THE DAILY CLIPS

January 28, 2009

News, commentary, and opinion compiled by the East Carolina University News Bureau from:

The Greenville Daily Reflector
The Raleigh News & Observer
The New York Times
The Wall Street Journal
USA Today
The Charlotte Observer
The Fayetteville Observer
The Greensboro News & Record
Newsweek
U.S. News & World Report
Business Week
Time

East Carolina University News Bureau
E-mail to durhamj@.ecu.edu  Web site at http://www.news.ecu.edu
252-328-6481 FAX: 252-328-6300
Market troubles create vicious cycle, economist says

By Tom Marine
The Daily Reflector

Tuesday, January 27, 2009

Uncertainty in the mortgage and credit markets has caused distrust among lenders and paranoia in the general public, said Rick Niswander, dean of the College of Business at East Carolina University.

Speaking Tuesday as part of the Greenville-Pitt County Chamber of Commerce's Power ’09 series, Niswander said home loans packaged into securities and sold to investors now have dubious value, which means nobody knows what these assets are worth. As a result, he said equity markets are reacting to the credit freeze.

"This is fundamentally what happened in the mortgage and credit markets," Niswander said at the Brook Valley Country Club. "We have a bunch of assets and we don't know how much it's worth, so everybody seems to expect the worse."

Nearly 100 local business leaders attended the luncheon, which was rescheduled due to the snowfall last week.

Looking into his "crystal ball," Niswander said the economy may continue its slide through 2009, but could begin to turn around in the fourth quarter. He stressed the United States was not in a depression and there was a very low possibility it would enter one.

Instead, the dean said, the big picture shows the nation is in a recession, it will get out of this recession and the situation must be placed in the proper perspective.

"We're in a bad time and it will get worse before it gets better, but we will come out of it," Niswander said. "We have to remember what happened when we get out of this, whenever that may be."

The big unknowns, he said, are the impact of the upcoming federal bailout and how the credit markets will respond to it.

Following Niswander's presentation, a panel of local business owners and advisors addressed some strategies that could help companies during rough economic times.

Jim Ensor, director of the Small Business Center at Pitt Community College, told the audience to remember the five universal truths of business — 80 percent of revenue comes from 20 percent of the company, cash flow is vital, take an objective look at the company to make it run more efficiently, customers buy what they want, not what they need, and don't be afraid to make changes.

"It's a matter of paying close attention to the basics of running a business," Ensor said.

Marty Hackney, who works for ECU's Entrepreneurial Initiative, said the business owner's main objective should be to survive this recession. However, in order to accomplish that, she said there may be some tough decisions made along the way.

Hackney also said innovation is the key to helping the economy recover.

To close the program, Niswander was asked about the federal bailout package and why local governments are not doing more to help struggling businesses.

He said the intent of the bailout is to jump-start the economy by fixing and upgrading the infrastructure.
As for the role of local government, he said a diversified economy, similar to the one in Pitt County, will not be handcuffed to one or two businesses that close.

"Everybody had a significant role in where we are today," Niswander said. "We all played a part in this. We are also all going to play a part in getting us out."

Contact Tom Marine at tmarine@coxnc.com or (252) 329-9567.

Copyright 2009 The Daily Reflector All rights reserved. - -
Science educator: Religion can exist alongside evolution

By Josh Humphries
The Daily Reflector

Wednesday, January 28, 2009

You do not have to give up a belief in God to subscribe to the principles of evolution, said Eugenie Scott, executive Director of the National Center for Science Education.

Scott gave the Sallie Southall Cotten Lecture on Tuesday at East Carolina University to a crowd of about 200 in Wright Auditorium.

The lecture is part of the ECU scientific community's celebration of the 200th birthday of Charles Darwin.

Scott's lecture, "Darwin's Legacy in Science and Society," explained the history of Darwin's theories and their effects on theology and general society.

Scott also discussed scientific ideas that predated Darwin but challenged the accepted beliefs of Christians in the western world.

"If one thing evolves, it's religion," Scott joked.

She described how the mainstream religious community has accepted varying principles of evolution and natural selection over time.

"Darwin's view is associated with shifts on how we view humans within nature," Scott said.

Scott has served as the executive director of the National Center for Science Education, a pro-evolution nonprofit science education organization with members in every state, since 1987.

Scott advocates keeping evolution in the public school curriculum for several reasons, but mainly, she said, because students will be behind when they get to college, where evolution is not as controversial and is taught in biology classes routinely.

She said it is unfortunate that science is thrown into cultural arguments over teaching evolution in schools or saying that a person cannot believe in God and evolution at the same time.

Science should not be used to make arguments for either side of the spectrum, she said.

"Science is too important to be hijacked by atheism or theology," Scott said.

"If you say science proves that God does not exist, you are abusing science. The opposite is also true."

The lecture was part of the Thomas Harriot College of Arts and Sciences "Voyages of Discovery" series.

Contact Josh Humphries at jhumphries@coxnc.com or (252) 329-9555.

Copyright 2009 The Daily Reflector All rights reserved. - -
Editorial: In Raleigh - Legislature set to tackle state budget

Wednesday, January 28, 2009

With a revenue shortfall estimated to reach $2 billion greeting their return, lawmakers will gavel to order the 2009-2010 session of the General Assembly at noon today. Though the first day is often both celebratory in honor of the newly elected member and heavy of procedure, the mood may be somber with the state facing so massive a fiscal challenge.

That challenge is borne by a souring national economy which has not spared North Carolina, but it is one mirrored in nearly every other state in the union. That means that through adversity — which will force tough decisions about how to fund essential services — can opportunity be found, as thoughtful decisions at this dark hour can position the state to perform with greater efficiency for the future.

In a presentation released this week by the Legislature’s Fiscal Research Division, the state’s revenue shortfall could reach $2 billion by the end of the fiscal year. While the departing Gov. Mike Easley attempted to mitigate the impact of that sum by holding down spending in his final months, Gov. Bev Perdue and legislative leaders have quite a mountain to climb in order to craft a balanced budget in the coming weeks.

It would be difficult to imagine the Legislature will opt to explore wholesale tax reform, even though it promises the type of long-term solution to the state’s revenue needs. Instead, lawmakers will turn toward familiar tools — small tax increases in some locations, spending cuts in others — to bring the budget into balance. Were they only to have the courage and fortitude necessary for an overhaul of the tax system, they would find no better time to act.

But the budget will not be the only issue at the forefront of debate in this session. Mental health reform promises to cut an imposing profile, one that reflects the enormity of the need for efficient, reliable and effective mental health care for thousands of state residents. Perdue has proposed reorganizing the bureaucracy of the state’s education leadership and a constitutional amendment is not beyond possibility. Other measures — including those limiting smoking in public areas, expanding public access to records and improving the state’s crumbling infrastructure — will be tackled as well.

Advocating for Pitt County are three familiar faces in the House — N.C. Reps. Marian McLawhorn (District 9), Edith Warren (District 8) and Arthur Williams (District 2) — as well as N.C. Sen. Clark Jenkins (District 3). They are joined by N.C. Sen. Don Davis (District 5).

Residents here can have confidence in that group, and in the seasoned legislative leadership readying itself for this session. Given the stakes, the General Assembly’s work promises to echo for years.

Copyright 2009 The Daily Reflector All rights reserved. - -
Bowles wants to rein in UNC tuition

System president tells UNC board that tough times call for tamping down tuition and fee increases and putting more into aid

ERIC FERRERI, Staff Writer
Comment on this story

CHAPEL HILL - UNC system President Erskine Bowles is recommending lower tuition and fee increases than public universities requested for the 2009-10 school year, saying that students and parents needed some protection during tough economic times.

In a memo to members of the UNC system's Board of Governors, Bowles recommends slicing the tuition and fee increase plans proposed by each public campus by 33 percent. Additionally, he proposes that the maximum increase in tuition and fees for resident undergraduates be 4.5 percent, significantly lower than the 6.5 percent guidelines the UNC system follows.

Under Bowles' recommendation, tuition and fees at UNC-Chapel Hill next year would be $5,275. That represents an $80 saving over the increase sought by the university. At N.C. State, in-state undergrads would pay $5,159, while at N.C. Central University, they would pay $3,741.

Overall, Bowles' recommendations, which must be approved by the board, would reduce the average tuition and fee increase across the system to 2.8 percent.

"Put plainly, most North Carolina families cannot afford a 6.5 percent increase in undergraduate tuition and fees," Bowles wrote in explaining his plan to lower the cap. "At the same time, we need additional resources and the flexibility to use those resources wisely in order to lessen the impact of this recession and related budget cuts on our university."

Bowles recommends that 40 percent of the revenue gained from tuition and fee increases be...
used for need-based financial aid. That's a higher level than some campuses had planned to use for that purpose.

"In light of the economy, we expect to have many additional families requesting aid for next year," Bowles wrote.

The state has ordered the system to make cuts of 6 percent to its current year's budget. That's about $150 million that will be passed along to the campuses.

In his memo, Bowles wrote that the cuts will result in, among other things, larger classes, fewer sections, the elimination of some courses, reduced availability to libraries and laboratories, the increased use of adjunct faculty, an elimination of research centers, reduced counseling, tutoring and advising, and the loss or inability to recruit and retain faculty.

The UNC system board's budget and finance committee will discuss Bowles' recommendations Friday morning.

eric.ferreri@newsobserver.com or 919-932-2008

Get $150+ in coupons in every Sunday N&O. Click here for convenient home delivery.
Innovation Center gets Chapel Hill's approval

Comment on this story

UNC-Chapel Hill has won approval from the Chapel Hill Town Council for the design of the first building on the Carolina North campus.

The council voted Monday night to approve the Innovation Center, a three-story building on Martin Luther King Jr. Boulevard on the old public works site north of Estes Drive.

The 80,745-square-foot building will house laboratories, offices and support facilities and will serve as an incubator for businesses that evolve from scientific research at the university.

The university agreed to construct a building that will be 25 percent more energy efficient than the latest standard set by the American Society of Heating, Refrigerating and Air-Conditioning Engineers at the time the building permit is issued, probably in 2010 or 2011.

Bruce Runberg, the UNC-Chapel Hill associate vice chancellor, said the current Horace Williams Airport will not need to close before the Innovation Center's projected opening date in 2013 but only when the university begins construction of a law school or other facility at other sites on the campus.

All rights reserved. This copyrighted material may not be published, broadcast or redistributed in any manner.

Get $150+ in coupons in every Sunday N&O. Click here for convenient home delivery.

© Copyright 2009, The News & Observer Publishing Company

A subsidiary of The McClatchy Company
ECU alumni invited to hear from the deans

From Staff Reports
Comment on this story

Two East Carolina University deans will speak at a gathering sponsored by the alumni association in Raleigh at 6 p.m. Thursday at the Capital City Club.

Rick Niswander, dean of the College of Business, and Paul Cunningham, dean and senior associate vice chancellor for medical affairs at the Brody School of Medicine, will share information about their colleges, the current state of the economy and health care, and how alumni can stay involved.

The cost is $10 per alumni association member and $15 per nonmember. To register, call the alumni association at 800-328-4723 or go to www.PirateAlumni.com/deansondeck.

All rights reserved. This copyrighted material may not be published, broadcast or redistributed in any manner.

Get $150+ in coupons in every Sunday N&O. Click here for convenient home delivery.

Staff writer Jim Wise; Staff writer Jesse James DeConto

© Copyright 2009, The News & Observer Publishing Company

A subsidiary of The McClatchy Company
Group urges NCSU to end deal with Bayer

DAVID RANII, Staff Writer

Comment on this story

A German activist group is attacking N.C. State University for agreeing to collaborate on research with Bayer CropScience and accepting a $1 million endowment from the company to establish a chair in sustainable development.

"Bayer has a long history of giving precedence to profits over human rights and a sound environment," the Coalition Against Bayer Dangers wrote in a recent letter to university officials. "By helping this corporation to greenwash its image, you reduce the concept of sustainable development to absurdity. We therefore urge you to stop this cooperation."

Bayer CropScience's endowment and collaboration with the university's College of Agriculture and Life Sciences was announced last week in conjunction with a symposium at the university titled "Stewards of the Future: Research for Global Sustainability Tomorrow."

Bayer CropScience has its U.S. headquarters in Research Triangle Park, where it employs 450 people. It's a subsidiary of Bayer AG, a corporate behemoth based in Germany whose businesses span the pharmaceutical, materials and agribusiness sectors.

The Coalition Against Bayer Dangers has been monitoring -- and criticizing -- Bayer for decades, but it has stepped up its efforts in the wake of the controversy surrounding one of Bayer's best-selling pesticides and the disappearance of millions of U.S. honeybees. In August, the group filed a complaint in Germany alleging Bayer knowingly polluted the environment. Company officials have rejected the contention that its pesticides played a role in the bees' disappearance.

Johnny Wynne, dean of the College of Agriculture and Life Sciences, said he has not seen the letter and knows of no reason "at this particular point" to end the collaboration.

Wynne said the school has had discussions with Bayer CropScience officials on sustainability issues such as reducing greenhouse gases, protecting water supplies and biodiversity.

"I have not had any concerns about working with them in these areas," he said.

Bayer CropScience spokesman Jack Boyne said he was unaware of the coalition's protest, but he added, "The Coalition Against Bayer Danger is an activist organization with a very clear bias against Bayer."

"The $1 million that Bayer has put forward to establish a chair of sustainable development, I think, is a very noble activity," Boyne said. "N.C. State has a very long history of collaboration with the private sector. If you look at Centennial Campus, I would say that the central focus of that is to foster this collaboration."

david.ranii@newsobserver.com or 919-829-4877

Get $150+ in coupons in every Sunday N&O. Click here for convenient home delivery.

© Copyright 2009, The News & Observer Publishing Company
January 27, 2009

Data Show College Endowments Loss Is Worst Drop Since ’70s

By KATIE ZEZIMA

The value of university endowments fell about 23 percent on average in the five months ended Nov. 30, according to two newly released reports.

The steep declines are forcing colleges and universities across the country to contemplate wage freezes, layoffs and a halt to construction projects.

The drop found by the reports is the biggest in the value of college and university endowments since the mid-1970s, said John S. Griswold Jr., executive director of the Commonfund Institute, which manages money for educational institutions and other nonprofits.

“It’s been very sudden in some ways,” Mr. Griswold said. “There were people predicting the decline a year ago or more, but I don’t think anyone could claim to see the extent of this. These are unprecedented numbers.”

The reports, prepared for the National Association of College and University Business Officers by the financial services company TIAA-CREF and the Commonfund Institute, drew on data from 796 institutions for the 2008 fiscal year, which ended June 30, and on additional statistics gleaned from a follow-up survey with 435 for the period from July 1 to Nov. 30.

They found that while endowments gained in value by about 0.5 percent in the old fiscal year, they lost nearly a quarter of their worth in the subsequent five months, a period in which the financial markets sank.

“It’s a rolling contagion that hit us,” Mr. Griswold said.

The pain was spread among institutions large and small, private and public. When endowments were categorized by size, even the least affected — those worth more than $1 billion — were found to have lost an average of 20 percent. Those of $500 million to $1 billion saw the biggest decline, about 25 percent. Public institutions lost an average of 24 percent, private institutions 22 percent.

“Both public and private institutions are going to be very challenged, just in different directions,” said P. Brett Hammond, chief investment strategist of TIAA-CREF. “States are in trouble themselves, and the downturn in state support comes along with declines in investments. In the private sector, at the same time endowments have declined students need more help than ever.”

Cornell is facing a 10 percent budget shortfall for the current fiscal year because of a 27 percent decline in its endowment over the last six months, a drop in state financing and alumni giving, and students’ need for more financial aid, according to a report issued this week by the university’s president, David J. Skorton. To close the gap, the university plans to freeze campus construction and draw on $150 million in reserve cash and $35 million
more from the endowment than was planned.

Syracuse University has already announced layoffs, and Dartmouth, whose endowment lost 18 percent of its value from July 1 to Dec. 31, has said they are inevitable.

"We continue to fund approximately 35 percent of the college-only operating budget through endowment distributions, and we do not have additional revenue sources that can replace this level of support," Barry P. Scherr, Dartmouth's provost, and Adam Keller, executive vice president, said in a statement issued last week.

"We anticipate that some of our endowment investments will continue to show losses," they added, "and that many of our generous donors will be unable to give at the same levels for some time to come."

Charles L. Schearer, president of the private Transylvania University in Lexington, Ky., said the endowment there, which finances about a quarter of the operating budget, had lost 28 percent of its value since June 2007. Transylvania has cut back on staff travel, declined to fill job vacancies, frozen overtime and halted all construction projects. The university is planning a major fund-raising push in the next year to help make up for the endowment losses.

"We're going to have to capture some of that money back," Dr. Schearer said in an interview. "We're not looking at this as if there will be a rapid recovery. We're anticipating a slow and gradual recovery."

Sixty percent of the institutions responding to the follow-up survey said they did not expect to change the amount they draw from their endowments in the current fiscal year.

Mr. Griswold thinks that wise.

"People aren't making snap decisions, decisions that seem based on a panic reaction," he said. "That's terrific. They should keep a steady hand on the helm."