



REVISED 11/8/2007

**THE RICHARD STOCKTON COLLEGE OF NEW JERSEY
BOARD OF TRUSTEES SPECIAL TELECONFERENCE MEETING**

**THURSDAY, NOVEMBER 8, 2007
SCHEDULE AND AGENDA**

NOTE: The Meeting will open to the public at 10:00 a.m. via Teleconference in the Board's Conference Room, K-203k.

1. Call to Order and Roll Call.

On October 15, 2007 notice of this meeting and Public Hearing, as required by the Open Public Meetings Act were (a) sent to the Business Services Office of the College, (b) the editors of *The Pres* and *The Vineland Times Journal*, (c) and filed with the Secretary of State, (d) Galloway Township Clerk's Office and (e) Atlantic County Clerk's Office.

2. Committee of the Whole Open/Public Session:

- A. Report of the Chair
Dr. Clarence C. Hoover, III
- B. Report of the President
Dr. Herman J. Saatkamp, Jr.
- C. Report of the Academic Affairs & Planning Committee
Trustee James Yoh, Chair
 - Renaming of Academic "Divisions" as "Schools"
 - Improving Teacher Quality Partnership Grants (acceptance only)
The Resolutions and Information are found on pages 3-6.
- D. Report of the Finance Committee
Trustee Curtis Bashaw, Vice Chair
 - Debt Management Policy
The Resolution and Information is found on pages 7-12.
- E. Naming of the Stockton College Athletic Field and Stadium as
The "G. Larry James Stadium"
The Resolution is found on page 13.
- F. Report of the State of New Jersey Commission of Investigation (SCI)
The Information is found on pages 14-24.

G. Revised Personal Resolution

The Revised Resolution and Information will be distributed.

3. Other Business
4. Comments from the Public
5. Comments from the Board
6. The next regularly scheduled meeting of the Board will on December 12, 2007.
7. Adjournment

REVISED 11/7/07

THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

BOARD OF TRUSTEES TELECONFERENCE

RESOLUTION

PERSONNEL ACTIONS

NOVEMBER 8, 2007

BE IT RESOLVED, that the following actions are approved:

November 8, 2007

TITLE	EFFECTIVE DATES	CURRENT SALARY	PROPOSED SALARY	INFORMATION NOTES
<u>NEW APPOINTMENTS - STAFF</u>				
<u>OFFICE OF THE PROVOST</u>				
May, Chad	Director of Institutional Research	12/03/07 06/30/08	\$90,000	
Schulman, Sharon E.	Director, The William J. Hughes Center for Public Policy	01/07/08 06/30/08	\$125,000	
<u>DIVISION OF GRADUATE STUDIES</u>				
Tarsitano, Annemari	Assistant Director, Graduate Enrollment Management	11/12/07 06/30/08	\$54,076	AFT Bargaining Unit
<u>DIVISION OF STUDENT AFFAIRS</u>				
<u>OFFICE OF CAREER SERVICES</u>				
DeFinis, Dayna	Assistant Director of Career Services	10/15/07 06/30/08	\$60,874	pre-authorized AFT Bargaining Unit
<u>OFFICE OF ENROLLMENT MANAGEMENT</u>				
Hogan, Alisa	Associate Director of Admissions Marketing and Communications	11/12/07 06/30/08	\$76,236	AFT Bargaining Unit

BE IT RESOLVED, that the following actions are approved:

November 8, 2007

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<u>NEW APPOINTMENTS - STAFF</u>					
<u>DIVISION OF STUDENT AFFAIRS</u>					
Hardee, Terrence	Director of Residential Life	10/15/07 06/30/08	\$76,203	\$92,000	pre-authorized
<u>REASSIGNMENTS</u>					
<u>DIVISION OF ARTS AND HUMANITIES</u>					
Hussong, Marion	Associate Professor of Literature	11/08/07 06/30/08	\$66,673	\$66,673	no salary change AFT Bargaining Unit
<u>TITLE CHANGE</u>					
Leitner, Lewis	Professor of Management, Business	09/01/07	\$109,230	\$109,230	no salary change AFT Bargaining Unit
<u>RETIREMENTS</u>					
<u>DIVISION OF PROFESSIONAL STUDIES</u>					
Hight, Virginia	Associate Professor of Occupational Therapy	06/30/08			
<u>DIVISION OF ADMINISTRATION AND FINANCE</u>					
Dickerman, Christopher	Associate Director, Human Resources	10/12/07			

Contact:
Darryl Greer, Executive Director
Paul Shelly, Director of Communications
609-989-1100

**New Jersey Association of State Colleges and Universities
Statement on State Commission of Investigation (SCI) Report Release**

October 25, 2007

Autonomous governance by nonpartisan trustee boards remains the key to state college/university accountability. Our nine institutions have made great documented progress because of it.

We think the recently released report (which we have first seen this morning) actually underscores the value of autonomy and nonpartisan governance in serving New Jersey.

Beyond old news regarding UMDNJ, the report seems to document problems with shortcomings of state government.

As for problems or concerns cited, we will leave it to our member institutions to respond to the specific allegations, and we point you to letters in the appendix from officials at Rowan and Ramapo, as well as their news statements today.

Some of the recommendations belie the SCI's own conclusions: they include a broad framework of command-and-control measures that would result in the single biggest state run higher education bureaucracy in the nation and set higher education back decades. This would open, not close, the door to partisan interference.

In their entirety, we view these recommendations as inappropriate and unworkable, as well as contrary to our studies of how New Jersey citizens want their colleges managed.

However, we do not necessarily disagree with all of the recommendations of the report. We will be looking at them carefully – including innovations for keeping trustee appointments nonpartisan and in the best interests of the institutions, improving on auditing capacity.

We will be looking at recommendations carefully with two principles in mind:

- ◆ Consistency with what is the best in higher education governance, nationally; and
- ◆ Consistency with the needs of current and future students, and the needs of people of the State of New Jersey.

ASCU, earlier this year, in the context of New Jersey's fiscal and accountability crises, began its New Jersey College Promise initiative to see what our institutions can do collectively to increase access, accountability, affordability, and transparency. Earlier this week, and in September, we met with a panel of national higher education experts and business leaders that we formed to allow colleges to take the lead in this area. We will make a report of their ideas available before the end of this calendar year. (To learn more about the NJ College Promise, go to www.njcollegepromise.com.)

It is also important to point out that our institutions, as a set, have been rated third in the nation for productivity compared to similar institutions in the other 49 states (National Center for Higher Education Management Systems [NCHEMS])

We look forward to working with the Governor and legislature on an agenda to move higher education forward.



**BOARD OF TRUSTEES
SPECIAL TELECONFERENCE MEETING
NOVEMBER 8, 2007**

**The next meeting of the Board will be on
December 12, 2007
in the Multipurpose Room
of the Anne B. Townsend Residential Life Center**



**THE RICHARD STOCKTON COLLEGE OF NEW JERSEY
BOARD OF TRUSTEES SPECIAL TELECONFERENCE MEETING**

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The Resolution and Information are found on pages 25-33.

THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

BOARD OF TRUSTEES

RESOLUTION

TO RENAME ACADEMIC DIVISIONS AS SCHOOLS

- WHEREAS,** The Richard Stockton College has grown in both size and complexity of its programs, including the addition of its first doctoral program; and
- WHEREAS,** the standard nomenclature for academic subunits of colleges is schools; and
- WHEREAS,** a proposal to rename all current and future academic subunits as schools has been endorsed by both the Faculty Assembly and the Deans' Council; and
- WHEREAS,** this change in nomenclature will be more familiar to potential student, faculty and/or staff applicants, as well as more consistent with the College's new Carnegie classification; and
- WHEREAS,** the Board of Trustees has considered this proposal and believes it to be a significant improvement over the existing practice; now therefore be it
- RESOLVED,** that the Board of Trustees of The Richard Stockton College of New Jersey hereby adopts the renaming of academic divisions as schools; and be it further
- RESOLVED,** that the Board of Trustees directs the President of the College to implement this change immediately and to revise all printed and electronic materials so as to be consistent with this change as soon as is practicable.

November 8, 2007

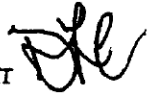
Office of the Provost



Ph: 609.652.4514
Fax: 609.626.5509

THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

TO: Herman J. Saatkamp, Jr.
President

FROM: David L. Carr 
Provost and Executive Vice President

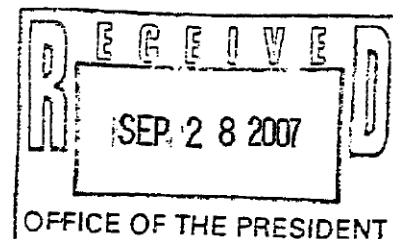
DATE: September 25, 2007

SUBJECT: Renaming of Academic Divisions

Attached is a copy of a Resolution that was passed by the Faculty Assembly endorsing the renaming of academic divisions as Schools of (Academic Concentrations). The Deans' Council has unanimously approved the renaming of the divisions.

I recommend that we adopt this nomenclature as soon as possible.

Del
c: Deans' Council



R S C

RICHARD STOCKTON COLLEGE OF NEW JERSEY

MEMORANDUM

To: Provost David Carr
From: Marilyn E. Vito, President of the Faculty Assembly
Date: September 26, 2007
Subject: Faculty Assembly Resolution

On Tuesday, September 18, 2007, by unanimous consent the Faculty Assembly approved a resolution calling for the College to adopt the nomenclature of "Schools" to replace the use of "Divisions" in describing the respective program groups at Richard Stockton College. The resolution, a copy of which is attached, was passed at a regular meeting of the Faculty Assembly with a quorum of faculty attending. The resolution had been provided to all faculty members well in advance of the meeting.

The Faculty Assembly, in passing the resolution, encourages the administration to take the necessary steps to effect a prompt change in nomenclature as described.

A handwritten signature in black ink, reading "Marilyn E. Vito". The signature is written in a cursive, flowing style with a long horizontal line extending from the end.

THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

BOARD OF TRUSTEES

RESOLUTION

IMPROVING TEACHER QUALITY PARTNERSHIP GRANT

- WHEREAS,** The New Jersey Department of Education released a Notice of Grant Opportunity for continuation funding for the "Improving Teacher Quality Partnership Program" to conduct professional development activities in the core academic subjects in order to ensure that highly qualified teachers have the subject matter knowledge in the academic subjects they teach, or in computer-related technology to enhance instruction; and
- WHEREAS,** The Richard Stockton College's "Customized Professional Development Model" was successfully funded through this program for Year 1/3 (September 1, 2006 through August 31, 2007), and
- WHEREAS,** the Southern Regional Institute (SRI) for Professional Development, the Southern Regional Educational Technology Training Center (ETTC) and Stockton's Teacher Education Program (STEP) have all participated in the development of this proposal; and
- WHEREAS,** at the request of two high needs but diverse school districts within the SRI/ETTC Consortium – Somers Point and Wildwood – a continuation proposal has been developed which seeks to provide customized professional development to meet the needs of both students and teachers, and enhance traditional teacher training; and
- WHEREAS,** the college has been notified that the application has been approved for funding for Year 2/3 and under regulations of the Department of Education, the College's Board of Trustees must accept the terms and conditions of the funding source; therefore be it
- RESOLVED,** that the Richard Stockton College of New Jersey Board of Trustees hereby accepts Year Two funding in the amount of \$260,000 in response to NGO#07 ER05 G03 – Improving Teacher Quality Partnership Grant.

November 8, 2007

THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

BOARD OF TRUSTEES

RESOLUTION

DEBT MANAGEMENT POLICY

- WHEREAS,** at the suggestion of the Finance Committee of the Board, the College, in adherence to best practices for certain capital investments, has established a policy for the issuance and management of College debt; and
- WHEREAS,** in accordance with New Jersey Statutes Annotated 18A:64-6t, colleges are permitted to borrow money for the needs of the College, as deemed requisite by the Board of Trustees; and
- WHEREAS,** provided that this borrowing shall not be deemed or constructed to create or constitute a debt, liability, or a loan, or pledge of the credit, or be payable out of property or funds, other than monies appropriated for that purpose, of the State; and
- WHEREAS,** the Board of Trustees will establish a Debt Management Policy overseen by the Finance Committee of the Board of Trustees, which will be reviewed on an annual basis; and
- WHEREAS,** the Finance Committee has been charged with the responsibility to review and analyze compliance with the Debt Management Policy as it applies to established financial ratios, amount of variable rate debt issued by the College, and to monitor the performance of any derivative instruments and recommends, based on review and analysis, that the Debt Management Policy dated February 15, 2006 be amended; now therefore be it
- RESOLVED,** that the Board of Trustees of the Richard Stockton College of New Jersey authorizes and approves the revision of the Debt Management Policy.

November 8, 2007

POLICY

Debt Management Policy

Policy Number VI 57

Procedure Number 6416

Supersedes: Debt Management Policy VI 57 Approved February 15, 2006

Approved

Employees Covered

All College financing activities.

Purpose

To establish a policy for arranging and approving financing transactions that will cause the College to become indebted or contingently obligated to an outside third party. Further, to provide a basis for the prudent use of debt to finance capital projects and facilitate the achievement of strategic objectives. There are practical limits to spending and to the incurrence of debt financing; debt is therefore a resource to be managed.

This policy will be reviewed at least annually to ensure financial and operational flexibility. Management will update the Board of Trustees with an overview of the financial health of the College when proposing additional debt financing.

Introduction

Debt financing allows the College to pay for capital assets over a period of time. This is the best practice for certain types of capital investments when within appropriate limitations and at favorable rates of interest. Debt financing is desirable when borrowing rates are below expected rates of return on investments or when the College invests in capital assets that provide investment returns or cost savings that are greater than the cost of borrowing. Decisions regarding the use of financial leverage should depend on the fiscal health of the College and the effect of today's decisions on future costs of capital.

Authority

The Board of Trustees upon the advice of the President and the Vice President for Administration and Finance or designee will manage all funding sources, including debt, for capital projects authorized by the Board.

Criteria for Issuing Debt

The priority of a certain project, the expected use of a facility, and the likelihood that a combination of philanthropy and future budget allocations can fund a portion of the cost of a project are significant factors in determining where issuing debt is the appropriate financing vehicle for the project. Revenue producing assets such as parking facilities and residence halls are prime

candidates for debt financing due to their ability to help service the debt. Planned major debt issuance via tax-exempt bonds should relate in timing and amounts to the adopted Master Plan. Projects will be prioritized if they meet one or more of the following:

- Risk Reduction Test: The project is considered critical in terms of life/safety or is necessary to comply with environmental or legal standards.
- Core Mission: The project ties to the core mission or an academic program.
- Prudence: The project is held to be essential for maintenance and upkeep at agreed-upon levels.
- Self-sufficiency: The project can generate significant revenues to cover the capital and associated costs.
- Savings: Debt issuance can provide for budgetary savings.

Application

As a public college Stockton can issue tax-exempt debt through the New Jersey Educational Facilities Authority (EFA); this type of financing will in most cases be the lowest cost funding source for capital projects.

- To maintain access to capital funding the College will issue debt to fund priorities that have been approved by the Board of Trustees.
- The credit rating of the College will be actively managed to ensure that the College can continue to issue debt and finance capital projects at favorable interest rates.
- Debt will be managed on a portfolio, rather than a transactional or project-specific basis. Management's continuing objective of incurring the lowest achievable long-term risk-adjusted cost of capital will be balanced with appropriately limiting exposure to market shifts within acceptable budgetary parameters.
- Working capital requirements, debt management, and the investment of cash should be viewed comprehensively in order to optimize overall funding and investment return strategies.

The structure of any individual transaction (maturity, interest rate, use of derivative products, and other financing structuring) will be based upon overall needs to ensure that the long-term costs are minimized and that overall risk does not exceed acceptable levels.

Debt will be structured to meet the College's long-term goals and therefore each project being financed will be required to provide a comprehensive business plan, including the source of repayment for the debt and appropriate and realistic repayment terms. The repayment terms will require that the loan term is no greater than the expected useful life of the asset being financed.

Financial Ratios

Financial discipline is a critical component of long-term debt management and therefore a limited number of ratios and targets should be established. These ratios will be monitored and reported on as strategic initiatives evolve. This policy establishes guidelines to measure the total amount of debt when compared to College balance sheet resources and the annual operating budget.

- **Debt Burden Ratio:** To maintain long-term operating flexibility this ratio measures the College's ability to repay debt service associated with all outstanding debt and the impact on the overall budget and includes all activities of the College.

STOCKTON

THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

$$\frac{\text{ANNUAL DEBT SERVICE}}{\text{TOTAL OPERATING EXPENSES - DEPRECIATION}} < .12$$

Total operating expenses are stable and better reflect the operating base of the College. The guideline for this ratio is not to be greater than .12.

- **Viability Ratio:** This ratio measures financial health by the availability of liquid and expendable net assets compared to aggregate debt.

$$\frac{\text{TOTAL UNRESTRICTED + TEMPORARILY RESTRICTED NET ASSETS}}{\text{AGGREGATE DEBT}} > .25$$

To remain competitive and retain flexibility to invest in future strategic initiatives, the College will maintain a ratio of no less than .25.

In addition to the ratios described above, College management will establish and track additional ratios to enhance debt management.

Funding Sources

Each funding source available to the College has specific benefits, risks, and costs. All potential funding will be reviewed within the context of this policy and the overall portfolio to ensure that any financial product or structure is consistent with College initiatives. Most importantly, any financing structure must be fully understood as it relates to the potential risks and benefits and how they impact College creditworthiness and debt capacity.

- **Tax Exempt Debt:** The College's debt portfolio will be managed to maximize the utilization of tax exempt debt whenever possible. Depending on prevailing market conditions, opportunities, budgetary constraints, the useful life of the project being funded, and other considerations management should consider maximizing the external maturity of any tax-exempt issue.
- **Taxable Debt:** Should the College's capital projects not qualify for tax-exempt financing, taxable debt should only be used in appropriate cases as it is generally a more expensive source of capital. The issuance of taxable debt will reduce the College's overall debt affordability due to higher associated interest expense.
- **Commercial Paper:** The College has not utilized this method of financing (both tax-exempt and taxable series). Commercial paper can provide substantial financial flexibility to the College including the ability to manage and optimize cash balances, provide an alternative to lease transactions, and other purposes. However, at this time the College is not contemplating the use of commercial paper but may explore this option in the future and will be subject to the ratios established by this debt policy.
- **Derivative Products:** Management recognizes that derivative products may enable more opportunistic and flexible management of the debt portfolio. Derivative products, including interest rate swaps, may be employed primarily to manage or hedge the College's interest rate exposure for a specific period of time. The College will utilize a framework to evaluate potential derivative instruments through consideration of its variable rate allocation, market and interest rate conditions, impact on future financing flexibility, and the compensation for assuming risks, or the costs for eliminating certain risks and exposure. In addition, the College will analyze and quantify the cost/benefit of any derivative instrument relative to achieving desirable long-term capital structure objectives. Under no circumstances will a derivative transaction be utilized that is not understood fully by management or that

imposes inappropriate risk on the College. Risks include, but are not limited to, tax risk, interest rate risk, liquidity risk, counterparty credit risk, basis risk, and any other potential risks either imposed or removed through the execution of any transaction. In addition, management will consider and disclose the potential impact of any derivative product in the College's financial statements. Management will regularly report on the status and performance of its derivative products. Given the complexity associated with derivative products, they will be considered when conventional financing sources are relatively more expensive (e.g. exceed the portfolio blended interest rate), and can achieve desired financial objectives more efficiently or at a significantly lower risk-adjusted cost than traditional structures. Management is required to present any recommended derivative product to the Finance Committee for approval.

- Other Financing Sources: The College recognizes that various types of financing activities may also impact the College's credit and are often more expensive than traditional debt structures. Therefore, all non-traditional financing structures including guarantees and third party debt can only be considered once the economic benefit and the likely impact on the College's debt capacity has been determined. Specifically, for any third-party or developer based financing, management will ensure the full credit impact of the structure is evaluated and quantified to the extent possible prior to execution, and this analysis must be presented to the Finance Committee.

The College intends to optimize the portfolio of debt for the entire College rather than on a project-by-project basis, and takes into account the College's cash and investments. Therefore, management will make decisions regarding project prioritization, subject to Board approval, variable rate allocation, and financing structures within the context of the overall needs and circumstances of the College.

Variable Rate Debt

It is recognized that a degree of exposure to variable interest rates within the College's debt portfolio may be desirable in order to:

- take advantage of repayment/restructuring flexibility;
- benefit from historically lower average interest costs;
- diversify the debt portfolio; and,
- provide a hedge to short-term working capital balances.

Management will monitor overall interest rate exposure, analyze and quantify potential risk, and coordinate appropriate fixed/variable allocation strategies. The portfolio allocation to variable rate debt (potentially new issues and refunding) and the use of interest rate swaps and other derivative products recognizes the desire to manage interest rate risk. The amount of variable rate debt outstanding shall not exceed thirty-five percent (35%) of the College's outstanding debt. This limit is based on the College's desire to limit annual variances in its debt portfolio, provide sufficient structuring flexibility to management, keep the College variable rate allocation within acceptable external parameters, and utilize variable rate debt (and/or swaps) to optimize debt portfolio allocation and minimize costs.

$$\frac{\text{VARIABLE RATE EXPOSURE}}{\text{TOTAL LONG-TERM DEBT OUTSTANDING}} < .35$$

If and when commercial paper is utilized the College will exclude from this calculation project-related commercial paper used in advance of expected long-term financing since it is used for

STOCKTON

THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

interim purposes and should not be included in the College's desired long-term variable rate allocation calculation. The College recognizes that during some periods it may be desirable to maintain a lower variable-rate allocation within its 35% limit, depending on prevailing long-term rates and/or opportunities in the short-term market.

To mitigate liquidity and interest rate risk, the Vice President for Administration and Finance or designee upon the approval of the Investment Committee will invest the appropriate level of working capital funds in accordance with the Investment Policy to hedge debt interest rate exposure. The intent is not to provide a "perfect hedge" but rather to provide "reasonable" cushion to allow the College to weather unforeseen market conditions.

Refinancing of Existing Fixed Rate Debt

The College should continually monitor the markets for opportunities to refinance eligible existing fixed rate debt for savings. The College should refund fixed rate bonds in advance of their optional redemption date only if present value savings exceed 3% of the par amount to be refunded. If fixed rate bonds are within 90 days of their optional redemption date Stockton should refinance the debt if present value savings are greater than 1% of par. Alternatively, the College could refinance the fixed rate bonds with variable rate bonds within 90 days of the redemption date in an effort to adjust the mixture of fixed and variable rate bonds in the debt portfolio.

**THE RICHARD STOCKTON COLLEGE OF NEW JERSEY
RESOLUTION**

**NAMING OF THE STOCKTON COLLEGE ATHLETIC FIELD AND STADIUM AS
THE "G. LARRY JAMES STADIUM"**

- WHEREAS,** Mr. G. Larry James, Dean of Athletics and Recreational Programs and Services, has played a pivotal role in the development, growth and success of The Richard Stockton College of New Jersey's athletic and recreation program since 1972, and
- WHEREAS,** Mr. G. Larry James, a former four-time national track and field champion, Olympic gold and silver medallist, and USA Track & Field Hall of Fame inductee is highly regarded by national and international track and field associations and groups and has served as Chair of the USA Track & Field's Budget and Audit Committee, Head Manager for the men's USA Track & Field National Team for the 2003 and 2005 IAAF World Outdoor Track & Field Championships held in Paris, France and in Helsinki, Finland, respectively; and
- WHEREAS,** Under Mr. James' leadership the College's athletics program has prospered, with the opening of the College's multi-million dollar, state-of-the-art Sports Center complex in 2000, the hiring of a dedicated coaching staff, and the recruitment of highly talented student athletes; and
- WHEREAS,** The results of Mr. James' leadership include a long list of achievements and successes including; a NCAA national championship, nine individual NCAA track & field championships, three NCAA Final Four appearances, multiple New Jersey Athletic Conference (NJAC) and Eastern Conference Association (ECAC) championships, and All American selections; and
- WHEREAS,** Mr. James' life and work as a world champion athlete, coach, educator, administrator, community leader, husband, father, grandfather, and friend continues to motivate and inspire everyone whose life he touches, and
- WHEREAS,** Richard Stockton College's Board of Trustees and the Stockton College Community praise and acknowledge Mr. G. Larry James' unwavering leadership and commitment as exemplary, meritorious, and distinctive, and
- WHEREAS,** Mr. G. Larry James has devoted over thirty-five years of his time, strength, and spirit to strengthening Stockton College's reputation as a premier liberal arts institution with an outstanding athletic and recreational program, therefore be it
- RESOLVED,** that in recognition of Mr. G. Larry James's exemplary contributions to the Richard Stockton College of New Jersey and community, the Board of Trustees authorizes the naming and re-dedication of the athletic fields and stadium as the "G. Larry James Stadium," and be it further
- RESOLVED,** The Board of Trustees will publicly acknowledge Mr. G. Larry James at a special dedication ceremony and reception for the "G. Larry James Stadium," to be held on Saturday, December 1, 2007.

November 8, 2007

***State of New Jersey
Commission of Investigation***



**VULNERABLE
TO ABUSE**

**The Importance of Restoring
Accountability, Transparency and
Oversight to Public Higher Education
Governance**

**SCI
28 West State St.
P.O. Box 045
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08625-0045
609-292-6767**

www.state.nj.us/sci



State of New Jersey

COMMISSION OF INVESTIGATION

28 WEST STATE STREET

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TRENTON, NEW JERSEY 08625-0045

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W. Cary Edwards

Chair

Joseph R. Mariniello, Jr.

Kathy Flicker

Patrick E. Hobbs

Commissioners

Alan A. Rockoff

Executive Director

October 2007

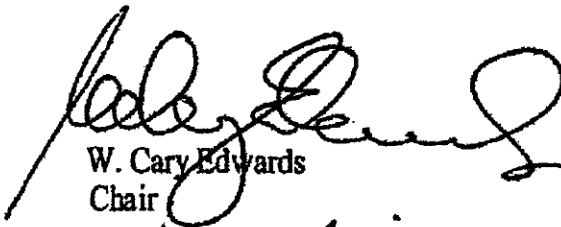
Governor Jon Corzine

The President and Members of the Senate

The Speaker and Members of the General Assembly

The State Commission of Investigation, pursuant to N.J.S.A. 52:9M, herewith formally submits the final report of its investigation into the governance, oversight and accountability of public higher education in New Jersey.

Respectfully,



W. Cary Edwards
Chair



Kathy Flicker
Commissioner



Joseph R. Mariniello, Jr.
Commissioner



Patrick E. Hobbs
Commissioner

Executive Summary

Public higher education in New Jersey has labored for more than two years under clouds of scandal and corruption. For the most part, the storm has centered on the University of Medicine and Dentistry of New Jersey (UMDNJ), a reputable health-sciences and medical school battered by waste, fraud and abuse. As revelations of wrongdoing and misconduct at UMDNJ have ebbed amid implementation of significant internal corrective action there, the focus across the larger spectrum of public higher education has shifted, and, to a certain extent, that shift is grounded in a belief that the worst is behind us, that lessons have been learned, that it is time to move on.

All are dangerously premature conclusions.

The State Commission of Investigation's own broader inquiry into the operations and administration of public higher education in New Jersey has revealed *an entire system* vulnerable to problematic governance, serious shortcomings in oversight, accountability and transparency and outright violations of the public trust. While the expansive panorama of corruption at UMDNJ clearly is an aberration in the extreme, it nonetheless signifies what can happen within a system structured to render its constituent parts susceptible to a host of questionable and patently abusive practices. The findings of this investigation demonstrate that piecemeal change would be a grossly inadequate strategy in the face of complex problems whose scope and cause extend well beyond the narrow confines of a single institution. Unless the state is willing to tolerate the risk of history scandalously repeating itself somewhere within this troubled system, wholesale reform is the only sensible and responsible course of action.

The Commission focused largely on practices at UMDNJ and at four other institutions of differing size, location and statutory grounding – Rutgers University, New Jersey Institute of

Technology, Rowan University and Ramapo College of New Jersey – and, to varying degrees, discovered troubling circumstances that bear upon the proper governance of each. Essentially, these institutions are islands unto themselves. The statutory and administrative architecture under which they and other state colleges operate is characterized by the complete absence of any mechanism to ensure internal accountability, independent external oversight and proper transparency. That is because when the state granted them across-the-board autonomy more than a decade ago, dismantling the cabinet-level Department of Higher Education and eliminating virtually all meaningful elements of state involvement in safeguarding the taxpayers' sizable investment in this system, the vital exercise of operational oversight, accountability and transparency wound up on the cutting room floor with all the rest of what was described at the time as needless, suffocating bureaucracy.

This is significant because under current circumstances, it is difficult, if not impossible, for the public to have confidence in the integrity of the system. The Commission recognizes that, generally, state college and university autonomy is working – and working properly. In many instances, the individuals and governing boards who run these institutions strive to meet industry standards and maintain acceptable operating practices. But the absence of meaningful and effective oversight, accountability and transparency nonetheless renders the system eminently vulnerable, as evidenced by the findings of this investigation, including:

- Additional contracting and procurement abuses and waste at UMDNJ, including favored treatment of vendors in exchange for personal gifts and benefits for university employees.
- Questionable and undocumented travel, business and entertainment expenditures and structural impediments to budgetary accountability, oversight and transparency at Rutgers University.

- Excessive intrusion of politics, including efforts to solicit state college and university officials for campaign fundraising, influence-peddling in the appointment of institutional governing boards and millions of dollars in lobbying expenditures.
- Instances in which state college and university Boards of Trustees, through action or inaction, exercised questionable due diligence and accountability through inappropriate delegation of authority and/or failure to keep abreast of matters carrying fiscal or operational consequences.
- Virtually unrestrained borrowing practices that have saddled New Jersey's public colleges and universities with some of the heaviest long-term higher-education debt loads in the nation.

Much is at stake in the outcome of all the scrutiny to which New Jersey's public higher education system has been subjected these last few years – for tuition-paying parents and students, for taxpayers at large and for the institutions themselves.

The State devotes in excess of \$1.5 billion annually in direct financial support at taxpayer expense to public higher education – more than 5 percent of the entire state budget. But even that level of funding has been swamped by cost pressures that have forced state colleges and universities to raise tuition repeatedly, and they are supplementing that tuition revenue with ever-increasing student fees. In fact, New Jersey now ranks among those states with the highest average four-year cost of public college tuition and fees in the nation. Given state government's own precarious fiscal condition, the crunch on higher education is likely only to become more forceful, particularly with growing system-wide enrollments projected to top 410,000 students within the next several years.

That is why it is incumbent upon the Governor, the Legislature, the institutions and all interested parties to consider and adopt effective strategies to ensure that every dollar invested in higher education is wisely and prudently spent, that proper governance is provided and that adequate oversight and accountability are established and maintained. As Jane Oates, executive director of the New Jersey Commission on Higher Education, has told the General Assembly's Budget Committee, "Public expectations of accountability for higher education outcomes have increased over the past decade, as have expectations for fiscal accountability, which have spilled over to the nonprofit sector from the new federal requirements placed on the corporate world.

"The problem," Oates stated, "cannot be solved with business as usual."

In that spirit, and pursuant to a creative and comprehensive response to these difficult issues, the SCI presents the findings of its investigation as a prologue for systemic reform recommendations outlined in detail at the conclusion of this report.

Especially critical is the need to restore and bolster the public's badly shaken confidence with the establishment of a mechanism to ensure meaningful and effective oversight, accountability and transparency – not through blanket restoration of unnecessary and burdensome bureaucracy but through a carefully targeted overhaul of the State's existing governance apparatus. The first stop on that overhaul should be the 1994 Higher Education Restructuring Act. Well-intentioned though it may have been, this statute went entirely too far, completely eradicating the machinery of independent oversight. Legislators and executive policymakers should revisit this law, particularly with an eye toward equipping the New Jersey Commission on Higher Education with cabinet-level status and the tools necessary to ensure that public higher education – and its proper and effective governance and administration – are priorities in New Jersey.

A vigorous and reconstituted state governance apparatus, establishing standards for proper and effective autonomy, would serve a number of salutary purposes, not the least of which would be to insulate state colleges and universities from the political fray and provide them with a strong advocate in the halls of both Trenton and Washington. The absence of such an entity has contributed heavily to the rise of an anomalous situation in which these public institutions spend substantial sums of money every year on private-sector lobbyists. While the Commission finds nothing inherently wrong with the practice of lobbying *per se*, the costs associated with it in this realm -- both in terms of taxpayer dollars spent and in the corrosive effects of partisan influence-peddling -- have gotten out of hand. At a minimum, steps should be taken to establish standards and ensure accountability, transparency and oversight with regard to lobbying by state colleges and universities. Further, given evidence set forth in this report concerning efforts by lobbyists to solicit college and university personnel for purposes of campaign fundraising, such activity should be proscribed to prevent these institutions from becoming pawns in the insidious political game of pay-to-play.

Along these same lines, the process by which Boards of Trustees are appointed should be revamped to minimize partisanship created by the undue intrusion of politics. In recent years, far more time and energy have been spent in Trenton positioning political allies for appointment to such positions than on efforts to scrutinize college and university operations and ensure accountable and transparent governance.

Serious consideration should also be accorded legislation that would subject all state colleges and universities to rigorous and uniform standards governing financial management and internal controls -- a state level, higher-education version of the federal Sarbanes-Oxley law that

now applies to the corporate world.¹ Such legislation would serve not only to safeguard the operational and fiscal integrity of what is, collectively, one of New Jersey's most valuable resources, but it would also put the state at the cutting edge of higher education regulation nationally and enable the institutions themselves to market a unique commitment to "best practice" governance with an oversight agency to establish and ensure compliance.

With regard to spending for capital projects, this investigation has shown that some of these institutions now hold the dubious distinction of having accumulated among the heaviest individual higher-education debt loads in the nation, a situation which, at the very least, demands assiduous monitoring. In addition to strengthening and positioning the Commission on Higher Education to serve as the state's central oversight mechanism, statutes governing the operations of the New Jersey Educational Facilities Authority should be amended to require that it conduct authoritative and independent financial due diligence evaluations on all financing arrangements in which it participates as a "conduit" for the sale of bonds on behalf of all state colleges and universities.

Furthermore, efforts should be undertaken immediately to ensure budgetary and accounting transparency at every state college and university in New Jersey. This was a long and difficult investigation, and one reason for its duration was the difficulty encountered in gaining ready, uniform access to critical revenue and expenditure data. Lack of transparency and delays in fully responding to requests for data and information were notably acute at Rutgers University, which is governed by a unique and privileged enabling statute that has been interpreted as setting it apart from the rest of higher education in New Jersey. There is no excuse, however, for any confusion or obfuscation in this realm, particularly in an era in which scarce fiscal resources have compelled Rutgers and other institutions to make painful

¹ Sarbanes-Oxley Act of 2002: 15 U.S.C. §§ 7201 et seq.

programmatic cuts. The students, their families and the public at large deserve nothing less than full disclosure and transparency.

Given the complexity of these matters, the Commission took unprecedented steps to ensure that the crafting of its recommendations did not occur in a vacuum. Prominent individuals and organizations deeply familiar with public higher education in New Jersey were consulted for their perspectives, concerns and suggestions in the context of both the history of the system and its current state of affairs. Coupled with the investigative record, this outreach enabled the Commission to develop truly comprehensive and viable reform proposals sensibly designed to address the system's glaring weaknesses while bolstering, or at least leaving undisturbed, the salutary strengths of autonomy already in place.

It is noteworthy that everyone consulted by the Commission agreed in substance that while autonomy should be maintained, change is in order, albeit to varying degrees and for different reasons and with different emphasis. For some, the motivating factor is a deep and abiding concern that the continuing void in oversight, accountability and transparency, along with the unbridled intrusion of politics, is the fertile soil of scandal. Others worry that fierce and uncoordinated jockeying for budgetary resources, status and academic standing threatens to transform state colleges and universities from productive educational institutions into self-aggrandizing competitors. Above all, there is the stark and disturbing realization that in the councils of state government, where public policies and priorities are formulated, debated and established, higher education in New Jersey has no fixed or influential place at the table.

As action is taken to address these and other issues, the central challenge will be to avoid going to extremes. Just as history has proven that the State's wholesale disengagement from higher education in 1994 was a mistake, it would be unwise to the point of recklessness to

compound that error by turning back the clock. A balance must be struck for the proper governance and oversight of public higher education without returning to the tightly regulated, top-heavy and overly burdensome structure of past state involvement. Institutional autonomy is important and must be retained, but it must be coupled with effective oversight, accountability and transparency.

This should be regarded as a time of opportunity. More than four decades have passed since New Jersey, after considerable study and debate, established a comprehensive system of publicly-funded higher education, and much has changed. Renewed questions abound, driven by significant events and trends. The findings and recommendations of this investigation should serve as a powerful springboard to help move this system to the next level, to ensure strong governance, oversight, accountability and transparency and to achieve and maintain administrative and academic excellence. In this context, other major issues facing public higher education, including specifically educational policy and taxpayer and student tuition support, can be reasonably debated and resolved.



Stockton response to State Commission of Investigation Report

The Richard Stockton College of New Jersey has long been a proponent and a leader in transparency and nonpartisan governance of institutions of higher education.

We are studying the findings of the State Commission of Investigation Report released today and will seriously consider suggestions that advance the College mission. However, it should be clear that we believe citizen-run Boards of Trustees do an excellent job of governing the state colleges and universities in the most responsible manner. We do not believe the creation of an expensive, state government agency is in the best interest of students, parents or taxpayers.

We look forward to a closer examination of the SCI's report, and we will work with the other state colleges and universities to maintain the recent advances in higher education that have made our institutions among the best in the nation.

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REVISED 11/5/07

THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

BOARD OF TRUSTEES TELECONFERENCE

RESOLUTION

PERSONNEL ACTIONS

NOVEMBER 8, 2007

BE IT RESOLVED, that the following actions are approved:

November 8, 2007

TITLE		EFFECTIVE DATES	CURRENT SALARY	PROPOSED SALARY	INFORMATION NOTES
<u>NEW APPOINTMENTS - STAFF</u>					
<u>OFFICE OF THE PROVOST</u>					
May, Chad	Director of Institutional Research	12/10/07 06/30/08		\$90,000	
<u>DIVISION OF GRADUATE STUDIES</u>					
Tarsitano, Annemari	Assistant Director, Graduate Enrollment Management	12/01/07 06/30/08		\$54,076	AFT Bargaining Unit
<u>DIVISION OF STUDENT AFFAIRS</u>					
<u>OFFICE OF CAREER SERVICES</u>					
DeFinis, Dayna	Assistant Director of Career Services	10/15/07 06/30/08		\$60,874	pre-authorized AFT Bargaining Unit
<u>OFFICE OF ENROLLMENT MANAGEMENT</u>					
Hogan, Alesia	Associate Director of Admissions Marketing and Communications	11/12/07 06/30/08		\$76,236	AFT Bargaining Unit
<u>DIVISION OF STUDENT AFFAIRS</u>					
Hardee, Terrence	Director of Residential Life	10/15/07 06/30/08	\$76,203	\$92,000	pre-authorized

BE IT RESOLVED, that the following actions are approved:

November 8, 2007

TITLE		EFFECTIVE DATES	CURRENT SALARY	PROPOSED SALARY	INFORMATION NOTES
<u>REASSIGNMENTS</u>					
<u>DIVISION OF ARTS AND HUMANITIES</u>					
Hussong, Marion	Associate Professor of Literature	11/08/07 06/30/08	\$66,673	\$66,673	no salary change AFT Bargaining Unit
<u>TITLE CHANGE</u>					
Leitner, Lewis	Professor of Management, Business	09/01/07	\$109,230	\$109,230	no salary change AFT Bargaining Unit

RETIREMENTS

DIVISION OF PROFESSIONAL STUDIES

Hight, Virginia	Associate Professor of Occupational Therapy	06/30/08
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DIVISION OF ADMINISTRATION AND FINANCE

Dickerman, Christopher	Associate Director, Human Resources	10/12/07
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BACKGROUND STATEMENT

Chad May

I. EDUCATIONAL BACKGROUND

B.A. Mathematics, Cabrini College, Radnor, PA
B.A. History, Cabrini College, Radnor, PA
M.A. Science – Educational Research, West Chester, PA.

II. PROFESSIONAL EXPERIENCE

Director of Institutional Research & Analysis, Cabrini College, Radnor, PA
July 2006 - present
Coordinator of Institutional Research & Analysis, Cabrini College, Radnor, PA
September 2003 – July 2006
Records and Data Coordinator/Research Assistant, Cabrini College, Radnor, PA
August 2001 – September 2003
Registration & Reporting Coordinator, Cabrini College, Radnor, PA
August 2000 – August 2001
Development Associate, Cabrini College, Radnor, PA
January 2000 – August 2000

III. OTHER INFORMATION

Member, Research Committee of the Association of Independent Colleges/Universities of PA,
(AICUP) June 2004-June 2007
Research Liaison for the Association of Independent Colleges/ Universities of PA 2002-present
Co-Chair for the Southeastern Pennsylvania Consortium for Higher Education (SEPCHE) Serving
The Underserved project 2005-2006
Campus Diversity Survey Task Force of AICUP 2005-2006
Planning team and panelist for AICUP Assessment Workshop Summer 2006
GPHLAIR Advisory Council (a founding member)

RECOMMENDED FOR: DIRECTOR OF INSTITUTIONAL RESEARCH

BACKGROUND STATEMENT

Annemari Tarsitano

I. EDUCATIONAL BACKGROUND

MFA	Pratt Institute	
	Master of Fine Arts	1988
BA	The Richard Stockton College of New Jersey	
	Arts	1985

II. PROFESSIONAL EXPERIENCE

Director of Development, The Atlantic City Historic Waterfront Foundation	2006-Present
Adjunct Faculty Member, The Richard Stockton College of NJ	2004-Present
Ebusiness and Creative Services Group, The MathWorks	2000-2003
Marketing and Business Development Team, Pharm-Eco Laboratories	1999-2000
Publications Group, MIT Lincoln Laboratory	1998-1999

III. OTHER INFORMATION

Ms. Tarsitano brings to Stockton several years of marketing and development experience as well as a strong teaching background.

IV. RECOMMENDED FOR: ASSISTANT DIRECTOR, GRADUATE ENROLLMENT MANAGEMENT

Ms. Tarsitano is an Affirmative Action candidate: female – white.

BACKGROUND STATEMENT

DAYNA DE FINIS

I. Educational Background

MA, Guidance, Counseling and Human Services Montclair State University (Upper Montclair, NJ)	2003
BS, Business Administration Rowan University (Glassboro, NJ)	2001

II. Professional Experience

2006-Present	Career Services Advisor The Art Institute of Philadelphia (Philadelphia, PA)
2004-2006	Career Coordinator, Office of Career Development Stevens Institute of Technology (Hoboken, NJ)
Jan. 2003-April 2003	Graduate Fieldwork Intern, Career Development Office Montclair State University (Upper Montclair, NJ)
June 2001-May 2003	Graduate Assistant of Marketing and Retention Office of Residence Life Montclair State University (Upper Montclair, NJ)

III. Other Information

During her time as a career services professional, Dayna has acquired hands-on experience in the following areas: individual counseling, classroom activities, major changes, resume and cover letter writing, career exploration and job searching. In the process, she has been involved in several professional organizations and developments that include the Eastern Association of Colleges and Employers, Delta Phi Epsilon International Sorority, HoHoKus Medical Sciences and Business School Computer Instructor, and the Cumberland County Freeholder Campaign Coordinator.

Recommended: Assistant Director of Career Services

BACKGROUND STATEMENT

ALISA L. HOGAN

I. EDUCATIONAL BACKGROUND

B.A. in Speech Communications, Rowan University	1980
M.A. in Public Relations, Rowan University	2000

II. PROFESSIONAL EXPERIENCE

Assistant Director of Admissions/Communications Director Rowan University	1998 – 2007
Underwriting Director WGLS-FM Rowan University	1997 – 1998
Account Executive Jones Intercable	1990 – 1997

OTHER INFORMATION

Ms. Hogan brings a wealth of experience in marketing and communications. Her experience at Rowan University includes management of the production of all admissions marketing communications. She is a winner of several national awards for communication pieces, including The Communicator Award of Excellence and 1st place Headliner award. She also served as manager of the Hobson's EMT suite and the Admissions website. Her previous employment experience as an account executive provided opportunity for significant market analysis and market research.

RECOMMENDED FOR:

ASSOCIATE DIRECTOR OF ADMISSIONS MARKETING AND COMMUNICATIONS

Ms. Hogan is an Affirmative Action candidate – female, white.

BACKGROUND STATEMENT

Terrence Hardee

I. EDUCATIONAL BACKGROUND

Doctoral of Letters Drew University	May 2007
M.A. Political Science Marshall University	May 1995
B.A. Political Science Concord College	May 1994

II. PROFESSIONAL EXPERIENCE

Associate Director of Residential Life Richard Stockton College of New Jersey Pomona, NJ	2004 – Present
Assistant Director of Housing Operations Montclair State University Upper Montclair, NJ	2003-2004
Director of Student Housing DeVry College of Technology North Brunswick, NJ	2000-2003
Assistant Coordinator Rutgers University Newark, NJ	1997-2000
Resident Director Binghamton University Vestal, NY	1995-1997

III. OTHER INFORMATION

Dr. Hardee brings to the position 17 years of experience in Housing and Residential Life. Dr. Hardee has worked for the State of New Jersey and is familiar with state policies and procedures. He has vast knowledge of student development theory, supervision, facility management, budget management, enrollment management and residential college programs. Dr. Hardee was awarded the Outstanding Young Men of American Award, Ambassador Emeritus Award from Concord College, The All American Scholar Award, and the Who's Who in American Colleges and Universities Award. Dr. Hardee has also taught at DeVry College of Technology, Rutgers University at Newark, Binghamton University, and Marshall University.

RECOMMENDED FOR: Director for Housing and Residential Life