

Carolina Dining Service

...it's all good



Imagine

a campus food service offering

- ▶ hand tossed pizza
- ▶ fresh sushi
- ▶ low fat entrees
- ▶ custom stir fry meals created for you
- ▶ homestyle rotisserie meals
- ▶ complete with all the trimmings
- ▶ national brands like **Chick-fil-A, Subway, Jamba Juice, Burger King & Java City**

Sign Up Today

- ▶ convenient locations to your classes and residence hall
- ▶ access to all the new dining options - from **Burger King to Jamba Juice**
- ▶ your choice of 4 convenient dining plans: **Value Meal, Block Meal, Dining Flex and/or Expense**

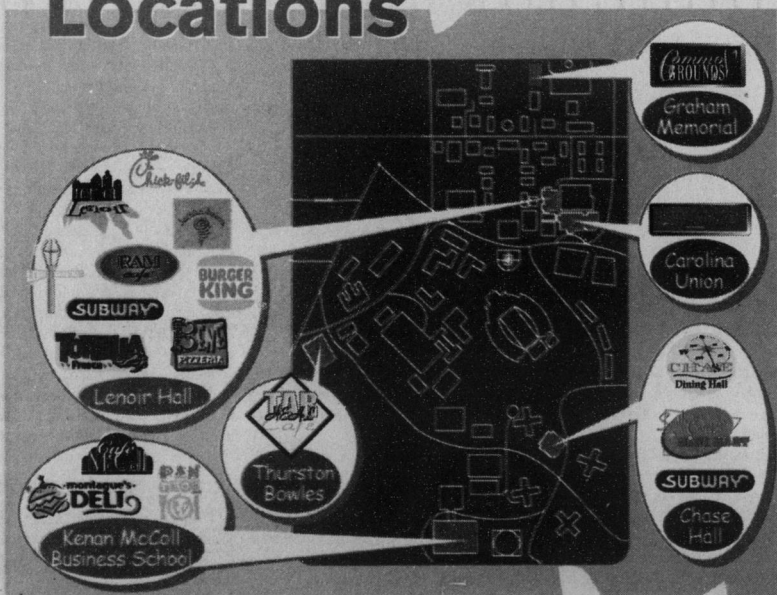
Call or visit our website for meal plan information.

- ▶ 800-UNC-MEAL (862.6325)
- ▶ www.dining.unc.edu

With Carolina Dining Service meal plans the choice is yours.

We are not guaranteed your business. We have to earn it.

Locations



2001-2002

Carolina Dining Service

N.C. Budget Impasse Lingers

By ALEX KAPLUN
State & National Editor

Almost two months into the fiscal year, state legislators are still struggling to construct a state budget for the next two years.

State legislators had hoped to have a state budget in place by July 1, the beginning of the fiscal year.

But competing budget proposals in the Senate and House and disagreements over tax increase plans as well as the need for significant budget cuts have ground the process to a near halt.

While lawmakers continue to work on the budget, the House has passed a resolution allowing the government to continue operating until Aug. 29.

No matter which plan is chosen by the legislature, cuts might be made to state agencies and the UNC system.

The UNC system has been largely spared of the budget cuts - the Senate proposal would trim the system budget by \$3 million, the House proposal by \$7 million - but that could still change as legislators continue to finalize the budget.

But different tax increase proposals have been at the center of the budget delay.

House Democrats have proposed a plan to increase the sales tax by a half-cent, increase the income tax on couples making \$200,000 or more and institute

a 6 percent sales tax on liquor. The plan could generate \$450 million in additional revenue for the state.

Senate Democrats have called for a one-cent sales tax increase, which would generate about \$850 million in additional revenue.

Democratic leaders have been struggling to build a consensus on a proposal, while Republicans have remained in staunch opposition to any tax increase plan.

On Thursday night, Gov. Mike Easley chimed in with his own plan to cover the budget gap, which consisted of a compromise between the two proposals.

Easley called for a one-cent sales tax increase combined with several tax credits. The governor's plan would produce \$600 million in additional revenue.

"I'm willing to accept any reasonable plan that adopts the principles and priorities I have outlined tonight," Easley said in an eight-minute televised speech. "However, I believe this plan combines the best elements of the House and Senate proposals. It's a solution to ending our budget impasse and putting our state back on the course of progress."

Easley said that while he would accept some cuts to the state budget, he would not accept cuts that would be detrimental to the state's education system.

Easley's proposal was followed by a televised address by Senate Minority Leader Patrick Ballantine, R-Carteret,

and House Minority Leader Leo Daughtry, R-Johnston.

Both Republican leaders decried Easley's plan to increase taxes and instead called for legislators to make deeper cuts to the state budget.

"At a time when thousands are losing jobs across our state and families are struggling just to make ends meet the last thing anyone needs to do is pay more taxes," Daughtry said.

Daughtry proposed a plan that would ask the head of each state agency to cut spending by three percent.

He added that he believes the state has enough money to fund essential programs if state funding is spent wisely.

"There is plenty of money if we spend it wisely," Daughtry said.

Sen. Howard Lee, D-Orange, who is the chairman of the Senate Appropriations committee, said it is difficult to gauge what kind of an impact Easley's speech will have on the legislature and the people of North Carolina.

Lee said budget negotiations will resume this week, but he said he could not predict when the budget stalemate would come to an end.

He said, "We are certainly anxious to finish up the budget process but I can't really predict when everything is going to be completed."

The State & National Editor can be reached at stntdesk@unc.edu.

State's AAA Bond Rating At Risk

By JENNIFER HAGIN
Assistant State & National Editor

Pressure on N.C. General Assembly members to pass a fiscally sound budget recently increased when members were informed that North Carolina's AAA bond rating was in jeopardy.

Moody's Investment Service, a credit rating agency, sent a letter to state officials in July stating that recent economic woes and budget difficulties could result in a bond rating downgrade.

The AAA bond rating, which is the highest possible, allows the state to borrow money at a comparatively low interest rate. A drop in the rating could increase the interest rate the state is charged, costing the state millions of dollars.

A downgrade in the state's bond rating also could hinder the University in its effort to upgrade to a higher bond rating. The University and the state have separate bond ratings, but the state's bond rating affects the University's because the University is state funded.

Ray Murphy, Moody's Investor's Service vice president, said the state's rating has a negative outlook but that projection could change depending on

the outcome of budget negotiations. "We are anxiously waiting for the completion of the budget of the state," Murphy said. "At that point we'll have a sense of whether the rating is appropriate."

Factors contributing to a lower bond rating include the state's debt burden, fiscal health and economic outlook.

North Carolina faced a \$850 million budget deficit during the last fiscal year caused by economic slowdown and damages from Hurricane Floyd. State lawmakers are still struggling to construct a budget nearly two months into the fiscal year.

The increased interest cost of a higher rating could also be applied to the \$3.1 billion higher education bond approved by voters last November, which significantly increased the state's debt.

But Deputy State Treasurer Bob High said the potential credit downgrade is not related to the increase in the state's debt created by the bond.

"Issuing debt does not cause a downgrade," he said. "What the rating really means is an independent analysis says we're not managing our finances as well as we have in the past."

But a potential downgrade of the

state's bond rating could spill over to affect state institutions, like UNC-system schools, each of which is given its own bond rating.

UNC-Chapel Hill officials said the University is poised to reach an AAA bond rating, which could save the University \$1.2 million in interest fees.

Susan Fitzgerald, Moody's Investor's Service senior vice president, said it is possible for state universities to obtain a higher bond rating than their supporting state, especially when universities have independent ratings in their finances and governing.

Two bond-rating institutions recently lowered Tennessee's bond rating. When the state's rating lowered, Tennessee State University's rating followed suit.

UNC-CH Chancellor James Moeser said the University does not have as much autonomy compared to some other state universities, meaning that its bond rating might be affected by the state's. "We are very much tied to the state - 30 percent of our budget comes from the state."

The State & National Editor can be reached at stntdesk.unc.edu.

Great Hair Cuts

\$10
Haircut

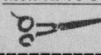
No appointments necessary
walk-ins only

Men, Women & Children

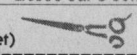
Mon-Fri 10-6

929-5411

Closed Sat & Sun



431 W. Franklin St.
(The Courtyard behind Pyewacker)



The Daily Tar Heel
P.O. Box 3257, Chapel Hill, NC 27515
Katie Hunter, Editor, 962-4086
Advertising & Business, 962-1163
News, Features, Sports, 962-0245
© 2001 DTH Publishing Corp.
All rights reserved

Office Supplies & More

1st Discount School & Office Supply Store in Chapel Hill

Top 10

reasons to get your school supplies here:

- 1 the best prices on pens in the USA
- 2 personal service (we actually know more than copy paper)
- 3 you can buy just one without getting ripped off
- 4 the best prices on staplers in the USA
- 5 every \$10 you spend, you get a free pen
- 6 friendly people (unless we're having a bad day)
- 7 yes, we have gift items as well
- 8 phone cards too!
- 9 if you're feeling down, we try to cheer you up
- 10 locally-owned (one store, no chain)

Bring in this ad for **10% off**
*limit one coupon per visit
105 East Courtyard Street
Next to Starbucks
929-8595

Get your year off to a great start with our affordable **Flexible Memberships**

Join before August 31st and receive your **First Month FREE**

Ladies fitness & wellness center

Ladies fitness & wellness center

First time members, some restrictions apply

969-8663
752 Airport Rd.
(Next to Foster's, 1/2 mile from campus)

Ladies fitness & wellness center