

Butler sizes up \$50 million debt

By Amy Vaerewyck
Staff Writer

Next year, Butler will welcome a new president to its academic program, its campus ... and its \$50 million debt.

According to vice president of finance Bruce Arick, a portion of this figure is made up of pending charges for the construction of the Residential College (Resco) which was completed in 1989. He said he thinks Butler will always have a debt of about \$40 to 50 million.

One might wonder what kind of person would accept a position at an institution with an IOU of millions of dollars.

However, according to Arick, who serves as the university's chief financial officer, overseeing budgets, taxes and investments, the debt is not something to worry about, but is a positive situation.

"We currently use debt as a financial tool," he said. Butler University receives tax-exempt interest rates on debts, making outstanding debts helpful in the funding of large projects like Resco.

The payment periods for these long-term debts can last for 25 years or more. Arick said the duration of payment "usually mirrors the useful life of the asset

[purchased]."

In this game of money maneuvering, the president plays a strategic part of the Butler budget team. While the president makes some financial decisions, Arick said his main job is to set the direction and course of action for the university.

Since the president's vision is the one that the office of finance follows, he or she must have good business sense, Arick said.

"You can run a place into the ground with a good vision if it is not suited to the university," he said.

Associate professor of business law Robert Bennett agreed.

"In the old days the president was much more likely to be a purely academic type, but these days I think [business expertise] is essential," he said.

Bennett said a major responsibility of the president is selling the mission of the university to prospective contributors outside of the university.

"Although many students may think that, with tuition as high as it is, there should be no possibility of debt," he said. "The university's external contributions and endowment are actually what keep the debt from growing to a frightening size.

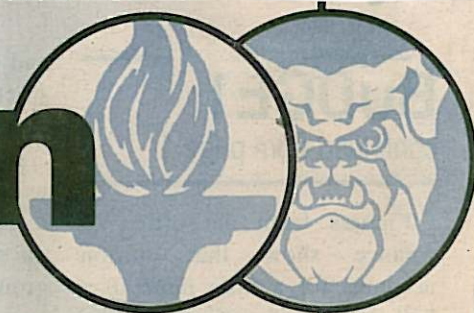
"You can't charge students enough to cover all the expenses," Bennett said.

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