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The Daily Tar Heel

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EDITORIAL SERIES

Financial Repair

Chancellor-elect James Moeser must get to work on fixing the University's finances as soon as he arrives in August.

UNC's financial dealings involve billions of dollars. At such a large institution, it can be difficult to keep things straight. This is evident in the recent financial and budgetary problems the University has faced, and straightening things out should be a top priority for incoming Chancellor James Moeser.

The Problems of the Past

The financial woes became public last summer, when the completion of a massive two-year audit by the Internal Revenue Service estimated the University owed \$20.5 million in back taxes.

Though the final settlement reached last December between UNC and the IRS was for a "mere" \$905,115, the estimated legal costs put an extra burden on an already cash-strapped school. The University was forced to set aside \$1.5 million for "legal liabilities" in this year's budget.

Some of the more costly problems cited by the IRS were \$510,110 incorrectly deducted for the money-losing Finley Golf Course and \$346,312 in taxes that were not paid on profits from events held at the Smith Center. Rental fees and outside sales at Horace Williams Airport, making up \$181,610 in taxable business income, were also mishandled.

Problems also arose from unpaid taxes involving foreign students, professors, researchers and University students who were also paid employees. In 1997, for instance, \$859,538 was not withheld from the paychecks of nonresident aliens and foreign nationals.

The hefty tax bill could not have come at a worse time for the University. It was already facing a \$9.8 million budgetary shortfall. As a result, interim Chancellor Bill McCoy had to tap his business experience and find ways to cut away at operating expenses. Department heads and research directors, for example, were forced to trim anywhere from 1.6 percent to a staggering 10 percent from their base operating budgets.

The results were tangible. University libraries were forced to cancel subscriptions to academic journals. Nonteaching employees faced layoffs. And as the University cut jobs to save on costs, those who remained at their posts often dealt with increased workloads to cover the new vacancies.

Despite the changes, much remains to be done. That's where Moeser comes in.

Moeser's Budgetary Background

Chancellor-elect James Moeser is no

stranger to tight budgets. While president of the University of Nebraska-Lincoln, he made quick budgetary decisions at the beginning of his term, including reallocating funds from one department to another.

Some called his hard-line attitude toward the bottom line unfair. "There are times when he will tell faculty that there is an administrative decision that he has to make, and it can be frustrating to faculty at times," said Sheila Scheideler, incoming president of UNL's Faculty Senate.

In addition to knowing how to work within budget constraints, Moeser has been acclaimed as a fund-raiser and lobbyist. These qualities will be critical this summer, when he lobbies the N.C. General Assembly for a huge university bond package.

Moeser also has said he would make boosting UNC's \$1 billion endowment by using private resources such as UNC alumni a high priority. During his four years at UNL, Moeser racked up more than \$350 million in private donations.

His talents will come in handy.

Moving Out of the Red

UNC has had to pay taxes for more than two centuries, and it's ridiculous that no one caught the mistakes before the audit.

That's why Moeser needs to call for a long, hard look at UNC's finances, not to mention push for the hiring of a vice chancellor of budget and finance to replace Jim Ramsey, who left in 1998. The University cannot afford any more embarrassments, and it needs someone who can be accountable.

But UNC's financial health will remain in danger if Moeser also does not increase the endowment.

The return on UNC's endowment is currently below that of its peer institutions.

In February, investment officials at Duke University anticipated getting a 23.4 percent return on the endowment. At the same time, the portion of N.C. State's endowment that's controlled by the university grew 11.1 percent, almost two percentage points more than UNC's, which only grew 9.2 percent.

The return on the endowment is the portion of it the University can spend on any type of campus needs, typically scholarships. A high return on a university's endowment encourages more donors to give to the university, because they feel their money will be invested wisely.

The only way to improve the return is to invest in higher risk investments, and Moeser should push the Board of Trustees for a more aggressive investment strategy.

Moeser has stated he wants to make UNC the best state university in the country. It's time for him to put the money where his mouth is.

Chancellor's Checklist 1. 2. Part one of an editorial series examining the issues Chancellor-elect Moeser should make his top priorities



More Than Simply 'of the People'

It all started Thursday while I was listening to the UNC Symphony Orchestra perform over in Hill Hall. Good show, good show.

But hard-core classical music not being my favorite, I was lost in thought, wishing they would play the Indiana Jones theme and imagining how things would have been if the conductor were to use sparklers and a bull whip to keep the musicians on track instead of the baton.

But somewhere between drumbeats I began to figure out the answer to a query that has bugged me for nearly two years. Classical music will do crazy things to you.

After all, it was a good question that the man asked. "What is it that binds us to this place as to no other?" inquired famed alumnus Charles Kuralt in his country voice during the University's bicentennial year. That speech tingles my spine.

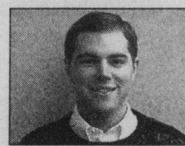
Kuralt mused that our "love for this place is based on the fact that it is as it was meant to be - the University of the people." Sorry, Chuck. I never bought that line.

For starters, the "stone walls" and the "dogwoods blooming" and the "crisp October nights" are all rather compelling. Toss in the sunny spring days, and that all might very well do the trick for me. You can't ask for much more.

And even then, a real "university of the people" would at least have a few benches on campus for us to enjoy all that beauty Kuralt glossed over. The people, I say, need benches, especially after hiking in from South Campus.

But quite frankly, I do not like this University because it celebrates the common man. And while some folks complain that Mr. Jefferson's university one state to the north is too "upscale" for their taste, few people love Carolina because it's egalitarian.

It's even up for debate whether we are a "University of the people" these days - or ever. There's an awful lot of Abercrombie & Fitch around here, which certainly doesn't



BRANDON BRISCOE VOICE OF REASON

reflect most of the population's tastes, not to mention wallets.

What was once a school that served the entire South now allows roundabouts 15 percent of its freshman classes to be from anywhere out of state, charging the lucky few an arm and a leg at that.

And to come here next year, you'll need to pack a laptop computer, those not generally having a price tag that reflects their size. Exactly which people is this a University of?

True, it can't be denied that tuition is relatively cheap. Nor can we forget that groups of any race or religion or ethnicity are free to come here to celebrate their values and culture and what not. What's more, this state is certainly proud of its University, though at times reluctant to raise its allowance.

Indeed, it serves more people than most other schools.

But I doubt that's what concerns most of us. And that's not what binds us to this place as to no other.

To some extent we love this place because it's "college."

We like about Carolina the same things we would like about any other school. Freedom, friends, Friday nights and, for a few freaks, Frisbee golf. But those things don't bind us to this place.

And yet Kuralt was right. It is the people - and the opportunities they provide - that make this place so great.

Today, we enjoy the legacy of people of the

past. Folks from William Richardson Davey to James K. Polk to Dean Smith and all the others in between have made this University what we love today.

And this place is great, too, because we are now imagining what it will be years down the line. Master plans and increased enrollment ideas are already paving the way for students, faculty and administrators who will determine the University's future.

But of course it is people here today that really bind each of us to this place. Perhaps never again will we be so closely surrounded by so many capable and talented people.

You want intellectual stuff? Go to class. Or watch Professor Peter Kaughman deliver a first-rate, humorous lecture as he did Thursday to interested parties in the Cabaret.

You want music? Besides the orchestra concert, the Clef Hangers performed this past weekend, not to mention the weekend's handful of music students' recitals.

The list is endless. From athletes to journalists to assistant Pit preachers, Carolina boasts an expert on nearly every subject.

It takes a place this large to collect and create so much expertise - and with it, opportunity. Yet we're bound together enough to make the opportunity accessible to everyone.

Of course we will all come and go, but there will be new people to create more opportunity.

And when we're gone, it's the folks we met and worked with that we'll remember about this place.

We were not all Tar Heels born; but we cherish that identity bred in us, proud to be associated with so many class acts and outstanding individuals. You can't say that about many places.

Brandon Briscoe is a junior journalism and mass communication major from New Orleans, La. who has appreciated your feedback this semester. Send your comments to brandon_briscoe@unc.edu.

READERS' FORUM

Miscommunication Caused This Year's Elections Problems

TO THE EDITOR:

It has just been brought to my attention that Student Congress has been slandering my name and the Elections Board because of a problem Congress created.

Supposedly, Congress has been sending the Elections Board e-mail over the Congress listserv. This is information that pertains to resignations, open seats in Congress and who knows what else.

However, no one on the Elections Board is on the Congress listserv. This could be the reason for the miscommunication between the two groups.

The Congress members have thought that I was on the listserv. I have never received any information from Congress. Many times Congress has assumed that I know certain elements, and I was actually left in the dark. Maybe this was what led to the redistricting and registrar problems during the elections.

I do not deny that the Elections Board had its problems this year. However, there are certain things

that the board has accomplished that have been overlooked.

We have started the online voting process, successfully completed the first Homecoming as a board, redesigned the ballots, purchased a publicity banner and made an Elections Board with experienced members who want to return. Many Elections Board members are planning to return next year and solve the past problems.

Would there have been such criticism if the technical difficulties did not occur and the results of the election were given out by 10 p.m.? Who knows?

The Elections Board members have the heart, determination and commitment to still be willing to participate next year. Most people would not have gone through such criticism and remain to fight. We still have one more election to go, and we believe we will fill the seats.

The Elections Board is also supporting the appointment of Marissa Downs as the future Elections Board chairwoman. We have personally seen her capabilities and know her ideas to change the actions that occurred in the general election.

The Elections Board takes the blame for many incidents, but we are

not the only ones that created the election problems.

Catherine Yates Elections Board Chairwoman

CAA Listserv Will Be Students' Source For Athletic News

TO THE EDITOR:

As the Carolina Athletic Association prepares for the upcoming sports seasons, we want to invite the entire student body to be a part of our latest endeavor. We have created a new listserv so that anyone can be notified of CAA activities. This includes schedules for Homecoming and Beat Dook Week, as well as basketball ticket distributions and schedules of all UNC sporting events.

To sign up for the listserv, go to www.unc.edu/caa and click on the link that says "Click here to subscribe to the CAA announcement listserv." Follow the directions, and you will be hooked up to the best source for UNC athletic news.

Julie Colvin 2000-2001 External Relations Director Carolina Athletic Association

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