

**DRAFT****MINUTES OF THE FACULTY MEETING  
STEVENS INSTITUTE OF TECHNOLOGY****January 26, 2005**

A regular faculty meeting was held on January 26, 2005 in the Burchard Auditorium. Dean Hultin, chair of the Deans' Council, presided. The attendance sheet was signed by 83 voting faculty (out of 134). 19 nonvoting members attended.

1. Prof. Friedman presented a motion on the fiscal management procedure at Stevens to address concerns about the reduction in Stevens' bond ratings. The following is his preamble to the motion:

I wish to present this motion which has been under discussion by many members of the faculty and administration since early December.

In putting myself forward, I draw on a long history of engagement at Stevens and a wide assortment of roles that might help in facilitating a consensus.

At one time, I was a Professor of Physics and was part of a department that today is in the School of Science; for a number of years I served as Dean of Engineering and continue to be a card carrying member of the American Society of Mechanical Engineers; and today I serve in the Howe School of Technology Management. I have had homes in each of what today are three distinct schools. Furthermore, I have been an Academic Dean and a Vice President for Academic Affairs. In each of these various roles one adopts a separate posture and point of view. Today, I am trying to distill from those various roles, what lies at the core of being a member of the Stevens Community. I am presenting this motion from that perspective.

When I first came to Stevens in 1963, the Treasurer was a gentleman named Frank Lane. The instruments of his trade were a ledger and a fountain pen. Through the years, in my various roles I have observed that the Institute has not made a successful transition from the days of the open ledger book.

In 1988, when Hal Raveche arrived at Stevens, he was told by the Board of Trustees that he was coming to a school with a balanced budget. It is my understanding that after six months, he was able to unravel the fact that there was a two million dollar a year deficit.

Today, 17 years later, similar contradictions are still evident. The most glaring, to my eyes, is that Moody's financial services lowered the Stevens Bond ratings last year with a statement that in FY2003, Stevens had a 6% deficit. Just last month, I saw a Stevens Annual Report which states that Stevens had an operating budget surplus in FY2003 of over \$450,000.

Fiscal management, accounting and reporting must be effective, clear and accurate if we are to understand where we are and where we would like to be in the future. The motion that I am putting forth is meant to meet those pressing needs. The issues which face us, by their very nature, will not be ameliorated through internal action. To delay action will only exacerbate these problems and expose the Institute to greater harm.

While there is nothing more tangible and concrete than a balance sheet, it is crucial that we keep in mind issues that are less tangible and probably more critical for our current condition and future development.

Stevens is not a corporation. It is a not-for-profit institution which has that tax exempt status because it is dedicated to the well-being of society. The Institute, through its Board of Trustees has a responsibility to guide and nurture a public trust.

The well being of that public trust depends upon maintaining a reputation that is exemplary in every aspect of its being. Members of the public donate their life savings to this Institution because of that reputation, students are drawn by that reputation to come in search of inspiration and guidance, alumni who go forth from Castle Point share their pride in the Institute because they are imbued with the spirit of that reputation and we as faculty are motivated and dedicated because of our desire to enhance that reputation and to educate our students.

Some say that tenure is outdated. However, let me state that while tenure confers life long employment for those who hold it, there is a reciprocal aspect to the relationship. Those who have tenure are committing their lives to the service of the institution. We sit here as an assembly of those who either aspire to or hold tenure, and are dedicated to that life of service.

The allegiance of the public, students, alumni and faculty cannot be maintained if the affairs of the Institute are tarnished by acts of avarice and duplicity. Beyond that, an institution which aspires to fulfill a public trust, cannot be vibrant in an atmosphere where there is even an appearance of duplicity or financial impropriety.

The motion before you is meant to insure that all suspicion be removed. The motion proposes that the Trustees insure that there is a complete and independent study of the fiscal affairs and management of the Institute, and that the faculty be engaged in a collegial, open and candid discourse throughout this process – and beyond.

Thank you for your attention.

Prof. Friedman's motion is:

Whereas: The President of the Institute presented a Growth Plan, that establishes significant new goals for the Institute, to the Faculty for review, commentary and advice; and

Whereas: The Faculty Council, on behalf of the Faculty of Stevens, is reviewing the fiscal status of the Institute, as a necessary aspect of a review of the proposed Growth Plan; and

Whereas: The Faculty of Stevens desires that the Institute have the resources needed to successfully achieve emerging goals of the Institute, therefore:

The Faculty hereby presents to the Stevens Board of Trustees a request for the following actions:

That the financial resources, management, reporting practices and status of the Institute be reviewed by an independent financial management consulting firm of national stature in higher education, that has not been engaged with Stevens during the past decade. The purpose of this review is to assist the Board of Trustees, the Administration and the Faculty to better understand the financial status of the Institute and to assure success as the Stevens community looks to the future; and

That the Board of Trustees recognize the importance and urgency of this recommendation and implement the action of contracting with an appropriate firm as an integral part of developing, implementing, and achieving future goals of Stevens; and

That the review provide advice concerning the current and future fiscal management and status of the Institute, as well as trends over the past decade of the Institute's operating budgets, capital budgets, endowment, bond ratings, and debt burden; and

That the review include the relationship and interactions between Stevens Institute of Technology and Stevens Technologies, Inc as well as the Ravenswood Corporation; and

That the review compare Stevens financial performance and practices with peer institutions; and

That the review be formulated in a manner which facilitates management and planning decisions; and

That the Board of Trustees pursue implementation of this review in a collegial manner with the Faculty Council and share salient features of the review report with the Faculty Council through appropriate confidentiality agreements established in advance with the Faculty Council.

The motion was seconded by Prof. Merino. Prof. Lynn, a member of APAR, strongly supported the motion, but opposed further dissemination of information based on APAR review, until the final report is made available. He further moved to amend the main motion that no member of the firm to be engaged in the review, and on the assignment to perform the review, be an alumni of Stevens Institute of Technology. Prof. Pinkham seconded the amendment, and the amendment was accepted by Profs. Friedman and Merino. The amendment passed by acclamation.

David A. Vaccari  
Secretary of the Faculty