

**DATA DELAWARE: Monday, December 16, 2019**  
**SUBJECT: Lavelle EXPOSES Wesley – and Dover too! (Podcast transcript)**

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Dace Blaskovitz: Welcome back to Money and Politics in Delaware. He has been red hot lately. We welcome back Greg Lavelle.

Greg Lavelle: Hey, Dace. How are you?

Dace Blaskovitz: I am good. I am good. I teased the segment in the previous segment but I'll do it again. The headline with the local media says, "Wesley College seeks to more state funding." That's courtesy Delaware State News. Other news agencies have reported a similar story.

Dace Blaskovitz: What we're going to do with former legislator, Greg Lavelle is take it the next step and from with two different perspectives. That's what I'm trying to say. The first is a real look at the numbers, which in my opinion has not been told, and then in my opinion a sleazy aspect of this epilogue nonsense.

Dace Blaskovitz: So, all right. Before I get ... let me come off the soapbox and turn to Greg. You know how we play the game, we get first time listeners. 30 seconds about you, 30 seconds about the business.

Greg Lavelle: Sure. Happy to be here again, Dace. I grew up in Wilmington, Delaware. I was born and raised, educated, graduated from Brandywine High School, University of Delaware and the University of Pennsylvania, married with two children and I work for a small financial consulting company in Newark. We're in the Delaware corporate entity business, easily stated, and served in the legislature for 18 years in the House and the Senate.

Dace Blaskovitz: And the last big title was former Minority Whip.

Greg Lavelle: I was Minority Whip in the Senate, yes.

Dace Blaskovitz: All right. You ready to go?

Greg Lavelle: That doesn't impress anybody at my house by the way.

Dace Blaskovitz: You ready to go otherwise?

Greg Lavelle: Ready to go otherwise, that's right.

Dace Blaskovitz: Very good. I gave him a plug but let me give him a plug again. Delaware State News, "Wesley College seeks more state funding." Whether it's the News Journal, the Delaware Business Times that did this story a couple of months back, you're standing in front of an eighth grade class. Before I let you go and run off, start at the beginning, give us a 90 second maximum two minute condensed recap of what the fuss is at Wesley College?

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Greg Lavelle: Sure. And it was a great article, December 9th in the Delaware State News if anyone wants to Google it and read it, it's more than two minutes. But Wesley's run into an issue that a lot of smaller liberal arts colleges have in the last 10 to 12 years and that's a decline in enrollment while their expenses continue to increase and that can only go on for so long. So about two years ago with this bubbling in the background, a poorly kept secret, Wesley, who is a private institution, changed the dynamic in the General Assembly and came and got state funds for their institution. They had a little bit of background, they had ... the old Dover Library was empty. It was given to Wesley for a buck with the promise that they're going to renovate it and create jobs and then they were going to get \$1.3 million to renovate it and then that money two years ago was diverted and they were allowed to use it for their operating expenses.

Greg Lavelle: The article on December 9th pointed out that this past year in August, Wesley got \$2 million more out of this Higher Education Economic Development Investment Fund that we can talk about a little bit more. So they are now asking for \$3.1 million more from that fund. So there's lots of changes here in policy and dynamic. And the carrot to this money they've gotten from time to time is that they were supposed to create and develop a plan, sort of plan their way out, have the state buy off on it. Now the governor and others are talking good in the December 9th article about they won't get any more money unless they have a plan. I've been down there long enough or I was there long enough to know that's not always the case when June rolls around and the sausage starts getting made. But the fact of the matter is Wesley has declining enrollment. They have expenses that they can't keep up with and they're in a real world of challenge.

Greg Lavelle: And the one question is should the Delaware tax payers bail them out at this point?

Dace Blaskovitz: Oh, or continue to bail them out...

Dace Blaskovitz: The Wesley numbers, and I give you absolutely ... I bow and kiss the ring. You had a unique perspective, walk the audience through these numbers.

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- Greg Lavelle: Yeah. So a couple of the newspaper articles talked about Wesley's enrollment and their number of employees in their enrollments, it's about 1,200 students. That's down multiple hundreds from a few years ago. And there was one news article that pointed out that they had about 900 employees. I haven't seen that refuted. So I assume Wesley agrees with that or are very close to that. I went on their website the other day. They claim to have a 15-to-one student to faculty ratio, and with about 1,200 students that would come out to 80 faculty members and we'll even round up and give them a hundred faculty members because, well, it is to be in the Academy, Dace. And so that says, what do these other 800 employees do, 700, 800 employees do? They almost have a one to one student employee ratio. That's not sustainable.
- Dace Blaskovitz: And nobody's asked that question in Dover as the years go by?
- Greg Lavelle: And then I think that's part of why I'd like to talk about this is because some of these questions have to be asked now, maybe people are sympathetic or whatever reason they want to help give them the money, kindness of heart, whatever. But they're toying around and maybe they're digging deeper behind the scenes on some of these questions. But these things have to be asked about. I mean, it's a one-to-one ratio essentially, 1.2-to-one, employees to students. And that's not sustainable no matter how much money that the state of Delaware would like to give them.
- Dace Blaskovitz: Tick tock on the clock, we're going to run at a time. And then there was the second bullet and I'll read the email, at least the first sentence. The attached is from the fiscal year 19 and fiscal year 20 bond bill, "epilogue language." Share that story. Hang on, if you're in the audience, hang on.
- Greg Lavelle: So, yeah, so a good question that people may have is how did this happen? How did we get to where we are? And historically, not historically, the purpose of the bond bill, the capital budget is for capital items, one time sort of spending. You're building roads, you're building buildings, it's not supposed to be for operating dollars. So in 2019 when this Wesley issue first came to a head and there's always been a wrestling match between the three public universities about how much money they get to do things. So this additional fund was created and you're supposed to apply with ideas for capital projects, for building projects.

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Greg Lavelle: Wesley was tossed in here for the \$1.37 million that they were allowed to divert away from the library into their operating budgets. But it was a capital project initiative, a policy, and it created the Higher Education Economic Development Investment Fund and said who was going to sit on that? It's legislators and some cabinet secretary type folks. And then in year two, so that's the camel's nose under the tent, and then in year two, the language, and it's the epilogue language of the bond bill so there wasn't a specific bill that came forward and was debated on the floor.

Dace Blaskovitz: No, stop, stop. When you say epilogue, teach a lay person out there. What's that mean?

Greg Lavelle: So the bond bill is hundreds of pages long. It spends, depending on the year, \$500 to \$800 million and there's language in the bill that may continue from a project that was before that was ongoing. There's lots of different reasons. I don't really have the time to get into it, but we call it epilogue language.

Dace Blaskovitz: Okay. Continue.

Greg Lavelle: But the idea behind epilogue language is you're not supposed to create new policy, right? That's for a floor debate. So you can say, "Should state of Delaware create a Higher Economic Education Development Investment Fund and operate it in this manner?" It gets dumped into the bond bill. People aren't going to vote against the bond bill. At the end of the day, politically it's suicide because now you don't support schools and hospitals and those types of things. It's late, you want to get out of there anyway. So it's a way to get something in to the system without having a legitimate public debate about it.

Greg Lavelle: So year two rolls around. Remember year one, it's a capital initiative. Year two rolls around, the language gets changed. First of all, another \$20 million gets allocated to the fund. So now we're at over \$30 million and it brings in all other higher ed institutions in the state of Delaware, public and private, just not the three publics. And it moves the language from assisted capital construction to support projects and efforts. Well that's ongoing spending. What is an effort? So you're going to support efforts and projects. If you want to do that, that should be in the general fund, not in the bond bill. So we're creating ongoing spending commitments and you're creating demand for this money in the bond bill. It's just not a good scenario for when it gets cut or you run into problems.

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Greg Lavelle: Also, Dace, in terms of transparency, as far as I can tell, there is none. I don't know how you find out any information about how the Higher Education Economic Development Investment Fund spends money, which benchmarks have decide they're going to do to spend that money. Who gets it? I went on and Googled and poked around on the internet a little bit, couldn't really find it. Maybe it's out there, but sure isn't easy to find. So here we are with \$30 million significant policy changes and there's no sunlight on what's going on with this sort of stuff and that needs to happen. Legislators need to ask these questions. It's not up to Matt Bittle and the News Journal, the FOIA documents. This is a significant change in policy if it continues and the public should know what's going on with their \$30 plus million, because they're going to put another 10 or 20 in it this year.

Dace Blaskovitz: His name is Greg Lavelle. He hits them. We'll see you next week for more Money and Politics in Delaware.