It goes without saying that the global financial volatility that began in 2008 and persisted through 2009 has affected Caltech; indeed, it has impacted all universities. Yet, because of the actions we have taken to protect our core mission of research and education, Caltech remains strong in the areas that matter most to us. In fact, we even have some good news to share.

First of all, we chose not to reduce financial aid to our students. This is critical, because the students we want are the ones who in the future will do the world-changing research, lead the new generation of businesses, help enact new government policies, and educate still another select group of bright, imaginative students. The freshman class is one of the largest in Caltech’s history. It is also 42 percent female—a record for undergraduate admissions at the Institute. Our faculty and JPL researchers also did a great job of providing SURF fellowships this summer, resulting in nearly 50 more Caltech students participating in SURF than in the prior summer.

When many schools were enacting hiring freezes, we were able to hire new young faculty—not as many as in the past, but we did still hire. I believe this to be a successful strategy in a year when many universities took a different path. All six Caltech divisions did an outstanding job at recruiting, and this has been noticed by our colleagues at other universities.
Although we had to postpone or slow down a few initiatives, we were able to keep moving forward with the completion of new buildings, and this summer we initiated the renovation of the Linde + Robinson building, an important step for our programs in global environmental science and engineering. Other initiatives were reinforced by fund-raising, such as the creation of the Resnick Institute for Science, Energy, and Sustainability, which will enhance our efforts in energy science. We were also able to create the Innovation in Education Fund to support the faculty’s efforts toward improvement in education, including the development of new courses, support for new educational experiences, and the upgrading of laboratory facilities.

The staff has done an outstanding job of maintaining excellence in all areas throughout this difficult year, despite fewer resources and an increased level of work demands. One example from among many is that we were able to open two new academic buildings and maintain them at high levels without adding additional staff. The cost-cutting steps we undertook enabled us to make intelligent investments in areas that can lead to improved performance and additional savings. For instance, we have just announced an aggressive carbon-reduction goal that will be funded entirely from savings in everyday costs.

Difficult times did not prevent our faculty from making this year another “typical” year—that is, one filled with distinction and recognition of all kinds. Here are just a few examples of our faculty’s recent accomplishments:

- **John Dabiri, Beverley McKeon, and Joel Tropp** from the Division of Engineering and Applied Science and **Joshua Willis** from JPL received the National Science Foundation Presidential Award for young scientists and engineers. This is the highest recognition a researcher can receive from NSF early in his or her career, and it comes with a $500,000 check.
Julia Greer (materials science) and Doris Tsao (biology) received DARPA Young Faculty Awards. Each will be given a grant of $300,000 to develop their research ideas over the next 24 months.

Nobel Laureate Ahmed Zewail was appointed to the new U.S. Science Envoy Program, which was created to foster science and technology collaboration between our country and nations throughout the Middle East, North Africa, and South and Southeast Asia. Zewail, who was also appointed to President Obama’s Council of Advisors on Science and Technology (PCAST) in 2009, is one of three eminent Americans who will serve as the first scientist-diplomats in the new program.

A number of Caltech alumni were also in the news in 2009. Their accomplishments speak well of the value of a Caltech education:

- James Gunn (PhD ’66) and Berni Alder (PhD ’52) were two of the recipients of the 2009 National Medal of Science.
- Former provost Steve Koonin (BS ’72) became under secretary for science in the Department of Energy.
- Regina Dugan (PhD ’93) was appointed the first female director of DARPA.
- Bill Press (PhD ’73) is serving on PCAST, along with Ahmed Zewail.

The individual achievements of our graduate and undergraduate students were also recognized with a number of awards this past year. A complete list of those honors, as well as those received by our faculty during the 2008–2009 academic year, can be found at http://annual-report.caltech.edu/HonsAwards.

I encourage you also to read through the Year in Review (http://annual-report.caltech.edu/YearReview) for a glimpse of the research conducted by our faculty, researchers, and students and the great discoveries that have resulted.
What specific actions did we take to ensure that our core mission would be protected? Early in 2009, we decided that our best course was to act swiftly and decisively. Fortunately, we had several things already going for us, including diversified sources of income, strong research activities, and a strong liquidity position in our endowment. And we were clear about our goals. In addition to safeguarding research and education, we were determined, if possible, to make the Institute grow even stronger during the recession, so it would be well positioned to take advantage of the economic recovery when it began. To do that, we decided to improve our administrative efficiency wherever possible.

To accomplish these objectives, we had to make difficult decisions that affected our community. Jobs were lost, reorganizations took place, and there was no formal salary increase program. I recognize and appreciate the hard work that is being done with fewer resources. I am encouraged that we were able to enhance our retirement plan by offering more investment options and flexibility, while maintaining the same Caltech contribution. We also decided to postpone some activities and projects that were noncritical in the short term. The soundness of our current financial position is a sign of the success of our overall strategy for dealing with the recession. For a full discussion of the state of Caltech’s budget, see the letter from Vice President for Business and Finance Dean Currie and the accompanying financial statements (http://annual-report.caltech.edu/Financials).

What will 2010 and 2011 bring? As Niels Bohr once said, “Prediction is very difficult—especially if it’s about the future.” Still, I foresee a stable near-term outlook for the Institute, and I am cautiously optimistic about 2011. I particularly want to thank the entire Caltech community—faculty, students, staff, alumni, trustees, friends, and supporters—for their hard work and dedication during this difficult time. Because of them we were able to stay focused on our mission, and the Institute remains strong and vibrant.

Caltech is as committed as ever to being one of the world’s premier research and educational institutions. It is indeed an honor to be serving as its president.

Jean-Lou Chameau
President