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# CAROLINA JOURNAL

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## Legislature Faces Fiscal Reckoning in 2007

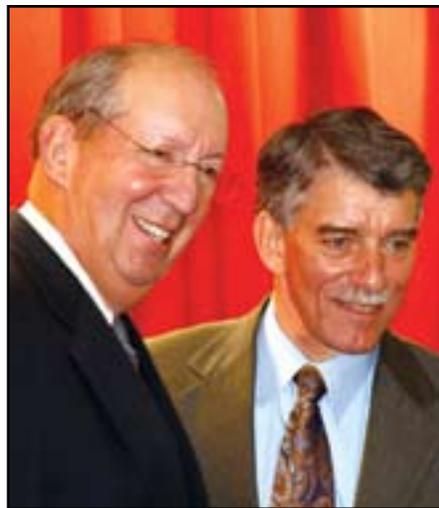
By MITCH KOKAI  
Associate Editor

RALEIGH

Cash or credit? That's one of the most important choices North Carolina lawmakers could make this year. It's a choice that could affect future state budgets, the state's credit rating, even the 2008 governor's race.

"I'm afraid the history of the last few years is when they run out of money from current-year sources, they just say, 'Roll out the credit card, and let's run it up,'" said Rep. Paul Stam, R-Wake, the newly elected N.C. House minority leader. "And that's what we would have to oppose."

Stam and his Republican colleagues have fewer numbers this year to oppose plans from the General Assembly's Democratic majority. Voters gave House Democrats five more seats in the November election. Democrats now hold a 68-52 majority over Republicans



CJ photo by Don Carrington

*"I see no reason for us to keep raising debt service to the point that it's a major item in our budget. We've always been a fiscally sound state, and I want us to stay that way."*

Rep. Hugh Holliman  
House Majority Leader

(Shown on the left in photo with House Speaker Joe Hackney)

for the session that started Jan. 24. Senate Democrats picked up two seats to boost their majority to 31-19.

"We're looking at things we can do

in education, such as looking at the high dropout rate, looking at what we can do to get kids better prepared for going into the work force," said Stam's counterpart,

Rep. Hugh Holliman, D-Davidson, the new House majority leader. "In health care, we're extremely concerned about a million and a half people uninsured and trying to make health care more affordable. Those are big problems without easy solutions."

Democratic priorities will likely shape the next state budget, and the majority party has enough votes to decide whether to seek billions of dollars in bond packages during the next two years.

Last summer, advocates started a push for statewide bond referendums targeting school and road construction, water and sewer projects, housing subsidies, and land or "open space" preservation. After the November election, a *News & Observer* report suggested bond requests could total \$9 billion.

Democratic lawmakers could run

Continued as "Fiscal," Page 2

## Good COP, Bad COP: Lawmakers Will Have to Decide

By MITCH KOKAI  
Associate Editor

RALEIGH

If North Carolina strains its debt load in the coming months, the state's residents will be able to blame more than just taxpayer-endorsed bond packages.

"We've kind of overdosed on certificates of participation, COPs," said Senate Minority Leader Phil Berger, R-Rockingham. "A lot of folks don't know what COPs are, but, in essence, that's a bond that doesn't require a vote of the people. And our Founders were pretty

smart about these kinds of things.

"They felt like it was a good policy, and I agree with the position, that if you're going to burden the next generation with debt, then what you ought to do is require that the people vote on that and not just the elected representatives. But what's happened is over the past several years

*"We've kind of overdosed on certificates of participation, COPs."*

Sen. Phil Berger  
R-Rockingham

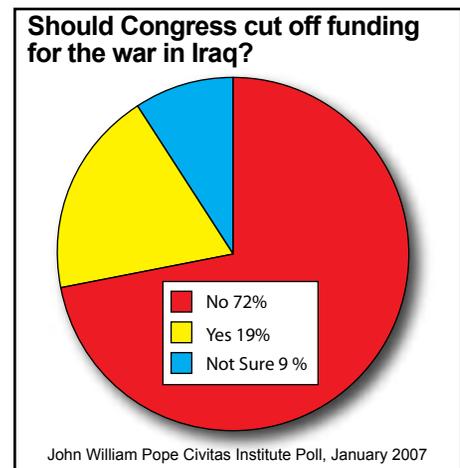
we have dramatically increased the bonded indebtedness of the state of North Carolina. We've done it some with votes of the people, but in great measure we've done it with these COPs obligations."

COPs made headlines in September, when the Council of State voted, 4-3, to authorize \$200 million in debt

funded by COPs. The debt was tied to a \$1.4 billion building program introduced in the General Assembly in 2003. The program targeted funding for state psychiatric hospitals, university medical programs, prisons, a new public health laboratory, and an expanded N.C. Museum of Art.

Republicans on the Council of State cast the dissenting votes, noting their concerns about the state's ability to pay its debts. North Carolina already

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# Fiscal Issues to Dominate 2007

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into opposition from their own party if they consider issuing bonds approaching that figure. State Treasurer Richard Moore, a likely candidate in the next governor's race, has warned that the state can afford to take on no more than a fraction of that proposed bonded indebtedness.

In a forum for bankers and business leaders in early January, Moore suggested North Carolina could afford no more than \$1.5 billion to \$2 billion in new debt. "These are all worthy projects with noble goals," Moore said, according to the *Winston-Salem Journal*. "But we must maintain our commitment to keep our financial house in order. We can't allow ourselves to confuse what we want with what our state needs."

Moore recently trumpeted North Carolina's return to the top-level credit rating from all three bond-rating agencies. Moody's Investors Service upgraded its rating Jan. 12. North Carolina is one of only seven states throughout the country earning the top government rating from each credit-rating agency, according to a statement from Moore's office.

Some legislative Democrats are ready to heed Moore's warnings. "I think we need to prioritize that list," Holliman said. "I'm in the treasurer's camp on that, that we don't go over our borrowing limit and that we prioritize and do as we can. I see no reason for us to keep raising debt service to the point that it's a major item in our budget. We've always been a fiscally sound state, and I want us to stay that way."

"On roads, we need this much, and on mental health, we need that much," he said. "You know, these are big, big dollars. We can't do everything for everybody. So we'll have to make choices."

Others want to hear more opinions before making a decision. "The treasurer has put a limit on us that he wants to do, but I think we may be able to go beyond that," said Rep. H. M. "Mickey" Michaux, D-Durham. "It's hard to tell. I'm just going to have to wait and see what the recommendations are that come out of that — from the treasurer and our bond counsel and everybody else."

Republican leaders say they will urge caution as the state considers new debt. "I think we've reached the tipping point in terms of our bonded indebtedness," said Senate Minority Leader Phil Berger, R-Rockingham, "and I certainly have great concern about increasing that. Even the Democrats, some of them, are now saying that we've got to be careful about how much bonded indebtedness we take on.

"And people ought to be worried about it. Some people say 'let them worry about it tomorrow,' but it has a component of worry about it today as well because if we borrow the money, that



In foreground, Speaker Pro Tem Marc Basnight (left) and Sen. Tony Rand applaud opening of the 2007 session. (CJ photo by Don Carrington)

means next year we've got to make the first payments on that borrowed money. So that takes money away from our ability to spend on current things. There's no question we've got great needs in the state of North Carolina. There's no question there are some things long-term that need to be done. I just think we need to be really careful about turning to bonds or [certificates of participation] in order to meet those needs."

### Structural deficit

To borrow or not to borrow, that is one of the questions lawmakers must address in the new legislative session. They will also decide how to expand, tweak, or contract an annual state budget that totals \$18.9 billion.

Decisions made during the last legislative session could affect this year's debates. Lawmakers chose to spend most of a \$2.4 billion budget surplus. "Last summer, we warned the Democrats publicly and in writing that they were spending so much that they would have a \$1 billion shortfall," Stam said. "Yes, they have a \$1 billion shortfall, and so, naturally, they're going to want to raise taxes. And it's our job to help them keep a lid on spending. And when they try to overspend, expose it."

Stam refers to a possible shortfall, or "structural deficit," in the new budget that will take effect in July. The latest projections show the state ending the current budget year with a surplus.

"Our revenues continue to come in a little higher than what we had planned," said Sen. David Hoyle, D-Gaston, cochairman of the Senate Finance Committee. "We're about \$130 million to \$150 million ahead. Some of it is onetime money. But we're optimistic we'll waddle through this one about like we have. You know people said there's a \$1 billion shortfall. We still have a structural deficit on recurring expenses

versus recurring revenues, but we've been dealing with that fairly successfully for the last eight or 10 years, so I guess it will be business as usual."

Business as usual is what bothers Berger. "The biggest concern I've got is that we have, as was indicated when we adopted the budget last year, a deficit coming into this session, at a time when revenues are at all-time highs and the economy is in fairly good shape," he said. "The fact that we've got a budget in place that is out of balance is a real concern. The spending side of the ledger is just continuing to balloon at rates that far exceed the rate of inflation and the rate of population growth. The fact of the matter is that puts pressure on the revenue side."

Pressure on the revenue side prompts Republicans to predict that Democratic majorities might recommend delaying scheduled tax relief. The final quarter-cent of a temporary sales tax increase is scheduled to disappear July 1. "There's been a promise made, year in and year out since 2001, that temporary increases in taxes that were put in place to deal with the last budget shortfall that we had would be removed," Berger said. "When we finally had an opportunity last year with a more than \$2 billion surplus to keep that promise, it was not kept.

"It was partially kept, I guess you could say," said Berger, referring to the decision to chop a quarter-cent off the sales tax rate in the fall. "The rest of it was put off to this year. My concern is that with the revenue figures that we're seeing and with the fact that we're now being told that we're still in a deficit situation as far as the new budget, I think it makes it that much easier for the Democrats again to break that promise."

Gov. Mike Easley suggested in a 2006 year-end news conference that he

Continued as "Fiscal," Page 3

# Fiscal Reckoning Faces Legislature in 2007 Session

Continued from Page 2

might be willing to recommend that the state keep the extra quarter-cent sales tax in place, if he and state lawmakers can agree on a different use for the money. If the tax disappears, or "sunsets," in legislative terms, taxpayers would keep as much as \$200 million to \$260 million next year.

"I think you'll see the tax sunset," said Hoyle, one of the Senate's key tax writers. "I think we made that commitment. Somebody would have to introduce a bill to say we're not going to do that, and I don't see that gathering a whole lot of support."

## New taxes

With or without the "temporary" sales tax, some members of the opposition party say a structural budget deficit will lead to calls for more taxes. "I could be somewhat humorous and ask, 'Do cows moo?'" asked Stam. "They will propose tax hikes, and the question is how many of them and how insistent the drumbeat is for additional programs as to whether they get it or not."

The justification for the new taxes is predictable, Stam said. "They always use the same tactic and the same argument," he said. "Take the greatest need in the entire state, and try to convince people that the last little bit of taxes is going to pay for that greatest need. But the truth is the greatest need is paid by the first dollar of taxes that is never in danger. It's the very lowest item in the priority list that's paid by the last dollop of taxes. There's hundreds of millions of slush and corporate welfare in the budget. There's just no need for additional tax rates."

Stam's Senate counterpart is not as certain that Democrats will openly seek a tax increase. "I don't think anybody's really talking about that," Berger said. "The closest thing that I think people are talking about in terms of new taxes is this idea of modernizing the tax code.

I actually believe that there are some things that we need to look at in terms of the tax code, but I am wary of some of the calls for modernization and feel that is, in essence, a call for a tax increase and an attempt to do that without folks realizing that's what's transpiring.

"The reality is that if in fact the Democrats do all of the things they've promised they're going to do and continue to do things as they've done in the past, we don't have a adequate revenue under the current tax levels to meet that. We already are the highest-taxed state in the Southeast. There's just no question about that. The Tax Foundation tells us we're actually, as far as tax policy, 40th in the nation. There are only 10 states that are worse than us in terms of tax policies for business purposes. So this idea of modernizing the tax code seems to me kind of plays right into what appears to be a possible need for increasing revenues in order to fund further increases in spending."

Hoyle helps lead the legislative commission studying modernizing the N.C. tax code. The group faces "interesting" challenges and opportunities, he said.

"If additional revenues are absolutely necessary to balance the budget going forward down the road, I think the proper place to address it is with this modernization study commission," Hoyle said. "Let them make some recommendations. It may be something

politically acceptable. It may not be."

## Sales tax swap

One item on the table is a proposed swap of state and county revenues and responsibilities. One form of the swap involves the state taking over county Medicaid obligations and one cent of the county sales tax revenue. In return, lawmakers would give counties the option of raising the sales tax rate by another one cent.

"That's obviously being debated," Hoyle said. "There are some folks who say we need to look very, very carefully at that. Some people say it's a tax increase any way you look at it. But it will be on the table. It will be out there for discussion. It may be tweaked. It may be changed. It may pass out of this commission. It may not. It's just hard to say what's going to happen."

"We're intending to give some interim report in probably May to the General Assembly, so that may be part of the interim report. It may not. It depends. There's a lot of mixed emotion about that issue."

Hoyle has not made his own decision about supporting the sales tax swap. "I'm going to listen," he said. "I have concern about the additional sales tax going on at a full penny. I don't know whether the full penny is necessary. Maybe a half-cent might make me a little more agreeable. The state's going to have a windfall pickup [the difference

between the additional sales tax revenue and the increased Medicaid cost] the first two, three, or four years until the lines cross when the inflation gets us. But I'm going to keep an open mind to everything."

Another top Democrat also questions the proposal. "That's been floated out there about a year now," Holliman said. "I haven't seen how those numbers work out, so I'm still not convinced that's fair either way. But I'm sure it will be an item on the table. A lot of counties are very concerned about the Medicaid expense. To a lot of our low-population counties, it's a big problem. It's one we're going to have to address. It's hard for us to absorb everything on the state level."

Stam gives the idea mixed reviews. "I agree with relieving the counties of the Medicaid burden because they have no control over that expenditure," he said. "They shouldn't be asked to pay for it if they can't control it. I don't agree with anything that increases the sales tax for many reasons. It's nondeductible for most people against your federal income tax, so every dollar we get from the sales tax instead of a deductible tax is 20 cents to Washington, D.C."

"Second, it's highly regressive. And it's just high enough. I believe we're the highest among the states around us, so it's a competitive disadvantage for our merchants."

Lawmakers should take a different approach to funding state government priorities, Stam said. "I think every year for the last four or five years, spending has significantly exceeded population plus inflation, which is one measure of spending growth," he said. "Obviously, if there are more people or if the value of money decreases, a budget that inflates at that rate is not taking a bigger bite of the economy. But we have vastly exceeded that over the last four or five years. It's unsustainable. Last year, the increase in spending was 9.7 percent, when the rate of inflation plus population growth was 5.6 percent." CJ



Former Speaker Jim Black (left) and Rep. Paul Luebke greet each other on the first day of the 2007 session. (CJ photo by Don Carrington)

# Good COP, Bad COP: Lawmakers Will Have to Decide

Continued from Page 1

had debts of more than \$6 billion at the time of the vote Sept. 12.

Council Democrats supported the COPs plan, after Deputy State Treasurer Vance Holloman assured the group that the new debt would not force North Carolina to surpass its voluntary debt limits.

State lawmakers could feel more pressure to use COPs in the new session. For instance, state projections already show a need for prison beds. When the state's newest prison opens in Columbus County in 2008, the state

already projects a shortage of 380 prison beds. That number would grow to 6,300 beds by 2016.

Last spring, corrections officials unveiled a 10-year, \$260 million capital plan that called for two new prisons and new dormitories at existing prisons. "As the population of this state grows, the number of prison beds has to grow, too," said Rep. Joe Kiser, R-Lincoln, a former county sheriff. "Just like you have to build more schools when the population grows, you have to build more prison beds, too, or you will let the criminals run free. And we don't want that to happen."

That's just one area of state government with advocates who will push for increased funding. As others make their case, some lawmakers will look closely at any proposals to use COPs.

"I don't think it is [a good idea], except in emergencies," said Rep. H. M. "Mickey" Michaux, D-Durham. "For instance, things like a cancer hospital, things like that, we may need to use COPs for. But in the main, I would much rather see it go out to a bond issue."

Others have concerns about substantial new levels of debt funded by COPs or traditional bonds. "The state treasurer's been warning us we might

be getting close to exceeding our bond capacity," said House Minority Leader Paul Stam, R-Wake. "And if you start to borrow more than you should, then your rates go up — the interest rates you have to pay."

"If we're borrowing under certificates of participation or other nontraditional debt, that is just as big an impact upon the state budget as if voter-approved bonds had been passed. So we should look at the overall amount of debt and the amount required to pay the debt service. We should also determine whether the items in question are appropriate for bonding in the first place." CJ

## Cultural Resources: We'll Make Tall Ship Event Debts 'Go Away'

By DON CARRINGTON  
Executive Editor

RALEIGH

The Friends of the N.C. Maritime Museum released a report in mid-December admitting that it lost more than \$1.8 million on the Pepsi Americas' Sail 2006 event staged in July in Beaufort and Morehead City.

The report also says N.C. Department of Cultural Resources Secretary Libba Evans agreed to "make the debts go away" if a 36-acre parcel of land in Beaufort owned by the Friends was deeded by gift to the state. State taxpayers already paid \$3.2 million for the land in 1997 even though it was being held in the name of the Friends.

The Friends is a nonprofit organization that supports the work of the three North Carolina Maritime Museums. The main museum is situated in Beaufort. The Friends is also the parent organization of Pepsi Americas' Sail 2006.

The three-page document, "A report to our members and to the community from the leadership of the Friends of the N. C. Maritime Museum," was dated Dec. 10 and listed Friends board member Dave DuBuisson as a contact for further information.

"Any way you look at it, it's been one heck of a year for the Friends of the NC Maritime Museum," the report says. "What follows is an overdue effort by the Friends leadership to bring our membership and the larger community up to date on the events of 2006. The report is overdue because during several months of negotiations with the Department of Cultural Resources, we agreed — very reluctantly — to avoid public comment concerning either Pepsi Americas' Sail or pending arrangements covering the Gallants Channel property. We are no longer so constrained."

Gov. Mike Easley and top state officials approved the acquisition of the Gallant's Channel parcel at the monthly Council of State meeting Oct. 3. The council is composed of the governor and the other nine independently elected state officials, such as the state treasurer, lieutenant governor, and agriculture commissioner. By law, the council is required to approve state real estate transactions.

After the transfer, stories by *Carolina Journal* indicated the land deal was linked to operating losses from the Pepsi Americas' Sail event, and that the deed transferring the property had been recorded before the council meeting.

The Friends report confirms the link. When asked why the deed to the 36-acre property was signed and recorded before the Council of State meeting Oct. 3, DuBuisson told *CJ* that it was done at the direction of Cultural Resources Chief Deputy Secretary Staci Meyer, who is also a lawyer.

Cultural Resources spokeswoman Maryanne Friend confirmed to *CJ* that Meyer ordered the transfer before the Council of State approval.

According to the report, the Pepsi Americas' Sail event had income of \$2,534,363 and expenses totaling \$4,358,816, for a net loss of \$1,824,453. Half of the loss was covered by a loan

*"In retrospect, it's clear that the Friends lost control of the costs when responsibility for event management, advertising and public relations and transportation was turned over to others."*

Americas' Sail 2006 Report  
Friends of NC Maritime  
Museum

secured on the Gallant's Channel property and about \$900,000 remains a debt to be paid by the Friends.

The Friends borrowed just under \$5 million to improve the property and provide cash flow to put on Pepsi Americas' Sail. Contractor's bills totaling \$432,000 have still not been paid.

The report says the Gallants Channel property acquired by the

Friends 10 years ago would eventually be deeded to the state, but only when Department of Cultural Resources was ready to commit to expanding the museum at the site. Friends officials thought Pepsi Americas' Sail looked like an opportunity to jump-start development.

"In retrospect, it's clear that the Friends lost control of the costs when responsibility for event management, advertising and public relations and transportation was turned over to others. The job clearly required the help of professionals, but the pros were not careful with our money." The report did not say who the "pros" were, but research by *CJ* indicates that the Department of Cultural Resources made most of the major spending decisions.

The report also cites other event problems. It claims that Americas' Sail, the owner of the franchise, did not produce enough tall ships. In addition a race was moved offshore where no one could see it.

"We must find a way to hold the Department of Cultural Resources to its side of the bargain for the Gallants Channel land. The property is security for construction loans totaling \$4.4 million plus the tall ships line of credit for a total of \$5.3 million," according to the report. The report says that in a meeting with Friends officers in late summer, Evans proposed that the Friends' land be deeded to the state in return for which she would "make the debts go away."

The General Assembly appropriated \$1.65 million from last year's budget to "enhance transportation infrastructure for the Friends of the N. C. Maritime Museum/Tall Ships Event in Beaufort." Most of those funds went to a Vienna, Va.-based company, Transportation Management Services. It was the Department of Cultural Resources that selected TMS and agreed to administer the \$1.25 million contract. For that amount, TMS brought in buses from North Carolina and other states and managed parking lots.

A \$300,000 Golden LEAF grant was made to the Friends of the N.C. Maritime Museum to support the staging and promotion of Pepsi Americas' Sail. Evans is a member of the 15-person Golden LEAF board, which is set up to distribute tobacco settlement funds. The Department of Cultural Resources spent another \$225,000 assisting the festival.

Several media reported earlier this year about a separate \$30,000 party for public officials, sponsored by the N.C. Ports Authority, that was conducted on a boat borrowed from the N.C. Department of Transportation Ferry Division.

The N.C. State Auditor's spokesman Chris Mears told *CJ* that state auditors are investigating the finances of the Friends, the Pepsi Americas' Sail event and the related land transaction. *CJ*

## Sentencing Continued for Former DOT Ferry Division Director

By DON CARRINGTON  
Executive Editor

RALEIGH

U.S. District Judge Terrence Boyle continued a hearing Jan. 22 in which a former director of the N.C. DOT Ferry Division was to have been sentenced for making false statements that obstructed an investigation of illegal dredging in the Currituck Sound.

In May 2004 state workers in the division of the former director, Jerry Gaskill of Cedar Island, used workboats to "prop wash" a channel in an essential marine habitat. The dredging was done in a futile effort to establish passenger ferry service across the Currituck Sound. When news reports about the incident surfaced, Gaskill and other Ferry Division officials said the damage done to the sound was accidental.

A jury convicted Gaskill in June of

making a material false statement to the Corps of Engineers during an investigation of the dredging. His false statement obstructed federal efforts to identify the dredgers and to begin remediation at the site. The crime is classified as a felony and sentencing guidelines call for a 27- to 33-month prison term.



Former Ferry Division Director Jerry Gaskill

He told the judge that he never made a false statement. Boyle critically questioned both defense attorney Thomas Manning and the government prosecutor, Assistant U.S. Attorney Banu Rangarajan. He asked Manning why he did not object to an obstruction-of-justice claim

contained in a pre-sentencing report. Boyle also took issue with Rangarajan's recollection of some evidence presented at the trial. Boyle said he was continuing the hearing so he could review the trial transcript, including previous motions made by Gaskill's lawyer to dismiss the jury's verdict.

Four other Ferry Division workers pleaded guilty last year to participating in the dredging. Three pleaded guilty to misdemeanors and received no active prison time. Another worker, Billy R. Moore, pleaded guilty to a felony. He is to be sentenced in February.

The U.S. Environmental Protection Agency, the N.C. Bureau of Investigation, the U.S. Coast Guard Investigative Service, and the Corps of Engineers conducted the investigation.

Previous *Carolina Journal* stories reported that the new ferry service faced several obstacles. Plans for the project

were initiated soon after the Currituck County Board of Commissioners asked State Sen. Marc Basnight in July 2002 to help establish a ferry service to transport schoolchildren from the Outer Banks to the mainland.

But previous stories by *CJ* showed that a scheme to transport resort workers and tourists was a major factor behind the project.

The 2002 state budget bill ordered the Department of Transportation to perform a feasibility study. Gaskill conducted a study and submitted it to the General Assembly in May 2003. The proposed route would have been about 12 miles across the shallow Currituck Sound from the Currituck community to the Corolla community.

"The proposed ferry service is feasible, assuming the appropriate permits can be obtained," Gaskill concluded in the study. *CJ*

# Easley's Waterfront Lot Gains \$648,365 in Value

By DON CARRINGTON  
Executive Editor

RALEIGH  
Waterfront property in Carteret County owned by Gov. Mike Easley has gained \$648,365 in value since he bought the lot in an exclusive subdivision only a year ago.

The Carteret County Tax Department on Jan. 16 set the fair market value of Easley's lot at \$1,198,245. The governor bought the land in the Cannonsgate subdivision for \$549,880 Dec. 16, 2005. The gain almost approaches his pay as governor for six years.

The scheduled countywide revaluation involved nearly 60,000 parcels. The new tax appraisals show Easley's property is the second most valuable lot in the 525-lot, 287-acre, gated subdivision on the mainland across from Emerald Isle Beach. New-home construction should start this year.

The lot bought by Easley and his wife, Mary, comprises 0.36 acres. Initial lot sales were through private offerings or word of mouth, said three lot owners, who did not want to be identified. *Carolina Journal* was unable to determine how Easley learned about the property and who set the purchase price for his lot. The governor's press office has not responded to questions about the transaction.

When Easley became governor in 2001 his annual salary was \$118,430. The General Assembly has increased it three times and it now totals \$130,000 per year.

When Easley purchased the lot the tax value was \$536,335, but that figure was based on what the estimated fair market value would have been in the year 2001.

Last year *Carolina Journal* reported that Easley, apparently through political supporters, acquired the lot at a bargain



Gov. Mike Easley's lot (outlined in white at entrance of the Cannonsgate marina, was bought for \$536,335 and is valued at nearly \$1.2 million a year later. (CJ photo by Don Carrington)

price compared to others who bought lots in Cannonsgate. The *Charlotte Observer* also published a story that reported the same circumstances.

The new tax information was recently made available online. Easley's lot was initially valued at \$730,011. Raleigh real estate developer E. Stephen Stroud owns the only Cannonsgate lot comparable to Easley's. Both lots are the only two that front the Intracoastal Waterway on one side and the entrance to the new marina on another side. The tax office set the new value of Stroud's lot at \$1,329,150, but Stroud's property was classified as Sound Front, while Easley's was classified as Marina Front, which carried a lower value per front-foot.

In early January *CJ* contacted County Tax Administrator Carl L. Tilghman seeking an explanation for the discrepancy. On Jan. 16 he said that he asked his staff to review the value on Easley's lot. Easley's lot was reclassified to Sound Front and the new value was established at \$1,198,245.

Easley bought the lot from Cannonsgate developer R. A. North Development, Inc. of Matthews. Randolph M. Allen is listed as the company president, according to the N. C. Secretary of State Office's corporation records. In June 2005 Easley appointed Allen to a six-year term on the N.C. Wildlife Resources Commission.

Initially, Allen did not return several phone calls from *CJ*. But during a break at a meeting of the Wildlife Resources Commission in Raleigh in December, Allen briefly discussed the project with *CJ*. Even though Allen's signature appears on Easley's deed, Allen said he had nothing to do with setting the price for Easley's lot.

He said the marketing company set the price, but Allen later acknowledged that his brother and development partner, William G. Allen, controlled the marketing company Southeastern Waterfront Properties. Last year, lead broker for Southeastern, Mace Watts, refused to discuss the details of Easley's purchase.

Real estate investor Lanny Wilson of Wilmington, through his company Cannonsgate Investments, LLC, provided \$12.5 million in financing for the project. Wilson's Deed of Trust to the developer is dated July 8, 2005. Wilson is a major political donor to Easley and other Democrats. Easley appointed him to the Real Estate Commission and to the N.C. Board of Transportation.

Advertised as "the Crystal Coast's most coveted address," the Cannonsgate master plan includes a 75-slip marina, tennis courts, a pool, and a clubhouse.

Cannonsgate literature describes the lots as follows: "Imagine having the excitement of the Intracoastal Waterway at your doorstep. Roll up your jeans to dig for clams, drop anchor and fish for hours in the plentiful waters, or just relax and watch the world float by while you enjoy that incomparable waterfront lifestyle."

"The homesites along the marina offer an exceptional social lifestyle. Imagine the buzz of activity as you peruse the docks and get ready for a day on the boat with family and friends. Venture out for an evening stroll and wave 'Hello!' as you put your feet up to read the latest best seller, iced tea in hand. The marina group will be a community of friends like no other."

A deed of trust shows Easley secured a \$494,000 loan for the Cannonsgate lot from Branch Banking & Trust Company of Whiteville.

According to his Statement of Economic Interest filed with the N.C. Board of Ethics in February, in addition to Cannonsgate, Easley owns three other properties: a home on East Lake Drive in Raleigh, a home on the Cape Fear River in Southport, and one-half interest in a home at Bald Head Island. He carries mortgages on all properties except the one at Bald Head Island. *CJ*

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## NC Delegation Watch

## McHenry wants rights

Rep. Patrick McHenry, N.C.-10th, joined four fellow Republican House members last month in calling on House Speaker Nancy Pelosi to support the Minority Bill of Rights — a House resolution to implement “the exact guidelines Pelosi outlined in 2004 as then-House Minority Leader.”

“The bottom line is that Speaker Pelosi thinks Minority Leader Pelosi is wrong,” McHenry said. “Speaker Pelosi and the Democrats campaigned on an open Congress, and their first act is to shut down debate. The Minority Bill of Rights gives Pelosi a chance to lead with integrity instead of rule by force.”

But according to a *Washington Post* report, media members challenged the now-minority Republicans on ignoring Democrats who wanted similar rights when they were in the minority.

“You can play back, almost verbatim, Democrats . . . saying almost exactly what you all just said,” said CNN’s Dana Bash. “So is there a little bit of hypocrisy in you saying that you want minority rights?”

According to *Post* reporter Dana Milbank, “Further disappointment came when (a) questioner elicited the confession that none of the lawmakers had previously sympathized with Pelosi’s plea for minority rights. McHenry unfurled excuses: ‘We were not in Congress. . . I didn’t have the opportunity. . . She did not put it in legislative form.’”

## Dole: School funds needed

Sen. Elizabeth Dole of North Carolina asked the Office of Management and Budget to financially assist some military communities as they prepare for an influx of schoolchildren that will result from the 2005 Base Realignment and Closure round.

The Fort Bragg and Pope Air Force Base BRAC Regional Task Force predicts that in the next four years, more than 3,600 school-aged military dependents will arrive in their communities.

In a Dec. 21 letter to OMB Director Rob Portman, Dole and eight other senators asked the OMB to allocate funds in the president’s fiscal 2008 budget to help build the additional infrastructure needed to accommodate high volumes of new students. *CJ*

## 110th Congress

## Democrats Getting into Driver’s Seat in D.C.

By KAREN WELSH  
Contributing Editor

WASHINGTON  
N.C. representatives were appointed to several key committees at the opening of the Democratic-controlled 110th session of Congress in January.

Rep. David Price, D-N.C., was appointed to the Appropriations Committee and was approved as chairman of the Homeland Security appropriations subcommittee by the House Democratic caucus.

Price was unable to return a phone call by press time, however, a statement from his office said he understands the responsibility of overseeing the government’s efforts to protect Americans. Price said his primary task on the subcommittee is to write the annual funding bill of the Department of Homeland Security.

“I assume this role fully aware of the unrelenting intent of our enemies to inflict catastrophic damage on our civilian population,” Price said. “I am also acutely aware of the many hazards we confront from natural disasters such as hurricanes, floods and wildfires.”

Rep. Virginia Foxx, R-N.C., said it will be difficult to take a back seat as the minority party on the three committees on which she has been serving. The committees are the Committee on Education and Labor, the Agricultural Committee, and the Committee on Oversight and Reform.

“I’m nervous about the next couple of years,” she said. “I think the American people were sold a bill of goods during the campaign. They’ve (Democrats) fooled Americans into thinking that they are doing something to change.”

She said her goals on the Committee on Oversight and Government Reform are to apply Republican principles of reducing government and to make government more accountable.

Foxx said that one of her biggest concerns while serving on the Committee on Education and Labor is the No Child Left Behind Act. “I will be, frankly, surprised if NCLB is going to be renewed,” she said. “The Democrats don’t want the president to get the credit for NCLB. I don’t think they’ll stand for it while Bush is in office.”

Other Republicans on Capitol Hill are encouraging bipartisanship. Along with most of his Democratic counterparts, Rep. Walter Jones, R-N.C., said he opposes the war in Iraq and sending more troops to the region. He is on the House Armed Forces Committee with Rep. Mike McIntyre, D-N.C., and Rep. Robin Hayes, R-N.C.

Besides ending the conflict with Iraq soon, Jones said his goals for the coming session are renaming the departments of Navy and Marines, improving the quality of life for women in the military, providing a \$100,000 payment to

“I’m nervous about the next couple of years. I think the American people were sold a bill of goods during the campaign.”

Rep. Virginia Foxx (R-NC)

families that have a Marine killed in the line of duty, and upgrading health-care benefits for military retirees.

Hayes said his primary goals while serving on the committee are national and economic security and winning the War on Terrorism at home and abroad.

Hayes said he wants to strengthen the military and homeland security at the same time.

He said the best place to start is North Carolina. Hayes said he wants to build and maintain a strong industrial base in the state. “We need to be able to supply ourselves in time of war,” he said. “We need to stop the outflow of jobs, bring jobs back home, and keep those jobs at home.”

Hayes also wants to make sure the Base Realignment and Closure Law, passed in 2005, is fully funded, allowing Fort Bragg to receive everything it was promised to become a top state-of-the-art military base.

McIntyre agreed.

“Fort Bragg needs to get out of the World War II mind set,” he said. “We need to upgrade the facilities. BRAC has been enacted into law and we need

to make sure we modernize our facilities.”

Although McIntyre supports spending money for military improvements at home, he said one of his roles on the Armed Services Committee is to make sure taxpayers’ money is not squandered overseas.

“The Armed Services Committee held a meeting with the General Accounting Office to examine and explore the auditing and expenditure of funds being spent in Iraq,” he said. “We want to make sure the funds are being used for reconstruction purposes in Iraq. It’s under strong scrutiny and oversight.”

One area where McIntyre said he wouldn’t skimp is providing adequate funds to protect soldiers with better equipment during wartime.

“We absolutely must make sure all of our troops have all the support, ammunition, and equipment they need,” McIntyre said. “They need to be properly protected and have proper vehicle armor. I will continue to fund the quality-of-life issues.”

All three N.C. representatives on the Armed Services Committee said they feel strongly about helping veterans of war.

McIntyre said he filed a Veteran’s Outreach Improvement Act on the first day of the new session of Congress. The bill would allow funding for more veterans’ health clinics, medical centers, and outpatient clinics. It would also provide extra funds for the Veteran’s Office to educate veterans about the many benefits available to them.

“We need to do everything we can to properly honor our veterans,” McIntyre said. “We need to honor their sacrifice and service in tangible ways.” *CJ*

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## John Gizzi On Elections: 'Freakish, Foolish and Iraqophobic'

**W**hite House correspondent John Gizzi of *Human Events*, participated in the John Locke Foundation's 2006 post-election Headliner event in Raleigh. He also discussed election results with Mitch Kokai for Carolina Journal Radio. (Go to <http://www.carolinajournal.com/cjradio/> to find a station near you or to learn about the weekly CJ Radio podcast.)

**Kokai:** Many different people have been trying to dissect what these election results mean. When you've had a chance to analyze what we know so far and what has been determined, what's your general impression?

**Gizzi:** Well, I break it down into three categories. And I did not expect this election result at all. I believed, after a district-by-district analysis, that Republicans would cling to the majority in the House. I was wrong because I didn't deal with three factors. I call them the freakish, the foolish, and the Iraqophobic.

The freakish, quite frankly, in a year when the tide runs against the party in the White House, races that one never looked at before and members that were considered safe often get caught

up in it. Jim Leach, a 30-year member of Congress from Iowa, went down. Jim Ryun, the great Olympian and 10-year congressman from Kansas, lost a race that no one was looking at until the very end. Congressman Clay Shaw of Florida, the senior Republican on the House Ways and Means Committee, had the misfortune of being in the district next to Mark Foley's and got caught up in the tide.

In terms of the foolish, I believe with all my heart that anyone who abuses the public trust, for financial or personal gain, is going to get caught, and it's going to hurt in the long run. Bob Ney of Ohio, who was forced to resign, became a poster child for corruption. The same was true of Duke Cunningham of California, now serving an eight-year prison sentence. Don Sherwood of Pennsylvania added a new venue to politics when he ran com-



Journalist John Gizzi discusses the mid-term elections at a John Locke Foundation Headliner event in Raleigh recently.

mercials admitting he had an extramarital affair but denying that he strangled his girlfriend. All of this brought down people, as I mentioned, Clay Shaw in a neighboring district. There were some unusually close races in the Buckeye State of Ohio. And overall, sometimes you have a hybrid between freakish and foolish. Tom DeLay and Mark Foley both left their seats in Texas and Florida, respectively. Neither

could get off the ballot, and Democrats won by default.

Finally, Iraqophobic. There is no doubt that in this election cycle, the public frustration over Iraq and what seems to be a lack of direction or a failure to explain the policy hurt. And this has been a pattern in American history. Every time there has been a war, the party in the White House will lose an average of seven seats in the Senate and 32 in the House of Representatives. Franklin Roosevelt's Democrats in 1942 came within eight seats of losing their majority in the House. Lyndon Johnson in Vietnam watched Republicans almost gain and make back the losses they suffered from his landslide election to the presidency, two years before. So it was with Iraq.

**Kokai:** There are some, especially those on the Left, who might suggest that, "Well, this is a return to the old style of politics in which people support the Center-Left candidates." Others are saying, "This is the return of the moderate, and the center is where politics should go." Do you agree with any of these assessments?

**Gizzi:** I categorically disagree with them. And I would point out that anyone who makes that case now forgets, either by omission or commission, that the Republicans, in modern times the party of conservatism, abandoned conservative principles in so many fronts. I'll just cite two of them for the sake of length.

One was in spending. I had people from the Republican National Committee come up to me at their last meeting in Minneapolis and say, "We are no longer the party of smaller government and less spending." And that's been the gold standard of conservatism for decades now. I don't have to give the details. The fact that the Department of Education grew exponentially, more under George W. Bush than Bill Clinton — the fact that this president signed a Medicare prescription drug package

that was the largest entitlement since Medicare—and the fact the president vetoed absolutely nothing until this year speaks for itself.

Also, the issue of illegal immigration. I'm not going to get into the nuances of it except to say that when one part of the party, the executive, speaks in a voice and mixed metaphors vastly different from the party at the other end of Pennsylvania Avenue — that is most people running for re-election to the House or seeking seats in the House — you are bound to have a confusing, mixed message, and that makes it easier for the other side to win.

**Kokai:** Regardless of which party controls Congress now, can this election result turn out to be good news for people with conservative values, a chance to show that straying from conservatism is what hurt the Republicans and sticking with conservatism might get them back in power?

**Gizzi:** Absolutely, because they certainly didn't follow that in the last election, so why not go back to one's roots? I point out to you that sometimes the heavy drinker has to fall down a flight of stairs to straighten out and sober up. Sometimes the heavy smoker needs to cough up and have a violent hacking cough to quit the habit. So it is that Republicans need to go through an election like this and suffer the worse setback of a sitting president in 12 years to get back to their roots on spending, immigration, and knowing precisely who they are. I might add that the most conservative president since Calvin Coolidge, Ronald Reagan, was also the president who had the most people from the other party cross over party lines to vote for him.

**Kokai:** What should we, as people who are interested in seeing limited government, conservative principles, what should we be looking for from Republicans or conservative Democrats in the next couple of years to see that they are moving back on the right track or to see that, hey, you still need to make some changes before we are going to support you again?

**Gizzi:** [House Republicans] can put tremendous pressure on the man at the other end of Pennsylvania Avenue, George W. Bush, to get back to his roots as a conservative and begin fighting schemes for more government spending, possibly even getting the president to veto some bills. President Gerald Ford, when he was faced with the Congress elected after the Watergate year of 1974, nonetheless vetoed spending measures and got enough votes from remaining Republicans and conservative Democrats to uphold his veto. George W. Bush could learn from him. *CJ*



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## State School Briefs

## Cumberland ponders leasing

The Cumberland County school system is considering an option that sounds familiar to many car shoppers: Buy or lease?

School officials are weighing who would be better off building and owning a \$14 million elementary school in the western part of the county, *The Fayetteville Observer* reports.

The Board of Education and the county commissioners are the first local government boards to seriously study the issue since the General Assembly passed a law last year permitting this kind of private ownership of public schools.

Last week, the county commissioners approved an agreement that directs an architectural firm to determine whether the school system can save money by leasing. Leasing allows private firms to take advantage of tax incentives and other credits that a government, like the school system, cannot receive, said Tim Kinlaw, associate superintendent of facilities. Many of the incentives reward energy-efficient measures, such as solar panel installation.

The school system might also save money by having the private firm cover the maintenance costs, said Kinlaw.

## Bus fumes worry enviros

Installing pollution-control devices on N.C. school buses could keep students from breathing harmful diesel fumes, environmentalists say after testing new technology in Charlotte and Gaston County, the *Charlotte Observer* reports.

Diesel exhaust carries fine particles and chemicals linked to cardiovascular disease, lung cancer and respiratory disease, including asthma attacks. Children are especially vulnerable.

Fumes seeping inside buses' passenger compartments can reach concentrations three to five times higher than in outside air, according to tests in Charlotte and four other cities. The tests evaluated buses from Charlotte-Mecklenburg and from Gaston County schools.

Pollution-control devices attached to the tailpipe and engine can reduce the emissions by 90 percent, the tests found, said June Blotnick of Charlotte's Carolinas Clean Air Coalition.

One type of filter that fits on a tailpipe costs about \$5,000, she said. The Clean Air Task Force, a national advocacy group, provided money and technical help to do the tests. CJ

## Parents Complain About CMS Conference Slides

By KAREN WELSH

Contributing Editor

RALEIGH

Who holds the accountability specialist accountable? That's the question that parents of special needs students enrolled in the Exceptional Children's Program of the Charlotte-Mecklenburg School System want answered.

Numerous parents have complained of encountering chronic bad attitudes from top administrators and teachers as well.

An unidentified source recently revealed presentation slides used by CMS Accountability Specialist Michael Marcela at a Women's Education Services Conference in Charlotte on Feb. 3, 2006. The person who handed over the material presented by Marcela asked to remain anonymous because they think that CMS would retaliate if their identity is revealed.

At the time, Marcela was employed independently by Lorman Education Services, in Eau Claire, Wis.

At the conference Marcela addressed about 35 school administrators and teachers on the educational topic, "Holding a Legally Sound IEP Meeting."

During his seminar, he offered many do's and don'ts in dealing with parents whose children require Individual Education Programs after changes in the laws July 1, 2005.

Although much of the presentation dealt with relevant material, Marcela chose to include a section on "gems" that educators might say after an IEP meeting.

These included:

- "God, I'll need a drink after this!"
- "Your son is driving me to drink... more!"
- "You are crazier than a bag of Planters."
- "I need to be excused from this meeting to puke!"
- "Tell the truth, your family tree only has a few branches doesn't it?"

When interviewed, Marcela said he wrote the material based upon what he thought were humorous sayings he has heard from teachers and administrators after IEP meetings.

He said the collection was added as a "lighthearted" anecdote to make the seminar palatable. Marcela said it was unfortunate that the list appeared in the notebook handed out at the workshop.

Marcela said he didn't present the questionable material from the podium because of second thoughts.

"I can see how [the list] can be taken as unfavorable, unflattering and offensive to some people," Marcela said. "Many of these things were not said out of mean-heartedness, but a reflection of frustration that came from contentious [IEP] meetings. It was wrong to

## Other 'gems' suggested as responses to parents

- God, I'll need a drink after this!
- Your son is driving me to drink ... more.
- Boy, the apple didn't fall far from the tree!
- You are crazier than a bag of Planters.
- You're the reason I'm on Prozac!
- Your son would be fine if he had a parent transplant!
- I might as well go to the mall today to buy my dress for court!
- I need to be excused from this meeting to puke!
- I didn't know the truth could (be) stretched that far without breaking!
- Ma'am, I don't understand you because you're not making sense!

Source: As presented by Michael Marcela, accountability specialist for the Charlotte-Mecklenburg School System

write those, and I regret it being in the notebook."

However, several attendees have confirmed that Marcela actually presented the "gems" amid chuckles from other teachers, administrators, and educators in the meeting.

"It offended me," the unidentified source said. "I just thought that whole portion was totally inappropriate. I think even if it was meant as a joke that you are training educators and administrators on how to treat parents. My concern in that meeting was [for] those [attending] their first meeting. They will think that's an appropriate way to treat parents."

The derogatory remarks also of-

fended Sylvia Peterson, a special education teacher with Jaars Inc.

"I wouldn't say those kind of things," she said. "When I heard them I was just thinking it was crude. I was upset at the time. He didn't need to go on like that. I don't think it was called for. At the time, I thought, 'I wouldn't talk that way as a presenter, or I wouldn't talk like that to a parent. We didn't need that in a meeting like that. There's never a reason for it.'"

Robert Avossa, chief of staff for CMS, said Marcela's "gems" never should have been shared. "It was not in good judgment," he said. "It was not in good taste. Whether [Marcela] was there for CMS or not, we can all agree on that."

There are still many unanswered questions, and a collective of parents is asking for accountability throughout CMS. "I don't think it's just [Marcela]," one parent of a special-needs child said. "I think it's the whole system."

Lu Ann Jackson, the mother of two sons, both of whom suffer from Tourette's Syndrome and other disabilities that affect their learning process, said she has encountered ridicule at all levels of the educational platform in CMS. She has been trying to get proper help for her sons for more than four years.

She said she has endured bad attitudes, snide remarks, and "baldface lies."

"My oldest son's been called lazy and has even received points off an oral classroom assignment because of his tics," Jackson said. "My feeling is this administrator doesn't care for any child with disabilities."

Educators should have an understanding attitude when dealing with families of special-needs children, Peterson said. CJ

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## Appeals Court Rules Day Care Center Has 'Charitable Purpose'

By MICHAEL LOWREY  
Associate Editor

RALEIGH  
North Carolina law provides that tax-exempt organizations don't have to pay property tax on buildings they own if they are used for a "charitable purpose." What constitutes a "charitable purpose" was at issue in the case recently heard by the state's second-highest court, in which a nonprofit daycare challenged Beaufort County's determination that it did not qualify for the tax exemption.

The N.C. Court of Appeals held in a recent decision that the daycare center does in fact qualify. Totsland Preschool, Inc., is a nonprofit corporation that has held federal section 501(c)(3) tax-exempt status since 1983. It provides low-cost daycare services to needy families in Beaufort County.

For many years, Totsland operated in a rented, flood-prone building. In 2001, things started to look up, though. It got funding from the federal Rural Development agency and the nonprofit Z. Smith Reynolds Foundation to build its own facility, which would be larger than its previous space.

The new building was completed in November 2002. That, however, was not the end of the building-related issues for Totsland. Beaufort County denied the nonprofit's application for an exemption from property taxes for the new facility.

Totsland appealed the ruling, which eventually came before the N.C. Court of Appeals. Though the daycare had prevailed before the Property Tax Commission, the county challenged the commission's determination before the appeals court.

Before the Court of Appeals, the county argued that though Totsland was a nonprofit charitable organization, operating a daycare does not constitute a charitable purpose as defined by state law. Nor is there any North Carolina case law, the county pointed out, defining the operation of day care as a charitable purpose.

The Court of Appeals, however, was not swayed by Beaufort County's arguments. North Carolina General Statutes, section 105-278.7, provides in part that: "(a) Buildings, the land they actually occupy, and additional adjacent

land necessary for the convenient use of any such building shall be exempted from taxation if wholly owned by an agency listed in subsection (c), below, and if: (1) Wholly and exclusively used by its owner for nonprofit educational, scientific, literary, or charitable purposes as defined in subsection (f), below[.]"

"Based upon the evidence presented to the Commission, we hold the activities conducted by Totsland are provided for the benefit of the community at large, and are done so without expectation of pecuniary profit or reward," wrote Judge Barbara Jackson for the appeals court.

**"Based upon the evidence presented to the Commission, we hold the activities conducted by Totsland are provided for the benefit of the community at large."**

Judge Barbara Jackson  
N.C. Appeals Court

"Therefore, we hold, based on the facts specific to the instant case, Totsland satisfied its burden of showing that the activities conducted in the subject property were for charitable purpose as defined in section 105-278.7."

While North Carolina appellate courts indeed hadn't previously addressed the issue in the context of a daycare center, the Court of Appeals analogized to its 2004 decision *In re Appeal of Pavillon Int'l* finding that a nonprofit residential treatment facility qualified for the property tax exemption. In that case, Pavillon provided a large amount of free care, was found to benefit the community as a whole, and continued to exist only because of charitable contributions.

Likewise, the appeals court noted, Totsland provides daycare services to the children of low-income individuals, all of whom qualified for government assistance.

To Beaufort County, Totsland's heavy reliance on government funding was an indication that it was not really engaged in a charitable purpose. The Court of Appeals disagreed.

"We do not find this fact to be controlling as to whether or not Totsland's activities constitute a charitable purpose, as it has long been the use to which the subject property is dedicated that ultimately controls whether the property would be entitled to an exemption from taxation," wrote Judge Jackson.

"Where, as in the present case, a nonprofit corporation receives government funding, which it in turn uses for a charitable purpose, we hold the purpose of the activities and the actual use of the funds to be the controlling factors, rather than the source of the funds." CJ

### Commentary

## Public School Teachers and Choice

Over the past 15 years, the school choice movement has acquired its share of friends and enemies. Staunch supporters see choice as a fresh and necessary way to transform our public school monopoly. But handing parents control over school selection is anathema to the education establishment. Rarely discussed, however, are the views of one of the most important constituencies of all: public school teachers. What do they think about choice? Why should they support it?

Sadly, public school teachers have little opportunity to weigh the pros and cons of choice in a dispassionate, impartial way. Instead, their unions bombard them with factual distortions and misinformation. Internet "Tool Kits" and talking points against choice (helpfully prepared by the union Goliath, the National Education Association) are just a click away. Organizations affiliated with public schools fund lobbying efforts against choice in all its forms. Nevertheless, a sizable number of teachers, coalescing in groups such as Teachers for Better Education, has declared support for choice.

What's at the root of the education establishment's visceral dislike of choice anyway? Educrats see school choice as a threat to the very existence of public education, and by extension, to their livelihoods. Underlying all of their arguments against choice is this fundamental belief: If parents could choose freely, students would leave public schools in droves, sending millions of teachers and administrators to an early (and unwelcome) retirement.

This perspective implies that shackling families to schools against their will is actually a good thing since it presumably protects jobs—surely a disquieting notion to many of us. But as much as this belief is troubling, it's also untrue. Choice would not cause a mass exodus of pupils from public schools, nor has it ever done so. In fact, a promising and growing body of research indicates that choice actually benefits public schools and teachers.

For starters, choice improves academic performance in public schools. Harvard economist Caroline Hoxby has evaluated the impact of competition from choice on public schools in Arizona, Michi-

gan, and Milwaukee, Wis. Hoxby found that competition from choice actually galvanized public schools to perform better. According to a 2005 article by David Salisbury in *National Review*, public schools in Pennsylvania and Florida have also bumped up test scores because of competition from choice.

Next, choice is financially remunerative for public school teachers. According to a study by Ohio University economists Richard Vedder and Joshua Hall, "Increased private school competition leads to higher salaries for public school teachers."

This directly contradicts union claims that choice drains funds from public schools. Could it be that the unions are more concerned with self-preservation than the committed employees they purport to represent? Write Vedder and Hall, "It may be that union leaders disregard the interests of their members in trying to maximize union size and power."

School choice also takes the heat off teachers, placing the ultimate responsibility for student learning squarely on the shoulders of parents, where it belongs. This should surely come as a relief to any teacher unfairly blamed for a student's intractable learning problems. Forced attendance keeps these kids at the same school and their teachers in the line of fire. But choice allows parents to test the waters elsewhere.

Ultimately, choice has a synergistic effect on our education system, causing all component parts (public and private) to work together more efficiently. As educators, isn't that what we're striving for? In 2001, I concurrently represented the interests of public school students (as a member of the Charlotte-Mecklenburg School Board), served on the board of a charter school, and managed more than \$3 million in private donations so low-income students could attend private school. Far from causing me cognitive dissonance, this experience cemented my belief in the need for educational options. Who says we can't have it all? CJ



Lindalyn  
Kakadelis

Lindalyn Kakadelis is director of the North Carolina Education Alliance.

**School Reform Notes****Parents confront board**

In their first chance to speak out since the Wake County school board and commissioners clashed over year-round schools, angry parents demanded Jan. 16 that plans be abandoned to convert 22 schools to the new calendar, *The News & Observer* of Raleigh reports.

The previous week, the school board voted to proceed despite the commissioners' vote to delay funding the \$3.4 million needed for conversions. The school board said it would come up with the money itself or consider suing the county.

In the first two public hearings Jan. 16 on the record student reassignment plan, parents at Green Hope and Middle Creek high schools applauded the commissioners. They said the school board should defer to the commissioners and drop the conversions.

Kathleen Brennan, who spoke for the anti-year-round parent group Wake C.A.R.E.S. at the Middle Creek meeting, said some school board members might have been embarrassed by the commissioners' vote. But, she said, they should set those feelings aside to help families who oppose the change.

"It's nothing like the hardship that the plans you've come up with are causing to families in this area," Brennan said.

The proposal is to move 11,079 students to different schools this summer.

**CMS nears decision**

Leaders of Charlotte-Mecklenburg Schools will make a key decision soon on how the school system can be more responsive and shift power from the central office.

But they said Jan. 17 that the public won't have a say on how they divide the school system into smaller "learning communities." The issue is potentially polarizing because some officials and activists have strong opinions on the proper mix of race and class, the *Charlotte Observer* reported.

Parents and taxpayers will weigh in on whether they want the so-called subdistricts to handle transportation complaints, discipline questions, and other responsibilities now managed uptown.

By July, new offices should open throughout the county.

None of this will alter student-assignment plans, nor does it require school board approval. District leaders say the goal is making a large district feel small. *CJ*

**Teacher unions anxious****State to Measure 'Value Added' in Schools**

By JIM STEGALL

Contributing Editor

RALEIGH

North Carolina's public school accountability system is beginning to use a powerful diagnostic tool to measure the effectiveness of some K-12 public schools. But teachers' unions are anxious that the new tool not be used to grade the effectiveness of individual teachers.

The Education Value Added Assessment System, a product of Cary-based SAS Institute, has garnered praise from many in the field of education and has been adopted by a growing number of states. The system tracks individual, rather than collective, student performance on standardized tests, such as the end-of-grade exams already in use, and uses a sophisticated computer model to predict how each student should perform on future exams, given an effective educational experience.

As students progress through the school system and take more exams, the value-added system analyzes the results to reveal where and how schools are excelling or coming up short.

Under the present "growth model" of accountability, schools are judged by how well entire groups of students perform on end-of-course tests, with each new class expected to perform slightly better than the one before. A complicated formula is used to determine how much the average score of each new class is expected to rise in each subject, but the system doesn't take the past academic performance of individual students in each year group into account when setting these goals.

As a result, schools whose students begin the year at a higher level might look effective, even if their students are gaining little ground, while schools with students who start at a lower level may appear ineffective, even if their students are in fact making progress. Schools whose students meet the assigned growth targets receive recognition by the state, and teachers at those schools are paid bonuses.

The value-added system uses a more sophisticated approach. Dr. June Rivers, assistant manager for Value Added Assessments and Research at SAS Institute, briefed the State Board of Education on the progress of a 16-district value-added system pilot program during its Jan. 3. She said that by tracking individual student performance over time, the value-added system could evaluate the effectiveness of specific classes or programs within a school and determine where educational value is being added, and where it is not.

In email correspondence after the meeting, Rivers said that using each student's previous scores as individual benchmarks eliminates the need to ad-



just for factors such as race or poverty. On its website SAS Institute says that value-added technology "provides precise and reliable information to guide the improvement process. As a result, educators can use meaningful information to make decisions about programs, target resources where they are needed, and ensure that every student's academic needs are met."

The company points out that using multiple test scores over time also dampens the measurement error associated with a single score on a single day for each child.

State Board of Education Chairman Howard Lee said he supports the new technology. "I'm a big fan of EVAAS, to the point that I've seen it work so far," he said in an interview. "I see EVAAS as an instrument that will allow us to have a clearer and more accurate measure of schools' performance."

Education officials in other states with experience in the value-added system are equally enthused. Dr. Connie Smith, executive director of accountability for the Tennessee Department of Education, said Tennessee has used the system for 13 years. In an email to *CJ*, she wrote, "I cannot imagine attempting to measure all accountability criteria without it."

The program has been so successful that Tennessee now uses value-added projections as the growth model for the annual yearly progress goals required by the federal government under the No Child Left Behind Act.

Pennsylvania is also experimenting with the value-added system, and the results so far have been promising, said Mike Storm, spokesman for the Pennsylvania Department of Education.

"We believe that PVAAS (the "P" stands for Pennsylvania) gives a better reflection of student progress" and "sets fair expectations for the individual student," he said. After a successful pilot program involving a sampling of Pennsylvania school districts, the department adopted the value-added system for use state-wide beginning this school year.

Colorado and New Hampshire also are using the value-added system in whole or in part.

Despite the good reviews, some educators have raised concerns about the concept of valued added assessments, and EVAAS in particular. Teachers unions are worried that the value-added system could be used to assess the value added by individual classroom teachers. This could make it harder for unions to defend teachers who are in danger of dismissal for poor classroom performance, and it could open the door to policies such as performance pay, which unions have long opposed.

The National Education Association, the nation's largest teachers union, opposes the use of standardized tests when "students are used to evaluate teachers or to determine the compensation or employment." The union points out that some researchers question whether teachers are the single most important factor in a children's education, and that "value-added measurement has been unable to discern or reliably identify the specific effects that teachers have on student learning."

Perhaps in response to those concerns, both Tennessee and Pennsylvania have taken steps to keep value-added system data out of the teacher evaluation process.

Tennessee worked out an agreement with its state NEA affiliate to keep such data confidential and not to use the data it collects to evaluate individual teachers' effectiveness.

In North Carolina the value-added system is being made available to 16 disadvantaged school districts, with the state picking up the tab of about \$840,000. Use of the program to evaluate the effectiveness of certain special programs was mandated in the most recent state budget. Other school districts, as well as charter schools, may use the program as well, but they would have to pay for it with local dollars.

Asked about the prospect of one day using the value-added system for teacher evaluation, Lee said, "Student (rather than teacher) performance is our first priority now."

He said that what is most needed at the moment is a thorough evaluation of the teacher bonus plan to ensure that it encourages strong performance overall and is not allowing weaker teachers to benefit from the efforts of their more effective colleagues. *CJ*

# Educational Gaps Threaten U.S.'s Competitiveness

By KAREN McMAHAN  
Contributing Editor

CHAPEL HILL

In the latest report by the Council on Competitiveness, "Competitive Index: Where America Stands" (November 2006), coauthor Michael Porter, Harvard Business School professor, says the United States is "better positioned than perhaps any other country to benefit from the forces that are reshaping the global economy."

The United States has accounted for one-third of all growth in the global economy and has grown faster than any other major developed nation over the past 15 years.

Although the United States leads the world in average income and wealth, productivity, job creation, foreign direct investment, innovation, and entrepreneurship, Porter warns that the growing gap in educational attainment is the single greatest threat to maintaining this lead.

## Innovation, entrepreneurship

To sustain its lead, the report concludes that the United States must have policies that encourage risk, provide access to capital, and allow business creation and destruction.

Bob Crumley, entrepreneur, lawyer, and president of The Crumley Group in Greensboro, said the challenge for Americans is to "raise the alarm and educate younger Americans about the threat posed by emerging markets." Even as young people chat by Internet and cell phone with others around the globe, Crumley argues they have not yet fully recognized how globalization has transformed the workplace. Once young Americans understand that, he



said, "they will rise to the occasion," just as Americans responded to Kennedy's vision to have a man on the moon by the end of the 1960s, "such is the strength of American ingenuity, profit motive, and initiative."

"Public policy must align itself with the needs of small business," Crumley said, "because 80 percent of jobs and much of the breakthroughs in innovation and technology come from small business." Tom Northrop, regional director of Challenger, Gray, and Christmas in Raleigh, said much of the merger and acquisition activity today is driven by the desire of larger companies to "acquire the entrepreneurial spirit of smaller companies." Like Crumley, Northrop said he thinks that "entrepreneurialism is synonymous with the American culture of individualism and innovation."

However, many public and economic policies constrain small business while rewarding large ones. Crumley

cites recent trends in North Carolina, where "local and state governments offer huge tax incentives to multinational companies to start up or expand operations." Northrop said that "politicians, educators, and business leaders are equal stakeholders in ensuring sustained competitiveness."

Innovation and entrepreneurship, along with high-wage, fast-growing occupations, demand a highly skilled, highly educated workforce. Today, 85 percent of jobs require education or training beyond high school, compared to 20 percent of jobs in 1950. Higher-order skills, such as complex communication and expert thinking, will be in greatest demand.

Ironically, when the need for highly educated, highly trained professionals has become greater than ever before, America is faltering in education and training.

## Economy and educational gaps

Companies and individuals succeed in a conceptual, hyper-competitive global marketplace by "knowing what to do with knowledge, information, and technology once they get it," said Deborah Wince-Smith, president of the Council on Competitiveness.

Education is a major driver of economic prosperity. Not surprising, analysts are concerned about the growing number of individuals in the United States who have lower rates of educational attainment, especially the chasm in graduation rates between whites and minorities. Only 51 percent of blacks in North Carolina graduate from high school. "We are creating a permanent underclass," said Crumley, that endangers our democracy.

Other countries outpace the United States in high school and college graduation rates. America ranks ninth in college completion among people ages 25 to 34 and ranks 12th in the percentage of individuals ages 25 to 34 who have graduated from high school (87 percent), compared to 97 percent of

Koreans and 94 percent of Japanese. As older workers leave the workforce and as other countries increase the numbers of their population with education, the U.S. lead in educational attainment will evaporate.

Emerging markets, unlike those in the United States and Europe, have large supplies of young, highly educated professionals. Currently, India has 30 percent of the total global supply of young professionals. Also, Americans comprise a declining share of science and engineering students.

Matt Robinson, assistant director of learning at GCF Global Learning in Raleigh, said, "North Carolina is ranked 41st nationally in the percentage of adults with adequate literacy skills." To address some of these needs, Robinson's organization is set to launch a new literacy program aimed at adults at basic literacy levels.

Robinson said computer training courses have historically been the most popular, so his organization has been surprised by the growing popularity among North Carolinians of its Math Basics course, now ranked eighth.

## High-tech firm needs

Some analysts attribute the accelerated pace of outsourcing as one way to meet the growing demand for skilled workers. "Law firms are outsourcing entry-level secretarial and case management work to India," Crumley said. Northrop cites the lack of skilled workers as another reason why companies, "particularly those in the high-tech arena, like telecoms and chipmakers, have been clamoring for an increase in the number of HBI visas."

While some observers argue that outsourcing is driven by profit motive, others cite the failure of the educational system to produce skilled graduates. As both business executive and adjunct professor, Northrop said many of today's college graduates "lack the critical thinking and communication skills" vital to a knowledge-driven economy.

He said that many high school graduates "are unprepared for college, even those taking AP classes." Students in schools of entrepreneurship and law where Crumley teaches show a general "lack of intellectual curiosity." Dawn Baldwin Gibson, educator and owner of a political consulting firm in Merrill, N.C., said too many high school graduates arriving at community colleges are functionally illiterate and require developmental courses.

Global innovation requires workers who can solve problems that have no rule-based solution. With a background in collegiate and secondary teaching, Gibson said that education today is "too geared to getting students to pass tests," rather than "teaching areas of critical thought." CJ

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## Course of the Month

*In all fairness, the janitor should get course credit, too*

This month's selections show a research university bartering college credit for grunt work. The following is from the announcement of the winning courses from the University of North Carolina at Chapel Hill:

Hello!

*If you haven't yet received credit for English 102 (fka English 12), there are two sections being offered in the Spring with a focus on Feminist Practice.*

*These service-learning courses will give you credit for volunteering in the Carolina Women's Center as well as ask you to undertake an important writing task for the Center.*

*Engl 102-073 (TR 8-9:15) will design a webpage to help the CWC celebrate its 10th Anniversary. You will get to select, organize, and write the content for the site in collaboration with your classmates, the CWC staff, and the MWF section.*

*Engl 102-113 (MWF 1-1:50) will create a DVD to document the history of the CWC, conducting interviews and other research. This section will also prepare a grant proposal for funds to prepare a reception for the unveiling of the website and DVD.*

*Neither class requires any prior experience with technology and much of the technical work will occur during classtime. For both courses, you will participate on a reflection blog shared with the other class and be asked to spend several hours getting to know the CWC by attending programs and volunteering in one or more of the many opportunities for service there.*

A flier about the courses says, "Both 102 sections are APPLES courses and will count toward your experiential learning requirement for graduation," ending with, "Put your writing skills to use for a good cause!"

But why should the Women's Center award course credit only to people who design its web page or make its DVD documentary? Why not give the center's secretaries credit in telecommunication? If you moved or assembled furniture there, shouldn't you have credit hours in interior decorating? What about the janitors — shouldn't they get credit hours for domestic engineering?

This should be only the start! CJ

Jon Sanders, research editor for the John Locke Foundation, each month tracks down a college course of dubious value.

## More reforms set for 2007

## Bowles Led Accountability Charge in First Year

By SHANNON BLOSSER

Associate Editor

CHAPEL HILL

When Erskine Bowles took over as president of the University of North Carolina system in 2006, his said his top priorities were to make the system more accountable to taxpayers and to make the system more efficient. His interest in those goals was among the reasons that Bowles, a former business executive and Clinton administration chief of staff, was the top choice as a replacement for then-President Molly Broad.

In his first year, Bowles lived up to his promises in these areas. Throughout the year, Bowles and the Board of Governors initiated policies that focused on ways to "manage this organization in the most efficient, effective manner we possibly can," as he said in his first address to the board. "We are going to do everything we can to make sure we operate this place in a manner that you can be proud of, that any organization could be proud of," Bowles said in January 2006.

The biggest step was the creation of the President's Advisory Committee on Efficiency and Effectiveness (PACE). The committee was established by Bowles to address areas where the UNC system could become more efficient. A report released in November outlined policy changes that could account for actual savings of \$62 million and cost avoidances of \$426 million for the next five years. The total university budget is about \$2.2 billion.

Some of the policies, such as the elimination of duplicative reports, allowing bottled water and juice contracts to be solicited jointly, and construction policy changes, need legislative approval before they can be implemented. In their legislative agenda for the current session, UNC officials list PACE's policy changes as their top priority. According to the agenda, any cost savings that come from state appropriations will be reallocated to the university missions of education, research, and public service.

The recommendations outlined in the PACE report were not the only efficiency moves. In August, Bowles announced a 10 percent cut, or \$1.3 million, in the UNC Administration's budget, which received good reviews from the General Assembly. The cut led to the elimination of 12.5 positions.

Sen. Robert Pittenger, R-Mecklenburg, is among those impressed with the efforts Bowles and his staff have made to streamline the system. In 2005, Pittenger was a critic of the Broad administration and what he considered high administrative costs, and he supported Bowles for university president.

"President Bowles has initiated the efficiency and fiscal reforms that he promised in his inaugural address,



*"Higher education has gone on way too long without a proper level of accountability."*

Erskine Bowles  
President  
UNC System

which we hope will continue throughout the system and serve as a model and catalyst for restructuring the entire state government," Pittenger said.

Bowles' work to make the UNC system more accountable and efficient is just beginning, however. A centerpiece will be an accountability plan to inform the public about the university's success, or lack of it, in specific areas of performance. The plan reflects growing concerns, highlighted by the Commission on the Future of Higher Education (known as the Spellings Commission), that it is difficult to know how much students are learning in college and how education in one school compares with education in others. Typical school rankings, such as the widely watched *U.S. News and World Report* ratings, mostly reflect inputs, such as the talents of the students entering college, rather than outputs, students' actual learning.

Alan Mabe, vice president for academic planning and university-school programs, outlined the accountability plan during the January meeting of the Board of Governors. He noted that the program is voluntary and is not derived from a legislative request.

The draft plan echoes the goals listed by the Spellings Commission, emphasizing access, affordability, quality of learning, and accountability. Some of the barriers to achieving these goals, the plan points out, are inadequate preparation of high school students, high tuition, growth in administrative costs for student services, inadequate student learning, accountability measures that focus more on inputs than outputs, and lack of transparency.

The accountability plan will identify performance measures that can be tracked and reviewed—and many of the actual measures are still under development. To measure the access of students to the university system, for example, the plan will record the participation of high school graduates, community college graduates, and transfers in the university system, as well as track retention and graduation rates. It will also track the growth in online student credit hours.

To measure affordability, the

university will track such measures as the net cost of attending school for different family income levels, as well as students' debt load and financial aid and its sources.

To evaluate the quality of faculty, there will be measures of teaching workload per faculty member (compared with peer institutions), grants per faculty member, and listing of prizes and awards. To measure the university's support of its faculty, the plan will track faculty salaries, with the goal of making the average faculty salary reach the 80th percentile of the average salary of the university's peer institutions.

Other areas in which performance measures will be developed include program emphasis and quality, economic and community development, adequacy, utilization, and safety of facilities, effectiveness and efficiency of the system's academic mission, and private fund-raising.

An actual vote on the plan has not been set. Board of Governors Chairman Jim Phillips said that each board member would be able to look over the final plan before a vote is taken. The final plan will include additional performance measures. "Higher education has gone on way too long without a proper level of accountability," Bowles said during the policy meeting.

One potential performance measure is public service. It's one area that Bowles, when discussing his first-year accomplishments before the board, called a disappointment. He was unable to find a systemwide public service project for General Administration. Public service is one of the three core missions of the UNC system, along with education and research.

"Our campuses do a great job," Bowles said. "The campuses have their faculty, staff, and students involved in a zillion different ways. I think we failed here. That is something I want to address. I think we can do better here." CJ

Shannon Blosser manages the Chapel Hill office of the Pope Center for Higher Education Policy.

## UNC Likely to Propose Minimum Admission Standard for System

By JANE S. SHAW  
Contributing Editor

UNIVERSITY OF NORTH CAROLINA officials are considering a minimum admission standard for all campuses, Harold L. Martin, senior vice president for academic affairs, told a meeting of the Education Planning Committee of the Board of Governors on Jan. 11. Such a standard could be proposed as early as June.

Currently, the requirement for attending any UNC campus is high school graduation and a minimum number of specified courses, such as four units of English and four units of math. A tougher admission standard could take the form of a minimum high school grade-point average, class rank, and a minimum SAT score.

Only students transferring from other colleges are currently required to meet a grade-point threshold (a C or 2.0 average). University administration officials are looking carefully at the standards that have been introduced in Mississippi and Louisiana. In Mississippi, an incoming freshman is expected to have a 3.2 grade-point average in college preparatory courses, but class rank and ACT or SAT scores can make up for a lower GPA.

Consideration of a minimum admission standard is part of the effort to address poor rates of retention, defined as returning for the sophomore year, and graduation, an announced priority of the Board of Governors. Administration officials think that the poor preparation of some students contributes to the low rates.

Other factors also affect those rates. University President Erskine Bowles noted at the board policy session that campuses have strong incentives to get students onto campus but not to keep them there.

The difference between incentives to enroll and incentives to retain is particularly large in the case of the seven "focused-growth" campuses, which have received special incentives to increase enrollment. But six-year graduation rates at all the "focused-growth" campuses except for Elizabeth City State are less than 50 percent.

In 1998, these campuses had "excess physical capacity and smaller enrollments," according to a board report in January 2005. The board authorized a 10-year plan to increase enrollment by at least 20 percent by 2003.

To attain this growth, both the UNC administration and the General Assembly increased funding for the institutions, including providing \$580 million in capital improvements from the 2000 Higher Education Bond Program. The capital investment, the report said, was more than the campuses had received since they became part of the university system in 1972. The campuses added 66 academic degree programs, including 29 master's programs and three doctoral programs. They increased private fund raising and sought research grants.

Over the first five years of the program, enrollments increased by 36 percent, adding almost 12,000 students. This was three times as fast as the nonfocused campuses grew.

The focused-growth campuses and their graduation rates are:

Elizabeth City State University, 50.5 percent; Fayetteville State, 38.1 percent; NC A&T State University, 44 percent; NC Central University, 48.7 percent; UNC Pembroke, 38.1 percent; Western Carolina University, 48.9 percent; and Winston-Salem State University, 47.6 percent.

Two other institutions in the UNC system have six-year graduation rates less than 50 percent: UNC-Charlotte, 49.1 percent, and the North Carolina School of the Arts, 45.9 percent.

University officials are taking other steps to increase retention and graduation. UNC administration officials are seeking state funding for an "academic bridge" summer program for incoming students who are poorly prepared. If funded, these will be conducted at each of the growth-focused universities, beginning in the summer of 2008.

Officials at each campus in the UNC system are reviewing retention and graduation rates, academic performance of students, and student satisfaction. The goal of the reviews is to identify reasons for students' failure to continue in school so that specific retention-graduation plans can be adopted. These will be reviewed by Noel-Levitz, a consulting firm that specializes in "enrollment, marketing, and student success." Final retention-graduation plans are to be presented to the Board of Governors in May, and implementation is to be carried out during the 2007-08 academic year. CJ

Jane S. Shaw is the executive vice president of the John William Pope Center for Higher Education Policy in Raleigh.

*A tougher admission standard could take the form of a minimum high school grade-point average, class rank, and a minimum SAT score.*

### Commentary

## Can You Spot the Fake Course?

Following are descriptions of four college courses. Three of them are real courses, and one is not. Can you identify the fake?

A. The Adultery Novel. Students will read a series of 19th and 20th century works about adultery and watch several films about adultery. They will apply critical approaches to place adultery in its aesthetic, social, and cultural context, including: sociological descriptions of modernity, Marxist examinations of the family as a social and economic institution, and feminist work on the construction of gender.



George C. Leef

B. Queer Musiology. This course explores how sexual difference and complex gender identities in music and among musicians have incited productive consternation during the 1990s. Music under consideration will include works by Franz Schubert, Holly Near, Benjamin Britten, Cole Porter, and Pussy Tourette.

C. Whiteness: The Other Side of Racism. This course will spark critical thinking on these questions: What is whiteness? How is it related to racism? What are the legal frameworks of whiteness? How is whiteness enacted in everyday practice? And how does whiteness impact the lives of both whites and people of color?

D. Foodways, Heteronormativity, and Hungry Women in Chicana Lesbian Writing. This course will analyze foodways in recent Chicana lesbian literature, examining writings that illustrate the cultural endurance of heteronormative constructions of gender even as they demonstrate how these beliefs are disrupted, destabilized, and transformed in queer literary kitchens.

Give up? The correct answer is D. The first three courses are all included in the recent Young Americans for Freedom's "The Dirty Dozen: America's Most Bizarre and Politically Correct College Courses." The fake is not a course — at least not yet. Rather, it's taken from the abstract of an article written by a professor at the University of Oklahoma.

Since professors love to teach courses that are built around their particular research and writing

interests, perhaps in a few years students at Oklahoma will be able to take such a course.

If you went back 50 years or more, you wouldn't find courses like those. College courses used to center around bodies of knowledge, but today virtually any smidgen of life will do, provided that a professor has the nerve to importune his superiors in the department to make the case to the administration that a new course he envisions would be "cutting-edge" and help to generate intellectual "excitement."

Narrow, trendy courses dealing with increasingly esoteric subjects have been springing up in college catalogues like mushrooms after a rainy spell. Does that matter?

Indeed, it does matter, for two reasons. First, and most important, such courses don't give students what they need. Many studies have found that American college students are woefully weak in basic skills and knowledge.

It might be exciting for professors to talk about provocative, heavily theorized, and conjectural topics dealing with the social construction of this and that, but undergraduate classes are not the place for that.

A second reason is cost. When colleges and universities allow their catalogues to be filled with courses that embody avant-garde theories rather than bodies of knowledge, more professors have to be hired.

One reason why college is so expensive is that at many institutions, personnel costs are inflated by the presence on the faculty of professors who teach only a few of these bizarre courses.

Saying "no" to faculty requests for new courses, majors, and programs is clearly something that many administrators have trouble doing. To keep a lid on college costs and to give their students a more useful educational experience, they need to start. CJ

George C. Leef is vice president for research at the John William Pope Center for Higher Education Policy.

**Bats in the Belltower****2007 Rape Hoaxers Were Right:  
Not Much Has Changed at Duke**

We stand by the claim that issues of race and sexual violence on campus are real," declared the "Group of 88" faculty (minus one) at Duke University in a new statement.

This statement revisits the one the group made last spring in which the faculty members said the supposed gang-rape by the lacrosse team "illuminated... what [students] live with every day"; "[t]his is not a different experience for us here at Duke."

Jaw-dropping hyperbole aside, there is some truth to it — just not what they're talking about. The truth is, hoaxes of racial and sexual violence are "not a different experience" at Duke.

Consider:

• In 1997 students were greeted with a lurid display: a mock lynching of a black doll. The doll was hanged from a tree bearing a sign that read, "Duke hasn't changed." The site of the mock lynching was significant; it was the gathering place for members of the Black Student Alliance.

The incident roiled the campus. A "racial crime" had taken place, one that proved how fractured race relations were at Duke. And so it seemed, until the perpetrators were found to be black student activists who wanted to foster that very impression.

At that point, the hoaxers were defended in much the same way the professors are defending themselves.

An editorial in the *Duke Chronicle* said, "The idea behind the act is being overlooked (as is usually the case). The University has not changed. Blacks are allowed to be enrolled here, but the idea is the equivalent of the transition from field slave to house slave."

• In 2002, a freshman had terrified the campus community two years prior by alleging that she had been "beaten and sexually assaulted after being sprayed in the eyes with a liquid as she exited a stall in a Randolph Dormitory bathroom."

Having been "blinded," she could not identify her attacker; it could have been any man. Women

wrote to the *Chronicle* of their fear of being on campus. Duke offered a reward for information leading to the arrest of the assailant before he attacked again.

• In 2004, there was another terrifying sexual assault. A woman said she had been attacked from behind while jogging near Duke Forest by a man who placed a cord around her neck. The campus was once again wracked by a "culture of fear" and "hysteria."



Jon Sanders

Then the truth came out. The victim in 2004 was the same victim in 2002, and as her tale of the forest assault was revealed to be a hoax, investigators realized that the infamous assault of '02 had been a hoax, too.

By 2004, it seemed that the Duke community had learned a valuable lesson. A student told the *Chronicle*, "We went from too little to too much. One event should not have led to a bunch of reactions. It should have been an analysis of the whole situation."

But the campus that had been subject to numerous hoaxes of racial and sexual violence had yet to witness the level of "freaking out" it would reach in 2006.

Sure, there have been numerous rapes in Durham before and since (there were 91 rapes reported in 2004, and in the first half of 2006 there were 39 other rapes reported), but not one of them has received any attention from the freakers, the pot-bangers, the placard-wavers, the student-flunkers and statement-writers.

Those crimes didn't offer a "perfect storm" of racial, sexual, and class-related issues; they presented no opportunity to hijack. So freaking out was reserved for what turned out to be the biggest hoax at Duke so far.

No, the lesson of past hoaxes hadn't been learned after all at one of the nation's most prestigious institutions of higher learning. It seems Duke hasn't changed. CJ

Jon Sanders is research editor for the John Locke Foundation.

**New Ideas Coming to UNC-CH**

By JANE S. SHAW  
Contributing Editor

RALEIGH

Later this month, a small group of students at UNC-Chapel Hill will gather to watch the "Free to Choose" video series featuring Nobel laureate economist Milton Friedman and his views on topics from regulation to globalization.

Friedman, who died in November, revolutionized modern thinking about the relationship between government and markets. The group, which will meet weekly, represents the start of a new commitment to counter left-wing dominance on the Chapel Hill campus.



Jenna Ashley Robinson

The leader of this group is Jenna Ashley Robinson, the newly appointed campus outreach coordinator for the

John William Pope Center for Higher Education Policy. Robinson said she wants to help conservative, libertarian, and open-minded students explore issues long neglected on North Carolina's campuses. These include the role of voluntary markets, the limits of government, and the institutions of society that encourage freedom and accountability.

"Very little attention is given to free-market ideas on campus," said Robinson, who is a doctoral candidate in political science at Chapel Hill, with a concentration in American politics and a minor in methods. Before joining the Pope Center, Robinson was the E.A. Morris Fellowship assistant at the John Locke Foundation, where she worked since 2001.

Robinson has other plans beyond the "Free to Choose" group. A high priority is to develop a guide to good Perspectives classes. Perspectives are introductory courses in various fields; all Chapel Hill students are required to take a number of them during their freshman and sophomore years. Robinson's experience (she taught a Perspectives course as a graduate student) revealed that the content of these courses varies considerably, depending on the faculty member teaching them. Robinson wants students to know which Perspectives courses reflect a respect for limited government and free markets.

Other projects in the works include bringing free-market speakers to campus and a review of the textbooks commonly used in Chapel Hill classes. "I hope that

my work there will create a model that can be followed elsewhere in the state," Robinson said.

The Chapel Hill campus is known nationally for the dominance of left-of-the-political-spectrum activity. "There are political groups, such as UNC Democrats, UNC Law Democrats and Tar Heels for (David) Price [a liberal congressman]," Robinson said. "Then there are left-wing activist organizations such as the Campus Y, a Palestine solidarity group, Campaign to End the Death Penalty, several environmental groups, and UNC-CH Students for a Democratic Society. There are two ACLU chapters here as well, amongst many other groups. Students on the left can join a large variety of groups depending on their specific interests." Robinson estimates that about 30 student groups emphasize collectivism and left-wing issues.

The campus does have some conservative organizations. In fact, the *Chronicle of Higher Education* noted in its January 12, 2007, edition that there are eight conservative groups at UNC-Chapel Hill (their number includes the *Carolina Review*, a monthly newspaper). The newspaper implied that compared to other campuses this is a fairly large number. Robinson

**"Right now, there isn't an outlet for students who are interested in free-market ideas."**

Jenna Ashley Robinson  
Outreach Coordinator  
Pope Center

acknowledges those achievements. "There are some conservative groups, but they're mostly either political groups or focused on social issues. Right now, there isn't an outlet for students who are interested in free-market ideas."

The Pope Center has had a presence near the Chapel Hill campus for a number of years, which helps explain the relatively high number of conservative groups. Joey Stansbury, now a law student at Campbell University, was the Pope Center's outreach coordinator until mid-2006, and Shannon Blosser, a *Carolina Journal* contributing editor, has managed the Chapel Hill office for the Pope Center since 2004. The center also employs two college students as interns.

The Pope Center moved its Chapel Hill office this month to a new location, 109 Connor Drive, about a mile away from campus. Robinson's group will meet in the new office.

Robinson graduated from North Carolina State University in May 2003 with degrees in political science and French. She has also studied at the University of East Anglia School of American Studies in Norwich, England. She earned a master's degree in political science from UNC-Chapel Hill in December 2005. CJ

*Beware the hidden costs***Can States Use Higher Education as an Economic Tonic?**

By **GEORGE C. LEEF**  
Contributing Editor

**P**oliticians in three Midwestern states — Michigan, Indiana, and Wisconsin — have been working on plans that are based on the idea that higher education can spur state economies to better performance. While the details differ somewhat, all are rooted in the concept that increasing the number of residents with college educations is an investment for the government. Put some money in now, get much more money back later.

In Michigan, Gov. Jennifer Granholm calls the new Michigan Promise scholarship a cornerstone of her plan to revive the state's economy. The program provides a \$4,000 scholarship to students who complete two years of post-secondary education at a two- or four-year school in Michigan, public or private, provided that they have at least a 2.5 GPA.

In her press release, Granholm said, "A \$4,000 scholarship makes earning a college degree or technical certification a real possibility for every student. It's an amazing opportunity for our students and a critical necessity for our economy."

Indiana's legislation creates Hoosier Hope Scholarships, which will give annual stipends in the form of forgivable loans to "outstanding" students who attend a college or university in Indiana and agree to work in the state for three years after graduation. Gov. Mitch Daniels said, "[W]e must keep more of the graduates of [Indiana's higher education] system here at home, helping build our future."

Politicians in Wisconsin are consid-

ering a proposal that would grant free tuition to students who attend one of the state's public institutions, providing that they agree to work in the state for 10 years after graduation.

According to a story in the *Milwaukee Journal-Sentinel*, proponents believe "a captive workforce of college graduates would attract new industry to Wisconsin, along with higher-paying jobs."

Now, it's true that on average, people who have college degrees earn substantially more than people who don't. It's also true that many businesses prefer to hire people who have more formal education. So doesn't it stand to reason that if a state has a large number of college graduates, especially if they're "captive," it is going to enjoy higher income and more business growth? Could all those earnest politicians of both parties be mistaken?

I think they are. Trying to pull a state's economy up by putting a somewhat larger number of students through some post-secondary schooling and keeping them in-state afterwards will have far more cost than benefit. It will be an un-investment.

The first and most important point to understand is that just because on average people who have college degrees earn more, it does not follow that everyone who gets a college degree will enjoy a big earnings boost. The average for the college-educated group is pulled way up by very successful business and professional people, many of whom



went to college decades ago when academic standards were higher and the curriculum more rigorous. Instead of looking at meaningless statistics, we should ask whether there is reason to believe that marginal

students necessarily benefit from getting a college degree.

In America, about 70 percent of high school graduates are enrolled in some post-secondary education, a figure that includes virtually all of the students who have moderate to strong academic ability.

Therefore, increases in the number of students will come from those with weak academic interest and ability. So these states will be giving away a lot of money, most of it to students who would have paid the full tuition at state schools, in quest of a few additional students who aren't academic whizzes.

What about the idea of trying to keep college-educated students in the state? Won't it help to stem the "brain drain" if graduates know that if they leave, they'll have to pay a large amount back to the state?

No, because the condition of the economy will be the same no matter whether a job are filled by "natives" or "foreigners." If a firm in Michigan, for example, needs to hire someone new in information technology, it doesn't make the state any better off if the person hired earned his college degree in Michigan or in some other state. Except for business entrepreneurs and self-employed people, nearly everyone is employed

in jobs provided by companies, government, or nonprofit organizations. Neither the total amount of employment nor the kinds of jobs available are going to be affected by policies to subsidize college attendance and to try holding people in-state.

The mirage these politicians are chasing is that a "smarter" workforce will give a big boost to productivity, thereby pulling the economy upward. But instead of an upward pull on the economy, the result is downward pressure on workers who don't have college degrees and now find themselves competing with college graduates for low-level jobs that don't call for any particular academic preparation. In their book *Who's Not Working and Why*, economists Frederic Pryor and David Shaffer point out that the glut of college graduates is spilling over into "high school jobs" and worsening the employment prospects for workers lacking in formal education credentials.

Trying to promote higher education more than it currently is promoted will only further depress academic standards. Since any expansion of the student body will overwhelmingly come from those who have at best marginal academic skills and interest, the pressure to keep them in school will lead to courses being watered down and easier grading.

Government policies almost always have hidden costs and the field of education is no exception. *CJ*

*George C. Leef is vice president for research for the John William Pope Center for Higher Education Policy.*

## North Carolinians for Home Education

### The MISSION of NCHE is to:

- PROTECT the right to homeschool in North Carolina.
- PROMOTE homeschooling as an excellent educational choice.
- PROVIDE Support to homeschoolers with conferences, book fairs, and other resources.



### The IDEALS of NCHE are:

- Educational excellence.
- Parental authority and responsibility for education.
- Protection and promotion of the family.
- Diligence in moral and ethical instruction.
- Responsible citizenship.
- Freedom of choice among educational alternatives.
- Defense of Constitutional rights.

Over 9000 people will attend the annual conference and book fair in Winston-Salem May 26-28. For more information about NCHE, you can call the office at **919-790-1100** or visit the website at [www.nche.com](http://www.nche.com)

As of January 2005, there were over **60,000** homeschoolers registered in the state of North Carolina.



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## Town and County

## Corolla flooding not fixed

Residents of the Whalehead subdivision of Corolla have been paying additional taxes for the past four years, with the proceeds used to address the community's persistent flooding problems. A total of \$600,000 in improvements later, the flooding continues, the *Daily Advance* of Elizabeth City reports.

Destruction wrought by Tropical Depression Ernesto in the fall highlighted the problem, with more than 100 homes damaged. Parts of the community were under water for two weeks.

"There were homes that sustained \$40,000 of damage and septic systems that backed up through homes," said Whalehead resident Herb Robbins.

"We have put in money, but nothing has happened," he said.

Property owners paid an additional 7 cents per \$100 of valuation per year from 2003 to 2006 to address the flooding problem. After Currituck County's 2006 property revaluation, the rate was cut to 1 cent per \$100.

## Leland budgets on growth

Some communities seek to limit growth. For the Brunswick County town of Leland, the opposite is true. The municipality takes in more money from building permit fees than any other source, and local officials are becoming concerned about a possible slowdown in the housing market.

"I've been tracking this thing month by month for a while now," Town Manager Bill Farris said to the *Wilmington Star-News*.

There's good reason for Farris' attention to the subject. In the fiscal year that ended June 30, 2006, Leland took in \$1.31 million from building permits compared to only \$871,724 in current year property taxes. Sales tax receipts were \$1.17 million. Property tax and sales tax receipts are typically the two largest sources of revenue for localities.

Recent building permit numbers haven't been favorable, with the number of inspections completed in both November and December being below what the town had budgeted. In December, 87 inspections were conducted, bringing in \$113,000. The town budgets \$150,000 in building inspection fees a month.

Town officials remain optimistic things will improve. CJ

## Government Costs Outstrip Population, Inflation

By MICHAEL LOWREY  
Associate Editor

RALEIGH

The cost of local government in North Carolina grew faster than population growth and inflation in fiscal 2004-05, according to a recently released report, *By The Numbers*, the John Locke Foundation's yearly examination of localities' revenue in the state.

The report calculates the local tax burden in each of the state's counties and municipalities. The typical North Carolinian paid about \$1,135 for local government in 2004-05 compared to 2003-04, a \$15 increase.

## Calculating burdens

State law requires each county and municipality to file audited reports with the N.C. Treasurer's Office each year. JLF's report builds on that data, which is available on the web.

*By The Numbers* examines property taxes, sales taxes, and total local-government collections of all taxes and fees for counties and municipalities for fiscal 2004-2005, the latest year for which a complete set of data is available. For each of the three categories, a revenue per-capita figure was computed. Countywide figures also were calculated as a percentage of per-capita personal income.

Counties are also ranked against each other for both their per-capita collections and collections as a percentage of personal-income. Municipalities are sorted by population and ranked within four population ranges (less than 1,000 population; 1,000-4,999; 5,000-24,999; and 25,000 or more).

For comparison, figures for fiscal 2004 are also included in the report.

While *By the Numbers* shows the cost of local government, it does not attempt to measure the quantity or quality of services provided in exchange for those dollars. Nor does the report consider the additional out-of-pocket costs to individuals for services that their local government might not provide.

In unincorporated areas, for example, homeowners might have to contract privately for garbage pickup, while those living in a town or city might receive this service, paid for through their municipal property and other taxes.

Municipalities might also use some of their tax dollars to provide a higher quality of fire protection, which might translate into lower homeowners insurance rates.

"Importantly, this means that whether a jurisdiction is ranked high or low in cost of government is not the

Tax burdens in North Carolina cities and counties of more than 25,000 population

Locality	Total Revenues	Rank	Property Taxes	Rank
Charlotte	\$2,113.29	1	\$1,217.23	2
Wilmington	\$1,915.57	2	\$1,108.59	6
Asheville	\$1,892.57	3	\$1,020.10	9
Durham	\$1,873.33	4	\$1,133.06	3
Chapel Hill	\$1,871.83	5	\$1,236.15	1
Hickory	\$1,771.98	6	\$975.01	12
Greensboro	\$1,765.36	7	\$1,062.08	7
Cary	\$1,757.67	8	\$1,016.61	10
Huntersville	\$1,749.39	9	\$1,121.07	4
High Point	\$1,744.58	10	\$1,053.82	8
Raleigh	\$1,706.45	11	\$948.62	15
Winston-Salem	\$1,681.80	12	\$961.72	14
Matthews	\$1,661.93	13	\$1,109.25	5
Apex	\$1,635.98	14	\$976.38	11
Salisbury	\$1,629.72	15	\$941.89	16
Monroe	\$1,559.64	16	\$810.95	20
Concord	\$1,554.71	17	\$972.50	13
Statesville	\$1,520.13	18	\$839.51	19
Greenville	\$1,480.87	19	\$734.58	25
Fayetteville	\$1,454.85	20	\$775.24	21
Gastonia	\$1,449.88	21	\$896.45	17
Wilson	\$1,411.82	22	\$754.33	24
Sanford	\$1,387.15	23	\$875.34	18
Rocky Mount	\$1,342.28	24	\$703.87	26
Burlington	\$1,326.50	25	\$762.93	22
Goldsboro	\$1,228.41	26	\$644.49	27
Kannapolis	\$1,219.94	27	\$762.39	23
Thomasville	\$1,129.15	28	\$637.39	28
Jacksonville	\$1,036.73	29	\$419.89	29

Note: Total revenues include property tax, sales tax and other locally collected taxes.

end of the debate over fiscal policy—it is merely the beginning," the report's author writes.

"Citizens of North Carolina's cities and counties must decide whether the services they receive are worth the price they and their fellow residential and business taxpayers are paying in local taxes and fees."

## The cost of local government

Local government is a large-scale endeavor. In the fiscal year that ended June 30, 2005, North Carolina's counties and municipalities took in a total of \$12.4 billion in revenue from taxes, fees, and sales of good and services, excluding electricity. Property tax collections were \$6.2 billion. Sales tax receipts totaled \$2.4 billion. Water and sewer fees for the year reaped \$1.6 billion. Localities also collected \$2.3 billion from a variety of other taxes and fees.

In fiscal 2005, the typical resident of the median county in North Carolina paid \$1,135 in taxes and fees to county and municipal governments, a \$15 or 1.3 percent increase over the inflation-adjusted \$1,120 burden in the median county in fiscal 2003-04.

The state experienced significant income growth in 2004 (the last year for which data is available); while the taxes and fees local governments charged grew faster than inflation, taxpayers' income grew even faster. The typical tax and fee burden accounted for 4.55 percent of personal income in fiscal 2005 in the median county. The comparable figure for 2003-04 was 4.66 percent of per-capita personal income.

Dare County residents paid the most in taxes and fees to local government, at \$3,750 each, followed by those living in Mecklenburg, at \$2,230; Cur-

rituck, at \$2,167; Brunswick, at \$2,081; and Durham, at \$2,016, counties. The results for the coastal counties reflect their nature as tourist destinations; second houses, even if rented out, certainly appear on local tax rolls even if their owners spend most of the year elsewhere.

The residents of Gates, at \$688; Hoke, at \$693; Alexander, at \$708; Caswell, at \$710; and Greene, at \$764 counties paid the least toward local government in fiscal 2005.

Per-capita personal income varies widely across North Carolina, from a high of \$40,416 in Mecklenburg County to \$18,817 in Hoke County. As a result, it's also informative to compute the cost of local government as a percentage of income. Dare County is again tops, with 11.94 percent of personal income going toward the cost

of local government.

Also in the top five were Hyde, at 8.71 percent; Brunswick, at 8.39 percent; Bladen, at 7.66 percent; and Currituck, at 7.64 percent counties.

At the other end of the scale, only 2.81 percent of the typical resident of Alexander County's income went toward the cost of local government.

Other counties with particularly low combined city-county tax burdens as a percent of income include Gates, at 3.10 percent, Jones, at 3.21 percent; Caswell, at 3.22 percent; and Davidson, at 3.29 percent counties. The combined municipal and county taxes and fees totaled 4 percent or less of per-capita personal income in 28 of the state's 100 counties.

Among the 29 cities with populations of more than 25,000, Charlotte again had the highest combined city-county tax and fee collections per capita. Wilmington, Asheville, Durham, and Chapel Hill ranked second through fifth, respectively.

Despite still paying the most for local government, Charlotte, and to a lesser degree Wilmington, residents did experience modest reductions in the per-capita tax burdens they experienced in fiscal 2005.

Property and sales tax collections in both communities were essentially flat at the municipal and county level. When combined with population growth, the combined burden in both cities was actually lower in 2005 than in 2004, even before adjusting for inflation.

The lowest per-capita collections were in Jacksonville, Thomasville, Kannapolis, Goldsboro, and Burlington.

The entire *By the Numbers* report is available on line at [johnlocke.org/policy\\_reports/](http://johnlocke.org/policy_reports/). CJ

## Amendment One Suit Takes Turn

*Suit alleges secretary of state did not follow Voting Rights Act*

By PAUL CHESSER

Associate Editor

RALEIGH

Lawyers in the N.C. Attorney General's Office have asked a federal court to dismiss a lawsuit that challenges the state's constitutional amendment to allow local tax-increment financing, in part because they say they sought approval for the change from the Civil Rights Division of the U.S. Department of Justice.

But Secretary of State Elaine Marshall did not pursue "preclearance" for voting changes made with 2004's Amendment One ballot initiative, as required under the U.S. Voting Rights Act, until early December.

"They're trying to get it precleared after the fact," said Robert Orr, who heads the North Carolina Institute for Constitutional Law, which is litigating the case against the state in order to get the Amendment One provisions ruled unconstitutional.

Amendment One, approved by voters in November 2004 by a 51 percent-49 percent ratio, allowed local governments to create special bond financing districts to develop projects, in which the increased tax revenues from improved property values would pay off the bonds. Under North Carolina's constitution voters must approve any new debts incurred by government. Amendment One's provisions enabled local governments to bypass that requirement.

The 1965 Voting Rights Act, in Section 5, requires any voting changes made in certain jurisdictions to be approved, or "precleared," by the U.S. Department of Justice. The process is designed to prevent any discrimination against certain voters because of their race. Forty of North Carolina's 100 counties are subject

to that provision.

In her request to U.S. Civil Rights Division Chief John Tanner, Marshall sought "expedited consideration" to pre-clear Amendment One's voting changes, in part because of the lawsuit filed by NCICL. But she also admitted the state may have made a mistake, explaining it was "a lack of communication among state officials resulted in the potential need for preclearance of the substantive provisions being overlooked." Marshall and the attorney general's lawyers argued that it's not clear that preclearance is necessary, but if it is, that there is no reason the Civil Rights Division shouldn't approve the changes.

"Clearly, the ratification of Amendment One and the statutes that implement that constitutional amendment lack discriminatory purpose or effect on the rights of minority voters and will have no retrogressive effect with regard to those voters," the lawyers wrote in their motion to dismiss the lawsuit.

The crux of NCICL's lawsuit is that the ballot language in November 2004 failed adequately and clearly to explain the changes voters were being asked to approve. Orr said that many voters did not understand from the ballot text that they would be giving up their constitutional rights in the future to approve government borrowing.

"They should have informed the Civil Rights Division that the proposed constitutional amendment would affect the rights of minorities to vote in certain situations," Orr said.

But the attorney general's lawyers say that point in the case is irrelevant now that Marshall has sought approval.

"Because North Carolina has complied with the requirements of [Section 5] and has submitted for preclearance the changes in voting procedure in question, plaintiffs' claim is moot, or will be moot once preclearance is obtained," the lawyers argued in their motion to dismiss. CJ

## JLF: Divest Thomasville Golf Course

By CJ STAFF

RALEIGH

Thomasville could devote more money to essential city services if taxpayers stopped shoveling \$23 toward every round of golf at the city-owned course, according to a key finding in a recent John Locke Foundation Spotlight report.

"Winding Creek Golf Course lost more than \$3.6 million over the last six years," said Dr. Michael Sanera, JLF research director and local government analyst. "The annual loss of more than \$600,000 per year doesn't include property taxes which private owners would have to pay on the same property. The city-owned 165-acre course generates no tax revenue."

Sanera and coauthor Michael Moore, a JLF research intern, found that Thomasville's city-owned course uses tax dollars to generate unfair competition with private businesses.

"The taxpayer-subsidized golf course competes with 18 private golf courses in the area," Sanera said.

"Several of these courses offer green fees that are competitive with the city golf course's even without the taxpayer subsidy. In fact, when the taxpayer subsidy is added to the green fee at Winding Creek, the true cost of a round of golf there is about double the green fee charged — nearly \$48 for 18 holes. The higher fee is comparable to some of the more exclusive courses in the area." CJ

## Commentary

### Legislative Expectations

Settling into a new year, excitement and trepidation always abound. We have a new leader in the House and the same old structure in the Senate. So what are we to expect for local government in the coming year? The short answer is probably not much. In fact, we can probably expect more tax increases in the name of education and some movement on Medicaid. Looking out across this great state, here are my top five issues for the legislature with respect to local government.

#### 1) Medicaid —

There has been a great deal of teeth gnashing here as North Carolina pays out a portion of Medicaid at the local level, but nobody's

done much to solve it. A bill from U.S. Rep. G. K. Butterfield, D-N.C., would force the state to stop the ridiculous payment structure, but that wouldn't solve the problem. The quick and dirty work: Stop the waste, fraud, and abuse; look at our overly generous eligibility; and then phase out the local payments over three years. This would solve the problem, but the move would take leadership. Bait-and-switch tax games, as suggested by N.C. Sen. Tony Rand, D-Cumberland, are simply excuses for raising taxes.

#### 2) No Cap on Charter

Schools—With all the complaints about school construction costs, it often gets overlooked that there are no taxpayer dollars used to construct charter schools. Their proliferation across the state beyond the 100 allowed would help to alleviate crowding, offer more choices for parents, and possibly improve educational quality in North Carolina. The fact that this is even being debated is absurd. Every county in the state should pass a resolution requesting the cap be lifted, and every school board in the state should support it as well. If the interest is "the children," then someone should step up and get rid of the cap.

3) Extra-Territorial Jurisdictions — N.C. law allows cities to control planning and zoning up to a mile beyond corporate city limits (sometimes more). This affects the freedom of property owners in the area and has little to do with modern urban expansion. Most requests for annexation from developers and other businesses have little to do

with extra-territorial jurisdictions. The simple rule here is that if a county has zoning, there is no need for a jurisdiction, because differences in zoning codes can be worked out between the zoning codes or by adopting a unified development ordinance.

4) Inequity of authority — OK, so the title is confusing. But because of cookie-cutter legislation, counties and cities have many different revenue streams, but some of those streams may be illegal in another county. Consolidate the revenue options available so that all counties are treated equally. This will at least allow counties to "pick their poison" when structuring their revenue. But

more important, it might also allow the public to see what is and is not effective taxation at the local level. Too many taxes aren't good policy, but at least having the opportunity to pick a sales tax over an impact fee or property tax increase provides some options.

5) Appoint School Boards— This is controversial, yes, but logical as well. The state appoints all manner of important boards such as DOT and the UNC trustees. County commissioners appoint community college boards, boards of health, and even environmental boards. Such a move would save millions of dollars in frivolous low-turnout elections and also do wonders for school board-commissioner relationships. Such a move is overdue and would align school board policymakers with commission leadership. As it exists, each board can always point fingers at the other when things don't work out.

So there we have it, an innovative legislative agenda to promote more freedom, accountability, and choice. Here's hoping that people are paying attention. Not long ago, 100 county sheriffs opposed video poker machines. No telling how far 100 resolutions from cities or counties would go. CJ



Chad Adams

Chad Adams is director of the Center for Local Innovation, vice president for development of the John Locke Foundation, and former vice chairman of the Lee County Board of commissioners.

## Local Innovation Bulletin Board

**Health Care Headaches**

Until now, local governments have paid whatever retiree health care was owed in a given year. But now that the federal Government Accounting Standards Board requires local governments to fully examine what retiree health care will cost them for past, current, and future employees, localities will be faced with a fiscal calamity, the *Desert Sun* reports.

The impending dilemma has been years in the making and the result of multiple factors:

- Skyrocketing health-care costs; state spending for retiree health care increased an average of 17 percent a year for the past five years.

- An increase in life expectancy coupled with public-sector employees retiring in their 50s with full benefits; local governments are forced to pay increasing costs for more years per employee than ever before.

- Unbreakable labor contracts that leave cities and schools in the tough position of making good on what they've promised in contracts, or negotiating a way out.

- A lack of savings; cities and schools use pay-as-you-go systems, meaning no money is set aside for the millions of dollars in future costs.

The new accounting standards won't kick in for many until 2008. And they require putting only the costs on the books, not necessarily funding them. But bond-raters are expected to start penalizing governments that carry large debts. That could affect how much a city or school pays to borrow money for infrastructure projects — or their ability to borrow at all.

**Poverty moving to suburbs**

As Americans flee the cities for the suburbs, many are failing to leave poverty behind. The suburban poor outnumbered inner-city counterparts for the first time last year, with more than 12 million suburban residents living in poverty, according to a study of the nation's 100 largest metropolitan areas.

In 1999, the number of poor people living in cities and suburbs was roughly even, at about 10.3 million each, according to the report. Last

year, the suburban poor outnumbered their urban counterparts by about 1.2 million.

The poverty rate in large cities, 18.8 percent, is higher than it is in the suburbs, 9.4 percent, but the overall number of people living in poverty is higher in the suburbs.

Recent immigrants are increasingly bypassing cities and moving

directly to suburbs, especially in the South and West; those immigrants, on average, have lower incomes than people born in the United States.

The report found that Greensboro's

suburbs experienced among the largest increase in suburban poverty rates nationally between 1999 and 2005.

**New York counts calories**

New York City is forcing some restaurants to list calories on menus by this summer—part of a food-regulation package that will also eliminate trans fats in restaurant kitchens. The regulation will help prevent obesity and the diseases that go along with it, *The New York Times* reports.

The rule applies only to restaurants that have standardized recipes and that have made nutrition information publicly available on the Internet, printed brochures or other methods as of March 2007.

But for those companies, the new law presents logistical challenges. Menu boards are already crowded with choices, and redesigning menus just for the New York market can be costly, people in the industry said. Starbucks, for example, offers 87,000 drink combinations, depending on the kind of milk, amount of syrup and whether the drink has whipped cream. Changing those to comply with the new law may prove daunting.

And while companies that offer several variations on one item can list a calorie range, there's no telling how accurate the counts will be.

As a result, some chain operators are already wondering whether it would be easier to simply take down any publicly available nutrition information before the deadline, thus exempting themselves from the law. CJ

**New federal accounting standards governing retiree health care could cause fiscal calamity for local governments.**

**From Cherokee to Currituck****Wilmington Outlines Sewer Plan**

By MICHAEL LOWREY  
Associate Editor

RALEIGH

A consulting firm has presented a detailed proposal to modernize portions of Wilmington's sewer system. Repairs and improvements are projected to cost \$66.5 million over 10 years and come in addition to two other major sewer and water treatment projects already in the works.

Wilmington's sewer system has failed repeatedly in recent years, spilling five million gallons of raw sewage. While most of the discharges have come from the Northeast Interceptor, a main leading to a water treatment, other parts of Wilmington's sewer system also are in poor condition.

The study by Camp, Dresser & McKee recommends replacing about 100,000 feet of pipe by mid-2012. Though much of the work will occur downtown, the report notes that trenching will generally not be necessary because much of the work can be accomplished through existing manholes.

Adoption of the company's recommendations is expected. A sewer rate increase to cover the cost of the repairs plus rebuilding the interceptor is expected.

"I wouldn't spend the taxpayer's money without taking that plan and moving forward with it," said Mayor Bill Saffo to the *Wilmington Star-News*.

"It's a plan of action for the city. It's my charge as mayor to make those improvements as necessary and spend whatever money we have to get them done. I think the taxpayers and citizens of this community want that."

**Environmental building rules**

Asheville has adopted a general policy calling for new city buildings to be built to stringent environmental construction standards. The question now is whether the policy should extend to all new structures, the *Asheville Citizen-Times* reports.

Under the new policy, building should be built to the U.S. Green Building Council's Leadership in Energy and Environmental Design standards. The applicability of the new guidelines to future fire stations remains at issue though.

"They are kind of inherently inefficient," Chief Greg Grayson said of fire station layouts.

One challenging requirement is that fire stations have large, high

bays that must be heated in winter to keep the water in the fire engines from freezing.

As a result, the cost of building fire stations to the LEED standards can be high. And it's also not done very often. Grayson said only three stations in the country are built to LEED standards.

The city had studied building fire stations to obtain LEED certification. The cost of building its two most recent sta-

tions to the standards would have cost an additional \$2 million beyond the \$4.8 million they would have otherwise cost.

Local environmental activists, however, aren't necessarily convinced that achieving LEED certification for

future fire stations is too expensive.

"Issues of energy need to be dealt with by the city and I think the city needs to take leadership," said Jane Mathews, an architect and member of the city's Sustainable Energy and Environment Advisory Committee.

**Firefighting certification**

Some home insurance premiums in Chatham County will drop by as much as 20 percent. The reductions come from the county's fire departments achieving a better Public Protection Class rating from the state Fire Marshal's Office and apply to homes five to six miles from a fire station.

Achieving the better classification, a PPC 9E rating, involved a considerable amount of work by the county's firefighters and county staff. Only 35 to 40 percent of counties in the state have achieved a PPC 9E rating for homes a comparable distance from fire stations.

"All the people involved deserve so much credit," Chatham County Fire Chief Tom Bender said to *The Herald-Sun* of Durham. "I hope the citizens know that the fire department is doing other things besides fighting fires."

To obtain the improved rating, Chatham County's 12 fire departments had to sign automatic assistance agreements with neighboring fire departments.

Fire departments also had to pass extra state exams and obtain permission from landowners to use lakes and ponds as water sources when fighting fires.

County staff, meanwhile, prepared new maps that showed exactly what structures were within six miles of the various fire departments in the county. The county's 911 center also had to make changes to support the new classification. CJ

**"It's a plan of action for the city. It's my charge as mayor to make those improvements."**

Bill Saffo  
Mayor of Wilmington

# Winston-Salem Getting Into the Baseball Business

By SAM A. HIEB  
Contributing Editor

WINSTON-SALEM  
Winston-Salem is getting into the baseball business. Whether Forsyth County joins the city remains to be seen.

At its meeting Jan. 16, the Winston-Salem City Council unanimously signed off on \$29 million in incentives to help build a baseball stadium downtown on a site bordered by Business Interstate 40, Peters Creek Parkway, and Broad Street. The stadium would be only the first phase of a \$189 million project that would also include office, retail, and residential development.

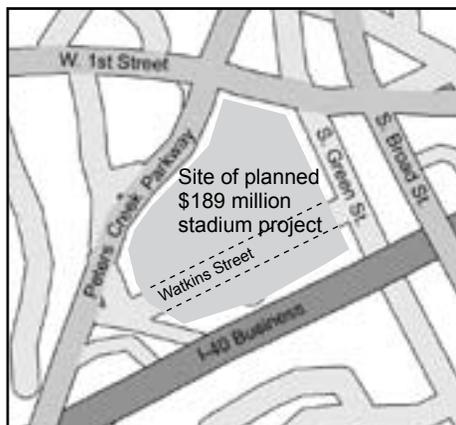
Councilman Robert Clark insisted that the city had performed adequate due diligence to ensure the project would eventually stand on its own. "The reason it's taken three years to get here is we've insisted on that," Clark said.

The incentives package involves \$21 million over 20 years on a loan for stadium costs plus \$8 million in grants based on up to 100 percent of property taxes paid. Another \$16 million to buy additional parking spaces is also a possibility. The city's construction costs would be reimbursed through increases in tax value on the stadium, the sale of Ernie Shore Field, where the Winston-Salem Warthogs now play, and a surcharge on tickets.

The ticket surcharges were a sticking point when the city was considering the package. While the surcharges are expected to help generate considerable revenue for the city, it was based on an annual attendance of 350,000, more than twice the number of people that attended Warthogs games in 2006, according to the *Winston-Salem Journal*. With that in mind, Billy Prim, Warthogs owner and the developer of the project, will be



The photo above shows the view looking east from Watkins Street at the intersection with S. Green Street. Watkins Street would be eliminated under the current plans for the project. (CJ Photo by Sam A. Hieb)



CJ graphic

required to provide a letter of credit on the surcharge revenue.

The city will also provide \$1,000 to assist families in the neighborhood who will be displaced by the project, with Prim kicking in an additional \$1,000.

Other revenue sources include \$2 million in a federal transportation grant and \$1 million from The Millennium Fund. Prim is investing \$8 million in the project and offering up the company that owns the team, Sports Menagerie, as collateral if the project doesn't work. The Journal cited city documents when it reported Sports Menagerie's worth at \$14 million. So far, Prim has refused to reveal his company's worth.

Another major issue is the proposed city ownership of the stadium in 25 years under the terms of the agreement. At a recent City Council meeting, Deputy City Manager Derwick Paige admitted the city wasn't sure what it was getting itself into.

"We don't know what we will be purchasing at that point," Paige said.

Forsyth County officials also are considering an incentives package, but they are less enthusiastic than the city about providing public money for the deal. Commissioners have made a counter offer that was less than the original \$14 million proposal.

But commissioners have already said the county has little interest in co-owning the stadium with the city.

"I question the asset value of a 20-year-old stadium that may well need major renovation after 20 years of public use," Commissioner Bill Whiteheart wrote in an e-mail message.

"It would be an old stadium by then. It's going to need repair and renovation. Then there's the operational cost," Commission Chairwoman Gloria Whisenhunt said in a phone interview.

Public venues don't appear to

age well, given the fate some relatively young buildings have met in recent years. At the major league level, Three Rivers Stadium in Pittsburgh and Riverfront Stadium in Cincinnati, both completed in 1970, have already met the wrecking ball. The Charlotte Coliseum, which opened in 1988, is now considered a relic and awaits demolition.

Those lucky enough to still be standing are losing money, such as the city-owned Greensboro Coliseum and Lawrence Joel Coliseum in Winston-Salem.

Civic centers don't fare much better. The old Raleigh Civic Center, built in the 1970s, has been torn down, while Asheville recently pulled its 32-year-old civic center off a list of properties the city wants to sell. But city officials still don't know what to do with it.

The civic center needs a new roof and other repairs, and many question whether it has the capacity to handle shows that would attract a regionwide audience. The Asheville City Council appropriated money for the new roof in October, but the building's fate is still up in the air.

It's important to remember that the stadium is only the first phase of the entire project. Property taxes from the second phase will presumably help reimburse the city.

**"I question the asset value of a 20-year-old stadium that may well need major renovation."**

**Bill Whiteheart  
Commissioner  
Forsyth County**

But again, planned mixed-use developments around stadiums are risky ventures. Winston-Salem officials cited high attendance figures at Greensboro's privately financed First Horizon Park as evidence of a stadium's positive impact on down-

town development.

In December, Steve and Jim Jones, developers of an ambitious mixed-use project two blocks from First Horizon, announced their plans were stalled for the time being. That announcement might have cast doubt as to whether the Greensboro Grasshoppers will purchase the stadium from the Bryan Foundation, which financed the stadium's \$23.5 million construction costs. Team officials said in mid-January they would consider exercising that option if downtown development around the stadium proceeds as planned.

When the Jones brothers announced their project, it seemed too good to be true. That's the way many Winston-Salem citizens feel about the project they're being asked to support.

One citizen said as much while speaking out against the project during the public hearing.

"If something sounds too good to be true, it probably is," he said. CJ

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Wilmington	WAAV	AM 980	Saturdays	1:00 PM
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For more information, visit [www.CarolinaJournal.com/CJRadio](http://www.CarolinaJournal.com/CJRadio)

## From the Liberty Library

• Approximately three-quarters of Americans give their time and money to various charities, churches, and causes; the other quarter of the population does not. Why has America split into two nations: givers and non-givers? Arthur Brooks, a top scholar of economics and public policy, has spent years researching this trend, and even he was surprised by what he found. In *Who Really Cares: America's Charity Divide-- Who Gives, Who Doesn't, and Why It Matters*, he demonstrates conclusively that conservatives really are compassionate—far more compassionate than their liberal foes. Strong families, church attendance, earned income (as opposed to state—subsidized income), and the belief that individuals, not government, offer the best solution to social ills—all of these factors determine how likely one is to give. Learn more at [www.perseusbooks.com](http://www.perseusbooks.com).

• From the first Arab-Islamic Empire of the mid-seventh century to the Ottomans, the last great Muslim empire, the story of the Middle East has been the story of the rise and fall of universal empires and, no less important, of imperialist dreams. So argues Efraim Karsh in *Islamic Imperialism: A History*. Rejecting the conventional Western interpretation of Middle Eastern history as an offshoot of global power politics, Karsh contends that the region's experience is the culmination of long-existing indigenous trends, passions, and patterns of behavior, and that foremost among these is Islam's millenarian imperial tradition. Available at [www.yalepress.yale.edu](http://www.yalepress.yale.edu).

• Robert Kagan, in *Dangerous Nation: America's Place in the World From Its Earliest Days to the Dawn of the Twentieth Century*, strips away the myth of America's isolationist tradition and reveals a more complicated reality: that Americans have been increasing their global power and influence steadily for the past four centuries. Even from the time of the Puritans, he reveals, America was no shining "city up on a hill" but an engine of commercial and territorial expansion that drove Native Americans, as well as French, Spanish, Russian, and ultimately even British power, from the North American continent. Even before the birth of the nation, Americans believed they were destined for global leadership. Underlying their ambitions, Kagan argues, was a set of ideas and ideals about the world and human nature. At [www.randomhouse.com](http://www.randomhouse.com). CJ

## Book Review

**Re-Thinking Green: An Indispensable Handbook**

• Edited by Robert Higgs and Carl P. Close: *Re-Thinking Green: Alternatives to Environmental Bureaucracy*; Independent Institute; 2005; 440 pp; \$22.95

By MICHAEL SANERA

Contributing Editor

RALEIGH  
Readers of *The Freeman* don't need to be reminded that freedom works better than coercion, but when I hike a wilderness trail I sometimes think there might be some small role for government in protecting the environment. If you're inclined to drift in that direction, *Re-Thinking Green* provides the antidote.

Robert Higgs and Carl Close have collected 22 articles that cover the gamut of environmental issues—population, global warming, endangered species, coastal management, urban planning, air pollution, and energy. The common theme uniting these articles is that they explain how the good intentions of environmental groups, policy-makers, and bureaucracies fail to produce improvements in the environment. While it isn't possible to do justice to all 22 chapters, I have chosen three examples to provide the reader a flavor of this gem of a book.

For most of us, elephants occupy a special place in our hearts and they're especially appealing to children. Think of Babar and Dumbo. Environmental groups have converted many to their cause by describing, in vivid detail, the road to elephant extinction. The 1989 international ban on the ivory trade was celebrated as a great environmental victory. This ban was passed over scientific and economic objections by leading conservationists who demonstrated that it would harm elephant populations. How did this harmful ban pass in the face of scientific and economic evidence?

William Kaempfer and Anton Lowenberg's article, "The Ivory Bandwagon: International Transmission of Interest-Group Politics" provides the answer. The crux of their analysis is the observation that environmental groups observed that the "save the elephant" crusade brought in truckloads of money and busloads of new members. Therefore, leaders of those organizations turned a deaf ear to the scientific and economic evidence and joined the competition for funding and membership. All the better if elephant populations suffered—just more evidence of the need for activism.

Energy has been a national concern for decades, and when gasoline topped \$3 a gallon in 2006 it became a national obsession. The media often provide the public with a melodrama featuring environmental groups protecting pristine wilderness from being despoiled by greedy, profit-hungry oil companies.

Dwight Lee's analysis in "Drill or



Not to Drill: Let the Environmentalists Decide" argues that the incentives provided by private property rights helps us to solve the conflict over drilling without the good-guys-against-bad-guys melodrama.

Lee's analysis notes that an environmental group such as the Audubon Society opposes drilling in the Alaska Arctic National Wildlife Refuge because it is publicly owned land; for Audubon, the risk of an oil spill is a cost not balanced by any benefit.

On the other hand, give the Audubon Society private property rights and its incentives and behavior change. Proof of this proposition need not rest on economic theory because the Audubon Society owns 26,000 acres in Louisiana called the Rainey Wildlife Sanctuary. This area also happens to have deposits of oil and

natural gas and the Society allows oil and gas production on its property. It has concluded that an estimated \$25 million in annual royalties is worth the small chance of environmental damage. Lee notes that environmentalists "adamant verbal opposition to drilling in ANWR is a poor reflection of what they would do if they owned even a small fraction of the ANWR territory containing oil."

The lessons learned by the collapse of the Soviet and Eastern European communist systems due in large part to the failures of their central planning systems is lost on advocates of "smart growth." Randal O'Toole notes in "Is Urban Planning 'Creeping Socialism'?" that our urban areas are experiencing socialist planning on a grand scale through the use of extreme forms of zoning regulation.

Planners and their political allies want more power to force the rest of us to live urban lifestyles of their choosing. Smart-growth advocates press local officials to require high-density and "affordable" housing. Autos in these centrally planned smart-growth cities are nearly regulated out of existence.

In the final analysis, smart growth is a threat to individual freedom because it's an attempt to use government coercion to reverse two great liberating trends of the 20th century: increased individual mobility provided by inexpensive autos and the desire for increased privacy available by increases in the size of homes and lots.

*Re-Thinking Green* is that indispensable "handbook" to consult the next time you need to win an environmental debate or when you start drifting toward accepting government ownership and solutions when hiking. CJ

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See what one Raleigh paper called "Matt Drudge with Class"

# What's In a Name?: Colorful Place Names Hold a Lot of History

For centuries North Carolinians have maintained a sense of place—a belief that where one is from influences behavior and fosters worldviews. Even with increasing urbanization and suburbanization, native North Carolinians still commonly and thankfully ask, “Where are you from?” before asking, “So, what do you do?”

Think I’m writing nonsense? Ask someone from eastern North Carolina, the Piedmont, or western North Carolina to describe someone from the other regions. Then listen to their descriptions of others’ accents, local culture, heritage, occupations, and perhaps religious (more than likely, denominational) doctrines and practices and their political beliefs.

Here are some randomly selected North Carolina places and their histories:

1) Oconaluftee River: This Great Smoky Mountain river at one point is the county line between Swain and Jackson

counties and eventually flows into the Tuckaseegee River. “Ocona” and “luftee” derive from the Cherokee “egwani” (river) and “nulati” (near or beside). Explorers during the late 1700s called a town on the river “Oconaluftee” (likely, present-day Birdtown).

2) Deep River: forms in Guilford County and flows southward and eastward through Randolph, Moore, and Chatham counties, where in the latter it connects with the Haw River to form the Cape Fear River. Crossing a fall line, the river and its banks are, well you guessed it, deep.

3) Cape Fear River: flows 202 miles from Chatham County until it reaches the Atlantic Ocean (the only river in North Carolina to do so). Sailing under the auspices of the French government in 1524, Giovanni Da Verrazano of Italy was the first European explorer to see the river. The river had several names, including Rio Jordan, before becoming known during the 1720s as the Cape

Fear River; for many English navigators narrowly avoided shipwreck at its mouth and frequently called the area “The Cape of Fear.”

4) Hatteras: a popular vacation and fishing town, located at the southern end of Hatteras Island, where the Hatteras tribe lived and fished. “Hatteras” is the Anglicization of an Algonquian phrase for “there is less vegetation.”

5) Greensboro: established in 1808 and serves as the county seat of Guilford County. Its namesake was Gen. Nathaniel Greene, who led American Patriots at the Battle of Guilford Courthouse (March 15, 1781).

6) Hickory: named after a log cabin built in the 1790s and commonly called Hickory Tavern by the 1850s. This Catawba County town became known as Hickory in 1873.

7) Murphy: first named Christie Ford and later known as Huntersville. In 1851 the town was named for Archibald DeBow Murphey, who championed in-

ternal improvements and public school legislation. As one can tell, the founders of the Cherokee County seat misspelled its namesake’s last name.

*The North Carolina Gazetteer: A Dictionary of Tar Heel Places*, by William S. Powell, offers many leads for those curious about the history of their town or county or a nearby body of water. Here are a few more of its interesting place name entries: Hanging Dog Creek (in Cherokee County); Dirty-Britches Creek (a euphemism now more frequently used for this Buncombe County creek’s original and more offensive name); Teaches Hole (an inlet in Hyde County); Tories Den (a cave in Stokes County); All Healing Springs (a community in Gaston County); Little Tomahawk Creek (in Sampson County); and Lizard Lick (a community in Wake County).

Every place’s name has a history. So, notice signs in your community and search for the nearby community’s or creek’s name either first online or in Powell’s *Gazetteer*. The result may be an interesting story and might help you understand better the place in which you live and, possibly, who you are. CJ

*Dr. Troy Kickler is director of the North Carolina History Project.*

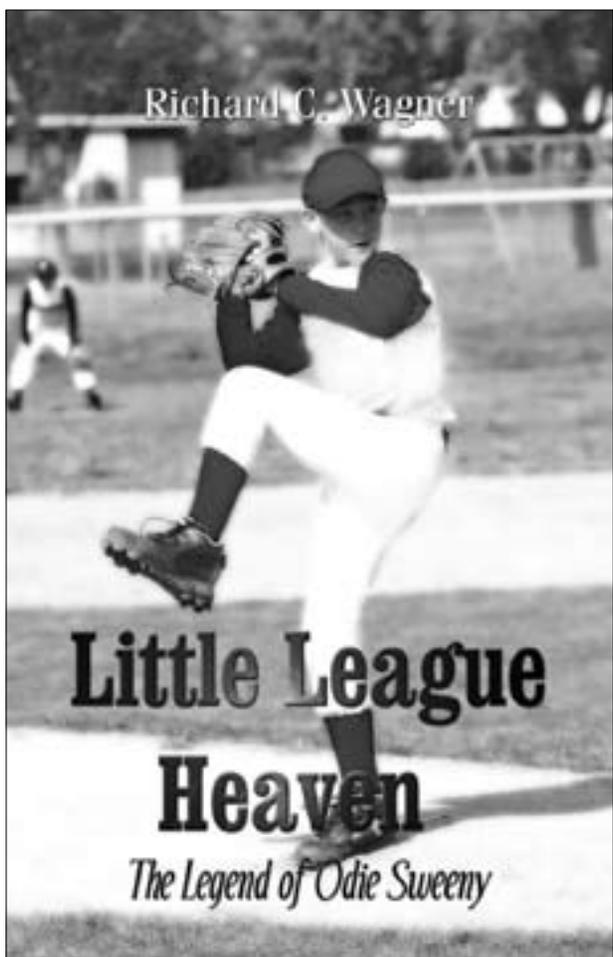


Dr. Troy Kickler

*Every place’s name has a history. So, notice signs in your community. The result may be an interesting story.*

## Little League Heaven

By Carolina Journal Editor Richard C. Wagner



When Lillie Jo Sweeney threw out the first pitch of the game at Houston’s Astrodome in 1989, she joined the Astros and thousands of boys and girls in celebrating the 50th anniversary of Little League baseball. The event also saluted her deceased husband, Odie Sweeney, a Little League legend who managed a never-say-die team for 38 years — a record in Texas and one of the longest streaks in the nation. *Little League Heaven: The Legend of Odie Sweeney*, an inspirational biography, serves a generous slice of Americana and traditional values.

Available at PublishAmerica.com, Amazon.com and at major bookstores.

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## Short Takes on Culture

## Skip NC Photography Show

• "Contemporary North Carolina Photography" N.C. Museum of Art, Raleigh, through Feb. 18

Contemporary North Carolina Photography" is a free exhibit featuring more than 105 photographs from artists across the state. The second phase of the display contains half of the museum's collection. The first phase ran Sept. 3-Nov. 5.

The exhibit features a cornucopia of subject matter—from European landscapes to the everyday lives of Cuban residents to the beautiful mountain scenery of western North Carolina. Photographers featured in the exhibit are Elizabeth Matheson, Rob Amberg, Caroline Vaughan, Titus Brooks Heagins, and John Menapace, among others.

Though possessing some level of interest and charm, particularly in the works of Amberg and Matheson, the exhibit fails to deliver overall. Several works leave one doubting what the photographer hoped to accomplish; others, such as the work of Heagins, are exceptionally well-done but carry the usual politically correct overtones rampant in contemporary art museums. Many photographs engender feelings of wonder and mystery, but some present a fractured, confused vision of reality, a reflection of a contemporary art movement that has largely abandoned presenting a reality-based depiction of the world.

— DAVID N. BASS

• *The Crusader: Ronald Reagan and the Fall of Communism*  
By Paul Kengor  
Regan Books

Until the future renders its final verdict on the merits of the Iraq War, it's interesting to look for parallels from another foreign-policy controversy in our nation's not-too-distant past.

Against objections from his political foes and even some of his closest allies, one American led the charge to destroy the worldwide power of Communist totalitarianism. The 40th president's crusade against communism draws renewed attention from Grove City College professor Paul Kengor.

Kengor did not choose his title — *The Crusader* — lightly. "Some might think the choice sensational, chosen to overdramatize what Reagan believed, or even sarcastic," Kengor writes. "Yet, the label reflects Reagan's mindset and actions, and what the

Soviets believed and said about him throughout the 1980s."

That final line highlights a key element in this book: contemporary Soviet press accounts of Reagan's actions and words. You'll read what the enemy thought about the "evil empire" speech and the demand that Soviets "tear down the wall."

You'll also uncover internal administration divisions, such as the 1982 dispute about a secret plan to support Poland's Solidarity movement. Secretary of State Al Haig "deemed the plan 'crazy,'" while Chief of Staff James Baker thought the policy "wasn't realistic."

"Nevertheless, all were vetoed by Reagan," Kengor writes. And free Poles today are glad Reagan ignored his critics.

— MITCH KOKAI

• *Beethoven*  
By Edmund Morris  
HarperCollins Books

Edmund Morris was out of his element in his pseudo-biography of Ronald Reagan (*Dutch*), but in *Beethoven*, he is perfectly at home, writing about a great composer as only someone who has a love and understanding of music can. This relatively short biography gives us a "warts and all" look at the man while revering his astounding musical craftsmanship.

To get a good idea of the author's treatment of his subject, consider the following paragraph on the premiere of Beethoven's Ninth Symphony:

"It was his downbeat, therefore, that produced the most revolutionary sound in symphonic history: a long, hovering, almost inaudible bare fifth on A, seemingly static yet full of storm. High over this cloud layer, like reflections of distant lightning, a series of broken fifths dropped pianissimo and very slowly. This was not a symphony, but an epic. Now the broken fifths began to proliferate wildly, the drone swelled to a roar, and a huge theme built of all the elements crashed down fortissimo. Beethoven's Ninth was under way, and for the rest of the century, symphonic composers would struggle in vain to write anything that sounded bigger."

Beethoven was a man with a troubled life in many ways besides his deafness. Morris ably relates the storm and stress in his personal affairs, all of which makes it even more remarkable that he could retreat so completely into his separate world of sound.

— GEORGE LEEF CJ

## Book Review

## The End of Poverty: Well Meaning But Prescription Doomed to Fail

• Jeffrey D. Sachs: *The End of Poverty: Economic Possibilities for Our Time*; The Penguin Press; 2005; 396 pp; \$27.95

By JUDE BLANCHETTE

Guest Contributor

RALEIGH

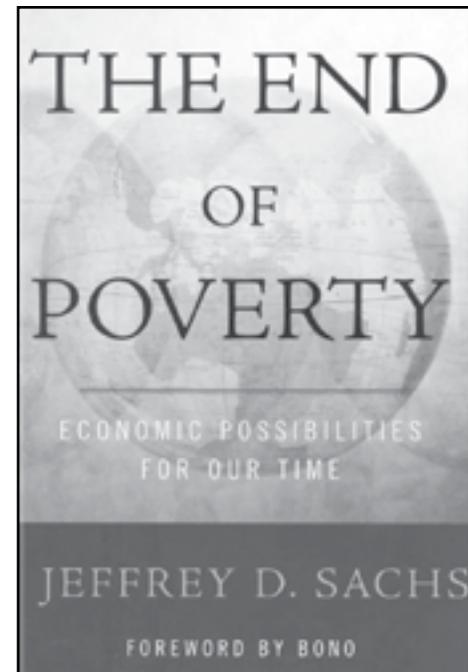
In the mid-19th century, Baptist preacher William Miller predicted the second coming of Christ on or between March 21, 1843 and March 21, 1844. When Christ failed to show, Miller "discovered" that the actual date of arrival was Oct. 22 of that same year. This day came and went with nary a hint of Christ's arrival. Undeterred, Miller awaited Christ's return until the preacher's death in 1849. As Miller was to write in his memoir, "Were I to live my life over again, with the same evidence that I then had, to be honest with God and man, I should have to do as I have done."

I was reminded of this tragically comic event as I read Jeffrey Sachs' *The End of Poverty: Economic Possibilities for Our Time*, a purported "blueprint" to solve global poverty. In clear, concise, and at times convincing prose, Sachs shames the world for not doing more to promote development in poor countries and argues for an increase in foreign aid to jump-start the growth process. Like Miller's delusional belief in the imminent return of Christ, Sachs' obdurate faith in foreign aid contradicts the majority of empirical evidence gathered over foreign aid's 60-year modern history. Undeterred, Sachs forges on with a flawed strategy.

Sachs uses as his blueprint the U.N. Millennium Project, which, inter alia, seeks to halve the number of individuals living on less than \$1 a day and reduce by two-thirds the mortality rate of people under the age of 5 by 2015. Sachs outlines his course for reaching these goals: money. Rich countries, Sachs writes, have consistently shorted the developing world in foreign-aid funds.

Accordingly, governments such as the United States should increase "Official Development Assistance" to 0.44 percent of GNP by this year and to 0.54 percent by 2015. About \$7 billion needs to be spent by 2015 on scientific research to address climate change, energy production, and health care in poor countries.

For people who are familiar with the history of foreign aid, this simply sounds like more of the same failed policy that development "experts" have been pushing for decades. If foreign aid fails to bring about growth, what will? According to economists Daron Acemoglu and Simon Johnson of the Massachusetts Institute of Technology and Berkeley political scientist James Robin-



son, "Economic institutions encouraging economic growth emerge when political institutions allocate power to groups with interests in broad-based property rights enforcement, when they create effective constraints on power-holders, and when there are relatively few rents to be captured by power-holders." Nobel Prize-winner Douglass North made much the same point in his 1993 prize lecture: "Institutions form the incentive structure of a society and the political and economic institutions, in consequence, are the underlying determinant of economic performance." In short, a constitutionally limited government that respects property rights and promotes the rule of law is the best foundation for economic growth.

Unsurprisingly, the world's poorest countries fail to provide these basic functions. Law, instead of a tool that provides security and reliability, is arbitrary and selectively enforced. The right of property is nonexistent, and free trade, often the engine of growth, is tightly controlled by the state. In much of Africa, for example, high barriers to trade are the norm.

With all the book's failings, however, the optimistic message should not be discarded. Sachs is correct that we have the tools and the knowledge to end extreme poverty. The world's leaders, and one of its better-known economists, are not interested in the one proven recipe for economic progress.

Instead of heeding Sachs' advice, policy makers would do better with that of Adam Smith, who in 1755 wrote, "Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism but peace, easy taxes, and a tolerable administration of justice: all the rest being brought about by the natural course of things."

CJ

# Income and Wealth: Garlic to Redistributionist Vampires

• Alan Reynolds: *Income and Wealth*; Greenwood Press; 2006; 223 pp; \$55

By **GEORGE C. LEEF**  
Contributing Editor

RALEIGH

Writing in *The Wall Street Journal* shortly after the 2006 election, Jim Webb, the victorious U.S. Senate candidate in Virginia, argued that the U.S. economy has become a rigid class system. Income mobility is supposedly declining. The rich are getting richer, while the poor are getting poorer. Top business executives used to earn about 20 times as much as average workers, but now they're raking in more than 400 times as much, Webb complained.

The United States, he said, was "literally a different country" from the one in which he grew up. Webb viewed his election and the Democratic takeover of Congress as proof that people want the government to do something about this horribly unfair situation.

Many other politicians and writers have been repeating this neo-Marxian indictment of the economy. It has great political "traction" both with the envious poor and the guilt-ridden wealthy. For the last several years it has been a media favorite, most notably in a series of hand-wringing articles in *The New York Times*.

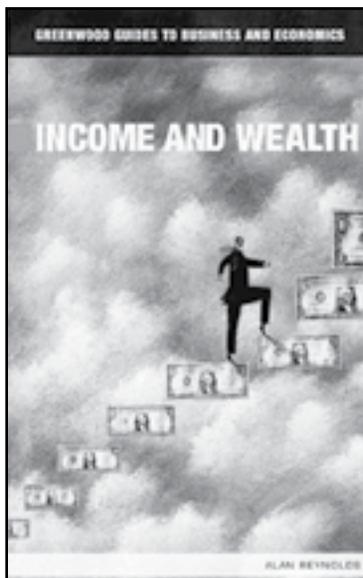
As Alan Reynolds shows in his book *Income and Wealth*, however, the indictment should be summarily dismissed since it is based on nothing but misleading statistics and tendentious rhetoric. H.L. Mencken once wrote that politics is just about frightening people with "an endless series of hobgoblins" to keep them clamoring for politicians to protect them. After reading *Income and*

*Wealth*, it's clear that the campaign to convince Americans that we face disaster unless the government does something about "the income gap" is another of those hobgoblins.

The first point Reynolds, a senior fellow at Cato Institute, makes is that the current frenzy over inequality has almost nothing to do with poverty. In the 1960s and 1970s, liberals worried about the desperately poor and there was a national debate on how best to improve the lives of people at the bottom of the income scale. That changed in the early 1990s.

"Starting around 1992," Reynolds writes, "inequality began to be redefined in such a way that nearly all the attention shifted away from the troubles of the bottom quintile to the high incomes of the increasingly tiny number of people at the top." He doesn't speculate on the reasons for that shift. My surmise is that the leftists knew they had gotten all the mileage they could out of the plight of the really poor — after all, the government had been running all sorts of antipoverty programs for decades without much success — so they decided to fashion a new "issue" out of the enormous wealth of a few.

Creating this new issue called for some resourcefulness to make people think that dark, momentous changes were occurring in the economy. There had always been some super-rich, of course. The trick was to devise a way to



get people up in arms, or at least eager to vote for the right politicians, by inventing the fiction that those people were profiting unconscionably at the expense of the disappearing middle class.

Reynolds easily demolishes that idea. The middle class isn't disappearing, although quite a few people who used to earn a "middle class" income are now earning significantly more — scarcely a problem.

Furthermore, it is untrue that, as has been widely alleged, the earnings of middle-income workers have been "stagnant" since the 1970s. That illusion, Reynolds shows, is based largely on the fact that because of tax law changes in 1986, increasing amounts of investment income common to middle-class people no longer shows up in income tax data, 401(k) and college saving plans, for example. Those same tax law changes tend to have the opposite effect on the reported income of the wealthy. If instead of looking at income tax data, you look at data on consumption spending, the whole phony "crisis" vanishes.

Another major component of the income-gap mania is supposedly excessive compensation paid to business executives. Is it really the case, as Webb asserted, that the average CEO now makes more than 400 times as much as the average worker? No. Greedy CEOs aren't robbing the workers, or, more plausibly, stockholders, of money that

should be theirs. Reynolds shows that this implausible "fact" was concocted by researchers at a union-funded think tank.

What's really going on here is an elaborate cover for a host of left-interventionist policies desired by various special-interest groups. "Nobody who uses income distribution figures as an argument for adopting their pet government policies would advocate different policies even if they could be persuaded their statistics are wrong," Reynolds correctly observes.

Not only is there no income-gap problem, but all of the fixes offered would be economically harmful. In his concluding chapter, Reynolds makes the case that laissez-faire policies to reduce the size and meddlesomeness of the government will continue the real trend in our economy — the rich get richer and the poor get richer, too. If, however, we adopt the interventionist nostrums of the egalitarians and interest groups, we actually will "improve" the income gap by making everyone poorer, but reducing the wealth of the rich proportionally more. The years that those people point to as relatively good ones from the standpoint of income distribution happen to be years when the economy was in recession.

Reynolds has given us an important and timely book, a thorough refutation of the economic equivalent of the global-warming scare. Witty and sagacious, *Income and Wealth* is garlic to the redistributionist vampire. *CJ*

George C. Leef is vice president for research for the John William Pope Center for Higher Education Policy.

## BOOKS AUTHORED BY JLF STAFFERS



By John Hood  
President of the  
John Locke Foundation

### Selling the Dream Why Advertising is Good Business



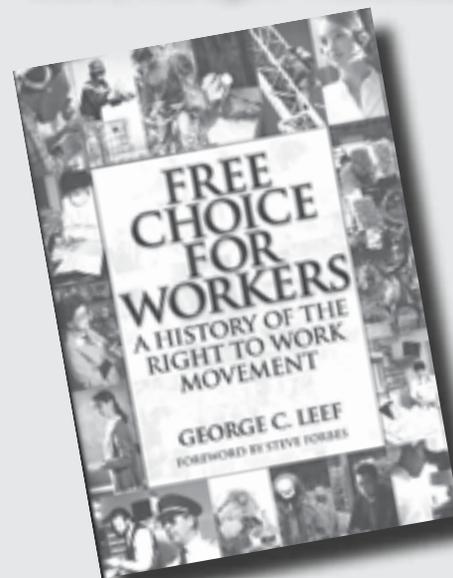
"[Selling the Dream] provides a fascinating look into the world of advertising and beyond ... Highly recommended."

Choice  
April 2006

[www.praeger.com](http://www.praeger.com)

## BOOKS AUTHORED BY JLF STAFFERS

### Free Choice for Workers: A History of the Right to Work Movement



By George C. Leef  
Vice President for Research at the  
John William Pope Center for Higher  
Education Policy

"He writes like a buccaneer... recording episodes of bravery, treachery, commitment and vacillation."

Robert Huberty  
Capital Research Center

(Call Jameson Books, 1-800-426-1357, to order)

## Commentary

## Trucking South for Elections

Some analysts who track population shifts believe the gradual relocation of Northerners to the South and West means good things politically for Republicans in those destination states. I'm not so sure.

United Van Lines released its respected annual migration study Jan. 8, based upon the movements of its customers during the previous 12 months. The company ranks the states according to the highest numbers of inbound and outbound moves, and last year found that eight of the top 10 receiver states were in the South or West. North Carolina topped the list for new addressees, as 64 percent of United's moves related to the Tar Heel state were inbound.

Also in a Jan. 8 story on population shifts, *The Washington Times* reported that some believe "Democrats have offset the Republicans' Sun Belt advantage with gains in the Northeast and parts of the South and Southwest, but that the size of the migration by the end of this decade likely will give the edge to Republicans."

Among others, *The Times* cited findings by demographic and political research firm Polidata, which projected a net transfer of 13 House seats from Northern states to Southern states (except Louisiana, where the Hurricane Katrina fallout is expected to cost it one seat) after the 2010 Census.

"I think on balance the Republicans will benefit from the larger number of seats in the Sun Belt region," Merle Black, an Emory University expert on Southern politics, said to *The Times*. "They won't get 100 percent of it, but more than the Democrats do."

There are two ways (maybe a real political scientist would find more) to look at these migratory patterns: Either the increased Southern population will inflate the existing regional advantage held by Republicans, or the transplants from the North will carry their Democratic allegiances to their new homes. There is probably more nuance to it than that, but the effective result, I believe, will more likely lead to the latter.

The 2006 election isn't a clear indicator, but the signs aren't encouraging for Republicans. Some advances by Democrats were made in the South and West (eight of the

31 seats that switched from the GOP came from those territories), but those don't necessarily reflect the population shifts. The congressional overhaul, concentrated on vulnerable Republicans in the Northeast and Midwest, was more evidence of anger toward the GOP rather than geographical change.

But there is definite Democrat seepage into former Republican strongholds. New Hampshire, with many transplants from Massachusetts, is now a blue state. Stalwart GOP Reps. Nancy Johnson of Connecticut and Jim Leach of Iowa lost. A Virginia Senate seat once thought of as a Republican lock was taken by Democrat James Webb.

Some of that Democratic leak bled into the "pure" South and West also. Among the eight House switches to Democrat were North Carolina's 11th District, in which Heath Shuler overtook eight-term Republican Rep. Charles Taylor. Seven-term Rep. Henry Bonilla lost in Texas's 23rd District in a runoff. And J. D. Hayworth, a product of the 1994 Republican revolution, lost Arizona's 5th District to his Democratic opponent.

Combined with adjustments made by Democrats, who found some appealing (and less liberal) candidates in key districts, the new geographical alignment could pay greater dividends for them come 2012 – after new redistricting.

Polidata projects Texas to gain four House seats; Florida and Arizona two each. Georgia, Utah, Nevada, Oregon, and Washington are expected to gain one each. Meanwhile, New York, Massachusetts, New Jersey, and Pennsylvania, all population powerhouses from the North, are expected to lose House seats by 2012.

Have the Yankees regulated, taxed, and governed themselves out of their own livability? They might have set their sights on those of us in sunnier climes, seeking whom they may devour with their nanny-statism. Watch 2012 (more than 2008) to get a real measure of how successfully they have spread their meddlesome worldview and politics. CJ



Paul Chesser

Paul Chesser is associate editor of Carolina Journal.



## Editorial

## The Cost of Safe, Legal Labor

Well, at least there's a town or two in the United States where someone who is here legally will "do the kind of work that Americans just won't do."

One place is Greeley, Colo., where job seekers lined up to replace the illegal employees who were lost in a raid by Immigration and Customs Enforcement at a Swift & Co. meatpacking plant in December.

According to an Associated Press report, about 75 new workers were hired, including 30 Caucasians, 15 Somali immigrants, and seven Hispanics. At a sister plant in Grand Island, Neb., a local union leader said Swift hired 40 to 50 workers to replace illegals arrested in another ICE raid. "The lion's share of those people were Caucasian," he said.

Racial considerations matter to the unions and to illegal immigration apologists, but for most of the rest of us this fact is what's most important: that people working in the United States are doing so legally, regardless of heritage. It's vital for national security, for doling out the privileges that come with citizenship, and for employees who are obligated to the betterment of American society overall. The jobs should go to those who respect this country and strengthen it through their own enrichment.

The Swift story shows that the legal worker pool is deep enough that many will wait in line to just to fill out a job application. That might have had something to do with Swift officials' change in approach.

"They're trying to staff up their plants, and they've been raising their

wages the past few weeks," said Jill Cashen, a spokeswoman for the United Food and Commercial Workers, to the Associated Press. "To me, it's an example that when you make the job more attractive, you get a different kind of applicant."

Indeed, the Swift situation illustrates the real economic costs of illegal immigration and national security. They go far beyond government appropriations for things like enforcement programs and checkpoints. The price tag is hidden also in the cost of doing business, such as hiring authorized people, scrutinizing shipments from other countries, and maintaining the safety of your own products and services.

Besides, the raids upon Swift's plants undoubtedly cost it greatly, in things such as disrupted production, in loss of labor, and in reputation. How much did Swift really save by running afoul of the nation's hiring laws, whether intentionally or inadvertently? How much more would it have cost the company if its legal and safety breaches led to a larger disaster?

By hiring those here legally, companies such as Swift end up paying a little more, but should (if they are smart businessmen) recover it in the cost of products or by seeking efficiencies in other areas of operations. Wal-Mart seems to have mastered that, forcing other retailers to innovate to stay competitive. Meatpacking should be no different.

Regardless, corporate leaders must factor in the costs for the peace of living in a relatively safe country. In the end, it's good business. CJ

*The Swift situation illustrates the real economic costs of illegal immigration and national security.*

## Fossils Still Fuel the Future

*Until technology changes the landscape, we're stuck with oil*

We live and work today in an economy driven by fossil fuels. This is unlikely to change anytime soon, for basic reasons of engineering and economics, despite widespread concerns about human-induced global warming. The one energy source that could shoulder a significantly larger share of the load, nuclear, is implacably opposed by many of the same folks warning us about catastrophic climate change.

These are among the lessons that can be gleaned from recent work by Ed Erickson, professor emeritus in the Department of Economics at North Carolina State University. "Reducing carbon dioxide emissions significantly will require dramatic changes in the way we organize our activities and live our lives," Erickson wrote. These changes will be expensive, and strongly resisted. Thus, policymakers should have a high level of certainty about the potential costs and benefits before mandating them.

There is an obvious lack of realism in energy debates. Many of those who say that America and the rest of the world need to start moving away from fossil-fuel dependency also manage to find reasons to oppose substitutes. They

fret about nuclear waste and the risk of meltdowns. They complain that dams and windmills threaten native species and vistas. But solar panels won't get us very far. And growing crops to convert to gasoline additives would itself be controversial at the scale required — as Erickson wrote, if the current U.S. corn crop was entirely converted into ethanol, that would replace only 20 percent of current gasoline use.

If the solution isn't on the production side, then activists are left with consumption-side tools, meaning conservation. The problem here is that households are unlikely to conserve energy when it is inexpensive.

Jawboning and PSAs have proven insufficient. Conservation will be the natural result of higher energy prices, but few activists are brave enough to endorse the massive increases in price that would be required to change household consumption of energy as much as they dream about.

Perhaps someone will invent some new technology to transform the debate. There are certainly lots of companies, research teams, and inventors working furiously on it. For the foreseeable future, however, fossil fuels will continue to dominate energy consumption. *CJ*

## We Need Prisons, But ...

*Incarceration is expensive and must be used judiciously*

It's been evident for months that 2007 was going to be a big year.

That is, the 2007 legislative session will feature big proposals, big bonds, big budgets, and perhaps big taxes. While there is some debate about its size, most analysts expect there to be a gap next year between projected revenues and spending on current operations. Plus, lawmakers and organized interests want billions more of taxpayers' money for roads, schools, colleges, mental-health facilities, land preservation, water and sewer projects, housing, and other facilities, as well as for a variety of new programs in the operating budget.

Every idea has its lobby. Every idea has its rationale. But if fiscal discipline is a virtue, then we can't fund every idea.

The latest is in some ways the most justified: more state prisons. According to McClatchy reporter Dan Kane, current construction plans will yield a 400-inmate shortage of prison space by 2008 and a challenging 6,400-bed shortfall by 2016.

Prison capacity must receive a high priority in any sensible appropriations process. And yet, that doesn't automatically justify a program of building 6,400 new state prison beds. For one thing, in-

carceration is an expensive punishment. It needs to be used judiciously, against offenses and offenders that deserve it.

Also, we ought to consider alternative ways to build and operate correctional facilities, be it with more inmate labor or private contracting.

A criminal-justice system should use incarceration to accomplish these four goals, more or less in order:

- **Justice.** Citizens want to know that those who commit crimes will be punished. Call it retribution or revenge if you wish, but it's really just a basic human desire to see the scales balanced.

- **Incapacitation.** When criminals are behind bars, they can't hurt innocent citizens.

- **Deterrence.** The prospect of prison should discourage some predators from committing crimes. However, they must perceive a high-enough probability of being apprehended, tried, convicted, and sentenced.

- **Rehabilitation.** Prisons should attempt to correct antisocial and self-destructive behavior, hence the euphemism "corrections." However, realism is required. Many rehabilitation programs fail.

Keep trying them, but in the meantime, maximize the justice, incapacitation, and deterrence effects. *CJ*

### Commentary

## Why Legislative Fairness Works

It won't work.

I guarantee you that is what some longtime lawmakers and allies of soon-to-be-ex-Speaker of the House Jim Black are saying about proposed reforms of the legislative process.

The Democratic nomination of Rep. Joe Hackney to be the next speaker has prompted new attention to proposed changes, most of them championed in the past by a broad range of folks including the N.C. Coalition for Lobbying and Government Reform, Republican Rep. John Blust of Greensboro, and Hackney himself.

Reform won't "work," say its critics, because allowing a full, fair, and open debate interferes with the passage of legislation. If leaders don't have the ability to stack key committees with temporary members to push bills to the floor, to limit amendments once they're there, and to use blank bills to keep some agenda items secret until the waning days of the session, the result will be chaos and inaction.

Perhaps. Properly run legislatures look like that sometimes. To

believe otherwise is to misunderstand the fundamental purpose of elected legislatures. They are not charged with the task of passing as much and as far-reaching legislation as possible. Rather, the fundamental purpose of representative government is to communicate and debate the various and conflicting views of the general population. It is to represent constituents. The outcome may be legislation. But it can also be a praiseworthy outcome when no legislation results. Such an outcome can signify that advocates of a particular policy lack a strong enough consensus to legislate, at least for the moment.

The United States Constitution was famously devoted to the proposition that the exercise of government power, being dangerous, needed to be restrained by a combination of delegated powers,

checks and balances among governmental departments, and a list of rights that can be abridged rarely, if ever, by even majoritarian government.

The framers of the original constitution and the later Bill of Rights didn't just dream up this notion one day at the dinner table. Their own state governments had increasingly come to include separation of powers, declarations of rights, and other elements designed to keep one individual or faction from wielding unchecked and overweening authority. They applied what they had already learned to the construction of a federal government.

These lessons have, of course, been frequently forgotten by subsequent generations of politicians, pundits, and activists. Exercising governmental power — which is, remember, nothing more or

less than the institutional use of violence or threat of violence to accomplish an end — can be immensely rewarding and addictive.

The crass get used to government as a means of enriching themselves, their cronies,

or their particular constituencies at the expense of the general public. And the credulous come to believe that action is the same thing as progress.

I'm not arguing that inaction is necessarily beneficial, either. Government does have a legitimate role in addressing public problems. A legislature that respects and airs the views of all its members, not just those in the current majority, is more likely to choose the right tasks to perform and fashion efficient means of performing them.

A clash of governing philosophies may be messy and time-consuming. But it, well, works better — if you define "work" correctly. *CJ*

*Hood is president of the John Locke Foundation.*



John Hood

*The crass get used to government as a means of enriching themselves, their cronies, or their particular constituencies at the expense of the general public.*

## Editorial Briefs

*Show-biz causing real-life pollution*

Special-effects explosions, idling vehicles, teams of workers building monumental sets, all of it contributes to Hollywood's newly discovered role as an air polluter, according to a university study reported by the *Los Angeles Daily News*.

According to a two-year study released by the University of California, Los Angeles, the film and television industry and associated activities make a significant contribution to air pollution in the five-county Los Angeles region. Overall, the emissions created directly and indirectly by the film and television industry created more pollution than individually produced by aerospace manufacturing, apparel, hotels, and semiconductor manufacturing. Only the petroleum industry's emissions were higher.

The researchers also found that some studios have recycling programs and environmentally friendly building practices.

The makers of the film "The Day After Tomorrow" paid \$200,000 to plant trees and for other steps to offset the estimated 10,000 tons of carbon dioxide emissions caused by vehicles, generators, and other machinery used in production.

Production teams for the films "The Matrix Reloaded" and "The Matrix Revolutions" arranged for 97.5 percent of set materials to be recycled, including about 11,000 tons of concrete, steel, and lumber. All the steel was recycled, and 37 truckloads of lumber were reused in housing for low-income families in Mexico.

But this might not be what it seems, said Ted Reiff, president of ReUse People of America. In the case of the Matrix films, Reiff's deconstruction company estimated a \$450,000 bid to dismantle and reuse the material was cheaper than the demolition contractor's price, he said.

*Immigrants and crime*

The rancorous debate about how undocumented workers affect jobs and wages in the United States will likely be rejoined soon. So, too, will an equally rancorous, if less-prominent, debate over whether immigrants make the country more crime-ridden and dangerous, says Eyal Press in *The New York Times Magazine*.

The notion that communities with growing immigrant populations tend to be unsafe is fairly well-established. In a national survey conducted in 2000, 73 percent of Americans said they think that immigrants are either "somewhat" or "very" likely to increase crime.

But according to researchers, the assumptions might be wrong. In San Diego and El Paso, both having heavy Mexican immigrant populations, the homicide rate for Hispanics was lower than for other groups, even though their poverty rate was high, if not the highest.

In Chicago, from 1995 to 2002, a survey found that the rate of violence among Mexican-Americans was significantly lower than among both non-Hispanic whites and blacks.

But while overall immigrant populations have low crime rates, the younger generations, who have often assimilated into American culture, are having a more difficult time. The incarceration rate among second-generation Mexicans was eight times higher than for the first generation. Among Vietnamese, it was more than 10 times higher. CJ



## Is World Governed By Economic Cycles?

There are natural cycles, human cycles, and some say, weather cycles. But what about economic cycles? Is our economic world governed by regular movements in business and consumer activity? If so, why, and can those movements be controlled to our advantage?

These questions have tantalized economists for decades, if not centuries. Although economists disagree about the type and extent of economic cycles, most agree that some cyclical behavior is present in our business world.

The pattern of economic ups and downs that is widely accepted is called the business cycle. The business cycle contains four distinct parts. During expansion the economy is growing, jobs are being created, and incomes are rising. The peak is when the expansion tops out and the economy has hit its maximum, at least for the time being. Next comes the recession when the economy falters, jobs are cut, and incomes fall. The economy bottoms out in the trough before the whole process is repeated.

Each combination of expansion-peak-recession-trough is one complete business cycle. Since World War II, there have been 10 business cycles. Fortunately the expansions are much longer than the recessions, on average, 57 months for an expansion compared to 10 months for a recession. The last recession lasted only eight months, from March 2001 to November 2001, while the preceding expansion covered 10 years.

It's important to realize that business cycles are measured from the perspective of the entire economy, and not all parts of the national economy move at the same pace. For example, when the entire economy is in an expansion, some individual sectors may be struggling. The U.S. auto sector is a good example today. Similarly, every industry isn't necessarily in a downturn during a recession. In the 2001 recession, the housing and construction industries continued to grow.

Changes in the prices of key inputs in the economy, such as oil, overproduction or underproduction by businesses, moods swings by consumers from optimism to pessimism and back, and legal changes, especially for taxes and international trade, are some of the factors that economists have found can propel the economic rollercoaster.

The government does have tools it can use to moderate economic ups and downs.

The Federal Reserve can use its power over interest rates and the availability of money and credit to keep expansions from getting out of hand and from preventing, or at least moderating, recessions. Likewise, the president and Congress can use their taxing and spending powers to try to keep the economy growing at a more even pace.

While the existence of the business cycle is generally accepted by economists and policy makers, another kind of

economic cycle, the long wave, is more controversial. Developed in the 19th century, the long wave says economies go through long periods of boom and bust lasting 50 or 60 years. Business cycles are just little blips on these waves. According to this idea, the economy is now in a declining part of the wave that should last several decades.

Just like the ocean tides, our economy appears to ebb and flow, although not quite in such a regular and predictable fashion. Whether these cycles are relatively short, 10 years, or very long, 50 or 60 years, is a matter of debate. Nevertheless, it does behoove you to pay attention to patterns in the economy so you can best decide how to ride the economic cycle. CJ



Michael  
Walden

Michael Walden is a William Neal Reynolds distinguished professor at North Carolina State University and an adjunct scholar of the John Locke Foundation.

# Blast and Kudos to *CJ* for Report on N.C. Muslims

To the editor,

I am writing in response to the article published in your paper on Jan. 10 by Richard Wagner. The writer holds a strong hatred to and expresses crude stereotypical views of Muslim community.

The connection that the writer tried to make between terror and Muslim citizens of North Carolina is baseless and absolutely wrong for the following reasons:

- Muslim American Society (MAS) is not now, and never has been, an extension of fundamentalist/radical Islamic group. The stated purpose of our organization is to build our community in the United States, to do charitable humanitarian work for Muslims and for all citizens, and to engage in community activities for mutual uplift.

- MAS is not a "front" for any group that advocates violence. As a point of fact, we were quick to condemn the terror attacks on the United States in 2001, and subsequent actions on the part of some Muslim groups.

- Look at the real, not fictional, content of MAS programs to determine whether the organization has "terrorist" sympathies.

- In the last several years, MAS has, among other activities:

- Organized a Muslim disaster

Letters  
to the  
Editor

relief corps ("Boots on the Ground") and raised funds for the victims of Hurricane Katrina;

- Created the Center for Electoral Empowerment (<http://www.masvip.org/>) (CEE) and the Voting is Power initiative (VIP) to promote the idea of Muslim civic engagement through direct participation in the electoral process;

- Organized a national network of Boy Scout and Girl Scouts troops for Muslim Youth;

- Created and expanded the MAS Freedom Foundation ([http://masnet.org/index\\_publicaffairs.asp](http://masnet.org/index_publicaffairs.asp)) as a human rights and civil rights advocacy component of the Muslim American Society;

- Promoted interfaith dialogue through our involvement in the leadership of the community of religious Non-Governmental Organizations at the United Nations, the Temple of Understanding, the Interfaith Alliance, Religions for Peace, and other prominent national and international formations committed to peace building and work for justice; and

- MAS Raleigh Chapter has organized a meat drive and donated more than 1,000 pounds of meat to the local food bank and is doing the same this week.

MAS activities, in short, are legal, transparent, and focused on building the engagement of Muslims in American civil society.

Hamdy Radwan  
President  
MAS Raleigh Chapter

To the editor,

High praise for *Carolina Journal's* probing examination of the growing Muslim presence in North Carolina --- as the likelihood that any of North Carolina's large news organizations would undertake that task is remote. (To do so might suggest that "diversity," as a social good, has limits.)

As regards Islam, its compatibility with Western civilization has not been demonstrated. Therefore to allow continued Muslim immigration is to take on needless risk.

This is not our government's attitude, of course. From a *New York Times* report:

"In 2005, more people from Muslim countries became legal permanent United States residents --- nearly 96,000 --- than in any year in the previous two decades." ("More Muslims Arrive in U.S., After 9/11 Dip," 9/9/06)

It gets curiously. The prize for Most Egregious Diversity-Driven Folly out of Washington --- among a crowded field of viable candidates --- goes to something called the Diversity Visa Lottery Program.

Every year the State Department puts 50,000 foreigners on the path to eventual U. S. citizenship by nothing more than the luck of the draw. Slots are determined by an algorithm designed to increase America's "diversity." Below some of the diversity slots for 2007:

ALGERIA - 912  
BANGLADESH - 5,901  
IRAN - 1,361  
IRAQ - 80

NORTH KOREA - 6  
LEBANON - 86  
SAUDI ARABIA - 27  
SYRIA - 40  
UNITED ARAB EMIRATES - 19  
YEMEN - 43

Incompetence? Or something worse?

Tom Shuford  
Lenoir, N.C.

To the editor,

School Psychologists CAN NOT diagnose or treat because they are not State Licensed, they are only school endorsed. When they are State Licensed they are monitored and held accountable by the American Psychological Association of America with strict Guidelines where they can lose their license if they are in violation of the law. School Psychologists do not come under this strict license because they are NOT State Licensed. You cannot report school psychologists for violation of the law through the School District. The School Districts will tell you they cannot tell you anything about a school psychologist due to the Privacy Act, which all employees of the school district are under.

The American Psychological Association is not happy about this, either, but there is nothing they can do due to the fact they come under the School District jurisdiction only.

Rose Moore  
Henderson, NV

## Berger: A Betrayal of Justice and Our National Security

Widely ignored by the mainstream media was the inspector general of the National Archives' final report on former Clinton national security adviser Sandy Berger's pilfering of classified documents from the archives in 2003.

The release of the Berger Report, by the Committee on Oversight and Government Reform, makes the decision by the Department of Justice --- to give Berger a slap on the wrist for breach of national security --- unexplainable.

The committee's 60-page report makes it clear that former President Bill Clinton's national security adviser knew exactly what he was doing and that what he was doing was wrong. The report was released to the public in late December 2006, more than a



Marc  
Rotterman

year after Berger pleaded guilty and was given a criminal sentence for removal of the documents.

When confronted by National Archives officials about the missing documents, Berger said it was possible he threw them in his office trash. But now we learn from the inspector general inquiry that Berger confessed that he placed the documents under a trailer in an accessible construction area outside the archives building and retrieved them later.

For this felonious breach of national security, Berger pleaded guilty to unlawfully removing and retaining classified documents, was fined \$50,000, ordered to perform 100 hours of community service, and was barred from access to classified material for three years.

Berger received no jail time for his crime.

No wonder the average American thinks there is a double standard for the rich and powerful!

Throughout this scandal, the press, the public, and law enforce-

ment officials were repeatedly assured that former Berger could not have destroyed any documents that the government did not have copies of in their files.

His conduct was portrayed as an act of buffoonery, not as a breach of national security. At the time, the 911 Commission was also reviewing the documents.

Could it be that Berger was trying to hide the fact that he and Clinton were both "asleep at the wheel" when it came to protecting the United States from the likes of Osama Bin Laden and al Qaeda?

Was Berger trying to alter the historical record of the Clinton approach to terrorism from the public and the 9/11 commission?

In the archive files Berger had access to the original, uncopied, and uninventoried documents of Richard Clark, the antiterror NSC official who served in the Clinton administration.

The key excerpt in the report's executive summary is all you need to read:

"The full extent of Berger's document removal, however, is not known, and never can be known. The Justice Department cannot be sure that Berger did not remove original documents for which there were no copies or inventory. On three of Berger's four visits to the Archives, he had access to such documents."

The travesty is that Berger should have been prosecuted to the fullest extent of the law. Instead, he continues to be a guest on cable talk shows and panels pontificating his views of America's national security policy.

Thanks to the Justice Department's failure to fully and vigorously prosecute Berger, he will be tanned, rested, and ready for the next Democratic administration when his plea deal expires in 2008. CJ

Marc Rotterman is a conservative activist and a senior fellow at the John Locke Foundation.

# Smug Levels Reach All-Time High in Orange/Chapel Hill (a CJ parody)

By PEPPY ESTOMAGO  
Lifestyle Editor

CHAPEL HILL  
A report issued Jan. 26 by the American Intestines Association says Orange County, home of the University of North Carolina at Chapel Hill, suffers the second highest atmospheric concentration of smug in the nation, rivaling Berkeley and much of the Bay Area in California.

According to an AIA press release, "This is the 10th year in a row that the AIA has given Chapel Hill a grade of F in our annual Smell of the Air report. Smug levels in Orange County have gotten continuously worse for at least a decade, the entire length of time smug monitors have been in operation," the report says. According to AIA spokesman John Brownout, "If current trends continue, in the next five years Orange County will surpass California's Bay area for being the smuggest region in the country."

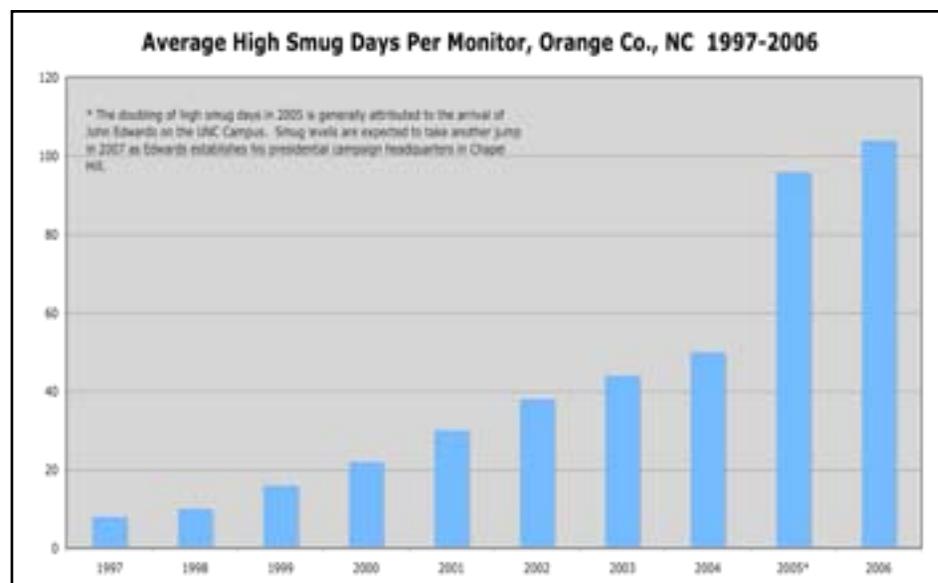
Smug is a byproduct of FO<sub>2</sub>, a gas that is formed when smells from the interior of moving hybrid vehicles, "smart" cars, combine with aromas emitted on sidewalks and greenways of new-urbanist smart-growth communities. People who have become accustomed to living

in communities with high concentrations of smug seem eventually to become immune to its effects. But for visitors and many new residents the primary health concern relates to intestinal problems — primarily nausea and vomiting.

"The air around here is so full of smug it just makes me want to throw up," said Jesse Rothbard, a new arrival to Carrboro from Pittsburgh. "What really surprises me is how the longtime residents of the area seem to be completely immune to its effects. The entire atmosphere is contaminated and they don't even notice it."

The AIA report says 100 million people nationwide are being exposed to increased risk of intestinal problems due to smug. In addition to the California and North Carolina communities already noted, the populations of Amherst, Mass., and the entire state of Vermont, in particular, are in danger.

"North Carolina is lucky in that the problem seems to be contained, with most areas outside of Orange County registering smug levels that are in full compliance with federal standards," Brownout said. "The most important exceptions are the cities of Asheville and Cary," he said, referring to Cary as "a borderline community that has shown



some improvement since the defeat of Mayor Glen Lang."

N.C. Division of Air Quality spokesperson Tom Blather said people can take steps to protect themselves from the effects of smug.

"Probably the most dangerous day of the year for smug levels is April 22, Earth Day. Last year the number of people who showed up at the UNC Medical Center's emergency room complaining of nausea and vomiting was more than double the typical daily rate." The next

most smug-intensive day, particularly in areas closest to UNC-Chapel Hill is June 14.

When asked what the significance of the date was, Blather said, "At first we couldn't figure it out, but then, after consulting with several English, gender studies, and history professors we realized that this coincided with Che Guevara's birthday."

"The best thing to do on these days is to stay indoors or leave Orange County entirely," Blather said. CJ



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	Tuesdays 6:30pm
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