

## MINUTES

**FIFTH** Meeting of the Villanova University Senate for  
Academic Year 2010-2011 in Bartley Hall, Room  
2010 on Friday, FEBRUARY 4, 2011 at 3:30 P.M.

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

Mr. Robert Capone; Dr. Q. Chung; Dr. Sohail Chaudhry; Dr. John Doody; Fr. Kail Ellis, OSA; Dr. M. Louise Fitzpatrick; Mr. Stephen Fugale; Mr. Anthony A. Germino; Dr. Beth Hassel; Ms. Bridget Halligan; Dr. Sarvesh Kulkarni; Ms. Susan Leighton; Dr. Susan Mackey-Kallis; Dr. Adele Lindenmeyr; Mr. John Marrah; Mr. Michael Morris; Mr. Kevin Noller; Mr. John J. Murray; Mr. Kevin Noller; Ms. Amy Patel; Mrs. Mary Quilter; Mr. Stephen Sheridan; Mr. Gregory Sleasman; Fr. John Stack, OSA; Mr. Kenneth Valosky; Dr. Thomas Way; Dr. Seth Whidden; Dr. Joyce Willens

Ms. Helen Heron, Recording Secretary

**ABSENT:** Dr. Chiji Akoma; Ms. Diepiriye Anga; Mr. Andrew Benenati; (Notified In Advance- Unable to Attend); Mr. James Danko (NIA); Dr. Gary Gabrielle (NIA); Ms. Dorothy Malloy, Esq. (NIA); Dr. Victoria McWilliams; (NIA); Mr. Vincent Nicastro (NIA); Mr. Phil O'Neill; Mr. Harshil Patel; Ms. Leighann Reilly; Dr. Barbara Wall (NIA); Dr. Maggie Wang; Ms. Lindsey Waters; 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. Susan Mackey-Kallis

- I. APPROVAL OF THE MINUTES OF DECEMBER 4, 2010
- II. UNIVERSITY ANNUAL BUDGET REPORT
  - Dr. Wayne Bremser, Chair, Senate Budget Committee
  - Mr. Kenneth Valosky, Vice President for Administration and Finance
  - Mr. Neil Horgan, Associate Vice President, Finance and Controller
- III. NEW BUSINESS
- IV. ADJOURNMENT

The Chair, Dr. Robert Styer, called the meeting to order at 3:30 P.M. The Invocation was given by Senator Susan Mackey-Kallis:

A reading from The Proverbs of Solomon, son of David, King of Israel, *Proverbs* 1 and 4; 7-9.

1: 7-9

“The fear of the Lord is the beginning of knowledge,  
but fools scorn wisdom and discipline

Attend, my son, to your father’s instruction  
And do not reject the teaching of your mother;  
For they are a garland of grace on your head  
And a chain of honor round your neck”

4: 7-9

“The first thing is to acquire wisdom;  
gain understanding though it cost you all you have  
Do not forsake her, and she will keep you safe;  
love her, and she will guard you;  
cherish her and she will lift you high;  
If only you embrace her, she will bring you to honour.  
She will set a garland of grace on your head  
And bestow on you a crown of glory.”

And finally, in the voice of wisdom herself, *Proverbs* 8:12-21

“Those who love me I love,  
Those who search for me find me.  
In my hands are riches and honour,  
Boundless wealth and the rewards of virtue.  
My harvest is better than gold, fine gold,  
And my revenue better than pure silver.  
I follow the course of virtue,  
My path is the path of justice;  
I endow with riches those who love me  
And I will fill their treasuries.”

Help us, O Lord, to be ever mindful of the voice of Sophia, wisdom, and to serve as careful stewards of this earthly treasure, our University's annual budget. Help us to act with wisdom, justice and compassion in all things, but especially in decisions about these precious resources so that they are spent prudently in service of our primary mission, increasing the wisdom of our students, but also for the greater good of our entire Villanova community. Amen.

The Chair thanked Senator Mackey-Kallis for her prayer.

I. APPROVAL OF THE MINUTES OF DECEMBER 4, 2010

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 three meetings throughout the academic year to monitor the budget process. At the meetings, Ken Valosky, Vice President for Administration and Finance and Mr. Neil Horgan, Associate Vice President for Finance were the liaisons from the Administrative Budget Committee. At our meetings, Mr. Horgan presented the current revision of the proposed operating budget as it was modified during the budget development process. 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 ended 2011 and the assumptions on which they are based (e.g., student headcount, tuition rates, salary increases, new construction, etc). Mr. Valosky discussed the implications of the economic outlook for the budget, and he provided insights to various strategic issues.

The Committee discussed how the proposed budget was linked to the university's strategic plan and related capital projects. Mr. Stephen Fugale, Vice President for Technology, made a presentation on strategic initiatives to the Committee. Mr. Valosky suggested that the Committee invite admissions officials to a meeting to provide information on their enrollment management strategy and the impact of increased financial aid budgets. The Committee expects to do this later in the spring semester. 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 FY 2010 was 3.2%, which was the lowest in over 30 years. The FY 2011 budget contained a lower amount of 2.9%, and the FY 2012 proposed budget contains a 3% increase. The Committee discussed the pros and cons of this tuition increase and the rationale, which includes a long-term view of the budget.

2. Last year the budget contained a provision for a 3.0% increase in salaries in FY 2011. This year's budget contains a provision for a 3.0% increase in salaries in FY 2012. The Committee strongly recommends that this 3.0% increase.

3. The Committee was pleased with the information presented at the meetings. The financial staff was responsive to inquiries. For example, the Committee discussed the FY 2010 budget surplus of \$15.6 million and the long-term trend of budget surpluses. The financial staff provided a follow-up analysis at the next meeting, and it indicated the University's favorable financial situation.

4. The budget and related documents clearly state the budget priorities and how they have changed from the prior year and how the budget is linked to the strategic plan. The proposed FY 2012 budget allocates \$5.9 million to fund strategic initiative as compared to \$7.6 million for FY 2011. These amounts include additional undergraduate financial aid, which moves the University closer to the long-term goal of meeting 100% of demonstrated need for undergraduate students.

5. 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? Ten members present voted "yes"; there were zero "no" votes.

The chair thanked Dr. Bremser for his report

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Mr. Kenneth Valosky, Vice President for Administration and Finance, summarized the 2012 budget.

Senator Valosky began his presentation by thanking Dr. Bremser and the Budget Committee for their hard work and dedication to this budget process.

He continued by noting that the economy is showing signs of recovery, but what is most concerning to Villanova is the continued high unemployment. He did remark that they have not seen any impact in terms of the collection of our tuition dollars. He felt that is fortunate because we are a tuition-dependent university. The number of financial aid appeals has risen dramatically as has the amount of financial aid that the university has awarded. He stated that this is the one area of the economy on which they will focus their attention. The jobless recovery, however, does present a concern.

With regard to tuition, there is an increase of 3%. Senator Valosky feels as though this is a moderate tuition increase in this environment, but more importantly it is accompanied by a 7.3% increase in financial aid for next year. This is evidence of the university's continued commitment to meeting full demonstrated financial need through the Strategic Plan.

There will be a 3% merit raise for next year. That is based on our own Human Resources Department who touches base with top national and international human resource firms to get a sense of what is being projected for salary increases next year. They found that 2.5 to 2.8 % is what most employers will be awarding in salary increases for next year.

As far as benefits are concerned, this budget has been able to absorb those increases. Senator Valosky stated that Villanova is not any different than any other employer in terms of the challenges they face. He is the most proud of the fact that this budget does continue to make significant progress on the University's Strategic Plan. They will increase Strategic Plan funding by over 6 million dollars this year up to a level of approximately 17 million dollars. He feels that is tremendous progress over a three year period.

Villanova has also increased the number of faculty positions. They have supported any number of academic initiatives that have been submitted to the President and the Strategic Planning Committee for consideration. They continue to bolster their development efforts and will continue to make a commitment in that area.

Senator Valosky concluded that this budget is balanced not only in terms of its revenues and expenses, but its support of financial aid, additional faculty positions, a fair merit increase and continued support of our strategic direction.

Father Stack inquired if the 3% increase was just based on tuition only. Senator Valosky responded by saying that tuition fees, room and board will all increase by 3%.

Mr. Neil Horgan, Associate Vice President, Finance and Controller presented the Proposed FY 2012 Operating Budget

A brief question and answer session on budget-related topics followed.

Senator Mackey-Kallis asked if we have a comparative table for the faculty salary increases from our peer schools from the previous years. Mr. Horgan explained that he does collect all of the particular data concerning faculty and staff salaries and will share it with the Senate Budget Committee. Senator Valosky added that they would be happy to make that available.

Senator Whidden asked what the percentage range of our peer schools regarding the undergraduate discount rate would be. Mr. Horgan added that the average was approximately 35%, with Boston College not being much higher than Villanova, at slightly more than 30%, and Richmond being an outlier on the high side, at close to 50%.

Senator Fitzpatrick wondered if the percentage of students on financial aid increased or decreased in the last few years. Mr. Horgan felt as though there was not a dramatic increase. Senator Valosky added that, before the Strategic plan, approximately 38% of the student body would pay the full amount. Presently, it has dropped to 36%.

Senator Mackey Kallis, noticed many decreases in revenue. She asked how are we able to increase the financial aid that we are trying to strategically give? Senator Valosky replied that it comes from the tuition increase while taking into consideration the annual fund which has gone to a little over 4 million dollars to a budget next year of 6.2 million dollars. They began the process with the provision that we will increase financial aid more than the increase associated with the tuition increase. They also add a million dollars a year to attract the higher-achieving student. They do this with the thought that they will keep a good balance. They are now looking at how affective is the application of this financial aid in support of the Strategic direction. He noted that, after this year, they will have four years worth of data whereby they can ask if this is having the desired outcome. If it has not made an appreciable difference in the caliber of students, they will not back away from financial aid. He stated that they are doing whatever possible through this tuition-driven budget to meet these strategic needs. The answer though will have to be a university advancement and fund raising effort. That is where the next capital campaign will have to come in and close that gap. Mr. Horgan noted we have a heavily tuition dependent budget. Our totally operating revenue of over 80 % comes from student charges.

In regard to health insurance benefits, Senator Valosky added that on average, depending on what plan an employee chooses, there will be an 8% increase in rates for next year. The university has made a commitment through the Strategic Plan as well as the Benefits Study that it will increase the share that it pays of the health insurance premiums. With this plan, he feels as though the return would be approximately a million dollars to the university's budget.

Senator Mackey Kallis asked how typical it is for institutions of our size to self-insure. Senator Valosky stated that around 65% of employers are in the self-insured arrangement. He remarked that they are also buying catastrophic insurance coverage to make sure that the university is protected. These costs have been factored into this plan.

Senator Dellapenna asked if this would lead to any changes in the benefit coverage for faculty and staff. Senator Valosky replied by saying that he did not feel it would affect the coverage, however, they must still go through the process with the Benefits Committee and look at how the benefits package is put together for next year. He stated the consulting firm that was chosen to review our benefits noted that our employees all pay a higher share of the insurance premium than our

competitors, but our deductibles are much lower than at other institutions. There will be a discussion regarding this with the Benefits Committee.

Senator Mackey Kallis asked, in regard to the many discussions about Centers of Strategic Excellence, in the various colleges, where will the budget for these centers be coming? Mr. Horgan stated that all of the colleges did submit a list of strategic items. He directed the question to Senator Steve Fugale who is coordinating all of this information from the colleges. Senator Fugale explained that some of it is directed at specific initiatives inside the colleges. Each Dean made specific proposals appropriate to their colleges.

Senator Mackey Kallis asked if the surplus, because of accounting procedures, you must show a balanced budget. Senator Valosky explained that they are trying to give assurance that even though we have had surpluses in the past that we do have a plan for this surplus and taken those favorable variances where they think will do the most good. In regard to the 2012 process, there was a surplus. The President has stipulated that any funds available would be directed to the Strategic Plan. This would give him the ability to say where he would like the money directed.

Senator Whidden asked if the five-year budget model was based on 3% for undergraduate tuition and for salaries each year or are there variances? Mr. Horgan replied that for salaries, there is a 3% provision in the budget. Regarding tuition, we are at 4%.

Senator Mackey-Kallis asked if the million dollar potential savings from being self-insured will be built into these projected surpluses in the budget. Senator Valosky responded by explaining that presently they have a benefits cost as a reserve in order to see how the program works.

Senator Whidden asked if the question of being self-insured was something that has been raised in the past and why the university may have rejected it. Senator Valosky said that they did not realize the savings that they had seen in this year. He explained that under a fully insured product, Blue Cross in our case, by state law, calculates a trend of how these costs will increase. They have a trend factor of 12%, which our consultants think is high. They feel as though it should be 8%. That 4% gap shows a much more dramatic savings than they had seen in the past. Also, when you choose one of these plans, Blue Cross would have required in the past that we provide them with five or six million dollars of cash. They would then hold this money in case the university went bankrupt and there would still be insurance claims coming in. The university rejected that idea. They were able to negotiate this year that the university would present them with a letter that states that we have that money. We would not actually be giving the money over to Blue Cross. We would keep the money in a separate bank account.

Senator Chung noticed that there was no mention of football in this budget. Senator Valosky remarked that all of the analysis is not completed. At this point in time, they feel as though it is feasible but he cannot say what the financial implications would be. There are many factors to be considered. This budget is an estimate. The facilities for football would have to be fund-raised.

The Chair thanked Mr. Horgan and Senator Valosky for their presentation and introduced a motion on the 2011/2012 budget:

US 1112-5-1: RESOLVED: It was moved that the University Senate approve the Administrative Budget for the fiscal year ending May 31, 2011 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    34    Opposed    0    Abstentions    1 + 0 (the Chair)**

Senator Styer made a motion to approve the Fiscal Year 2011/2012 Budget, seconded by Senator Quilter. The Chair announced that the Budget for the FY 2011/2012 was approved.

### III. NEW BUSINESS

### IV. ADJOURNMENT

There being no further business, a motion To Adjourn was made by Senator Mackey Kallis and seconded by Senator Fitzpatrick. Adjournment took place at 4:15 p.m. The next Senate meeting is scheduled for Friday, March 11, 2011 at 3:30 P.M. in Bartley Hall, Room 2010.

Respectfully submitted,

*Bryan Kerns*

Executive Secretary

VILLANOVA UNIVERSITY SENATE

BK/hh