

Executive Vice President

General

With the departure of John Curry in August 2005, President Hockfield appointed Sherwin Greenblatt as interim executive vice president. Mr. Greenblatt, an MIT alumnus and retired executive, agreed to serve up to two years until a successful recruitment search for a permanent occupant of the position could be concluded. That search is still under way.

Financial Performance

This year saw a significant strengthening of MIT's financial base thanks to generous giving, which totaled \$232.5 million, and the outstanding performance of our endowment investments. Our net assets grew to \$10,060 million, up 16.6 percent. Our operating revenues were \$2,141 million, up 5.4 percent, while our operating expenses grew to \$2,182 million, up 7.1 percent.

Operations

Our operations budget was affected by two substantial cost increases. The first was the unanticipated and rapid increase in energy costs, increasing our utility bill by 44 percent. The second was the increase in lease costs triggered by the early occupancy of the brand-new Broad Institute facility. This building, constructed to our specifications, is under long-term lease to MIT and will provide Broad with state-of-the-art research facilities.

Capital Projects

In December 2005, the brain and cognitive sciences complex was completed and occupied by the McGovern Institute for Brain Research, the Picower Institute for Learning and Memory, and the Department of Brain and Cognitive Sciences. We also began work on the first major renovation project of the original Bosworth buildings, the main group of our campus. This project will provide renovated facilities for the Physics Department, the Department of Materials Science and Engineering, and the Spectroscopy Laboratory. In addition, it will provide for infrastructure for future main group renovations.

Work was completed on the renovation of an older building at 301 Vassar Street that will serve as the new headquarters for our campus police force. The facility includes an emergency operations center that will serve the entire campus.

A new financing model was adopted for major construction projects. This model will ensure that projects can be sequenced and timed to match the availability of financing in a way that will not compromise the credit rating of the Institute. The new graduate student housing project was launched under this program.

Plans are under way to launch projects that include the Sloan School expansion, the Media Lab and School of Architecture expansion, the Center for Cancer Research,

renovation of building E25, and the Vassar Street West reconstruction. All of these projects are expected to begin in fiscal year 2007.

Information Systems Projects

Programming, testing and implementation work was completed on the last SAP enterprise module—the HR-Payroll system. The system went into service on June 1, 2006. This marks the completion of the enterprise system implementation that was begun 10 years ago. The work was difficult, but the effort worthwhile. This system will serve MIT for many years to come.

Attention has now turned to the next major information system project, the student information system. This system, parts of which still run on a mainframe computer, is badly out of date, is poorly integrated, and represents poor value. Over the coming years, the next generation of this system will be conceived and implemented.

Treasury

With the retirement in June 2006 of our long-time treasurer and first president of the MIT Investment Management Company (MITIMCo), Allan S. Bufferd, we reviewed and reorganized these areas. The investment functions remain the responsibility of MITIMCo, but most of the treasury functions will devolve to the executive vice president, who was given the additional title of treasurer, and to other appropriate administrative areas of the Institute. We began this separation by transferring the Gifts function, including the Office of the Recording Secretary, to the Office of Resource Development. Other changes will be made in the coming year.

Environmental Health and Safety

Under the terms of a 2001 consent decree settlement with the US Environmental Protection Agency, MIT agreed to implement an Environmental Management System. Work has proceeded since then and a comprehensive system developed, one that we believe will serve as a model for research universities. An audit was conducted in April 2006 with favorable results, which satisfied the consent decree and freed MIT of this onerous constraint.

Human Resources

Vice president for human resources Laura Avakian retired from MIT in May 2006, and a search for her replacement was begun. In the interim, human resources senior managers have formed the Human Resources Leadership Team to shepherd the organization through the leadership transition.

We were recognized for the third time by American Association of Retired Persons (AARP) as one of the country's 50 best employers for workers over the age of 50.

MIT Medical

The Task Force Report on Medical Care for the MIT Community was issued in October of 2005. This report highlighted 42 items to be examined and, if appropriate, improved.

An implementation committee has been formed and is analyzing the recommendations and formulating plans to make systemic improvements both in the MIT Medical organization and in the health plans offered to employees who choose outside health care. We plan to complete our response to the report in FY2007.

Organizational Changes

After nearly seven years as MIT's executive vice president, John R. Curry stepped down at the beginning of September to pursue an opportunity in higher education consulting. Mr. Curry joined the Huron Consulting Group as managing director in its higher education practice. During his time at MIT, Mr. Curry was responsible for overseeing the transformation of many facets of administrative and fiscal services, including the redesign of business processes through the implementation of the SAP financial and human resources system. He led the massive capital renewal program that added 1.5 million square feet to the campus, including the Ray and Maria Stata Center, the AI and Barrie Zesiger Sports and Fitness Center, Simmons Hall and the new brain and cognitive sciences complex. A search has been launched to find his successor.

Laura Avakian, vice president for human resources since 1999, retired from MIT at the end of May 2006. Ms. Avakian's accomplishments illustrate her effectiveness in helping MIT's human resources organization to evolve: she implemented the Leader to Leader Development program and the Rewards and Recognition program; she expanded child-care services; and she established the Staff Diversity Council. Under her leadership, MIT was positioned as an employer of choice for our diverse and highly skilled workforce. Selected as one of the nation's 100 Best Places for Working Mothers by *Working Mother* magazine in 2000, MIT was chosen twice by AARP as one of the country's 50 best employers for workers over 50. A search advisory committee has been formed to assist in recruiting a new vice president for human resources.

After 14 years of service at MIT, senior project director to the executive vice president Patricia Brady retired in June 2006. In recognition of her ambassadorship and remarkable problem-solving abilities, Ms. Brady was awarded our 2006 Infinite Mile Award for Problem Solving and Leadership. Cecelia Wardle, director of special projects since June 2004, will assume the bulk of Ms. Brady's responsibilities beginning July 1, 2006. The other Infinite Mile award for our area was given to senior communications assistant Janet Snover, a valued MIT employee and colleague for 30 years. Ms. Snover was presented with the Infinite Mile Award for Community Building in recognition of her dedication, reliability, impeccable organizational abilities, and countless contributions toward community building campuswide.

Sherwin Greenblatt Executive Vice President and Treasurer

More information about the Office of the Executive Vice President and the MIT Investment Management Company can be found at <http://web.mit.edu/evp/> and <http://www.mitimco.org/>.