

## MINUTES

**FIFTH** Meeting of the Villanova University Senate for  
Academic Year 2009-2010 in Bartley Hall, Room  
2001 on Friday, FEBRUARY 5, 2010 at 3:30 P.M.

**PRESENT:** Dr. Robert Styer, Chairperson; Mr. Bryan Kerns, Executive Secretary; Dr. Joseph Dellapenna, Parliamentarian

Dr. Chiji Akoma; Dr. Kevin Buckley; Dr. Sohail Chaudhry; Mr. Ryan Conway; Mr. James Danko; Fr. Kail Ellis, OSA; Dr. M. Louise Fitzpatrick; Mr. Stephen Fugale; Dr. Gary Gabriele; Dr. Beth Hassel; Ms. Nicole Harmuth; Ms. Margaret Holtgreive; Dr. John Johannes; Dr. Sarvesh Kulkarni; Dr. Adele Lindenmeyr; Mr. John Marrah; Mr. Gilbert Morejon; Ms. Dorothy Malloy, Esq.; Dr. Victoria McWilliams; Mrs. Meghan Mogan; Mr. Vincent Nicastro; Mr. Tahir Qadeer; Dr. Donna Shai; Fr. John Stack, OSA; Mr. Kenneth Valosky; Dr. Thomas Way; Ms. Lindsey Waters; Dr. Joyce Willens

Ms. Helen Heron, Recording Secretary

**ABSENT:** Ms. Carla Bartlinski; Dr. Lillian (Boots) Cassel, (Notified In Advance); Mr. Robert Capone (NIA); Mr. Thomas Carlin; Mr. Walter Fleming (NIA); Mr. Daniel Gelwicks (NIA) Dr. Emmet McLaughlin (NIA); Mr. Robert Nashak (NIA); Ms. Mary Quilter (NIA); Ms. Leighann Reilly (NIA); Mr. Michael Powers; Dr. Fayette Veverka (NIA); Dr. Barbara Wall (NIA); Ms. Selma Koury-Wunderlich (NIA)

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## AGENDA:

*Please silence all cell phones. Please place your nameplate at your seat to assist us in identifying all speakers and in building our community.*

INVOCATION – Dr. Donna Shai

- I. AMENDMENT TO REVISE AGENDA
- II. UNIVERSITY ANNUAL BUDGET REPORT
  - Mr. Kenneth Valosky, Vice President for Administration and Finance
  - Mr. Neil Horgan, Associate Vice President, Finance and Controller
  - Dr. Wayne Bremser, Chair, Senate Budget Committee
- III. ADJOURNMENT

The Chair, Dr. Robert Styer, called the meeting to order at 3:30 P.M. The Invocation was given by Senator Donna Shai.

*May it be Thy will,  
O Lord, our God,  
To establish in our lot  
Love, fraternity, peace, and friendship,  
To extend our domain with disciples,  
To make happy our latter days with an expected end,  
To give us a share in paradise,  
To support us with a good companion,  
And good inclination, in Thy world.*

The Chair thanked Senator Shai for her prayer.

#### I. MOTION TO AMEND AGENDA

The Chair made a motion to amend the Agenda to an abbreviated form. The motion was unanimously approved.

Senator McWilliams made a motion that guests be given privilege of the floor. The motion was unanimously approved.

#### II. UNIVERSITY ANNUAL BUDGET REPORT:

Dr. Wayne Bremser, Chair, Senate Budget Committee  
Mr. Ken Valosky, Vice President, Administration and Finance  
Mr. Neil Horgan, Associate Vice President, Finance and Controller

Dr. Wayne Bremser, Chair of the Senate Budget Committee, was present to provide the Annual Report of the Budget Committee.

### **SENATE BUDGET COMMITTEE REPORT TO THE UNIVERSITY SENATE**

The Senate Budget Committee established and maintained a continuous liaison with the Administrative Budget Committee. The Senate Budget Committee had four meetings throughout the academic year to monitor the budget process. At the meetings, Mr. Neil Horgan, the primary liaison person from the Administrative Budget Committee, presented the current revision of the proposed operating budget as it was modified during the budget development process. Ken Valosky, Vice President for Administration and Finance, attended some meetings and provided information

and insight into the administration's thinking.

The current status of the proposed budget and budget assumptions were discussed and Mr. Horgan provided both the status of the current proposed budget as well as projected revenues and expenses for fiscal year ending 2010 and the assumptions on which they are based (e.g., student body size, tuition rates, salary increases, debt management, new construction, etc). The implications of the great recession for the budget were a primary concern. The Committee discussed how the proposed budget was linked to the university's strategic plan and related capital projects.

The committee's discussions of the budget proposal focused on:

1. The current economic outlook and tuition and board increases—The combined tuition and board increase for 2009-10 was 3.2%, which was the lowest in over 30 years. The proposed budget contains a lower amount of 2.9%, and the Committee discussed the pros and cons of this and the rationale.
2. Last year the budget contained a provision for a 3.0% increase in salaries in FY 2010. At the Senate meeting, it was described as tentative in nature, and the actual increase was anticipated to be between 0% and 3.0%, based on economic conditions. The result was 0%. This year's budget contains a provision for a 3.0% increase in salaries in FY 2011. The Committee strongly recommends that this 3.0% increase be awarded.
3. The Committee was pleased with the information presented at the meetings. Compared to the prior year, the budget and related documents more clearly stated the budget priorities and how they have changed from the prior year and how the budget is linked to the strategic plan. While the budgeted FY 2011 operating income (change in assets from operating activities—unrestricted, using generally accepted accounting principles) of \$ 14.7 million is lower than the actual FY 2009 amount of \$34.3 million, the change was explained by strategic initiatives. For example, the \$11 million added to the budget over the past two years in support of strategic initiatives includes over \$6 million for additional undergraduate financial aid, over and above the amount necessary to keep pace with tuition increases. The amounts for additional undergraduate financial aid will help the University move closer to its goal of meeting 100% of demonstrated need for undergraduate students.
2. The admissions office awarded approximately \$2 million in financial aid to incoming freshmen in excess of budgeted amounts. The proposed budget contains a substantial increase in financial aid, which is in line with the strategic plan.
3. The university's endowment valuation has increased significantly in the last year.
4. The FY 2010 provided for additional staff lines in the Development Office, and the proposed FY 2011 also provides for a similar number of additional lines and a substantial increase in the development operating budget.
5. The university is committed to lowering the employee's share of health insurance costs.
6. The budget is optimistic about entrepreneurial programs.

At the January meeting, the Committee voted on the following:  
Does the budget reflect the University's policies, priorities, and strategic goals? Seven members present voted "yes"; there were zero "no" votes.

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Mr. Kenneth Valosky, Vice President for Administration and Finance, summarized the 2011 budget in the following report:

The 2011 budget supports the University Strategic Plan, recently approved by the Board of Trustees, and reflects the University's long standing financial discipline and conservatism which has guided us through these continued difficult economic times. The fiscal 2011 budget supports the strategic direction of the University by:

- Increasing undergraduate financial aid by **11%** over the 2010 budget. This is demonstrable progress toward our goal of meeting full financial need.
- Strengthening the undergraduate academic core by beginning the process of adding approximately thirty-five full time faculty positions over the next four years.
- Bolstering efforts to increase the University's endowment and fund the Strategic Plan by directing additional resources to University Advancement.
- Accumulating operating and capital surpluses in a reserve to support Strategic Plan initiatives as determined by the President and in accordance with established governance guidelines.
- Continuing the efforts to align the Campus Master Plan with the University Strategic Plan by renovating Sullivan and Sheehan Halls over the next two summers.

These Strategic Plan initiatives have been provided for within the context of a balanced budget and a challenging economic outlook. This forecast suggests a weak and prolonged recovery with unemployment remaining at current levels.

Our conservative financial practices have helped the University weather this period of instability. They have also provided needed flexibility over the past year to address circumstances faced by our students and their families and, just as important, avoid employee layoffs.

While now is not the time to depart from our fiscal restraint, our commitment to our students and to realizing the goals of the Strategic Plan dictates that the University must move forward. Accordingly, we recently lifted the hiring freeze on vacant, budgeted faculty and staff positions. This decision helps to ensure that we are meeting our responsibility in providing Villanova students with an exceptional education.

There were many challenges to be faced in the preparation of the fiscal 2011 budget. This budget absorbed the impact of the following items of significance:

- An anticipated 10% increase in health insurance premiums.
- A \$1.9 million actuarially determined increase in funding for the Defined Benefit Pension Plan (as result of a decline in plan assets).
- A 13% increase in utilities in response to expected deregulation.
- Interest rates of less than 1% for the University's operating cash.

These factors, along with the economic climate, have certainly influenced budget decisions especially those related to tuition, financial aid, salaries and benefits. It is recommended that undergraduate tuition, room and board fees increase by 2.9% for fiscal 2011. This increase is the lowest in nearly 40 years and is lower than last year's increase of 3.2%. As mentioned above, undergraduate financial aid is increasing by 11 %. This exceeds fiscal 2010's significant 9% increase in fiscal year 2010.

The salary pool for merit-based raises is established at 3% of fiscal 2010 budget amounts and is slightly higher than what is forecasted for the market place. While there may be some lingering frustration about the fiscal 2010 salary freeze, it must be emphasized that the University did not contribute to the rise in unemployment by laying off faculty or staff. Benefits contain a provision to increase the University's share of health insurance premiums that we believe the University Benefits Committee will recommend. Special recognition is merited by the University's faculty and staff as their departments are reallocating 5% of non-salary budgets to support the above noted strategic initiatives and budget decisions.

In summary, we are once again proud to submit a balanced budget for your consideration especially during what is now being referred to as the "Great Recession". This budget is not only balanced but supports the University's Strategic Plan with its emphasis on undergraduate financial aid and enhancing the academic core.

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Senator Styer opened the floor to questions from the senators. Senator Dellapenna brought up the issue of adding thirty six full time faculty to largely replace part time faculty. He wondered how many of those thirty six will be tenured track. Mr. Horgan felt as though the majority would be tenured track positions. Father Ellis commented that the majority will be tenured track because they are replacement positions.

Professor Larson questioned if there was a similarity as to how Villanova's benefits compare to our peer institutions. Senator Valosky responded by pointing out that we have recently undergone the

Benefits Survey. At which time we requested approximately thirty institutions that we identified as comparable to the universities that participate. He remarked that in regard to health insurance our benefits package is less attractive than our competitors. He noted that over a five year period the university would pick up a higher share of health insurance. He indicated that Human Resources is undertaking a number of initiatives as a result of that survey which may enhance the benefits package.

Senator Styer asked why last year it was reported that there was be an 11% cap on our health care, but that Blue Cross wanted to raise rates 20%. He questioned how is it that they are only able to give us 10% this coming year. Senator Valosky explained that Villanova deals with a health insurance broker who reviews our claims and monitors the environment. Their view has consistently been that a 10% increase would be appropriate for the next renewal period. He added that it is no surprise that Blue Cross has been in turmoil with the merger with Highmark failing to go through which would have a large impact on their business. He also commented that recently there are a number of “healthy” enrollees that have left Blue Cross which would, in turn, make it more costly for those who remain. He acknowledged that it will be a difficult renewal; however, they will do their best to meet that 10% target.

Senator Styer asked how close we are to our 100% demonstrated financial need. Senator Valosky stressed that it is part of the Strategic Plan over the next ten years, but one that is necessary from a competitive standpoint. He noted that it is, by far, the largest component of the Strategic Plan. He stated that it is over Fifty Million Dollars of which Twenty Six Million Dollars comes from Financial Aid. He added that much of this will depend on how successful our fund raising is. If this is something that resonates with donors, it will be a significant part of the next fund raising effort at the university. He noted that we are at about 80% of demonstrated need. Mr. Horgan added that approximately a year and a half ago Enrollment Management did some projections that stated at that point in time they felt it would take about Twenty Million Dollars, if everything else stayed equal, to reach 100 % of demonstrated need. He also stated that over the last two budget cycles the university has been able to put in excess of Six Million Dollars towards that Twenty Million Dollar target. At that point they said we were meeting 75% of need. Mr. Horgan stated that they are estimating 80% at this point in time. If they go with their original projection, we should have Fifteen Million Dollars in order to reach our 100% goal.

Senator Styer commented on the fact that utilities will be rising to 13%. Are we implementing an extra conservation moves? Senator Valosky explained that much of the increase are because of deregulation expected in Pennsylvania in 2011. At the same time, Facilities has undertaken an energy management program which is moving in the direction of pursuing contracts for solar energy where people contribute to us the solar panels in exchange for caps on the electric usage that is generated. They are also looking into purchasing futures for oil demand which has been somewhat successful. He noted the difficulty arises when a new facility is added such as Sullivan and Sheehan and that two summers from now those buildings will be completely air conditioned. This is certainly necessary, but will add a utility cost.

The Chair thanked Dr. Bremser for his report. A brief question and answer session on budget-related topics followed. The Chair thanked Mr. Horgan and Senator Valosky for their presentation and introduced a motion on the 2010/2011 budget:

US 1011-5-1: RESOLVED: It was moved that the University Senate approve the Administrative Budget for the fiscal year ending May 31, 2012 as presented by the Senate Budget Committee. A vote was taken and the final result was that the Fiscal Year 2010/2011 Budget was approved by a vote of:

**All in Favor 30      Opposed 1      Abstentions 1 + 0 (the Chair)**

Senator Styer made a motion to approve the Fiscal Year 2010/2011 Budget, seconded by Senator Fugale. The Chair announced that the Budget for the FY 2010/2011 was approved.

III. ADJOURNMENT

There being no further business, a motion To Adjourn was made by Senator Johannes and seconded by Senator Stack. Adjournment took place at 4:05 p.m. The next Senate meeting is scheduled for Friday, March 12, 2010 at 3:30 P.M. in Bartley Hall, Room 2001.

Respectfully submitted,

*Bryan Kerns*

Executive Secretary

VILLANOVA UNIVERSITY SENATE

BK/hh