal year 2010, IIT initiated external reviews of its academic units to better understand the quality of the university's programs, faculty, students, degrees, scholarship, and research activity. Academic leaders who are experts in their disciplines are invited to serve on the review panel, and a member of the Academic Affairs Committee of IIT's Board of Trustees chairs a team reviewing each unit. At the conclusion of the team's review of the university's strategic plan, each unit's self-study, as well as a two-day visit, the team develops a written report that assesses the quality of each unit, its status, and its potential, and provides specific suggestions and recommendations for improvement. The report is presented to the Academic Affairs Committee for comment and, when finalized, also presented to the Board of Trustees.

To date, four units have undergone external program reviews: Civil, Architectural, and Environmental Engineering, and Applied Mathematics (spring 2010); and Mechanical, Materials, and Aerospace Engineering, and Stuart School of Business (fall 2010). The College of Architecture and Institute of Psychology will be reviewed during the spring 2011 semester.

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## financial report

Illinois Institute of Technology remains financially sound, strategically utilizing its resources to advance the university's academic mission. The university's improvements in its financial position were a significant achievement during 2010, a year of slow economic growth and an uncertain financial climate.

In operations, the campus community embraced Responsibility Centered Management and focused on revenue generation and cost containment. Net tuition and fee revenue increased by 10 percent, a direct result of the university's emphasis on retention and enrollment, while research expenditures increased by 20 percent. By engaging in disciplined planning and constantly monitoring key metrics, the university exceeded its revenue goals and held expenses, enabling IIT to reduce the operating deficit while investing in new initiatives.

Worldwide financial market turmoil continues to be a factor in endowment performance, but the university's annual return was 11.6 percent. The university has successfully increased revenue sources or reduced expenses in order to decrease the dependency on endowment income and to grow the endowment for future programs and initiatives.

In summer 2009 (fiscal year 2010), the university issued Tax-Exempt Revenue Bonds to fund several capital projects. These included classroom, laboratory, and technology upgrades; energy and sustainability projects, including the build-out of the Perfect Power Initiative; as well as infrastructure improvements.

IIT's ability to invest in academic programs, strategic initiatives, and infrastructure depends on the successful achievement of improved financial strength. Utilizing its core values of innovation, excellence, and teamwork, the university continues to strengthen its financial position.

Patricia Laughlin

Vice President for Finance and Administration

*IIT's audited consolidated financial statements for the year ended May 31, 2010 can be found at [www.iit.edu/controller](http://www.iit.edu/controller).*

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2010

# Consolidated Statements of Financial Position

May 31, 2010 and 2009

<i>(In thousands of dollars)</i>	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Cash	\$ 3,040	2,839
Bond proceeds held by trustees	16,130	2,174
Notes and accounts receivable:		
Grants and contracts, less allowance of \$297 in 2010 and \$347 in 2009	8,118	8,945
Students:		
Tuition, less allowance of \$3,302 in 2010 and \$654 in 2009	7,610	9,882
Notes, less allowance of \$532 in 2010 and \$373 in 2009	11,598	11,352
Pledges, less allowance of \$218 in 2010 and \$232 in 2009	20,047	14,226
Other	3,495	2,257
Inventories, prepaid expenses, and deferred charges	3,822	2,320
Investments	176,609	177,424
Physical properties, less accumulated depreciation	270,897	275,185
Beneficial interest in perpetual trusts	18,688	17,213
<b>Total assets</b>	<b>\$ 540,054</b>	<b>523,817</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 21,583	20,095
Accrued salaries and wages	14,719	17,165
Deferred revenue	17,932	15,531
Deposits by students and others	3,383	2,228
Accrued post-retirement benefit obligation	2,068	1,661
Obligation under split-interest agreements	1,408	1,308
Notes and bonds payable	222,315	208,740
Advances from the United States government for student loans	8,117	8,094
Asset retirement obligation	6,778	9,243
<b>Total liabilities</b>	<b>298,303</b>	<b>284,065</b>
Net assets:		
Unrestricted	36,365	49,504
Temporarily restricted	33,539	18,855
Permanently restricted	171,847	171,393
<b>Total net assets</b>	<b>241,751</b>	<b>239,752</b>
<b>Total liabilities and net assets</b>	<b>\$ 540,054</b>	<b>523,817</b>



2010

## Consolidated Statement of Activities

Year ended May 31, 2010

<i>(In thousands of dollars)</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating revenue:</b>				
Tuition and fees, net of scholarships of \$56,807	\$ 112,312	—	—	112,312
Government grants and contracts	49,621	—	—	49,621
Private grants and contracts	6,149	—	—	6,149
Private gifts	6,224	10,606	—	16,830
Endowment spending distribution	17,046	—	—	17,046
Sales and services of auxiliary enterprises	12,556	—	—	12,556
Other sources	12,977	—	—	12,977
Net assets released from restrictions	2,934	(2,934)	—	—
<b>Total operating revenue</b>	<b>219,819</b>	<b>7,672</b>	<b>—</b>	<b>227,491</b>
<b>Operating expenses:</b>				
Faculty salaries	48,573	—	—	48,573
Administrative salaries	43,663	—	—	43,663
Part-time salaries	14,860	—	—	14,860
Employee benefits	21,744	—	—	21,744
Operations and maintenance	22,315	—	—	22,315
Supplies and services	43,067	—	—	43,067
Professional fees and advertising	13,124	—	—	13,124
IITRI research	12,467	—	—	12,467
Interest on indebtedness	10,137	—	—	10,137
Depreciation	14,823	—	—	14,823
<b>Total operating expenses</b>	<b>244,773</b>	<b>—</b>	<b>—</b>	<b>244,773</b>
<b>Increase (decrease) in net assets from operating activities</b>	<b>(24,954)</b>	<b>7,672</b>	<b>—</b>	<b>(17,282)</b>
<b>Nonoperating revenue and expenses:</b>				
Private gifts	—	—	4,428	4,428
Release of net assets restricted for capital	954	(954)	—	—
Net asset reclassification	5,428	—	(5,428)	—
Net gain on investments	22,117	—	1,454	23,571
Endowment spending distribution	(17,046)	—	—	(17,046)
Endowment income	3,954	—	—	3,954
Net loss on disposal of assets	(237)	—	—	(237)
Asset retirement obligation	2,343	—	—	2,343
Other	2,268	—	—	2,268
<b>Increase (decrease) in net assets from nonoperating activities</b>	<b>19,781</b>	<b>(954)</b>	<b>454</b>	<b>19,281</b>
<b>Increase (decrease) in net assets before endowment net asset reclassification</b>	<b>(5,173)</b>	<b>6,718</b>	<b>454</b>	<b>1,999</b>
Endowment net asset reclassification	(7,966)	7,966	—	—
<b>Increase (decrease) in net assets</b>	<b>(13,139)</b>	<b>14,684</b>	<b>454</b>	<b>1,999</b>
Net assets at beginning of year	49,504	18,855	171,393	239,752
<b>Net assets at end of year</b>	<b>\$ 36,365</b>	<b>33,539</b>	<b>171,847</b>	<b>241,751</b>

# 5

iit annual report 2010

## institutional giving report

Dear Friends:

At Illinois Institute of Technology's Office of Institutional Advancement, we share the pride that alumni, friends, students, faculty, and staff have for IIT. To everyone who has supported our university through philanthropy, volunteering, or promoting our university, we thank you.

In May, the IIT Board of Trustees voted to embark on a six-year comprehensive campaign, with a working goal of \$250 million, to carry out the objectives and goals of the university's strategic plan. At that time, we announced that donors had already committed more than \$37 million toward the campaign. Including gifts made through November 30, donors have committed a total of approximately \$50 million. Please know that all gifts made from June 1, 2010 or afterward will be counted as campaign gifts.

This past year we saw a groundswell of interest and support around the country from alumni who gathered at alumni events to hear about the transformation underway at IIT. At events held from New York to San Francisco to Hawaii, alumni attended regional events in record numbers.

Meanwhile, alumni and friends came back to Main Campus for events such as Homecoming, the Golden Society Reunion, and our annual Alumni Awards ceremony. The Golden Society Reunion, which celebrates alumni who graduated 50 years ago or earlier, was dedicated to honoring IIT alumni who had served in the military. It was a special moment to see current ROTC students meet with graduates who had attended IIT during a very different era.

Pride in your alma mater begins when you are a student. To celebrate this pride, this year the Office of Institutional Advancement launched Tech Traditions, a program designed to engage students from the day they arrive on campus and throughout their lives as IIT alumni. Part of the program includes asking students and alumni to share their unique IIT experiences, which we call their Tech Traditions. Tech Traditions are cherished activities and experiences, large and small, and are distinctive to the IIT community. From longstanding IIT customs and beloved campus happenings to students' personal favorite moments, Tech Traditions create the connective fibers of IIT. A few favorites on our ever-growing list of Tech Traditions are the annual Pumpkin Launch competition, the Bridge Building Contest, and hanging out at The Bog on Friday nights.

Finally, we were heartened by the generous support we received from more than 5,000 alumni, friends, and students. A few examples of this stood out:

- A. Sidney Katz (EE '62) committed \$100,000 to name the studio at the university's student radio station, WIIT, where he was a disc jockey during his undergraduate years.
- IIT students completed the 2010 Student Gift Campaign and raised funds to refurbish the outdoor enclosure in The McCormick Tribune Campus Center. With the help of a matching gift from

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# institutional giving highlights

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generous alumni, students raised more than \$7,800. Twelve percent of all undergraduates and 27 percent of the 2010 graduating class participated.

- IIT Regent Craig Duchossois and his wife, Janet, made a \$10 million commitment to establish the Duchossois Leadership Program, which will create student-faculty partnerships through an elite scholarship program combined with an innovative faculty leadership and mentoring initiative.

These three stories show us that support for our university comes in many different ways and at many different levels. What remains constant is that alumni, friends, students, and staff are working together to move IIT ahead—and they are being creative in the way they do it. We are honored that when you make philanthropic decisions you think of IIT as a place to give your support, and we look forward to another year of service and dedication to all of our donors.

Best regards,  
Betsy Hughes  
Vice President for Institutional Advancement

## Institutional Advancement Highlights

- In May, the Board of Trustees approved a six-year comprehensive fundraising campaign with a working goal of \$250 million. The university is currently in the leadership phase, sometimes referred to as the “quiet phase.” The final campaign goal will be announced at the beginning of the campaign’s “public phase” expected early in 2013.
- Despite a difficult economic climate, philanthropic support for the university reached \$21.5 million this year, an increase for the second year in a row.
- Institutional Advancement delivered the second issue of *Impact Magazine* to its donors. This publication highlights the philanthropy of all those who made gifts to IIT as well as the impact those gifts have made on the lives of students, faculty, staff, and the university as a whole.
- Institutional Advancement hosted 67 events to celebrate our donors, connect with our alumni, and promote the university.
- Four new families became members of the Philip Danforth Armour Society, which includes families that have donated \$1 million or more to IIT. This brings the total number of Armour Society families to 66.

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