

Annual Report to the Board of Trustees on the State of the University

John L. Anderson, President

October 3, 2013

2013



Summary

BUDGET AND FINANCE

The university met its FY13 budget targets and strengthened the financial stability achieved in FY12. Total net tuition continued to grow (4% from FY12), retention of faculty and staff was bolstered with a merit-pool salary increase, and depreciation was partially funded (\$4M) for capital renewal. The first payments to reduce the university's outstanding long-term debt principal were made according to schedule in FY13, though the acceleration of these payments in the coming years will increase pressure on net operations.

Financial ratios continued to show improvement; however, the balance sheet is still heavily influenced by the volatility of the investment markets. The endowment grew due to deposits from fundraising and market appreciation. Through the sale of a parcel of land in Chicago's West Loop (net \$5.7M), we reduced the balance of an outstanding loan from the endowment to \$1.8M, which we plan to retire through net operations over the next several years. The draw on the endowment (average of the previous 12 quarters) was 6.1%, including the Board-approved special distribution (1.4%) allocated to fund the fundraising campaign. The university's credit ratings were reaffirmed by Moody's and Fitch.

STUDENT, FACULTY, AND ACADEMIC INITIATIVES

Enrollments remained strong with 892 new undergraduate and 1,817 new graduate students. In fall 2013, 2,714 full-time undergraduate students were enrolled, the largest full-time undergraduate enrollment since 1981. Total enrollment is 7,829, our highest since 1968. Enrollments in the Armour College of Engineering, the School of Applied Technology, and the College of Science grew significantly in the last year; this growth compensated for decreases in the College of Architecture, the Stuart School of Business, and Chicago-Kent College of Law. First-to-second-year retention was 93%, exceeding 90% for the fourth year in a row.

The university hired 28 new faculty members (13 on the tenure track). One of our prestigious endowed professorships was filled by John Shen (Grainger Chair), who came to us from the University of Central Florida. We also hired two department chairs: Professor Ashfaq Khokhar (Electrical and Computer Engineering) came to IIT from the University of Illinois at Chicago and Professor Ron Landis assumed the chair's position in the Department of Psychology.

Academic initiatives include the formation of two new colleges: 1) the College of Science and 2) Lewis College of Human Sciences, which includes programs in humanities, social sciences, and psychology. A new department was created (Food Science and Nutrition) in the School of Applied Technology, which is also the new home for our Institute for Food Safety and Health. New research awards topped \$40M, double that of only five years ago. More than 20 co-terminal degree programs, which allow a student to complete a baccalaureate and master's degree in five years, were established in the last year.

The university was accepted, on provisional status, into the National Collegiate Athletic Association (NCAA) Division III. Within four years we will be a full member. One of the criteria for membership in Division III is that no student aid be given for athletic participation and performance; therefore, all athletic scholarships at IIT have been eliminated. Two new sports were added: women's lacrosse and women's basketball.

FACILITIES AND PUBLIC SAFETY

Major investments in the physical plant include:

- Renovations to the interior of S. R. Crown Hall;
- Placing artificial turf on the athletic field so it can be used year-round for varsity soccer and lacrosse, intramural sports, and recreational activities;
- Construction of an alternate electrical power feed to State Street Village for life safety, thereby completing the last alternate power feed on campus;
- Renovation of the IIT Tower Auditorium, which seats more than 100 persons;
- Continued investment to maintain campus landscaping at the high standards set in previous years;
- Creation of new space in the IIT Tower for the dean's office for the Lewis College of Human Sciences; and
- Installation of fire sprinklers in Carman residential hall and the Lewis and East halls of McCormick Student Village.

Through July 31, 2013, Clery-reportable incidents were less than half of the number reported during the same period in 2012.

INSTITUTIONAL ADVANCEMENT

This was a very successful year in terms of fundraising, including the completion of the campaign's Leadership Phase, the public launch of *Fueling Innovation: The Campaign for IIT*, and the achievement of key fundraising goals. Our objective was to achieve 50% of the \$250 million campaign total in time for the February launch, and we reached \$131,791,822. Giving continued at a brisk pace for the remainder of the fiscal year, which concluded with the campaign having reached \$144,688,960. Campaign giving by members of the Board of Trustees reached \$84.5 million by year-end, 68% toward the goal of \$125 million.

Campaign giving for capital projects moved from \$1.5M at the end of FY12 to \$21.6M this year, providing resources to initiate planning for the Innovation Center, as well as the renovation of Engineering 1 and Life Sciences, which will be known respectively as the John T. Rettaliata Engineering Center and the Robert A. Pritzker Research Center.

Alumni engagement continued to grow substantially. Regional chapter committees were established in Washington, San Francisco, New York City, and Seattle. Attendance at Homecoming and the Golden (50+) reunion continued to grow, as did attendance at the 100+ events held around the world. International alumni celebrated their commitment to IIT through a gathering in Beijing, and Chicago-Kent College of Law alumni and friends celebrated the college's 125th anniversary with a gala attended by more than 800.

GOVERNMENT AND COMMUNITY RELATIONS

IIT negotiated its first memorandum of understanding (MOU) with the City of Chicago, enabling the university to fast track building permits and other initiatives that require city approval. The newly completed Trustee Economic Development Task Force Report provided the roadmap for the MOU. Mayor Rahm Emanuel joined John Anderson in S. R. Crown Hall for an announcement of both the agreement and the university's plans to build the Innovation Center.

The Department of Community Affairs extended IIT's reach into the community through partnerships with Senator Hunter's Health Fair, Congressman Rush's Technology Summit, technology support for local companies, and real-world IPRO projects in the community.

The Department of External Affairs also worked with the Institute for Food Safety and Health and the State of Illinois to develop the concept of Illinois as the nation's "Food Safety Hub." John Anderson met with seven congressional representatives during his annual trip to Washington, D.C. in the spring. While federal and state support for university projects is difficult to both maintain and increase in the current economic and political climate, IIT is committed to strengthening its presence and relationships in Washington, D.C. and Springfield.

The new business incubator at our University Technology Park (UTP) reached 50% of capacity, with 17 startup companies and \$240,000 in revenue to support operations. The UTP is now home to 24 companies and 275 employees.

MARKETING

Efforts to increase the institution's visibility continued with expanded coverage in traditional media outlets. IIT was featured or mentioned in more than 400 media stories in more than 200 traditional media outlets, including the *Chicago Tribune*, *Crain's Chicago Business* (cover story), *WBEZ*, *the Huffington Post*, *Arch Daily*, *the New York Times*, and *Forbes*. Of special note was the ***Crain's Chicago Business*** article entitled "Re-Engineering IIT: How IIT intends to become world-famous" (April 2013).

The university's social media presence continued to grow, and enhancements to IIT's website were initiated. IIT's successful promotion of the HyTAQ robot (research by Associate Professor Matthew Spenko, Mechanical Engineering) resulted in 290,000 YouTube views as well as follow-up stories in tech-focused media such as *Gizmodo*, *EnGadget*, and *CNET*.

The partnership with the Office of Undergraduate Admission continued. Marketing and Communications developed and implemented a communications strategy designed to increase inquiries from prospective students. A new website was launched for undergraduate and graduate admissions. Our new marketing strategies helped to boost inquiries from prospective students to 26,852—up from 21,461 in the previous year. First-year undergraduate inquiries from international students increased from 1,313 to 2,832.

Marketing and Communications also partnered with Institutional Advancement to produce promotional material and messages for the capital campaign. Commencement initiatives included student translators for visitors from abroad—and a social media feed that chronicled the event “by the minute.” The live webcast was viewed in Europe, Asia, Australia, Africa, North America, South America, and Oceania.

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- Figure 2. Revenue sources by percentage.
- Figure 3. Total enrollments (full-time + part-time). 7,829
- Figure 4. Fall 2013 full-time undergraduate enrollment. 2,714
- Figure 5. Fall full-time undergraduate enrollment. Female and minority enrollment. Female full-time undergraduate enrollment is 818. Minority full-time undergraduate enrollment is 591.
- Figure 6. Percentage of enrollment (undergraduate + graduate) that is international. Undergraduate international is 24%. Graduate international is 59%.
- Figure 7. Research awards (in \$). IITRI not included.
- Figure 8. Academic accolades
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- Figure 10. Full-time staff. FT administrative staff members are funded by general revenues, and FT research administrative staff members are funded by direct charges to research grants.
- Figure 11. Timeline for *Fueling Innovation: The Campaign for IIT*. Orange line shows quarterly campaign progress (new cash gifts and pledges) since the initiation of the campaign’s leadership phase in June 2010, including select commitments from lead donors received prior to that date.
- Figure 12. Annual fundraising progress (new cash gifts and pledges) from FY10–FY13, including the FY14 fundraising goal.
- Figure 13. Advancement of IIT’s visibility.
- Figure 14. Live webstream viewing locations of 2013 Commencement.

GOALS FOR 2012–13

- Meet the FY13 operating budget target and develop a FY14 budget that 1) continues to improve and align operations with strategic objectives and 2) incrementally grows the partial funding of depreciation. ✓
- Further strengthen our liquidity and continue to preserve and build unrestricted net assets. ✓
- Increase the visibility of IIT through marketing with measurable results. ✓
- Make significant progress in fundraising for the Innovation Center [\$7.5M of the \$40M needed].
- Meet campaign goals. ✓
- Increase enrollment of full-time undergraduate students to 2,750 and maintain graduate/professional enrollment. Enrolled 2,714* in fall 2013 (the highest since fall 1981). Total enrollment was 7,829, the highest since 1968.
**As of 9.25.13, total enrollment is 7,850.*
- Continue to hire excellent faculty. ✓
- Further integrate our educational programs in leadership, entrepreneurship, and IPRO. ✓

GOALS FOR 2013–14

- Meet the FY14 operating budget target and develop a FY15 budget that continues to align operations with strategic objectives, to incrementally grow the partial funding of depreciation, and to strengthen relevant financial ratios.
- Achieve a full-time undergraduate enrollment of 2,800 and a total undergraduate enrollment of 3,000.
- Maintain the graduate enrollment of domestic and international students.
- Exceed \$40M in new research awards.
- Continue to hire excellent faculty.
- Raise 60% of the projected funding needed to construct the Innovation Center.
- Meet the campaign fundraising goal of \$32M and extend the donor base to include international alumni and civic-minded friends.
- Continue enrichment of local business development programs and expand entrepreneurial initiatives/opportunities for local high school students.

Figures

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Figure 1. Total revenue (in \$), with detail by major source.

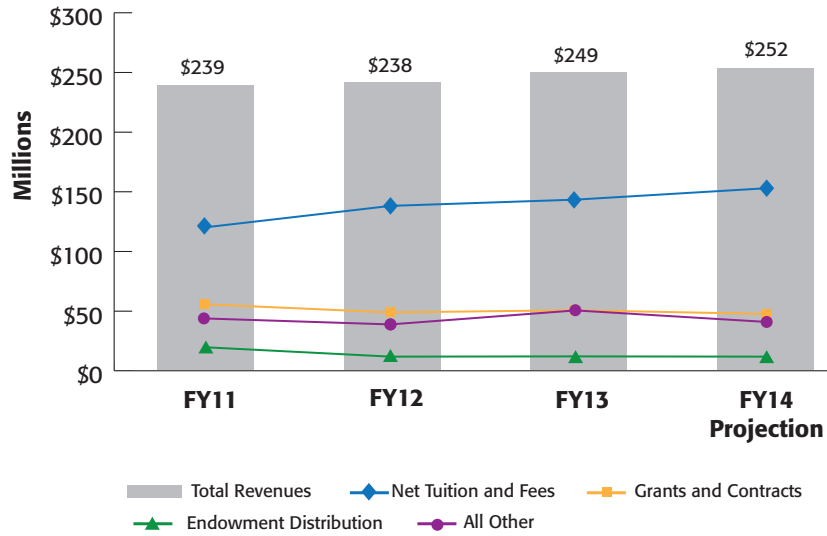
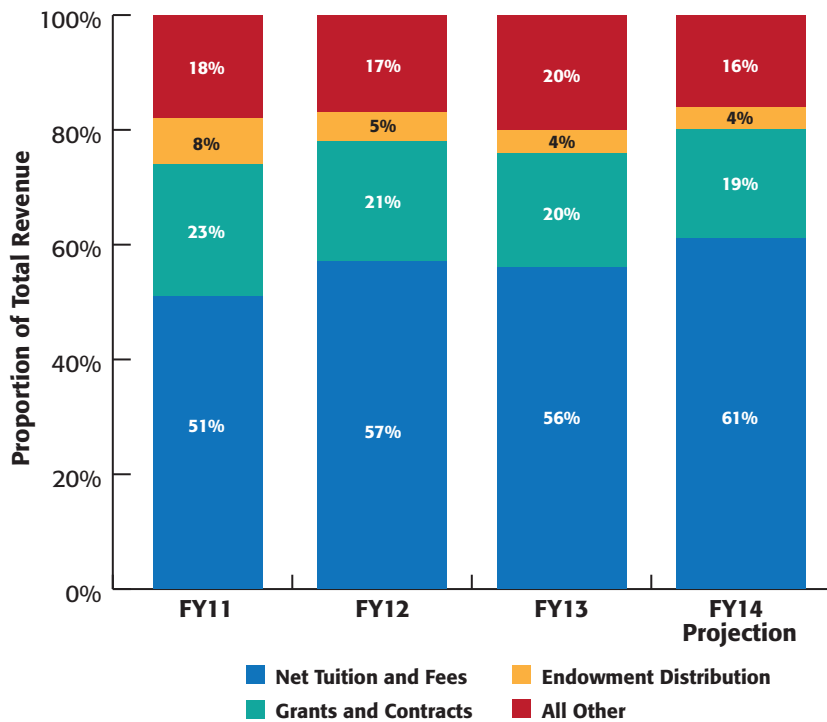


Figure 2. Revenue sources by percentage.



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Figure 3. Total enrollments (full-time + part-time).

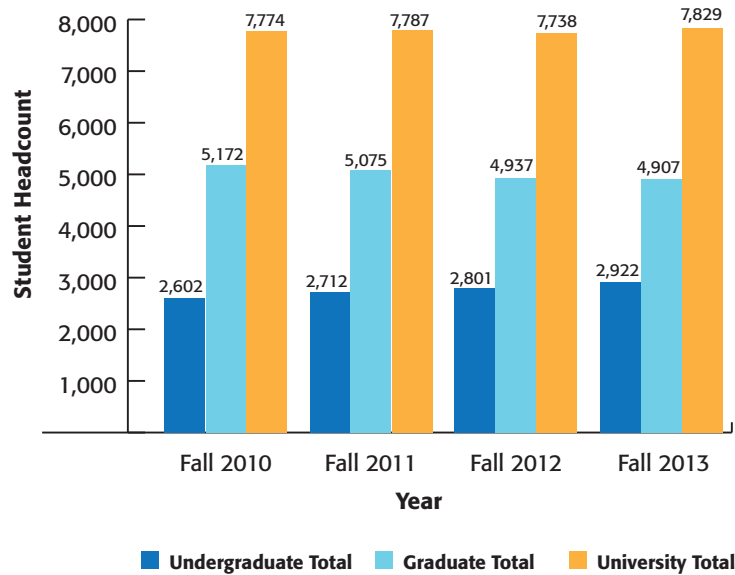
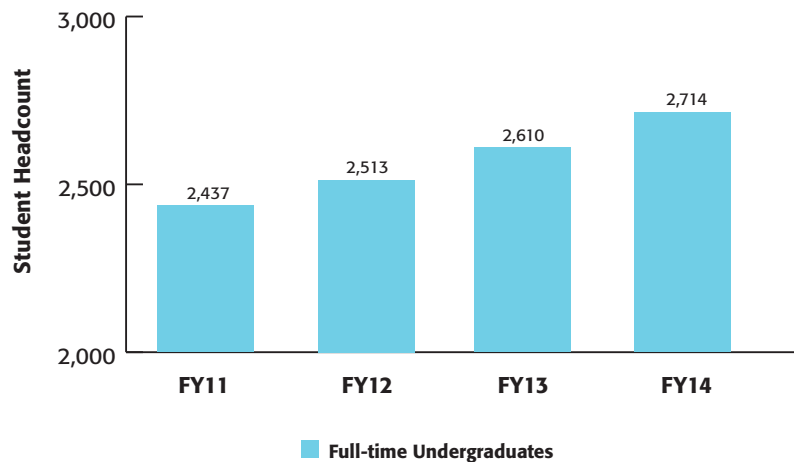


Figure 4. Fall 2013 full-time undergraduate enrollment. 2,714



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Figure 5. Fall full-time undergraduate enrollment. Female and minority enrollment.

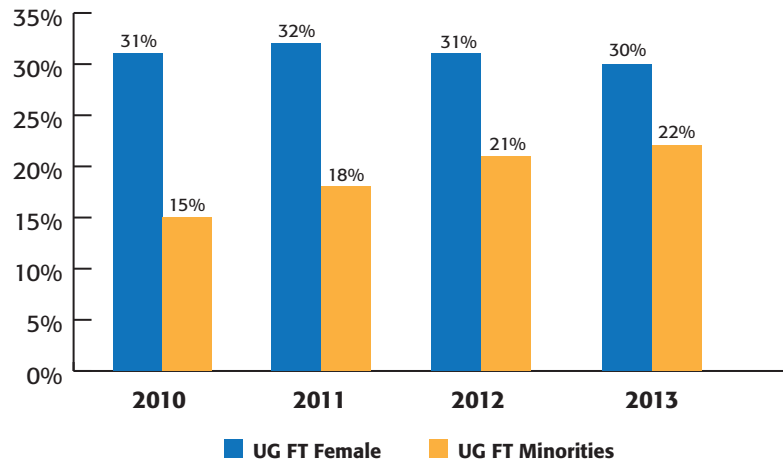
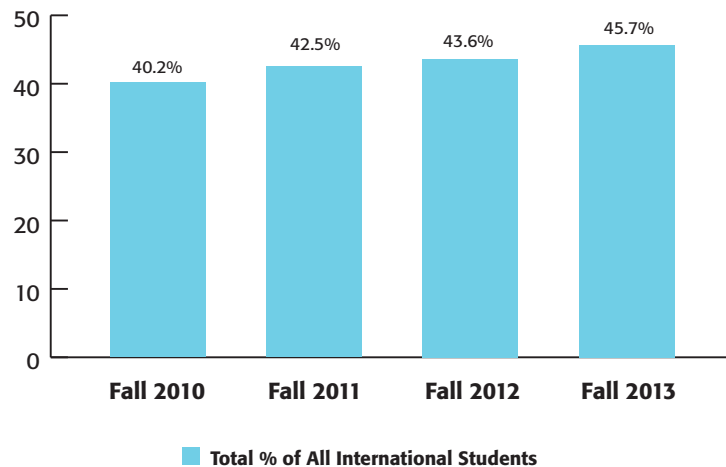


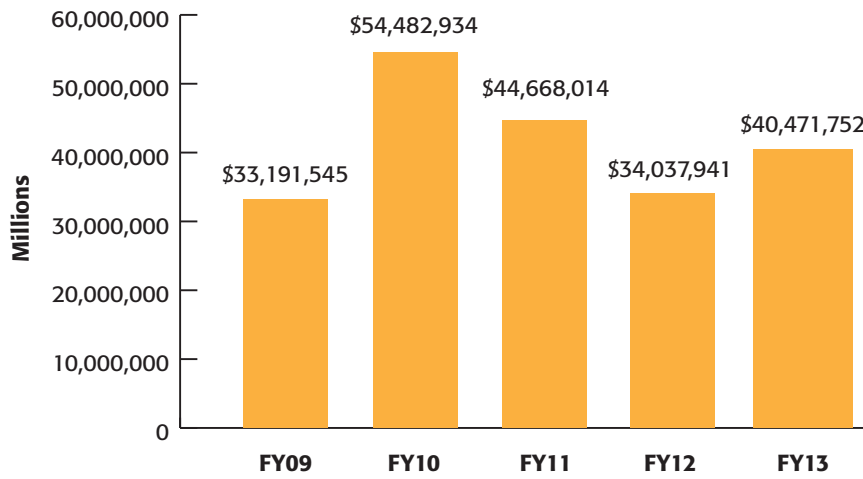
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2013

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Figure 8. Academic accolades

- The *Financial Times* ranked the Stuart School of Business Finance Program third in the U.S. and 26th in the world.
- The Institute of Design was recognized, by the deans of design schools, as the #1 program in the U.S.
- A student team from the Institute of Design won the Rotman Design Challenge 2012 at the University of Toronto.
- The Chicago-Kent College of Law Oyez Project was one of eight winners of the Knight News Challenge on OPEN GOV, a project that identifies tools that improve the way citizens and governments interact.
- Associate Professor Harry Malgrave of the College of Architecture was inducted as an honorary fellow into the Royal Institute of British Architects (RIBA).
- John Ronan Architects (Professor John Ronan, College of Architecture) was ranked third in the "Top 50 by Design" list compiled by *Architect* magazine.
- Professor Darsh Wasan and Provost Alan Cramb were recognized as fellows of the American Academy for the Advancement of Science.
- Provost Alan Cramb was recognized as an Honorary Member of the Iron and Steel Society of Japan. Distinguished Professor Emeritus Dimitri Gidaspow (ChBE) received the 2013 Particle Technology Forum Award, which recognizes a member's lifetime outstanding scientific and technical contributions to the field of particle technology.
- The Water Environment Federation named Professor Krishna Pagilla (CAEE) as the 2013 recipient of the Fair Distinguished Engineering Educator Award.
- The 2013 SME Outstanding Young Manufacturing Engineer award was given to Professor Benxin Wu (MMAE).
- Professor David Gerber recently received an honorary doctor of laws degree from the University of Zurich.
- Research Professor Dennis Roberson was named as one of the 50 "People to Know" in Chicago and Illinois by *Crain's Chicago Business*.
- Professor Ron Landis (PSYC) was named a fellow of the American Psychological Association.
- Professor of Psychology Patrick Corrigan and his group won the Prix Perspectives 2013 in Zurich for their work on the Coming Out Proud (COP) program, which helps people with serious mental illness deal with stigma.

2013

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Figures

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Figure 9. Full-time faculty. 438

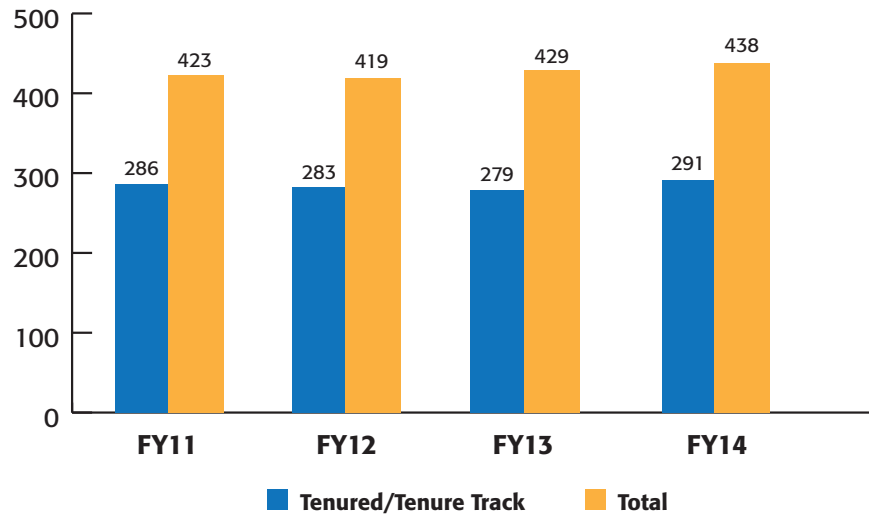
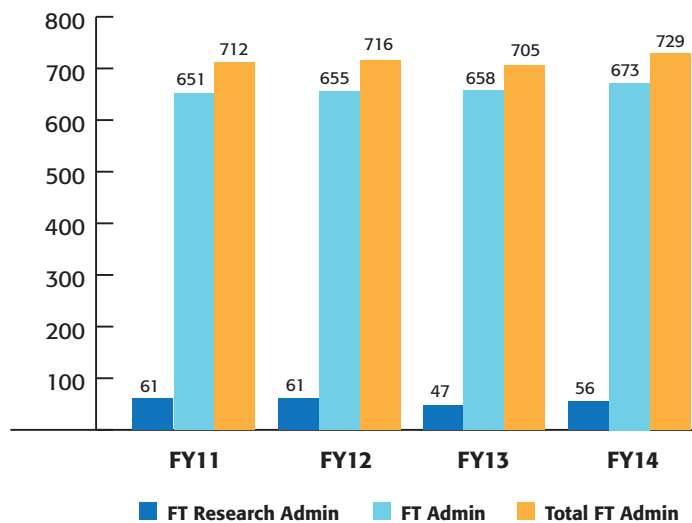


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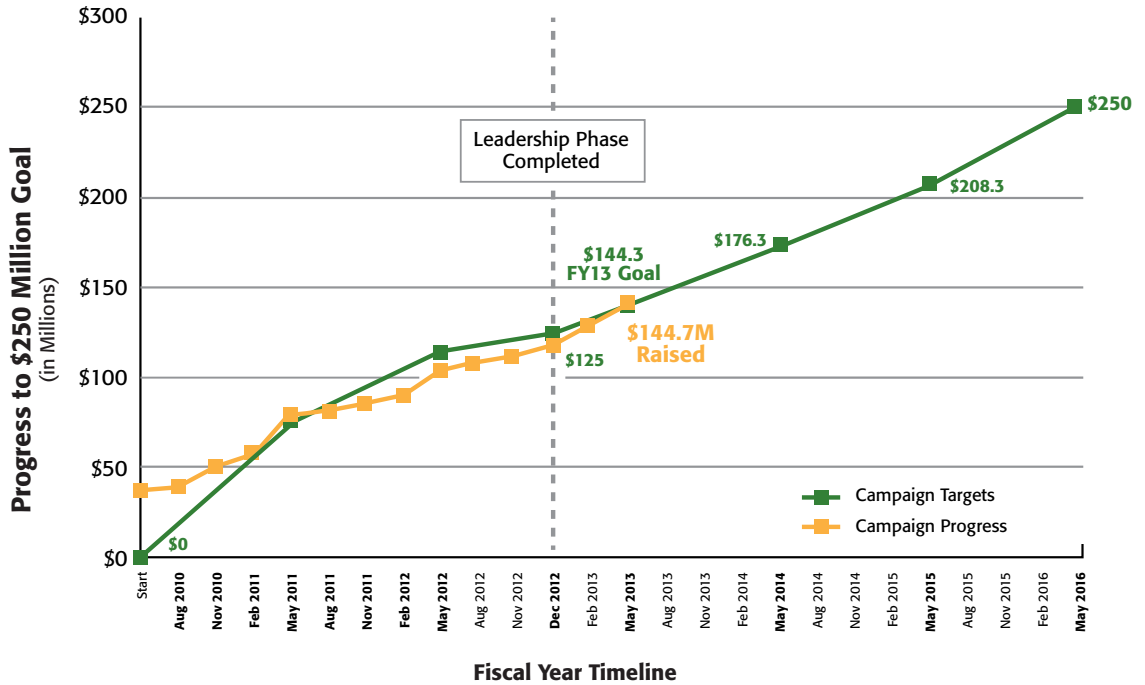
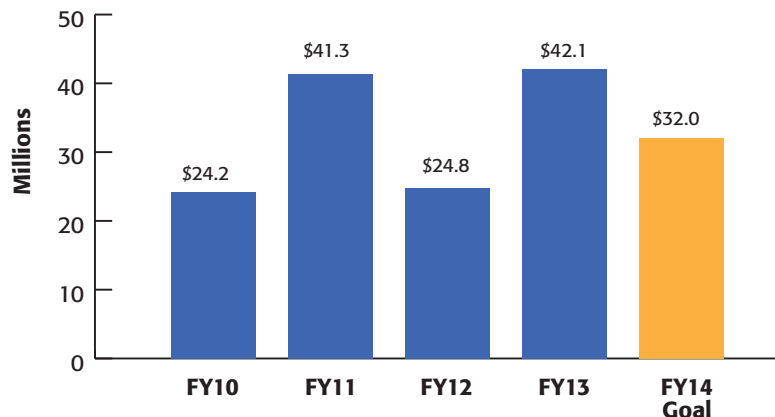


Figure 12. Annual fundraising progress (new cash gifts and pledges) from FY10–FY13, including the FY14 fundraising goal.



Figures

Figure 13. Advancement of IIT's visibility.

- IIT welcomed many prominent speakers and dignitaries to campus during the year, including Senator Richard Durbin, Congressman Bobby Rush, Mayor Rahm Emanuel, Alderman Pat Dowell, State Senator Mattie Hunter, State Representative Esther Golar, Andrew Ross (deputy governor and chief of staff), Sheryl Sandberg (COO, Facebook), Leonel Fernandez (immediate past president, Dominican Republic), and Jen Hoelzle (director of tourism, State of Illinois).
- In April 2013, IIT hosted the 2013 International Biotechnology Convention at the University Technology Park.
- Marketing and Communications continued its partnership with Undergraduate Admission to develop websites and communication strategies to increase inquiries and applications to IIT. Inquiries increased by 25% from domestic students and inquiries from international students increased by 116%.
- IIT was featured or mentioned in more than 400 media stories in more than 200 outlets, including newspapers (print and online), blogs, and television. Of special note was the cover story in *Crain's Chicago Business* about how the university's financial restructuring has provided a platform for new academic initiatives.
- A YouTube video by Dane Christianson, an IIT engineering student, received more than 1.5M views for the X-Cube, which he designed using 3-D technology in the Idea Shop. Associate Professor of Engineering Matthew Spenko's HyTAQ robot video resulted in 290,000 YouTube views and additional press in technology outlets.
- *The Fueling Innovation: The Campaign for IIT* video won a 2013 CASE Circle of Excellence Grand Gold Award (the highest award given by the Council for Advancement and Support of Education). The video received more than 10,000 views on social media and the campaign website (fuelinginnovation.iit.edu) since its premier in February 2013.
- Commencement 2013 was viewed via live web stream, on six continents.

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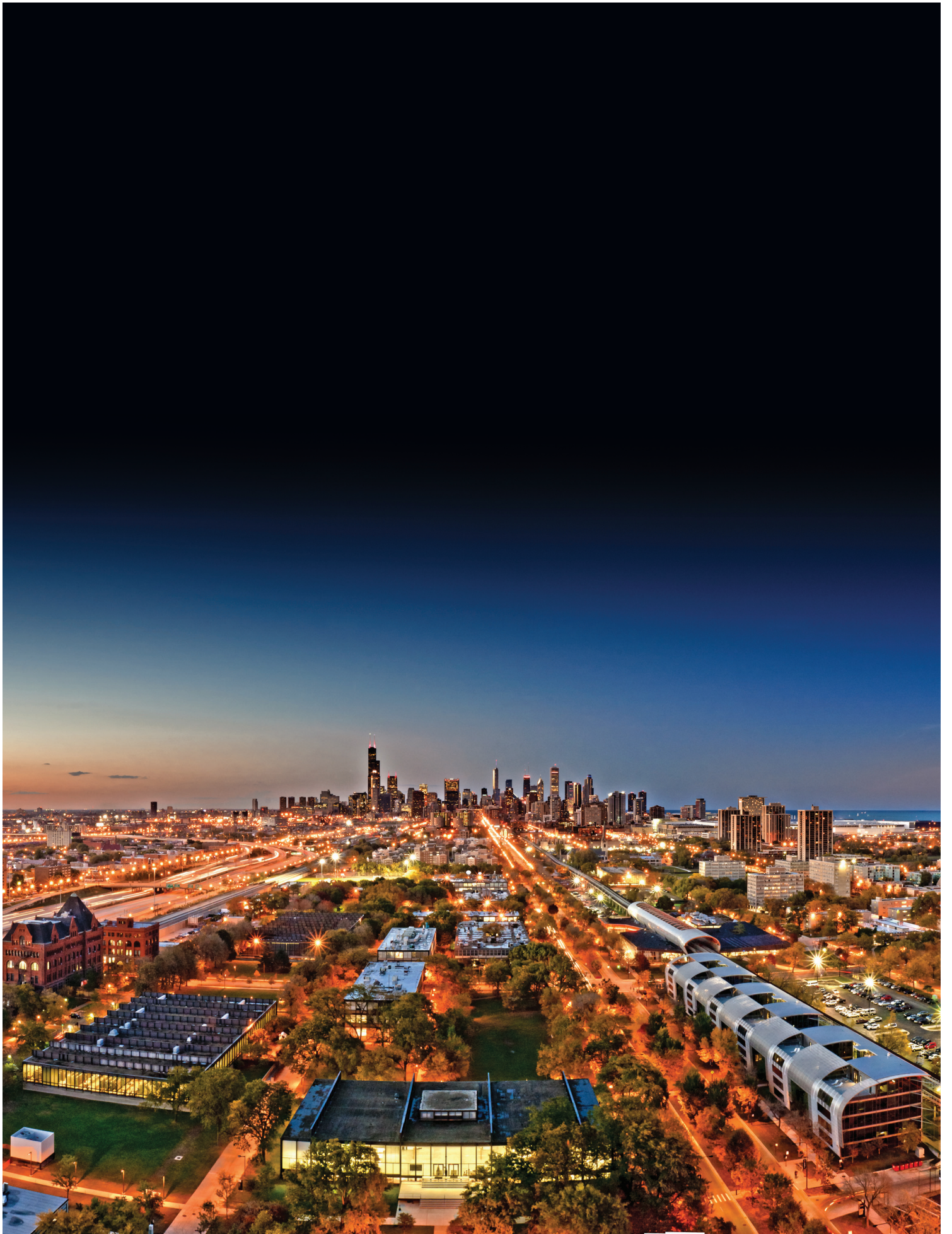
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Figure 14. Live webstream viewing locations of 2013 Commencement.



2013

THE NIGHTTIME VIEW OF IIT'S **MAIN CAMPUS** IN CHICAGO,
WHICH *FORBES* MAGAZINE NAMED AS ONE OF
“AMERICA’S MOST BEAUTIFUL COLLEGE CAMPUSES”



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