

9-28-2009

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Lubbers, Arend D., "Olivet Poised, delivered on September 28, 2009" (2009). *Presidential Speeches*. 256.
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Olivet Poised
Arend D. Lubbers
September 28, 2009

Olivet College has reached a defining period in its long history. Progress in the last few years carries with it optimism for the future. The Cutler Events Center, improvements in athletic fields, money secured for a new art building, a refurbished Mott Auditorium, attractive new student apartments, improved dining facilities, and curriculum changes to better prepare students for their futures, fuel the optimism and suggest the possibility of continuing success for Olivet.

In addition to these improvements in facilities and programs the student enrollment for the first semester 2009-10 is the highest in the college's history. This is the result of improved admissions systems, and the fact that Olivet began the previous year to be more selective in the admission of freshman. Not admitting the weakest students produced better retention rates this year. It will also enhance the academic reputation of Olivet, reduce serious discipline problems, and eliminate the intellectual drag of students who are not ready for college.

Olivet has the facilities to accommodate an enrollment of 1200 students with the exception of housing. Adding to the new apartment complex will take care of that need. The major facilities problems are

deferred maintenance and the lack of a modern student center. To be competitive the Board should immediately consider these deficiencies. Another matter to consider is the level of Olivet salaries compared to other liberal arts colleges in Michigan. If a study is made, the Board will see that Olivet salaries are probably the lowest of the MIAA colleges and lower than community colleges. The Olivet faculty is loyal, but the salary problem will impact the morale of the faculty if it is not addressed by the Board.

Olivet's current problems are entirely financial, caused by unrealistic budgets, and failure to raise the necessary capital funds for completed capital projects. These mistakes resulted in the accumulation of two kinds of debt; short term to meet cash flow requirements and long term to pay for underfunded facilities. Current debt service has over a million dollar impact on the operating funds for the college. The cost of servicing the debt is the "gorilla in the closet." Free from long term debt, will put nearly a million dollars a year into the operating budget. The Board can then solve the salary problem, and begin the work through deferred maintenance.

For the successful survival of the college, the Board must address two top priorities:

- 1) More money for the operations of the college, a short term objective.
- 2) More money in the endowment fund, a long term objective.

The first objective should be the elimination of the long term debt. That will require raising \$6,000,000. Debt reduction is not a popular objective for college fund-raising, but raising it is the most effective way to increase the funds to operate the college. The administration and the Board should plan and launch a fund-raising campaign to eliminate the long term debt and increase the endowment. Some campus facilities improvements can be considered also for inclusions in the campaign. There is reason to do this quickly because the need for operating funds is urgent.

The constituency of the college can be assured that efficiencies in operations are implemented, the cash flow more carefully managed, and the budget process in place able to produce realistic statements of income and expenditure. The administration is budgeting for a surplus of \$500,000. If this practice is continued the short term debt can be managed while the long term debt is eliminated and the endowment increased.

To keep Olivet competitive over the long term more dollars are needed behind every student. Endowment can provide those funds, feeding them into the scholarship program, hence into the operating fund. The more pressing commitment to the operating fund is paying off the long term debt for the debt service money it makes available.

The stage is set for a fund-raising campaign. The priorities have been identified, the administration has put its house in order, and good decisions have produced forward momentum and reasonably high morale both on and off campus. It must be decided now how much to raise and how many of the priorities can be accommodated in a phase one of the campaign.