

Tea Party turns attention to school reform/9



# CAROLINA JOURNAL

A MONTHLY JOURNAL OF NEWS, ANALYSIS AND OPINION FROM THE JOHN LOCKE FOUNDATION

North Carolina	2
Education	6
Local Government	10
From Page 1	14
Higher Education	17
Books & the Arts	20
Opinion	24
Parting Shot	28

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STATEWIDE EDITION

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## Perdue Seeking Board and Commission Cuts

### Republicans control appointments for first time in a century

By DON CARRINGTON  
Executive Editor

**T**o date, Gov. Bev Perdue has offered few specifics. But as she has emphasized her desire to streamline and downsize state government, Perdue has highlighted the more than 400 boards and commissions that oversee state agencies, advise the governor, hear grievances, or perform specific regulatory and other functions.



Gov. Beverly Perdue

In a December speech at Pinehurst, Perdue said she would send the General Assembly a list of 150 boards and commissions that "should be reviewed and justified between now and Dec. 31, 2011."



The UNC Board of Governors is one board that the new Republican majority can impact immediately with new appointees. (CJ file photo)

The boards have more than 4,000 appointees, and nearly two-thirds of them receive staff or administrative support from a state-funded agency, said Perdue. "I believe some of them need to justify their reason for being. That's what I will ask the General Assembly to do, and if [it finds] the organization brings no value to the people

or businesses of North Carolina, I will ask them to eliminate it."

Appointments to boards and commissions traditionally have been considered a major element of political patronage. Perdue is seeking to eliminate dozens of boards to which Republicans are poised to make significant appointments, a power that Democrats

have held exclusively for more than a century except for a four-year period in the 1990s.

Even though the boards generally are considered part of the executive branch, and the governor maintains the only comprehensive list of board members in the Boards & Commissions Office, the General Assembly selects some or all members of approximately 200 of them. In some instances, the General Assembly appoints a majority of the members. Current laws give most of the appointment powers directly to the top leaders in each chamber, the speaker of the House and the Senate president pro tem.



Sen. Phil Berger

In addition to the executive branch boards, there are approximately 80 additional permanent legislative commissions, or nonstanding committees, on which legislators serve as members.

The General Assembly has the

Continued as "Perdue," Page 14

## Wake Drops Elective Abortion Coverage

By DAVID N. BASS  
Associate Editor

**T**he Wake County Board of Commissioners' new Republican majority got off to a controversial start Dec. 6 by voting to nix taxpayer-funded elective abortions for county employees.

The board voted 4-3 along party lines to reverse a resolution backed by Democratic commissioners in March directing the county manager to reinstate health care coverage for elective abortions, defined as those considered unnecessary for medical reasons.

The ban applies to the cost of elective abortions and associated administrative expenses "unless the life of the mother would be endangered

if the fetus were carried to term or the pregnancy is the result of an act of rape or incest."

In justifying the change, Republican commissioners cited President Barack Obama's executive order ostensibly preventing federal dollars from paying for abortions under new health care regulations.

The move is sure to reignite a debate from the previous winter over whether health insurance plans should cover elective

abortions, which are those deemed medically unnecessary and often used as a form of birth control.

"The decision to abort is one we're saying we're not going to pay for with taxpayer dollars, not on an elective basis," said former Raleigh Mayor Paul Coble, a Republican, who became the board's chairman in December. "We're not going to pay for it if you decide to use it as birth control."

The ban would exclude cases of rape, incest, or when the mother's life is endangered, Coble said.

The vote was the latest development in a back-and-forth between pro-life and pro-choice commissioners. In February, county administrators

Continued as "Wake," Page 15

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## Perfect Fiscal Storm Threatens Property Taxes

### Real estate bust, state deficit could lead to increases

By ANTHONY GRECO  
Associate Editor

RALEIGH

The real estate bust threatens to sock homeowners with an unwelcome combination of blows over the next few years, as North Carolina counties undertake the periodic cycle of property revaluation. Counties, cities, and towns have to keep enough money coming in from property taxes to balance their budgets. So when property valuations fall, tax rates either must rise, or local governments must get by with less.

State law requires that counties do a revaluation at least every eight years, but counties can decide to revalue more frequently. Mecklenburg is the state's largest county revaluing its property this year. Between 2005 and 2006, Mecklenburg County's real estate valuation grew about 4 percent, adding almost \$4 billion of property to the tax rolls. Cumulatively, North Carolina counties saw their taxable real estate value grow \$95 billion at the peak of the boom, reports the North Carolina Association of County Commissioners.

That said, the N.C. Department of Revenue says the counties with the largest spike in value during the boom also are most likely to see the greatest fall in value this year. Brunswick County leads the bunch, with the median home sold having an assessed value of nearly 114 percent of its sales price. The median home sold in Carteret County had an assessed value of nearly 113 percent of its sales price. Definition: Those homes sold for prices lower than their tax values.

Local elected officials are not eager to raise tax rates. "I don't think citizens are particularly interested in seeing a tax increase. I'm sure there are a good number who'd like to see a decrease, but I'm not sure I see a tax increase in the mix here," said Carteret County Commission Chairman Doug Harris. "I think we will be looking for additional ways to cut spending."

The Cannonsgate development in Carteret County is a prime example of what's happening in many North Carolina subdivisions that were developed over the past decade — particularly in resort or vacation areas. Land in the 525-lot development on the Bogue Sound sold for as much as \$700,000 in 2006. The county's last revaluation assessed the to vacant lot at \$1.2 million.

Now, foreclosures are rife, only two homes have been built, and a mere handful of houses are under construc-



The problem facing counties can be seen in what has happened to property values in the Cannonsgate development, which has seen values plummet more than 90 percent in some cases. (CJ file photo)

tion. "It poses a problem when you're trying to get construction loans," said Riley Horne, a board member of the Cannonsgate Homeowner Association and a builder in the neighborhood. He also is fighting a negative image the neighborhood gained after closing documents showed former Gov. Mike Easley received a \$137,000 discount when Easley purchased one of the coastal development's two prime lots.

Property records show how significantly the values have tanked. The lot at 617 Cannonsgate Drive suffered one of the worst losses in value. In November 2006 it sold for \$439,000. In March 2010 it sold for \$31,500. That's a 93 percent loss.

The lot at 111 Michelle Manor Court shows a similar reduction in value. County tax records list its market value as \$884,957. It recently sold for \$90,000, just 10 percent of its tax value.

Neither lot has a home built on it. Horne says lots sold at the height of the real estate bubble had realistic prices. "At that time, up and down the whole East Coast, that was the value of lots. It's just like the stock market or anything else," Horne said. "Something changed."

What changed is the bottom fell out of the real estate market. State data reflected the boom and may be predicting a significant fall.

After revaluation in 2006, Carteret County saw its appraised property value jump 117 percent, according to the county commissioners association. The county added more than \$10 billion of real estate valuation. It wasn't alone.

Brunswick County's property value grew almost 106 percent, adding nearly \$16 billion of real estate. Both are doing a revaluation this year.

As landowners in Cannonsgate and countless other neighborhoods in North Carolina know, homes that are selling are doing so at far below their peak prices.

The Department of Revenue also is predicting a precipitous decline of value in Lincoln County. County Commission Chairman Alex Patton acknowledges the likelihood that home prices in the desirable area surrounding Lake Norman have dropped from their peak in the boom years.

The county did its last revaluation in 2008. Patton said home values were sky-high just two years ago. "We felt because the last revaluation was so high, right at the very height [of the market], it was unfair to the citizens to be stuck with that revaluation for six to eight years."

Between falling home values potentially leading to higher tax rates and the inability of the General Assembly to contribute to local budgets, Patton says the county's homeowners have been hit with a double whammy.

"The state is \$3 billion in the hole," he said. "With that and a property revaluation that is going to come back lower — we just don't know how much lower — it'll be an extremely interesting year."

Patton, a Republican, excoriated the Democrat-led General Assembly for digging the state into a deficit that many believe approaches \$4 billion.

"They have to change," Patton said, referring to the new Republican majority in the General Assembly. "They have to quit spending money. It's not an income problem. It's a spending problem. If these folks don't change, they need to be voted out, too."

While government leaders are fretting over how to balance their budgets, Horne sits in one of the only houses in Cannonsgate, trying to convince others to build in the neighborhood. It's a difficult task. He's working to overcome the negative image, but says the lots in the neighborhood are now a deal.

"I would say we're the strongest homeowner's association and the strongest subdivision anywhere around," Horne said. CJ

# New Republican Majority Can Remake General Assembly Staff

By KAREN McMAHAN  
Contributor

RALEIGH

The incoming Republican majority at the North Carolina General Assembly will have to decide how best to deploy the legislature's professional staff to achieve its policy goals.

Since Democrats had full control of the General Assembly for more than a century — with the exception of four years in the 1990s when the parties shared power — and the majority party controls the size, organization, and composition of legislative staffing, the GOP has not held this much sway over staffing in modern history.

While other states use a variety of models to handle administrative and policymaking duties, Republican legislative leaders contacted by *Carolina Journal* — including the party's nominees for speaker of the House, Thom Tillis of Mecklenburg County; House majority leader, Paul Stam of Wake County; and Senate president pro tem, Phil Berger of Rockingham County — declined to respond to questions asking what changes, if any, they plan to make for the 2011 session.

That said, Republicans could modify significantly the structure and personnel of the legislative staff, or leave the existing system in place.

## Shared nonpartisan staff

Each of the 120 members of the N.C. House and 50 members of the N.C. Senate has a legislative assistant. The House speaker and Senate president pro tem each currently hires roughly 10 more staff members. The minority leader of each chamber traditionally is allowed one additional staff person.

The Legislative Services Com-



For the first time in a century, Republican leaders will have total control over the legislative staff. (CJ file photo)

mission, comprising of seven members from each chamber, determines the composition of the staff. Currently, the Senate and House share permanent, nonpartisan central office staff. These staff members help lawmakers with administrative tasks and handle policymaking duties for standing committees and subcommittees.

The Legislative Services Office, which oversees staff policy and administration, has seven divisions that provide a variety of legislative services, including: bill drafting; legal assistance; fiscal analysis; general and library research; administration of the legislature's budget, clerical, and information systems; printing; food service; building maintenance; information for constituent inquiries; and security.

A spokesman for Legislative Services Officer George Hall told *CJ* these seven divisions have a total of 242 staff: 86 in administration, 47 in research, 40 in fiscal research, 39 in information

services, 17 in bill drafting, nine in program evaluation, and four in personnel.

Permanent staff members serve at the pleasure of the House speaker and the Senate president pro tem and are not protected by civil service laws.

"North Carolina is pretty lean with respect to other states regarding staffing," said Tim Storey, a legislative analyst for the nonpartisan National Conference of State Legislatures.

## Other models

Other legislative bodies deploy different models. For instance, the U.S. Congress has permanent partisan majority and minority staff in the House and Senate. They assist leaders and members of their respective parties in developing a legislative agenda, researching and analyzing issues, briefing members about legislation, advising members, and providing other services. The majority party typically gives itself a larger share of the staffing budget for both members' offices and committees.

"Congress has more staff than any other legislative body in the world," Storey said, "with about 28,000 staff, which is twice that of any other nation."

In 2006, NCSL developed detailed profiles of legislative staff services for every U.S. state, commonwealth, and territory. "States have mostly citizen legislatures," Storey said, meaning lawmakers have full-time occupations aside from their legislative duties and the legislative session lasts only a portion of the year.

Some states follow a model similar to the U.S. Congress, though not nearly as decentralized or with as many committees, subcommittees, and supporting agencies.

New York is structured more like Congress than perhaps any other state. New York's staff — which *The New York Post* reports had more than 2,700 staff positions in 2009, by far the most in the nation — is structured by chamber and party line and has few joint, nonpartisan entities. By contrast, Cali-

fornia, with twice the population of New York, employs 650 fewer staffers.

Arizona and New Jersey have full-time partisan majority and minority staff for the Senate and House leadership and caucuses but share other nonpartisan central office staff for policy and fiscal research, bill drafting, and some other services. Minnesota also has shared staff for research, information, and administration, but assigns a substantial number of staff to partisan legislative research activities.

There's no perfect or absolute model. "The most common model appears to be centralized nonpartisan, or chamber and caucus decentralized with centralized fiscal research, administration, and research," said Storey, "but it's common for new leaders to analyze the legislative staffing structure, even if they end up not making a lot of changes."

## Nearby examples

North Carolina, Georgia, and Tennessee have citizen legislatures, with centralized, nonpartisan staff. Eight years ago, Georgia's legislature shifted to a Republican majority in both chambers for the first time in 120 years.

"We do have one position that stays with each party," said GOP state Sen. Don Balfour, and "the Senate and House have separate research staff, but they're not divided by party. I think there's always a question when one party has been in power for a very long time period about whether staff [is] truly nonpartisan. When it comes to research, staff should conduct research with the same zeal and thoroughness for a member, based on what that member needs, and not pay attention to party ideology."

In Tennessee, for the first time since Reconstruction, Republicans won a slim majority in the Senate in 2004. Four years later, Republicans won the House for the first time and widened their majority in the Senate. In 2010, Republicans expanded their majorities in both chambers and elected a Republican governor, making modern history with Republicans leading both the executive and legislative branches.

Outgoing House Majority Leader Jason Mumpower, a Republican, told *CJ* that before 2008, Democrats changed the rules so that each Democratic lawmaker had an administrative assistant, while two or three Republicans were forced to share a single assistant.

"That arrangement made it harder for constituents to contact Republican lawmakers," said Mumpower, who did not seek re-election in 2010. "The biggest change we made after our wins in 2008 was to bring back a 1:1 ratio. I expect the Tennessee General Assembly will see more significant staff changes [in 2011] because Republicans will now have a much bigger majority." *CJ*

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## State Briefs

## Teacher retreat cuts

A rural teacher's retreat in the North Carolina mountains continues to command around \$5.5 million in appropriations from the state budget, despite questions about its necessity in lean fiscal times.

The N.C. Center for the Advancement of Teaching, a professional development center in Jackson County, picks up the tab for more than 5,000 teachers to attend each year. Weeklong seminar topics include holistic health, pottery, and global warming.

The General Assembly had allocated \$7 million to NCCAT during the three fiscal years leading up to 2009. The appropriation since has been trimmed by \$1.6 million, and NCCAT's positions have been reduced by almost 20 percent, according to NCCAT staff.

Even so, top staff continue to command six-figure or near six-figure salaries, and their pay hasn't been reduced. Two lower-salaried administrative officers had their pay curbed by almost one-third in September 2009.

In 2008, executive staff got 6 percent raises, double the average amount received by public school teachers.

NCCAT recently celebrated its 25-year anniversary by hosting a gala at the Grove Park Inn in Asheville. Former Gov. Jim Hunt, a Democrat, headlined the event. No taxpayer dollars went into funding the dinner, according to NCCAT staff.

Further cuts to NCCAT could be one small piece of the puzzle as the General Assembly deals with overcoming a significant budget deficit in the coming year.

## \$4 billion budget hole?

The budget hole lawmakers face in 2011 might be larger than initial estimates, according to the *News & Observer* of Raleigh.

Experts originally predicted the deficit would be around \$3.2 billion, but a new report from the National Conference of State Legislatures paints an even grimmer picture. It puts North Carolina's hole at nearly \$4 billion, or 20.3 percent of the current budget.

A large share of the trouble is due to a loss of stimulus funds and the expiration of temporary tax cuts. The NCSL adds to those figures increased costs for the state retirement system, state health plan for employees and retirees, and enrollment growth in K-12 and higher education. CJ

## Community Colleges Prepare for Lean Cycle

By AMANDA VUKE  
Editorial Intern

Along with leaders at the University of North Carolina system, administrators at the North Carolina Community College System are expected to absorb a share of the cuts needed to close a projected \$3.7 billion budget deficit. Analysts predict community colleges will see their \$1.055 billion budget cut by between 5 percent and 10 percent.

Gov. Bev Perdue urged each state department to illustrate how it would reduce costs by 10 percent. Jennifer Haygood, vice president and chief financial officer of the community college system, told *Carolina Journal* the system tried to take a "balanced approach."

To reach the 10-percent goal, Haygood said, the community college system would need to find \$107 million in cuts or new revenues. NCCCS proposes to reach that goal with a combination of a tuition increase, spending reductions, management flexibility, special category programs, and a "fundamental rethinking" of how to provide funds to the colleges.

## Tuition increase

System leaders have proposed a jump of \$10 per credit-hour. Haygood said this would bring the cost of a credit-hour to \$66.50, with a maximum cost of \$1,064 a semester — still one of the lowest tuition rates in the Southeast. The system estimates this increase would raise an extra \$46 million in revenues, a little less than half its target.

## Spending cuts

NCCCS is looking at \$6 million in spending cuts, with about \$5.25 million coming from specific programs, Haygood said. Programs such as basic skills, literacy, and the adult high school diploma could be affected.

The system also is looking to cut \$29 million with "management flexibility," setting a target for spending cuts at each of the 57 campuses and allowing individual schools to decide where those reductions would be made.

Another area in which the system is considering cuts is its special-category programs. Over the years, many of these have been eliminated, but the NCCCS is proposing cutting two more — the Hickory Metro Higher Ed Center and the Botanical Lab at Fayetteville Tech.

After reducing spending in these areas, another \$25 million needs to

be cut, Haygood said. This required NCCCS to rethink how the colleges were funded.

## New funding formulas

Currently, all community college students receive an equal stipend from the state. NCCCS is seeking to move to a "differentiated, weighted model, so that lab-based sciences, health care, and technical education are funded more than other programs," said Haygood.

"In those [named] classes, class size can't expand, and they are equipment-intensive," she added. Because those classes train students for jobs that are in heavy demand, "funding these students more than those in other programs makes sense," she said.

## General Assembly interaction

The NCCCS presented its plan for a 10-percent reduction to the Joint Legislative Education Oversight Committee. This was the first — and so far only — interaction with the General Assembly regarding cost reductions.

This preliminary interaction did not generate a lot of feedback from the General Assembly, though they did ask questions about financial aid for students. It's too soon to say what will happen regarding the community college system. Part of it depends on whether the General Assembly will accept the proposals, or if it is looking for cuts in specific areas.

Sen. Richard Stevens, R-Wake, appointed as co-chairman of the Higher Education and Higher Education Appropriations committees, told *CJ* that he sees the system's proposals "as a starting point." Since community colleges are "critical to job training and helping people get jobs," which is a stated priority of the incoming Republican majority in the General Assembly, the legislature wants "to be very careful about any cuts to the community college system."

Stevens said "there is a very daunting \$3.7 billion budget gap for the whole state," and he wants to make sure that cuts aren't made "across the board, but with a surgical approach to make sure the right things are funded," eliminated, and reduced.

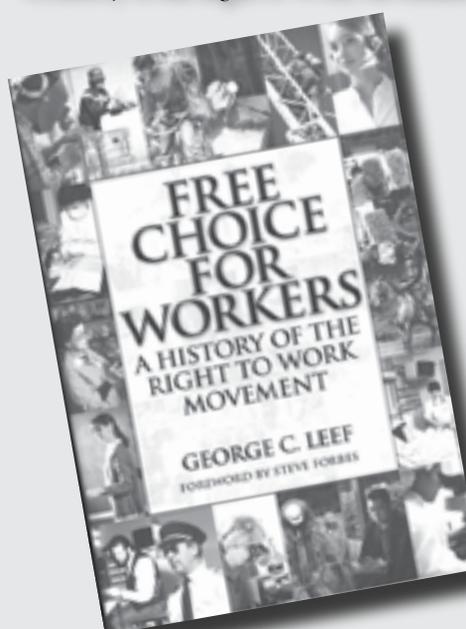
"I appreciate that starting point that the NCCCS have given us, but also recognize there will be much discussion, dialogue, and input before the budget process is completed," Stevens said.

## Enrollment increasing

The last three years, enrollment in the NCCCS has grown by 25 percent, with 50,000 new full-time equivalent students.

During the same time, General Fund appropriations per student have dropped by 12 percent, or \$609 overall. A 10-percent cut on top of the already declining revenue would "impact students and classrooms," Haygood said. "Fewer course sections will be offered, so students will have a more difficult time getting the courses they need," which also will increase the time spent in school before graduation. CJ

The community college system is facing up to \$6 million in cuts

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

By George C. Leef  
Vice President for Research at the  
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Education Policy

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# Public Employee Pension Debt Explodes, States Not Funding Enough

By KAREN McMAHAN  
Contributor

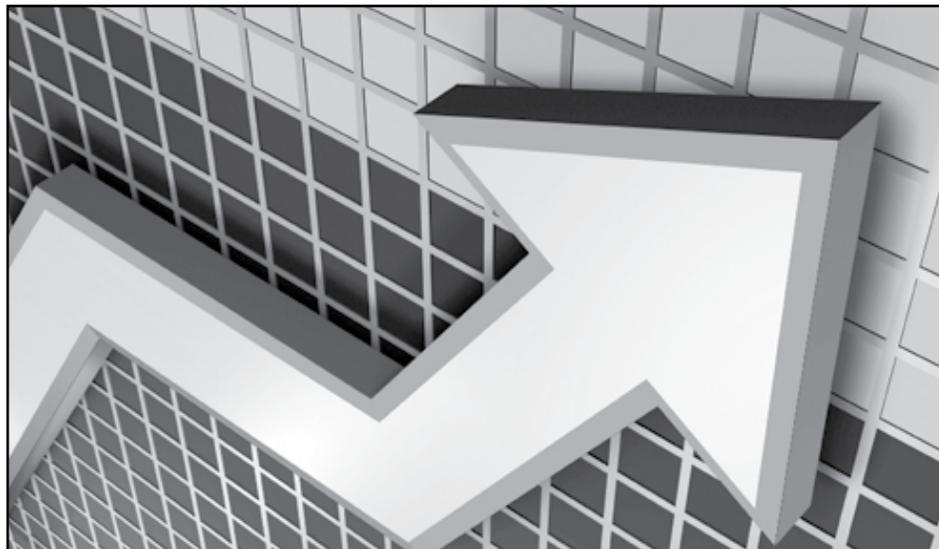
RALEIGH

More than \$10,000 for every man, woman, and child in the United States. That's what a 2009 study for the National Bureau of Economic Research concluded were the unfunded liabilities of all U.S. public pensions. The total — placed at \$3.23 trillion by researchers Robert Novy-Marx and Joshua Rauh — “dwarfs all the states’ publicly traded debt,” they say, making the total state indebtedness closer to 4.5 times the value of outstanding state bonds once pension liabilities are included.

A public-sector accounting rule makes it appear that public pensions are fully funded, when in fact most face serious shortfalls. State and local governments are relying on unrealistically high assumptions for the expected rate that pension investments will return, many analysts say. As a result, states are not providing enough pension funding today to cover the plans’ future liabilities.

Unfunded liability is the gap between promised pension benefits and the cost of paying those benefits to retired, current, and future public employees. If government officials were forced to apply the same uniform accounting methods that private pension plan administrators must use to calculate liabilities, experts say the funding shortfall would be five times greater than the amount being reported by state and local governments.

Novy-Marx and Rauh say current accounting rules make it impossible for the current generation of taxpayers to know how much money must be “set aside for their children to pay off



Analysts put pension liability at \$3.23 trillion, more than \$10,000 per person.

this debt.”

The 112th Congress may force public pension plans to be more forthcoming about their actual financial state. U.S. Reps. Devin Nunes, R-Calif., Paul Ryan, R-Wisc., and Darrell Issa, R-Calif., introduced a bill Dec. 2 that would require state and local governments to use accurate and honest accounting in their financial reporting. According to the release announcing H.R. 6484, “Public Employee Pension Transparency Act,” plans would have to report liabilities using “realistic rates of return and tie assets to more reasonable fair market valuations.”

The bill also would suspend the ability of any jurisdiction failing to comply with the new accounting rules to issue tax-exempt bonds.

## Public pensions in N.C.

The North Carolina Retirement Systems is the 10th-largest public pension fund nationally, providing retiree-

ment benefits for more than 820,000 North Carolinians. The state uses an expected investment return rate of 7.25 percent, which is more conservative than the average 8 percent rate that many other state and local governments use.

Jeremy Gold, a New York-based actuarial consultant and co-author of a 2008 study of public pension plans, advocates marking public pension plan liabilities to market; that is, using market value for liabilities like private pension plans do. Gold considers the 30-year Treasury bond the best measure of market valuation.

Using existing public-pension accounting rules, the report by Novy-Marx and Rauh showed the North Carolina Retirement Systems in 2008 with pension assets of \$59.1 billion and reported liabilities of \$68.7 billion. If liabilities were reported using the Treasury rate, the figure would be \$117.0 billion, leaving an unfunded gap of \$57.9 billion rather than \$9.6 billion.

So while North Carolina’s plan is among the best-funded public pensions he’s studied, Gold tells *Carolina Journal* that doesn’t mean the state’s retirement system is fiscally healthy or sustainable. During the 2010 session, the General Assembly decided not to make the full annual required contribution to the pension fund for the first time in the fund’s history. The reported unfunded shortfall was \$310 million.

Joe Coletti, director of health and fiscal policy studies at the John Locke Foundation and a member of a retirement study commission created by State Treasurer Janet Cowell to make recommendations for pension reform, estimates that an additional \$300 million will be needed to fund the pension in fiscal year 2011-12.

In December, the commission recommended that the state offer all current and future employees a choice between a defined-benefit pension plan (like the current public pension system) and a defined-contribution program (similar to the 401(k)s offered

by private employers). The commission also would enroll automatically all public employees hired in the future in a supplemental defined-contribution plan.

The recommendations do not address the lack of transparency in the current retirement system or the accounting flaws that distort the true cost that the public pays for a government worker.

Eileen Norcross, a research fellow with George Mason University’s Mercatus Center, says governments like to use a higher discount rate to calculate plan liabilities because it lowers the annual contribution needed to fund the plan. Norcross also says the actuarial method encourages fund managers to ignore market risk in managing pension assets, tempting them to invest in higher-risk, higher-volatility portfolios to target unrealistic rates of return. Greater investment risk heightens the possibility that pensions will be underfunded.

If pensions are unable to pay retirees fully, governments may default on their pension debt or be forced to raise taxes to cover employee retirements. Active employees may end up with fewer benefits as they’re forced to contribute more to provide benefits to current retirees whose payouts are guaranteed. Norcross says these and other problems could be alleviated or eliminated if governments shifted to defined-contribution plans the way the private sector has.

Gold does not support Norcross’ view and says pensions simply should be smaller, more affordable, and fully paid so that their liabilities are not passed on to future generations of taxpayers.

In North Carolina’s congressional delegation, Rep. Sue Myrick, R-9th, is an original co-sponsor of H.R. 6484. While it was unclear at press-time whether the lame-duck session of Congress would have time to take up the bill, Myrick spokeswoman Taylor Stanford told *CJ* that the bill probably will be reintroduced in the 112th Congress.

Ken Willis, spokesman for 1st District Democratic Rep. G.K Butterfield, says Butterfield is concerned that the “bill seeks to expand federal oversight and intervention in areas that have been historically regulated by state, county, and local governments.” According to Willis, Butterfield also believes the bill would lead to “increased costs resulting from a new, unfunded federal mandate including costs associated with state, county, and local governments having to move to a new accounting and reporting system and standard, and the costs associated with undermining the state and municipal bond markets.” *CJ*

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## COMMENTARY

## Triggering A Revolution

Can parents, outraged by failing schools, start an education revolution? In California, parent activists are doing just that. Empowered by new legislation called the Parent Trigger, parents now have the legal muscle to impose reform on persistently dismal schools. Harnessing parent power to effect change isn't a novel concept, but the scope and breadth of reforms permitted under the Parent Trigger surely are. Lawmakers across the nation are watching closely.

They should. Conditions are ripe for reform. A recent NBC News/*Wall Street Journal* poll found almost 60 percent of Americans believe public education needs "major changes or a complete overhaul." And California's Parent Trigger, passed with bipartisan support in early 2010, heralds sweeping change. The law wrests away control from ineffective bureaucrats and hands it to parents, toppling the traditional educational power structure.

How is parent power playing out? In December, parents in Compton moved to "trigger" McKinley Elementary School — the first under the law. They utilized the Parent Trigger's simple mechanism for change: If 51 percent of parents of students in a failing school sign a petition demanding reform, the local school district must act.

To qualify for triggering, schools must have missed key performance benchmarks for several years running. Parents then may opt for a moderate or drastic school shake-up. Choices include school closure, conversion to a charter school, and turnaround or transformation plans that call for firing the principal, restructuring staff, or implementing other changes.

At McKinley, more than 60 percent of parents signed petitions, according to Parent Revolution, the nonprofit group that mobilized support for California's law and now is helping parents organize. McKinley parents are seeking conversion to a charter school and have chosen charter operator Celerity Educational Group to step in. Celerity's website indicates the organization runs four Los Angeles-area charter

schools serving at-risk students.

These early developments are extremely promising. Yet, as with any law, the Parent Trigger is not without its drawbacks and loopholes. Some say the school closure option — shuttering a school and sending students to another same-district school — is problematic. Terrible schools, especially those in high-poverty, urban districts, rarely exist in isolation, so students may end up getting shunted from one bad school to another. Policymakers at the Illinois-based Heartland Institute favor the Parent Trigger but liken the closure option to "rearranging chairs on the deck of the Titanic" in areas of widespread school failure.



**KRISTEN  
BLAIR**

Additionally, California lawmakers have capped the number of schools that can be triggered at 75, a fraction of the 1,300 eligible schools identified by Parent Revolution. Legislative caps on education innovation and reform are all too common, thanks to the heavy-handed influence of teacher unions — groups for whom the mere mention of choice or parent-driven accountability induces an apoplectic fit.

Despite its limitations, the Parent Trigger represents an inspiring and unprecedented leveling of the educational playing field, giving power to families most in need of it.

At McKinley, 80 percent of the all-minority student body is poor. Only one-third of the students are proficient in English, and less than half are proficient in math. They deserve better. And now they'll get it.

What's next for the Parent Trigger? Parent Revolution's deputy director, Gabe Rose, says he expects a "wave of parent organizing across the state" once word gets out about positive changes at McKinley.

Nationwide, momentum is building: *The Wall Street Journal* reports lawmakers in six states — Georgia, Indiana, Michigan, New Jersey, West Virginia, and Maryland — plan to introduce Parent Trigger legislation in the months ahead. Look for other states to follow. CJ

*Kristen Blair is a North Carolina Education Alliance Fellow.*

# School Lunch Reauthorization Doesn't Address Fraud Problem

By DAVID N. BASS  
Associate Editor

RALEIGH

A sweeping expansion of the federal government's Child Nutrition Act overcame its final hurdle in December. But even though the legislation expands the number of students eligible to participate in federally subsidized nutrition programs, it fails to address broader questions of fraud.

Congress and President Obama reauthorized the entitlements for another decade at an additional cost of \$4.5 billion, less than half of what Obama initially requested. The bill passed the U.S. Senate unanimously in August and the House by a 264-157 vote margin in early December.

As the first funding expansion of the National School Lunch Program in more than 30 years, liberals hail the bill as a major step forward in fighting child hunger. The reauthorization was an important plank of First Lady Michelle Obama's campaign to end childhood obesity.

"At a very basic level, this act is about doing what's right for our children," President Obama said at a signing ceremony at a District of Columbia elementary school. "Right now, across the country, too many kids don't have access to school meals, and often the food that's being offered isn't as healthy or nutritious as it should be."

Among other revisions, the bill requires more stringent health guidelines for schools and raises the reimbursement rate for school lunches by 6 cents per meal. It also revamps food safety standards following reports in *USA Today* showing that school-meal meat often is less safe than offerings at many fast-food restaurants.

Critics object to both the bill's expansion of federal power and its failure to address potential fraud. As documented by *Carolina Journal*, targeted reviews of applicants enrolled in the \$10-billion-per-year free and reduced-price lunch program, the largest component of the Child Nutrition Act, suggest that fraud exists.

The nutrition entitlements are meant for families at or below 185 percent of the federal poverty level — roughly an annual income of \$40,000 for a family of four. Because parents or guardians are required only to self-re-

port their income on applications, and no proof of income must be provided, there is room for accidental mistakes or purposeful fraud.

In addition, the U.S. Department of Agriculture has discouraged school districts from auditing applicants to ensure accuracy. In 2008, the USDA threatened to yank a \$34 million school-lunch subsidy from Charlotte-Mecklenburg Schools if it performed a comprehensive audit of enrolled families.

As a smaller remedy to fraud, federal law requires school districts each year to verify the incomes of 3 percent of participants (or 3,000, whichever is less) considered "error prone," meaning households whose reported earn-

ings are within \$100 monthly, or \$1,200 yearly, of the income eligibility limitation.

If applicants fail to respond, or respond with evidence that shows too high an income, officials reduce or terminate their benefits.

*CJ* earlier reported that 54 percent of surveyed applicants in North Carolina for the 2007-08 school year could not or would not provide income proof to justify their meal benefits. The potential fraud rate remained largely unchanged for the 2008-09 school year at 56 percent.

The child-nutrition reauthorization does allow school districts to conduct accuracy reviews for administrative errors that result from processing applications. But the bill doesn't give school officials more authority to root out cheating among applicants themselves.

Michael Ponza, a senior fellow at Mathematica Policy Research, said that administrative mistakes result in around \$190 million in erroneous payments annually. Curbing those errors is taking advantage of "low-hanging fruit," he said, because school officials simply shore up administrative procedures. On the other hand, Ponza said, fraud checks have been shown to discourage some eligible families from applying for benefits.

Even so, the cost of erroneous benefits associated with households misreporting their income is much higher than the costs of administrative errors — around \$640 million annually for the school lunch and breakfast entitlements combined, according to Mathematica. CJ

*A Carolina Journal  
report showed  
that more than half  
refuse to provide  
income proof*

# Students Learn in Greek and English at Unique Charter School

By KAREN WELSH  
Contributor

MATTHEWS

Socrates once said, "Wisdom begins in wonder." Socrates Academy in Matthews takes this admonition to heart, as children are expected to be active thinkers while learning and speaking two languages during the normal course of a school day.

The campus, complete with large columns, bright halls, and symbols of ancient European days, is meant to capture the feel of historic Athens. The K-6 school is tucked into an affluent community in the suburbs of Charlotte.

Now in its fifth year of operation, Socrates Academy is the brainchild of three Greek businessmen living in the area. They dreamed of an educational experience for students that included immersion in the Greek language, philosophy, and culture. They launched an eco-friendly, Greek language-intensive local public charter school, inviting children from a host of backgrounds — including those of Hispanic, Russian, and Asian heritage — to join the student body.

"We don't have textbooks," said Principal Janice Dellinger-Holton, a 40-year veteran of education. "We don't departmentalize here. There is no tenure. We're about kids and teachers at Socrates. We are energized for education. Students are taught to be critical, analytical thinkers."

She said the staff, teachers, and administrators understand it takes teamwork to make a charter school run effectively and efficiently. Everyone works together, juggling multiple tasks to make the school a success.

Their biggest obstacle has been



The logo of the Socrates Academy in Matthews exemplifies the school's goal of replicating learning as it took place in ancient Greece, complete with some classes taught in Greek. (CJ photo by Karen Welsh)

managing the burgeoning student body, which has grown from 67 to 447 students, with a wait list of 150 children over the past five years.

Socrates has moved from its original space to a bigger campus and built an additional building on the new property.

The school day runs an hour longer than a traditional public school, but the students have no homework. Instead, they are given opportunities for extended learning and are encouraged to explore areas and subjects that interest them.

Students take language arts and mathematics in both English and Greek. Several teachers have come directly from Greece to teach at Socrates Academy. Most are on work visas that

often allow them to stay at the school for three to five years.

Anna Athanasopoulou is one of the educators. This resident of Greece, who has a Ph.D., moved to Charlotte four years ago to teach and develop mathematics curriculum to be taught only in the Greek language.

"This is very new to me," she said in a halted accent. "It's a unique experience, and I appreciate the moment I said 'yes.'"

Athanasopoulou said a benefit of the students learning mathematics in a different language is they are more alert and on task.

"Their attention is very high because they are learning in a new language," she said. "It's a huge feat to get the concept in a new language."

Besides being active learners, everyone on the campus takes a pledge to find ways to play, be serious about their work without being serious about themselves, stay focused, be present when others need them, and to find someone to help, encourage, or simply listen to.

Sixth-grader Jack Mabon, 11, has relished his time at Socrates so much that he turned down the opportunity to go to another exclusive gifted and talented school in the area.

"It's fantastic, and I love everything about it," he said. "The Socratic Method is great, and it's the reason I stayed. They ask questions to get our minds going. They make learning fun. It's the teacher's life goal to prove that."

State Sen. Eddie Goodall, R-Union, said he is impressed with both the physical and learning environment at the school. He said it is rare to find a school operating at such a high level.

"So many times kids are left out of the educational conversation," he said. "That is not true here. They are

actively engaged, thinking and learning at every level."

A priority for Goodall is lifting the state's cap of 100 charter schools when the General Assembly convenes in late January.

Mabon is discouraged there isn't enough room for all his friends and relatives to attend Socrates Academy.

"I am excited to come to school every day, and I feel sorry for the kids that can't go here," he said. "Even President Obama gave a speech saying how good it is to learn a different language when you are young because our brains are like sponges."

Mabon said one of the highlights of his bilingual school career was the free trip he took to Greece upon completion of his fifth-grade year.

He said the one-month excursion, which immersed him in the language and culture, changed his life.

"It was amazing," he said. "It was the most fun I've had in my whole life. I got to go with friends and be in that cultural environment where they spoke very little English. I had to converse and comprehend in Greek."

Parents and guardians are expected to work a minimum of 36 hours a year on the campus. Janna Tipton, mother of two at the school, said the commitment is worth it because both of her children are thriving at the school.

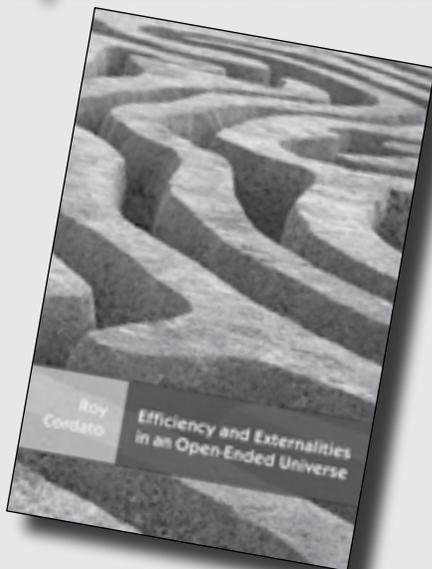
"They have a lot of good friends and great teachers here," she said. "The curriculum really holds their attention. They aren't learning from memorization or from rote. I like that they are learning a foreign language right from kindergarten. They are well-educated and having fun at the same time. I am grateful every day for this school. It is a gift to me and my family." CJ

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By Roy Cordato  
Vice President for Research  
John Locke Foundation

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# Jim Black Property a Tough Sell For Wake Schools

Parcel remains unsold after 1.5 years on the market

By DAVID N. BASS  
Associate Editor

RALEIGH

More than 18 months after prosecutors and lawyers agreed to use two parcels of real estate owned by former N.C. House Speaker Jim Black as partial settlement of a \$1 million fine in his felony corruption case, the land remains unsold, refueling criticism that the Matthews Democrat got a sweetheart deal.

Black was released from federal prison in October. In 2007, he entered an Alford plea to state corruption and obstruction of justice charges stemming from his tenure as House Speaker between 1999 and 2006. The plea allowed him to maintain his innocence while acknowledging that prosecutors might have enough evidence to convict him. Former Gov. Mike Easley entered a similar plea when he became a convicted felon in November.

Black admitted to accepting tens of thousands of dollars in bribes from chiropractors to push legislation favorable to them. He also pleaded guilty in federal court to charges partly resulting from a \$50,000 payoff to Republican state Rep. Michael Decker to switch parties, allowing Black to remain speaker.

Black was sentenced to eight to 10 months in prison, plus a \$1 million fine, on state charges, and an additional 63 months in prison on federal charges. He paid the first half of the fine in cash; prosecutors allowed him to pay the second half by surrendering two parcels of undeveloped real estate located southeast of Charlotte.



Jim Black turned over an empty lot to help satisfy a \$1 million fine, rather than one of the three lakefront homes he owns at Lake Norman valued collectively at more than \$2 million. This one is valued at \$778,540. (CJ photos by David N. Bass)

But as *Carolina Journal* first reported in June 2009, tax revaluations from 2003 (the most recent available) put the value of the property at about one-third of the then-outstanding debt. In May 2009, the properties were deeded over to the Wake County Public School System, as required by state law. And yet the system has been unable to sell them.

"The school system's difficulty in selling the land reinforces the public's disappointment with the original decision," said Joe Sinsheimer, a former Democratic consultant who spearheaded efforts to oust Black from office. "It also begs the question: Why wasn't Jim Black required to pay his \$1 million fine in cash? He clearly had the resources to do that."

Michael Evans, chief communications officer for the school district, said the system is tapping into real estate acquisition channels to sell the properties without using a typical broker. The goal is to save money by avoiding a

commission charge, he said.

But the system hasn't had much luck finding a buyer for the parcels. Evans said the system is asking around \$550,000 for the parcels combined.

"To date, while there has been interest shown by two parties, no offers have been submitted to us," Evans said.

As *CJ* reported, property records show that Black owns more than a dozen parcels of real estate — with a combined tax value of around \$4 million — including prime commercial properties and several lots with homes at Lake Norman. He was not required to sell or take out mortgages on any of them to satisfy the final half of his fine.

Days before prosecutors and Black's attorney finalized the deal, a real-estate appraisal firm in Char-

lotte estimated the parcels' value at \$613,000. The appraisal was arranged by Black's son. Black was scheduled to be in prison until February 2012. The U.S. Bureau of Prisons later scaled that back to April 2011. Black earned a reduced sentence by completing a drug-abuse program while in prison.

At a meeting in November, the N.C. Board of Optometry voted to restore Black's optometry license.

Wake County school board chairman Ron Margiotta said he hoped the land would sell quickly because the proceeds could be used to hire teachers. The school system faces an estimated \$100 million budget shortfall.

"It certainly makes sense that we try to sell that as soon as possible and get the highest possible price that we can for it," Margiotta said. *CJ*



The Black-owned home at Lake Norman is valued at \$725,510. Another home not pictured is valued at \$514,450.

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# North Carolina Tea Party's Next Objective?: Education Reform

Leaders of movement have shown interest in charter schools

BY JIM STEGALL  
Contributor

RALEIGH

Charter school advocates have picked up a significant ally in their fight to reform the state's laws governing charter schools in the upcoming legislative session. Leaders of North Carolina's Tea Party movement are showing increased interest in charter schools and plan to be at the table when lawmakers consider changes to the charter school law.

A leader of this effort in North Carolina is Waynesville resident and retired retail manager Bruce Gardner, a leader of the group Tea Party Western North Carolina. The connections between Tea Party activists and school choice go far beyond the state's borders. "We are working with Tea Party leaders throughout the country on moving forward legislation that helps to reform our public school system," Gardner said in a recent interview. "We must get our education system back [to being] student-centered."

For Gardner, charter school activism is a natural outgrowth of core Tea Party philosophy. "One of the three major tenets of the Tea Party is free markets," he said, "and one emphasis of the Tea Party nationally is education. The most basic free market should be in education."

Gardner sees charter schools as one part of a broader solution to the nation's education woes. The solution



Tea Partiers, shown here at the April 15, 2010, Tax Day rally at the state Capitol, plan to bring their energy to school reform next year. (CJ photo by Jon Ham)

also includes vouchers and scholarships to enable parents to send their children to private and parochial schools, he said. In his view, education funding should follow the child to a school of the parents' choosing.

"We feel that parents should be able to choose to send their child to a public charter, or a private school, even [providing tax credits] for homeschoolers," he said. "If that taxpayer has paid to educate the child, they shouldn't have to pay twice."

The Tea Party's interest in charter schools comes at the time a strongly pro-charter Republican Party is set to take control of the General Assembly for the first time in more than a cen-

tury. Republicans ran on a platform calling for the elimination of the state's cap of 100 charter schools. Many who won legislative races received significant backing from local Tea Party affiliates.

Tea Party Western North Carolina endorsed two victorious Republican challengers in the last election, helping swing the state Senate into Republican hands. Community college administrator Ralph Hise defeated incumbent Democrat Joe Sam Queen in District 47, and dentist Jim Davis edged out incumbent Democrat John Snow in District 50.

Gardner says that activists put out voter guides, staffed polling places, and held events for these and other favored candidates. And now that they've won, Tea Party activists will be pressing them for action on issues like charter schools.

He's urging Tea Party activists to call their legislators "to not only support school choice legislation but to sponsor the bills." Noting that Tea Party activists tend to be "fiercely independent," he says he'll be asking them "to become personally involved with their state senators and state representatives."

Gardner says Tea Party groups are "working with several people to try to help design formal legislation. The intellectual work is pretty well done. The problem is that none of it has ever gotten any traction because there has never been a grass-roots movement like the Tea Party," he said. "There haven't been any boots on the ground to carry these concepts, these models, forward. The difference now is that we have millions of Tea Party people in the country, thousands of Tea Party organizations, and these people

right now are carrying an awful lot of political influence as we head toward 2012."

Eliminating the cap on the number of charter schools is an obvious first step, Gardner says. "But simply getting rid of the cap is only part one." He called for "comprehensive reform" of the state's charter school law, adding, "we would like to suggest that the body that oversees the chartering and provides the oversight and monitoring of the charter schools be put under an independent appointed commission, rather than under the Department of Public Instruction. We think it should be independent of those departments."

That move could pose difficulties should the General Assembly address it. Some observers within the charter community have questioned whether an independent oversight commission would run afoul of the state's constitution, which gives the State Board of Education authority over all public schools, including charters.

Article IX, Section 5 of the North Carolina Constitution states that the board "shall supervise and administer the free public school system ... and shall make all needed rules and regulations in relation thereto, subject to laws enacted by the General Assembly." Superintendent of Public Instruction June Atkinson has said she believes that section gives the state board oversight authority of charter schools.

Atkinson has experience dealing with constitutional issues in education. She waged a successful court battle to restore the constitutional powers of her office after the General Assembly had reduced the superintendent's position to little more than figurehead status.

Another area of concern for Gardner is charter schools' access to funding for facilities. Under current law, charter schools receive no public funds for construction, and counties (which provide the bulk of the funding for district schools' building needs) are forbidden to give money to charter schools for buildings.

Gardner says that ought to change. "Charter schools need the ability to issue bonds for the construction of facilities," he said.

Like many Tea Party activists, Gardner became seriously involved in politics only recently. The retired retail manager living in Waynesville says he got interested in the "9-12 Project" touted by Fox News commentator Glenn Beck, primarily as a result of the federal stimulus bill passed in the early days of the Obama administration.

Gardner recently formed a group called Tea for Education and is working with activists in the Carolinas and Georgia to establish similar groups. If his efforts are successful, he plans to take the group national. CJ

## Locke, Jefferson and the Justices:

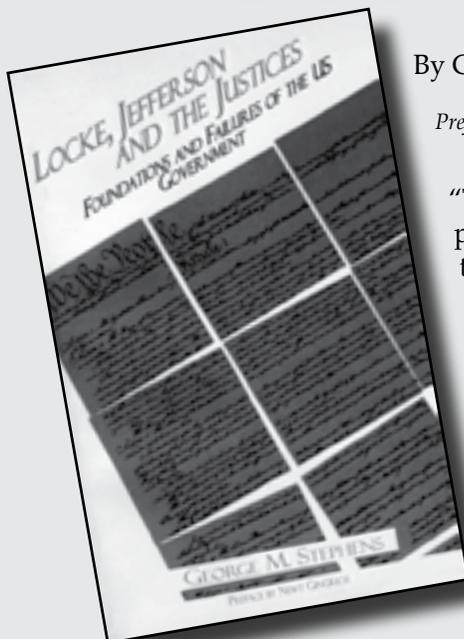
Foundations and Failures of the U.S. Government

By George M. Stephens

Preface by Newt Gingrich

"This book is about American politics and law; it is also about the roots of the Contract with America. A logical place to find the intent of the Founders is in Locke, [and] Stephens makes a contribution to highlighting this."

Newt Gingrich  
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## Town and County

## No Southport megaport

A proposal to build a multi-billion-dollar international shipping terminal in Southport is dead. Instead, the state will focus on improving access to the existing Wilmington port facilities, reports the *Wilmington Star-News*.

The idea of a megaport in Southport has been floating around for about five years, with the state spending \$10.2 million on the project. The project, which generated considerable local opposition, ran into trouble this past year when the General Assembly refused to authorize state funding for a feasibility study. In addition, U.S. Rep. Mike McIntyre, D-7th, whose district includes the Wilmington area, opposed the project.

The state will focus now on existing facilities in Wilmington. A critical constraint is the shipping channel, which limits ship movements into and out of the port. The N.C. Department of Environment and Natural Resources hopes that the U.S. Army Corps of Engineers will increase capacity by expanding the channel.

"For the Port of Wilmington to remain competitive, serious problems within the existing Wilmington Harbor must be addressed," wrote DENR Secretary Dee Freeman to Col. Jefferson Ryscavage, head of the Corps' Wilmington district.

## Shorter Charlotte rail line

The Charlotte Area Transit System has shrunk the proposed extension of its light rail line. The move would cut two stations from the line and save \$92 million, reports *The Charlotte Observer*.

Charlotte's existing light rail line runs 9.6 miles from the Interstate 485 loop near Pineville in southern Mecklenburg County to Uptown Charlotte. CATS would like to extend the line another 11 miles from Uptown to the UNC-Charlotte campus and then northeast to I-485.

Such an extension is projected to cost \$1.1 billion, which is more money than the transit system can make available in the foreseeable future. CATS hopes to cut the cost of the extension by \$200 million. Completion is contingent on CATS receiving federal funding for about half of the cost.

Part of the savings would come from ending the line at UNC-Charlotte and not extending it to I-485, resulting in the estimated \$92 million savings. The move also would cut projected ridership by 10 percent.

## State Subsidy Spurs Bus-Route Dispute

By KAREN WELSH  
Contributor

A private bus service owner in Hickory claims another bus operation has landed government subsidies illegally that could put his transit company out of business.

John Chamberlain, founder and owner of the Hickory Hop shuttle service, has accused Coach America, also known as Mountaineer Express, of using taxpayer funds to provide a cheaper service from Boone and Hickory to Charlotte-Douglas International Airport (CLT). The state Umstead Act prohibits North Carolina government agencies from competing with private commercial enterprises.

The alleged violation may have occurred after Coach America advertised its cheaper rate on its website, in its terminal, and on its telephone reservation lines. In the ads, Coach America informed passengers they could get from Boone to CLT for a one-way cost of \$17.75.

In contrast, Hickory Hop — which receives no taxpayer subsidies — charges \$70 for the same service.

Coach America won a contract with the North Carolina Department of Transportation in September to secure federal funding for the service. NCDOT and the U.S. Department of Transportation subsidize several fixed-route, scheduled bus lines between North Carolina cities.

"They are undercutting my business using state subsidies," said Chamberlain. "It is hurting my business. I'm already down 15 percent since they started offering service. I've gone from a small measure of profitability to just breaking even again. I am struggling hard."

"This is a waste of taxpayer dollars," he added. "I feel like I am paying my taxes to put myself out of business."

When NCDOT Director Miriam Perry got wind of Chamberlain's complaints, she informed Coach America's Vice President and General Manager Steven Crossken that he needed to stop both the ads and the service between Boone and CLT.

"[Crossken] said he was contacted by the Boone Area Chamber of Commerce to provide service to the airport," she said. "That's not what we committed to. I told him not to do that."

Perry said the state's contract with Coach America was meant to provide one trip daily between the bus stations in Boone and Charlotte. "The intent was not to provide trips to the airport," she said.

In a written statement, Crossken said his subsidized bus service was not going directly to CLT, which is correct. Even so, e-mail messages obtained by *Carolina Journal* revealed that Crossken and Dan Meyer, president and CEO of the Boone Area Chamber of Commerce, were planning to undercut the Hickory Hop service.

Perry was one of several people copied on the e-mails in which Crossken told Meyer how passengers could ride Coach America to the Charlotte Greyhound bus station and then transfer to another bus service for a total one-way cost of \$17.75.

"We can now say with certainty that we have the ability to service passengers very conveniently from every stop between Boone & Fayetteville to Charlotte Douglas International Airport!" Crossken wrote to Meyer.

HICKORY

When asked if Crossken or Meyer were aware of the Hickory Hop service, Meyer replied that he was, as Chamberlain is a member of the Boone Area Chamber of Commerce.

However, Meyer said the steep cost of ridership on the Hickory Hop made it restrictive and "somewhat limited" for many passengers traveling to and from the area.

"I think that the combination of students, tourists, and business people will make for a very successful Mountaineer Express to CLT!" he wrote. "Just wish it went to the CLT airport — maybe in the future."

Meyer also suggested Crossken provide specific information regarding a shuttle to CLT from the Greyhound bus terminal, stating it would "significantly impact" his company's ridership.

"Tourists are particularly interested, and so are business people who are flying out of CLT," he said. "Having that specific shuttle info 'attached' to your flier will encourage many to take the Mountaineer Express."

The e-mails suggest both Crossken and Meyer were aware of the legalities and constraints of the government-subsidized route, and were looking actively for ways to circumvent the rules.

"I just had a very good call with Dan [Meyer] and wanted to share his feedback with you," Crossken wrote to a third party. "As we discussed on the call this morning, he understands that we cannot add the CLT airport location as a stop at this point in time. However, he is interested in providing communication directly to in-

bound travelers as well as local residents in the Boone area about how they can connect with the Mountaineer North/South to reach the airport. Would you be able to conduct some research to identify the opportunities to connect directly between the Greyhound Terminal in CLT and the CLT Airport?"

Chamberlain is angry at the backroom politics. He had applied for access to the government-subsidized route, since Hickory Hop already was supplying service to the Greyhound station and CLT. He was turned down early in the process.

Chamberlain believes that conversations and decisions were made behind closed doors that may sink his fledgling business and put his 12 employees out of work.

He said the state has put out a bid for the intercity bus transportation from Boone and Hickory to Charlotte for the past five years, but no one else applied until his business started showing a profit.

"It feels like the government is saying, 'Now that we know this guy put out the money, now we are going to subsidize our own bus to put him out of business,'" he said. "There is something going on here that we don't know about."

Chamberlain has contacted the office of Sen. Austin Allran, R-Catawba, whose staff is researching the situation. Chamberlain is also in the process of obtaining a lawyer to find out if he can seek compensation for the business he feels he has lost.

Jennifer Garifo, a spokeswoman for NCDOT, said her department has fielded Chamberlain's complaints about the alleged abuse of the bus line and has conducted an internal investigation. The investigation concluded that NCDOT has done nothing wrong.



John Chamberlain says a government subsidy has allowed another transit company to undercut his prices unfairly and jeopardize his business. (CJ photo by Karen Welsh)

# Appeals Court: Local Gov'ts Can Dodge Constitutional Challenges

By MICHAEL LOWREY  
Associate Editor

RALEIGH  
When can a landowner challenge the constitutionality of a local ordinance? Not often, if a recent decision by North Carolina's second-highest court stands. Indeed, a strongly worded dissent from the majority opinion suggests that citizens may have little ability to challenge ordinances if local governments wait for a two-month statute of limitations to expire before enforcing them.

In October 2006, Boone's town council adopted a steep slope ordinance and modified its existing viewshed protection ordinance. Jeffrey Templeton and Elizabeth A. Colonna Bird filed suit challenging the town council's actions. A Superior Court judge threw out their suit, finding that they had failed to state a claim upon which relief could be granted.

Templeton and Bird challenged this ruling and brought the matter before the Court of Appeals, arguing that the ordinances violated their constitutional rights to procedural due process and substantive due process, were an unconstitutional taking of property, and violated their rights "to use their land" under Article 1, Section 19 of the North Carolina Constitution. The two also contended that the town did not follow proper procedure in adopting the ordinances.

The appeals court rejected the constitutional claim, finding that Templeton and Bird did not have standing to challenge the ordinances. The court based its decision on the 1987 N.C. Supreme Court ruling in *Grace Baptist Church v. Oxford*. In that case, the high court held that "[i]n order to challenge the constitutionality of an ordinance, a litigant must produce evidence that he has sustained an injury or is in immediate danger of sustaining an injury as a result of enforcement of the challenged ordinance."

The court said Templeton and Bird did not present evidence of any such injury or immediate threat of injury.

"Without an allegation that the subject zoning ordinance amendments will be or have been enforced against property owned by plaintiffs, plaintiffs have failed to demonstrate that they have 'sustained an injury or [are] in immediate danger of sustaining an injury' from enforcement of the ordinance amendments against them," wrote Judge Donna Stroud for the court.

Moreover, under North Carolina

law there is a two-month statute of limitations to challenge the constitutionality of a zoning ordinance. Lawsuits brought after that time are supposed to be dismissed. State law also has long recognized that merely being a taxpayer or a citizen of a certain municipality does not create standing to challenge a zoning ordinance. Instead, to obtain standing, a plaintiff must have "a specific personal and legal interest in the subject matter affected by the zoning ordinance and . . . is directly and adversely affected thereby."

Judge Barbara Jackson agreed that Templeton and Bird did not have standing, but for different reasons. She also questioned the logic behind the majority's holding.

"I think that a requirement that the ordinance be enforced before a property owner may challenge it could allow a municipality to evade statutorily-mandated procedural safeguards by waiting to enforce an ordinance until two months after its adoption, thereby immunizing itself pursuant to the statute of limitations," she wrote.

In Jackson's view, the court's majority misapplied the N.C. Supreme Court's holding in *Grace Baptist Church v. Oxford*, a case about the selective enforcement of a zoning ordinance. There are, she notes, two types of constitutional challenges: as-applied and facial.

Facial challenges argue that a statute or ordinance is unconstitutional on its face. But, Jackson said, it's appropriate for a party to show injury or danger of injury when it contests whether an ordinance is unconstitutional as applied to the party bringing suit.

The majority created the possibility that unconstitutional ordinances might escape challenge if the locality enacting them waits at least two months before beginning enforcement.

The situation has come up before. Challenges against a Nags Head zoning ordinance were dismissed for two reasons: No harm was demonstrated and the statute of limitations had expired.

Even so, Jackson agreed she would have dismissed the suit because the parties did not make a facial challenge to the constitutionality of the ordinance. And, as the majority noted, Bird filed her claim after the statute of limitations had expired, and Templeton failed to provide specific details in his claim to establish standing.

The case is *Templeton v. Town of Boone* (09-1332).



## COMMENTARY 'Stakeholders': Who's In? Who's Out?

In my line of work, I am confronted almost daily with Orwellian terms used by government officials to cover up their odious actions. Budget increases are investments, restricting the use of other people's land is smart growth, and requiring the use of expensive energy is clean energy.

One of the most insidious Orwellian political terms is "stakeholder." When used in the business context, it identifies groups and individuals both inside and outside an organization that should be involved in a decision.

Government officials have hijacked the term to cover up a dirty little policymaking secret. For them, "stakeholder" means politically powerful groups that must be consulted before a policy can be adopted. Unless the most powerful special interest groups agree to support a policy, it will never be approved or implemented. Stakeholders typically impose costs on the parties that have not been represented at the stakeholder meetings.

Politicians and bureaucrats cannot be truthful about catering to powerful special interests. If the public knew that policies truly were decided in this manner, the people would be even more disgusted with the process than they already are.

Depending on the level of government, thousands if not millions of people who would be adversely affected by a policy are excluded consciously from the process. The poor and minorities receive inferior education because powerful teacher union stakeholders ignore them. Environmentalists and planners who drive up housing prices with restrictive land-use policies do not consider the welfare of future homebuyers. Out-of-town rental car and hotel customers are not consulted when local stakeholders want to force nonresidents to pay for their convention centers, sports stadiums, and outdoor amphitheatres.

On a recent trip to Phoenix, I rented a car at the airport and paid 66 percent above the rental rate in city-imposed taxes and fees. Why should Phoenix special interests care? I cannot vote in Phoenix.

To demonstrate this phenomenon, let's look at a "Wind Energy Stakeholder Perspectives Questionnaire" from the U.S. Department

of Energy that I recently received by mistake. I am not a member of one of the powerful special interest groups that the DOE is interested in polling.

The goal of the questionnaire is to "better understand which wind energy development issues are most important to specific stakeholder [read: special interest] groups."

The first item asks respondents to identify their stakeholder group. The usual and obvious suspects are all present: municipal policymaker, county policymaker, state policymaker, federal agency, regulatory agency, wind energy advocate, wind industry member, power sector — not wind energy, agriculture sector, project neighbor (someone who lives near a wind farm), landowner with windy land (I assume this means land where strong winds blow?), environmental organization.

Note the groups that are missing because they are not politically powerful, not organized, or unaware that the policy, if implemented, would affect them:

- Taxpayers who will pay higher taxes to subsidize wind energy
- Electric ratepayers who will pay higher rates to subsidize wind energy
- Property rights advocates who believe that the Constitution protects private property
- Low-income people who will pay disproportionately high taxes and electric rates
- Environmental groups that analyze energy policy from a free-market perspective
- Workers in traditional energy industries who will lose their jobs as the result of subsidized competition from wind (coal, oil, hydro, nuclear, etc.).

DOE bureaucrats consciously chose to ignore these individuals even though they would be affected adversely by wind subsidies. DOE bureaucrats are not concerned about the latter groups. The bureaucrats seek to push a pro-wind agenda. Bureaucrats see no downside by ignoring these individuals.

It's a shame that this story is repeated day in and day out at every level of government. CJ

Michael Sanera is director of research and local government studies at the John Locke Foundation.



MICHAEL SANERA

From the Newsstands

## Tax Cuts For the Rich...

Here's one of the lessons *Newsweek* columnist Ezra Klein has learned from the tax deal between President Obama and congressional Republicans:

*Republicans really, really, really care about tax cuts for rich people. Many Democrats had been operating under the theory that the GOP would obstruct everything they attempted, as that was the best way to make Obama a one-termer. But at least when it comes to tax cuts for very wealthy Americans, that's not true. Republicans agreed to far more in unemployment insurance and stimulus proposals than anyone expected, and sources involved in the negotiations concur that the mistake Democrats made going in was underestimating how badly Republicans wanted the tax cuts for the rich extended.*

Well, no. The idea that maintaining current top marginal tax rates benefits only "the rich" is a false premise. It might be too much to expect Klein to investigate the importance of top marginal tax rates.

### Public pensions' future?

Like the voters in 14 North Carolina counties, San Diego voters recently rejected a sales-tax increase on the November ballot.

What's the response from the nation's ninth-largest city? An idea that might make sense for North Carolina is reported in *Bloomberg BusinessWeek*:

*Mayor Jerry Sanders unveiled what he calls a radical idea: He'll ask voters to eliminate the city's traditional defined-benefit pension plans for new employees, offering them 401(k)-like savings accounts instead. "We saw the private sector go through this," the 60-year-old Republican says. "Government will have to relook at how we do stuff as well." ...*

*Defined-contribution plans such as 401(k)s, where employees bear the risk of poor investments, are a rarity in the public sector. Only 17 percent of government*

*workers have such accounts, about one-third the number in the private sector. Says Chuck Reed, the mayor of San Jose, which is also considering cutting pension benefits to new employees: "San Diego is the leader, the bleeding edge."*

Of course, the idea of shifting toward a defined-contribution system is nothing new.

### Federalism gets a boost

Gary Andres notes in a *Weekly Standard* article that newly empowered congressional Republicans are looking to back away from a top-down, Washington-centered approach toward state governments:

*With Republicans capturing the majority in the House, growing their numbers in the Senate,*

*and expanding control to 29 state houses, the time is right to reprise experiments in federalism.*

*"For the last four years the attitude in Congress was, 'we're going to tell you what to do,'" a senior GOP leadership aide told me. "Boehner's view is just the opposite. He's asking the governors, 'what kind of flexibility do you need to succeed?'"*

*This also means the era of big mandates is over. "We understand you can't ask the states to do more with less and then tie their hands," he explained.*

*But there's another reason why the time is ripe for*

*new approaches to federalism – Washington needs a budgetary diet. But fiscal restraint produces its own set of political challenges.*

*As a result, Republicans in Washington need allies to navigate these shoals. Governors can help by validating the wisdom of breathing new life into creative federalism. CJ*

*From the Newsstands is compiled by John Locke Foundation Communications Director Mitch Kokai.*



**Does San Diego have an idea that might be good for North Carolina?**

## Greensboro ABC Board Plays Scrooge With Local Governments

By MICHAEL LOWREY  
Associate Editor

RALEIGH

If "times are tough all over," the Greensboro ABC Board didn't get the memo. The Great Recession notwithstanding, the board is reporting slightly higher profits. Those increased profits haven't made their way to local governments, though, as the ABC board actually has cut its distributions to local governments, reports the *Greensboro News & Record*.

Under state law, profits from local ABC boards are distributed to local governments. In 2010, the Greensboro ABC Board distributed \$2.8 million to local governments, mainly Greensboro. That is down from previous years; distributions had been as high as \$3.3 million in 2007. A decline in profitability is not the issue, as the board actually brought in nearly \$4 million in profits in 2010, up about 5 percent over 2009.

The reduced distributions by the Greensboro ABC Board are in marked contrast to the practices of several other large ABC boards. The Wake ABC Board, for example, agreed several years ago to boost its payout by \$1 million a year to help pay for a new local mental health facility. Last year, the board also made a \$3 million additional distribution.

"We just wanted to help our county government," said Wake ABC manager Craig Pleasants.

Greensboro ABC officials justify the lower profit distributions as necessary to improve the board's long-term prospects.

"I don't think we did anything that's out of the ordinary," said acting general manager Fred McCormick.

"It's good for the citizens of Greensboro that we worked to modernize our stores and open up in new areas."

### Triangle food trucks

Entrepreneurs in Chapel Hill and Raleigh are asking city officials to allow food trucks greater freedom to operate in the two Triangle communities. Current regulations prohibit the trucks from parking on most city streets there, greatly limiting their ability to operate, reports the *Raleigh News & Observer*.

"This is what I really love to do," said Mike Stenke, who started the square-pan Klausie's Pizza truck last year. "But if Raleigh doesn't open up the streets, I'm not sure this business

can keep going."

Lex Alexander is making the same argument in Chapel Hill.

"Chapel Hill is a difficult place to start a new business," he said. "It's a disservice to the people in Chapel Hill not to give them access, or those who might want to test out an idea in a food truck."

Many restaurant owners oppose making it easier for food trucks to operate.

"We're paying very heavy property taxes," said Niall Hanley, who owns three restaurants in Ra-

leigh's Glenwood South district. "The idea that somebody could take advantage of the location without the cost is a little unfair to the people in downtown."

Policies in Raleigh and Chapel Hill contrast markedly to Durham's, where the trucks can park on most city streets. Duke University also allows food trucks to operate on campus and accept student meal cards.

### Special event oversight

On Nov. 20, 2010, the guided missile destroyer USS Gravelly was commissioned in Wilmington. A local group put on a series of events in support of the warship's official entry into service, with the city of Wilmington and New Hanover County both contributing. Now the accounting for the funds the group spent is an issue, reports the *Wilmington Star-News*.

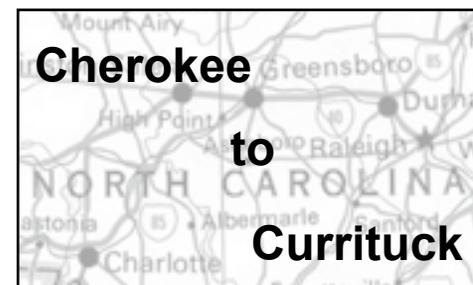
Ceremony organizers raised a total of \$206,000, \$156,000 from private donations and \$25,000 each from the city and county. Organizers have released only a partial list of things they spent money on, including a fireworks display, gifts for the ship's crew, and transportation for the crew to events in the city and for the public to see the ship. These came to nearly \$59,000.

Current city policy requires full documentation from outside agencies and nonprofits that get funding on a regular basis. Such reporting requirements do not apply for one-time events. The county, meanwhile, has asked for a full accounting of spending on the event.

At least one legislator is concerned about the lack of transparency.

"It just needs to all be divulged, and the public makes the decision on how they feel about it," said Rep. Carolyn Justice, R-Pender.

Justice has asked legislative staff to look into the issue. CJ



# WakeMed Accuses UNC Health Care of Using Unfair Practices

By KRISTY BAILEY  
Contributor

RALEIGH

WakeMed has filed a public records request with UNC Health Care to determine if taxpayer funds have been used by UNC Hospitals and Rex Healthcare to lure doctors away from WakeMed and shift services to UNC-affiliated health care providers.

UNC officials dispute that the state-run hospital system's actions are predatory, or part of a takeover scheme, as WakeMed's chief executive officer has claimed.

"Specifically, the records request is to determine if UNC Health Care and Rex Healthcare are improperly using taxpayer dollars to compete with WakeMed and other health care institutions by investing in physician practices and other facilities," Bill Atkinson, president and CEO of WakeMed, said in December. UNC Health Care bought Rex for roughly \$100 million in 2000 as part of a statewide bond referendum.

Atkinson and other WakeMed officials claim the state-owned UNC Health Care has used taxpayer money to expand its network of providers, particularly in profitable areas such as cardiac care, as the private, nonprofit WakeMed shoulders 80 percent of the cost of treating uninsured and indigent patients in Wake County. For instance, Rex Healthcare recently announced it will create a cardiovascular physicians' group and open three new offices in Wake County.

Unlike UNC Health Care, WakeMed receives no state or federal subsidies for treating uninsured patients other than reimbursements for Medicare and Medicaid services.

"There is a built-in reward for government, from government, that in itself is not fair," says Atkinson. "We are making up for the extra public load that academic centers theoretically do."

According to UNC Health Care officials, the state-owned health care system, including Rex Healthcare, has provided \$282 million in "uncompensated" care this fiscal year. Uncompensated care includes costs for treating the uninsured, unpaid hospital bills by insured patients, and the differential between what UNC Health Care is reimbursed for



WakeMed alleges UNC Health Care is using taxpayer funds to lure doctors away from WakeMed; UNC Health Care disputes that allegation. (CJ photo by Rick Henderson)

Medicaid and Medicare services.

"We are not reimbursed for this care," says Jennifer James, a spokeswoman for UNC Health Care. UNC Health Care received a \$36 million appropriation from the state this fiscal year. "Less than 2 percent of our total budget comes from state appropriations."

Rex Healthcare does not receive any state appropriations, James said.

Debbie Laughery, vice president of public relations for WakeMed, said the UNC health system is reimbursed for 100 percent of the reported costs for treating Medicaid and Medicare patients. By comparison, treatment for uninsured patients cost WakeMed nearly \$71 million during the 2009 fiscal year, Laughery said.

Atkinson said those costs eventually are passed on to patients who are insured. "It's sort of taxation without representation, when you get down to it," he said.

In part, WakeMed officials are seeking:

- All records constituting or reflecting correspondence or communications, other than correspondence or communications relating to identifiable

patients, among UNC Health Care, Rex Healthcare, certain officials at UNC Health Care, and subsidiary organizations with members of WakeMed's medical staff

- Audited financial statements for UNC Health Care, Rex Healthcare, Rex Physicians LLC, and Triangle Physicians Network
- Records, including IRS forms, filed by UNC Health Care and Rex Healthcare

UNC Health Care officials said they are reviewing the request but deny that efforts to recruit doctors from WakeMed are part of an eventual takeover. Atkinson told *The News & Observer* in December that UNC Health Care officials are trying to force WakeMed "into a position where we're out of options."

"The claims that we are 'predatory' and seeking to 'take over' WakeMed are completely unfounded," James said. "Physicians are approaching us because they want to work with UNC and Rex. Our guiding philosophy has been to partner with the best physicians in a community and to ensure that we get patients to the right care at the right time."

Atkinson disagrees. "This is coming from physicians in the market," he said.

Another motive behind the public records request is to determine the legal status of Rex Healthcare. Despite the fact that Rex is state-owned, it operates as a private, nonprofit hospital. "Of particular concern is the fact that Rex has been consistently one of the lowest providers of charity care in the state and does not provide its fair share of indigent care," WakeMed officials said.

In September, Rex issued \$123 million in bonds to upgrade its facilities. In 2009, WakeMed sold \$170 million in bonds for the same purpose.

Atkinson said he hasn't ruled out a lawsuit if the records reveal what his instincts suggest. "This is extremely important, especially in [light of] the changes that are coming in state government," he said, referring to the expected \$3.7 billion budget deficit for next fiscal year. Outgoing UNC System President Erskine Bowles has suggested that the system may have to cut spending by as much as 15 percent.

CJ

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# Perdue Seeking Cuts in State Boards and Commissions

Continued from Page 1

power to make substantial changes in the makeup and tenure of boards or commissions. Rockingham County Sen. Phil Berger, nominated by Republicans to become the Senate president pro tem, already has suggested that the new majority will pay attention to the composition of some boards.

For instance, Berger has proposed that the State Board of Elections go from five members to six. Under his plan, the board would have three appointees from each major party, rather than the current arrangement with three members from the governor's party and two from the opposing party.

In the 2011 General Assembly, Berger's likely counterpart in the House will be Rep. Thom Tillis of Mecklenburg County, who was nominated as the next speaker. If elected by their chambers, as expected, they would replace Orange County Rep. Joe Hackney, who has led the House since 2007, and Dare County Sen. Marc Basnight, who has led the Senate since 1993.

Most boards have staggered terms of office. Though some members will resign or retire, under current laws the membership of some boards is scheduled to turn over quickly, while it will take years for other boards to change significantly. And some boards and commissions are created with a fixed term, or sunset date. Unless lawmakers extend the terms of such boards, they cease operations on the sunset date. A recent example was the Legislative Commission on Global Climate Change, which was given until October 2009 to submit its final report; last year, the General Assembly extended its term for one year and it closed down Oct. 1.

A swift change is likely in the 32-member University of North Carolina Board of Governors, the governing board for the 16-campus system. Some time in the 2011 session that convenes Jan. 26, the House and Senate will pick 16 new members for four-year terms beginning July 1.

On the other hand, it will take four years for Republicans to appoint a majority of the 15 members to the Golden LEAF board.

## Ones to watch

A *Carolina Journal* review of state boards and commissions identified several having significant functions or influence. For the purposes of this story, appointments by the House or at the direction of the House speaker will be referred to as House. Appointments by the Senate or from the recommendation of the Senate president pro tem will be referred to as Senate. *CJ* also listed several boards holding major responsibilities or authorities that currently have no appointees from the House or the Senate.



The new House and Senate majority members will have to wait until November 2012 to make appointments to the Golden LEAF board. (CJ file photo)

This list includes fewer than 10 percent of the state's "executive branch" boards and commissions. More than 370 others operate in North Carolina. A test of whether Perdue — and the General Assembly — are committed to reforming state government could be how many of the bodies listed below survive the 2011 legislative session intact.

## Education boards

Republicans will have an immediate influence over North Carolina's 16-campus public university system. The General Assembly appoints all 32 members of the **UNC Board of Governors**, the system's governing board, which manages its nearly \$3 billion operating budget. Early in the legislative session, the House and Senate each will select eight new members to four-year terms that will begin in July. Half of the current board may be replaced. In previous years, the minority party in each chamber had little influence on the selections.

Each individual institution, such as N. C. State University or Appalachian State University, has a 13-member Board of Trustees, with eight trustees selected by the Board of Governors and four by the governor. The 13th trustee is the student body president. In every odd-numbered year, the Board of Governors selects four to each Board of Trustees, and the governor appoints two members.

The staggered four-year terms begin in July, so the current Board of Governors — appointed during Basnight and Hackney's legislative leadership — will select four new trustees at each campus. The new Board of Governors, with half of the members appointed by Republicans, must wait until 2013 before it can select four new trustees for each campus.

The 21-member **State Board of Community Colleges** oversees the 58-campus system. The General Assembly selects only eight of the board members, with the House and Senate

each selecting four members to staggered six-year terms that begin in July of every odd-numbered year. Only one House slot and one Senate slot are up in 2011.

The 13-member North Carolina State Board of Education is responsible for the K-12 public school system. By law, the lieutenant governor and the state treasurer are designated members, and the governor selects the other 11 members for staggered eight-year terms. There are no House or Senate appointees.

## Tobacco fund boards

**Golden LEAF** receives half of North Carolina's share of tobacco settlement payments and makes economic development grants. It has received approximately \$900 million and expects to receive a total of \$2.3 billion by 2025. Golden LEAF has made more than 1,000 grants totaling roughly \$500 million since 2000. The grants have helped finance, among other things, the N.C. Biotechnology Center in Research Triangle Park, the Spirit AeroSystems manufacturing facility at the Global TransPark, the Carolina Horse Park Foundation, and a host of other projects.

The board of directors has 15 members, with five appointed by the governor, five by the House, and five by the Senate to staggered four-year terms expiring in November. No House or Senate appointee terms expire in 2011. The new House and Senate leaders will have to wait until November 2012 to make their first appointments.

Another general election will take place that month. Unless the General Assembly changes the law, even if Republicans maintain control of the House and Senate in 2012, they cannot appoint a majority of that board until November 2013. Of course, should Republicans win the governor's race in 2012, the new governor could select new members, and the turnover could accelerate.

The N.C. Tobacco Trust Fund

Commission administers 25 percent of the state's tobacco settlement funds, giving financial assistance to individuals and businesses adversely affected by declining tobacco use. It has made approximately \$25 million in grants since inception. It has an 18-member board, with six from the House and six from the Senate serving staggered four-year terms. One House and one Senate board position will open in July 2011.

The N.C. **Health and Wellness Trust Fund Commission** administers 25 percent of the state's tobacco settlement funds, making grants to reduce smoking and promote better health. It also has an 18-member board, with six from the House and six from the Senate serving staggered four-year terms. One Senate position will become available in July 2011.

## Economic development

The N.C. **Economic Development Board** oversees state economic development research and planning and makes recommendations to the governor and General Assembly. The board has 38 members, including four legislators from the House and four legislators from the Senate serving staggered four-year terms.

The **Economic Investment Committee** approves Job Development Investment Grants — special tax credits — to new and expanding businesses. There are five members, with one House and one Senate appointee serving two-year terms.

The N.C. **Global TransPark Authority** Board of Directors manages the GTP airport and industrial park in Kinston. It has 20 members, with three House and three Senate appointees. The Global TransPark, created by the General Assembly in 1991, originally was envisioned as an air cargo airport. The state has spent more than \$140 million on the GTP since its inception. As *CJ* reported in March, the GTP Authority cannot repay nearly \$40 million it owes the state's Escheat Fund.

The N.C. **State Ports Authority** oversees the operation of the state-owned ports in Wilmington and Morehead City. The board has 11 members, with two from the House and two from the Senate.

The Ports Authority acquired 600 acres of land in Southport in 2006 with the objective of building a \$3 billion, state-owned container shipping port. After local opposition to the proposal grew, and stories questioning the economic viability of the port from *CJ* and other media sources emerged, the 2010 General Assembly voted not to fund a feasibility study for the project. In December, the Ports Authority asked the U.S. Army Corps of Engineers to focus on expanding the shipping channel at the nearby state Port of Wilmington.

North Carolina's Northeast  
Continued as "Perdue," Page 15

# Wake Drops Elective Abortion Coverage for Employees

Continued from Page 1

limited the health insurance plan to cover medically necessary abortions only. Republican commissioners ratified that decision, but the then-Democratic majority reversed it a month later.

Republican Phil Matthews' victory over Democratic incumbent Lindy Brown in November returned the majority to GOP control. Matthews became vice chairman when he was sworn in Dec. 6.

Pro-choice groups say the development is evidence of misplaced goals. "Given the economy and other pressing issues, it is unfortunate that the newly elected majority's first priority, in their first meeting, is to deny women comprehensive health care," said

Paige Johnson, a spokeswoman for the abortion provider Planned Parenthood of Central North Carolina.

The American Civil Liberties Union and the UNC-Chapel Hill School of Government have released separate legal briefs arguing a 1981 Supreme Court ruling doesn't prohibit the coverage for health insurance purposes.

Wake taxpayers have footed the bill for about a dozen abortions since 1999, according to county staff.

Wake County's action on the health insurance policy followed moves by a number of local governments to scuttle the coverage amid concerns that it violates a state Supreme Court ruling from 1981. That decision, *Stam v. State of North Carolina*, found that the General Assembly never gave counties the

authority to use local tax dollars to pay for the procedure for indigent women.

A number of local governments nixed the abortion coverage from their health care plans in 2010.

In August, the debate also spread to the University of North Carolina system. A policy change required students who aren't covered by existing health insurance to buy coverage through the university system. The university-sponsored plan paid for elective abortions.

After receiving pressure from pro-life groups, the university system revised the plan to allow students who oppose abortion to opt out of the coverage, even though they pay the same premiums. *CJ*

# Perdue Seeking Cuts in State Boards and Commissions

Continued from Page 14

**Commission** is a state-funded economic development organization based in Edenton serving 16 counties. The 18-member board has six House and six Senate appointees.

**North Carolina's Eastern Region Development Commission** is a state-funded economic development organization based in Kinston serving 13 counties. The 19-member board has two members picked by the House and two by the Senate.

The **Southeastern North Carolina Regional Economic Development Commission** is a state-funded economic development organization based in Elizabethtown serving 11 counties. Its 11-member board has five House and five Senate appointees.

The **Western North Carolina Regional Economic Development Commission** is a state-funded organization headquartered in Fletcher. Its 19-member board has seven members appointed by the House and seven by the Senate.

The **N.C. Rural Economic Development Center** develops and implements policies to "improve the quality of life" in rural North Carolina. The center considers 85 of the state's 100 counties as rural. It makes grants and loans from funds it receives from the General Assembly. The board has 50 members, with three from the House and three from the Senate.

## Environment boards

The **Clean Water Management Trust Fund** was created in 1996 to give grants for cleaning up impaired waters and protecting pristine waters. Its board has 21 members, with seven chosen by the governor, seven by the House, and seven by the Senate, all to staggered four-year terms. Two Senate positions and one House position will open July 1, 2011. Two additional House slots will open in 2012. In 2013, five more slots will open between the Senate and the House. Even so, in 2013, Democratic appointees will continue



The governor appoints all five members of the State Board of Elections, but the opposition party provides a list of five candidates, from which the governor picks two. (CJ file photo)

to control 11 of the 21 seats.

The **N. C. Environmental Management Commission** is responsible for adopting rules to protect the state's air and water resources. It has 17 members, with three picked by the House and three by the Senate. Two House slots and three Senate Slots will become available in July 2011.

The **Wildlife Resources Commission** regulates hunting, fishing, and boating activities in North Carolina. There are 19 members with the governor appointing 11, and the House and Senate each appointing four.

## Other significant boards

The **N.C. State Ethics Commission** was established in 2007 to provide assistance to state officials covered by state ethics laws and investigate alleged violations. It consists of eight members, with two from the House and two from the Senate. After the initial phase-in process, all members serve staggered four-year terms. One House appointee's term and one Senate appointee's term will expire Dec. 31.

The **Rules Review Commission** reviews administrative rules proposed by state agencies. It has 10 members, with five House and five Senate appointees. Five House slots and three Senate slots will become available in July 2011. Two Senate slots will open in 2012.

The **Local Government Commission** approves local government borrowing plans. It has nine members,

with one each from the House and Senate.

The **N.C. Education Lottery Commission** runs the state's lottery program. The commission has nine members, with two each from the House and Senate. One House and one Senate slot will open in 2012 and then again in 2013.

The **Governor's Crime Commission** advises the governor on crime and justice issues and administers federal block grant programs. It has 44 members, with two each from the House and Senate.

The **Judicial Standards Commission** investigates and disciplines judges, if necessary. It has 13 members, with one each from the House and Senate.

The **N.C. Banking Commission** is responsible for the regulation of banks and other financial institutions. It has 22 members, with one each from the House and Senate.

## No legislative appointees

The **N.C. Board of Transportation** advises the secretary of Transportation and sets priorities for road and other public transportation projects. All 19 members serve at the pleasure of the governor.

The **Employment Security Commission** of North Carolina collects taxes from employers and administers the state's unemployment insurance program. It also provides employment assistance to job seekers and labor market information to the public. The seven commissioners serve at the

pleasure of the governor for staggered four-year terms.

The **Alcoholic Beverage Control Commission** provides control over the sale, distribution, and consumption of alcoholic beverages. The governor appoints all three members.

The **State Board of Elections** oversees the state's elections. The governor appoints the five-member board to four-year terms, but two of the members must be from a list of five people submitted by the chairman of the political party whose candidate received the second-most votes in the most recent election for governor.

The **N.C. Utilities Commission** regulates the rates and services of all public utilities in the state. The governor appoints all seven members to staggered eight-year terms. Each appointment is subject to confirmation by the General Assembly by joint resolution. One term will expire in June 2011, and the next two expirations will occur in 2013.

The **N.C. Industrial Commission** administers workers' compensation claims, and the commissioners serve as judges in contested cases. The governor appoints all seven members to staggered six-year terms.

The **N.C. Occupational Safety & Health Review Commission** hears contested workplace safety cases. The governor appoints all three members to staggered six-year terms.

The **Coastal Resources Commission** establishes rules for coastal management and designates areas of environmental concern. The governor appoints all 15 members.

The **Marine Fisheries Commission** establishes policies for the Department of Environment and Natural Resources' Division of Marine Fisheries. The governor appoints all nine members to staggered three-year terms. *CJ*

FOR A LIST OF THE MORE THAN 400 BOARDS AND COMMISSIONS, GO TO <http://www.governor.state.nc.us/library/pdf/RedBook.pdf>.

# Barr: Don't Get Complacent in Defense of 2nd Amendment Rights

BY CJ STAFF

RALEIGH

Recent federal court decisions have meant good news for those who support Americans' Second Amendment right to bear arms, but that doesn't mean the fight to protect gun rights is over. Bob Barr, former Republican U.S. representative from Georgia, 2008 Libertarian Party presidential candidate, and National Rifle Association board member, discussed the future of the Second Amendment with Mitch Kokai for Carolina Journal Radio. (Head to <http://www.carolina-journal.com/cjradio/> to find a station near you or to learn about the weekly CJ Radio podcast.)

**Kokai:** Let's remind people about the recent court cases that have meant good news for people who support the Second Amendment.

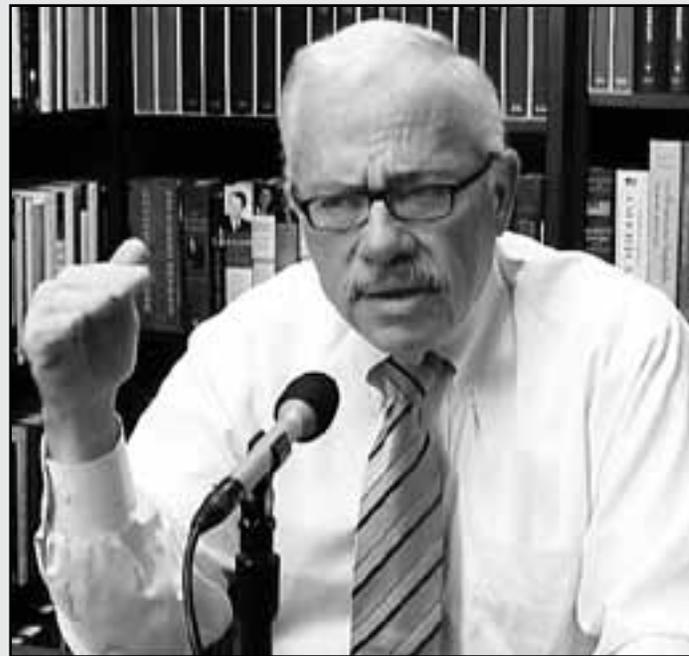
**Barr:** There is some good news, but I'm glad that you introduced the topic by cautioning people not to get overly complacent about it. We have, in the last two years, two very important Supreme Court decisions relating to the Second Amendment. Of course, the seminal case was the *Heller* case out of the District of Columbia, decided in 2008, which laid the basic foundation that the Second Amendment really does mean what it says, and that is that you have — you, an individual in this country — have the right to keep and bear arms. It dusted away — blew away all this nonsense that it's a collective right. So that was good.

Of course, the court left open all sorts of areas in which state and local governments can still wreck mischief on the Second Amendment. Well, the next case that we had was ... the *McDonald* decision. ... That took the *Heller* decision to the next level down. Can a state government or a local government — the City of Chicago acting under authority from the state — limit the Second Amendment, or is it bound like the federal government is to respect the right to keep and bear arms and not infringe it? The court, by a similar majority, 5-4, ruled that the ban in Chicago, similar to the ban in the District of Columbia that was struck down by *Heller*, was, in fact, unconstitutional. So we have those two decisions within the last two years — *Heller* and *McDonald* — that at least give us a benchmark from which to argue against a number of still-existing limitations and future attempts to limit the Second Amendment.

**Kokai:** Now, that's the good news, but one of the reasons that you're speaking out about the Second Amendment is that there are still plenty of challenges. What are some of them?

*"The Second Amendment was placed in the Constitution to guarantee the right not just to hunt, not to own a firearm for sporting purposes, not to own a firearm as a collector. ... It was placed there as a fundamental recognition that it is a basic human right, a natural right of mankind, to be able to protect themselves. ..."*

**Bob Barr**  
Former congressman  
and 2008 Libertarian Party  
candidate for president



**Barr:** The challenges to the Second Amendment come in basically three areas, I'd say. One is that state and local governments will continue, particularly in what I call the "nanny belt," stretching from Massachusetts and New York through Chicago and Illinois and then over to the left coast, where you have governments that are constantly and proactively looking for ways to limit freedom, not just firearms, but especially firearms ... governments, because of the looseness of both the *Heller* and particularly the *McDonald* decision, will continue to try and thwart its intent. We saw this happen in the District of Columbia immediately after the *Heller* decision. And in Chicago, Mayor Daley, immediately after the *McDonald* decision striking Chicago's gun ban, vowed to and introduced and pushed local legislation to make it, as a practical matter, impossible to carry out *McDonald* or *Heller*. So we'll continue to see state and local government in parts of the country continue to do that.

The second area that poses a danger to the Second Amendment is one that many people don't realize, and that is international. The United Nations since the mid-1990s has been engaged in a relatively quiet but very serious, long-term effort to involve itself, the United Nations and its member nations, in domestic gun control. They do this under the guise of talking about international trafficking in firearms.

The third area that should be of concern to us is in the regulatory arena. Firearms, as you know, are probably the most heavily regulated and limited of all commercial commodities. There are numerous federal laws and regulations, thousands of state and local laws and ordinances that limit firearms, and people pay not enough attention. Unless you're a firearms retailer, for ex-

ample, most times you don't — or an exporter or an importer — you don't pay a lot of attention to that, but the federal effort, whether it's under Republican or Democratic [initiative], through the regulatory mechanisms and power of ATF, continues to push the envelope of limiting access by citizens to firearms.

**Kokai:** You've set out the challenges. What can be done, or what needs to be done to ensure that those challenges don't end up hurting our Second Amendment rights?

**Barr:** People need to pay attention. They cannot get complacent simply because we in the South — in Georgia, where I'm from, and here in North Carolina — we have governments generally that are respectful of the Constitution and in particular of firearms rights, but it can be very insidious, the move against it. It can come by local governments doing something as silly as — well, in some areas around Atlanta, we have local governments that prohibit BB guns, for example. Local governments are constantly looking for ways to expand their power. "Protect the children, therefore we can't have shooting ranges, firing ranges, we can't have guns, we limit hunting," and so forth.

So what people need to be aware of, primarily, is that the threats to the fundamental liberty embodied in the right to keep and bear arms as guaranteed by the Second Amendment can come from directions and in ways that don't appear, or may not appear on the surface, to be direct threats to that fundamental liberty. That's what people need to be aware of. They also need to pay very close attention to candidates for offices at all levels of government and incumbents to make sure that they

are respecting the right to keep and bear arms, so they're not infringing it, and if they do, to work to remove them from office.

Thirdly, I think it's important for people to look at organizations out there whose mission is either exclusively or primarily to protect Second Amendment rights, to identify those organizations, and, to the extent that they can, get active in them. Support those organizations — the Second Amendment Foundation, of course the National Rifle Association, Gun Owners of America — whichever organization it is that people have an affinity for, it's very important to support those groups.

**Kokai:** When you have that elevator conversation, a chance to tell someone why it's so important to protect the Second Amendment rights, especially someone who doesn't own a gun and hasn't thought about it, what do you tell them. What is the basic reason why we have to protect our Second Amendment rights?

**Barr:** The Second Amendment was placed in the Constitution to guarantee the right not just to hunt, not to own a firearm for sporting purposes, not to own a firearm as a collector. Those are all very important reasons why a lot of people own firearms. It was placed there as a fundamental recognition that it is a basic human right, a natural right of mankind, to be able to protect themselves, and the way that that was done in the 18th century, when the Constitution was crafted, was through the use of firearms, and that remains true today. It is a fundamental freedom of a human being to defend oneself, and the right to keep and bear arms gives real-world effect to that fundamental right. CJ

# Universities, Businesses Try To Spur Economic Growth

BY JANE S. SHAW  
Contributor

RALEIGH

In 2007, the University of North Carolina issued its “UNC Tomorrow” report, designed as a blueprint for the university system. The document envisioned a broad role for the university and recommended that UNC do more in “enhancing the economic transformation and community development” of North Carolina.

Economic prospects for both the state and the university have changed dramatically since then, but that hasn’t stopped UNC. In November, representatives of businesses, higher education, and government got together at Catawba Valley Community College in Hickory, largely as a result of the UNC Tomorrow initiative.

“Innovation 2010” brought together 200 people for networking, self-promotion, and strategizing about how higher education can contribute to growth, especially in Catawba, Burke, Caldwell, and Alexander counties. That “Unifour” area, with Hickory its biggest city, is a longtime home to textiles and furniture manufacture — and a high-tech industry, fiber optics — which have fallen on hard times.

Sponsored by a coalition of universities and community colleges, the Nov. 10 meeting featured an upbeat talk by former Gov. James Hunt (by video). Leslie Boney, associate vice president for economic development and engagement for UNC, proposed regional development strategies. And Andrew Hargadon, a professor of innovation and technology management at the University of California at Davis, placed innovation in a broader framework.

Using examples such as Thomas Edison’s Menlo Park, Hargadon explained that “it’s not the idea, it’s the network.” Ideas abound, but few people know how to bring them together into a new product or service.

Along the gym’s walls, booths showcased the services of such groups as Appalachian State University’s Greater Hickory Partnership and Center for Entrepreneurship; Western Carolina University’s Center for Rapid Product Realization; and the Manufacturing Solutions Center at Catawba Valley Community College.

Can the university system and its community college partners revive the “Unifour” area? A case was made for a university role. Ten representatives

of regional companies, from old-line Hickory Chair Company to high-tech ECR Software, shared ways in which they had worked with universities.

For example, Jay Reardon, president of Hickory Chair, transformed the company in the 1990s by helping employees create customized furniture more quickly. He consulted with N.C. State University’s Industrial Extension Service, and Catawba Valley Community College provided simulation training for his workers.

Yes, universities can serve businesses. But how much can they contribute to economic prosperity? The Pope Center’s Jay Schalin has been exploring this question, most recently interviewing an innovator with more than 70 patents to his name. Rich Cheston, the chief technical architect of a business unit at Lenovo in Research Triangle Park, is skeptical. He says that university faculty members aren’t close to customers, they don’t recognize the critical role of low costs, and they don’t need the money.

But Sid Connor, professor of technology at Appalachian State and one of the Catawba Valley event’s organizers, is confident that businesses can tap into a rich reservoir of supportive resources at universities. The problem is that universities find it difficult to reach out — market — to business. “There’s a great deal that we can do, but the hard part is finding that conduit to make it happen,” he says.

One cannot talk to Dan St. Louis, who heads the Manufacturing Solutions Center of Catawba Valley Community College, without being struck by his willingness to go to extreme lengths to make his region more prosperous through helping local businesses. Yet the fact that his organization depends on taxpayer subsidies for 40 percent of its revenues raises questions about its ability to keep the momentum going in the new budget environment. And government subsidies tend to diminish efficiency, whatever the environment.

Very little is known about the mechanisms by which universities spur growth — or even if they do. Right now, though, talented and energetic people in and around the Catawba River valley are doing their best to bring it about. CJ

Jane S. Shaw is president of the Pope Center for Higher Education Policy ([popecenter.org](http://popecenter.org)).



COMMENTARY

## Leave the University Behind

The waste and inefficiency of our higher education system are so manifest that higher ed is under fire from all sides, including the political left.

An example is a 2010 book, *DIY U*, by Anya Kamenetz, who labels herself a progressive. The subtitle, “Edupunks, Edupreneurs, and the Coming Transformation of Higher Education,” conveys what interests her — people are trying to get around the expensive but often inefficient institutions that comprise post-secondary education. Kamenetz wants to see dramatic changes that would benefit vast numbers of students.

Her big idea is “the power of sharing ideas freely.” She thinks that it ought to be a lot easier and less expensive for people to do that. The main obstacle is our encrusted educational institutions, far more interested in their own welfare than that of learners.

“What edupunk — DIY education if you will — promises is an evolution from expensive institutions to expansive networks; it aims to fulfill the promise of universal education, but only by leaving the university behind,” she writes.

*DIY U* reveals the many ways in which innovators (“edupreneurs”) are trying to give students better options. Established colleges and universities want to sell students a big (and usually expensive) bundle of education and credentials, but innovators are trying to unbundle those services and sell them separately at much lower cost — or even give them away.

For example, Western Governors University is an online university formed in 1991 that costs students less than \$6,000 per year. Its curriculum came about after officials convened a council of employers and asked, “What is it that graduates you’re hiring can’t do that you wish they could?”

Western Governors University is quite mainstream compared with many other developments Kamenetz dives into. For example, there is The School of Everything, a website that brings together educational buyers and sellers: “Learners can find teachers, paid or unpaid,

or study partners on any topic they want.” Similarly, Craigslist has a “classes” section in hundreds of cities. And Peer2Peer University is an online network for learners that began in the spring of 2009 with 10 pilot courses — there are now at least 30.

The key concept is “unbundling.” If you enter a grocery store wanting just one or two items, you can get just those items. Similarly, if you want just one or two items of education, you shouldn’t have to buy a whole cartful of courses. Kamenetz thinks that individuals should be able to customize education to suit their particular needs and desires. So do I.

This vision of the future of higher education involves no government subsidies, regulations, or even institutions. What makes it work is voluntary cooperation and the free market’s discovery process.

One big problem, though: In a society that has become credential-crazed, how do people who get their education in unstructured, informal ways show that they have a base of knowledge? “Accreditation and assessment, the source of the ‘sheepskin effect,’” she writes, “is proving the toughest nut to crack.”

Innovation may crack it, though. Today, students can compile and publish a portfolio to demonstrate their knowledge and capabilities by using free software like Wordpress and Drupal. (And the college degree is no longer a very useful screening mechanism.)

So what’s not to like about the book? Regrettably, the first two chapters are laden heavily with “progressive” tropes about education and the economy, including support for egalitarian daydreams such as affirmative action based on socio-economic status and endorsement of laws to promote unionism. While Kamenetz’s book extols educational freedom, she advocates increased coercion and institutional rigidity elsewhere.

But what is enlightening greatly outweighs those blemishes. So read it, warts and all! CJ

George Leef is director of research at the Pope Center for Higher Education Policy ([popecenter.org](http://popecenter.org)).



GEORGE LEEF

## Campus Briefs

Graduates in December heard substantive talks from professors, alumni, and academic leaders across North Carolina.

- Geoffrey Sayre-McCord, Morehead Alumni Distinguished Professor of Philosophy, spoke at the University of North Carolina at Chapel Hill.

- At North Carolina State University, Bill Cowher, Super Bowl-winning coach and NCSU alumnus, delivered the commencement address.

- Dr. Regina M. Benjamin, surgeon general of the U.S. Public Health Service, spoke at Appalachian State University.

- U.S. Rep. G. K. Butterfield, D-1st District, and an alumnus of North Carolina Central University, spoke at NCCU.

- NASA Administrator Charles F. Bolden Jr. spoke at N.C. A&T State University.

- Fayetteville State University alumna Dr. Jessica Henderson Daniel, associate professor of psychology at Harvard Medical School, and director of training in psychology at Children's Hospital-Boston, spoke at FSU.

- Two of UNC-Wilmington's faculty members spoke at the December commencement ceremonies. Frank Bongiorno, professor and jazz studies coordinator, spoke at the College of Arts and Sciences ceremony. Jorge Figueroa, assistant professor and community health education coordinator, spoke at the ceremony for UNCW's professional schools.

- The keynote speaker at UNC-Pembroke's ceremony was Elizabeth Maisonpierre, a professor in the UNCP department of music and recipient of the 2010 UNC Board of Governors Award for Teaching Excellence.

- Clifford A. Jones Sr. of Friendship Missionary Baptist Church in Charlotte was the keynote speaker at Winston-Salem State University.

- At Western Carolina University, senior Lucas Owen Ladnier, a Hickory native and member of the Honors College, delivered the primary commencement address.

- Brig. Gen. James R. Gorham, the first African-American general in the North Carolina National Guard, spoke at East Carolina University.

- At UNC-Greensboro, Lew Brown, associate professor in the Bryan School of Business and Economics and recipient of a 2010 Alumni Teaching Excellence Award, delivered the address "What Did You Learn Today?" *CJ*

Compiled by Jenna Ashley Robinson, outreach coordinator for the John W. Pope Center for Higher Education Policy ([popecenter.org](http://popecenter.org)).

# How Much Do Universities Spur Innovation?

By JAY SCHALIN  
Contributor

Innovation is all the rage in education today. The first programs targeted specifically to promote innovation are appearing on college campuses, such as North Carolina State University's Master of Global Innovation Management degree.

Politicians and academics proclaim that university research and development "drives the economy" and that "we must innovate our way out of the recession."

One person challenging this academic theory owns a long track record of producing profitable innovations. Rich Cheston has held many titles at personal computer manufacturer Lenovo, the Chinese firm that bought out IBM's PC division in 2004. His current title is the "Chief Technical Architect" of the Software & Peripherals Business Unit — but his favorite is "Distinguished Engineer and Master Inventor."

Cheston develops new features for personal computers, particularly for Lenovo's commercial clients, and has produced more than 70 patents in his 28-year career with IBM and Lenovo. He took time out from his annual deer-hunting vacation to share his thoughts on innovation and on whether universities really drive the economy.

Innovation most likely occurs "when you bring technologies together that have never been brought together before," Cheston said.

"There are many ways to achieve innovation, but there are certain correlations that hold," he continued, citing *Managing Innovation: Mining for Nuggets*, a 2002 book by John Huber. Huber tried to discover the commonalities between the select few people who hold many patents and uncovered some surprising results. (One was that people who play musical instruments tend not to be prolific inventors.) Of particular interest in understanding university innovation is Huber's discovery that serial innovators tend to have had undergraduate grade-point averages less than 3.5 (on the standard 4-point scale).

That suggests that people who go into academia and natural innovators have different mind-sets, since future professors typically must get top grades to get into the best graduate schools. Perhaps academics seek to understand a subject in its entire breadth and depth, while innovators focus on learning just what they need to accomplish a specific goal. "There were other things a lot more exciting to me than reciting something out of a book," Cheston said of his undergraduate years.

Hard work is another key to cre-



ating new, useful things. "I don't know why people think up ideas. I mean, there's a lot of smart people at IBM and Lenovo, and I don't know why they don't think of new things and I do. But I do know that I put effort into it."

Cheston's commute to and from his Pittsboro farm to Lenovo's research campus in Morrisville is often his most creative time of the day. "When I get in the car and drive 40 minutes to work, I don't turn on the radio. I'm trying to think of a new idea, and sometimes it hurts, because you sit there and start going through scenarios, and you're trying to change variables in your head, and you're trying to keep it organized ... and I want somebody else to think for me for about a second."

Cheston is extremely skeptical of the idea that universities play the central role in innovation and the economy, largely because he says universities lack the external influences that produce a truly innovative environment. For one thing, universities are "so removed from the customers," he said. Customers are an invaluable "source of input" when determining

his business unit's next moves.

Cheston argues that need — whether the customer's need for a new product, the corporation's need to make money, or the need of individual workers to keep their jobs — spurs most economically viable innovation. Academics also often have motivations other than profit. As a result, they may focus less on developing products that gain market share.

"It's not about people being entertained. It's not about people being fulfilled. It's about a business surviving and competing in the global economy," Cheston explained.

Another ingredient missing in academia is a focus on dollars and cents. "There's a very slim possibility that what's done in a pure research and development environment will ever become a successful product," Cheston said. "You can have the best idea in the world, but if some corporation can't make money on it, who cares?" *CJ*

Jay Schalin is senior writer for the John W. Pope Center for Higher Education Policy ([popecenter.org](http://popecenter.org)).

## 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.
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- Freedom of choice among educational alternatives.
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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.

Opinion

# East Carolina Univ.'s Dental School Built on a False Assumption

In August, the latest installment in North Carolina's ongoing experiment in social engineering through health care education officially will be under way. East Carolina University's new dental school will admit its first class of students.

The school will cost nearly \$100 million to build, with an additional \$11.5 million in recurring funds every year from state taxpayers. This rather large investment is supposed to enable North Carolinians in some of the state's more remote areas — the "underserved" — to see a dentist more easily. Taking a closer look, however, one wonders if the need to improve "access" is really so urgent.

At first glance, the proposal for the new dental school seems reasonable enough. Some people in our state have to travel farther to see a dentist than others; dentists are not distributed evenly on a county-by-county per capita basis; as the map at right shows, four counties don't even have a single dentist.

The trouble is that these "underserved" citizens are somewhat difficult to find in reality. For instance, Trenton is at the center of dentist-free Jones County, one of four such counties used to justify the new school. A quick Google Maps search for a "dentist near Trenton, N.C." reveals 10 dentists within 30 minutes of driving time. Put another way, the maximum

possible benefit that the 200 or so citizens of Trenton, one of the most underserved areas in the state, could get from ECU's new dental school is less than a half-hour of driving time. If Jones County citizens' teeth are rotten, it's not from want of nearby dentists.

True, some remote areas are a bit farther from a dentist, but the longest travel time to a dentist in North Carolina I was able to find was in the aptly named town of Last Chance. According to Google Maps, it takes 54 minutes to reach the dental offices of David H. Elliott II from Last Chance.

Rhett White, city manager of Columbia, in dentist-free Tyrrell County, told me that the problem of distance, which doesn't seem that considerable, sometimes is compounded by the lack of dentists willing to accept Medicaid patients. This means that poor people have to travel farther to see a dentist. This is indeed a problem, but one



resulting primarily from the problems inherent in Medicaid and not from a lack of dentists.

Furthermore, there is significant reason to doubt that efforts at placing dentists in remote areas will

be successful — in any case, not on a large scale.

To produce dentists who will locate voluntarily in lesser-served areas, East Carolina's new dental school will use several methods. It will recruit selectively students from rural areas, train dentists to rely less heavily on specialists, and put students through an "extended immersion" experience in several rural areas of the state.

The plans eventually may have some impact, but, as at ECU's Brody School of Medicine (which tries something similar), they will be limited by the huge incentives against working in remote areas. Because dentists typically serve constituencies of several thousand people, it is difficult to

imagine a dentist moving to Trenton (population 200) when he or she could stay in New Bern and serve patients from both New Bern and Trenton. Besides, a new dental school won't fix problems with Medicaid.

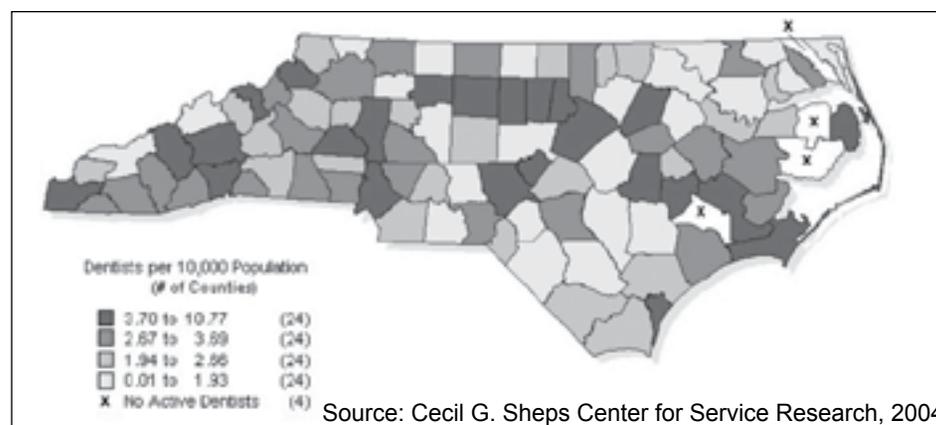
Finally, even if North Carolina needs more dentists, a new dental school is not the best way to increase the supply. According to the American Dental Association, it would be more efficient simply to increase enrollment at the dental school we already have. In a 2005 report, the ADA calculated that dental schools tend to increase their economic efficiency as enrollment rises to around 1,300 students. But ECU's new dental school is expected to enroll 50 students per class (200 students total when at capacity), and UNC-Chapel Hill's dental school is planning to increase enrollment to 100 students per class (400 total). If the ADA is correct, we are wasting millions by building a new low-capacity school when it would be prudent to increase the capacity of the existing one.

It appears too late for the incoming class of Republican legislators to stop the dental school from being built — there's already a big hole in the ground for the school — but the legislature and UNC system should consider more carefully next time the rationale behind massive spending programs. No dentist shortage has been demonstrated, and yet we're trying to solve the alleged shortage in a very inefficient way. This shouldn't happen twice. *CJ*

*Duke Cheston is a reporter and writer for the John W. Pope Center for Higher Education Policy (popcenter.org).*



**DUKE CHESTON**



## Do universities really make the local economy stronger?

Pope Center's senior writer, Jay Schalin, explores this topic in the report "State Investment in Universities: Rethinking the Impact on Economic Growth."

Possible examples include SAS in Cary, Silicon Valley in CA, Route 128 corridor in MA, and Research Triangle Park in NC.

To receive a free copy, call **919.828.1400** or email [shaw@popcenter.org](mailto:shaw@popcenter.org).

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## From the Liberty Library

• *The New York Times* was once considered the gold standard in American journalism and the most trusted news organization in America. Today, it generally is understood to be a vehicle for politically correct ideologies and tattered liberal pieties, and a repeated victim of journalistic scandal and institutional embarrassment.

In *Gray Lady Down*, the hard-hitting follow up to *Coloring the News*, William McGowan asks who is responsible for squandering the finest legacy in American journalism.

Combining original reporting, critical assessment, and analysis, McGowan exposes the *Times'* obsessions with diversity, "soft" pop cultural news, and countercultural Vietnam-era attitudinizing, revealing how these trends have set America's most important news icon at odds with its journalistic mission. Learn more at [www.encounterbooks.com](http://www.encounterbooks.com).

• In *The Essential American: 25 Documents and Speeches Every American Should Own*, Jackie Gingrich Cushman has compiled a guide to the great documents and speeches that have stood as beacons to successive generations, expressing what it is to be an American.

Starting with the crucial documents of our founding, Cushman introduces and explores each speech and document in its historical context, explaining why it belongs in the American canon. Some — like Gen. Douglas MacArthur's immortal "Duty, Honor, Country" speech or Abraham Lincoln's Gettysburg Address — were obvious selections.

Others are less well-known, like Captain Mosley Baker's speech at San Jacinto, which urged Texans fighting for their lives to "Remember the Alamo!"

*The Essential American* is a vital resource for all Americans seeking to understand better the legacy they have inherited. Learn more at [www.regnery.com](http://www.regnery.com).

• Was aviation pioneer and popular American hero Charles A. Lindbergh a Nazi sympathizer and anti-Semite? Or was he the target of a vicious personal vendetta by President Franklin Roosevelt? In *Lindbergh vs. Roosevelt*, author James P. Duffy tackles these questions head-on, revealing how the White House waged a smear campaign against Lindbergh that blighted his reputation forever. More at [www.regnery.com](http://www.regnery.com). CJ

## Book review

## Pearce Explores Life of Jim Hunt, Classic Overachiever

• Gary Pearce, *Jim Hunt: A Biography*, Winston-Salem: John F. Blair, 2010, 316 pages, \$23.95.

By SAM A. HIEB  
Contributor

GREENSBORO

My father worked in North Carolina state government in the 1970s, so I was dragged to more than a few government functions as a kid. At one such function, I was surprised to see none other than the lieutenant governor working the room.

"How are you, good friend?" Jim Hunt asked as he clutched my father's hand. Even as a kid I had doubts about the lieutenant governor's sincerity.

That memory was sparked 30 years later as I read Gary Pearce's excellent biography of Hunt. *Jim Hunt: A Biography* explores the many contradictions surrounding arguably the state's most masterful politician.

"As lieutenant governor, just as he was when he was in college, Hunt had an air of youthful seriousness," Pearce writes. "The capital press corps routinely made fun of him. He had an exuberant way of greeting people that struck some as insincere. He called nearly everyone 'good buddy.'"

OK, not the same as "good friend," but surely a politician as astute as Hunt switched it up a bit. Still, Pearce makes the case that no matter what you might think of Hunt, his status cannot be denied.

"Dozens, hundreds, thousands of people brought about the changes that swept the state," Pearce writes. "But it was Hunt who held statewide office as governor and four as lieutenant governor. It was Hunt who was the dominant political leader of his time, who dramatically expanded the powers of the governor's office. And it was Hunt who — through the vigorous exercise of those powers, through sheer longevity in office, and through his personal force and persuasiveness — set a new course for his state."

But Hunt always had an image problem. Longtime Jesse Helms adviser Carter Wrenn said, as he prepared for his first meeting with Hunt, he expected a "milquetoast," but instead was surprised not only by Hunt's athletic build but his intense preparation before the series of debates during the infamous 1984 Senate campaign.

Pearce indeed shows there is much more substance behind the career politician most North Carolinians know. A classic overachiever, Hunt was student body president in high school and played quarterback on the football team, joining the marching band at halftime and playing trumpet while in shoulder pads.

Following graduation from N.C. State University, law school at UNC-Chapel Hill, and a two-year stint in Nepal as an agricultural adviser, Hunt practiced law in Wilson for a few years. But his political ambition — honed by his involvement in the state Young Democrats clubs — simply was too strong. Incumbent legislators from Wilson had no intention of stepping aside for a young challenger, so Hunt looked at pursuing statewide office.

When lieutenant governor was made a full-time position in 1970, Hunt went for it, winning by a wide margin in 1972, despite a nationwide conservative landslide that would sweep into office North Carolina's first Republican governor in the century — Jim Holshouser — and the first Republican senator in the century — Jesse Helms.

After eight years as governor — Hunt would push through gubernatorial succession and then survive another conservative landslide in 1980 — he "spoiled for a fight" with Helms in 1984.

In retrospect, perhaps Hunt should have waited until 1986, when he could take on the obscure East Carolina University professor John East. Had Hunt waited, odds are strong he would have made the Senate; East would commit suicide while still in office, opening the door for Terry Sanford to take on and defeat Republican Gov. Jim Martin's appointee, furniture executive and U.S. Rep. Jim Broyhill.

Anyone who followed the '84 Senate race knows it was classic political theater — Old South vs. New South. Pearce, who worked for Hunt's Senate campaign, recalls the division among advisers over whether or not to play Helms' game of rapid-fire negative advertising. Two then-unknown political advisers — Dick Morris and James Carville — were consulted.

The race peaked over the July 4 weekend when the obscure Chatham County newspaper the *Landmark* published a story saying Hunt had a "sissy-boy lover" while in college.

Pearce writes that while "[N]o sane person believed Hunt was gay... no reporter or editor in the state ignored the charge either."

But when the Hunt team finally decided to play Helms' game, it overreached with the infamous ad linking Helms to right-wing El Salvador politician Roberto D'Aubisson that showed graphic images of Salvadorans murdered by death squads.

The ad backfired.

"From the day we ran the ad to the end of the campaign, our attacks and Helms' were viewed as essentially

equivalent. The ad let Helms act the injured party," Pearce writes.

After that bitter defeat, when Hunt acknowledged that he "had failed to show North Carolina voters who he truly was," he gradually picked up the pieces. He joined a Raleigh law firm, made some money, got to know business leaders — and decided to run for governor again.

Hunt again was elected governor in 1992. And after years of working, reading, and learning, he was determined to improve upon his previous eight years as governor.

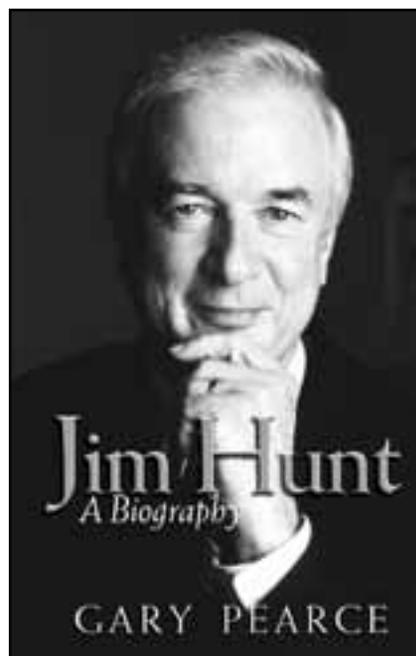
For four of those eight years, Hunt had to contend with something no other governor in the 20th century faced — a Republican House of Representatives. Hunt could have defended a liberal agenda, but instead he veered to the right, surprising legislators with a larger tax cut than even they had proposed.

It was also during this time that Hunt launched his Smart Start initiative, providing state funding to local agencies for preschool programs. This helped him gain the title "education governor."

The ultimate question — which Pearce poses at the beginning of the book — was whether Hunt ever could have claimed the ultimate prize — the presidency.

"If Hunt had beaten Helms, he might have become president," Pearce writes. "Hunt, not Bill Clinton, might have been the moderate Southerner elected to the White House."

As we learned in 2008, anything's possible in politics. But given the image problem Hunt suffered among North Carolinians during the Helms campaign, it's hard to imagine he would have been able to capture the imagination of voters nationwide. CJ



# 'Senator Sam' Ervin Continues to Offer Lessons of Authenticity

Yes, I was born right over there. You can see I haven't gotten very far in life," remarked former Sen. Sam Ervin while pointing to his birthplace, a white house across the street from his residence in Morganton.

Such were the comments of a "country lawyer" who later chaired the Senate Watergate hearings in 1973. It was this laid-back humor and charm that made unpretentious Senator Sam — "the most North Carolinian of North Carolinians" — an underestimated foe on numerous occasions.

He undoubtedly used his homespun appeal many times to manipulate opponents so they developed a false confidence, exhausted their energies, and let down their guard. Then they were exposed to a walloping counterattack — an intellectual and legal rope-a-dope, if you will.

Ervin, however, was not good at delivering sound bites for TV and

radio. He eschewed well-packaged arguments that came across as humdrum or canned bureaucratic speak. His explanations were lengthy and sounded folksy. Yet the stories were purposeful: The former Morganton trial lawyer argued to win.

During the Watergate hearings, at times Lawrence M. Baskir, a former chief counsel to the Subcommittee on Constitutional Rights and the current chief judge on the U.S. Court of Federal Claims, could not tell whether the North Carolinian was unsophisticated or shrewd.

In a telephone interview with historian Karl Campbell, an Ervin biographer, Baskir remarked: "A person like Ervin is either naïve ... and eventually lucky that fate and time make it all work very well, or he is so subtle and so sophisticated that it looks like it is all happening without him."

Baskir soon realized that the senator was able "to appeal to the jury," and in Watergate, Ervin knew that the jury was the Senate, the American

people, and the media. "He knew how to play to them," Baskir concluded.

As Campbell writes in *Senator Sam Ervin: Last of the Founding Fathers*, "Sam Ervin may have been described as a 'country lawyer' and a 'good ol' boy,' but to southerners these labels suggest political acumen, not naivete."

Throughout the Watergate hearings, Ervin proved this to be true. Although many civil rights, labor, and women's rights activists opposed the strict constructionist views of the Tar Heel senator,

Ervin's national popularity soared as Richard Nixon's declined.

Ervin endeared himself to Americans from North Carolina to California. He gained a new generation of admirers by defending privacy rights during the Watergate hearings. He used a biblical reference in one instance: "One of the prophets described the mountain of the Lord as being a place where every man might dwell under his own vine and fig tree with none to make him afraid."

He supported this theological argument by citing William Pitt the Elder and offering a history lesson from the Revolutionary War period: "The poorest man may in his cottage bid defiance to all the forces of the crown. It may be frail, its roof may shake, the wind may blow through it, the storm may enter it, but the King of England cannot enter. All his force dares not cross the threshold," Ervin said. "And yet we are told here today, that what the King of England can't do, the president of the United States can."

In other instances, Ervin's self-deprecating humor made people laugh. And he was particularly proud that when introduced to audiences by others, few suspected that he was a Harvard Law graduate.

No matter what Americans think about Senator Sam's literal interpretation of the Constitution, we can learn some valuable lessons from the Morganton native: Be yourself, know your audience, never underestimate an opponent, and don't judge a book by its cover. CJ

*Dr. Troy Kickler is director of the North Carolina History Project (northcarolinahistory.org).*



**TROY KICKLER**



## E.A. MORRIS

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 February 5-6, 2011: Selection weekend  
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 Contact Ashley E. Sherrill | [asherrill@eamorrisfellows.org](mailto:asherrill@eamorrisfellows.org)

## Short Takes on Culture

## 'Hallows' Darker, Fresher

• "Harry Potter and the Deathly Hallows"  
Warner Bros. Pictures  
Directed by David Yates

In "Harry Potter and the Deathly Hallows," Harry and his best friends, Ron Weasley and Hermione Granger, begin their journey to destroy pieces of Voldemort's soul — and then Voldemort himself. The seventh installment of J.K. Rowling's series, "Hallows" differs substantially from other Potter movies — and books. Without the familiar comfort and protection of Dumbledore and Hogwarts, the film is darker and less formulaic than other Potter tales.

Although the Harry Potter series began as a children's story, the series has grown with its characters. In "Hallows," Harry, Ron, and Hermione must confront challenges from Death Eaters, the Ministry of Magic, and from each other as adult wizards and witches rather than children. Magic, once fantastic and beautiful, becomes frightening as the companions fight Voldemort and his followers face to face.

Although "Hallows" is extremely loyal to Rowling's book, there are some drawbacks to such attention to detail. Following the story faithfully required the movie to be split into two parts — fans will have to wait until 2011 to watch the second half.

Moreover, anyone who hasn't read the books first will be somewhat lost watching the movie. Characters appear who have never been mentioned in previous films, small details about the magical world complicate the plot, and inside jokes from past books crop up throughout the movie. For dedicated Harry Potter fans, however, "Hallows" is the best Potter movie yet.

— JENNA ASHLEY  
ROBINSON

• *God of Liberty: A Religious History of the American Revolution*  
By Thomas S. Kidd  
Basic Books

We've all heard that American colonists railed against taxation without representation. We learn that theories about social contracts and the "ancient rights of Englishmen" motivated them to take up arms against the British king and wage a war for independence.

But the story line often downplays a critical piece of the puzzle: religion. Many of the most motivated Patriots aimed to secure religious freedom, a concept closer to their hearts

than abstract philosophy.

"Enlightenment writers such as Locke played a major role in framing the ideal of religious liberty for [the] famous founders," Baylor University historian Thomas S. Kidd writes in his new book, "but it was mainly the evangelical dissenters from the established churches who fought on the front lines of the struggle for freedom to worship God in their own way."

Kidd chronicles important speeches and sermons that cast the revolution in a religious light, and he explains the interesting alliance of "evangelicals, Enlightenment liberals, and deists" who set doctrinal differences aside to fight Redcoats.

Even the most confirmed skeptics among the founders assigned religion a critical role. "Whatever their personal convictions about religion, Patriots typically believed that virtue sustained a republic and that religion was the most common resource that trained people in virtue."

— MITCH KOKAI

• *Bonhoeffer: Pastor, Prophet, Martyr, Spy*  
By Eric Metaxas  
Thomas Nelson

Dietrich Bonhoeffer was the Lutheran pastor and theologian who participated in the plot to kill Hitler. Bonhoeffer was imprisoned after the Nazis discovered the plot, and just three weeks before the Germans surrendered, he was executed.

That's the short version of this 550-page biography. The subtitles hint at the more complete story of this incredibly courageous man.

As a pastor and prophet, he spoke out against the Nazified Lutheran church when it began purging Christian pastors of Jewish heritage.

Before going to the gallows, he preached a sermon for his fellow prisoners based on 1 Peter 1:3: "Blessed be the God and Father of our Lord Jesus Christ! By his great mercy we have been born anew to a living hope through the resurrection of Jesus Christ from the dead."

This is a long and detailed book, and I often wondered why the author was spending so much time on Bonhoeffer's early childhood and student days. To appreciate fully the depth of his faith and his courage in the face of Nazi terror, you must understand how his character developed in his early life.

— MICHAEL SANERA CJ

## Book review

## Obama-Wall Street Scam Exposed

• Charles Gasparino, *Bought and Paid For: The Unholy Alliance Between Barack Obama and Wall Street*, New York: Sentinel, 2010, 268 pages, \$26.95.

BY GEORGE LEEF  
Contributor

RALEIGH

Americans who have at least a modicum of political sophistication know that special interest groups have enormous power to influence the system, getting favors from government that they could not obtain through voluntary means. They know, for example, that many farmers receive subsidies, that big exporters benefit from Export-Import Bank financing, that labor unions have been given privileges to employ coercion that no other private organization has, and so on.

Few of us, however, have ever thought of Wall Street in a similar vein. Why, Wall Street consists of rich, Republican-leaning firms that make their money by financing business — right? Wall Street is interested in minimizing government because its business clients are harmed by the expansion of government — right?

Those notions could not be more mistaken, as veteran financial journalist Charles Gasparino demonstrates in his latest book, *Bought and Paid For*. Far from advocating a minimal, night-watchman state, the big Wall Street firms earn such enormous profits from financing federal debt that a shrinking state is the last thing they would ever want. An expanding government that borrows heavily guarantees buckets of money in their coffers — far more than the big firms make from the difficult work of business finance.

If that isn't enough of a shock, Gasparino has many others in store. Most people would assume that wealthy Wall Streeters would have been scared silly of a candidate like Barack Obama, what with his progressive/radical/community-organizer past and redistributionist rhetoric.

The truth, however, is just the opposite. Obama was preferred by the top Wall Street CEOs, who regarded him as more amenable to their interests than Hillary Clinton and far more inclined to expand federal borrowing than any

Republican in the 2008 field. It's true that in 2009 as president, Obama gave Wall Street a tongue-lashing for its gigantic bonuses (bonuses made possible only by Obama administration policies), but that was pure political theater, Gasparino argues. Obama expects and will probably get the same high level of campaign support from Wall Street in 2012 that he received in 2008.

Compared with the likes of Wall Street giants like Goldman Sachs, other American special interest groups seem puny. The advantages of being a government pet deemed "too big to fail"

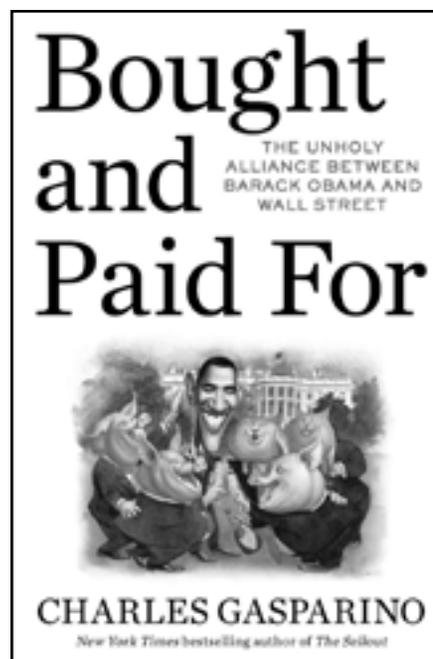
are immense. "Goldman," Gasparino writes, "was able to use its status as a government-protected business to gain access to billions of dollars of borrowed money at rock-bottom rates and then use the funds to buy bonds — many of which were the same as those that had helped cause the financial crisis, but were now trading at just pennies on the dollar."

It's not just Washington. Wall

Street also has gotten rich by helping states and localities borrow and spend beyond their means. Consider the relationship between Merrill Lynch and supposedly prudent Orange County, Calif. Thanks to financial advice from a Wall Street consortium headed by Merrill, Gasparino said Orange County's government went on a spending binge that seemed affordable. Unfortunately, the investments later crashed, leaving the county facing huge deficits. But Merrill had made its money.

The same is true regarding bankrupt Greece. Wall Street was happy to sell the Greek government advice on how to continue borrowing and hiding its looming fiscal crisis as long as firms got their fees up front.

Gasparino concludes that teamwork between the federal government and Wall Street means, "The big firms underwrite the massive amounts of debt being sold to keep the welfare state afloat, and the welfare state bails out the big firms from some of their most disastrous forays into risk." The huge cost of that partnership is paid for by the rest of America in higher taxes and a sluggish economy. CJ



Movie review

# Adaptation of Lewis' *Voyage of the Dawn Treader* Flawed but Glorious

• "The Chronicles of Narnia: Voyage of the Dawn Treader." Directed by Michael Apted, 20th Century Fox, 113 minutes. Released Dec. 10.

BY JOHN CALVIN YOUNG  
Contributor

OXFORD, U.K.

The atmosphere in the theater was festive and expectant, yet somehow wary. All should have been good — on a snowy December evening in London, the world premiere was coming off without a hitch. Artificial snow had been ordered in the square, but it hardly was necessary — picture-perfect flakes were drifting down on the rich and famous walking the red carpet. And the premiere had even been picked for the 2010 Royal Film Performance — the queen would be making her annual appearance at the cinema to see the newest cinematic adaptation of one of C.S. Lewis' beloved masterpieces, *The Voyage of the Dawn Treader*.

Yet the evening wasn't all jollity and fun. A lot was riding on the newest Narnia film. While "The Lion, the Witch, and the Wardrobe" was a well-deserved hit, the heavily adapted "Prince Caspian" was disappointing at the box office, and displeased millions of Lewis fans with pointless battles and an illogical romance interpolated into the story.

Andrew Adamson, director of the first two films in the franchise, had been replaced by Michael Apted, and the third film widely was seen as the key to the rest: If confidence in the franchise (and box-office returns) didn't return, a cinematic "Last Battle" would be farther away than ever. And

the newest film was screening in digital 3-D — the technology gives some viewers headaches, and is significantly more expensive to shoot and screen.

The film opens with Lucy (Georgie Hensley) and Edmund (Skandar Keynes) staying in Cambridge with their irksome cousin (Will Poulter), "a boy called Eustace Clarence Scrubb, [who] almost deserved it." He ridicules anyone who would read fairy tales, preferring the company of "useful" books of facts and figures. When the children are pulled unexpectedly into a mysterious painting of a ship, he doesn't know how to react to a world that his mind refuses to accept.

The ship in the painting turns out to be the Dawn Treader, captained by none other than their good friend Prince (now King) Caspian (Ben Barnes). He is on a quest to explore the unknown Eastern seas beyond the Lone Islands and find the seven lords that disappeared there years before. At Narrowhaven, their first port of call, the party has a run-in with slave traders but witnesses a much greater evil — a mysterious green mist that takes captives and threatens Narnia.

Caspian, Reepicheep (voiced by Simon Pegg), and the royal children resolve to pursue this evil to its source and destroy it. They are told that the

swords the seven lords carried must be laid at Aslan's Table at the end of the world before the curse can be conquered.

The darkness they fight against will test them with the worst darkness in themselves — jealousy, pride, greed, arrogance, and worse — that threaten to tear their company apart. Lucy must face her jealousy of Susan's beauty, Edmund his fear of always standing in Peter or Caspian's shadow, and Caspian his own bitterness. Eustace will face the greatest challenge, as his greed takes physical form, transforming him into a dragon, helpless to restore himself. Yet none will escape being changed by the hardships and glories of the East as they journey toward Aslan's country.

The film likely will disappoint serious Lewis fans, with significant departures from the original story line. While most of the major scenes remain, they are sometimes weakened by their rearrangement in the narrative, and many favorite quotes or details may be missing.

Yet for those wondering about the Christological and symbolic content of the original book, most of the key points made it. Lewis expert Michael Ward discussed "Voyage of the Dawn Treader" with me in an interview in his office in Oxford: "They are journeying

toward the eastern end of the world, but that is really just a kind of symbol of their journey deeper with Aslan, getting to know him as the true Sun of Righteousness." He spoke of events we should look for — the repeated enslaving and freeing of the company from slavers, from greed and pride and fear, as Aslan personifies freedom, justice, and the breaking of bonds.

Spoiler alert: Aslan's redemptive transformation of Eustace-the-dragon is more-or-less intact, following the final battle with the Sea Serpent and vanquishing of the evil on the Dark Isle. The internal struggles the children face highlight the role of Aslan as Redeemer and Light. And the most important line of the final scene made it in the film, when Aslan (voiced by Liam Neeson) intones, "This was the very reason you were brought to Narnia, that by knowing me here for a little, you may know me better there."

"Dawn Treader" is gorgeous, glorying in the interplay of light and sun and sea on this odyssey to the East, cinematically much better than the muted tones of "Prince Caspian." I found the 3-D very satisfying, richly detailed without headache-inducing eye strain, and well worth a few dollars extra on the ticket. The scenes at the end of the world in particular, the lilies in the sweet sea and Aslan's country, are extremely satisfying to those raised on the traditional pen-and-ink illustrations in the Chronicles.

The filmmakers could have made a more faithful film, but after the debacle that was "Prince Caspian," I am glad to see a cinematic adaptation that at least tries to keep the theme and feel of the original intact. *CJ*



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By John Hood  
President of the  
John Locke Foundation

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## COMMENTARY

## Leadership And the Brain

*Pinky: "Gee, Brain, what do you want to do tonight?"*

*The Brain: "The same thing we do every night, Pinky — try to take over the world!"*

**S**pun off from the WB Television Network's "Animaniacs" cartoon show in 1995, "Pinky and The Brain" ran until 2001. Given the keen interest in brain research within the real-life leadership community, it's not surprising that even a team of genetically enhanced mice with a genius at the helm will fail consistently to reach its objective.

Consider "The Brain": brilliant, scheming, and supremely self-centered. Even Brain, with his ultra-high mouse IQ, cannot devise, lead, and execute a world takeover plan. His faithful companion Pinky, who shares digs with Brain in a cage in the Acme Research Labs, is sentimental, short on wits, loyal to a fault, and fearlessly incompetent.

Throughout Brain's manic and implausible missions, Pinky represents the "softer" side of world takeover, the emotional as opposed to the rational brain, and an illustration of why successful conquerors aren't sweet and unassuming, or why sentimental Pinkys aren't successful conquerors.

So what is the formula for leadership success? Leadership generally isn't about conquering, but does it share some elements? Perhaps. While leadership initially may involve dazzling supporters with one's brilliance, in the longer run it will require bringing competent, motivated, and enthusiastic individuals together, people who are attuned to the heart of the mission, not to the brains or brilliance of the leader.

Luis Urzua's successful role as mine leader in the recent Copiapo, Chile, mine collapse was not just a function of his mining smarts. Yes, he had them, as did many of the men with whom he was trapped. But the survival of the 33 men was aided indispensably by Urzua's emotional intelligence skills.

Through keen awareness and personal self-control, Urzua was able to marshal the trapped men into action. He motivated them to act individually and for the good

of all.

And it worked. Happily rescued ahead of the projected Christmas date, it is clear that the social and emotional demands of the situation outstripped the need for IQ-type smarts. Urzua's EI skills, both early and late in the process, helped the miners stave off panic, hopelessness, and self-destructive behaviors. It is to Urzua's credit that the miners emerged as whole as most evidently did.

Emotional intelligence is both personal and social. The first EI trait is personal self-awareness, being attuned to how your own emotions

affect your performance.

This means having an accurate estimate of your strengths and limitations, also having the self-confidence to play to your strengths. The second component is self-management. Leaders with strong self-management skills are self-controlled, open and transparent, adaptable, strive for high standards in themselves and in others, are proactive, and roll with

setbacks without losing optimism. While nothing here conflicts with a high IQ, nothing here demands it, either.

Third and fourth on the list are social awareness and relationship management. What counts here are the abilities to empathize with team members, to recognize cultural and power relationships in the team network, and to foster an attitude of service to mission. Good relationship management requires that leaders embody, articulate, and behave in ways that influence and develop the best in others, that champion change, that resolve or avert conflict, and that achieve collegial activity among all members of the group.

Brain research tells us that whether striving for world domination, trying to survive a disaster scenario, or just trying to run a business, it takes much more than knowledge smarts to lead. Emotional intelligence — the intelligence of personal and social awareness and management — is an indispensable part of the formula for leadership success. *CJ*



**KAREN  
PALASEK**

*Dr. Karen Y. Palasek is director of the E.A. Morris Fellowship for Emerging Leaders.*



THE COMPROMISE

## EDITORIAL

## The ABCs Of Privatization

**A** tip of the glass to Gov. Bev Perdue, who again suggested in December that she is mulling the privatization of liquor sales in North Carolina.

The mere mention of the dreaded "p" word led ABC board members and some elected officials to reach for the hard stuff. In a letter to Perdue, Jon Carr, the lobbyist for the N.C. Association of ABC Boards, said any plan that places the sale and distribution of spirits in private hands would be a disservice.

According to Carr, North Carolina ranks 48th nationally in per capita alcohol consumption and yet generates the third-highest tax revenues from booze sales. Carr also claimed that privatization would starve local governments of revenues and make it easier for minors to obtain alcohol illegally.

Nonsense. As a matter of principle, no government should maintain a monopoly on the price, access, and distribution of a legal product. While it's reasonable both to outlaw alcohol sales to minors and prevent people from driving while intoxicated, placing a hammerlock on alcohol purchases harms consumers. Moreover, recent scandals in New Hanover, Mecklenburg, and Guilford counties have shown that the current system of politically juiced ABC boards invites corruption.

To be sure, principle rarely trumps political expediency — particularly when major tax revenues are involved. But there's no practical reason to keep liquor sales in state hands. Perdue should continue to pursue full privatization.

A number of state models are worth investigating. California, Louisiana, and Missouri, among others,

allow anyone with a liquor license to sell any alcoholic beverage. Grocery stores, pharmacies, convenience marts, and specialty retailers offer a full range of beer, wine, and spirits.

Meantime, Colorado, Kansas, Oklahoma, and Utah let grocery stores sell only low-alcohol beer and wine coolers; liquor, wine, and "full-strength" beer must be sold in liquor stores, which are in private hands. Maryland lets each county set its rules. Some privatized states maintain Sunday blue laws.

The claim that a private system would deny counties tax revenue is a red herring. Alcohol sales would continue to be taxed, with revenues flowing into county coffers. In fact, county revenue streams are not safe under the current monopoly. At any time, a General Assembly desperate for cash could divert the taxes raised by the current system from counties to the state.

Finally, it's disingenuous to suggest that privatization would increase public intoxication, drunken driving, or underage drinking. Police will continue to enforce current laws. And the incentives to discourage illegal behavior would be much stronger in a private system.

If an ABC employee sells booze to a minor, unless criminal charges are filed, the public may never know. State personnel laws can keep the public from learning of any formal discipline.

By contrast, any private liquor license holder who sold to a minor would face swift, harsh, and public penalties. Other states treat their residents who imbibe like responsible adults. North Carolina should, too. *CJ*

EDITORIALS

# 11 Ideas

## *Realistic suggestions for the General Assembly*

The leaders of the incoming Republican legislative majority have stressed that the two most important items on their agenda will be improving the state's economy and balancing the budget without tax hikes.

Those are the right priorities. But both will require months of work during the 2011 session and beyond. In the meantime, several realistic initiatives can be introduced quickly without distracting attention and energy from the economic and fiscal challenge.

The research staff of the John Locke Foundation compiled a list of 11 such ideas that could be enacted in The First 100 Days. Here is a thumbnail sketch of each one:

- Open up the budget process with 72-5-10. That is, post state budget bills online 72 hours before the first vote, provide a five-year forecast of each provision's fiscal impact, and require the state to accumulate rainy-day reserves totaling at least 10 percent of the state's General Fund.
- Put the state's checkbook online so policymakers, journalists, watchdogs, and average citizens can keep a close eye on expenditures.
- Repeal taxpayer financing of political campaigns. Taxpayers hate it, it violates basic constitutional principles, and there are better uses for the money.
- Prohibit forced annexation. Municipalities should be allowed to

expand only if subject to approval by affected citizens.

- Remove the cap on charter schools, and change their oversight to prevent the existing public-school cartel from obstructing competition.
- Expand the pool of qualified public-school teachers by removing unnecessary barriers to state certification.
- Pass a constitutional amendment for voter approval that would end the abuse of eminent domain by government agencies.
- Repeal the North Carolina lottery. The state should not monopolize the gambling market while encouraging North Carolinians to gamble on the promise that it will improve education.
- Repeal corporate welfare programs. We should reduce the cost of doing business in North Carolina for all firms, large and small, rather than carving out special deals for the politically connected.
- Repeal the state's renewable portfolio standard. The 2007 law requiring the use of expensive energy sources such as wind and solar power jacks up the price of electricity for everyone.
- Repeal ObamaCare. The General Assembly can assist nationwide repeal efforts by holding hearings to illustrate the federal bill's massive costs and urging state officials to join multistate lawsuits challenging its constitutionality. *CJ*

# O'Care's Effect on N.C.

## *More benefits for less income and freedom*

Brad Wilson is the chief executive officer of Blue Cross and Blue Shield of North Carolina, the state's largest insurer. He plays a major role in both the delivery of health care and debates about the future of health care. Wilson also is a longtime fixture in state Democratic politics and a leader in the administration of the University of North Carolina.

So how does Wilson expect the implementation of ObamaCare to affect the delivery of health care and health insurance in North Carolina? In a recent *Triangle Business Journal* interview, he had a lot to say.

When asked how the subsidies and regulation are likely to affect the insurance market, he said, "Our best estimate is [rates will increase] 30 percent between now and 2014 just because of the legislation." Insurance premiums would have risen anyway,

Wilson admits, because of rising prices for medical services, but you can add another 30 percent in compliance costs. And that's just through 2014.

As to the effects of ObamaCare on the structure of the market, Wilson said that the incentives will, on balance, point toward individuals buying health plans through the new government-sponsored exchanges.

Contrary to what President Obama and his allies promised during the debates of 2009 and 2010, the new law will "bend the cost curve" in health care upward, not downward. And many employees will lose their current health plans, even if they liked them.

In exchange for these "benefits," all ObamaCare supporters want us to do is yield more of our incomes and our freedoms to the federal government. Some deal. *CJ*

COMMENTARY

# The Terrifying Truth About School Choice

I'm about to talk calmly and candidly about parental choice in education. If the topic usually makes you fly off the handle, try setting aside your presuppositions, reading all the way to the end, and then deciding what you think.

Nearly 90 percent of North Carolina students attend district-run public schools. The rest are educated in private schools, charter schools, or home schools.

After November's elections, school choice has more allies in Raleigh than ever before. The incoming leaders of the Republican legislature are already signaling their commitment to abolish the cap on charter schools early in the 2011 session, and many advocate other reforms such as tuition tax credits for special-needs and disadvantaged students to attend schools of their choice.

Now, imagine that choice activists see most of their agenda enacted into law this year. What would be the likely result?

Based on experience in other states and countries with major school-choice programs, the percentage of North Carolina students educated in charter, private, or home schools would grow — to perhaps 25 percent within a few years. In other words, the vast majority of the K-12 population would remain in district-run public schools.

If this result shocks you — either because you feared school choice would destroy public education, or you hoped it would — I'm sorry. But there is a very real possibility of school-choice legislation moving through the General Assembly in the coming months.

I think that more than doubling the share of students attending schools of choice in the next few years would have a huge and positive effect. It would put pressure on school districts to compete. It would serve as a large-scale demonstration project for alternative means of educating students, particularly those poorly served by the current monopoly provider. And it would draw more involved parents and innovative educators and entrepreneurial philanthropists into education, while reducing the cost to taxpayers by tens of millions

of dollars a year.

But I also recognize that the resulting distribution of students would not be markedly different from the current one for higher education, where about three-quarters of students attend public colleges and universities. That hardly sounds radical, or even revolutionary.

If abolishing the charter-school cap, enacting educational tax relief, and passing other reforms led to as many as a quarter of North Carolina students attending schools of choice, that wouldn't make us unique. A little-known fact is that America has one of the most government-dominated education sectors in the developed world, particularly for secondary schools.

The Organization for Economic Cooperation and Development reports that most high-school students in the Netherlands, Belgium, and Chile attend private schools, usually with a tax subsidy. About half of Korean and British students, one third of Japanese and French students, and one-quarter of Australian, New Zealand, and Spanish students attend schools we would categorize as either private or charter schools.

What's more, all of these countries spend less tax money per pupil than the United States does. Most outperform America in international tests, as well.

School choice may be a necessary component of any serious effort to reform education in North Carolina, but it is not sufficient. Because most students will remain in the district-run schools, reformers need to devote attention to other matters, too, such as academic standards, performance pay for teachers, and funding flexibility.

So, if it terrifies you to think the share of students attending district-run public schools might drop from about 90 percent to about 75 percent because of school choice, I can honestly say that I don't get you.

Please help me understand the source of your terror. *CJ*

*John Hood is president of the John Locke Foundation.*



JOHN HOOD

## LETTER TO THE EDITOR

## Schools Can't Violate The Fourth Amendment

I sat down to relax on a Saturday night and read the November issue of *Carolina Journal*. While reading Kristen Blair's column "The Truth About Teens and Drugs," I became anything but relaxed.

I could have sworn that I was supposed to be reading a journal with a limited government, free-market philosophy. Please tell me what kind of limited government is advocated with this statement: "School-based dog searches may be controversial, but they are increasingly necessary. Dogs do not search students, instead sniffing backpacks, lockers, cars, and just-vacated classrooms."

Are you familiar with the Fourth Amendment? How exactly is searching a student's backpack not searching the student? If the police searched your house without probable cause, have they not searched you?

I don't think Fourth Amendment protections are limited to searches only involving people who are naked and who have no possessions or effects. It clearly covers searches of not only people but also their possessions, including the backpacks and cars of school-aged kids.

To be sure, a school has the right to search a student's locker because the locker is the property of the school. But in no way should a school be allowed to rummage through my son's or daughter's personal belongings without probable cause and a warrant.

Should we allow naked body scans at schools, as we have seen at airports? Should we allow agents of the state to strip-search or cavity-search our kids? Should we give the government unlimited power in the name of creating a drug-free utopia?

While some may argue that school-aged children are not old enough to have Fourth Amendment rights, I would counter that we should be grooming children to become responsible adults — and not submitting to state power grabs.

Robert Whitehurst  
Wake Forest

**Editor's note:** The Supreme Court long ago recognized that the need to maintain good order in schools requires greater leeway in searches. These include searches of lockers and backpacks.

The high court has ruled that "reasonable suspicion" is all that is needed for such searches, not the higher threshold of "probable cause." Strip searches, however, have been ruled to be unconstitutional.

"We join the majority of courts that have examined this issue in concluding that the accommodation of the privacy interests of schoolchildren with the substantial need of teachers and administrators for freedom to maintain order in the schools does not require strict adherence to the requirement that searches be based on probable cause to believe that the subject of the search has violated or is violating the law," wrote Justice Byron White in the 1985 *New Jersey v. T.L.O.* case. CJ



## Where Are The Plane Mechanics?

A few weeks ago, a caller to a local radio program lamented that the U.S. economy no longer has airline mechanics. I know the caller was exaggerating, but his point was that good-paying, skilled jobs in our economy are falling by the wayside.

I hear this worry expressed frequently when I give talks around the state. And the concern is not just that the recession has taken away jobs. Instead, the worry is more deep-seated, and it's based on two factors. One is a long-held worry that technology and modern equipment are replacing jobs. The second is newer — that trade with other countries is cutting jobs here.

Technological change always has been a factor in the labor market. But rather than destroying jobs, the historical record shows technology alters the distribution of jobs. The replacement of the mule by the tractor dramatically increased the productivity of farming and allowed fewer farmers to grow more. In North Carolina, the millions of former farmers provided the labor supply that attracted the textile and furniture industries.

In recent decades, improved technology and equipment have been responsible for a plunge in manufacturing employment. Yet manufacturing output in both the nation and North Carolina has continued to increase. In our state, the labor released from factories has allowed for the expansion of companies and employment in areas like information technology, health care, and personal services.

While many people have concluded that global trade has been a net negative for U.S. jobs, in fact, there are three ways international trade actually can create domestic jobs. One is through U.S. exports to other countries. U.S. exports have been growing rapidly, and many economists see tapping into foreign markets as one of the best ways to boost both revenues and jobs at home.

Jobs also can be created at home when foreign

companies decide to establish operations on U.S. soil. The most notable recent examples are foreign-owned auto companies in several (mainly Southern) states. While North Carolina has not landed one of these vehicle assembly plants, the factories in South Carolina have spawned a major vehicle parts industry in our state.

Economists argue that even buying foreign-made products can create U.S. jobs. If the foreign-made products save U.S. consumers money, then those consumers have funds left to spend on other things, which, in turn, can create domestic jobs.

So how have these impacts worked to change the job market recently? Because we know recessions knock out just about all kinds of jobs, let's look at job changes between 2000 (after globalization began in full force) and 2008 (before the latest recession really kicked in).

The results fall nicely into three groups. First are categories that gained jobs, specifically professional, construction, and service occupations. Second are categories experiencing little change in total jobs — management, sales, clerical, maintenance and repair, and transportation occupations. Last are two occupational groupings that lost jobs — farming and manufacturing.

These findings make sense. With the shift in our economy to jobs requiring more reasoning and complex decision making, it's logical that professional jobs have been the fastest-growing occupational category. Personal service jobs — particularly in health care — are on the rise, as were construction jobs prior to the recession.

In contrast, communication (cell phones) and computer technology have likely made workers in the second grouping of occupations — management, sales, clerical, etc. — more efficient, and therefore not as many are needed as the economy expands. Technological advances also have accelerated the decline in the number of farmers. And manufacturing jobs have been hit by the double whammy of technology and foreign competition.

By the way, there are still more than 120,000 airline mechanics at work in the U.S. CJ

Michael Walden is a William Neal Reynolds Distinguished Professor at North Carolina State University.



MICHAEL  
WALDEN

# Can GOP Avoid Dole-Gingrich 1994 Mistakes?

Immediately after November's election, Senate Minority Leader Mitch McConnell said the top priority of Republicans in the 112th Congress would be to make Barack Obama a one-term president. Coming off a stunning victory — the GOP picked up six seats in the Senate and 63 in the House to take back control of that body — the statement seemed much more than bravado. Obama is on the ropes.



ANDY TAYLOR

To fulfill this wish, McConnell and the incoming Republican House Speaker, John Boehner, will have to avoid mistakes the congressional GOP made after its 1994 triumph. The 104th Congress that took office in January 1995 was the first under full Republican control in 40 years. Under the strong and visionary leadership of Speaker Newt Gingrich, it seemed as though it could sweep all before it, including Democratic President Bill Clinton. But Clinton handily defeated Bob Dole, who had been Senate majority leader, in the 1996 election.

So what advice could Dole and Gingrich give McConnell and Boehner as they seek to undermine Obama? I would suggest three pieces:

- Don't overpromise. The centerpiece of the Republicans' 1994

campaign was the House candidates' "Contract with America." This was a series of ambitious and disparate bills Gingrich pledged to bring to the House floor for a vote in the first hundred days of Republican rule. Although only 25 percent of voters in 1994 had heard of the Contract, it became the focus of Washington as the 104th Congress began.

Nobody promised the provisions of the Contract would become law. But the exuberance of the Republicans and the media's fixation on the list led Americans to believe that was the intention. When bill after bill met resistance in the Senate and from the White House, Gingrich's agenda was labeled a failure. As their belief in their leader and their own infallibility waned, Republicans turned on one another. And, as the internecine party warfare intensified, Clinton became stronger.

This time around the Republicans have their "Pledge to America." It reads much more like a party platform than a legislative wish list. It is broad, vague, and full of banal statements about mom and apple pie. Individual Republicans have submitted more detailed plans, including a bold and intelligent "Roadmap" to slash the deficit from Wisconsin Rep. Paul Ryan, the incoming chairman of the House Budget Committee. But as a party, Republicans have heeded the first lesson and are committed to broad principles rather than policy details.

- The president occupies what Teddy Roosevelt called the "bully pulpit." He can use the unrelenting media attention to his advantage. He can frame the debate and blast his Republican opponents who, with a House majority, are now at least partially accountable for the government's performance. Even Gingrich could not command the attention Clinton did in 1995 and 1996. A study by Douglas Harris found that although Gingrich received triple the media coverage of previous speakers, the president still received 10 times more than Gingrich did. Republicans need to make sure they continue to communicate with the American people. This is particularly important because the message must be more nuanced than the largely "bash the status quo" argument of the past two years.

- Public opinion is like a thermostat. When public policy seems to be going too far too fast in one direction, Americans are quick to pull it back. The median voter has moved palpably to the right since the 1960s. But the public is still quite cautious and conservative in the traditional sense of the word. The significant opposition to health care reform this spring came as much from individuals' satisfaction with their own personal situation as it did from an ideological aversion to Obama's proposal. A slim majority of Americans profess to prefer divided government — with the presidency controlled by one party and Congress by the other — over unified govern-

ment.

House Republicans forgot this lesson in 1995-96. Much of their agenda — and indeed much of their shrill rhetoric — made Clinton look reasonable and moderate. Boehner and McConnell need to generate their proposals carefully and try to prevent an energetic party, particularly in the House, from making Obama look like a responsible leader with a steady hand.

Of course, there are some big differences between the 112th and 104th Congresses. To begin with, Republicans do not hold the Senate today. What is more, none of the current candidates for the party's 2012 presidential nomination are in the congressional leadership. Dole's emergence as the GOP nominee in 1996 greatly hindered efforts to undermine Clinton.

In fact, if you're Boehner or McConnell, it might be a good idea to tone down the efforts to defeat the president in 2012. No victorious presidential candidate or sitting president has flipped a congressional chamber to his party since Ronald Reagan put the Senate in GOP hands in 1980. Since then Reagan, Clinton, George W. Bush, and Obama have all lost houses of Congress for their parties. CJ

*Andy Taylor is a professor of political science in the School of Public and International Affairs at N.C. State University.*

## You're Not 'Them'

Beginning Jan. 26, Republicans will lead the North Carolina General Assembly for the first time in more than a century. New leadership can bring a real difference to the table — so long as the incoming majority realizes those differences.

Their challenges include facing a massive shortage in available funds to maintain the core functions of government, reforming a failing education system, and resuscitating a sluggish economy. It's going to take a different way of looking at things.

True fiscal conservatives would not continue the programs the Democrats have created — while only spending less money. Instead, Republicans should vow to end the unsustainable growth of government, the pet projects, and the nanny-state mentality. Republicans must change



BECKI GRAY

the fundamental role of government in North Carolina, and prove that they are not "them."

"They" used shenanigans and tricks to balance the budget while growing government. Well, the party's over. You can't gimmick your way out of decades of fiscal irresponsibility. "They" have dug a \$3.7 billion budget hole by overspending. There are no more savings accounts and trust funds to raid. There are no more shell games you can play by taxing services and calling it "tax reform," using lottery money to pay teachers, or taxing Internet sales. You can't shift the costs of paying for government to cities and counties.

The Democrats are smart. They've tried all the tricks. The state budget has grown 63 percent over the last 10 years while population has grown only 18 percent. The only option is addressing the state's spending obsession aggressively and attacking it with real cuts, real reform, and real restraint.

"They" have propped up a failing education system. Thirty percent of North Carolina's high school students don't graduate. Sixty percent of

those who do require remedial classes before starting at a community college or university. Preschool programs offer an initial boost that fades quickly by the third or fourth grade. Testing is inconclusive and expensive.

Obviously, "their" plan isn't working. Charter schools have been successful in offering innovative choices for families. Let's have more. Offer a \$2,500 tax credit to any family who would like to pursue options outside district schools. Career and vocational technical schools with 90-percent-plus graduation rates should be expanded as well.

"They" have spent millions of dollars in targeted tax breaks and incentives to attract companies that have done little to get the economy moving. North Carolina lost 12,500 jobs in November (the most in the country), and the unemployment rate has exceeded 9 percent for two years, again, among the highest in the country. State-subsidized jobs in short-term construction do not grow the economy. Get government out of the way, and let the free market work. If you can't find the backbone to repeal the Bill Lee Act, JDIG, the One NC Fund,

and all the other corporate welfare programs, just eliminate the funding.

Since 2004, more than 6,500 new regulations have been introduced in North Carolina while the legislature has struck down only seven. "They" are trying to control everything from juice boxes in day care centers, to where smokers can enjoy a puff, to landfill restrictions so strict we'll have to export our garbage, to where our energy comes from.

"They" have written many bad laws over the years. But laws can be changed. Even the state constitution can be amended. Everything else can be revisited, repealed, or rewritten.

Start here: Repeal taxpayer-funded campaigns. Rewrite the tax code so the burden is lower and more evenly distributed. Repeal the bad and outdated laws, rewrite the good ones, and leave your mark on North Carolina government.

"They" have left you a mess. But you can fix it and do it your way. Things can be different, thank goodness. You are not "them." CJ

*Becki Gray is vice president for outreach at the John Locke Foundation.*

# Perdue Merges Lottery and NCDPI For Savings (a CJ parody)

BY DOYLE LONNEGAN  
Gambling Correspondent

RALEIGH

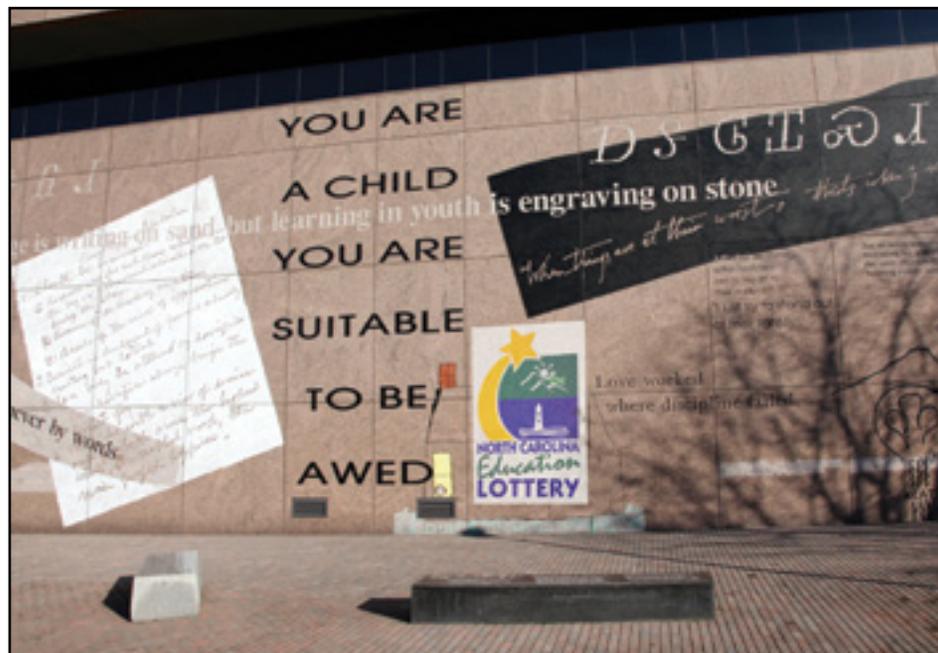
As part of her effort to reorganize state government and reduce the number of boards and commissions, Gov. Bev Perdue has proposed putting the North Carolina Education Lottery under the control of the State Board of Education.

The move also would eliminate the nine-member Lottery Commission and give the Board of Education administrative responsibilities for the lottery.

"The General Assembly named it the Education Lottery in 2005, so the oversight should rest with the folks in the education business," Perdue told *Carolina Journal*. "My dear friend [Education Board Chairman] Bill Harrison told me he thought the move was a fabulous idea and he was ready for the challenge."

Perdue has asked the General Assembly to consider eliminating 150 of the 400 state boards and commissions. The lottery proposal is the first detailed plan she has submitted to satisfy that goal.

She said the move would save \$20 million a year, but acknowledged that legislation would be needed to approve it. Incoming House Speaker



Gov. Perdue feels so confident about getting approval for moving the administration of the lottery to the Board of Education that she has already installed its logo on the wall of the Education Building in Raleigh. (CJ spoof photo)

Thom Tillis, R-Mecklenburg, told *CJ* the move was a great idea because he proposed it first.

"She stole that idea from me," Tillis said, calling it one plank of his agenda to run state agencies more like private businesses. "I guess we can expect her to take credit for other Republican initiatives."

The lottery commission currently

oversees a 230-person staff headquartered in a 40,000-square-foot building in Raleigh. There are also five regional offices. Tillis said the savings would come from eliminating the current lottery staff and closing the Raleigh headquarters and the regional offices.

Total lottery sales were \$1.43 billion in the 2009-10 fiscal year, with \$419 million (29 percent) going to education

programs. Under Perdue's proposal, 50 percent of the proceeds would go to education and the remainder to prizes, and lottery tickets would be sold at public schools.

Perdue said the proposal would mesh with First Lady Michelle Obama's plans to reduce obesity in children. K-12 students on the free-and reduced-lunch program would have the option of accepting lottery tickets if they did not eat lunch. The students could, however, enjoy unlimited carrots, celery, and water at school salad bars.

"It's possible that some of these children will win big, so their families won't have to be on the free-lunch program any more," Harrison told *CJ*. "Even if they don't hit the jackpot, they'll lose weight. It's a win-win."

Perdue said eliminating the lottery commission would protect the lottery in the event that a Republican General Assembly appointed commissioners who would try to eliminate the lottery altogether.

Moreover, she wants to eliminate any board with appointee slots reserved for legislative leadership. "Boards and commissions are part of the executive branch of state government, and they should be free of any legislative influence," she said. *CJ*

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