



2024 ANNUAL REPORT
November 1, 2024

Rensselaer Polytechnic Institute

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Rensselaer Polytechnic Institute

2024 Annual Report

Dated: November 1, 2024

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Consolidated Financial Statements - For the Years Ended June 30, 2024 and 2023

General Information

Introduction

This Annual Report is dated November 1, 2024 and contains information through that date. This report constitutes the official disclosure information regarding the financial condition of Rensselaer Polytechnic Institute (“Rensselaer” or the “Institute”). It includes a discussion of recent trends in the areas of enrollment and admissions, tuition and fees, financial aid, gifts and endowment, physical plant, financial operations, government contracts and grants, and outstanding indebtedness. It is also appended with Rensselaer’s audited financial statements for the fiscal years ending June 30, 2024, and 2023, along with a report of the Institute’s independent auditors.

Overview

Rensselaer Polytechnic Institute, a New York education corporation, enrolls approximately 7,000 undergraduates and graduate students in residential programs at its Troy, New York campus, while also enrolling professionals seeking graduate degrees on its online platform, Rensselaer at Work (R@W). The main Troy campus is comprised of five schools: Architecture; Engineering; Humanities, Arts and Social Sciences; Lally School of Management; and Science. More than 145-degree programs in nearly 60 fields and over 1,000 courses lead to bachelors, masters, and doctoral degrees in all five schools. Rensselaer’s online platform R@W serves working professionals and employers with graduate level education in engineering, science, management and leadership programs.

As a research university, Rensselaer attracts a faculty whose research programs range from:

- Semiconductors, microelectronics, nanotechnology;
- Quantum, AI computational modeling and simulation, data science;
- Biomedical engineering, biotechnology; precision medicine
- Advanced materials, environmental studies, lighting, electronic arts, games and simulation arts.

Rensselaer focuses on inter-disciplinary research and has made research investments supported by strong industry partnerships. Through a strong partnership with IBM, Rensselaer has deployed the first IBM Quantum System One on a University Campus.

Rensselaer is consistently ranked by *U.S. News & World Report* as one of the top national universities in the United States. The 2025 ranking was 70th among national universities. The Institute's undergraduate engineering program was ranked 30th in the country.

History

Rensselaer was founded in 1824 in Troy, New York. It is the nation’s oldest English-speaking technological research university. The Institute was created with a mission to provide educational opportunities for those “who may choose to apply themselves in the application of science to the common purposes of life.” Rensselaer educates the leaders of tomorrow for technologically based careers and celebrates discovery and the responsible application of technology to create knowledge and global prosperity.

Rensselaer Forward

Martin A. Schmidt, the 19th President of Rensselaer Polytechnic Institute, took office on July 1, 2022. Prior to coming to Rensselaer, Schmidt served as the provost of Massachusetts Institute of Technology (MIT) since 2014. Under new leadership, Rensselaer has begun to develop a new strategic plan, Rensselaer Forward, which will be a directional guide for the ten years following Rensselaer’s bicentennial in 2024. The plan is being developed through a robust and inclusive process, organized around five themes: Education, Research, Translation, Regional Engagement, Welcoming and Inclusive. The plan will build upon Rensselaer’s strengths

and its distinctive, high-quality education, while expanding its research enterprise and cultivating translation and entrepreneurial growth having both regional and global impact.

Rensselaer is building upon an almost 200-year history of world-changing innovation, continuing to educate the most inventive young people on Earth, well into its third century.

Accreditation

Rensselaer's Troy campus is accredited by the Middle States Commission on Higher Education, the National Architectural Accrediting Board, the Accreditation Board for Engineering and Technology, the American Assembly of Collegiate Schools of Business, and the Committee on Professional Training of the American Chemical Society. Its degree programs are approved by the New York State Department of Education.

Rensselaer at Work (R@W) is accredited by the Middle States Commission on Higher Education, the Office of Financial and Academic Affairs for Higher Education of the State of Connecticut, the New York State Department of Education, the Association to Advance Collegiate Schools of Business. In July 2024, the Rensselaer Hartford Graduate Center filed for dissolution with the State of Connecticut. The graduate programs will continue online through the Troy campus.

Management

The President of Rensselaer is appointed by the Board of Trustees and as the Chief Executive Officer	<u>Position:</u>
Martin Schmidt, Ph.D.	President
Rebecca Doerge	Provost
Ernie Katzwinkel	Vice President for Administration
Eileen McLoughlin	Vice President for Finance & Chief Financial Officer
Louis Padula	Vice President for Human Resources
Matthew Ter Molen	Vice President for Institute Advancement
Robert Hull	Vice President for Research
Pamela Smith	Vice President and Co-Head, Office of Community Engagement and Communications
Hanna Rodriguez-Farrar	Vice President and Co-Head, Office of Community Engagement and Communications
Craig A. Cook	Secretary of the Institute and General Counsel
John Kolb	Vice President for Information Services and Technology, CIO
Jonathan D. Wexler	Vice President for Enrollment
Rosaline May Lee	Vice President and Chief Strategy Officer for Institutional Impact

Rensselaer is governed by its self-perpetuating Board of Trustees of no more than 35 members, including the Mayor of the City of Troy as an ex-officio member. Trustees are appointed to four-year terms. Although terms are renewable, Trustees may not be re-elected to active status after reaching age 72.

Faculty and Staff

Rensselaer has a permanent faculty and staff of approximately 1,898 members. Rensselaer's faculty and staff are not represented by any organized labor groups and, therefore, there are no collective bargaining agreements for either faculty or staff.

The faculty at Rensselaer includes National Academy members, society fellows, and recipients of various other awards and distinctions. Academy membership recognizes those who have made important contributions to engineering theory and practice, and those who have demonstrated unusual accomplishment in the pioneering of new and developing fields of technology.

Operating Information

Enrollment and Admissions

The following summarizes undergraduate and graduate enrollment, based on headcount:

Entering Fall	Undergraduate Students	Full-Time Graduate Students	Part-Time Graduate Students	Others*	Total
2020	6,265	1,139	185	342	7,931
2021	5,579	1,140	124	560	7,403
2022	5,853	1,030	134	475	7,492
2023	5,909	1,033	182	344	7,468
2024	5,687	1,062	218	453	7,420

* "Others" includes matriculated undergraduate students participating in off-campus educational programs, non-matriculated, and distance learning students.

The following table shows freshmen applications received, accepted and enrolled at the Troy campus for the fall semesters of the current and past four years.

Entering Fall	Applications	Acceptances	Acceptance Rate	New Enrollment	Yield	Mean SAT
2020	16,661	9,062	54.4%	1,464	16.2%	1393
2021	17,497	9,274	53.0%	1,322	14.3%	1429
2022	16,865	10,880	64.5%	2,011	18.5%	1432
2023	15,950	9,330	58.5%	1,552	16.6%	1429
2024	17,193	10,906	63.4%	1,314	12.1%	1439

At Rensselaer's Troy campus, the student body is comprised of students from 48 states, and 59 foreign countries. A breakdown of major geographic concentration for the Troy campus undergraduate and graduate student body as of Fall 2024 is as follows:

New York	36%
New England	20%
N.J./Pennsylvania	12%
Other U.S.	19%
International	13%
Total	<hr/> 100%

Rensselaer fields 21 NCAA intercollegiate teams, including NCAA Division I men's and women's hockey teams. The Institute has an active ROTC program and 30 fraternities and sororities. The Rensselaer Union, founded in 1890, is the home for student government and one of the few student run unions in the Northeast. An elected student president, who appoints a thirty-member executive board, oversees it. This board manages a \$4.8 million annual budget that co-funds the intra-mural recreational programs, as well as over 200 arts, multi-cultural, service, media, entertainment and special interest clubs and organizations.

Tuition and Fees

The following table shows the basic tuition and fees charged to incoming undergraduate students for the current and past four years:

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Tuition	55,600	57,100	58,600	60,360	62,500
Room & Board	15,954	16,379	16,980	17,530	18,120
Fees	1,412	1,426	1,474	1,524	1,581
Total	72,966	74,895	77,054	79,414	82,201

Financial Aid

Rensselaer administers a substantial student aid program by which approximately 95% of eligible undergraduate students receive need-based or merit-based scholarships and/or loans from the Institute or outside sources. The Institute participates in various federal and state programs providing aid to individual students. The federal programs include the Federal Pell and Supplemental Educational Opportunity Grants, Federal Direct Stafford and PLUS Loans and the Federal Work Study Program. The state programs include the New York State Merit Award for Excellence in Academics, the Tuition Assistance Program (TAP), and grants under the Higher Education Opportunity Program. Some students residing outside the state benefit from various loan and grant programs of their state of residence.

Future state and federal aid depends upon the annual appropriations by the New York State Legislature and the United States Congress, respectively, and the ability of the state and the federal governments to pay the amounts appropriated. No assurance can be given that the various federal and state programs will be continued.

The following chart provides an overview of Rensselaer's internally funded undergraduate financial aid for the past five fiscal years (in thousands of dollars):

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Unrestricted Financial Aid	158,451	163,591	161,946	190,036	214,273

Gifts and Bequests

Gifts and bequests (net of present value) received as both cash, in-kind and recordable pledges in the past five fiscal years are noted below (in thousands of dollars):

	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>
Without Donor Restriction	15,338	20,279	18,527	15,729	17,096
With Donor Restriction	14,770	15,711	19,099	27,425	29,970
Total	30,108	35,990	37,626	43,154	47,066

Endowment

The market value for endowment and funds functioning as endowment as of the end of fiscal years ending June 30, 2020 through 2024 is shown below (in thousands of dollars). Approximately 75% of these funds are restricted in perpetuity.

<u>Fiscal Year</u>	<u>Market Value as of June 30</u>	<u>Spending Allocation</u>
2020	743,200	30,800
2021	1,069,740	32,300
2022	864,123	32,200
2023	924,291	40,700
2024	1,000,295	38,500

Rensselaer's endowment spending allocation is calculated at a rate of 5% of the five-year rolling average market value of the endowment. The Board has committed to endowment withdrawals, from Board –designated endowment, in excess of the Institute's spending formula, as necessary, to fund investment in capital.

The June 30, 2024 market value of all endowment and funds functioning as endowment was invested as follows (in thousands of dollars):

	Market Value	Percentage
US Equity	287,236	28.7
Non-US Equity	189,428	18.9
Private Equity	111,929	11.2
Real Assets	44,635	4.5
Marketable Alternatives	78,296	7.8
Fixed Income	166,720	16.7
Cash	34,133	3.4
Outside Trusts	87,918	8.8
Total	1,000,295	100.0

The Board of Trustees has overall responsibility regarding all decisions that affect the investment of all funds of the Institute. The Board fulfills its fiduciary obligation by delegating operating and supervisory responsibility to the Investment Committee to oversee the investments of Rensselaer.

Contracts and Grants

During the fiscal year ended June 30, 2024 the Institute received, through contracts and grants, total revenues of \$83.3 million. This accounted for approximately 18% of the Institute's total operating revenues of \$461.1 million. The Institute received \$17.5 million and \$17.1 million in indirect costs in fiscal years 2024 and 2023, respectively. Indirect costs on government grants and contracts represent the allocation of overhead costs (library, institutional support, departmental administration, operation and maintenance of plant, and building and equipment depreciation) to the projects funded by such grants.

Rensselaer has been awarded approximately \$73.7 million of grants and contracts, which have not been advanced or expended as of June 30, 2024, and accordingly, not recorded in the attached financial statements.

Rensselaer conducts a significant amount of research funded by outside sponsors, primarily the federal government. The Institute expects that it will continue to receive significant amounts of federal funds supporting research. However, inasmuch as federally sponsored research is obtained through both grants and contracts, it may vary from year to year, and no assurance can be given that it will continue at the levels experienced in recent years.

Revenues received from contracts and grants for fiscal years ending in 2020 through 2024 are shown below (in thousands of dollars):

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Federal Government	47,161	50,722	55,704	48,395	49,693
State Government	5,192	2,868	4,154	3,935	4,507
Private	41,613	17,444	13,427	10,870	11,548
Indirect Costs	17,386	16,956	16,636	17,143	17,544
Total	111,352	87,990	89,921	80,343	83,292

Physical Plant

Rensselaer's 200 academic, residential, and administrative buildings are located on approximately 260 acres in Troy, New York. The Hartford campus which operated as the physical space for the online platform was sold in 2024. In addition, Rensselaer has a wholly owned technology park on 1,250 acres in North Greenbush, Rensselaer County, New York. At present, over 69 companies with over 2,518 employees occupy the technology park.

The following tabulation shows the assets included in physical plant as of the previous five fiscal years ended June 30 (in thousands of dollars):

Fiscal Year	Land	Buildings	Equipment	Construction in Progress	Accumulated Depreciation	Totals
2020	38,787	966,156	248,014	19,005	(587,262)	684,700
2021	39,876	973,537	207,312	12,977	(573,371)	657,331
2022	39,950	982,161	208,415	7,163	(605,499)	632,190
2023	39,982	991,802	202,248	15,027	(627,510)	621,549
2024	41,179	986,688	206,840	15,993	(643,708)	606,992

The above amounts shown for physical plant are stated at cost or, in the case of gifts, at market value on the date the gift was received, less accumulated depreciation, computed on a straight-line basis over the estimated useful life of the asset.

The Institute currently insures its buildings and contents, exclusive of land, under blanket insurance policies in the total amount of \$1.8 billion. Such insurance provides for 100% of the replacement value of the buildings and contents.

Financial Operations

The Institute has a performance-based operating and comprehensive capital budgeting and reporting process that links directly to the performance plans and allows meaningful assessment of progress against the strategic plan. The academic schools and administrative divisions create and implement performance plans designed to focus on the strategic plan's goal of enabling Rensselaer as a top-tier, world class technological research university. The Finance Committee of the Board of Trustees monitors the budget process and financial implications, with the full Board approving the annual operating and capital budgets. The Rensselaer Forward Plan will be a directional guide for the ten years following Rensselaer's bicentennial in 2024.

Financial Update

Rensselaer's financial results for fiscal year 2024 reflect strong and continued successful fiscal management. Full time undergraduate and graduate program enrollment remains strong. Rensselaer at Work provides programs for working professionals focused on select disciplines where Rensselaer has a strong reputation. Gifts and grants revenue growth reflect diversification in funding sources.

Net operating results were strong in fiscal year 2024. Student related revenues were 1% higher than 2023, increasing by \$3.1 million due primarily to stronger auxiliary revenue. Grant and contract activity increased by 4% from the prior year. Gifts increased by \$2.3 million reflecting support for the new president and the Quantum computing strategy.

Total operating expenses increased 8 percent over the prior year, reflecting a return to more normal operating expense levels and inflation.

Market performance for the endowment was positive by 11.9 percent for the fiscal year. Total institutional assets stood at \$1.732 billion at June 30, 2024. Rensselaer's investments stood at \$1.015 billion. Total debt outstanding of \$605 million decreased by \$25 million reflecting continued principal repayments. Net assets improved by \$71.6 million.

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In 2019, the Institute adopted a new accounting standard related to the *Presentation of Financial Statements of Not-for-Profit Entities*. The standard requires the Institute to restate its net assets into two categories: net assets without donor restrictions (previously unrestricted net assets) and net assets with donor restrictions (previously temporarily and permanently restricted net assets), among other requirements. The change can be seen in the Statement of Position for all years presented.

In 2020, the Institute adopted a new accounting standard related to the *Leases*. The core principal of the standard is that leases should recognize assets and liabilities associated with lease arrangements, whereas previously generally accepts accounting principles did not contain this requirement for most leases. Under this new guidance, the Institute recognized right-of-use (ROU) assets and corresponding right-of-use liabilities for its operating leases with terms greater than twelve months, and has updated capital lease terminology to refer to such arrangements as finance leases. The change was retrospective to July 1, 2018.

The financial statements of the Institute are prepared in accordance with the provisions of the *American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Organizations*. The financial statements as of June 30, 2024 and 2023 and for the years then ended, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing herein.

RENSSELAER POLYTECHNIC INSTITUTE
Combined Statements of Financial Position at June 30, 2024
(In thousands of dollars)

<i>Assets</i>	2020 (^)	2021	2022	2023	2024
Cash and cash equivalents	23,760	50,939	62,723	22,150	6,921
Accounts receivable, net					
Student related and other	8,554	10,565	7,247	7,514	8,602
Research and other agreements	45,447	34,150	23,612	19,746	14,487
Contributions receivable	26,060	18,878	23,335	21,531	17,330
Contr. from external remainder trusts	19,437	22,619	16,063	13,637	8,414
Prepaid expenses and other assets	7,581	4,592	5,432	20,102	18,194
Student loans receivable, net	18,538	13,007	9,197	5,560	3,440
Investments, at market	743,960	1,085,022	874,278	936,196	1,014,586
Right of use asset	25,818	22,154	18,289	34,056	32,543
Land, buildings and equipment, net	684,700	657,331	632,190	621,549	606,992
Total assets	1,603,855	1,919,257	1,672,366	1,702,041	1,731,509
Accounts payable and accrued expenses	32,374	38,599	37,588	39,326	32,287
Split Interest Agreement obligations	6,650	7,045	5,899	5,845	5,658
Deferred revenue	56,853	52,570	47,124	39,095	42,434
Short-term portion of long-term debt	26,117	34,809	24,469	19,655	23,395
Deposits	42,352	46,348	38,918	42,420	39,127
Minimum pension liability	132,846	68,719	67,163	27,275	21,857
Accrued postretirement benefits	21,352	20,016	15,719	17,151	16,676
Refundable government loan funds	25,863	21,062	16,362	6,157	3,390
Right of use liability	25,903	22,315	18,475	34,867	34,407
Finance leases payable	17,308	16,672	16,080	15,389	14,652
Long-term debt	688,918	653,235	629,779	610,114	581,291
Total liabilities	1,076,536	981,390	917,576	857,304	815,174
Without donor restrictions	(129,573)	65,483	13,742	54,395	73,172
With donor restrictions					
Restricted by time and purpose	171,943	351,922	227,691	261,943	302,709
Restricted in perpetuity	484,949	520,462	513,357	528,399	540,454
With donor restrictions	656,892	872,384	741,048	790,342	843,163
Total net assets	527,319	937,867	754,790	844,737	916,335
Total liabilities and net assets	1,603,855	1,919,257	1,672,366	1,702,041	1,731,509

(^) ON JULY 1, 2019, THE INSTITUTE ADOPTED ACCOUNTING STANDARD 2016-02, LEASES. FINANCIAL INFORMATION FOR FISCAL YEAR 2019 HAS BEEN RESTATED TO CONFORM WITH THE NEW STANDARD. OTHER YEARS PRESENTED HAVE NOT BEEN ADJUSTED.

RENSSELAER POLYTECHNIC INSTITUTE
Condensed Statements of Activities for the year ended June 30, 2024
(In thousands of dollars)

<u>Operating Revenue</u>	2020	2021	2022	2023	2024
Student related revenue, net	317,416	279,855	287,857	281,724	284,879
Gifts	21,108	24,099	22,445	36,141	38,406
Grants and contracts	111,352	87,990	89,921	80,343	83,292
Investment return	31,318	35,189	32,590	42,884	48,877
Other	7,648	7,752	5,552	6,337	5,692
Total operating revenue	488,842	434,885	438,365	447,429	461,146
<u>Operating Expenses</u>					
Salaries and wages	179,968	161,360	162,363	173,763	190,508
Employee benefits	42,242	37,257	38,019	42,198	46,621
Supplier, services and other	95,038	68,124	77,166	92,940	111,482
Occupancy, taxes and insurance	24,837	20,866	23,407	27,131	21,141
Interest on debt	32,989	25,588	24,687	24,184	23,275
Depreciation and amortization	30,031	31,115	31,280	31,328	31,360
Student aid and fellowships	51,584	50,428	52,042	46,605	47,509
Total operating expenses	456,689	394,738	408,964	438,149	471,896
Change in net assets from operating activities	32,153	40,147	29,401	9,280	(10,750)
<u>Non-operating</u>					
Realized and unrealized gains, (losses), net	(19,588)	288,356	(201,440)	44,288	55,304
Other components of net periodic benefit cost	(9,032)	(8,663)	(11,028)	(11,496)	(9,760)
Adjustment for retirement liabilities	(27,762)	55,793	5,855	32,454	13,821
Life income and endowment gifts	9,000	11,891	15,181	7,013	8,660
Change in value of life income contracts	5,192	23,827	(21,046)	7,913	13,983
Other, reclassifications and transfers	(10,867)	(803)		495	340
Change in net assets from non-operating activities	(53,057)	370,401	(212,478)	80,667	82,348
Total change in net assets	(20,904)	410,548	(183,077)	89,947	71,598
Net assets at beginning of year	548,223	527,319	937,867	754,790	844,737
Net assets at end of year	527,319	937,867	754,790	844,737	916,335

(*) IN 2019, THE INSTITUTE ADOPTED ACCOUNTING STANDARD 2014-09, REVENUE FROM CONTRACTS WITH CUSTOMERS. FINANCIAL INFORMATION FOR ALL YEARS PRESENTED HAS BEEN RESTATED TO CONFORM WITH THE NEW STANDARD.

Outstanding Indebtedness

As of June 30, 2024, Rensselaer had total outstanding indebtedness in the aggregate principal amount of \$604.7 million, net of bond premium and capitalized issuance costs of \$34.8 million. See the attached *Combined Financial Statements for the Years Ended June 30, 2024 and 2023* – Note 9-Bonds and Notes Payable for a more detailed discussion of outstanding indebtedness as of June 30, 2024.

Pension Plans

Rensselaer employees who meet eligibility requirements participate in one of two plans. A Defined Benefit Plan covers employees hired prior to July 1, 1993 and who made an election effective June 30, 1993 to remain in this plan. The Institute amended the plan effective June 30, 2014 to freeze all future benefit accruals for future service of all plan participants.

All eligible employees hired after June 30, 1993 may participate in a Defined Contribution Plan, which was established as of July 1, 1993. Eligible employees of the Rensselaer Hartford Graduate Center may also participate in the Defined Contribution Plan. See the attached *Combined Financial Statements for the Years Ended June 30, 2024 and 2023*– Note 10 -Retirement Plans for detailed information about Rensselaer's retirement plans.

Litigation

In the normal course of business, the Institute receives various claims and has been named as a defendant in various litigation proceedings. Although there can be no assurance as to the eventual outcome of other claims and litigation in which Rensselaer has been named, in our opinion, such claims and litigation will not, in the aggregate, have a material adverse effect on Rensselaer's financial position.