

The Daily Tar Heel

Serving the students and the University community since 1893
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Weather: clear

An editorial A reasonable solution

It is extremely difficult to cover news when the news reporters are the news makers. But when an organization has a budget over \$250,000 and provides a daily service to the entire university community, any threats (internal or external) to that organization unavoidably make the news.

So the *Daily Tar Heel* has had to cover news events surrounding the financing of the *Daily Tar Heel*.

We have strived to be fair in our coverage of the controversy over *Tar Heel* funding. Within the spatial limitations, we have attempted to balance coverage of the stance of all parties involved in the cash flow impairment now suffered by the *DTH*.

Contrary to much gossip, the *Daily Tar Heel* has no grudge against Mr. O'Neal or any student government leader.

To help us minimize any slips of subjectivity, a member of the journalism school faculty, at our request, has read all news copy on this issue, checking for bias in coverage.

Nature of "the crisis"

The immediate "financial crisis" confronting the *Daily Tar Heel* is an artificial one, stemming from Student Government requirement that all printing and composition expenditures can be made only if there is cash on hand in *DTH* accounts. Because the first three issues of this year equalled two weeks' normal costs, cash reserves of the *Tar Heel* have been at an unusual low. That low cash position was worsened when Mr. O'Neal reversed an earlier decision to give the *DTH* access to all its allotted Student Government money. His month-by-month allocation system has left us without cash on hand at a time when advertisers have committed their money to fall inventories and cannot immediately pay debts owed to the *DTH*.

There is a normal delay between the sale of an ad and the receipt of payment for that ad. Money owed by advertisers is termed "accounts receivable." The *DTH*'s accounts receivable represent only 13% of its budget, an amount normal for a college daily according to a professor of the UNC School of Business.

DTH Business Manager Reynolds Bailey has said that only 4% of our debts turn out to be bad debts.

Yet some Student Government officials, in the name of "fiscal responsibility," have decided that this normal situation is not fiscally responsible and have sought to pressure the *DTH* business staff to reduce the level of accounts receivable. That pressure has come after Reynolds Bailey stepped up his efforts to collect unpaid bills.

This summer Mr. Bailey approached the Media Board, the overseer of *Tar Heel* finances, for the authority to take dubious accounts to small claims court. Prior to this time he had no authority to go to court; that authority has now lapsed and must be reinstated by the Media Board. He has contracted an attorney to pursue these debts and has worked out special arrangements with several advertisers who have shown good faith in paying their debts. All of this was initiated before Student Government officials began to exert external pressure. Mr. Bailey sent a member of his staff to work with Mr. O'Neal to collect past due accounts owed by student organizations. High-risk accounts may advertise only if these merchants pay in advance.

A clear good faith effort to keep accounts receivable low has been made by the business staff, and this effort began before external pressure was applied to the business manager.

The *Tar Heel* has yet to go broke. Its financial position is healthy when one weighs the \$2,500 debt owed to Student Government against the \$24,951.71 currently owed the *Daily Tar Heel*. If only 4% of this debt is defaulted, the *Tar Heel* will still be in good shape.

But because the *DTH* cannot use its Student Government money for the cash flow required by Student Government requisition regulations, cash on hand is limited. It cannot be increased by tapping accounts receivable, because accounts receivable are being tapped as fast as the law and the economic situation will permit. It cannot be increased by requiring that all ads be prepaid, because

many merchants use agencies, cooperative ads from manufacturers, and other arrangements which tie up their cash on hand. It can be increased only with the passage of time as the *DTH* lawyer gets results in court, merchants get money from their sale of inventory and normal billing procedures are followed.

The effects of the Student Body Treasurer's close control over *DTH* appropriation are many. The number of pages per issue have been reduced and available space to provide campus news and opinions has been limited. Ads have been turned away because there is not enough cash on hand to pay for papers large enough to include all the ads and still allow for sufficient copy to insure advertisers that readers will have some reason to look at every page. Current advertisers have been alienated because they have received threatening letters from our attorney. Potential advertisers have been alienated because we have not been able to extend them credit regardless of their prestige and credit rating within the business community.

We cannot serve a campus of nearly 20,000 students and 6,000 employees with four-page papers like today's issue. It was possible in an earlier day before the University and advertising grew so large. Four-page papers do not provide space for stories, announcements, entertainment features (Doonesbury and company), reviews, expressions of opinions and other information in large enough quantity to serve this campus. Only with money generated by larger 8- and 10-page papers can funds be set aside to build a nest-egg for eventual financial independence.

Solutions

Because the immediate crisis is artificial, the immediate release of one-half of the remaining *DTH* appropriation would allow us to print profitable and large issues. Profits from these issues would help avoid future cash problems. Advertisers would not be offended and abused. Campus news and opinion could again be reported more fully.

Longer range solutions to financial growth pains now afflicting the *Tar Heel* will surface in the long-range study voted by the Media Board September 2. The Media Board study is preferable to a substitute favored by the Campus Governing Council Finance Committee. The Media Board study group would permit more professional input from both business and journalism faculty and professionals. The Media Board already has strong ties to these schools because two of its members come from the business and journalism schools. Chairperson of the proposed group would be Dick Pope, a graduate student in business. Media Board members who would represent student views should be more familiar with publication-related issues than their CGC counterparts.

But more importantly, according to its bylaws approved by the CGC, the Media Board is the agency charged with supervising publications. If it has been lax in the past, it should be exhorted by the CGC to shape up. Chairperson Dick Pope has promised to make the board an active monitor. For CGC to circumvent its own established channels is to renege its own commitments and to discourage qualified people from serving on the Media Board. Why should anyone serve on a board which is not permitted to confront any challenging problem?

The long-term study can identify structural and individual deficiencies aggravating the cash flow situation. But no matter how many cash shortages, artificial or real, occur, as long as the *Tar Heel* continues to be in the black at the end of each fiscal year, there is no threat to the pocketbook of Student Government.

Fiscal responsibility requires sound business principles, not governmental regulations oblivious to business practices. The Media Board's long-term study will identify any long-term threats to the *DTH* financial situation, and corrective action can be taken by the board or by the CGC before the second semester *DTH* Student Government appropriation is released to the *Tar Heel*.

We can no longer tolerate real threats to the continued publication of this newspaper.

Fund situation endangers next week's 'Tar Heels'

by Jim Roberts
News Editor

The *Daily Tar Heel*'s funding troubles reached crisis proportions Thursday as a lack of funds forced the newspaper to print a four-page issue today and endangered next week's publications.

The newspaper needs \$1,500 to publish Monday's issue, *DTH* Business Manager Reynolds Bailey said Thursday. He added the advertising and business staffs will spend today collecting this revenue and that this money could probably be collected.

Bailey said Thursday the newspaper should not publish next week unless it can print issues of larger than four pages, since it is "impossible to print a four-page paper and break even."

The cost of printing a four-page newspaper is proportionately higher than printing a larger issue, Bailey said, and to break even the *Daily Tar Heel* would have to print advertisements on every page except the front page.

Bailey said today's small paper was caused by a lack of cash on hand to pay composition and printing costs. Student Government

treasury law requires organizations within its budget to requisition funds against a cash balance before entering into business transactions.

The *Tar Heel* does not have enough cash, Bailey said, because the business staff has not been able to bill businesses for advertisements which appeared in the first five issues. Bills for advertisements in the orientation issue are to be sent today, he said.

The *Daily Tar Heel* business staff cannot bill advertisers for a specific issue until the Student Activities Fund Office adds the outstanding revenue from that issue to the advertiser's accounts receivable (uncollected revenue.)

However, by Thursday morning only the accounts receivable from the first issue had been determined.

To print today's issue, the business staff has had to ask individual merchants to clear up their accounts. "Most of the people who are helping us are friends," Bailey said.

Many merchants have been unable to pay their accounts because, "most merchants have their money tied up in inventory," Bailey said. He listed the back-to-school and

the pre-Christmas periods as times when businesses expend their cash reserves to have larger than normal inventories.

Because the *Tar Heel* advertising personnel have devoted their time this week to the collection of advertising revenue, they have been unable to sell advertisements for Monday's issue, Bailey said.

Bailey also suggested the newspaper stop next week's publications so that revenue from today's billing can be received. In this way the newspaper could build up enough cash revenue without incurring printing and composition debts to be able to print full issues the following week.

In order to pay for the first few issues of the semester before advertising revenue was collected, Bailey had originally planned to use \$13,000 of its \$29,500 Student Government appropriation.

However, Student Body Treasurer Mike O'Neal agreed to release only \$3,900 of the appropriation. He later agreed to release another \$2,500 after the newspaper encountered cash flow problems.

O'Neal said he decided to allocate the *Tar Heel*'s appropriation in seven monthly installments, because he thought the

newspaper's accounts receivable had reached a dangerously high level.

The Campus Governing Council Finance Committee endorsed O'Neal's allocation system Tuesday night and by doing so, the CGC rejected a proposal made earlier that day by the Media Board that half of the newspaper's remaining Student Government appropriation be released immediately.

The CGC could direct the funds to be released, but a two-thirds vote would be necessary to even bring the issue to the floor.

The fund crisis has also caused delay in publishing the second issue of the *DTH* magazine, the *New Carolinian*, Ellen Horowitz said Thursday.

Horowitz said enough advertising has been sold to finance the magazine, but that the advertising revenue cannot be collected in advance of publication.

"If we hold off on the magazine, we will lose some ads and an immeasurable amount of the advertiser's trust," she said.

Salaries for the editorial and business staffs have also been held up by the lack of funds.

Financial factors a maze of figures

A News Analysis
by Art Eisenstadt
Staff Writer

Both Student Body Treasurer Mike O'Neal and the *Daily Tar Heel* Business Manager Reynolds Bailey have said one could spend hours explaining why the paper is having cash-flow problems today.

Essentially there are four direct causes of the current crisis, although they are all interconnected to some degree.

The *Tar Heel* faces a shortage of cash-in-hand because:

- the paper published 80 pages in three issues during the first week of the semester. Normally, this would be a standard production schedule for ten issues in two weeks.
- Student Government law requires the *Tar Heel* to requisition cash funds before entering into business transactions.
- Many of the *Tar Heel*'s merchant advertisers have a large percentage of their own cash tied up in inventory to meet the demands of their "back-to-school" sales.
- Although the *Tar Heel* had originally written its budget with the expectation of receiving about \$13,000 of its Student Government appropriation in August, it in fact received a total of \$6,500.

The first two factors are very closely related. Out of a total 1975-76 budget of \$219,000, the *DTH* receives \$29,500 from a Student Government subsidy. It raises the remainder of its funds from sales of advertising, classifieds and subscriptions.

Anticipating this large need for cash funds, Bailey requested that O'Neal release \$13,000 of the paper's remaining Student Government funds. The Campus Governing Council (CGC) appropriated \$29,500 for the *Tar Heel*'s use last spring. The paper spent \$3,000 of this amount over the summer, leaving a balance of about \$26,500.

Any organization receiving any amount of funds from Student Government must comply with its treasury laws. One such law requires that member organizations requisition funds against a cash balance before entering into business transactions.

The *DTH* had to pay \$8,000 to Student Graphics, Inc. to compose and to Hinton Press, Inc. to print the first three issues, a total of 80 pages.

This sum included the *Tar Heel*'s 54-page registration issue and a 16-page issue published the first day of classes. Normally, the *Tar Heel* will average 70 pages of printing in any ten given issues.

Because of Student Government law, the paper must requisition cash to pay Student Graphics and Hinton Press in advance of each issue. Thus, the *Tar Heel* needed an extraordinarily high amount of cash during the first week of the semester.

However, O'Neal decided to release the *Tar Heel*'s funds in monthly appropriations of about \$3,900. This amount was all that was originally available to the paper for its first week of publication.

O'Neal later agreed to advance the paper an additional \$2,500 of its September allocation to guarantee publication of the paper's first three issues. However, the Aug. 29 issue had to be compressed from a planned 12 pages to six pages.

While the paper did not have the cash to print without an infusion of Student Government funds, it did make a profit on its first three issues. Most of this revenue is in the form of accounts receivable, or uncollected bills.

Since the *Tar Heel* needed cash to operate, and did not have the money forthcoming from Student Government that it had anticipated, the business and advertising staffs devoted almost all their working time over the past weeks towards collecting advertising accounts.

Most of this revenue is being collected from summer advertisers, however. Advertising bills for the paper's first three fall semester issues are currently being processed and mailed.

Although the paper has been able to collect enough revenue to print this week, many merchants have spent a good portion of their cash-on-hand to build up their inventories, now that 20,000 students are back in town.

Most of the revenue from ads sold in the first three issues will be collected in mid-to-late September.

Thus, questions center on why O'Neal would release only a total of \$6,500 to the *Tar Heel* at present, instead of the \$13,000 it requested.

O'Neal said the paper's level of accounts receivable was too high because some of the accounts could turn out to be bad debts.

Bailey has said he does not feel more than \$1,500 of the \$25,000 in accounts receivable would be uncollectable. The paper had anticipated this level of bad debts in its budget. In addition, the paper has retained the services of an attorney to collect money from certain overdue accounts.

O'Neal also said in a statement last week that the *Tar Heel* was operating "in the red"

and wants to insure that the paper would have some of its Student Government revenue to fall back on in later months.

To this extent, he has offered to meet with Bailey once a month to determine how much of a Student Government subsidy the paper would require for the coming month.

As of now, the paper is "in the red" only in that it does not now have the cash on hand to meet its immediate needs. According to figures supplied by it the *DTH* business department, the paper is making a profit so far this year.

Under the advance requisition system, the paper's accounts receivable are all but useless for the present. The paper's accounts receivable rate of 13 percent (out of its total budget) is normal for a daily college newspaper, though, according to a source in the School of Business Administration.

Two commissions to investigate the finances and operating procedures of the *Tar Heel* have been established recently.

Tuesday, the Media Board voted to form a task force including at least three Media Board members and three graduate students

or professors from the Schools of Business Administration or Journalism.

Later that day, the CGC Finance Committee established a similar group, composed of CGC Rep. Doug Smith, Media Board member Bill Moss, and two professional business analysts from either the faculty or the community.

CGC will vote next Tuesday to determine which committee will perform the study.

The task forces were created to recommend a new set of operating regulations for the *Tar Heel*, possibly freeing the paper from the current requisition system, and to investigate the paper's financial status.

CGC could also vote to release any given amount of the Student Government funds allocated to the *Tar Heel*.

At this time, Finance Committee has not approved such a bill, although it was scheduled to meet again Thursday night. A bill could still be brought to the CGC floor with the approval of two-thirds of the members.

Ruffin now a women's dorm

by Bob King
Staff Writer

This fall, for the first time since its construction in the early 20's, Ruffin dorm is filled with exclusively women students.

Due to the planned increase of enrolled women at UNC over the past few years, University Housing last year converted Ruffin to a women's residence hall, scattering disgruntled men from their former home.

But the approximately 70 freshman and 30 upperclass women are happy with their new surroundings. "We've already had three mixers!" one resident said.

Women who moved from South Campus dormitories to Ruffin like the dorm's location, adjacent to the Union parking lot. "I haven't had to worry about catching the bus," former James resident Connie Parrish said. "In fact, I haven't even bought a bus pass this year."

"This place is smaller and I've gotten to know more people," Janet Shively, a sophomore from Memphis and former Cobb resident, said.

Men displaced by the dorm change seem to feel their rightful territory has been invaded. "Guys will pop into our rooms and say, 'This used to be my room; what have they done!'" Sally Singleton, a sophomore from Greenville, said.

"Or guys come over here all the time and watch what they call their TV," she

added. Ruffin's social fees helped pay for the television and an ice machine last year.

University Housing's physical improvements at Ruffin have made immediate benefits for Virginia Massey, a graduate student from Durham. Massey, working toward a double masters in vocational rehabilitation and student personnel services in higher education, is a victim of cerebral palsy and is confined to a wheelchair.

"I've been very pleased by all that's been done, especially considering how slowly the wheels of the University usually grind," Massey said this week.

While handicapped students may live where they wish, Housing has made enough physical improvements this summer in Grimes and Ruffin to accommodate students confined to wheelchairs.

Massey said the physical improvements are a beginning in campus programs to help handicapped students. The potential exists here for a comprehensive rehabilitation center, with a number of graduate programs, counseling, tutorial and recreational programs," Massey said.

"In five or 10 years, we could have one of the best programs in the nation. I'd like to see a full-time, central advocate in the University structure for handicapped students' interests."

Segregation of all handicapped students on one floor is a fear of Massey's, but until a large number of wheelchair-bound students are enrolled, she said she doesn't expect a problem.

Transcribers drop 10 classes

by Tim Pittman
Staff Writer

Due to several professors' objections, the Triangle Transcriber Service has dropped 10 of the 30 classes the service originally planned to record for sale to students.

"Some professors liked the idea of transcripts and others did not," Ken Joyner, president of the transcriber service, said. "Some went along with us because they wanted to see how it (students using transcribed lectures) goes."

The Transcriber Service records lectures

and sells verbatim transcripts to students for \$15 per semester. Although the service is new to North Carolina, Joyner said similar businesses operate in some Northern schools and on the West Coast.

The Transcriber service tried last week to obtain official administration approval, but the Chancellor's Administrative Council decided not to grant authorization.

A memorandum from Chancellor N. Ferebee Taylor's office said the authorization was not granted because the Council felt "that such an enterprise would have a stultifying effect on the educational

process."

Several professors are contending that transcripts of lectures will hamper the learning process.

"Learning to take notes and summarize information is a vital part of the learning process," associate history professor James R. Leutze said.

Leutze added that the \$15 fee for the lecture transcripts will create an economic barrier in the class and will encourage students to cut class.

"If they insist on recording my lectures," Leutze said, "I'll write up my own outlines,

sell them to students for \$7.50, and donate the money to the scholarship fund for minority and disadvantaged students."

Dannie J. Moffie, whose Business 150 class was advertised as one of the classes for which transcripts were available, said his course was not suitable for recording because of the number of handouts he uses. "Attendance is not the point in this matter," Moffie said. "After thinking it through, I realized that students were being ripped off by the \$15 fee. With my type of class the

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