

**ENGINEERING THE FUTURE OF IIT AND THE BRONZEVILLE NEIGHBORHOOD:
THE ILLINOIS INSTITUTE OF TECHNOLOGY'S DECISION *NOT* TO RELOCATE
FROM THE SOUTH SIDE OF CHICAGO TO THE SUBURBS**

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Making Chicago: Law, Politics, and Urban Planning
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Seminar Paper
Final Draft
December 9, 2008

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In a bad neighborhood, ignoring the surrounding community leads to the slow death of a university. Maybe if your campus is located in the suburbs, a school can afford to turn its back on its neighbors, but not when you are in a bad neighborhood.

-David Baker, Vice President for External Affairs,
Illinois Institute of Technology¹

I. INTRODUCTION

The history of the neighborhood surrounding the Illinois Institute of Technology's Main Campus reflects the history of many Chicago neighborhoods. When the school was founded on the city's south side at the end of the nineteenth century, it was surrounded by meatpacking plants and housing for immigrant employees.² During the first half of the twentieth century, the neighborhood changed as waves of African American laborers left the South for the promise of better opportunities in the cities of the North.³ Then, during the second half of the twentieth century, the complex intersection of racism, public housing, the new highway system, and white flight led to further segregation and the concentration of poverty.⁴ Throughout it all, the Illinois Institute of Technology (IIT) remained in Bronzeville. But the declining health of the neighborhood was mirrored by the declining health of the university. By the early 1990s, when IIT should have been preparing to celebrate its 100th anniversary, the leaders of the university instead faced this choice: should IIT restore its landmark Main Campus and reinvest in the surrounding neighborhood, or should the university relocate to a new suburban location and avoid the ongoing challenges of the urban environment?⁵

¹ Interview with David Baker, Vice President for External Affairs, IIT, in Chicago, IL (Nov. 13, 2008).

² See *infra* text accompanying notes 13-15.

³ See *infra* text accompanying notes 28-29.

⁴ See *infra* text accompanying notes 49-55.

⁵ See *infra* text accompanying notes 56-73.

Not all of the neighborhood changes described above were caused by forces beyond the control of IIT. The university sits upon what used to be 3,000 separate parcels, all part of the Bronzeville Black Belt.⁶ The university acquired the land through urban renewal in the 1940s and 1950s to build the modern Main Campus. Once completed, many believe that IIT turned its back on the community for the next 30 years.⁷

In university administrator David Baker's words, IIT "got exactly what it wanted." The blighted slums were razed, public housing took its place, and the university was able to build the new, larger campus designed by legendary architect and professor Mies van der Rohe. Little did the leaders of IIT realize what a failed experiment public housing would turn out to be, and how IIT's isolation from its neighborhood would eventually challenge its continued survival.⁸

Dirk Lohan, grandson of Mies van der Rohe and an architect himself, admits that "[t]here was a growing sentiment in the early 1990s that IIT's Main Campus was struggling amidst the surrounding public housing projects. Some people on the Board of Trustees were saying that we should shut down the campus and move to the suburbs."⁹

Instead, IIT chose to stay in the neighborhood, reinvest in the Main Campus, and work to revitalize the surrounding community. This seminar paper examines this decision, and attempts to address whether universities like IIT have any legal or civic obligations to their neighbors.

This seminar paper argues that IIT, by deciding to remain in its historic location and reengage with the Bronzeville community exceeded its basic legal duties and obligations. The decision, however, was not simply an example of unexamined generosity. Instead, IIT's decision fits in with the recent trend in corporate social responsibility, where institutions improve their

⁶ Interview with David Baker, *supra* note 1.

⁷ *Id.*

⁸ *Id.*

⁹ Dirk Lohan, *Designing and Implementing the Main Campus Master Plan*, IIT MAGAZINE, Spring 2007, at 27.

own performance by sharing their corporate resources with their immediate neighbors and the larger society as well.

After this brief introductory section, Part II examines the history of IIT's relationship with its neighborhood, including its founding and previous efforts to relocate. Part III interrupts this historical narrative and attempts to describe the legal and civic responsibilities of universities by first exploring the basic duties described in corporate and nonprofit law. The section then describes the corporate social responsibility movement, and concludes with an application of corporate social responsibility to universities as nonprofit corporations. Part IV returns to the historical story, looking at the decision to remain in Bronzeville through the lens of corporate duties and social responsibility. As a paper prepared for a class focusing on Chicago history, politics, and urban planning, the history of IIT's decision not to abandon its neighborhood touches upon the recurring themes of race, personalities, and power.

II. THE PAST: HISTORY OF IIT IN BRONZEVILLE

a. A Neighborhood Institution

In 1890, millionaire industrialist Philip Danforth Armour listened as preacher Frank Wakely Gunsaulus delivered a sermon at Plymouth Church, a large and wealthy Congregationalist church at the corner of 31st Street and Michigan Avenue on Chicago's rapidly growing south side.¹⁰ From the pulpit, Gunsaulus declared that if he had a million dollars he would open a school to train young people to become technicians so they could succeed in the rapidly industrializing world.¹¹ Armour, who had the financial means to fulfill Gunsaulus' vision, offered to fund the endeavor as long as Gunsaulus promised to lead the new school. As a

¹⁰ Irene Macauley, *THE HERITAGE OF ILLINOIS INSTITUTE OF TECHNOLOGY*, 6, 18, (1978).

¹¹ *Id.* at 18.

result of what became known as the “Million Dollar Sermon,” the cornerstone for the Main Building of the Armour Institute was laid in 1891 at the corner of 33rd and what is now called Federal Street.¹²

Philip Armour was already an established presence in the neighborhood. His family’s meatpacking and grain company dominated the south side stockyards.¹³ In 1886, he established the Armour Mission in the area, which provided training and recreation to boys and girls in the neighborhood.¹⁴ At the same time, he invested \$1 million to build the Armour Flats, nearly 200 apartments that provided housing to upper-level employees in his company. The income from the apartment complex provided financial support to the neighboring mission.¹⁵ The Armour Institute, when it opened its doors in 1893, was yet another instance of community-minded generosity and support of the neighborhood by Mr. Armour and his company.

b. IIT’s First, Second, and Third Attempts to Relocate

The Armour Institute’s commitment to the neighborhood was short-lived, however. As early as 1902, less than ten years after the school opened, Dr. Gunsaulus reportedly considered merging with the University of Chicago and moving to its Hyde Park campus.¹⁶ After making headlines in the local newspapers, the Armour family quickly dispelled the rumor.¹⁷

By World War I, concerns about the “sociological changes” in the neighborhood led some to believe that the school should abandon its near south side location and move elsewhere.¹⁸ As described by longtime Armour Institute professor and dean James Clinton

¹² *Id.*

¹³ *Id.* at 9.

¹⁴ *Id.* at 11.

¹⁵ *Id.*

¹⁶ *Id.* at 34.

¹⁷ *Id.* at 34-35.

¹⁸ James Clinton Peebles, A History of Armour Institute of Technology: Describing the Circumstances of Its Founding and Providing a Chronological Narration of Events Until Its Merger in 1940 with Lewis Institute to Form

Peebles, the neighborhood had changed since the school's early years.¹⁹ Industry and “population shifts” made living in the area less desirable to faculty, who began “moving out, one by one, seeking a more desirable environment in which to rear their families.”²⁰

By 1920, the Armour Institute planned to move south from its small seven acre campus to an eighty acre site of a former golf club at 75th to 79th Streets and Yates Avenue.²¹ Despite extensive preparation for the move, the death of founding President Gunsaulus abruptly ended the planning, and the increased value of the new site led to the eventual sale of the property.²²

The idea of relocating the Armour Institute apparently did not die with Dr. Gunsaulus. By 1933, the editors of the student newspaper “asked what plans, if any, were being considered for the school to move to a new site.”²³ In 1935, President Willard Hotchkiss announced his intention to move the school to a three acre site between Erie and Ontario Streets at Lake Shore Drive.²⁴ The Board of Trustees approved the relocation, estimating the cost to purchase and build at the site at \$2 million.²⁵ Despite the planning, the leaders of the Armour Institute again abandoned the effort to relocate, this time due to lack of funding and concerns that the new location was too small for a growing school.²⁶

c. Slums, Blighted Areas, and Urban Renewal

Thus, the Armour Institute remained in its near south side location despite these early efforts to relocate. After merging with the Lewis Institute, another local technical college

Illinois Institute of Technology, 70 (1954) (unpublished manuscript, on file at the Harold Washington Library Chicago Archives).

¹⁹ *Id.* at 71.

²⁰ *Id.* at 72.

²¹ Peebles, *supra* note 18, at 72; Macauley, *supra* note 10, at 38.

²² Peebles, *supra* note 18, at 80.

²³ *Id.* at 120.

²⁴ *Id.*

²⁵ *Id.* at 121.

²⁶ Macauley, *supra* note 10, at 47.

founded in 1985, the school was renamed the Illinois Institute of Technology.²⁷ As IIT, the school changed its strategy for dealing with its location, and began to actively and intentionally change the shape of the neighborhood.

The neighborhood itself had changed drastically since the founding of the Armour Institute. At the turn of the century, the area was still home to the city's elite, who built lavish homes. By the end of World War I, these homes had been split up into multi-family apartment buildings, and, as IIT historian Irene Macauley described, "by the end of the war, Blacks migrating north in search of jobs had already begun to move in."²⁸

The new African American residents, according to Macauley, had a profound local impact, particularly by establishing a vibrant jazz scene in the city. She described the "Stroll," a stretch of clubs and theaters on State Street between 31st and 35th streets where some of jazz's most famous artists performed, including King Oliver and Louis Armstrong.²⁹

Despite this cultural heritage, by the late 1930's the entire neighborhood had "degenerated into one massive slum."³⁰ As Macauley described:

The courageous decision of Illinois Institute of Technology to remain in the neighborhood and expand the original Armour campus started as a movement to reverse the course of neighborhood blight. Other local organizations followed suit. Michael Reese Hospital, just to the east of IIT, and R.R. Donnelley another companies had been considering relocation, but they were hesitant because of the tremendous investments in their already existing plants. The result was the formation of the South Side Development Association—later to be known as the South Side Planning Board.³¹

The South Side Planning Board would pioneer what was later called "urban renewal" by some and "negro removal" by others.³²

²⁷ *Id.* at 66.

²⁸ *Id.* at 68.

²⁹ *Id.* at 69.

³⁰ *Id.*

³¹ *Id.*

³² *See Kelo v. City of New London, Conn.*, 545 U.S. 469, 522 (2005) (Thomas, J. dissenting).

Original documents from the 1940s and 1950s confirm IIT's intentions to radically change the neighborhood and expand the Main Campus. In 1946, architecture firm Skidmore, Owings & Merrill ("SOM") drafted an "Area Study Relating to Housing for the Illinois Institute of Technology."³³ The study's explicit objective was to determine the necessary action to provide housing and amenities for the students, faculty, and employees of IIT.³⁴ The SOM study described IIT's comprehensive building program to meet the educational needs for returning veterans of World War II, and concluded that this post-war investment meant that the academic campus would be "permanently located on the South Side of Chicago."³⁵ Despite this rapid growth, SOM described IIT "as only half an institution until it can house a fair share of its students, faculty, and employees within its own campus."³⁶

SOM considered a range of possible plans, including housing for students only. In the end, the authors instead recommended that IIT "[d]evelop a complete housing program for students, faculty, employees, and additional neighborhood housing for displaced population."³⁷ This "displaced population" was the group of residents that then lived in the eight blocks that SOM suggested as the location for student and staff housing. The SOM study recommended that IIT help to develop community housing for the 1,200 families that would be displaced by the newly created campus housing. SOM determined that "the problem of rehousing the displaced population, unless properly handled, could be the cause of a real animosity. This could be avoided by cooperating with state and city authorities and any other agencies or individuals interested in the improvement of the area."³⁸

³³ SKIDMORE, OWINGS & MERRILL, AREA STUDY RELATING TO HOUSING FOR THE ILLINOIS INSTITUTE OF TECHNOLOGY (1946).

³⁴ *Id.* at 2.

³⁵ *Id.* at, 4-5.

³⁶ *Id.* at 5.

³⁷ *Id.* at 2.

³⁸ *Id.* at 21.

Improving the area meant working with government agencies to “eliminate or neutralize the existing blight and attendant slum conditions” on three sides of the Main Campus.³⁹ SOM recommended that “all possible advantage be taken of the present inclination on the part of Federal agencies and the public to assist in the development of blighted areas.”⁴⁰ Interestingly, the SOM study stated that the population of the “immediate area... and of the surrounding area is almost entirely colored,” which the study explained “is a result of, not a cause of the fact that this area is badly blighted.”⁴¹ SOM concluded that “the area surrounding the expanded campus must remain a negro residential district. It is now one of the most completely blighted [areas] of the South side and has been given first priority by the Chicago Housing Authority for redevelopment.”⁴²

The 1947 “Report on Relocation Survey for Illinois Institute of Technology and Michael Reese Hospital Clearance Areas” by the Chicago Housing Authority (“CHA”) confirmed that the neighborhood was a priority for redevelopment.⁴³ In the introduction to the report, the CHA stated that:

Chicago’s central south side, during the horse and buggy days, constituted a fashionable, desirable neighborhood. Now the old splendor has vanished. In its place is to be found one of the city’s most severely blighted areas, where thorough deterioration has killed any hope of recapturing the past through rehabilitation.⁴⁴

The report was written to help define CHA’s role in relocating and rehousing the residents who would be displaced by the expansion of IIT and Michael Reese Hospital, institutions which were described as “[a]mong the few stabilizing influences” in the neighborhood.⁴⁵

³⁹ *Id.* at 5.

⁴⁰ *Id.* at 7.

⁴¹ *Id.* at 19.

⁴² *Id.* at 5.

⁴³ CHICAGO HOUSING AUTHORITY, REPORT ON RELOCATION SURVEY FOR ILLINOIS INSTITUTE OF TECHNOLOGY AND MICHAEL REESE HOSPITAL CLEARANCE AREAS (1947).

⁴⁴ *Id.* at 1.

⁴⁵ *Id.*

On behalf of these “stabilizing influences,” the South Side Planning Board and the Chicago Land Clearance Commission razed more than 700 acres of impoverished areas.⁴⁶ IIT grew from 7 to 120 acres.⁴⁷ Upon this newly-vacant land, Ludwig Mies van der Rohe designed and built the now world-renowned campus described by Macauley as:

[Fifty] imposing glass, brick, and steel buildings, deceptively simple on the outside with wondrously flexible space in the interiors. The campus is tangible testimony to the Institute’s vision of itself as a major center of technology; and it is evidence of its faith in Chicago and the near south side.⁴⁸

Through its slum clearance and rapid construction of the Main Campus, IIT had invested heavily in the Bronzeville neighborhood, and relocation was seemingly out of the question.

d. IIT and Public Housing

When IIT and Michael Reese Hospital worked together to fend off the encroaching blight, they may have laid the ground work for later problems in the neighborhood.⁴⁹ According to University of Illinois at Chicago Professor Michelle Boyd, IIT and Michael Reese are to blame for the creation of the notorious public housing that eventually surrounded their campuses:

In 1946, the planning staffs of the two institutions united to form the South Side Planning Board (SSPB) and fight the spread of neighborhood “blight” in the surrounding Douglas neighborhood. Working as members of the Metropolitan Housing and Planning Council, they fought for and won the passage of the Redevelopment and Relocation Acts of 1947, which authorized the use of public funds to acquire, clear, and sell land at a reduced price to private developers.

The SSPB used this authority to tear down supposed slum housing, expand both the IIT and Michael Reese campuses, and to build housing for their middle-class employees. Because SSPB projects did not provide adequate relocation strategies, the construction of public housing became central to their plans.⁵⁰

Public housing, of course, became one of the central problems for IIT in the ensuing decades.

⁴⁶ Macauley, *supra* note 10, at 69; CHICAGO LAND CLEARANCE COMMISSION, REDEVELOPMENT PROJECT OF THE ILLINOIS INSTITUTE OF TECHNOLOGY (1956).

⁴⁷ Macauley, *supra* note 10, at 77.

⁴⁸ *Id.*

⁴⁹ Michelle Boyd, *Defensive Development: The Role of Racial Conflict in Gentrification*, URB. AFF. REV., 751, 758 (July 2008).

⁵⁰ *Id.*

When high-rise public housing was first created, both the designers and its first residents thought of it as a vast improvement over the slums which it replaced.⁵¹ The “State Street Corridor” of public housing was built in the late 1950’s and early 1960’s.⁵² Eventually, Bronzeville was the “site of the largest tract of public housing in the nation, perhaps the world” when “mostly high-rise public housing stretched more than 30 blocks, from 21st Street south to 54th.”⁵³ More than forty percent of Bronzeville residents lived in public housing.⁵⁴

This concentration in poverty would have treacherous results for the families living in public housing and for the neighborhoods in which the high-rises were located. According to Susan Popkin,

By the late 1980s, the Chicago Housing Authority's (CHA's) family developments were a disaster. Years of managerial incompetence and neglect had left the housing in an advanced state of decay. The crime and violence were overwhelming and the gang dominance nearly absolute. Thousands of vulnerable families--with tens of thousands of children--lived in these troubled communities, most because they had no other alternative. The crack epidemic swept through CHA's developments, making conditions even worse for the residents and more visible to the outside community.⁵⁵

Indeed, the dangerous conditions were becoming more visible to the outside community, including the staff, students, and leaders of IIT. By the early 1990s, some members of the Board of Trustees were once again encouraging IIT to leave the neighborhood and relocate the university.⁵⁶

⁵¹ Sudhir Alladi Venkatesh, *AMERICAN PROJECT: THE RISE AND FALL OF A MODERN GHETTO*, 21 (2000).

⁵² Harvey M. Chlodin, *Chicago Housing Authority*, THE ELECTRONIC ENCYCLOPEDIA OF CHICAGO, available at www.encyclopedia.chicagohistory.org/pages/253.html (last visited December 3, 2008).

⁵³ Michael I. J. Bennett, *The Rebirth of Bronzeville*, THE NEW CHICAGO: A SOCIAL AND CULTURAL ANALYSIS, 215 (2006).

⁵⁴ *Id.*

⁵⁵ Susan J. Popkin, *No Simple Solutions: Housing CHA's Most Vulnerable Families*, 1 NW. J. OF L. & SOC. POL'Y 148 (2006).

⁵⁶ See *supra* text accompanying note 9.

e. The National Commission for IIT and the Renewed Threat of Relocation

The real possibility of relocating IIT's main campus was publicized in the 1993 Final Report of the National Commission for IIT.⁵⁷ The National Commission was convened as a "blue-ribbon panel of trustees, faculty, and external experts, who recommended a future direction for the institution."⁵⁸ According to one participant, the Commission "was characterized by utterly candid conversations and open dialogue with the IIT community about the place in which the university found itself in the early 1990s, and the directions in which it needed to go in the coming years."⁵⁹

Robert Galvin, the Chairman of the National Commission for IIT, explained that the Commission's final report "contains bold recommendations for dramatic change that will assure the university's educational leadership as it moves into the next century."⁶⁰ IIT needed dramatic change because it faced significant financial problems in the early 1990s. The report blamed three factors for the financial difficulties: a very small university endowment, an undergraduate student body that relied on scholarship and financial aid to attend, and a campus in need of substantial repair and reinvestment.⁶¹

The 48-page report dedicated most of its content to justifications for improving the undergraduate curriculum and financial stability. The Commission described declining undergraduate enrollment,⁶² competition from heavily subsidized, lower-priced public universities,⁶³ and the comparatively modest family incomes of many students. The report included suggestions to address these academic and financial concerns.

⁵⁷ NATIONAL COMMISSION FOR IIT, REPORT TO THE BOARD OF TRUSTEES 31 (1994)

⁵⁸ ILLINOIS INSTITUTE OF TECHNOLOGY, 2001 SPECIAL REPORT 9 (2001).

⁵⁹ Martin Jischke, *Foreword*, IIT MAGAZINE, Spring 2007, at 1.

⁶⁰ NATIONAL COMMISSION FOR IIT, *supra* note 57, at 1.

⁶¹ *Id.* at 3.

⁶² *Id.* at 9.

⁶³ *Id.* at 9-10.

Tucked away, as the last of six recommendations to the IIT Board of Trustees, the reports urged the leadership of IIT to “[r]esolve the facilities and location issues of the Main Campus.”⁶⁴

As the Commission described:

IIT’s Main Campus suffers from a deferred maintenance problem estimated at \$40-\$50 million. The general state of disrepair, coupled with the obvious lack of state-of-the-art learning facility and laboratories, contributes to IIT’s declining competitive position.

While celebrating Ludwig Mies van der Rohe’s master plan and integrated modernist design, the report described a decades-long deterioration of the landmark architecture of the Main Campus.⁶⁵

The Commission went on to blame “Mies’s experimental architecture,” tight budgets, and scarce philanthropic support for the ongoing decay.⁶⁶

The Commission also expressed concerns about the area surrounding the crumbling campus:

The Main Campus’ location, with the lack of neighborhood amenities, lack of physical cohesion of the campus—bifurcated by the elevated railway and State Street—and the perception of security problems, further reduces IIT’s ability to attract undergraduates.⁶⁷

According to the report, the “campus environment, including the school’s facilities and the surrounding community, are essential factors in fulfilling the university’s mission.”⁶⁸ Yet the report provided little actual details about the “surrounding community” other than opaque references to perceived security concerns. There is no mention of public housing, the Chicago Housing Authority, actual crime rates, or a history of antagonism with IIT’s neighbors.

f. IIT’s Fourth and Most Recent Attempt to Relocate

The Commission concluded its analysis of the Main Campus and its community by recommending that:

⁶⁴ *Id.* at 31.

⁶⁵ *Id.* at 31.

⁶⁶ *Id.*

⁶⁷ *Id.* at 10.

⁶⁸ *Id.*

IIT should make a major effort to work with the community, city government, state government and private resources to strengthen the surrounding community, and to attract philanthropy to the Main Campus. If such cooperative efforts fail, the Board of Trustees should consider other location options for the Main Campus, based on the kind of program developed and on the market served, and on the opportunity for philanthropic support to effect such a move.⁶⁹

Despite its placement as the last of the major recommendations by the Commission, the report described that “[s]tudent and alumni surveys indicate that the location issue presents the single area of greatest concern to them.”⁷⁰ The report cited surveys and anecdotal evidence which showed that potential students and their parents intentionally avoided IIT when they discovered its location on Chicago’s south side.⁷¹ The Commission reported that some interested students “dismiss any consideration of attending after viewing the campus and the surrounding neighborhood.”⁷²

The National Commission for IIT, after lamenting the state of the Main Campus and the surrounding neighborhood, indicated that there was hope for the revitalization for the school in its Bronzeville location. The report hinted at the possibility that “major public and private investment” could improve the neighborhood during the next two decades.⁷³ The Commission commended the university for its efforts to improve the area, and concluded that “IIT needs to continue to work with the neighborhood to solve problems collaboratively.” Despite these reassurances, IIT’s commitment to its south side home remained unclear.

⁶⁹ *Id.*

⁷⁰ *Id.* at 32.

⁷¹ *Id.*

⁷² *Id.*

⁷³ *Id.*

III. THE DUTIES: UNIVERSITIES AS NEIGHBORS

The National Commission encouraged IIT to collaborate with its neighbors to address the state of the community. Is such cooperation warranted, especially considering IIT's primary role as a teaching and research institution?

IIT, like all universities, must respond to numerous constituencies. IIT must meet the demands of its students (and their parents), who expect high-quality educational training. The university has to provide for the faculty, staff, and other employees, who need a safe and productive work environment. The school should respond to the demands of various industries, which rely upon IIT graduates as employees and upon faculty research to drive their businesses forward. IIT must also meet the expectations of the philanthropic community, government, and alumni, who base their financial support on the continuous progress of the institution. With all of these constituencies to keep happy, does IIT also have to worry about its neighbors in Bronzeville? What duties does the university owe to the greater society, especially those in the surrounding community?

Section III(a) sets forth the duties of a university by first defining the legal obligations of corporate and nonprofit entities and their directors. The analysis of Section III(b) considers the recent "corporate social responsibility movement." Sections III(c) and (d) then apply these general legal obligations and corporate responsibility concepts to universities, and ask what, if any, duties do institutions of higher education owe to their neighborhoods.

a. Corporate and Non-Profit Duties

Perhaps surprisingly, the structure and tenets of general corporate law, with only slight variations, also apply to nonprofit universities such as IIT. Thus, a basic description of corporate duties provides a starting point for this analysis. Traditionally, shareholders elect a board of

directors, and the directors manage the corporation.⁷⁴ The board of directors governs the corporation and is ultimately responsible for its activities.⁷⁵ While the directors have broad discretion as to how the corporation operates, they are bound by a common law fiduciary duty, which proscribes their role and protects the shareholders.⁷⁶

The fiduciary duty of the board of a corporation includes two specific duties: the duty of care and the duty of loyalty.⁷⁷ The duty of care requires directors to act as a reasonably prudent person would in order to protect the corporation from harm.⁷⁸ To fulfill this duty, directors must be informed and actively participate in decisions by the board regarding the affairs of the corporation.⁷⁹ The duty of loyalty prohibits directors from putting their own interests ahead of those of the shareholders.⁸⁰ To abide by the duty of loyalty, directors must avoid conflicts of interest and seek the approval of independent directors whenever a possible conflict arises.⁸¹ Inevitably, even when directors exercise appropriate care, some of their decisions will lead to poor results and losses for the shareholders. These poor decisions are protected by the business judgment rule, which “expresses the unanimous decision of American courts to eschew intervention in corporate decision making if the judgment of directors and officers [is] uninfluenced by personal considerations and is exercised in good faith.”⁸²

The duties of nonprofit leaders are strikingly similar to those of their for-profit counterparts. As attorney and author Jack Siegel describes, “[a]lthough nonprofit corporations are statutory creatures, the duties of care and loyalty have largely been shaped by judge-made

⁷⁴ Franklin Gevurtz, CORPORATION LAW, 179 (2000).

⁷⁵ *Id.* at 190.

⁷⁶ *Id.* at 273.

⁷⁷ *Id.*

⁷⁸ *Id.* at 274.

⁷⁹ *Id.* at 274-277.

⁸⁰ *Id.* at 321.

⁸¹ *Id.* at 321-331.

⁸² *Id.* at 279 (quoting *Miller v. Am. Telephone & Telegraph Co.* 507 F.2d 759, 762 (3d Cir. 1974)).

common law. Let there be no doubt, however; these duties are clearly present and applicable.”⁸³ Nonprofit officers and directors of nonprofits must still abide by the duty of loyalty, and avoid conflicts of interest.⁸⁴ They must live by the duty of care, and make informed decisions about the activities and efforts of the organization.⁸⁵ The officers and directors are protected by the business judgment rule as well, and are therefore free to make good-faith decisions without the threat of legal challenges.⁸⁶

Unlike a for-profit corporation, a nonprofit corporation does not have shareholders.⁸⁷ The executives and board must be responsive to the organization’s beneficiaries, and the governing board is ultimately responsible to the government of the state in which the nonprofit is organized.⁸⁸ The governing board must act in the best interest of the organization “in light of its stated purpose,” creating an affirmative obligation to govern based upon its stated charitable intent.⁸⁹ The board of directors is therefore both guided by and restrained by the organization’s stated charitable purpose.

b. Corporate Social Responsibility

There is an ongoing debate whether corporations should attempt to improve the conditions of society. When Henry Ford tried to improve the lives of his workers rather than pay a dividend to his shareholders, he was sued---and he lost.⁹⁰ As famously put by the Michigan Supreme Court in *Dodge v. Ford Motor Company*, a “business corporation is organized and carried on primarily for the profit of the stockholders. The powers of the directors are to be

⁸³ Jack Siegel, *A DESKTOP GUIDE FOR NONPROFIT DIRECTORS, OFFICERS, AND ADVISORS: AVOIDING TROUBLE WHILE DOING GOOD*, 81 (2006).

⁸⁴ *Id.* at 83.

⁸⁵ *Id.* at 82.

⁸⁶ *Id.* at 85.

⁸⁷ AMERICAN LAW INSTITUTE, *PRINCIPLES OF THE LAW OF NONPROFIT ORGANIZATIONS, TENTATIVE DRAFT NO. 1, § 310 DUTY OF LOYALTY* (2007).

⁸⁸ Siegel, *supra* at note 83, at 51.

⁸⁹ AMERICAN LAW INSTITUTE, *supra* at note 87, § 310 DUTY OF LOYALTY.

⁹⁰ *See Dodge v. Ford Motor Co.*, 170 N.W. 668. (Mich. 1919).

employed for that end. The discretion of the directors is to be exercised in the choice of means to attain that end.”⁹¹ Despite this famous declaration, businesses often engage in charitable activities that do not improve profits. Today, the corporate social responsibility movement urges corporations to expand their obligations beyond simply maximizing financial return to shareholders.⁹²

Described by scholars John Conley and Cynthia Williams as “one of the most striking developments in the business world over the last decade,” the corporate social responsibility movement insists that executives and boards of corporations must consider the impact of their decisions and actions upon their employees, the environment, and the residents who are impacted by their activities.⁹³ The executives of corporations such as Google have embraced this movement, announcing that they “believe strongly that in the long term [they] will be better served—as shareholders and in all other ways—by a company that does good things for the world even if [they] forego some short term gains.”⁹⁴

Although some economists doubt that corporate social responsibility will ever lead to greater profits, many business leaders are convinced that the practice “will prove itself to be economically efficient, at least in the negative sense of heading off such things as labor unrest, customer defections, costly environmental problems, and, importantly, government interventions.”⁹⁵ Or, put in more positive terms, corporate responsibility can be justified by good employer/employee relations, customer loyalty, environmental resource management, and freedom from government interference.

⁹¹ *Id.* at 684.

⁹² John M. Conley & Cynthia A. Williams, *Engage, Embed, and Embellish: Theory Versus Reality in the Corporate Social Responsibility Movement*, 31 J. CORP. L. 1, 1 (Fall 2005).

⁹³ *Id.* at 2.

⁹⁴ Janet E. Kerr, *Sustainability Meets Profitability: The Convenient Truth of How the Business Judgment Rule Protects a Board’s Decision to Engage in Social Entrepreneurship*, 29 CARDOZO L. REV. 623, 627 (Nov. 2007)

⁹⁵ Conley & Williams, *supra* note 92, at 14.

While corporate social responsibility has its critics, advocates believe that the movement will encourage corporations to make transparent decisions that improve their social and environmental impact.⁹⁶ Stockholders will not likely have any recourse if they disagree with corporate directors' decision to engage in corporate social responsibility, even if they believe it is hurting their share price. Ultimately, as long as a corporate board has lived up to its duty of care by acting in what it believes is the best interest of the corporation, the business judgment rule protects corporate social responsibility from shareholder suits.⁹⁷

For nonprofit organizations, the concept of corporate responsibility is complex. In most states nonprofit corporations must define their charitable purpose in their articles of incorporation.⁹⁸ Whether a nonprofit is a small grassroots association or a vast health care conglomerate, nonprofits have a specific and narrowly defined purpose.⁹⁹ The purpose often includes a targeted group of beneficiaries, which may be a particular subset of the public.¹⁰⁰ Thus, simply because a nonprofit has a community-oriented mission does not mean that it necessarily participates in broader corporate social responsibility. A nonprofit organization might, however, engage in corporate social responsibility if the board agrees with the previously described justifications, including good employer/employee relations, customer loyalty, environmental resource management, and freedom from government interference.

At least one expert on nonprofit law agrees that nonprofits are not obliged to serve the broader community but may choose to do so, just as a for-profit corporation may choose to engage in corporate social responsibility. As recorder for the American Legal Institute's

⁹⁶ *Id.* at 38.

⁹⁷ Kerr, *supra* note 94, at 635-636.

⁹⁸ See, for instance, the General Not For Profit Corporation Act of 1986, 805 ILCS 105/103.05, which lists 33 different possible categories of not-for-profit organization, ranging from charitable and education organizations to soil improvement and natural gas cooperatives.

⁹⁹ *Id.*

¹⁰⁰ AMERICAN LAW INSTITUTE, *supra* at note 87, § 210, CHARITABLE PURPOSES AND ACTIVITIES, Comment 2.

Principles of the Law of Nonprofit Organizations, Chicago-Kent Professor Evelyn Brody emphasizes that “[r]egardless of its charitable purpose, a charity has the power to make a contribution to the community in which it operates—as, indeed, businesses can be good corporate citizens.”¹⁰¹ As an example, Professor Brody describes that nonprofit organizations enjoy property tax exemption, but may be willing to make “voluntary payments in lieu of taxes” to their neighboring communities, especially when the community provides police and fire protection or similar services.¹⁰² Professor Brody concludes that:

General societal interests, or even charitable goals extraneous to the charity ... do not override the [board of director’s] good faith interpretation of the charity’s purpose. However, the governing board may properly take social and ethical interest into account in determining how to further the charity’s purpose.¹⁰³

Thus, while a nonprofit is not required to expand its charitable reach beyond its stated purpose, the model of corporate social responsibility applies and nonprofits may choose to be good neighbors in their broader communities.

c. Legal Obligations of Universities

Most universities in the United States are organized as public institutions or as non-profit corporations.¹⁰⁴ They are not owned by private shareholders, and they are not expected to generate profits. Instead, in its simplest form, the “bottom line” of universities is to educate students through teaching and increase knowledge through research.

The board of directors of universities is bound by the same legal obligations as their corporate peers. Directors, commonly called trustees, must exercise care and avoid conflicts of interest. Beyond that, the business judgment rule will protect them from liability regarding their choices as to how to achieve the educational and research goals of the university.

¹⁰¹ *Id.*

¹⁰² *Id.* at § 310, DUTY OF LOYALTY, Illustration 2.

¹⁰³ *Id.* at § 310, DUTY OF LOYALTY, Comment (a)(1).

¹⁰⁴ David Palfreyman, *Review of Richard S. Ruch’s “Higher Ed, Inc.”* 30 J.C. & U.L. 673, 673 (2004).

Nonprofit status alone, despite the benefits of tax exemption and the corresponding expectation of public benefit, does not mean that universities are required to broaden their purpose and serve their communities. In many ways, the leaders of universities are insulated from any obligations to the society at large, including their neighbors. As long as they exercise reasonable care in their decision, the choice by the board of directors of a university whether to engage its surrounding community, build a literal or figurative brick wall around the campus, or even relocate the school altogether is a business decision that is legally protected by the business judgment rule.

d. Corporate Social Responsibility and Universities

In a broad sense, universities already serve the larger community through their basic purposes: research and teaching. Describing universities as the “central institution in post-modern society,” former Harvard President Derek Bok has noted that universities supply the three critical elements relied upon by advanced nations: “new discoveries, highly trained personnel, and expert knowledge.”¹⁰⁵

However, just as for-profit corporations reach beyond their basic purposes and engage in proactive social responsibility, universities may consider their broader impact on society. The notion that a college or university can improve their communities is nothing new. As early as 1890, the establishment of the land-grant universities around the nation “introduced the notion of service and outreach to American higher education.”¹⁰⁶ This tradition continued through the twentieth century at colleges located in major cities, as John Powell and Marguerite Spencer describe:

¹⁰⁵ Mary Walshok, *Strategies for Building the Infrastructure that Supports the Engaged Campus*, COLLEGES AND UNIVERSITIES AS CITIZENS, 75 (Robert G. Bringle, Richard Grimes & Edward A. Malloy, editors, 1999) (quoting Prof. Bok’s 1990 speech at Duke University).

¹⁰⁶ Gregory J. Vincent, *Reviving the Land-Grant Idea Through Community-University Partnerships*, 31 S.U. L. REV. 1, 4 (Fall 2003).

The urban university began to do for the urbanite what the land-grant colleges had done for the nation's farm population: take the knowledge of the scholar into the community and extend its influence to all phases of urban life. Equally important, it made education accessible to the urban poor by minimizing costs, altering standards, and providing remedial services to the students.¹⁰⁷

As this history indicates, the “community service” of universities was often defined in terms of teaching and learning through an expansion of the schools’ primary educational purpose.

While educational outreach efforts are nothing new, scholars and authors are beginning to advocate for a more concrete role for universities as neighbors.¹⁰⁸ Mary Walshok, a professor and university administrator, describes knowledge as “the strategic resource in all human activity: economic, social, or civic.”¹⁰⁹ As such, she argues that universities are “knowledge enterprises” which must connect the academic agenda to the community agenda in order to participate in and contribute to “shaping modern American life.”¹¹⁰

The shaping of modern life and the modern neighborhood is the subject of Ricki Gever Eisenstein’s doctoral dissertation *Fragile Partnerships: Urban Universities, Neighbors, and Neighborhoods*.¹¹¹ In her review of the “small but growing body of literature on the history of neighborhoods relations”¹¹² between universities and communities, Eisenstein highlights three recurring questions: What are the benefits of university-neighborhood engagement (1) for students (2) for society and communities, and (3) for the institutions themselves?¹¹³

¹⁰⁷ John A. Powell & Marguerite L. Spencer, *Remaking the Urban University for the Urban Student: Talking About Race*, 30 CONN. L. REV. 1247, 1256 (Summer 1998).

¹⁰⁸ See, for instance, the many essays in *COLLEGES AND UNIVERSITIES AS CITIZENS* (Robert G. Bringle, Richard Grimes & Edward A. Malloy, editors, 1999), most of which were inspired by the numerous works of Ernest Boyer, including *The Scholarship of Engagement* and *Scholarship Reconsidered: Priorities of the Professoriate*.

¹⁰⁹ Walshok, *supra* note 105, at 74.

¹¹⁰ *Id.* at 82.

¹¹¹ Ricki Gever Eisenstein, *Fragile Partnerships: Urban Universities, Neighbors and Neighborhoods* (2005) (unpublished Ph.D. dissertation, University of Pennsylvania) (available at <http://repository.upenn.edu/dissertations/AAI3165667/>)

¹¹² *Id.* at 3.

¹¹³ *Id.* at 9-10.

Looking at each of the questions individually, Eisenstein notes that benefits to students are usually described in terms of student development.¹¹⁴ For students, community involvement through university initiatives is intended to build professional skills and instill the virtues of civic participation.¹¹⁵

The benefit of university-neighborhood engagement for society and communities has not been well documented, according to Eisenstein.¹¹⁶ She indicates that the literature provides hypothetical descriptions of the merits of partnerships for neighborhoods, but this is not verified by empirical evidence.¹¹⁷ Other authors have described the potential benefits to the neighborhoods, including economic, educational, cultural, and physical improvements for the area. Bruce Katz and Evan Dobbelle of the Brookings Institution describe the power of universities and colleges to leverage investments in their neighborhoods. Highlighting the example of Trinity College in Hartford, Connecticut, the authors describe how the school leveraged its \$6 million contribution to the city's renewal effort to secure the commitment of more than \$200 million in additional funding from the public, private and philanthropic sectors. This combined funding helped to establish new schools, recreation facilities, retail, and residential development.¹¹⁸ Katz and Dobbelle calculate that if 100 more universities followed Trinity's lead, the schools could leverage nearly \$20 billion for community redevelopment in their neighborhoods.¹¹⁹

For the universities themselves, there are numerous benefits to increased involvement with the local community. With urban universities like IIT in mind, Katz and Dobbelle write that:

¹¹⁴ *Id.* at 11.

¹¹⁵ *Id.* at 12-14.

¹¹⁶ *Id.* at 14

¹¹⁷ *Id.* at 14.

¹¹⁸ Bruce Katz & Evan Dobbelle, *Higher Education: Cities' Hidden Asset*, PHILADELPHIA DAILY NEWS, February 14, 1999, available at www.brookings.edu/opinions/1999/0214education_katz.aspx (last visited December 3, 2008).

¹¹⁹ *Id.*

Some of the motivation for this interest in urban problems is practical. Schools located in stressed neighborhoods cannot wall off problems—neighborhood decline will eventually breach the barriers. An institution in an unsafe or even a merely unpleasant area will lose some prospective students and faculty members. And, unlike private firms, universities and colleges generally cannot afford to rebuild their specialized facilities in a new part of town, particularly if high crime and low investment have reduced the value of their existing properties.¹²⁰

Eisenstein points to several additional potential benefits of strong university-neighborhood engagement. First, community partnerships may help universities attract and retain better students and faculty.¹²¹ Second, scholarship may improve when it is applied to the communities needs. Eisenstein quotes Ernest Boyer, who wrote that:

[N]ew intellectual understandings can arise of the very act of application—whether in medical diagnosis, serving clients in psychotherapy, shaping public policy, or working with the public schools. In activities such as these, theory and practice vitally interact, and one renews the other.¹²²

Finally, Eisenstein notes that universities engage in community partnerships because they want simply to be good corporate citizens, responsible for their neighborhood and their neighbors.¹²³

This notion of good institutional citizenship mirrors the justification for corporate social responsibility: universities should look beyond their core constituencies and consider the broader impact of their decisions and actions. Universities that engage in corporate social responsibility may also enjoy the benefits noted above, namely good employer/employee relations, customer loyalty, environmental resource management, and freedom from government interference.

While it is not a complete framework for analysis, Eisenstein's three questions can help to evaluate IIT's decision not to relocate from its South Side home and instead partner with the neighborhood to revitalize the area. What are the benefits to students? To society and the community? And to IIT itself as an institution? Section IV will consider these questions in detail.

¹²⁰ *Id.*

¹²¹ Eisenstein, *supra* note 111, at 19.

¹²² *Id.* at 19 (quoting Ernest Boyer, SCHOLARSHIP RECONSIDERED: PRIORITIES OF THE PROFESSORiate, 23 (1990).

¹²³ *Id.* at 20.

IV. IIT AND THE DECISION *NOT* TO RELOCATE

Today, IIT remains in Bronzeville, and the university is renovating the original Armour Institute Main Building from 1893.¹²⁴ As recently as fifteen years ago, however, IIT's future on the south side was unclear. Section IV examines IIT's decision to restore and revitalize the Main Campus and to participate in the simultaneous renewal of the surrounding neighborhood. Because many of the IIT leaders from this era are still active, this section relies heavily upon first person accounts and interviews.

a. IIT's Decision to Stay

As the university commemorated its 100th anniversary, the state of the neighborhood was only one of IIT's many concerns. As Martin Jischke, Purdue University President and Member of the IIT Board of Trustees, recently wrote:

In 1990, the year President Lew Collens took office at Illinois Institute of Technology, the university was in a very different place. The entering freshman class was one of the smallest in years. Main Campus, including its buildings and architectural treasures such as Mies van der Rohe's S. R. Crown Hall, had fallen into disrepair. And the institution was teetering on the brink of substantial financial difficulty, if not outright collapse.¹²⁵

Facing these challenges, the Board of Trustees seriously considered moving the university from its historic home. Some trustees blamed the neighborhood for IIT's woes. They attributed low student enrollment (and the resulting financial difficulties) to the lack of campus amenities and perceived safety problems in the area, which was then dominated by high-rise public housing developments.¹²⁶ Circumstances and opportunities, however, meant that IIT would once again recommit to its Bronzeville location.

¹²⁴ See Harboe Architects, <http://www.harboearch.com/getProject.php?projname=iitmainbuilding> (last visited December 9, 2008).

¹²⁵ Jischke, *supra* note 59, at 1.

¹²⁶ Interview with David Baker, *supra* note 1; Interview with Leroy Kennedy, Vice President for External Affairs, IIT, in Chicago, IL (Nov. 14, 2008).

IIT's circumstances limited its real power to relocate and rebuild the main campus, according to David Baker, Vice President of External Affairs.¹²⁷ The cost to move may have exceeded \$500 million, which would have been nearly impossible to secure from donors.¹²⁸ Additionally, the 120 acres of IIT's existing main campus were extraordinarily valuable—but not at that point in time. Because the neighborhood was so distressed, the university could not sell this valuable asset for its true worth, making financing for relocation even more challenging.¹²⁹

Opportunities for IIT and Bronzeville began to emerge in the 1990s as well. As Baker explained, at the same moment when some of IIT's trustees were pushing for the university to abandon the South Side, state and local government was investing in the area for the first time in decades.¹³⁰ Baker knew that the State of Illinois and the City of Chicago spent nearly \$2 billion on two major nearby projects: expansion of McCormick Place convention center and the construction of the new Comiskey Park (now US Cellular Field), home of the Chicago White Sox.¹³¹ Describing them as “twin public investments,” Baker realized that if you drew a line between these massive public projects, it would go directly through the IIT's Main Campus.¹³² He convinced others that the wall between IIT and the rest of Chicago was beginning to crack.¹³³

Working closely with new IIT president Lew Collens, Baker used his experience with the Illinois legislature and the Illinois Chamber of Commerce to secure much needed public investment in IIT itself. As he described, the timing was right once again as newly elected leaders in both the state and federal government were amenable to government funding for private universities, something that had been unheard of in prior decades. Baker and his team of

¹²⁷ Interview with David Baker, *supra* note 1.

¹²⁸ *Id.*

¹²⁹ *Id.*

¹³⁰ *Id.*

¹³¹ *Id.*

¹³² *Id.*

¹³³ *Id.*

hired lobbyists worked hard to persuade the government to help IIT realize its new vision for the campus and the neighborhood.¹³⁴ With a new campus plan developed by Dirk Lohan and a commitment to recruiting the best students and faculty, the Board of Trustees began a campaign to support IIT's revitalization.¹³⁵ With lead gifts totaling \$120 million from university trustees Robert Galvin and Robert Pritzker, IIT was poised for a renewal.¹³⁶ Through their decision to restore the Main Campus, the Board of Trustees also recommitted to IIT's Bronzeville neighbors.

The decisions to stay and to invest in the neighborhood can be analyzed by applying the legal obligations of university directors described in Section II. By staying and investing in Bronzeville, did the IIT Board of Trustees fulfill their duty of care? By all indications, the Board of Trustees exercised appropriate care by analyzing the issues. The National Commission for IIT researched the options and presented the pros and cons regarding reinvestment in the Main Campus and the neighborhood. Did the Board of Trustees live up to its duty of loyalty? The duty of loyalty precludes directors from conflicts of interest. Nothing in the public record indicates that the directors had any conflict: none of the trustees was in a position to benefit from IIT's decision to stay in Bronzeville and invest in the neighborhood. If individual Trustees owned land in the area, or operated a construction company that might get a contract to restore the campus, then a conflict would exist. However, there are no such reported conflicts. Instead, the members of Board of Trustees contributed their own funds to the capital campaign that supported the campus and community renewal. What if the decision to stay turns out to be a bad decision, and the attempt to restore the campus and community fails? Would the Board of Trustees be liable for their poor choice? Just as with for-profit companies, courts are unwilling to challenge the

¹³⁴ *Id.*

¹³⁵ *Id.*

¹³⁶ *Id.*

informed, good faith decisions of university directors. The business judgment rule protects the IIT Board of Trustees from any legal challenges to their decision not to relocate.

In addition to these legal duties, the question remains whether IIT's community involvement satisfies Eisenstein's standards regarding university-community relations: whether the decision to stay benefited students, the community, and IIT as an institution.

b. The Decision to Stay and the Benefits to IIT's Students

Recalling Eisenstein's analysis, one measure of success for university-community engagement is the benefit the cooperation provides for students. Because the question is whether or not IIT should relocate, the appropriate analysis is whether IIT students would be better off at a revitalized south side campus or at a brand new suburban campus.

The students at IIT certainly benefited from IIT's decision to stay in practical ways. The university began by rehabilitating the student housing on the east side of campus. In addition, the university Master Plan called for new dormitories and a new student center. After an international design competition, IIT built Dutch architect Rem Koolhaas' McCormick Tribune Student Center, which opened in 2003 with great fanfare for its innovative design and amenities. Internationally renowned architect Helmut Jahn created a new set of dormitories that have become yet another campus landmark.¹³⁷ For students, life on campus has drastically improved.

Life off campus for students appears to have improved as well. The student body of budding engineers and scientists was unaccustomed to community activity prior to IIT's decision to connect with the neighborhood. As David Baker explained, for many years, colleges with strong social service and education programs led the way in service-learning and other community-based curricular activities, with few models for involvement by engineers.¹³⁸

¹³⁷ Lohan, *supra* note 9, at 28-29.

¹³⁸ Interview with David Baker, *supra* note 1.

However, in the 1990's, IIT was positioned to help members of its neighboring community due to the emerging digital economy. IIT's students and faculty were suddenly in demand, and established computer labs and computer tutoring programs. Funded by the Gates Foundation, the university recreated its dormant math and science education department which helped to revamp the curriculum in twenty struggling high schools. For the first time, students were able to improve their skills and knowledge while benefiting the local community.¹³⁹

If IIT had relocated to the suburbs, the students would have undoubtedly had the chance to enjoy new dorms and a new student center. However, they may not have had the same opportunity to engage in the same level of service-learning. They may not have had the chance to open computer labs or improve the educational opportunities for local kids. By Eisenstein's standards, the university-community relationship appears to have benefited the students, therefore justifying IIT's renewed community engagement on at least one level.

c. The Decision to Stay and the Benefits to Society and the Community

Nobody at IIT is in a better position to answer Eisenstein's second question, whether university-community engagement is benefiting the community, than Vice President for Community Affairs Leroy Kennedy. When asked whether a university should bother worrying about its neighboring community, or should instead focus exclusively on teaching and research, Kennedy responded by saying, "What? Are you kidding?" He insisted that the future of IIT and the future of Bronzeville are inextricably linked. In order to attract the best students and faculty to a safe and healthy campus, the neighborhood itself must be safe and healthy.¹⁴⁰

But Kennedy also explained his belief that IIT has a greater responsibility than simply cleaning things up for the benefit of students and staff. "We don't pay taxes, so what do we

¹³⁹ *Id.*

¹⁴⁰ Interview with Leroy Kennedy, *supra* note 126.

contribute to society? It isn't just knowledge, but our other resources." He described IIT's involvement in the community as a matter of social justice, in which the resources of the university are leveraged to improve the lives of not only those on campus, but neighbors throughout Bronzeville as well.¹⁴¹

Kennedy became IIT's first Director of Community of Affairs in 1989. He spent much of his early career as a community organizer, and was familiar with activists, philanthropists, and government leaders from throughout Chicago. In his new role, he brought these personal relationships to bear on the problems facing IIT and its neighbors. His position was funded by a three-year grant from the McCormick Tribune Foundation, with the explicit expectation that he would help to bridge the relationship between IIT and the neighboring community. He is fond of saying that he is in the nineteenth year of the three-year grant.¹⁴²

When Kennedy arrived, he sought to change the perception of IIT from that of an isolationist ivory tower to a community partner in the renewal of the area. Kennedy was well aware of the Board of Trustees's desire to relocate the Main Campus from its Bronzeville home. But he challenged their contention that IIT was in the wrong place. He noted that it is in the perfect location in many ways. It is easily accessible from the freeway and two separate CTA lines. The Main Campus lies directly south of the Loop and McCormick Place, and just west of Lake Michigan. In Kennedy's eyes, the geographic location could not be better. However, he agreed with the trustees that the neighborhood faced serious economic and safety challenges. Rather than abandon Bronzeville, Kennedy sought to utilize IIT as institutional partner in the improvement of the area.¹⁴³

¹⁴¹ *Id.*

¹⁴² *Id.*

¹⁴³ *Id.*

One of the first partnerships that Kennedy helped to establish was the Mid-South Redevelopment Corporation. Collaborating with the City of Chicago's Department of Planning, IIT helped to craft a strategic development plan, which again was funded by the McCormick Tribune Foundation. The development plan divided the area into eight community areas, with recommendations for renewal in each. For the area which included IIT, the strategic plan recommended that the university formally establish stronger ties with the neighborhood, and establish joint revitalization plans.¹⁴⁴ This was the first of several outside organizations that recommended greater institutional commitment by IIT to its surrounding neighborhood.

A second outside advisor also strongly suggested that IIT engage with its surrounding community. In 1995, President Collens and the Board of Trustees commissioned a panel from the Urban Land Institute ("ULI") to visit, research, and report upon IIT's land use challenges and opportunities.¹⁴⁵ The ULI panel made numerous suggestions, including the idea that "IIT should remain at its present location" because there would be no economic advantage to relocation.¹⁴⁶

Additionally, the ULI panel made the follow recommendations:

- IIT must become both a catalyst and a full participant in the developmental activities of the Mid-South Neighborhood.
- IIT should establish a nonprofit 501(c)(3) development corporation to carry out projects on designated properties both on and off campus.
- IIT should make clear its commitment to stay in the Mid-South community and leverage this commitment for the benefit of the community and the institute.
- IIT should consult and work with community leaders before any major plan is undertaken to redevelop the campus.
- IIT should continue to build upon its current efforts to make connections with the community.
- IIT should become more forthcoming and committed to neighborhood partnerships.
- In the near term, IIT should focus on fostering the development of a community-serving retail and infill housing near the campus.¹⁴⁷

¹⁴⁴ *Id.*

¹⁴⁵ URBAN LAND INSTITUTE, ILLINOIS INSTITUTE OF TECHNOLOGY: AN EVALUATION OF DEVELOPMENT POTENTIAL AND REAL ESTATE STRATEGIES FOR THE IIT CAMPUS, 7 (1995).

¹⁴⁶ *Id.* at 10.

¹⁴⁷ *Id.* at 11-13.

To implement these recommendations, the ULI panel concluded that “IIT must accept the fact that it is an urban campus and begin to integrate physically with the surrounding community.”¹⁴⁸

Leroy Kennedy’s changing job title reflects the different strategies that IIT has used to integrate with the surrounding community. When he arrived, he was the Director of Community Relations, and he was responsible for establishing ties with a neighborhood that IIT had ignored for decades. Next, he served as the Director of Community Development, and he helped craft the vision for the neighborhood and secure the resources necessary to achieve the vision. Now, as Vice President of Community Affairs, he is developing new partnerships between the academic units of the university and the community.¹⁴⁹

During the last fifteen years, there have been countless examples of IIT’s recommitment to the Bronzeville neighborhood, as described on the Officer of Community Development’s website:

- Conducting of volunteer tutor/mentor programs for community youth involving some 120-150 students per year.
- Using of IIT's Hermann Hall Student Union for numerous community science fairs, exhibits, planning meetings, arts programming and fundraisers.
- Supporting faculty research and counseling on community-oriented issues.
- Supporting four years of joint design studios between IIT and the Harvard Graduate School of design, commencing with the redesign of the 35th Street Commercial Corridor.
- Linking of Bronzeville school teachers with IIT's SMILE program, which provides teachers with new methods for teaching science to students.
- Helping Dearborn Homes CHA Community to redesign its campus and successfully attract \$2.5 million in capital funds for the project.
- Identifying corporate grant funds for both Douglas Community Academy and Daniel Hale Williams School to provide support for technology upgrades in the schools.¹⁵⁰

Examples of the current initiatives include work by IIT’s National Center for Food Safety and Technology and the community to reduce diabetes and obesity. The School of Architecture

¹⁴⁸ *Id.* at 13.

¹⁴⁹ Interview with Leroy Kennedy, *supra* note 126.

¹⁵⁰ IIT, <http://www.iit.edu/~iitcomdev/cd/historyr.html>. (last visited Dec. 5, 2008)

recently designed and helped to build an environmentally friendly “green” home in the neighborhood. The new Perspectives Math and Science Charter Academy is the culmination of years of planning by IIT’s Mathematics and Science Education Department.¹⁵¹ Thanks in large part to Leroy Kennedy, IIT meets Eisenstein’s second standard of success, because Bronzeville and the larger Chicago society have benefited from IIT’s decision to stay and get involved in the renewal of the neighborhood.

d. The Decision to Stay and the Benefits to IIT as an Institution

Former IIT President Lew Collens has received accolades for the “renaissance” of the university during his seventeen years of leadership.¹⁵² He is quick to share credit with his colleagues on campus and on the Board of Trustees, but his hands-on involvement in the simultaneous renewal of the IIT and the surrounding neighborhood has given him insight into the benefits of community involvement by higher education institutions.

As Collens recently described in an interview at his office at Chicago-Kent College of Law, when he arrived as President in 1990, IIT “was hanging by a thread.” The school faced extreme financial pressures because low student enrollment led to low tuition income, which led to financial shortfalls and the unmitigated decay of the facilities. The decaying facilities, of course, contributed to continued low student enrollment, and the cycle continued. Collens established the National Commission for IIT to address this challenge. In doing so, he asked the National Commission to consider whether IIT could stay in business in its current location. If not, he asked, then where else? If yes, then how?¹⁵³

Collens highlighted the fact that the central mission of IIT is education and research.

According the IIT website, the mission of the university is:

¹⁵¹ Interview with Leroy Kennedy, *supra* note 126.

¹⁵² Jischke, *supra* note 59, at 1.

¹⁵³ Interview with Lew Collens, President Emeritus, IIT, in Chicago, IL (Oct. 24, 2008).

To advance knowledge through research and scholarship, to cultivate invention improving the human condition, and to educate students from throughout the world for a life of professional achievement, service to society, and individual fulfillment.¹⁵⁴

While the goals described in the mission statement include “service to society,” the activities are limited to advancing knowledge, cultivating invention, and educating students. Collens echoed this short list of appropriate activities in the recent interview, and he limited the true purposes of universities to their traditional roles of education and research.¹⁵⁵

Collens argued, however, that IIT could not successfully carry out this mission without addressing the needs of the neighborhood. When he convinced the Chicago Police Department to build a new area headquarters nearby, he did so because he thought it would increase the security at IIT—but he also realized that it would improve the neighboring community. He involved IIT in the Chicago Housing Authority’s *Plan for Transformation* because it would improve the safety, appearance, and reputation of Bronzeville, and thereby improve student recruitment and faculty retention—but it would also improve the lives of thousands of public housing residents. Finally, the restoration of the Main Campus through the substantial gifts from Pritzker and Galvin would ensure improved campus life for students, staff, and visitors—all of whom also have the opportunity to participate in the activities and improvement of the neighborhood. Thus, according to Collens, IIT could help to improve the Bronzeville neighborhood without straying from the mission of the university or losing site of its core purpose of teaching and research.¹⁵⁶

V. Conclusion: IIT as a Citizen and Neighbor

Despite its financial challenges, IIT has a wealth of resources: the energy of its students, the intelligence of its faculty, the generosity of its alumni, and, of course, the value of its land

¹⁵⁴ IIT, <http://www.iit.edu/about/> (last visited Nov. 5, 2008).

¹⁵⁵ Interview with Lew Collens, *supra* note 153.

¹⁵⁶ *Id.*

and facilities. As a nonprofit organization, it might seem obvious that it would share these resources with its neighbors. However, as described in Section II, IIT is under no legal obligation to use these resources for anything other than its charitable purposes of teaching and research. Yet there are many benefits of community outreach and participation. When IIT acts as a good citizen and neighbor, and engages in corporate social responsibility, the investment improves the future prospects of IIT students and staff, Bronzeville neighbors and institutions, and the university itself. While IIT has to be careful not to repeat the community bulldozing mistakes of the twentieth century urban renewal, the university and its leadership deserve credit for their decision to remain in Bronzeville and reinvest in the Main Campus and its neighborhood.