

The final steel beam is put into place for the Ed Kaplan Family Institute for Innovation and Tech Entrepreneurship, September 15, 2017.



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



Alan W. Cramb, President
October 26, 2017

PRESIDENT'S INTRODUCTION

During the last year, my second as president, our university continued to move forward and continuously improve both its academic programs and its facilities. Highlights from the year include:

- The Higher Learning Commission renewed our university's accreditation for another 10 years.
- Twenty-nine new faculty members joined Illinois Tech's academic community.
- Trustee Ed Kaplan (ME '65) and his family, Chicago Mayor Rahm Emanuel, and a large group of trustees and donors were on Mies Campus to celebrate the groundbreaking of the Ed Kaplan Family Institute for Innovation and Tech Entrepreneurship. The subsequent initial construction phase of the building is well underway. This is the first major academic building to be constructed on campus since the early 1970s and is designed by Professor John Ronan of our College of Architecture.
- The second \$1 million Nayar Prize competition (Nayar Prize II) was initiated and three projects were chosen to compete in the first phase of the competition; the ADEPT Cancer Imager project was selected to advance to the second phase of the Nayar Prize I competition.
- The inaugural Tech-X Award was given to Howard Tullman, noted entrepreneur and director of 1871, to recognize his leadership in innovation and entrepreneurship in Chicago.
- We had another National Science Foundation CAREER Award recipient: Assistant Professor Salim El Rouayheb of the Department of Electrical and Computer Engineering. Additionally, Assistant Professor Dong "Kevin" Jin of the Department of Computer Science, received a 2017 Young Investigator Research Program grant from the United States Air Force Office of Scientific Research.
- We secured the future of Main Building by partnering with MCM Development Group (Armour Institute, LLC) to renovate the historic structure into micro-apartments for either students or young professionals.
- We appointed two new deans: Professor John F. O. Bilson to Stuart School of Business and Denis Weil (M.Des. '01) to the Institute of Design. We also appointed Professor Michelangelo Sabatino as interim dean of the College of Architecture.
- We hired two new vice presidents: Jess Goode in External Affairs and Michael Horan in Finance.
- We had our first international alumni meeting in Europe, where we met with alumni from around the world and faculty from our European partner schools in Paris. I also attended alumni meetings abroad in Bangalore, Bangkok, Hong Kong, London, and Mumbai, and domestically in Arizona, California, Florida, Michigan, New York, Washington, D.C., and, of course, in Chicago.

New full-time undergraduate enrollment this fall was slightly below last year's enrollment but was still within normal year-to-year variations. We saw a decrease in new international students who come to our university to gain master's degrees in STEM fields. Our first-year to second-year retention rate continues to be in the 90th percentile and our six-year graduation rate above 70 percent.

Although one can always question ranking methodologies, our *U.S. News & World Report* ranking for 2018 remained at #103, up from #108 in 2016 and from #116 in 2015. Other rankings that measure the outcomes of our education indicate that our university still is a gateway to professionalism. We are proud to be ranked in *PayScale's* 2017 "College Return on Investment Report" as #1 in Illinois and #75 in the U.S. for mid-career earnings of graduates who have received a bachelor's degree. *U.S. News & World Report*, *The Princeton Review*, and the *Fiske Guide to Colleges* have all named Illinois Tech an educational "Best Value."



Our progress is due to the hard work of our faculty and staff and the support of our alumni, trustees, and friends. Without this support our university would not continue to improve.

A handwritten signature in black ink that reads "Alan W. Cramb". The signature is written in a cursive, flowing style.

Alan W. Cramb, President

ENROLLMENT REPORT

As of the fall census date, a total of 2,924 undergraduate students and 4,342 graduate students have enrolled for the fall 2017 semester at Illinois Tech. Our total enrollment is 7,266 students.

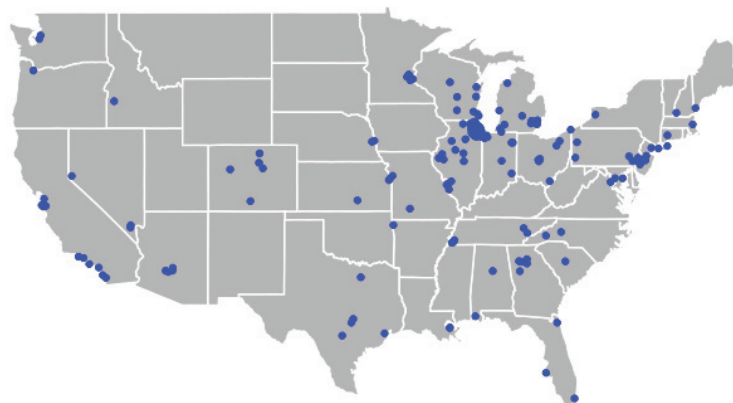
Undergraduate Enrollment

Among our undergraduate students, 2,724 are seeking bachelor's degrees and 200 are visiting students. This year our first-to-second-year retention rate came in at 93 percent, and our six-year graduation rate came in at 72 percent, above 70 percent for the third consecutive year.

New Undergraduate Students

This year we enrolled a total of 853 new undergraduate students (690 degree-seeking students and 163 visitors). Our fall 2017 first-year class comes to Illinois Tech from 36 states and 22 countries. The geographic distribution of our domestic first-year students is shown in Figure 1. The blue dots represent the location of the high school that the student attended. The number of domestic first-year students coming to us from outside the state of Illinois has more than doubled over the past five years. This year 36 percent of domestic first-year students come from outside of Illinois. Among the students from Illinois, 36 percent are from the city of Chicago.

Figure 1. Geographic Distribution of Illinois Tech's First-Year Class



Characteristics of our first-year class are given in Table 1 below:

Table 1. Characteristics of Illinois Tech's First-Year Class

Average ACT	28.3
ACT Math	29.5
SAT (Verbal + Math)	1260
Female	32%
International	15%
Underrepresented Minority Students	22%

Graduate Enrollment

This fall our total graduate enrollment is 4,342 students. This reflects a 10 percent drop over fall 2016. We enrolled 1,523 new graduate students (65 percent international). The significant reduction in our graduate enrollment is largely because new international graduate enrollment declined over fall 2016. The decline in new international enrollment appears to be due to a significant reduction in the number of student visa issuances. This has had a national impact on enrollment of international students in the United States.

INSTITUTIONAL ADVANCEMENT REPORT

FY17 Fundraising Results

Fiscal year 2017 was a unique period in our fundraising efforts. We completed the *Fueling Innovation* campaign at the end of the first quarter (August 31, 2016) by surpassing our campaign goal. Gifts received late in May allowed us to end the year with \$20,166,626 in commitments. These gifts included Trustee Ed Monser's (EE '81) \$1 million to Armour College of Engineering for biomedical engineering facilities, a \$900,000 anonymous gift to support research in the College of Architecture, and \$280,000 from the Greer Foundation in support of scholarships. We also received \$28,689,625 in cash, surpassed our target for raising unrestricted dollars for the university, and had a record 6,320 donors to the university.



Campaign Close Celebrations

More than 150 people gathered on October 27, 2016, to celebrate the successful completion of *Fueling Innovation: The Campaign for IIT*—a six-year campaign that raised more than \$250 million in support of Illinois Tech. The immense gratitude for these donors was showcased at an event that highlighted four young alumni—Katie Johnson (PCT '15), Miriam Schmid (BCHM '14), Will Syvongsa (EMGT '14, BME '14), and Rahul Wadhvani (EE '16)—who spoke about the impact the campaign had during their time on campus as students, alongside co-emcees President Alan Cramb and Student Government Association President Hamze Sukkar (EMGT, CPE 4th year).

On October 28, 2016, the celebration continued as Illinois Tech students, faculty, staff, and friends gathered on campus for a university-wide gathering to officially close the campaign.

TECH-X



On June 27, 2017, Illinois Tech held the inaugural TECH-X Award celebration—a fun and unique celebration to honor Howard Tullman, chief executive officer of 1871 and general managing partner for the Chicago High Tech Investment Partners, for his contributions to the tech community. More than 300 attendees, the majority of whom were “new friends” to Illinois Tech, came to Morgan MFG in the West Loop for the event. More than \$800,000 was raised, with net proceeds supporting the newly established Center for Computational Science in the College of Science.

The event was planned by the Civic Outreach Committee, led by trustees Jamie Cowie and Chris Gladwin, together with trustees Jim Dugan, Eric Larson, Tim Stojka, and Kevin Willer. The event was co-chaired and emceed by Gladwin and former trustee and generous university benefactor J. B. Pritzker.

Stewardship

In the final year of the campaign we had the opportunity to recognize and thank our generous donors through myriad stewardship events and recognition opportunities.



The Robert A. Pritzker Science Center (previously Life Sciences) was dedicated on September 21, 2016, recognizing a lead gift from COL (IL) J. N. Pritzker, IL ARNG (Retired) toward the first-phase renovation of a building renamed in memory of her father, the late university regent Robert A. Pritzker (IE '46). Improvements to the building focused primarily on the main level, including new classroom and auditorium spaces and a renovated lobby and patio. More than \$6.8 million was raised from philanthropic and government support of this project.

On November 8, 2016, the Illinois Tech community, university leadership, and several members of the Board of Trustees gathered to celebrate the investiture of John F. O. Bilson as the John & Mae Calamos Stuart School of Business Dean Endowed Chair. The investiture ceremony continues the wonderful tradition established to recognize outstanding faculty at Illinois Tech. This is the first of two chairs funded by the Calamos family in the campaign.



The Frey, Krauss, and Monser families joined the Philip Danforth Armour Society during fiscal year 2017, bringing the total number of families whose cumulative giving has exceeded \$1 million to 97. Included in this number is the Rowe family, whose total giving has now surpassed the \$10 million level, bringing the total number of \$10 million+ donors to 15.

Celebrating That Tech Spirit



For the second consecutive year the Illinois Tech community celebrated Spirit Day on Mies Campus and around the world. In addition to the Homecoming and Reunion celebrations in Chicago, more than 250 alumni and friends gathered in 17 cities on September 17, 2016. Not only did alumni meet to network and show their school spirit, but they also celebrated by making gifts to the university.

948 alumni and donors gave more than \$881,100 including 304 new donors. This was a 22 percent increase in cash giving, a 9 percent increase in total donors, and a 22 percent increase in new donors over 2015.



It's a Global Community

Alumni across the world continued to welcome President Alan Cramb as he entered his second year. Gatherings were hosted in Bangalore, Bangkok, Hong Kong, London, and Mumbai to meet the “new” president and to get to know fellow alumni in each city.

Paris was the location of the second Global Alumni Gathering. From June 30–July 3, 2017, more than 120 alumni, administrators, faculty, and guests from Illinois Tech and partner schools gathered for a two-day conference to address the global challenges of energy, health and wellness, security, and water. Attendees represented nine countries and 20 universities. Trustee Michael Graff (CHE '77) served as the keynote speaker and was joined by fellow CEOs, researchers, and thought leaders in addressing each of these challenge areas.

Students Get in the Game

The Student Gift Campaign continued a seven-year tradition of giving back. It has been inspiring to watch students take the initiative to impact their university and to make a lasting difference on campus. Even more remarkable is the approach students took this year; the Hawks 4 Hawks Hardship Fund was initiated by students—for students—to help with financial emergencies that would have otherwise taken them out of school. More than 525 students responded to the call to help fellow students by raising \$20,200 from students, alumni, and administrators, resulting in seven students receiving much-needed aid.

ACADEMIC ACHIEVEMENTS

2017 National Science Foundation CAREER Award Winner



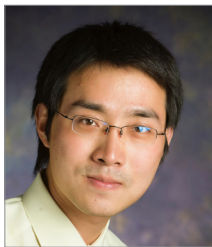
Assistant Professor Salim El Rouayheb

Department of Electrical and Computer Engineering

Salim El Rouayheb's research is in the area of information theory and coding theory, and solving problems related to distributed data storage, information-theoretic security, and private information retrieval.

2017 Young Investigator Research Program Winner

United States Air Force Office of Scientific Research



Assistant Professor Dong "Kevin" Jin

Department of Computer Science

Kevin Jin's research interests focus on trustworthy cyber-physical critical infrastructures, simulation modeling and analysis, software-defined networking, cyber-security, and parallel and distributed simulation.

Similar to the National Science Foundation CAREER Award, the Young Investigator Research Program Award is a prestigious honor given to junior scientists and engineers at research institutions across the U.S. who show exceptional ability and promise for conducting basic research.

Illinois Institute of Technology Distinguished Professors



Mohammad Shahidepour

Armour College of Engineering and the Robert W. Galvin Center for Electricity Innovation

Mohammad Shahidepour joined Illinois Institute of Technology in 1983. He is the Bodine Chair Professor in the Department of Electrical and Computer Engineering, the director of the Robert W. Galvin Center for Electricity Innovation, and the associate director of Illinois Tech's Wanger Institute for Sustainable Energy Research. Shahidepour is an IEEE fellow and a member of the National Academy of Engineering.



Mark Rosen

Chicago-Kent College of Law

Professor Mark Rosen has been a member of the Chicago-Kent College of Law faculty since 1999 and is considered to be one of the leading constitutional law scholars in the country. Besides constitutional law his other scholarly interests include state and local government, civil procedure, conflicts of law, election law, federal courts, and federal Indian law.

Rankings

- *PayScale* “2017 College Return on Investment Report”: #1 in Illinois and #75 in the U.S. for mid-career earnings of graduates who have received a bachelor’s degree
- *U.S. News & World Report*, *The Princeton Review*, and the *Fiske Guide to Colleges* have named Illinois Tech an educational “Best Value.”
- **U.S. News & World Report Best College Rankings 2018**
 - #103 on the Best Colleges National University (up from #116 in 2015)
 - #38 on Best Value List of National Universities (up from #47 in 2016)
 - #70 on Best Engineering Program at Engineering Schools with Highest Degree Doctorate (up from #78 in 2011).

Endowed Professor Appointment FY2017



Geoffrey Williamson, Duchossois Leadership Professor
(appointed September 1)

Geoffrey Williamson’s research interests span the disciplines of signal processing and control systems. His work emphasizes system identification and parameter estimation, including adaptive filtering, with applications in signal processing, control, and biomedical settings.

Nayar Prize

In June 2015 Illinois Tech announced the Nayar Prize, a \$1 million-plus prize package established to encourage and challenge faculty, staff, and students to develop breakthrough, innovative projects that will, within three years, produce meaningful results with a societal impact. The Nayar Prize is funded by distinguished Illinois Tech alumnus and Trustee Madhavan Nayar (M.S. IE '68), his wife, Teresa, and the Nayar Family Foundation. A second prize, Nayar Prize II, was announced in March 2016.

Nayar Prize I finalist (Phase II) selected fall 2016:

- ADEPT Cancer Imager. Kenneth Tichauer (biomedical engineering), Jovan Brankov (electrical and computer engineering), and Rajendra Mehta (biology)

Higher Learning Commission Accreditation for the Next 10 Years

In the report's conclusion the Higher Learning Commission team stated that:

"The Illinois Institute of Technology (IIT) is on stable footing financially, academically, and administratively. It has strong and committed leadership (in its administration, board, faculty, and staff) that is focused on supporting the mission of a private, technical university. Although there are areas for improvement specifically identified in the team review, the critical planning and evaluation processes that define a healthy institution are generally up and running. It is clear that the institution is committed to continuous improvement of its academic and co-curricular programs and that it listens actively to its stakeholders in trying to serve their needs and those of the broader community."

The report is very positive and the university has received official notice of reaccreditation for another 10 years. All schools and colleges, many staff members, almost all of our faculty, and, of course, the committee led by Siva Balasubramanian, associate dean of Stuart School of Business, were responsible for this very positive outcome.

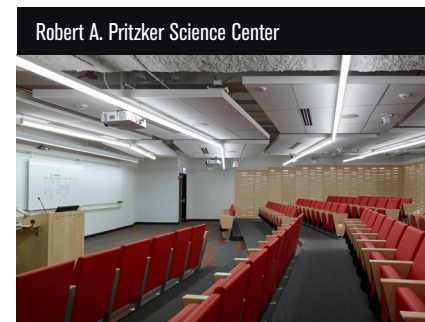
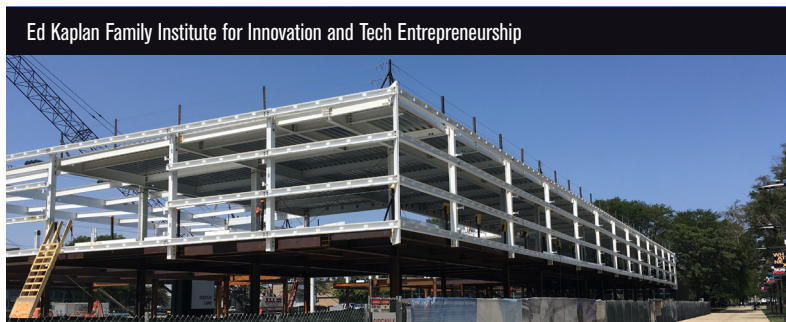
Research Awards

Total external awards to Illinois Tech faculty for research activities in FY17 amounted to \$33 million. Research awards to faculty are stable (with some annual fluctuations) over a six-year period. IITRI funding has been trending slightly upward with \$21 million spent in FY17, bringing the size of the research enterprise across campus to \$54 million in FY17. We remain committed to supporting faculty in their scholarly pursuits and will endeavor to assist faculty in obtaining external funding for their research efforts. We are also proactively connecting faculty with similar research interests so as to generate new opportunities to grow funded research at Illinois Tech.

FACILITIES AND PUBLIC SAFETY REPORT

During the past year Illinois Tech invested \$17.46 million to plan and implement numerous capital improvements. These capital investments were funded through generous philanthropic gifts, state grants, and a modest operating allocation. Project highlights include:

- Construction of the Ed Kaplan Family Institute for Innovation and Tech Entrepreneurship began in April and is now well into the steel erection stage. Completion is scheduled for fall 2018. Design Architect John Ronan was recognized with an R+D Award from *ARCHITECT*, the journal of the American Institute of Architects.
- Phase Three of the Robert A. Pritzker Science Center was completed, adding a newly renovated auditorium and two new, modern tech-enabled classrooms to campus.
- The Department of Psychology was relocated from the Pritzker Science Center to Technology Park–Central, opening up much-needed space for the College of Science.
- Illinois Tech completed the sale of Main Building to a private developer that will restore the building and convert it to 102 residential apartment units.
- The multiyear project to install fire-protection sprinkler systems in all occupied residential facilities was completed with installation in the last three Greek houses.
- A new roof was installed on the Heating/Cogeneration Plant.
- A new, modern kitchen was built in the McCormick Student Village graduate hall to accommodate rental of residence rooms to graduate students not interested in meal plans, adding housing revenue from a source that would otherwise choose to live off-campus.
- Renovations to living rooms, bathrooms, and kitchens in State Street Village central wing were completed.
- Domestic water systems in both Carman Hall and Gunsaulus Hall were upgraded.
- New bollards were installed in strategic entry locations along Footlik Lane to preserve it as a safe, pedestrian-only zone.



SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS OF ILLINOIS TECH AND IITRI

Financial Position

As of May 31, 2017, total net assets increased by \$15.6 million to end at \$334.6 million. Unrestricted net assets increased by \$10 million due to investment gains of \$16.3 million reduced by Illinois Tech's annual endowment draw. Permanently restricted assets increased by \$5.6 million due to endowment contributions. Temporarily restricted assets were flat and finished the year at \$55.9 million.

Total assets increased by \$14.3 million. Cash increased by \$2.8 million, with operations generating \$9.5 million in cash and an additional \$8.2 million in gifts for capital projects, which was offset by investment in capital projects including the Ed Kaplan Family Institute for Innovation and Tech Entrepreneurship.

Total liabilities were essentially flat year over year (YOY) at \$259 million. The university made \$6.3 million in payments on its bond debt. This reduction was offset by an increase in deferred revenue of \$4.4 million. This increase is attributed to conditional pledges payments related to the Kaplan Institute.

Activities

Total operating revenue decreased by \$5.2 million to \$271.5 million. Net tuition and fees were flat (YOY) at \$151 million. Private gifts decreased by \$2.3 million to \$10 million to a "post-capital campaign" level. Private grants and contracts decreased by \$2 million to \$12.5 million primarily due to weakness in IITRI's Inhalation Toxicology Division.

Total operating expenses decreased by \$9.7 million to \$271.6 million. The main driver of this decrease was \$8.6 million in compensation and benefits that reflected the full impact of a downsizing effort in 2016. Overall, the university was able to cover operating expenses and depreciation with operating revenue.

Net assets from non-operating activities increased by \$21.5 million over the previous year's loss of \$5.8 million. This increase was driven solely by the university's net gain on investments noted above.

Endowment

As of May 31, 2017, the university's endowment fund was valued at \$241.9 million, an increase of \$17.6 million vs. the 2016 year-end value. Equities accounted for \$12.6 million of the increase with most of the strength coming from international equities (\$9.8 million) and emerging markets (\$2.2 million). The rest of the increase came from a rebalancing of the portfolio, which increased the cash position by \$5 million to \$25 million. The \$12.6 million endowment draw was composed of \$10.6 million normal distribution and an excess \$2 million draw for the capital campaign.

EXTERNAL AFFAIRS REPORT

External Affairs completed the first of three phases of developing a new brand for Illinois Tech. Phase I, the research and development phase, focused on what students, faculty, alumni, and other stakeholders believe is the university's unique competitive advantage. Using research from those findings, our brand development team is now testing and validating in Phase II of the project, which will determine which of three test brand messages do a better job of driving interest and intent to enroll among potential students. After testing has determined the most effective message, it will be used to guide development of a two-year integrated marketing plan to implement the university's new brand strategy.

Marketing and Communications

The Office of Marketing and Communications designed and launched a new Chicago-Kent College of Law website in September, containing more than 1,000 pages of content. The new design aims to better support admissions efforts as well as increase the college's marketing impact.

Illinois Tech's media mentions/stories totaled 13,128 from June 1, 2016, through June 1, 2017, including top-tier outlets such as *USA Today*, *The Washington Post*, the Associated Press, *Forbes*, *BBC News*, *Bloomberg*, and *U. S. News & World Report*. Marketing and Communications also revamped its internal publication *IIT Today* to *Illinois Tech Today*, making it more visually appealing based on student feedback.



Marketing and Communications produced copy and materials for 134 undergraduate and graduate admissions projects, including email marketing for prospective Chinese students, new view books, program brochures, and fact sheets as well as a Facebook advertising test focused on prospective graduate students.

A new content unit has been created to produce video, audio, and social-media optimized news. The team is partnering with the Illinois Tech Office of Digital Learning to produce compelling, highly sharable content that tells the Illinois Tech story. The team produced a welcome message from President Alan Cramb and a three-part video series familiarizing first-year students with the campus and student life at Illinois Tech. Current videos in production focus on an Illinois Tech student group that traveled to Nicaragua as part of the 2017 MEDLIFE humanitarian medical mission as well as an IIT Archives project for Bronzeville's historic Progressive Community Church. In addition to video and web content, the new team is currently working on launching an Illinois Tech podcast in 2018.

Illinois Tech's Event Services office produced 3,419 events during FY2017. In the current fiscal year, (through September 30, 2017), the team produced 1,012 events for four client groups: departments and/or colleges, student organizations, external events sponsored by university departments and/or colleges, and external clients.

Community Affairs

With the assistance of the Office of Community Affairs, the John D. and Catherine T. MacArthur Foundation awarded a \$350,000 grant to Illinois Tech to fund the first phase of developing the Minority Contractors Technical Assistance Center.

Community Affairs sponsored and participated in the second annual Chicago Zoological Society Teen Conservation Leadership Conference for 250 middle school and high school students this past summer. Illinois Tech designed and led the “Urban University: Campus Sustainability” workshop and served on the “Women in STEM” panel. The conference was covered in the *Chicago Sun-Times*.



Provost Frances Bronet [second right] is joined by Illinois Tech students, faculty, and staff members walking in the Bud Billiken Parade.



Bronzeville's Gallery Guichard
Photo: Ron Henderson

Illinois Tech had a strong presence in the annual Bud Billiken Parade, which celebrated its 88th year in Bronzeville. Community Affairs also facilitated efforts between Bronzeville's Gallery Guichard and students from the College of Architecture to work on a local landscape architecture project, which was partially funded by Chicago City Hall and Exelon Corporation. Additionally, Community Affairs collaborated with IIT Archives to transfer archival materials from Bronzeville's historic Progressive Community Church to Illinois Tech.

External Affairs

Development continues on converting historic Main Building into residential housing. The Office of External Affairs gained approval to increase the unit count of the building with support from Third Ward Alderman Pat Dowell's office and the City of Chicago.

External Affairs facilitated the first faculty and C-Suite forecasting conference on workforce development through America's Urban Campus online consortium in an effort to connect the private sector and faculty.

The External Affairs team continued to work with partners across campus to advocate for Monetary Award Program (MAP) funding for fiscal years 2017–18. This summer the new Illinois state budget increased the amount of funding going to MAP grants by 10 percent for fiscal year 2018.

Mayor Rahm Emanuel attended a press conference celebrating the placement of the final steel beam within the Ed Kaplan Family Institute for Innovation and Tech Entrepreneurship. In addition, External Affairs helped facilitate the new partnership between Institute of Design and the Politecnico di Milano University School of Design, which was announced by Mayor Emanuel this past summer. The partnership aims to drive research on the role of design as an agent of development and transformation for urban communities and a sustainable economy.



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