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FROZEN

By; Ron Fitzwater

March 22, 2004

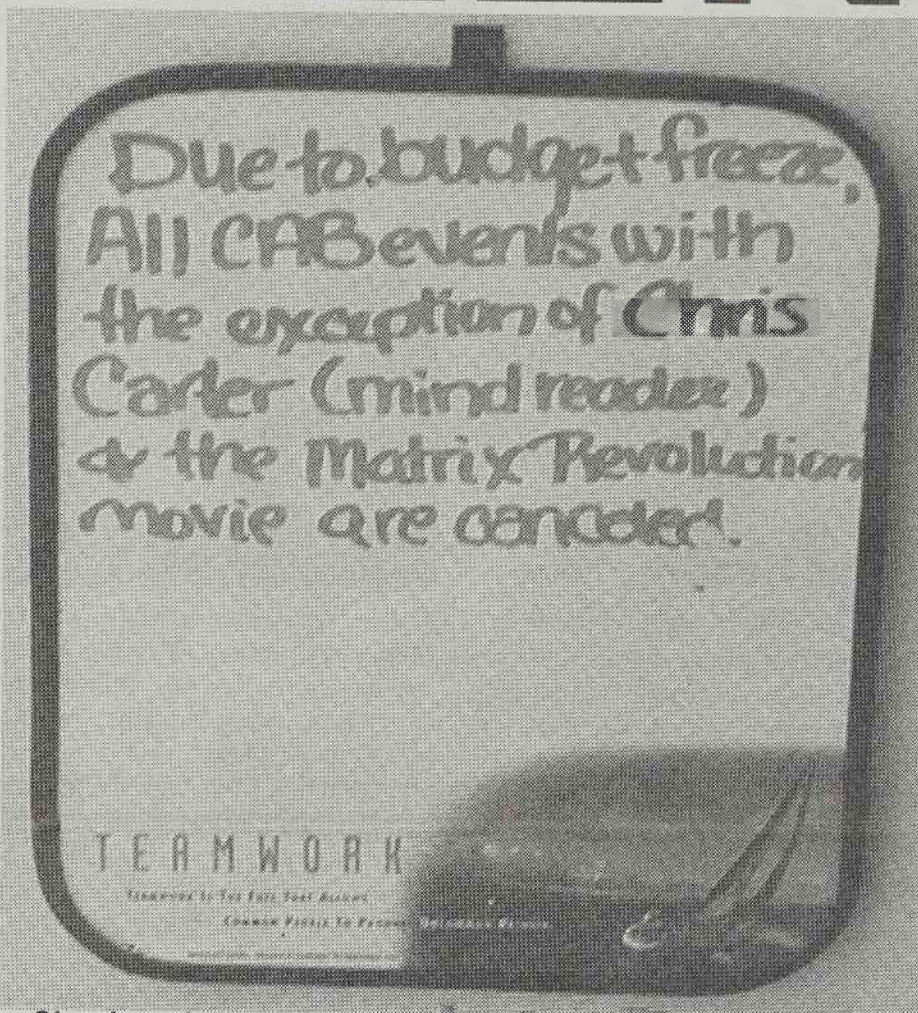
The voices were loud and the tempers were flaring as Peter Phaiah, Director of Housing and Auxiliary Services for North Carolina Wesleyan College, outlined the situation that has led to freezing the use of student activities fees for the remainder of the 2003-2004 academic year. Questions of who made the decision to freeze the funds and why, were the main questions, along with one additional and important one, who is to blame for the shortfall in the budget?

When contacted for comment about the budget freeze, Vice-President of Finance and Administration, Belinda Faulkner, was unable to provide any information stating, "To tell you the truth, I really have nothing that I can tell you at all. I would say that you need to speak with Peter Phaiah or the President, I really haven't any information that I can contribute."

Peter Phaiah was contacted for comment and provided what information he had. It was mostly a repeat of what he had delivered at the SGA meeting, but in a much calmer setting.

When asked to explain what the situation really was, Phaiah said he had found out about the freeze on March 18 when he happened to be in the main administration building. VP Faulkner informed him that the "budget had been frozen." The President had just been informed that the budgets were to be frozen and Phaiah was told "that there were some short falls in the expected revenue that was coming in and some other things that were coming in, with the result being that we had to put a freeze on anything that was not contractually obligated."

Phaiah informed the SGA about the situation and explained, "that there is a shortfall in cash flow and it is for multiple reasons. The few that I am aware of I explained to them (SGA). What I said is that we (Wesleyan) are tuition driven; everything we do is based on tuition.



Sign hanging on the door of the Campus Activities Board

We don't have a big endowment, probably only about 6 to 8 million, so we rely heavily on tuition. What happened was we did a great job recruiting, but we have a problem with retention. We're losing them faster than we're bringing them in."

Continuing, Phaiah explained a few reasons why the shortfall had occurred. "When we did our budgets for last year we did a projection that we could recruit a good number and retain a good number. Well, we exceeded our recruitment but we fell short on retention. That could be because of costs going up, students being upset, or us not having programs. We had a short fall there; we thought that we could do a good job in the spring, bring in a few new people and also hold off on retention, because you lose people in the spring too. Graduation, people dropping out, or just wanting to quit.... people upset. So that's one reason. I also told them another reason was that in the fall we had a lot of students who are not filling out their paperwork; who are not signing their promissory notes. Not doing the things so that money gets released to the college. The banks are holding a substantial

amount of money, so we are trying different strategies to get students over to the business office to sign the paperwork. Also some people are missing paperwork and until all the paperwork is in, that's money we can't touch. That would take care of a lot of problems.

Just a few weeks ago we received letters from the banks saying that they can't release money to us because people owe them paperwork. Put all this together and that's a lot of money. Maybe ten times more than they (SGA) need for their budget. Based upon those things, unless it is life threatening, has to be paid, or is contractual, we don't have the money."

"...we did a great job recruiting, but we have a problem with retention. We're losing them faster than we're bringing them in."

There is, however, one factor that may be contributing to the need for funds to be redirected. The official web site for The Chronicle of Higher Education, which can be found **See Frozen page 7**