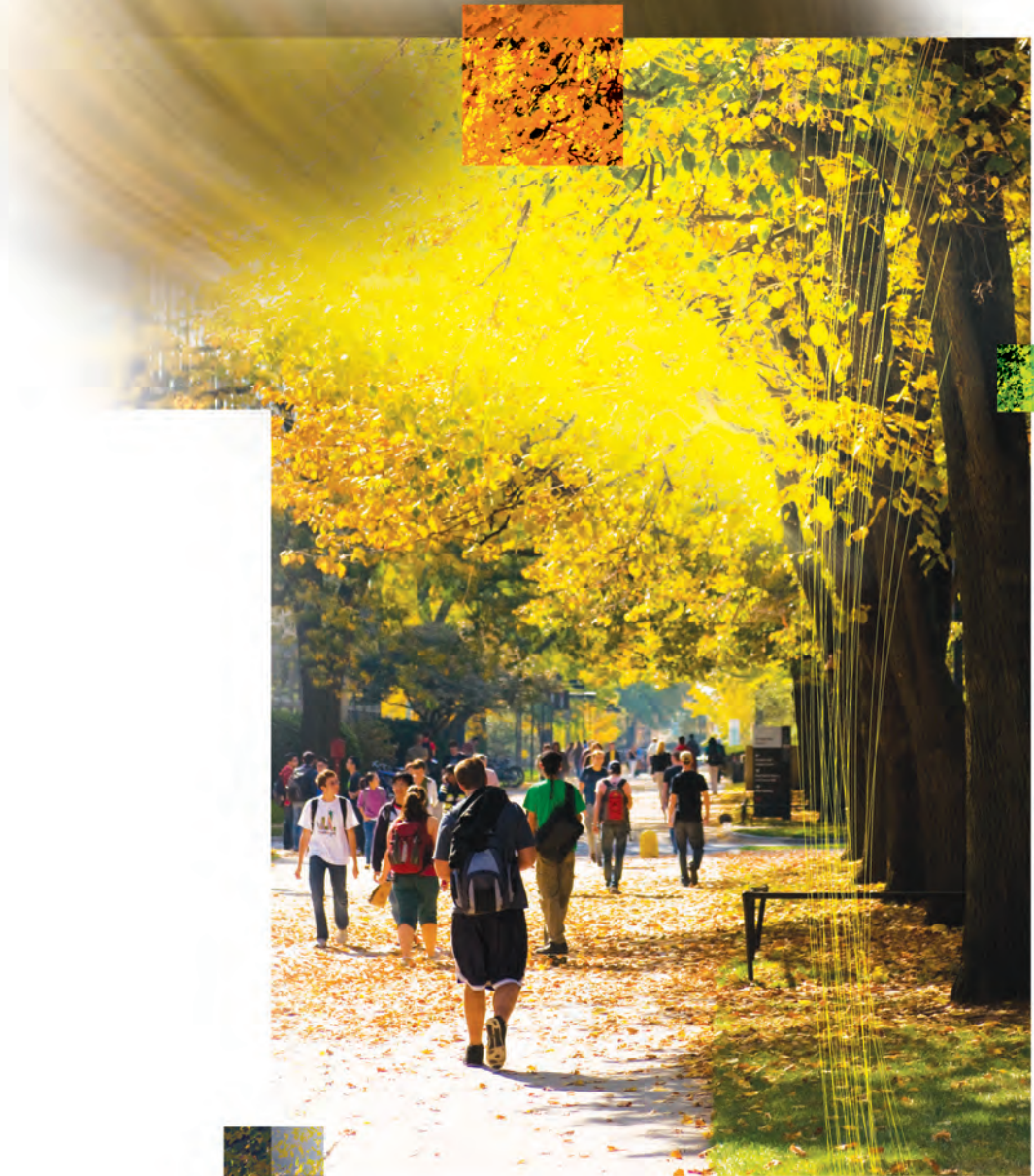


2011 Annual Report on the State of the University

John L. Anderson, President

October 27, 2011

2011



Summary

The past year has been a good one for Illinois Institute of Technology. Advances were made in all five priorities of the strategic plan. In the case of the operating budget, which does not include depreciation, we hit the bottom-line target again (including the board-approved 1.5% operating deficit [\$3.4M]). Five months into the current fiscal year, we are on target to achieve the balanced operating budget approved by the Board last February. Our financial metrics related to cash and unrestricted assets have also improved. All this has been achieved despite a poor national economy and a reduction in endowment distributions from \$39M in FY08 to \$13M in FY12.

Educational initiatives include implementation of IPRO 2.0, which is a truly novel advancement of the initial IPRO concept; development of Idea Shop as a university-wide physical space for project work by students; and the first graduating class (6) of the new Master of Intellectual Property Management and Marketing – all graduates obtained jobs. The iPad initiative, giving each first-year undergraduate student a “free” iPad, was a success as measured by student enthusiasm, development of academic “apps”, and use of the iPads in teaching.

A very positive outcome of our efforts to improve the in-class and extracurricular environment on main campus is the first-to-second year (2010-11) undergraduate retention was 95%, surpassing even the excellent retention of 92.5% for the previous year. The first-to-third year retention was 83%, also the highest on record. The retention of students who transferred to IIT, usually from a community college, was even higher.

Leadership was strengthened by hiring a vice president for Marketing and Communications, four new department chairs (two in Engineering hired from other universities, and two internal appointments in CSL), and adding five new members to the Board of Trustees all of whom are alumni. We conducted reviews of four academic units using external experts, and we instituted the first-ever staff survey to uncover and address issues important to the staff.

Student enrollment increased in fall 2011 compared to 2010, as shown in Figures 1 and 2. Undergraduate enrollment increased while graduate enrollment slightly decreased. Net income from tuition and fees this year is expected to meet or slightly exceed the budget target, which is 8.4% higher than realized in FY11. Figure 3 shows an increase in the undergraduate enrollment of international students.

Our aspiration of excellence was advanced by improving the academic enterprise. Four faculty members received competitive NSF Career Awards (\$500,000 per award over five years); normally we receive one such award every two years. Research awards (Figure 4), which are expendable over several years, totaled \$44.7M for the past fiscal year, the second highest total ever after the previous year's \$55.5M. Thirteen new tenure-track faculty members were hired, and four endowed professorships were filled.

A major effort in institutional fundraising and alumni relations was begun with the IIT Campaign. A volunteer organization heavily dependent on trustees was developed and a fundraising goal of \$250M over six years, beginning June 1, 2010, was established (Figure 5). Considerable efforts by IIT staff, trustees and other alumni/civic volunteers resulted in \$41.3M raised in FY11 (Figure 6), bringing the Campaign total, including reach-backs of previous principal gifts, to \$78.5M as of May 31, 2011. In addition to success in fundraising, the Campaign has strongly promoted alumni relations throughout the University.

Good things also happened with government and community relations. The Metra Stop opened in October 2010 after about 15 years of persistent effort by IIT, congressional delegates and the community. The Stop has benefited many faculty, staff and students, and promises to help us recruit in the future. Through the Economic Development Task Force, we have also engaged the city and community to develop future plans for the campus.

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How Did We Balance the Budget?

Figure 7 shows the four-year trajectory to achieve a balanced operating budget (not including depreciation) for FY12. Operating revenues increased at an average annual rate of 5.0% while expenses increased only 1.8%. The increase in revenues was driven by tuition and fees (Figure 8), which increased by an average 8.1% per year, and by research. Much of the increase in expenses was due to direct research charges funded by government grants. Expenses were held in check by freezing salaries across the university (except for promotions) for two of the four years, and by slightly reducing the number of administrative staff while increasing the number of faculty as shown in Figures 9 and 10.

GOALS for FY11

- Meet the operating budget target, develop a budget for FY12 that is in balance, and improve our cash position ✓
- Hire faculty into open endowed professorships and fill open department chair positions ✓
- Maintain high level of research awards ✓
- Increase enrollment of undergraduates ✓
- Meet \$38M fundraising goal (philanthropy) ✓
- Measurably increase engagement with alumni ✓

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MAJOR GOALS for FY12

- Meet the FY12 operating budget target, and develop a budget for FY13 that is in balance and has provisions for merit pay increases and capital improvements.
- Hire faculty into open endowed professorships and fill open department chair positions, especially in Engineering.
- Increase enrollment of undergraduates, especially first-years, and achieve a full-time undergraduate enrollment of 2,650 (currently 2,513).
- Achieve the two-year goal of the Campaign (\$115.5M) by raising \$37.0M in FY12.
- Increase engagement of alumni by the president, provost, deans and vice presidents, and the staff of Institutional Advancement.
- Exceed \$40M in new research awards.
- Further advance our new educational programs: Idea Shop, IPRO 2.0, co-terminal bachelor/master degrees, iPad applications, expand the Masters in IP M&M, and develop the Entrepreneurship Academy and integrate it into the mainstream curricula.
- Continue to monitor the quality of our academic programs by reviewing four academic units using outside teams of experts.

MAJOR CHALLENGES – Next 5 years

- Enhance our visibility, reputation and national ranking.
- Reduce our dependence of revenue on the enrollment of international students.
- Increase the undergraduate student body from 2,500 to 3,000 full-time students in five years, with the ultimate goal of 3,500 students.
- Improve our facilities; for example, reduce deferred maintenance, improve varsity and recreational athletic facilities, build a permanent Idea Shop, and build a research laboratory and the President's house.
- Continue to build a stronger faculty and develop one or two additional areas of national recognition.

Figures

Figure 1. Enrollment (full time + part time) for the fall semester of the year shown.

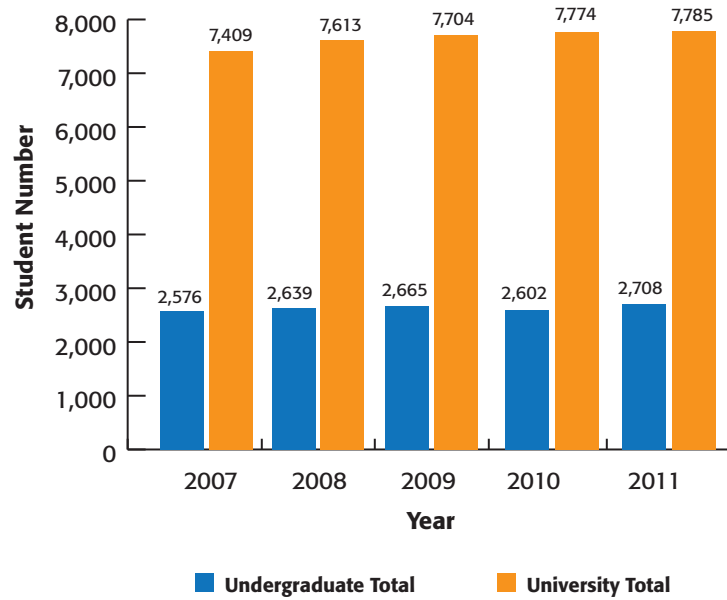
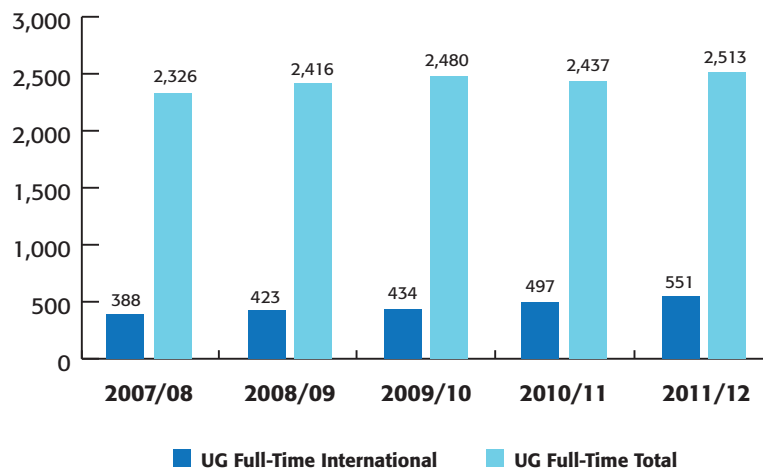


Figure 2. Full time undergraduate enrollment.



Figures

Figure 3. International students (%) in undergraduate and graduate enrollment.

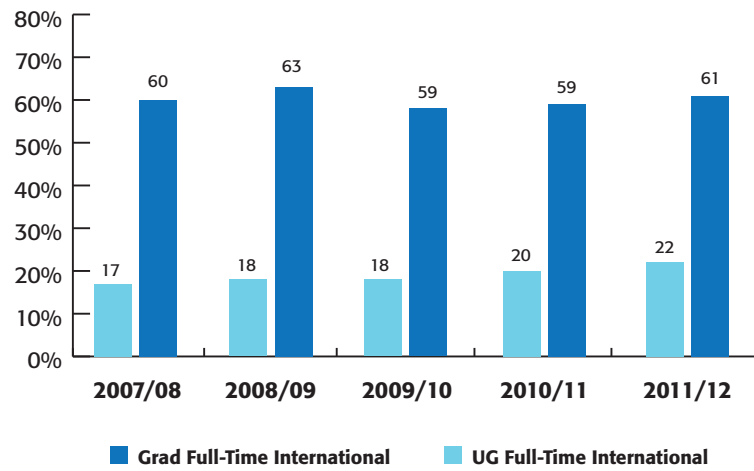
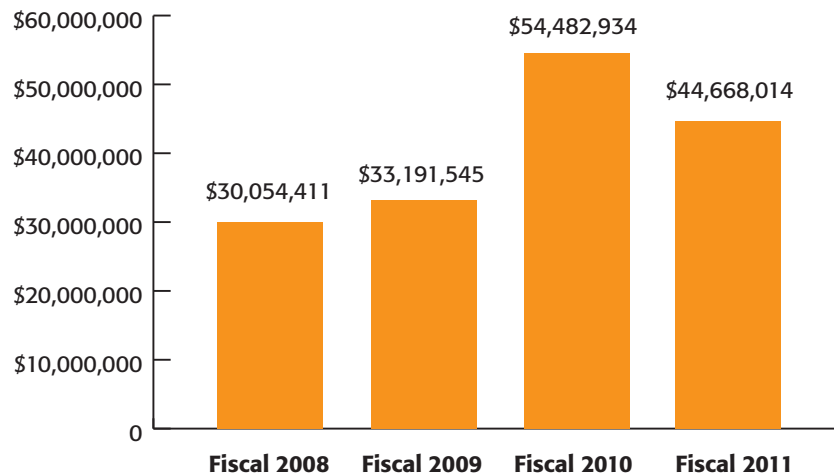


Figure 4. Research awards (\$). IITRI not included.



Figures

Figure 5. Timeline for the fundraising campaign. Orange lines shows progress (new cash and pledges) including "reach-back" principal gifts.

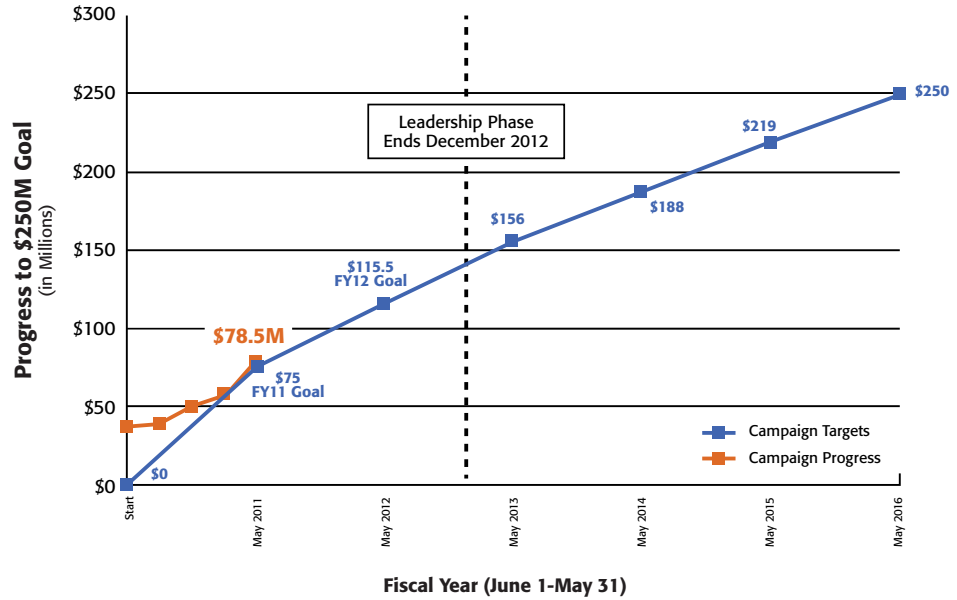
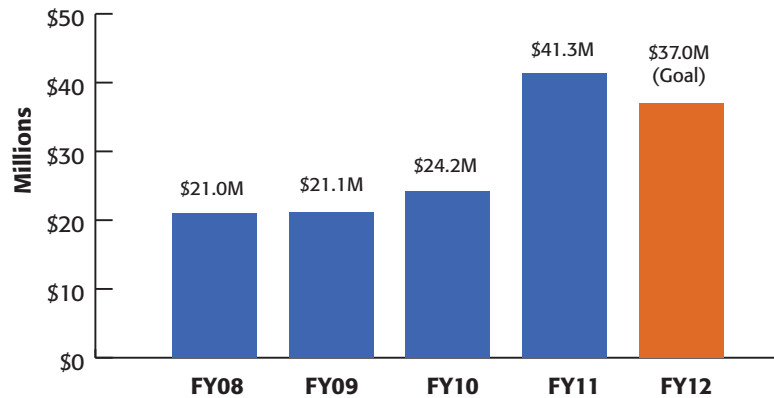


Figure 6. Fundraising progress (new cash gifts and pledges). The Campaign began in FY11.



Figures

2011

Figure 7. Four-year trajectory toward a balanced operating budget (not including depreciation). The \$4.0M "surplus" in FY12 is being used to fund capital projects. The deficits in prior years were funded by excess draw from the endowment.

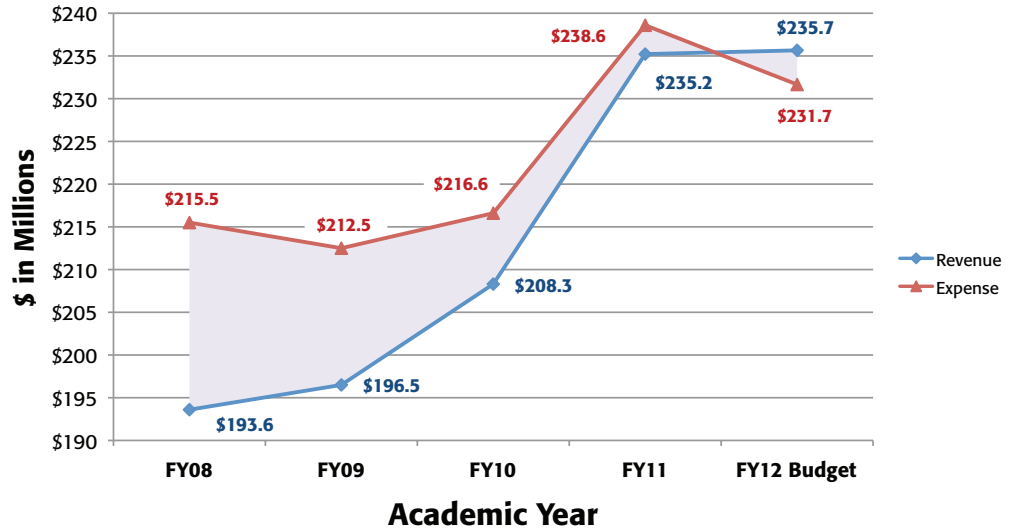
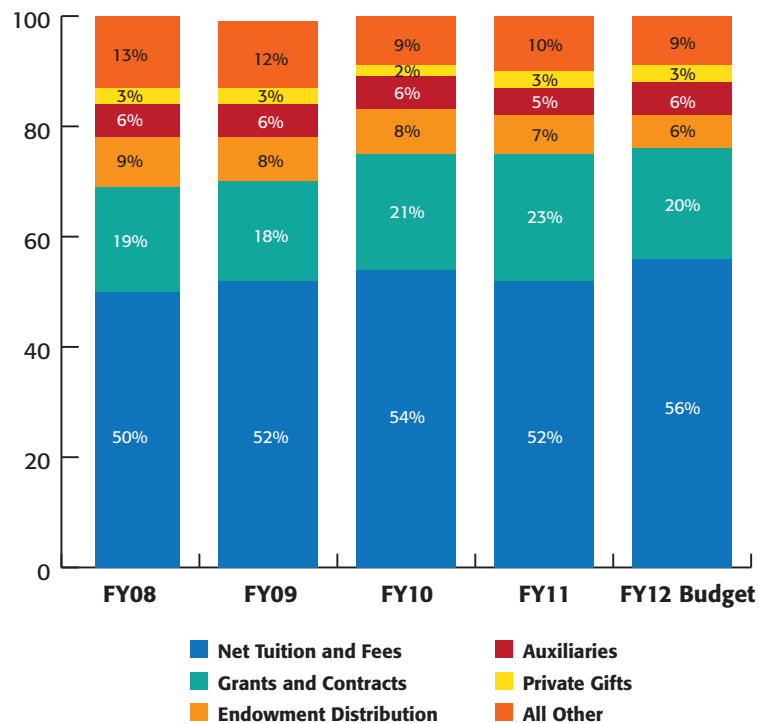


Figure 8. Contributions to operating revenue from various sources.



Figures

Figure 9. Full-time staff. FT Administrative staff are funded by general revenues, and FT Research Administrative staff are funded by direct charges to research grants.

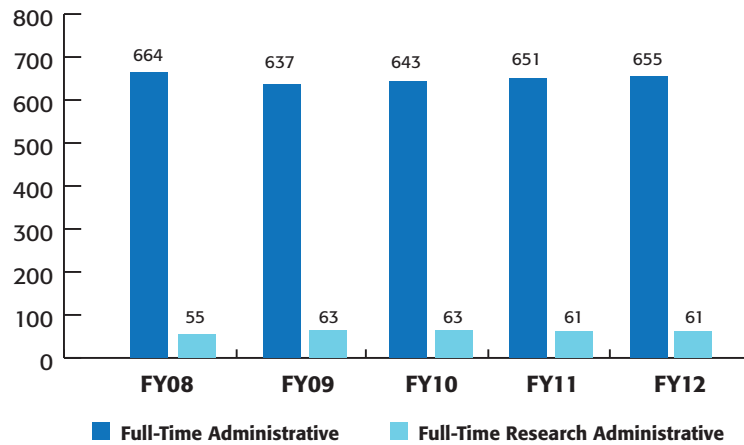
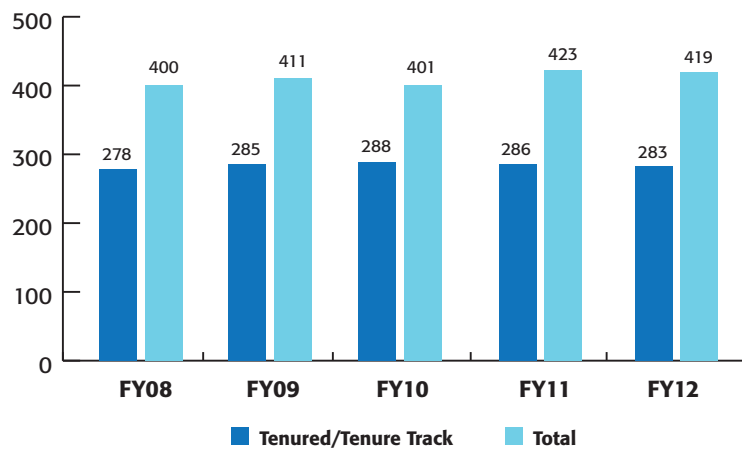


Figure 10. Full-time faculty.



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