

Mostly sunny
High in mid-80s
Thursday: Partly sunny
High in upper 80s

The Daily Tar Heel

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Noon
in the Pit

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Bush wants Egypt's military debt waived

WASHINGTON — President Bush has decided to ask Congress to forgive Egypt's entire \$7 billion military debt because of its leadership standing up to Iraqi aggression, the White House announced Tuesday.

White House spokesman Marlin Fitzwater said forgiving the debt "recognizes the strategic importance of Egypt" in the multinational effort to enforce the United Nations' trade embargo against Baghdad.

"It is a symbol of our appreciation" for the role played by Egyptian President Hosni Mubarak, Fitzwater said.

Bush consulted with congressional leaders before making the decision, Fitzwater said. Waiving Egypt's military debt — largely amassed through U.S. arms sales to Cairo — requires an act of Congress.

Another \$6 billion in non-military Egyptian debt to the United States would not be affected, Fitzwater said.

North, South Korean prime ministers meet

SEOUL, South Korea — South Korea's prime minister, meeting his North Korean counterpart for the first time Tuesday, said the two must work together to "thaw the thick ice of distrust."

Their meeting marked the highest-level contact between the hostile Koreas since the division of the peninsula in 1945.

By holding formal talks starting Wednesday, Communist North Korea gives tacit recognition to the legitimacy of the South Korean government it has refused to recognize for more than four decades.

Talks on Wednesday and Thursday are to focus on easing military and political confrontation and launching multilateral exchanges — subjects general enough to cover almost anything either side wants to talk about.

40 South Africans die in factional fighting

JOHANNESBURG, South Africa — Soldiers fired on thousands of angry blacks Tuesday and rival gangs fought with axes, knives and spears as at least 40 people were killed in township violence.

The violence came as President F. W. de Klerk and African National Congress leader Nelson Mandela visited black townships near Johannesburg to call for an end to the black factional fighting that has killed more than 550 people since Aug. 12.

The government has imposed emergency restrictions and sent elite army units to the townships, but fighting between Zulu followers of the conservative Inkatha movement and other blacks loyal to the ANC raged for a fourth week.

In Sebokeng, a pre-dawn clash killed four people at a migrant workers' hostel, police said.

About 5,000 township residents angered by the killings gathered at the hostel, police said.

When the mob refused to disperse, army troops were called in and a "shooting incident occurred," said police Col. Frans Malherbe.

"The bodies of 11 persons were found after the mob dispersed."

— From Associated Press reports

New funds will not end budget crisis

By PETER THUESEN
Staff Writer

An additional \$2.46 million the University will receive from the state this quarter will not restore lost UNC services, and even leaner times are on the way, University officials said Tuesday.

The state budget office recently allocated the extra funds to cover a 4 percent state employee base pay raise mandated by the General Assembly.

"It permits us to meet our payroll obligations, but it doesn't do anything for our other concerns," said Provost Dennis O'Connor, vice chancellor for academic affairs.

And with the total allotment for this quarter still almost \$5 million short of UNC's original request, University of-

officials say there is not enough money to pay basic operating expenses, including utility bills.

Provost O'Connor conceded that UNC theoretically could cover its first-quarter utility expenses.

"But if we pay for utilities, we must cut back in other areas," he said. "Then we couldn't do other things which keep this place open."

Although University officials are working to prevent the postponement of bill payments until the next fiscal quarter, that is an undesirable possibility, said Ben Tuchi, vice chancellor of business and finance.

"But you can only permit that to occur to the extent you believe you can subsequently cover it," Tuchi said. "Otherwise, it's akin to an individual

not paying attention to what his credit card capacity is."

State budget analyst Bruce Harrington said the University's complaints are unfounded.

"I contend that they have enough funds to pay their utility bills. If they don't, I don't know why," Harrington said.

"I really don't see how anybody can complain about what they've got," he said. "We've treated Chapel Hill as fairly as everyone else."

"It seems that the Chapel Hill campus is always a little more vocal than the rest."

Tuchi said UNC was justifiably outspoken about the state budget process.

"You can expect people to complain

when they have to work under conditions of uncertainty and conditions that change after the fact," Tuchi said. "It is the most convoluted method one could ever expect to see."

However, the University should absorb its share of North Carolina's budget shock, Tuchi said.

"No amount of hand-wringing or protestation will change the state's revenue pattern," he said. "We have to participate in resolving the difficulties facing the state. We have to coexist."

The University is examining a number of other options designed to save money, Tuchi said.

Efforts to encourage conservation of water and electricity may alleviate some of the utilities crunch, he said. But full participation from students and faculty

is difficult to achieve.

"There is no way to do it short of hiring people to go around turning off lights," Tuchi said.

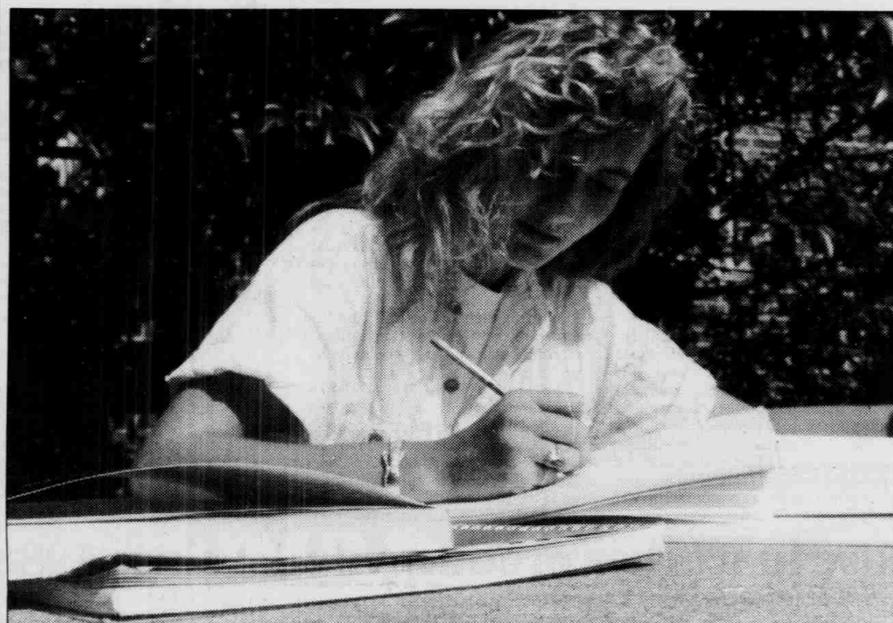
With conservation unlikely to solve the budget problem entirely, additional measures may be necessary.

The University may be forced to "refrain from filling positions," Tuchi said.

"That's a draconian measure that we are likely to have to take," he said. "But there are no alternatives."

More cuts in operating expenditures are likely, Tuchi said.

"We know that if we don't do anything, it's going to be very large next year," he said. "The passage of time will define the deficit better and cause us to take more long-range, drastic action."



DTH/Kevin Burgess

Just doing it

Kimberly Smith, a freshman from High Point, takes advantage of the pleasantly mild weather Tuesday afternoon at Connor Beach to catch up on a little homework.

Financial crunch jeopardizes Campus Y renovation plans

By THOMAS HEALY
Staff Writer

Plans and specifications for renovations to the Campus Y Building are behind schedule and could be scrapped altogether if the University decides the funds are needed elsewhere, officials said Tuesday.

Ben Tuchi, vice chancellor of business and finance, said the University had not decided whether to carry out the renovations or use the funds in other areas.

"We can't make a decision yet. We have to know exactly what our first-quarter burden is under the allocation reductions," Tuchi said. "We have to determine what our financial responsibilities are vis a vis to the rest of the institution."

Donald Boulton, dean of student affairs, said the renovations were originally slated to begin in October. That date was pushed back when the state insurance commission inspected the building and issued several requirements to "bring the building up to code." Designs and specifications now must be altered to suit the commission's findings.

Gordon Rutherford, director of facilities planning and design, said the department was slightly behind because of the insurance commission's suggested changes. "We had to keep making changes to satisfy the insurance people."

The University will start taking bids after specifications are completed, he said. That process could take another four to five weeks.

After reviewing the bids, however, the University could decide the funds should be diverted to higher priorities, Rutherford said. "Given the current budget crisis, it's conceivable the powers that be would determine there is something more important."

Tuchi said although the Campus Y is receiving outside funds for the renovations, the money will not cover full costs of the construction. The insurance commission said if any renovations are done on the building, the entire project must be completed to meet the commission's standards, he said.

Campus Y officials said they were frustrated with the delays in the renovations. They had planned to move to a temporary location in Chase Hall this

summer, but were instructed not to because the plans were behind schedule.

"We really feel like we were strung along. The whole thing was planned to go through and it didn't," said Campus Y Co-chairman Richard Harrill.

The moving date for the Campus Y was changed several times because of mixed messages from University administrators.

Boulton's office informed the Campus Y about what was happening but kept changing instructions throughout the summer, Harrill said.

"The big issue is not the budget," Harrill said. "A large part of the money had already been allocated." Instead, the problems stemmed from the University's disorganization and mishandling of the project, he said.

Boulton said he wanted the Campus Y to move during the summer so the group's services would not be disrupted. The insurance commission's findings changed his mind, and he decided the Campus Y should stay in its present location until the design specifications were finalized. "We had a good plan in operation, but it had been sidelined."

Vendor appeals contract decision

By STEPHANIE JOHNSTON
Assistant University Editor

North Carolina's Office of Administrative Hearings has placed a restraining order on the University, a state purchasing officer and the state purchasing contracts office because of an appeal filed by Classic Food Company Services.

Classic Food Company Services, a division of Coca-Cola, filed the appeal, alleging the University improperly awarded the campus's vending contract to Marriott Corporation, said Buie Costen, an attorney with the state attorney general's office.

"What has happened is the vending contract was awarded to Marriott, and Classic Foods filed an appeal and got a restraining order from the office of administrative hearings," Costen said. "Classic Foods has had the contract for some number of years, (but) Marriott's proposal was considerably lower."

Marriott estimated it could generate \$5,000 more in profits over a five-year period than Classic Foods, Costen said.

Chris Derby, director of Carolina Dining Services, said that Marriott is engaged in negotiations with Classic Foods now but that he could not comment on the situation. University officials were advised not to comment on the appeal or the implications of the restraining order.

Costen said the University awards vending contracts. The state is not required to approve the choice, although a state purchasing officer and the state purchasing contracts office were named in the restraining order, Costen said.

University officials said they could not comment on the state purchasing officer and the state purchasing contracts office being named in the restraining order.

Classic Foods officials would only

"Classic Foods has had the contract for some number of years, (but) Marriott's proposal was considerably lower."

— attorney
Buie Costen

release a prepared statement and referred all other questions to the University.

Hager Rand, executive vice president and general manager of Durham Bottling Company, said, "Our food service and vending division, Classic Food Company Services, who previously had the vending contract at UNC, has asked the State of North Carolina to review UNC's decision to award the current vending contract to Marriott."

Marriott Corporation also has the Carolina Dining Services' contract, which is separate from the vending contract.

The University did not inform members of the Food Services Advisory Committee about the restraining order and the appeal. The committee only makes recommendations, so it was not necessary for administrators to notify members.



DTH/Joel Muhl

Super scooper

Workers continue installing chilled-water pipes between Davis Library and the Student Union Tuesday.

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University answers audit report's criticisms of financial operations

By ELIZABETH BYRD
Staff Writer

UNC officials said that most problems cited in a state audit report have been addressed and that other problems will be corrected soon.

The report, which was issued in late August, criticized the role of the Board of Trustees and campus administrators in the University's financial affairs.

"There's no reason for it (the audit report) to be a big deal," said Wayne Jones, associate vice chancellor for finance and business. "I think it's been blown out of proportion. There have been more findings than in the past, but many of them are not significant and had already been acted on."

The University remedied some of the problems by simply assigning responsibilities, Jones said.

Jones said the problems the audit found with the University's financial affairs were caused partially by the absence of a vice chancellor for business and finance. During 1989, the University searched for someone to fill the position.

The report recommended that the BOT form an audit committee, but BOT members decided against the proposal. Instead, State Auditor Edward Renfrow and Chancellor Paul Hardin agreed to allow the vice chancellor for business and finance, several internal auditors and the chancellor review the yearly

audits.

The audit, which was conducted by Renfrow, reviewed the University's 1989 fiscal year. The report listed 20 findings and recommendations, which was an increase from 16 reported last year. Among the findings and recommendations:

■ UNC should strengthen its internal controls to ensure the accuracy and timeliness of its financial reports to the state; reports for the 1989 fiscal year contained errors and were often presented late.

■ The Office of Scholarships and Student Aid should prevent

See AUDIT, page 2

We are all born mad. Some remain so. — Samuel Beckett