

BUDGET 2002-03

UNC-CH Receipts Could Go to Other Universities

House provision is now under review

By **CLEVE R. WOOTSON JR.**
Assistant State & National Editor

A provision in the N.C. House version of the state budget could strip \$7 million in overhead receipts from UNC-Chapel Hill and redistribute them to seven focus growth institutions in the UNC system.

UNC-CH administrators say the redirection would be detrimental to the University community, which generates roughly 70 percent of the system's overhead receipts.

"If it is a \$7 million cut, we would definitely have to look into making some changes," said Tony Waldrop, UNC-CH vice chancellor for research and graduate studies.

The Senate's version of the budget does not withhold any overhead receipt funds, and the two chambers will have to reach a consensus on the issue in conference meetings that started last week.

Overhead receipts, also known as facilities and administration funds, are included in federal grant money and are intended to cover additional research costs such as maintenance and utilities.

State legislators and universities have been at odds over the funds because the state already pays for many of the items funded by overhead receipts, leaving institutions with additional money.

Initially state representatives recommended taking larger amounts of overhead receipts from UNC-system schools and even redirecting them outside of the system.

Rep. Art Pope, R-Wake, proposed an amendment to the House budget putting 10 percent of the receipts in the state's rainy day fund and its repair and renovation fund.

Several other legislators called for taking even larger amounts from overhead receipts.

But Waldrop said all of the University's \$75.1 million in receipts for the current fiscal year will be used for necessary programs and services. Among other things, receipts are used for employees' salaries, construction projects and library funding.

"All of the (overhead receipts) are spent accordingly to fund the research and teaching at the University," he said.

Waldrop also said there are safeguards that prevent wasteful spending including audits by state regulators. University efficiency is evidenced by the fact that the amount of grant money the University is receiving is increasing at a time when many of its peer institutions' funding is decreasing.

"These rates (for grants) are re-evaluated on a yearly basis," Waldrop said. "If we were not spending these funds appropriately and they felt that we didn't have that reasonable infrastructure then that rate would be going down."

But Rep. Mickey Michaux, D-Durham said the House is making a statement by proposing to take away some overhead funds.

"In a way it's a matter of principle because the state has to pay for the utilities and things for the research," Michaux said.

But Michaux conceded that not all of the overhead receipts were wasted.

"If all of what (the universities) used them for were things that weren't worthwhile then we would take all of it," he said. "But we've seen receipts going for gourmet pizza and donations to Chapel Hill Transit."

The state intends to redirect the funds to worthwhile ends, Michaux said. The receipts would fund enrollment growth at seven focus institutions - Western

Carolina University, UNC-Pembroke and the system's five historically black universities.


"It helps the smaller schools to increase their enrollment," Michaux said, pointing to N.C. Central University, which has its largest freshman class ever beginning this school year.

But Senate Majority Leader Tony Rand, D-Cumberland, said senators and UNC-system administrators attempted to persuade House members to allow schools to keep their overhead receipts and will continue to do so in conference committee meetings.

"The Senate views (the issue of overhead receipts) as one of significant importance," he said. "This money is earned by those who are doing the research."

But Senate Majority Leader Tony Rand, D-Cumberland, said senators and UNC-system administrators attempted to persuade House members to allow schools to keep their overhead receipts and will continue to do so in conference committee meetings.

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Heel Notes

Overhead funds play a significant role in subsidizing UNC research in addition to being pivotal to the University's effectiveness in teaching. Overhead funds also help lower the bond rating, subsequently lowering construction costs.

Changes in overhead funds could affect:

- Employee salaries
- Public service projects
- Projects under construction
- Future capital projects
- Equipping new buildings
- Libraries
- Faculty start-up funds
- Research compliance
- Grants
- Innovation
- Economic progress

SOURCE: [HTTP://RESEARCH.UNC.EDU](http://RESEARCH.UNC.EDU) DTH/JOSH STALFORD

House	vs.	Senate
The N.C. House and Senate have submitted their versions of the budget for the 2002-03 fiscal year. While the two plans are similar on many points, they differ on some key appropriations. The House and the Senate will have to come to a consensus during the next few weeks.		
Public Schools		
Class Size Reduction: Adds \$42.4 million		Class Size Reduction: Cuts \$13.9 million
State Universities & Community Colleges		
Tuition Increase: House & Senate both recommend tuition increases of 8 percent for in-state students and 12 percent for out-of-state students at 16 universities		
Health & Human Services		
More at 4: \$28 million to expand program to prepare 4-year-olds at risk of failing school		More at 4: No proposed expansion
Justice & Public Safety		
Seat Belt Fees: No increase in cost of seat belt citations		Seat Belt Fees: Increasing seat belt citations to \$75, producing \$10 million
Environmental & Natural Resources		
Clean Water: \$40 million for trust fund		Clean Water: \$70 million for trust fund
Pay, Benefits & Retirements		
Pay Raises: None for Senate or House. Both offer 1.84 percent raise for teachers, instructional support workers and 1.89 percent for principals and assistant principals.		

SOURCE: THE (RALEIGH) NEWS & OBSERVER DTH/ADRIAL DALE

Proposed Sales Tax Would Aid Towns

By **MICHAEL DAVIS**
Assistant City Editor

Officials say the half-cent sales tax option approved by the N.C. House could help local governments with their budget woes.

In late July, the N.C. House adopted a half-cent sales tax option for local governments. This provision, designed to fill up budget gaps, appeared as good news to Chapel Hill and Carrboro town governments, but the bodies already had passed their own budgets.

Now local officials might have to wait several months before they can implement the sales tax increase, assuming the option also is passed by the state Senate.

Jack Vogt, a professor in UNC's Institute of Government, said that upon approval by the General Assembly the tax hike could technically go into effect on Oct. 1.

But Vogt said it will probably take longer for details to be resolved regarding the tax increase.

"January 1 might be the earliest feasible date," he said.

Vogt said local county commissioners have the final say on whether individual counties will enact the sales tax option.

"We're expecting most counties, but not all (to authorize the increase)," he said.

Orange County Commissioner Margaret Brown said the Board of Commissioners submitted a letter to legislators earlier in the year supporting the tax option.

She said the potential revenue is desperately needed. "The state took away \$300 million from us," she said. "That's a considerable sum of money."

Vogt said the additional revenue generated by a half-cent sales tax increase would replace local reimbursements held by the state.

But Vogt said that because reimbursements are frozen at a set rate, taxes will create more funds for the local governments.

"In the long term, the additional sales tax will provide more revenue for local governments than the reimbursements will," he said.

Vogt said some officials have argued that the tax can be made retroactive, but questions of legality have headed off most of this movement.

"The consensus of opinion over in the General Assembly is that the sales tax enactment should occur on or after the date of enactment rather than be made retroactive," he said.

Bill Stockard, assistant to Chapel Hill's town manager, said the town would consider using additional revenue to reduce the tax rate, raise town

employee salaries, and implement some capital improvement projects.

Carrboro Assistant Town Manager Bing Roenigk said that if the tax option is approved, the town will reconsider several projects that were placed on hold due to budget limitations.

"Should it come in, we have a list of needs we think really need to be funded," Roenigk said.

Among those projects are a market study to evaluate salaries for town employees, the replacement of athletic field lights and a tennis court fence at Anderson Park and capital purchases like dump trucks, she said.

Roenigk said that if the sales tax is enacted, the funds won't go to waste.

"We'll take the money and use it effectively."

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pus is in fact recruiting employees, Charest added, but vacant positions can't be filled until legislators finish their work.

"Because of the condition of the economy in general, we are getting lots of applications for positions that are open," she said. "But there still is uncertainty."

The wait for a budget has begun, but planning is not on the back burner.

The University already has established a five-year financial planning committee, headed by Nancy Stutenfield, vice chancellor for finance and administration. The group is charged with crafting a comprehensive plan for financial growth, given the unpredictability of the economy and funding for higher education.

In the meantime, campus leaders don't want the wrong perception toward UNC's budget crunch to arise.

"You have to put budget cuts into context," Moeser said. "These budget cuts are painful, but they're not going to be crippling. We could really be dramatizing the situation to say we'd be crippled."

Administrators say dealing with the cuts is just a matter of assessing possible long-term impact. "I don't want to sugarcoat it," Shelton said of budget cuts. "The key is to not have this persist."

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BUDGET

From Page 1A

Senate and will try to push the budget to the Senate side."

Both budget proposals include an 8 percent systemwide tuition increase for in-state students and a 12 percent increase for out-of-state. Both also provide the full \$66 million in funding that UNC-system officials requested for enrollment growth.

The House has offered \$4.5 million in funding for financial aid, while the Senate has appropriated none.

Redwine said House members will fight to have financial aid funding in the finalized budget.

"If we raise tuition, we need to fund financial aid," he said.

Senate President Pro Tem Marc Basnight, D-Dare, and other Senate leaders are willing to consider funding financial aid, said Amy Fulk, press secretary for Basnight.

"There's certainly a commitment in the Senate to higher education," she said.

LOBBYING

From Page 1A

quently.

Daum said student leaders organized two trips to Raleigh, but other than that, "They were on their own." Daum said she and Student Body Vice President Aaron Hiller went a few other times. Ducoite said he went two or three times a week.

After abandoning their battle cry from last spring to lower tuition increases, student leaders have instead focused on protecting overhead receipts and minimizing overall budget cuts.

Daum said the tuition increases approved by the UNC-system Board of Governors were just about set in stone and not a battle the students could win.

"With the economic climate there was no way to get anything back," she said.

Daum and student government officials worked closely with the administration through UNC-CH's lobbying coordinator Kevin Fitzgerald.

Hiller said that most legislators were open to meeting with students but that many already had their minds made up

when it came to the issues.

Hiller said students also ran into a knowledge barrier with many legislators who were not educated on the issues students were pitching them. "We were almost too prepared. I was very surprised with how uninformed many of them are."

Senate Majority Leader Tony Rand, D-Cumberland, said legislators enjoyed seeing students in Raleigh calling attention to University issues.

Student government and ASG officials said this summer's efforts were a success despite the multitude of University budget cuts still being discussed. "I think we persuaded some votes and were as effective as we could have been considering the state of the economy," Hiller said.

As she continues to lobby the conference committee, Daum said she is optimistic the final plan will include the minimal cuts necessary to the University budget. "We are hopeful and confident that a budget compromise out of the conference committee will be more favorable than the one coming out of the House."

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UNC

From Page 1A

most of that money is made up of people," said Risa Palm, dean of the college.

Palm said about 20 to 25 vacant positions likely will be eliminated this year, roughly the size of a medium-sized academic department.

Administrators have tried to make the process easier by levying a certain amount of autonomy to department chairmen and deans in deciding where to modify the budget. No across-the-board cuts are being mandated from the top down.

Palm is confident those department chairmen reporting to her appreciate the process. "I figure a department will know better if it needs to cut positions, supplies, travel, better than I do here," she said.

When a state budget is passed - which some say could happen in the next couple of weeks - all cuts will be reviewed by the provost's office, and adjustments will be made from there.

"What no one has here is a definite budget," said Provost Robert Shelton. "What we have are folks who took early decisions, which is good. Once we get the numbers, we'll address it from there."

Pinching Pennies

Deputy University Librarian Larry Alford is worried students might get frustrated when they go to Davis Library.

Despite budget cuts, the library will not reduce its hours - it's just that students might have to wait longer for help while they're there.

"One thing students are going to notice are larger lines," Alford said. About 20 percent of vacant positions in circulation will be left vacant until a state budget is passed, he explained.

Not to mention that on the UNC Libraries Web site is a list of more than 900 serials that could be cut when the state takes action. A reduction in spending for other books - possibly 10,000 to 15,000 fewer books - could leave a large gap in the collection, Alford noted.

Students won't just see the effects of the state's fiscal woes in the library - they'll feel it in the classroom too, in the form of larger classes.

Many departments have had to cut course sections from popular classes offered, and some have even had to cut lecturing positions.

James Thompson, chairman of the English department, said that although preliminary cuts were inevitable, it has been a priority to not impact introductory writing classes.

Because 10 course sections and about 1.5 lecturer positions were axed, smaller classes typically for sophomores and upperclassmen will be somewhat more crowded, Thompson said. "I'm sure

"Without remissions it would be almost impossible to go to graduate school," said Carol Lewald, a second-year anthropology graduate student.

Yaacov Ben-Shemesh, an international student from Israel, said remissions are just as important to him.

"Taking away tuition remissions means sending (international students) back home," said Ben-Shemesh, a doctorate student in philosophy. "We can't have a job because we teach and do research."

While the state's final budget is still being completed by a joint appropria-

TUITION

From Page 1A

to fund community college summer school programs.

"It effectively tells that they don't support the service out-of-state students do for the University," said Page, a medical student. "It is a shame because the legislature supported remissions completely a couple years ago."

Graduate students say remissions are integral to supporting their education.

tions conference committee, graduate department officials are not sure how they will cope with the shortage if passed.

"I don't want to speculate what that would mean," Dykstra said. "It is too difficult to tell what could happen."

She said the tuition remission incentive was a commitment made in good faith to students but was never a guarantee. "It is contingent on funding," Dykstra said. "We believe in good faith and will try very hard to meet the demand."

Page said he is confident that the University will honor its commitments

to graduate students.

But Dykstra said it will be difficult to find money elsewhere. "It would be very difficult (to take it from other areas)," she said. "Our budget is not that much."

Dykstra said she is optimistic that the Senate plan, which fully funds tuition remissions, will prevail in the committee.

"The bottom line message is we don't want graduate students to panic," she said. "The budget process is not quite over."

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Procedure:

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2. Second appointment will include: relaxation intervention or no intervention randomly assigned. Dental cleaning on 1/4 of the mouth, dental sensory perception questionnaires.
3. Third appointment will include: relaxation intervention or no intervention depending upon what second appointment included, dental cleaning on the remaining 1/2 of the mouth, dental sensory perception questionnaires, dental anxiety questionnaire.

Investigators: The principal investigator is Lynne Hunt, RDH, BS. Mary George, RDH, MA will act as co-investigator throughout the study.
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