

In spite of abuses, school-lunch program expanded /5



# CAROLINA JOURNAL

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FROM THE JOHN LOCKE FOUNDATION

North Carolina	2
Education	9
Higher Education	13
Local Government	16
Books & the Arts	20
Opinion	24
Parting Shot	28

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## Critics: Black Got Sweetheart Deal on Fines

Critics say justice system did favors regarding settlement

By DAVID N. BASS  
Associate Editor

RALEIGH

As jailed former state House Speaker Jim Black mounts a campaign for early release from federal prison, critics contend that the state justice system did favors for Black regarding the settlement of his \$1 million fine in a corruption and bribery scheme.

Black was given two years (and offered two extensions) before paying the fine; he was allowed to do so in \$500,000 installments. And even though the Matthews Democrat owned more than a dozen parcels of real estate, including prime commer-



Former Speaker Jim Black



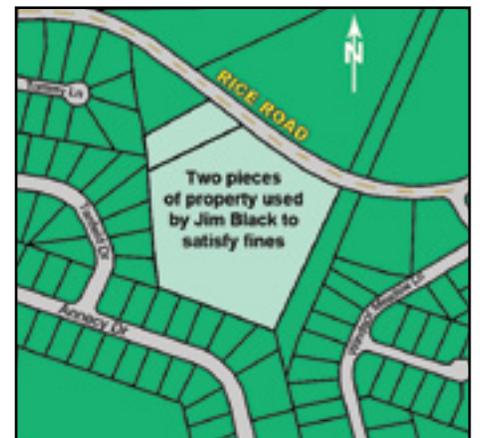
The property Jim Black used to settle his fine is located on the south side of Rice Road in Matthews, N.C., south of Charlotte.

cial 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 the fine.

Instead, prosecutors and the court let Black pay the second installment by surrendering two parcels of undeveloped land in a Matthews subdivision that was most recently valued for tax purposes at about 30 percent of the value of his outstanding debt.

Critics wonder why the school system would accept the property on Rice Road in Matthews rather than force Black to borrow against or liquidate his other real estate holdings valued in the millions.

"It's mystifying that the Wake County school district would take the risk of having to sell the property in the future," said Joe Sinsheimer, a former Democratic consultant who spearheaded efforts to oust Black from of-



fice. "Cash in hand would have been much preferred in this situation."

Uncertainty about the deal cropped up shortly after Black's attorney, Whit Powell, asked President Barack Obama and the federal Bureau of Prisons either to free the former speaker early or bring him closer to home.

Powell has said that Black's wife, Betty, recently was diagnosed with Lou Gehrig's Disease, and Black himself is in poor health. More than 150 people, including former Republican Gov. Jim Martin, have reportedly writ-

Continued as "Critics," Page 2

## DAQ Scrapped Report After Meeting With AG's Reps

Official says she never felt pressured by state's attorneys

By DAVID N. BASS  
Associate Editor

RALEIGH

The N.C. Division of Air Quality scrapped a pollution report days after lawyers working for Attorney General Roy Cooper expressed concerns that its findings might lead to unwanted questions about the state's lawsuit against the Tennessee Valley Authority.

The DAQ report arrived at conclusions that could have undermined

the state's case, now on appeal in federal court. If the state wins its lawsuit, TVA and other nearby states with coal-fired power plants may have to add emissions controls potentially costing billions of dollars.

The DAQ report, part of a larger document discussing compliance with air-quality regulations in Hickory and the Triad region, never got beyond the draft stage. It had concluded that nitrogen oxide, NOx, was an "insignificant" precursor to the formation of fine particulate matter, PM2.5, a type of pollution that poses respiratory health risks.

But in the TVA lawsuit, Cooper claimed the opposite. He argued that NOx emissions from TVA's coal-fired power plants are a primary component of PM2.5, contributing to smog in

western North Carolina and threatening residents' health.

"We know that air pollution from the Tennessee Valley Authority is making people sick," Cooper told National Public Radio soon after filing the lawsuit in 2006. "It's causing haze across our mountains, it's killing our trees, it's polluting our waters. We want it to stop."

The state won its suit in U.S. District Court in January. The TVA appealed the decision in May.

A press release issued by the attorney general's office in 2006 estimated that "out-of-state power plant emissions (including PM2.5) are responsible each year for more than 15,000 illnesses and hundreds of emergency room vis-

Continued as "DAQ," Page 4

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## Critics: Black Got Sweetheart Deal on Fines

Continued from Page 1

ten in support of Black's early release.

Black is currently serving a 63-month sentence in a Lewisburg, Pa., federal corrections facility on corruption and obstruction of justice charges. (See timeline at right.) He admitted to accepting tens of thousands of dollars in bribes from chiropractors to push legislation favorable to them. He also pleaded guilty in state court to charges stemming from a \$50,000 payoff to Republican state Rep. Michael Decker to switch parties, which allowed Black to remain speaker.

As part of Black's July 2007 guilty plea, Wake County Superior Court Judge Donald W. Stephens ordered him to pay a \$1 million fine by Dec. 10, 2007. By law, the fine goes to the Wake County Public School System.

The Raleigh News & Observer reported that Stephens also threatened Black with an additional 19 months to 23 months in state prison if he did not pay the fine on time.

Even so, Stephens gave Black two extensions, citing the tough economy, placing a lien on the office building housing Black's former optometry practice as security that Black eventually would pay the entire fine.

The former speaker paid half of the debt in June of last year, leaving a balance of \$500,000. Black has had trouble liquidating his real estate to pay the remaining portion, according to Powell.

That led to a settlement with the school system. Wake County District Attorney Colon Willoughby and school board attorney Kris Gardner, of the law firm Tharrington Smith LLP, agreed to accept the Rice Road parcels to fulfill Black's obligation.

Stephens signed off on the transfer in a court order issued May 14, stating that the property "has a fair market value roughly equal to the remaining fines, restitution and court costs to be paid in this case based on previous offers to purchase."

Property records show the land was deeded over to WCPSS the same day. The transaction officially satisfied the \$500,000 debt due Wake County.

### Settlement deal

Willoughby and Gardner based their decision on two documents — an offer to purchase and an appraisal — that each valued the property above the amount Black owed.

The offer to purchase was made originally in December 2007, when RT Land Developers LLC, a real estate company owned by Charlotte developer Thomas Pearson, offered Black \$564,295 for the parcels. The contract was extended in April 2008 due to uncertainty about the availability of sewer service. The deal subsequently fell through.

### TIMELINE OF JIM BLACK'S CRIMINAL FINES

**Feb. 15, 2007:** Black pleads guilty to a federal felony charge of "accepting illegal gratuities"

**Feb. 20, 2007:** Black pleads guilty to a state felony charge for bribing former state Rep. Michael Decker

**July 11, 2007:** Black sentenced to 63 months in prison and a \$50,000 fine on federal charges

**July 30, 2007:** Reports to prison in Lewisburg, Pa.

**July 31, 2007:** Sentenced in state court, eight to 10 months in prison, \$1 million fine, \$54,000 in restitution

**Dec. 7, 2007:** Wake County Superior Court Judge Donald W. Stephens grants Black seven-month extension to pay fine in full; puts lien on Black's Charlotte office building

**Dec. 20, 2007:** RT Land Developers LLC offers to purchase two Rice Road parcels for \$564,295

**April 29, 2008:** Offer to purchase amended, citing uncertainties about sewer service

**May 23, 2008:** Black files special warranty deed in Mecklenburg County shifting Rice Road and seven other real estate parcels into both his and his wife's names

**June 26, 2008:** Black pays \$500,000 cash, settling half the fine; Stephens provides second extension of 12 months

**May 14, 2009:** John Bosworth & Associates LLC releases appraisal valuing Rice Road parcels at \$613,000

**May 14, 2009:** Stephens and Wake County schools accept Rice Road parcels as settlement of remaining fine

**March 21, 2012:** Black's scheduled release date from federal prison

say they have not seen a complete copy of the appraisal.

"I do not have access and have not seen it," Willoughby said.

The appraisal should address whether sewer service is available to the parcels, which would significantly impact their value. Bosworth said that he could not recall whether sewer was available.

In a telephone interview with CJ, Gardner said that he had concerns after learning of the property's tax value, but that in the end he felt comfortable with the deal. "I'm not an expert, but I feel very good that its fair market value is at least \$500,000," he said.

Willoughby also isn't sure what the property would fetch on the open market. "Certainly what's gone on in the last 18 months or two years in our economic times have made it more difficult to place a value on the real estate," he said, "so I don't think anyone can tell you exactly what the property is worth today."

Powell defended the settlement in a written response to e-mailed questions, saying, "Your implication that the Wake County School Board was shortchanged is inaccurate and without basis."

Black may have to pay capital gains taxes on the property, says Raleigh CPA Chuck Averre. "The exchange of property for extinguishment of debt is treated as if the property was sold for the amount of the debt relief," he said. "In other words, it is treated as if he sold the property for cash, and then used that cash to pay the fine."

Asked what WCPSS planned to do with the parcels, Gardner said they would probably try to sell them as soon as possible.

It's uncertain how soon that might happen, given the bleak national and local real estate market. *The Charlotte Observer* reports that home sales in the area fell by 31 percent in May compared with a year ago, and average prices declined by 11 percent.

Attempts to reach Stephens for comment were unsuccessful.

### Ownership questions

Land records indicate that Black owns real estate worth around \$4 million in Mecklenburg and Iredell counties, and at least some of it appears to be fully paid for.

Mecklenburg County property listed in the names of James B. Black Sr. and Betty C. Black include an Uptown Charlotte office with a tax value of \$1.2 million, a residence in Matthews valued at almost \$500,000, a Central Avenue day-care center building, and several parcels of prime real estate in the commercial center of Matthews. These latter Matthews parcels together are valued at \$451,900.

Continued as "Critics," Page 3

Days before Stephens approved the May 2009 transfer of the two parcels to satisfy Black's obligation, John Bosworth & Associates LLC appraised the real estate at \$613,000.

CJ has been unable to obtain a full copy of the appraisal, which contains data and analysis to justify the estimate. Contacted by phone, John Bosworth declined to make available a full copy, citing confidentiality agreements that prohibit release to a third party. Powell initially sent three pages of the document, but by press time had not responded to a request for the remaining portion.

Willoughby and Gardner both

# Critics: Former Speaker Jim Black Got Sweetheart Deal on Fines

Continued from Page 2

CJ was unable to locate a deed of trust for any of the properties, suggesting that Black has no outstanding mortgages and could own them free and clear.

In addition to the Mecklenburg County real estate, Black owns three lakefront properties in Iredell County — one of them listed in Black's name only, the other two in his and his wife's names. The three properties had a combined tax value in 2007 of almost \$2 million.

Willoughby said that Powell had represented to him that the Rice Road properties were all that was available to satisfy the debt, since Black and his wife jointly own their other real estate.

"The judgment would be against Dr. Black, not against he and his wife, and so the judgment would not attach to jointly owned property," Willoughby said.

But records indicate that both Black and his wife were listed as owners of the Rice Road properties at the time of the settlement with WCPSS. A special warranty deed recorded in Mecklenburg County May 23, 2008, shows that Black transferred nine pieces of real estate into both his and his wife's names. The parcels on Rice Road were among them.

In addition, property tax records show that as recently as April 27, 2009, both Black and his wife were listed as owners of the more valuable of the two Rice Road properties. The smaller, lower-valued parcel was listed in Black's name only.

Asked to clarify whether the Rice Road parcels were individually or jointly owned, Powell suggested that the only property the state could pursue to settle the fine was land that Black owned before he was married.



Wake County District Attorney Colon Willoughby addresses reporters after Jim Black pleaded guilty to bribery. (CJ file photo)

Black inherited the Rice Road properties, Powell said, and that all "other real property that Dr. Black has an interest in was acquired after marriage to Mrs. Black."

## Iredell lake houses

One of the lakefront properties in Iredell County, however, is listed in Black's name only and does not appear to be jointly held. Records show that Black bought the property, which is located on the end of a peninsula on Lake Norman, in 1977.

The land and an 1,800-square-foot house had a fair market value of \$725,510 on Jan. 1, 2007, based on a recent county reassessment. As with the Mecklenburg County properties, CJ was unable to locate a deed of trust for the lake house, so it could be paid for.

Black also owns two other lake houses, one just down the road on the Lake Norman peninsula. The other is located about two miles away. Recent

tax revaluations put the combined fair market value of the properties at \$1.3 million.

Willoughby and Gardner said they were unaware of Black's Iredell County property. "If it were property that he owned individually, it's something that could be levied against, and ultimately the judgment could be levied against it," Willoughby said.

Asked if the school system looked at Black's other real estate before accepting the Rice Road properties, Gardner said that they considered some alternatives in Mecklenburg County.

"We did consider several other properties. Some of them were encumbered, some owned by other folks," he said.

The school system didn't consider asking for Black's Tryon Road office, on which Stephens had placed a lien, since there is a long-term lease on the property, Gardner said.

"They didn't want to get into the landlord business," he said.

Instead, Wake County schools will have to sell the properties, deducting legal and other transaction costs, before realizing any revenues from them.

## Liquidating assets

Due to the economy, Black has had trouble selling his real estate at fair market value to clean up the fine, Powell said. The source of Black's \$500,000 cash payment last year that satisfied half of the fine is unclear.

CJ was also unable to learn the steps Black's family took to sell his other real estate. Black has "made efforts to sell all properties with the exception of the home in which his critically ill wife resides," Powell said, but he did not provide details.

Gardner suggested that the reason Black couldn't sell property was "because the developers knew he was in jail and were lowballing him."

"It would have been ideal to have cash in hand, but that wasn't an option. So this for us was the next best thing," he said.

Asked if real estate was commonly accepted as a cash substitute to pay a fine, Willoughby said that large fines are "rarely if ever collected."

"It's uncommon for anyone to come in and voluntarily try to pay a fine of this magnitude," he said. "With most of the large fines that we see, people make little or no attempt to pay them." CJ

David N. Bass is an associate editor of Carolina Journal. Additional reporting for this story was provided by Carolina Journal executive editor Don Carrington and contributor Jeff A. Taylor.

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# DAQ Scrapped Pollution Report After Meeting With AG's Reps

Continued from Page 1

its in North Carolina alone."

And yet the scuttled DAQ report found that even "unrealistically severe reductions in NOx emissions" — in other words, completely eliminating NOx — "resulted in comparatively minor reductions in total PM2.5 mass."

DAQ staff decided to abandon the report shortly after meeting with Cooper's attorneys in September 2008. The air quality official responsible for the document, however, says the attorneys never pressured her to drop it.

"They never once told me you all can't do this," Laura Boothe, attainment planning branch supervisor for DAQ, told *Carolina Journal*.

But e-mail correspondence suggests that Cooper's team was concerned about the report's potential impact on the TVA case. After being informed of DAQ's findings, special Deputy Attorney General Marc Bernstein wrote in an e-mail dated March 17, 2008, that it "hopefully ... won't create any issues in TVA. ..."

Six months later, DAQ staff met with Bernstein to discuss a final draft of the report. Shortly afterward, DAQ declared the project "officially dead."

## No technical analysis

DAQ did not perform a technical analysis before deciding to drop the report, according to Boothe. She blamed pushback from the U.S. Environmental Protection Agency as the primary reason for abandoning the project.

"They did not feel comfortable with what we had there," she said.

Declaring NOx an insignificant precursor would have let the state avoid new emission "controls that we didn't think would benefit attainment



E-mail correspondence suggests Attorney General Roy Cooper's team was concerned about the report's potential impact on the TVA case. (CJ file photo)

for PM2.5," Boothe said. Tighter ozone standards subsequently issued by EPA require the state to impose regulations similar to those needed to reach PM2.5 attainment levels, she said, so "there was no point to continue trying to win EPA over from our point of view."

Despite months of back and forth with the EPA, though, Boothe did not drop the report until after she met with the attorney general's office. E-mails show that Boothe and other top DAQ staff met with Bernstein Sept. 9, 2008, to discuss the report.

Two days later, George Bridgers, a meteorologist for DAQ, e-mailed Boothe and Sheila Holman, who at the time was DAQ planning section chief, to ask if the project was dead. Boothe and Holman replied yes.

Asked what occurred in the meeting, Boothe said the lawyers nev-

er pressured her to drop the report. "They were fine if we wanted to (conclude NOx) insignificance as long as we could answer some of their questions," she said.

She said the lawyers asked how to respond to questions that might crop up in the legal case. Cooper filed petitions under Section 126 of the federal Clean Air Act asking the federal government to force TVA and neighboring states to comply with North Carolina's strict 2002 Clean Smokestacks Act targeting emissions from coal-fired power plants. DAQ's report concluded that regulations curbing NOx would have little effect on the formation of potentially harmful small-particle emissions. That conclusion could undermine the state's lawsuit.

In the meeting, Boothe said she had an "epiphany" that it would be best to drop the report entirely. Doing so would "satisfy EPA (and) it would satisfy the concern that the attorney general's office may have had," she said.

If DAQ had proceeded with the report, the agency would have had to implement controls for "a range of things," said DAQ public information officer Tom Mather.

"The most overriding would have been the transportation conformity issues to show that NOx emissions from cars aren't creating a problem," he said, in addition to "controls on factories to reduce NOx."

Keith Overcash, director of DAQ, and Holman declined to be interviewed for this article.

## Schwartz report

DAQ's finding that NOx is an insignificant precursor was correct, said Joel Schwartz, an environmental consultant and visiting fellow for the American Enterprise Institute. The attorney general's conclusion was not.

"NOx does help form PM2.5 by getting turned into ammonium nitrate," Schwartz said. "However, it's (a) minor PM2.5 contributor in the eastern half of the U.S."

A research report written by Schwartz last year disputed Cooper's argument that emissions reductions from TVA would diminish health risks to residents of western North Carolina. It argued that neither NOx nor sulfur dioxide emissions from TVA's power plants are harmful, "even at levels 10 times greater than are ever found in the air Americans breathe." CJ

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# Despite Abuses, Char-Meck Expands School-Lunch Program

## Critics worry meal subsidies flowing to ineligible students

BY DAVID N. BASS  
Associate Editor

RALEIGH

Charlotte-Mecklenburg Schools recently developed new ways to get more students enrolled in its free and reduced-price lunch program, even while questions linger about potential cheating among applicants.

Demand for the school lunch entitlement has spiked nationwide over the last year as families try to weather a turbulent economy. But some observers ask why the school district would seek to enroll more students when recent checks of applicants have suggested that many of them may have been ineligible for the subsidies.

The program, which is administered by the U.S. Department of Agriculture, is meant for families with incomes at or below 185 percent of the federal poverty level.

For example, a family of four earning up to 130 percent of the annual poverty level (\$26,845) would be eligible for free meals. A family earning between 130 percent (\$26,845) and 185 percent (\$38,203) of the poverty level would qualify for reduced-price meals. A family with an income over 185 percent of the poverty level would have to pay full price.

Families also can qualify automatically based on residential status or participation in other government aid programs, such as food stamps.

The federal government subsidi-

dizes the meals for school districts, but recent increases in food costs often mean that districts end up breaking even or losing money. That scenario is no different in CMS, where 63,498 students were on the free and reduced lunch dole last school year.

In hopes of reducing overhead for the school district, CMS in February cross-referenced a list of students who receive food stamps with those enrolled in the school lunch program.

The cross-check helped the school system identify more than 1,000 eligible students "who were not taking advantage of the program," according to Rick Christenbury, a spokesman for the Mecklenburg County Health Department.

### District reimbursed

Many of those students were coming to school each day without enough money for breakfast and lunch, and were charging their meals on debit, said CMS Child Nutrition Services director Cindy Hobbs. Enrolling the kids in the school lunch entitlement means that CMS now receives reimbursements from the federal government for the meals.

"If the children identified have

taken advantage of their free breakfast and lunch each day since being approved, the meals have generated \$193,172.26 in reimbursement to the CMS Child Nutrition program," Hobbs said.



But some local school leaders want the district first to be more diligent in ensuring that students receiving the entitlement indeed qualify for it.

"While I have no doubt that there are 1,000 or so that CMS was paying for that were not collecting federal benefits, the bigger question (is) the 10,000 or more who are on it and should not be," said Mecklenburg County Commissioner

Bill James.

James was one of a handful of county and school leaders who pressed for an audit of the free and reduced-lunch entitlement last year after *Carolina Journal* reported on potential fraud in the program.

"Charlotte-Mecklenburg Schools chases free and reduced-lunch numbers like ACORN chases votes. It's the same attitude and activist mentality," said school board member Larry Gauvreau, another vocal supporter of an audit.

Unlike other federal nutrition entitlements, the free and reduced-lunch

program requires parents to do nothing more than self-report their earnings. No proof of income, such as a pay stub or W-2 form, is required.

### Invitation to cheat?

Such leniency opens the door for cheating, critics say, and allows higher-income families to enroll without fear of getting caught. Verification summaries from school districts across North Carolina suggest that ineligible participation might be widespread.

Federal law requires school districts each year to verify the incomes of either 3 percent of applicants or 3,000 (whichever is less) considered "error prone," meaning households whose earnings are within \$100 monthly or \$1,200 yearly of the income eligibility limitation.

As part of the verification, school officials request proof of income from parents to justify the amount they initially declared on the application. If applicants fail to respond, or respond with evidence that shows too high an income, officials reduce or terminate their benefits.

Verifications from the last three school years for CMS show an average potential fraud rate of 63 percent. That percentage prompted a contentious debate among school board members last fall over whether to conduct a full audit of the program. That idea died after the USDA threatened to cut off CMS' school lunch subsidy if it proceeded.

The school board hasn't dealt with the issue since, and Gauvreau doubts they will tackle it again. "It's a broken system," he said. "Char-Meck has taken advantage of that, and unfortunately doesn't have the political will to do this." CJ

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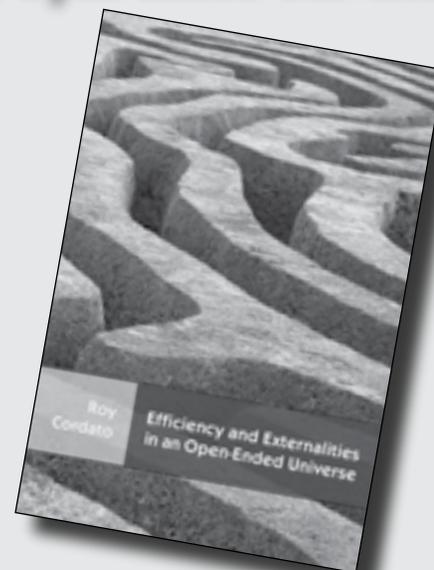
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## N.C. Briefs

## Tax reviews update

The N.C. Department of Revenue has been less than forthcoming in answering questions about its practice of delaying income tax refunds to some filers claiming large numbers of exemptions. As *Carolina Journal* reported in May, parents claiming eight or more exemptions were sent letters from the department demanding documentation to back up the claims. Failure to comply meant refunds were forfeited.

Department Secretary Kenneth Lay initially said the policy was enacted to catch suspected "noncompliance," but the department has since admitted that this was the first year the state required documentation from filers before issuing refunds.

Others have suggested that the policy did nothing more than harass large families, since the Internal Revenue Service verifies exemptions and other information on tax returns by checking the Social Security Administration database — and North Carolina, like most states, has a reciprocity agreement with the IRS to share personal tax data.

CJ filed a public records request with the Revenue Department May 11 for all internal documents relating to this policy. As of June 24, Lay said in late June that the department would comply with the request by the week of July 6.

## JLF: Taxes destroy jobs

The John Locke Foundation said legislative proposals both to sock the state's top earners with new income tax brackets and raise other levies would only exacerbate the labor market collapse.

"North Carolina already has the highest marginal personal income tax rate in the Southeast and one of the highest rates in the nation," JLF Fiscal Policy Analyst Joseph Coletti said. "If the General Assembly's negotiators adopt the new income tax hikes included in the House budget plan, North Carolina would stand out from its neighbors for the wrong reasons."

The N.C. Employment Security Commission's latest report lists the state's unemployment rate at 11.1 percent for May, up 0.4 percentage points from the adjusted April rate of 10.7 percent. It's the highest rate North Carolina has recorded since the state started keeping seasonally adjusted data. North Carolina ranks No. 7 among the 50 states in unemployment. CJ

## Inclusionary Zoning On Table in Charlotte?

By COLLEEN CALVANI  
Contributor

CHARLOTTE

Families displaced by the recession and the rising number of homeless have elevated concerns about affordable housing in Charlotte. Some civic organizations and nonprofits have resumed calls for mandatory inclusionary zoning, a controversial policy that forces developers to reserve a certain number of units in any new project for low-income residents.

Under inclusionary zoning, developers often will make up for the lower rents and home prices they charge low-income residents by boosting the amount tenants and buyers with higher incomes who don't qualify for public assistance must pay. The system allows people receiving subsidies to reside in nicer neighborhoods and avoid the stigma of living in "low-income" housing areas. For those who must subsidize their neighbors — often without their knowledge — it can seem unfair.

"For Charlotte and other communities, (inclusionary zoning) provides the choices and opportunities ... for all different types of housing types and price points, so people can have the choices and opportunities that they really need ... to be successful," said Mary Klenz, a member of the Mixed Income Housing Coalition and the League of Women Voters of Charlotte-Mecklenburg. This year MIHC has asked the Charlotte City Council, the Mecklenburg Board of County Commissioners, and other officials to adopt inclusionary zoning in the city.

"I think (people are) receptive to hearing about it," Klenz said. "Now how that's going to translate, and how long that's going to take to make its way into the public policy arena, it (will) take a while. But ... I think it's beginning to make a lot of good sense to policymakers and elected officials."

But some question whether inclusionary zoning, particularly in a lackluster market like Charlotte's, will actually help those most in need. The city expects a housing shortage in the next three years, with estimates of an additional 17,000 units needed for those making less than \$16,000 per year, according to a city study, cited in *The Charlotte Observer*.

Patricia Garrett, president of the Charlotte-Mecklenburg Housing Partnership, explained that the problem has been years in the making.

"We haven't (built) many shelters or transitional places, and it's kind of become the perfect storm — we've not done a lot of production for special populations, so now we have that combined with the fact that people are losing their homes or apartments," she said.

Garrett is concerned that inclu-

sionary zoning won't help the poorest of the poor. "I'm not sure (it) will solve the problem," she said.

For Michael Hinshaw, president of the Homebuilders Association of Charlotte and of Hinshaw Properties, a private developer, affordability in Charlotte is not relegated only to the lowest income demographic.

Three city policies are driving up the cost of housing, he says. The city's regulations governing stormwater, urban street design, and trees each add significant costs to new construction and seem to contradict each other. And since Charlotte has no natural land barriers to discourage people from

moving to a neighboring county, he said, the city will soon find its policies driving people out — and home prices up.

The bad economy also would make it difficult to sell policies like inclusionary zoning in any municipality.

"I don't think that's a very effective long-term solution to affordable housing," he said. "Frankly, inexpensive housing has been one of the reasons that Charlotte has been so successful, and policies raising the cost of housing are very frustrating."

An April 2008 John Locke Foundation study cited the ineffectiveness of inclusionary zoning in helping low-

income residents — and the swiftness of its impact on middle-income homeowners.

In communities with inclusionary zoning, "builders will take on smaller projects, or they'll simply focus on neighboring communities that have no price restrictions," said Michael Sanera, research director and local government analyst for JLF.

The policy of inclusionary zoning could face some legal challenges as well, as it could conflict with North Carolina laws against rent control. In the meantime, Charlotte is trying to address its low-income housing shortage through some new projects.

Earlier this year, nine multi-family projects were approved for construction or rehabilitation. One of these projects, called Savanna Woods, is proposed to be located in an area where less than 50 percent of residents are homeowners. This would appear to violate a city policy designed to avoid low-income density, but the city is requesting a waiver of the policy for the project — to the chagrin of some residents.

Additionally, Charlotte will see almost \$2 million in federal stimulus money for the express purpose of addressing homelessness related to the slumping economy. CJ

Developers will often compensate for lower rents and home prices by charging more to people with higher incomes who don't get subsidies

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The John Locke Foundation has five regional Web sites spanning the state from the mountains to the sea.

The Triad regional page includes news, policy reports and research of interest to people in the Greensboro, Winston-Salem, High Point area.

It also features the blog Piedmont Publius, featuring commentary on issues confronting Triad residents.

# Are N.C. Auto Dealership Closures Being Affected by Politics?

## Political influence alleged to be working in both directions

BY HAL YOUNG  
Contributor

RALEIGH

As the restructuring of the American auto industry proceeds, both Chrysler and General Motors have begun widespread cancellation of franchise agreements with local dealerships. A total of 789 Chrysler dealers were scheduled to close on June 9, with 1,100 GM dealers scheduled for shutdown by 2010. However, with an estimated 100,000 jobs and many long-established family businesses at stake, allegations have surfaced that political influence may play a role in the decisions of which dealers to retain and which to cast away, and Congress is considering action to prevent the completion of both manufacturers' closure plans.

### Already in progress

Chrysler LLC published its closure list on May 15, citing dealers' sales performance, customer service, facilities, and relationships with other automakers as the key variables in the decision. The same day, General Motors began notifying about 1,100 dealerships that the company "does not see them as part of its dealer network on a long-term basis." While the ax fell on Chrysler dealers June 9, GM's action will take effect at a more deliberate pace as contracts expire.

North Carolina is expected to



The management of Doug Jones Chevrolet in Benson gives its customers the bad news. (CJ Photo by Hal Young)

lose around 30 dealers between the two manufacturers. The total is uncertain because while Chrysler named the 13 dealers set to be shuttered in North Carolina, GM has declined to release information about the franchises on the chopping block.

Several online sources, including the Huffington Post and auto consumer site Edmunds.com, are attempting to build a list of General Motors closures from media sources and reader reports. The N.C. Auto Dealers Association has estimated about 20 GM dealers will close here.

### Payback allegations

Allegations emerged shortly after the announcements that profitable dealerships were being shut down for political reasons. Rep. Ted Poe, R-Texas, said on the floor of the House of Representatives that large Republican donors with Chrysler franchises were being closed, while Democratic donors were allowed to stay in business. No one in the Presidential Task Force on the Auto Industry, a panel led by Obama administration officials and former campaign aides, would explain the decisions in their restructuring plans, Poe said.

"Are these Auto Task Force tyrants picking the winners and losers based on campaign contributions? Does the administration have a Nixon-style enemies list?" he asked. "All these questions because the Auto Task Force guys aren't talking and aren't telling us why they closed down certain dealerships and why they let others remain open."

This doesn't seem to be the case in North Carolina. Federal Election Commission records show that most of the affected dealers in the state offered low levels of campaign support. One exception is C. David Johnson, whose Johnson Chrysler-Dodge-Jeep dealership in Durham was closed. Johnson, who owns Johnson Lexus in Raleigh and several other large auto franchises, is a long-time Republican donor. FEC filings show donations to GOP candidates and PACs totaling \$100,000 or more over several election cycles.

If Johnson's case fits the allegations, Reginald Hubbard of Metrolina Chrysler-Jeep-Dodge in Charlotte seems to refute them. FEC filings show that, while not as generous as Johnson, Hubbard has consistently supported Democratic candidates, including U.S. Senate hopeful Erskine Bowles, U.S. Rep. Mel Watt, and former Charlotte Mayor Harvey Gantt.

In fact, much about Metrolina seems inconsistent with Chrysler's stated criteria for closure. Dun & Bradstreet estimated the dealership's annual sales in the \$60 million range; Hubbard was Wachovia's 2004 "Entrepreneur of the Year" and was recognized by *Black Enterprise* magazine as one of the top African-American car dealers in the country. Metrolina was located in a new facility and received Chrysler's own Five Star rating for excellence in customer service. Still, it joined two other Charlotte-area dealerships, which closed their doors on June 9.

Like many dealers contacted by *Carolina Journal*, neither Hubbard nor Johnson responded to repeated requests for comment. The state Democratic Party also declined to comment, though Brent Woodcox of the N.C. Republican Party stated, "This is why



you don't want politicians picking winners and losers in business, and it's why you don't want private business to be owned by politicians, because you can't trust them not to make decisions on a political basis."

### Politics pulls both ways

Other politicians have stepped in to block the closure plans. The Automobile Dealer Economic Rights Restoration Act (H.R. 2743), sponsored by Reps. Dan Maffei, D-N.Y., and Frank Kratovil, D-Md., would require Chrysler and General Motors to honor franchise agreements as they existed before bankruptcy proceedings began. The bill is intended "to protect the assets of the Federal Government and better assure the viability of automobile manufacturers in which the Federal Government has an ownership interest, or to which it is a lender."

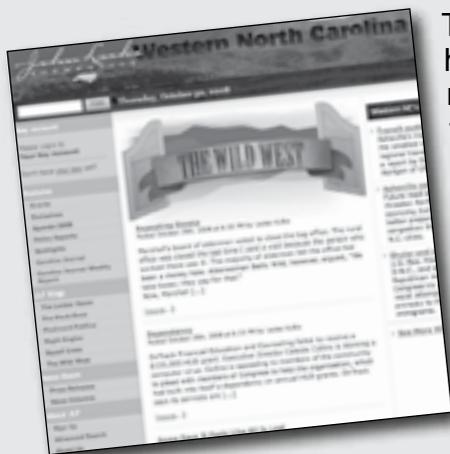
Rep. Walter Jones, R-N.C., who voted against the automaker bailout bill, is one of the bill's 147 co-sponsors. He said through a spokesperson that he is supporting the bill "to protect local auto dealers from opaque government-controlled entities who are making quick (and perhaps arbitrary) decisions — without transparency or oversight — about which dealers will be shutting down." North Carolina Democratic Reps. G.K. Butterfield, Larry Kissell, and Heath Shuler are also co-sponsors.

GOP Sen. Richard Burr summed up the controversy, saying, "This is another example of the federal government intervening where it does not belong. The government's role is to promote policies that create jobs, not eliminate them."

Burr added: "This would have been far better handled had the White House and its Auto Task Force stayed out of the matter and let the bankruptcy courts, free from politics, determine what was good for the companies going forward." *CJ*

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# Hodge: North Carolina is Losing in Competition on Tax Policy

BY CJ STAFF

RALEIGH

We often hear North Carolina politicians talk about competing with other states. One area in which we are losing the competition is tax policy. That's the assessment of Scott Hodge, president of the Tax Foundation in Washington, D.C. Hodge recently spoke to the John Locke Foundation's Shaftesbury Society on the theme, "Falling Behind: The Importance of Tax Competition in North Carolina and the Nation." He also discussed that topic with Mitch Kokai for Carolina Journal Radio. (Go to <http://www.carolinajournal.com/cjradio/> to find a station near you or to learn about the weekly CJ Radio podcast.)

**Kokai:** How are we falling behind?

**Hodge:** You're falling behind by standing still, much like the United States in the global tax competition. Tax competition is running rampant across the globe, and country after country has been slashing their, in particular, corporate tax rates for the last two decades, while the United States has actually been standing still. And every day that we stand still, we could fall further and further behind in this global tax competition, which is a problem, because we now have a global economy. Capital is extremely mobile. Our workers aren't. So, as capital flees to the lowest-tax country, whether it's China or Poland or Ireland or Slovakia or Malaysia, we fall further and further behind.

Our workers are less competitive globally, and our companies are less competitive globally, and that ultimately redounds back to the United States economy, overall, making us poorer in a way, as a result.

**Kokai:** I think some people will hear this and say, "All right, I can understand the importance of competition, but I'd much rather be in the United States than Poland today." Why is this competition important?

**Hodge:** It's about capital, jobs, and productivity. Right now, we know from a lot of economic research that capital is extremely mobile. It can flow across borders in a heartbeat. We as workers can't. So the real economic burden of corporate taxation ultimately falls on workers. In fact, the economic research is showing that as much as 70 percent of the overall economic burden of corporate taxation falls on workers, through lower wages and lower productivity. Ultimately, that means lower standards of living.

So in countries that have dramatically slashed their corporate tax rates, they've seen a faster increase in the wages paid to workers and their overall quality of life. In countries that have stood still, or actually raised their corporate tax rates, they've seen wages grow at a slower pace. Productivity is slower. Innovation is slower. All of the things that we associate with a better quality of life happen slower. So we are consigning our workers and our overall economy to a slower pace of growth because we are doing nothing to make ourselves more competitive.

Over the last couple years, we've seen over 50 major countries cut their corporate taxes, including our major competitors. We have the second-highest corporate tax rate on Earth, second only to Japan. Meanwhile, Great Britain has cut their corporate tax rates. Germany, Spain, China now has a corporate

*"Tax competition is running rampant across the globe, and country after country has been slashing their, in particular, corporate tax rates for the last two decades, while the United States has actually been standing still."*

Scott Hodge  
President  
Tax Foundation



tax rate that's almost 15 percentage points lower than the U.S. rate, and it's no wonder that some of those economies are doing gangbusters. And the workers there are more productive, and they're going to be stiff competition in the future.

**Kokai:** Now we know here in North Carolina we've seen — in the past few months — unemployment climb into the double digits. Are the unemployment issues that we're seeing in North Carolina, and the rising rates across the nation, tied into this whole idea of the flight of capital?

**Hodge:** There are a lot of factors that go into all of this. Obviously, the banking situation is one, and the fact that Americans right now, and especially in the business community, are nervous. And so they're not hiring. They're laying off. They're trying to get ahead of this problem. But certainly, taxes do play a part (in) this, especially at the margins, and we know that certain states have made themselves uncompetitive by doing nothing. North Carolina is one of them, and if we look at various indices that we have at the Tax Foundation, we can see that both the structure and the tax burden here is not competitive — not only not competitive regionally, but not competitive nationally or globally.

And that's what's increasingly important is that you have to understand that you are not just competing against your immediate neighbors anymore. You are competing in this global environment because capital can move so quickly, but your workers can't. Remember they are the ones that are stuck here. They're the ones that are reliant on investment for that job, for that paycheck. And if that capital flees, like sometimes it has to do, to a more competitive situation, your workers lose out.

**Kokai:** A business is thinking about moving its operations, or expanding its operations, or a new entrepreneur is thinking about where to start a business, where to fund some new business, and he looks at the United States and looks at the tax rates here. What are some of the worst things he sees?

**Hodge:** One of the wonders of the United States is the fact that we have 50 states. We have 50 laboratories for not only democracy, but tax policy. When the Tax Foundation looks at states, we look at both the tax burden, but also the composition of the tax system, and we have what we call the Business Tax Climate Index. The states that are at the top of the

list of the Business Tax Climate Index are states that do without one of the major taxes, such as a personal income tax, as Florida does, Tennessee, and others. Or corporate income tax, as Nevada does not. Wyoming (and) Montana don't have corporate income taxes. Or some states don't have a sales tax.

The states that are the worst, like the New Jerseys, the New Yorks, the Connecticuts, the Californias, are the states that not only have all the major taxes, but they have really high rates. And they have become, essentially, the France of the United States. They are essentially making themselves uncompetitive, making themselves bad business climates, making themselves really economic wastelands. ...

One of the problems with these states is that they're almost chasing their tail. California is a great example, where every year, they're trying to jack up those rates. We're just going to have another millionaire surtax, or another high tax rate on the rich, and what they're doing (is) taxing the most volatile income sources, and the sources of income that are most readily — or most easy to flee the state. Like capital income, dividends, corporate income, etc. And so, by every year jacking up these rates, they are making their economy weaker and weaker and weaker and weaker, which means that it doesn't generate the tax revenues they need to pay for government services, and they get into this vicious cycle.

New York is about to do the same thing. New Jersey is about to do the same thing. They seem to be rivaling each other on who's going to have the highest tax on millionaires. Well, soon enough, you're not going to have enough millionaires to tax.

**Kokai:** If we don't do anything about competitiveness of the U.S. tax system, or the state's tax system over the next 10, 20, 30 years, where will we be?

**Hodge:** We'll be behind. We'll be behind, looking at everyone else's back, as they're racing forward, becoming more productive. You know, we worry about competition from China, because it's the largest — one of the largest, and fastest-growing economies out there — but it's the small guys out there that are trying to compete, using lower tax policy, and that's the Polands, and the Irelands, and the Czech Republics, and Malaysias. All of those countries are trying to lure jobs, investment, and capital away from the high-tax countries, like the U.S., and we're going to keep falling behind unless we do something quickly. Time is running short, and they've got the solution, and it's time for us to pay attention.

# What to Do With Unused School Vexes Guilford County Officials

## Braxton Craven Elementary has sat vacant since 2004

BY SAM HIEB  
Contributor

**A**n abandoned school sits on prime real estate in the middle of Greensboro. A potential buyer practically begs Guilford County Schools to sell the property, and in turn the school system could use the revenue to help offset state and local budget cuts.

It's a no-brainer, right? Not so fast.

For years, the Guilford County Board of Education has been trying to figure out what to do with Braxton Craven Elementary School, which has sat empty since 2004 when the board re-assumed control from a local nonprofit that had leased the building.

The school sits on prime real estate in Greensboro's Lindley Park neighborhood, making it a likely candidate for infill development in line with the city's smart growth policies.

In addition, Guilford Child Development — the nonprofit that occupied the school for 17 years — has pursued the school property aggressively to house its early childhood education program.

Yet government rules may prevent the school system from selling the property to GCD, even if it wants to. The school system can't offer the parcel for sale directly to any party — it first must declare the land and school building "surplus property" and turn them over to the Guilford County Board of Commissioners. And even though commissioners supported a sale to GCD at a June meeting, they would have to solicit open bids for the property, which by law would go to the highest bidder.

GCD might not offer as much as a commercial developer. The nonprofit offered \$860,000 for the property, but

system property consultant Joe Hill estimated the property to be worth \$2.8 million — \$1.4 million for the building and \$1.4 million for the land.

Another issue is whether the school system might prefer to hold the property as an asset for possible future use. The board frequently airs concerns about expanding enrollment and the need for new schools, not to mention the increasing cost of land in Guilford County. To own land in the middle of the city is a true asset, noted system chief operations officer Leo Bobadilla.

"This may very well be a site that you would want to utilize. Having such an asset provides you with that flexibility when you get the funding," Bobadilla said.

Board member Sandra Alexander said selling the property to GCD would provide "a golden opportunity to intervene in the lives of children who need it very much, and we're turning

our back on it once again. I see this as an issue that is a moral imperative."

The school board's attorney cautioned that "there is absolutely no assurance that at the end of the outside bid process, the highest bidder will be someone who will use it to do anything that you believe to be a high and moral purpose."

Nonetheless, Alexander offered a motion

to sell the property to GCD for \$860,000. Fellow board member Kris Cooke then made a substitute motion to lease the property to GCD, which failed by a 6-5 vote.

The board may at some point authorize a sale to GCD, even though another bidder may offer more for the property.

Board member Paul Daniels said he failed to see the logic behind letting the dilapidated property remain unused in the face of the system's budget problems.

"[W]e just spent a whole bunch of time ... talking about how we don't have any money for maintenance, and we're holding onto a piece of property that's deteriorating every single day with the thought that some day we'll have the money to fix it up," Daniels said. *CJ*



Overgrown shrubbery nearly obscures the name of the long-empty school. (CJ Photo by Sam Hieb)

### COMMENTARY

## Kitchen Table Wisdom

**N**ationwide, 1.5 million schoolchildren are acquiring their own kind of kitchen table wisdom. Federal data show a record number of American children have joined the ranks of the homeschooled, foregoing bus rides and backpacks for an unencumbered amble down the stairs. As they study English literature and math algorithms at the kitchen table, these children are proof positive of the richness of educational freedom.

The latest numbers — from spring 2007 — were published this June in the U.S. Department of Education's annual report, *The Condition of Education*. The data reveal a marked shift in the way American children are educated: between 1999 and 2007, homeschooled students nearly doubled in number. In North Carolina, homeschooling has grown even faster. State figures show the number of homeschooled students more than tripled between 1999 and 2007-08.

Homeschooled kids still comprise a tiny fraction — 2.9 percent nationally, and 4.4 percent in North Carolina — of the overall K-12 population. But the homeschooling movement's explosive growth and popularity have cemented its status as a credible, if not mainstream, educational choice.

What's fueling the home education trend? Most homeschooling parents are motivated, at least in part, by a desire to protect their children from corrosive outside influences. According to federal data, a whopping 88 percent cite concern about the environment of other schools — specifically, issues of school safety, drug use, or peer pressure — as one important factor in their decision; for 21 percent, this is the single greatest reason they homeschool. Thirty-six percent of parents homeschool primarily to provide religious or moral instruction, while another 17 percent do it mostly because they're dissatisfied with the academics at other schools.

Why are some parents so troubled by our modern-day school culture? Highly publicized reports of gangs, drug busts, and cheating scandals have taken a toll, shaping

parental perceptions and reinforcing the need for home-based religious and moral instruction. A recent USA Today article by Greg Toppo highlighted yet another cultural catalyst: the so-called "mean girls" phenomenon. The data, as USA Today noted, support the possibility that catty school cliques are driving girls out. Nationally, 58 percent of homeschooled students are girls, up from 51 percent in 1999.

Parents keen on mitigating the effects of substandard academics are also lured by homeschooling's one-on-one tutoring approach.

Research is encouraging, showing homeschooled kids fare well academically compared to public and private school students. Homeschooled students also have ample time to hone their skills in areas of personal interest. Not surprisingly, they are over-represented in highly competitive national geography and spelling contests, as the Hoover Institution's Richard Sousa has pointed

out. This year was no exception: Tim Ruiter, a 12-year-old Virginia homeschooler, placed second in the 2009 Scripps Spelling Bee.

Despite its appeal, however, homeschooling is not — and never will be — a good fit for everyone. Its costs alone, in time and money, are prohibitive for most families. Still, more parents are attempting to juggle it all: one-third of homeschooled students nationwide have two parents in the labor force.

I know something about this. For the past two years, I have homeschooled my two bright and sometimes obstreperous children while working part-time. This combination has proved challenging. Yet these years at home have been unequivocally rich and worthwhile. As a veteran parent with children from public, private, and now, home-based schools, I also genuinely understand the value of educational freedom. I have lived it.

This August my children will head back to regular school. They'll do so having learned a lot — both concrete and intangible — at my kitchen table. Are they any smarter? Maybe. But I know they're wiser. *CJ*

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



**KRISTEN BLAIR**

# Easley's Education Legacy in Trouble as Fiscal Problems Grow

Some of his most visible programs are targeted for reduction

BY JIM STEGALL  
Contributor

RALEIGH

Six months after leaving office, former Gov. Mike Easley's legacy as an "education governor" is beginning to crumble under the twin pressures of an economy in recession and legislative indifference. Some of his key education initiatives, popular with budget writers and educators alike during times of plenty, have been targeted for reduction or outright elimination as the economy forces legislators to prioritize.

Of Easley's top education initiatives, one is on the brink of elimination, another is poised to be absorbed by a pre-existing federal program, and the future of several others is unclear. Only one has established itself as a total success.

A long-time education lobbyist who did not want to be identified recalled that Easley "had an uncanny ability to get his stuff through the legislature. ... It's quite interesting in light of recent developments to see (his education programs) unravel."

Shortly after assuming office Easley announced an ambitious preschool education program known as More at Four. With his party in control of the General Assembly, the popular new governor was able to push the program through despite a recession and suspicions that it would needlessly duplicate the existing state Smart Start program.

Over the years More at Four grew into a \$171.6 million program serving about 32,000 North Carolina preschoolers. The program is designed to prepare at-risk 4-year-olds to enter school. Studies show that it does result in better student performance, though the benefits do not appear to last beyond elementary school.

This year the Senate budget called for More at Four to be combined with Smart Start, essentially eliminating it as a stand-alone entity. House budget writers wanted to do the same, but decided that there was not enough time left to work out the details of combining the programs. The House opted to cut \$10 million from More at Four this year and put off consolidation until next year.

The plan prompted an outcry from Dr. Bill Harrison, chairman and CEO of the State Board of Education. In a statement posted on the Department of Public Instruction's Web site, Harrison said "Such a move would



Observers say former Gov. Mike Easley's strong-arm approach will prove less effective in the long term that former Gov. Jim Hunt's more collegial approach to lining up support for legislation. (CJ file photo)

constitute a step back from the high standards that earned More at Four its high ranking in exchange for a small potential cost saving that may never materialize."

Easley was an enthusiastic proponent of small class sizes, especially in the early grades. As with More at Four, he was able to persuade the legislature to appropriate general fund money to get the program started, with the promise that lottery revenues would pay for it later on.

He succeeded in lowering the student-teacher funding ratio to 18:1 in kindergarten through third grade, but with no apparent effect on student performance. A John Locke Foundation study in 2006 concluded that class size reduction yielded no gains in student achievement. When the economy turned sour in 2008, class size was one of the first areas legislative leaders turned to for savings.

Lloyd Thrower, executive director of the North Carolina Principals and Assistant Principals Association, says that Easley's class-size reduction program "was the biggest farce in the world. He would give you the money (to hire more teachers) but then demand reversions." In fact, few North Carolina K-3 classrooms ever achieved the 18:1 ratio sought by Easley; according to the General Assembly's Fiscal Research Division, the average for this past school year was 21:1.

In 2006 the centerpiece of Easley's education agenda was the introduction of literacy coaches. Literacy coaches work with teachers to help them integrate reading activities into their specific content areas, with a goal of strengthening students' overall reading skills.

high school students to take both high school and college-level classes on the campus of a local community college or university, and graduate in five years with a high school diploma and either an associate's degree or two years of college credit. The program has drawn solid reviews from educators, parents, and students alike, and was one of the few areas of the budget actually to see an expansion planned for the coming years. There are now 60 Learn and Earn campuses in operation in the state.

An Easley administration official interviewed by *Carolina Journal* was quick to point to Easley's efforts in ensuring teacher quality as a bulwark of his education legacy.

Much of the perception of improvement stems from the unusually high percentage of North Carolina teachers who have achieved certification from the National Board for Professional Teaching Standards. Since the latter days of the Jim Hunt administration, the state has paid the \$2,500 application fee for teachers who wish to become National Board-certified and a 12 percent salary bonus to those who achieve that certification.

However, to date there has been no scientific study demonstrating conclusively that National Board-certified teachers are any better at raising students' test scores than other teachers.

Comparing the styles of Easley and Hunt, the education lobbyist said, "(Easley's) leadership style was so dramatically opposite that of his predecessor. When Hunt sold a program, it stayed sold." Easley's strong-arm approach, while effective in the back rooms, may have brought only temporary victories. 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  
Former Speaker  
U.S. House  
of Representatives

Algora Publishing, New York (www.algora.com)

# 'Double Dippers' on Top of Char-Meck Schools' Job-Cut List

## Rehiring retired teachers a luxury in times of plenty

BY COLLEEN CALVANI  
Contributor

CHARLOTTE

Beginning the unpleasant business of balancing its budget during the current fiscal crunch, in May Charlotte-Mecklenburg Schools told 304 teachers they wouldn't be returning to the classroom in the fall.

A district press release said more than 230 were let go because of low performance or licensure issues. But administrators identified another group as vulnerable: retired educators who have been rehired by the district to fill teacher shortages or meet other needs.

The 2009-10 district budget, spearheaded by Superintendent Peter Gorman, includes \$51.1 million in "reductions and redirections." On the chopping block are approximately 60 additional teaching positions and 1,000 other jobs, though the final numbers remain in flux. Rehired retirees are expected to take the brunt of those cuts.

In 2001, the General Assembly allowed school districts to rehire retired teachers; in return, the retirees could collect their full pension benefits. The state Department of Public Instruction says nearly 2,100 retired teachers worked in North Carolina schools under this arrangement during the just-finished academic year. In good times, this "double dipping" allowed many experienced teachers to return to the

classroom, but it's conversely been their undoing in the current crisis.

"If you think about it this way, these are folks who have already chosen to retire and collect a pension," said Trent Merchant, at-large member of the Charlotte-Mecklenburg Schools Board of Education. While noting that cuts to teaching staff are never easy to make, he explained that "there was an element of humanity in it. It's a little bit easier to cut someone where this is essentially a second income (than to cut) someone where this may be (her) only source of income, or income that's going to raise a new family."

The state law, requiring retirees to be out of work for six months before being rehired by a district, has been extended each time it has been up for a vote since 2001. But this year is different in so many ways, Merchant explained.

The law, set to expire Oct. 1, has been the subject of much speculation among educators in recent months as talk continues of moving up the sunset to July. For now, the bill is stuck in committee and looks to be headed toward an October death.

Given the state's current fiscal state, "we did not believe the legislature was going to be inclined to renew that provision, (that) they would just allow that to expire," Merchant

explained. "The funding wouldn't be there anyway."

Even so, the decision to target these teachers was not an easy one. Reports in *The Charlotte Observer* detailed the effect that these reductions have had on students, parents, and other employees, with accusations of administrators improperly laying off teachers in front of their students.

"I think everybody understands that it's a difficult budget situation and sacrifices have to be made. But everybody believes that exceptions should be made" for favored teachers, explained Molly Griffin, chairperson of the CMS

Board of Education.

Though Griffin's constituents may be particularly empathetic, some teachers decided not to go quietly into the night. In June, small protests of parents and a few teachers sprung up to contest the cuts.

But the protests fall on determined, though not unsympathetic, ears. "(We've) lost a lot of talent," Merchant said of laying off the retired teachers. "But from an operational and financial and strategic standpoint, it was the right decision. ... It was the correct thing to do in order to build and sustain a strong organization."

Though CMS is not responsible for paying the veteran teachers' pensions, it does contribute to their re-

tirement — up to 11.7 percent of a teacher's salary — and must often pay retirees higher salaries than it would younger teachers.

"There is a disincentive for school systems to re-employ retirees," explained Terry Stoops, education policy analyst at the John Locke Foundation.

In addition to the pension costs and higher salaries, rehiring retirees can sometimes mean sacrificing the development of younger teachers.

"We think it's important to keep as many of our teachers who are younger (or) who may be early or half-way through their careers," Merchant said. "They may not be as outstanding as some of these rehired retirees when it comes to performance, but these are people who are still growing and developing and who are going to be with us for the next 10, 20, 25 years."

But these reasons are often outweighed, in a good economy when CMS' budget may rise as high as \$1 billion, by the benefit of re-employing a veteran, Stoops said.

"It also makes sense (on an educational/teacher quality level) to re-employ a retired teacher who has a great deal of experience, knows the curriculum, and/or is familiar with the operation of the school or school system," he said.

Merchant agrees that these teachers bring real benefits to school districts. "Principals ought to have the right to hire who they want to hire," he added.

If the law allowing the employment of retirees is allowed to expire, retired teachers can continue to teach — but they could not collect 50 percent of their pension benefits any year they return to the classroom. *CJ*

Retired teachers bring extra experience to school systems, but are 'easier' targets for first cuts in downturns

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*Innovations embraced in Guilford, Char-Meck*

# Wake Parents Look To Other N.C. Districts For Alternatives

By KAREN McMAHAN  
Contributor

RALEIGH

Frustrated by what they consider the destabilizing and disruptive effects of busing, reassignment, and mandatory year-round calendar policies, some Wake County parents are pushing school officials to consider alternative ways to address students' flagging academic performance.

Parents have cause for concern. Test results for 2007-08 from the N.C. State Board of Education showed that 1,659 public schools, 68.8 percent, failed to meet Adequate Yearly Progress (AYP) required by federal No Child Left Behind standards. Sixty schools were omitted because they lacked sufficient data to determine their status. Of the state's 1,134 Title I schools, so designated because a high percentage of students are eligible for free- and reduced-price meals, 66.8 percent failed to meet AYP.

In 2007, North Carolina released its first-ever four-year cohort graduation rate. Only 68.1 percent of first-time high school ninth-graders in 2002-03 graduated in four years or less. The rates were worse for Native American (51.1 percent), Limited English Proficient (54.6 percent), economically disadvantaged (55.3 percent), and black students (60.0 percent).

Two models garnering attention are the Mission Possible program, focusing on differentiated compensation and performance pay for teachers, and KIPP (Knowledge Is Power Program), a national network of free, open-enrollment, college-preparatory charter schools.

## Mission Possible

At a May 11 public forum on education in Cary, Dr. Amy Holcombe, executive director of talent development for Guilford County Schools, discussed Mission Possible, a comprehensive teacher incentive program launched in the 2006-07 school year to raise teacher quality and effectiveness and improve student achievement.

Initially, 20 schools with the highest teacher turnover rates (77 percent annually in core subjects at some schools), high poverty (more than 75 percent eligible for free or reduced-price lunches in some schools), and a low AYP and ABC status were selected. The program has since expanded to include 30 schools.

While Guilford's racial and ethnic demographics are similar to those of the Wake and Charlotte-Mecklenburg systems, Holcombe stressed that Guilford also has been challenged by the loss of major industries. This has fueled a startling rise in the school system's poverty rate, with more than 53

percent of students qualifying for free or reduced-price lunches, rising from 30 percent about a decade ago.

Mission Possible provides extra pay to experienced teachers and principals who work in the neediest schools and produce measurable, significant improvement in student achievement. Math teachers, for example, can earn an extra \$18,000 per year.

Teachers receive two types of incentive pay: recurring recruitment/retention paid monthly and a performance incentive awarded as a single payment after the teacher's prior year's performance has been determined. The program also offers structural support, specialized training, and professional development to teachers.

Prior to the program's implementation, "one of our high schools went an entire year without a single certified math teacher, some (schools) didn't have a math teacher at all, there was a shortage of English and elementary teachers, and the highest-poverty schools had inexperienced teachers," Holcombe said.

Since its launch three years ago, the teacher attrition rate has dropped 23 percent at Mission Possible schools, and the rate of Mission Possible staff transferring to non-Mission Possible school positions or other districts has fallen dramatically.

Teacher quality, measured by data derived from SAS-EVASS, has similarly risen by as much as by 78 percent. After deriving a teacher's effect on student performance, the effect is compared to all teachers in the system who taught the same course in the same school year.

In a telephone interview, Holcombe explained that EVASS enables the school system to track not only a student's test results from grade to grade over subjects but also teacher, school, and district effects on the rate of individual student academic progress. EVASS, purchased by the N.C. Department of Public Instruction in 2007, is free to all school districts in the state, though only a few systems are using it.

The achievement gap between students in Mission Possible schools versus those in non-Mission Possible schools has been reduced. In 2008, Algebra I students in Mission Possible schools outperformed those in non-Mission Possible schools.

"Our studies and others show

teacher effectiveness and quality, along with home-field advantage, improves student achievement," Holcombe said. Home-field advantage is a policy enabling students to remain in their neighborhood schools. "Students who are not plucked up and moved from school to school have significantly higher test scores than those who are not," Holcombe added.



## KIPP model

Since its launch in 1994, KIPP has expanded to 66 schools nationwide, including one in Charlotte-Mecklenburg and two in Gaston County. "Over 95 percent of KIPP students are African-American or Latino, and more than 80 percent of KIPP students are eligible for the federal free and reduced-price meals program," cited the 2008

KIPP Report Card, and "many students who enter for their first year are two or more grade levels behind their peers in more affluent communities."

In a telephone interview, Brandon Wong, a national KIPP spokesperson, explained that "KIPP schools have high expectations for student achievement and a set, rigorous college preparatory curriculum. KIPP schools have longer school days, up to 9 hours. Both parents and teachers must sign a commitment to excellence form when a student enrolls."

"Teacher engagement is huge. Many teachers provide their cell phone numbers to students, so students get extra help whenever they need it," Wong said, "and school staff make home visits." While only 40 percent of low-income students nationally matriculate to college, 85 percent of KIPP-sters do.

KIPP schools measure performance through national tests measuring students' grasp of subject matter, such as the Stanford Achievement Test, and state tests comparing students to their peers, similar to North Carolina's End of Course and End of Grade. National percentile rankings for students in KIPP middle schools over four years rose from 41 to 80 in mathematics and from 31 to 58 in reading.

## Resisting change

Growing evidence that a number of innovative public school models are raising student academic performance, especially in schools with high percentages of economically disadvantaged and minority students, has some parents asking why Wake County relies on busing and reassignment, which haven't delivered improvements.

Wake County school board member Ron Margiotta said he and some other members have urged the board to consider alternatives. "For whatever reason, Wake thinks it knows better. The argument that these programs cost more is not true. We can use Title I and other grants" for financing, said Margiotta, "but Wake has not applied, and that's why some parent groups are working to elect school board members who are receptive to other models." CJ

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# It's Summertime, and the Reading Is Easy — And Sometimes Controversial for Colleges

BY JENNA ASHLEY ROBINSON  
Contributor

RALEIGH

Imagine that you are taking a multiple-choice test. Which one of the following is not like the others: *Nickel and Dimed*; *An Inconvenient Truth*; *Approaching the Qur'an*; *The Oresteia*.

The answer: *The Oresteia*. The first three books are recent selections for North Carolina universities as summer reading for incoming freshmen. *The Oresteia*, a trilogy of tragedies by the Greek playwright Aeschylus, was a summer reading for an advanced placement class at a Charlotte high school.

The lesson: North Carolina universities do not choose books based on literary merit, the presence of universal themes, or as a taste of the rigorous academic experience that awaits college students. Instead, they choose best-sellers, political rants, or books that view every human event through the lens of race, class, gender, or sexual orientation. Summer reading in high-school advanced-placement courses is more demanding and more meaningful.

Consider the university choices mentioned above.

Barbara Ehrenreich's *Nickel and Dimed*, Chapel Hill's choice in 2003, was an ill-concealed assault on Ameri-

can institutions. Ehrenreich concludes that corporate America makes it impossible for the working poor to obtain a "sustainable lifestyle."

The highly controversial 2002 choice at UNC-CH, *Approaching the Qur'an: The Early Revelations* attempted to whitewash Islam's violent image in the wake of the 9/11 terror attacks less than a year earlier.

Al Gore's *An Inconvenient Truth*, selected by Elon University and Meredith College, is little more than a collection of pictures, graphs, and powerpoint slides, more suited to middle school than the first year of college. Even scientists who believe that human activity is causing climate change have panned its simplistic treatment of a complex issue.

Duke's choice this year, Junot Díaz's *The Brief Wondrous Life of Oscar Wao*, is another example of the race, class, and gender lens that faculty love. The book is framed as a part of the "the Dominican-American experience" instead of simply focusing on human experience or even post-adolescent experience. Even UNC-Chapel Hill's selection this year, Paul Cuadros' *A Home on the Field*, telling the story of a Siler City, N.C., soccer team, focuses unnecessarily on the ethnicity of the soccer team members and their identity as

immigrants.

Moreover, many of the books chosen by universities are far too easy. *Three Cups of Tea*, a popular pick this year, is a simple parable about hard work and "giving back" to less privileged people, but nothing more. Fans of the book, which is about a mountaineer who helps a Pakistani village build a new school, have called it a "remarkable adventure" and a "thrilling read," but it offers little challenge or intellectual stimulation for college-bound students.

Indeed, summer reading choices rarely fulfill the universities' stated missions. At UNC-Chapel Hill, the summer reading program is designed to "enhance participation in the intellectual life of the campus." But Cuadros' *A Home on the Field* — another feel-good morality story — does little to prepare students for the intellectual rigors of college.

In contrast to this dilution of intellectual content, high school AP teachers have chosen works of classic literature, from ancient Greece to 20th century America. While students read *The Oresteia* in Charlotte, those at a North Raleigh school read Shakespeare's *Macbeth* and Aldous Huxley's *Brave New World* during the summer before their 12th-grade AP English class. Other summer reading choices in North Carolina high schools include Alice Walker's *The Color Purple*, Nathaniel Hawthorne's *The Scarlet Letter*, and (my personal favorite) Jane Austen's *Pride and Prejudice*.

In my senior AP English course at Enloe High School in Raleigh, we were required to read Joseph Conrad's *Heart of Darkness* and take extensive notes on the book's symbols, motifs, and themes. I read more classical literature in two years of AP English than I did in four years of university education.

Many AP English readings are chosen from the literary "canon." *The Oresteia*, in particular, challenges students to think about universal topics such as temptation and virtue, justice and mercy, freedom and personal responsibility. Works in the canon endure for centuries because they teach students about human dilemmas and how fictional characters face them.

College summer reading assignments should continue students' exploration of the classics while also introducing them to college-level literature and analysis.

If high school seniors can handle *Macbeth*, so can North Carolina's college students. CJ

Jenna Ashley Robinson is campus outreach coordinator for the John W. Pope Center for Higher Education Policy.

Summer reading in high school advanced-placement courses is more demanding

## Campus Briefs

North Carolina universities selected the following books as freshman reading:

- Appalachian State University: *Three Cups of Tea* by Greg Mortenson and David Oliver Relin. An autobiographical story of Mortenson's failed attempt to climb Mt. Everest, seven weeks of recovery in a small Pakistani village, and his return to build a school for the village children.

- Davidson College: *Old School* by Tobias Wolff. A boy on scholarship at a New England prep school in the early 1960s struggles to be a writer and to overcome insecurity.

- Duke University: *The Brief Wondrous Life of Oscar Wao* by Junot Díaz. The story of a nerdy Dominican-American who yearns to write science fiction, fall in love, and break his family curse.

- East Carolina University: *Three Cups of Tea* by Greg Mortenson and David Oliver Relin.

- Elon University: *A Thousand Splendid Suns* by Khaled Hosseini. A novel following the tumultuous lives of two Afghan women, spanning time from the 1960s to present day.

- Guilford College: *Saints at the River* by Ron Rash. The story of a small town torn between recovering the body of a drowning victim from the local river and keeping environmental protection laws in place.

- North Carolina State University: *Three Cups of Tea* by Greg Mortenson and David Oliver Relin.

- UNC-Asheville: *Fahrenheit 451* by Ray Bradbury. A dystopian novel that presents a future American society in which reading is outlawed.

- UNC-Charlotte: *Listening Is an Act of Love* by David Isay. A literary work showcasing personal narratives told by everyday citizens in hope of sharing with future generations.

- UNC-Chapel Hill: *A Home on the Field* by Paul Cuadros. A story of perseverance and success by the Latino high school soccer players of Siler City, N.C.

- UNC-Greensboro: *My Freshman Year: What a Professor Learned by Becoming a Student* by Rebekah Nathan. A professor's attempt to discover what today's undergraduates are really like.

- UNC-Wilmington: *A Long Way Gone: Memoirs of a Boy Soldier* by Ishmael Beah. The story of a 13-year old soldier in Sierra Leone.

- Western Carolina University: *Three Cups of Tea* by Greg Mortenson and David Oliver Relin. CJ

Compiled by Jenna Ashley Robinson, campus outreach coordinator for the John W. Pope Center for Higher Education Policy.

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Opinion

# N.C. State Scandal Reveals Aura of Academic Entitlement

What happened at North Carolina State University? The chancellor, provost, and chairman of the board of trustees were all forced out because of circumstances surrounding the hiring and promotion of Mary Easley, the wife of the former governor. The usually placid halls of North Carolina's flagship technical university became the place of a sordid soap opera of deceptions, cover-ups, sweet-heart severance deals, and incriminating e-mails. Did N.C. State simply happen to hire a bunch of bad apples?



JANE SHAW

The answer to that question is no.

"One rarely encounters a venal person in higher education," says Robert E. Martin.

An emeritus professor at Centre College in Kentucky, Martin has spent more than 30 years in academia, including large state universities. "Theft is rare in the ivy halls," he wrote in a recent paper about higher education. "Most people working in higher education are dedicated, sincere, and conscientious."

Martin observed that people in higher education "are also human beings subject to normal human failings." And when you place normal human failings in the world of the public university you may have the makings of a scandal — once an outsider starts taking a careful look.

Three ingredients — political pressure, an atmosphere of privilege and ease, and inadequate transparency — helped create the unsavory conditions at N. C. State. Let us examine each one.

### Political pressure

A number of e-mails have been made public indicating that in 2005, an aide to then-Gov. Mike Easley initiated a process to create a new job at N.C. State for Mary. James Oblinger, N.C. State's chancellor at the time, snapped to attention and quickly accommodated the first couple.

But there's good reason for Oblinger's compliance. A public research university like N.C. State depends heavily on state funds, and a governor has considerable influence over state appropriations. As a result, Mary Easley ended up being hired as executive-in-residence, with the job of managing a seminar series, at a salary of \$90,000. Finding a way to do that was not so difficult in the heady days of 2005, when the state was growing and funds were ample.

Oblinger was a star fundraiser during his time atop N.C. State. The school has prospered, as evidenced by its growing Centennial Campus and its new veterinary school. By accommodating the Easleys, Oblinger and ousted Provost Larry Nielsen may simply have been making sure that

the funds would keep coming in.

### Privilege and entitlement

*The News & Observer* published online a speech by former provost Larry Nielsen given before the N. C. State faculty in 2007.

Nielsen reminded the faculty that they belong to "one of the most respected and trusted professions in the world." Faculty members work "in a truly benign administrative setting" and have "an incredible level of job security."

Indeed, faculty life at N.C. State — and many other universities — looks cushy. According to the American Association of University Professors (AAUP), in the 2008-09 academic year, on average a full professor at N. C. State made \$114,000 in salary, or \$140,000 including benefits. This is for a nine-month academic year (including a long Christmas

break).

The buzz surrounding Nielsen's resignation stemmed more from his generous severance package than his role in bringing in and promoting Easley. He will keep his provost's salary of \$298,700 for six months, without any obligations. When he returns to teaching, his pay will decline to \$156,000, and he will teach one course.

To most people, there is something galling about maintaining lucrative salaries for those who have

been forced to resign for misconduct. Ordinary people live in a world where they face serious penalties for ethical lapses.

### Transparency

In some ways, public universities are transparent. When formally asked, for example, North Carolina public universities must reveal faculty and administrative salaries, supply course syllabi, and produce historical e-mails (such as the ones that skewered Oblinger).

Unfortunately, some of the figures are virtually meaningless. The Department of Education asks for "instructional costs," for example, but there is no clear description of how to arrive at them.

More fundamentally, few people are demanding these figures, because few are aware that serious problems exist in academia. Education itself is revered, and many alumni remember their college experience in the warm glow of nostalgia.

To the public, the university is composed of truth-seeking teachers and thinkers who eschew the self-serving goals of the outside world. Unfortunately, this false perception has allowed money, politics, and privilege to fester, hidden from view.

The question is whether the scandal at N.C. State is something unusual or, rather, a glimpse of the kind of behavior that is typical around the country. I for one don't see any reason to believe that it is unique. *CJ*

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

Money, politics, and privilege have been allowed to fester hidden from view

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Opinion

# Actions of N.C. State Chancellor Were All Too Predictable

By many accounts, James Oblinger was an exemplary chancellor. Even as he was forced to resign in the wake of the Mary Easley scandal, he was praised and defended by the very men who forced his resignation.

Still, his legacy as the head of N.C. State University will be one of bringing shame to the university, for lying and covering up his earlier actions.

So why did this man considered to be such an outstanding university administrator turn out to be such a bad leader? And more important, what does his fall suggest for the future?

Much of the answer lies in the nature of a chancellor's job, as it is defined today. The general university environment is another important contributing factor.

But most of all, it was a crisis of character.

A chancellor plays the central role in a university's three-part shared governance system. On one side are the trustees (and in the UNC system, the president and general administration as well), and on the other side are the faculty, who have staked out ownership of the most crucial component of a university — the curriculum.

Most chancellors today receive two mandates from the trustees: raise money and enhance the school's

reputation. The faculty typically ask for two things: they want their jobs protected, and they want the administration to stay out of their way.

Both trustees and faculty are capable of bringing down a chancellor. Therefore, to thrive on the job, a chancellor must be able to walk a tightrope between these two widely different constituencies (along with the press and politicians as well).

## The right kind of person

This calls for an affable, non-confrontational individual who makes friends quickly, somebody who can coax important (and self-important)

people to do his or her bidding without causing offense.

He or she must also be in general agreement with the worldviews of the trustees and faculty. The trustees usually want to aggrandize

the university — more money, big new buildings, more prestige, and so on. University faculties are usually ardently liberal politically — even if a chancellor disagrees with them, it is to his or her benefit just to maintain campus peace.

This job description of chancellor fit Oblinger well, and he excelled at it. He was a star fundraiser; new buildings arose on the new Centennial Campus. N.C. State had all of the

outward trappings of excellence that translate into national prestige — it was recently named the 12th-best educational value in public universities by Kiplinger's. Enrollment and teaching and staff jobs increased, pleasing the faculty.

Oblinger was also a lifelong academic. Academia, for tenured faculty, is "a truly benign administrative setting" and has "an incredible level of job security," according to former Provost Larry Nielsen (also implicated in the Easley scandal).

## Soft environment

This soft environment is not the

kind in which people regularly have to suffer the consequences of difficult decisions, or face character-building challenges. People in academia become comfortable with their perks and privilege, and are quick to avert

their gaze from what they don't want to see.

In this environment, it is not surprising that Oblinger was so quick to comply with Gov. Mike Easley's request to hire his wife. It should be no great shock that he not only publicly and privately denied any involvement with Mary Easley's employment, but then rewarded his provost, Larry Nielsen, with a sweetheart retirement package for taking the fall.

After all, the qualities that made him a successful chancellor are not the qualities of a great moral leader. His background left him unprepared to do the right thing.

So where does State go from here? Given the chancellor's failure to act with integrity, given the culture of privilege that has been flourishing for many years, and given the economic downturn, perhaps it's time to alter the job description of chancellor.

## Moral examples

Perhaps it's time to appoint chancellors who will lead and provide outstanding moral examples, not academic insiders who can raise funds and appease the various campus interests. The job now calls for administrators who have the fortitude to peer into all the dark, dank corners where the sweetheart deals and sinecures grow, and who will stand their ground when the light of transparency causes the fur to fly.

The school not only has suffered a crisis of integrity, but there is a new economic reality as well. Instead of a fundraiser, the school needs a dollars-and-cents individual who is not accustomed to academic privilege and moral relativity, somebody who will cut costs and gore a few sacred cows. The time is right to forget the old model of a chancellor and to look outside the system for leaders with integrity to guide our youth. CJ

Jay Schalin is a senior writer for the John W. Pope Center for Higher Education Policy in Raleigh.



JAY SCHALIN

Perhaps it's time for chancellors who are moral examples rather than fundraisers

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## Town and County

## Cumberland water

Cumberland County faces significant water needs over the coming years, including extending public water service to rural portions of the county with contaminated wells and failing septic tanks. To address them, a consultant has recommended a 20-year, \$70 million plan to the county, reports the *Fayetteville Observer*.

A key aspect of the outline by Asheboro professional engineer Hiram J. Marziano is obtaining financing from the U.S. Department of Agriculture, which would make the project much more affordable. Without federal assistance, Marziano estimates the average water bill would be \$78 a month; USDA could cut that in half.

Marziano noted that his cost estimates may be low as they do not include inflation.

"Some of us won't be here when you get this whole thing up and running," Marziano told a gathering of local officials. "But you have to start somewhere."

Reaction from county commissioners to the report was positive.

"We've been struggling with this long before I became a commissioner," said Breeden Blackwell.

"The numbers are staggering, but you've shown us the light at the end of the tunnel."

## Char-Meck water grants

The Charlotte-Mecklenburg Utility Department is seeking a \$500,000 state grant for a pilot program aimed at drastically reducing water consumption by its largest users. Despite the prospect of saving tens of millions of gallons a year, CMUD is unlikely to get the grant, reports *The Charlotte Observer*.

CMUD's proposal involves giving \$500 rebates to large users if they install "smart controllers," computerized systems to determine exactly how long irrigation systems need to operate based upon recent rainfall and soil conditions.

The N.C. Department of Environment and Natural Resources has \$65 million in federal stimulus funds available for water projects throughout the state. It's received more than 500 applications for projects with a combined value of \$1 billion. DENR has so far awarded about \$40 million, with 25 of the 35 grants going to communities with populations under 10,000.

"Population is one factor working against (Charlotte)," she says. CJ

# City Officials Talking Trash in Greensboro

## Black residents near White Street landfill say reopening the site would be 'environmental racism'

By SAM A. HIEB  
CONTRIBUTOR

GREENSBORO

There's some serious trash-talking going on in Greensboro.

For the second time in just over a year, the city is debating whether to reopen the White Street municipal landfill to household garbage. Opponents who live near the landfill say the smell and truck traffic harm their quality of life, while the main proponent calls the original closure of the landfill the "worst economic decision" since the city was founded.

East Greensboro residents don't want the nearby landfill to expand, but without access to the landfill, the city must transport its trash to the Uwharrie Regional Landfill in Montgomery County. The cost? City Councilman Mike Barber says Greensboro is paying an additional \$7 million to \$14 million a year in transportation costs.

The city manager's office disputes that estimate, but has concluded the city could save \$2.9 million annually by reopening the landfill, which some experts say has an additional 50-year capacity.

White Street landfill originally opened in the 1940s, and it has been a contentious issue for years. In a 1990 effort to spur development in economically challenged East Greensboro, the city provided free land and low-interest loans to the Nealtown Farms neighborhood, which sits mere yards from the landfill.

But when the city announced plans to expand the landfill in 1995, black community leaders charged city officials with environmental racism. Nealtown Farms residents filed suit against the city. In 1996, the parties reached a settlement, with the city agreeing to cover any losses in home values.

In 2001 the City Council voted to close the landfill to household garbage, and it has accepted only construction debris and yard waste since 2007. The city trucks its household waste to a transfer station — built in 2006 at a cost of \$8 million — before it's hauled to the Uwharrie landfill.

Barber raised the issue of reopening White Street last year. At a contentious meeting in April 2008, Barber noted that city environmental services director Jeryl Covington, based on capacity estimates provided by the North Carolina Division of Environmental and Natural Resources, did not recommend closing the landfill.

The council voted 6-3 not to reopen the landfill at the time. But Barber raised the issue again at a June 2009 council meeting, saying the state of the economy dictates that the city should continue to explore reopening White Street.

"The economy no longer lets us live with the worst economic decision in this city since 1808," Barber said.

A large group of residents who live near the landfill showed up at the meeting to speak out against its reopening, telling council members about the adverse effects of the smell and truck traffic along Nealtown Road, which runs perpendicular to White Street. In addition, a couple of candidates for the upcoming municipal election spoke out.

"It is my hope that Greensboro will ... not (be) known as a city that flip-flops on life-altering decisions," said Ryan Shell, who is running for a District 2 council seat. "But that is exactly where we're heading if you overturn a previous council decision to reopen White Street to municipal waste."

"The people have spoken, and (we) heard them speak the first time, after they struggled to get a unanimous vote," said Luther Falls, who's running for the District 1 council seat. "All council members at that time voted to close it, and it should not be reconsidered, for economic reasons or any other reasons."

Mayor Yvonne Johnson and council members Goldie Wells and Dianne Bellamy-Small vociferously opposed reopening the landfill, and the debate became heated at times.

"I don't want our council to be thought of as a council that would consider jeopardizing our residents and doing it for money reasons," Wells said. "We want to be a city that sticks together and loves each other, and we're not doing that."

Council member Robbie Perkins noted that he was on the council that voted to close White Street to municipal waste and, at the time, it "felt like the right thing to do."

"I don't mind this council having a discussion about anything, but I do mind us constantly threatening this neighborhood to

reopen (the landfill) without a real good reason to do it," Perkins said.

Still, Perkins added that he didn't want to bind the city to a policy in the face of changing economic conditions.

"If the Uwharrie landfill is shut down for reasons beyond Greensboro's control, then we need a backup plan," Perkins said.

Perkins suggested that a regional waste authority be formed so that Triad-area governments can combine their waste and "dispose of it efficiently."

Barber then countered that there's no incentive for other governments to participate in a regional waste authority because those cities have added capacity to their landfills in recent years.

Barber also said environmental services director Covington negotiated favorable rates for hauling and disposal of the trash. But those contracts will eventually be up for renewal, and costs certainly would rise.

"We won't be able to get the same deal," Barber said. "Then the \$7 million will go to \$20 million."

Barber said he was "not insensitive to (the) plight" of nearby residents who would be affected if the landfill reopened. "But I'm also not insensitive to the other 249,000 people who are paying a ridiculous amount of money to truck their waste 80 miles."

Following the debate, the council voted 6-3 to table the issue, with Johnson, Wells, and Bellamy-Small voting against the motion. So the trash-talk is likely to continue. CJ



CJ photo illustration

# 'Welfare for Local Pols' Bill Stuck in Neutral

BY COLLEEN CALVANI  
Contributor

RALEIGH

It's certainly a detour if not the end of the road for a bill that's been called "welfare for local politicians," resulting from a grass-roots effort to defeat the legislation. House Bill 120, which called for taxpayer-funded political campaigns at the city level, is stuck in committee for the time being, with General Assembly watchers predicting that it won't be seen again before the legislature adjourns.

The bill would mandate a public financing option for elections in cities with more than 50,000 people, a stipulation placed in the bill to garner support from otherwise unwilling Democrats from eastern North Carolina, explained Dallas Woodhouse, state director of Americans for Prosperity. Americans for Prosperity helped jump-start a grass-roots campaign against the bill.

"I hope we have defeated it at least for the foreseeable future. Nothing's ever dead forever in politics," Woodhouse explained. It was Woodhouse's voice that North Carolinians heard on recorded phone calls explaining AFP's opposition to the bill.

"We went down and spoke to groups in what we thought were swing districts, especially down in eastern North Carolina, places that are conservative Democrat districts. Those voters hate this type of stuff," he said. "Especially in these economic times, they can't believe the idea that their tax money would be used to fund politicians."

Based on a pilot program adopted in Chapel Hill, the public financing option would work like this, says Darren Bakst, legal and regulatory policy analyst for the John Locke Foundation: Candidate A chooses not to take taxpayer dollars, depending instead on the tried-and-true campaign fundraising method of getting supporters to donate their own money. Candidate B, on the other hand, does decide to use the public financing option, which has a threshold of \$100,000. "Once Candidate A spends beyond \$100,000, money starts going to Candidate B. ... For example, if Candidate A spends \$105,000, then Candidate B gets \$5,000 in matching funds," Bakst said.

The attempt is to level the fund-

raising playing field among candidates. But Bakst says the result gives one contender an unfair advantage. "In calculating matching funds, it is the total of both Candidate A's expenditures and the expenditures spent by independent groups that help Candidate A," he said. "So if Candidate A spends \$80,000, but independent groups spend \$50,000, Candidate B receives \$30,000 in matching funds."

Woodhouse also noted the likely effects of public financing on free speech. "One thing we got at least some traction out of, and were able to point

out, (is) for the first time (these) bills would compel taxpayers to fund political races that they then couldn't even vote in," he said. For example, tax dollars from a resident living in Council District 1 of a North Carolina

city would finance races in the city's other districts, where that resident cannot vote.

Although H.B. 120 would not compel cities to participate, Woodhouse says in this context, "voluntary" has lost its meaning. "It's not voluntary to the voters, and it's not voluntary to the candidate (who opts not to use it). The one guy who does it gets free money," he said. "This is a very partisan bill."

Woodhouse also takes issue with the argument, offered by the bill's Democratic sponsors, Reps. Rick Glazier, Melanie Goodwin, Pricey Harrison and Winkie Wilkins, that public financing would free elections of influence from special interests.

"Here is a bill that is supposed to make everybody feel better about the electoral system, clean up the process," Woodhouse said. Even so, the bill's sponsors in the Senate repeatedly delayed votes until they thought a favorable mix of senators was available to support the measure. Continual pressure from the grass-roots network spurred by Americans for Prosperity and its partners kept that mix from coming together, he said.

"Voter-owned elections" may still return this session, however. Senate Bill 966, providing publicly financed elections beginning in 2012 for secretary of state, treasurer, attorney general, and the commissioners of labor and agriculture, is in the Senate Appropriations Committee. CJ

**Taxpayers would have to finance local races in districts where they could not vote.**

COMMENTARY

## 'Benefits' of Sports Subsidies Rarely Add Up

It hasn't been a good month for government-subsidized sports stadium deals in North Carolina. Two expensive, high-profile stadiums have disappointed, one slowly and subtly, one loudly and obviously.

It's easy enough to understand why local governments are so fascinated by professional sports. At its core, it's a numbers thing. Professional baseball, basketball, and hockey teams, even at the minor-league level, play a lot of games. And a lot of games times even modest attendance equals many people coming to an area.

City and county government types are quite well-versed in the aspirations of their community's downtowns. That is, after all, where they work.

Put the two together, and you have a ready mix for economic development schemes that involve using public money to help build stadiums and arenas for privately owned professional sports teams.

Of course, these deals are always sold as providing broader benefits, that the "investment" in the sports-related infrastructure is the key to revitalize a larger part of a city's downtown.

If only it were so simple. It's highly questionable whether these sorts of deals bring the sorts of benefits claimed. Professional sports are ultimately a form of entertainment. As such, it simply draws money that would otherwise have been spent on other local entertainment options. There's scant evidence that putting government money into these sorts of ventures increases economic growth or local incomes.

And it all depends upon everything going as planned, that the local government's de facto business partner does a good job of running the team. That hasn't been the case in Charlotte and Winston-Salem recently.

In Charlotte, Bob Johnson announced that he's putting the NBA's Charlotte Bobcats up for sale. This doesn't necessarily come as a surprise. The Bobcats have been an expensive disappointment for both Johnson, as an owner, and Charlotte for some time.

The story is simple enough:

The Queen City lost its first NBA team, the Hornets, in 2002. It then committed all its hotel-motel tax money for the foreseeable future to build a new arena to attract an NBA expansion team.

It's doubtful, though, that the city's vision included the Bobcats finishing 26th among the 30 NBA teams in home attendance, but that's what happened this past season.

Talk has shifted from the financial impact the Bobcats will have on Charlotte's economy to how good the city's lawyering was in negotiating the arena deal to keep the Bobcats in Charlotte for at least a few more years.

By comparison, Charlotte's situation looks great compared to the mess Winston-Salem has gotten itself into.

In late 2006, the city committed \$12 million dollars, primarily in loans, to what was then a \$22.6 million project, building a new stadium for minor league base-

ball's Class A Carolina League Winston-Salem Dash.

By this year, the stadium had become a \$40.7 million project, with the owners unable to secure private financing for completion. The city, deciding the project was too important to fail, stepped in and provided another \$15.7 million for the project, mainly in the form of loans.

"I think the biggest concern is not getting it done," said Winston-Salem Mayor Allen Joines.

Except, of course, that this deal may still fail. To repay its loans, the Dash estimates it will have to sell 300,000 tickets a year. That works out to about 4,400 a game for each of the 70 home games — or about 80 percent of the seats available in the 5,500-seat facility.

That would be an impressive draw indeed for a single-A baseball team, especially with nearby Greensboro having its own minor-league team.

One would hope that local government officials would learn from these projects, but that may be asking too much. CJ

Michael Lowrey is an associate editor of Carolina Journal.



**MICHAEL LOWREY**

## Local Innovation Bulletin Board

## Green Light for Revenues

Chicago officials are examining a new use of red-light cameras to generate revenue for the city: Issuing fines for automobiles spotted operating without insurance coverage. The proposal raises serious civil liberties concerns, reports the Heartland Institute.

Illinois imposes a \$500 fine for drivers found operating a vehicle without liability insurance; municipalities can impose additional penalties. InsureNet, a Michigan-based company that provides instant verification of automobile insurance, has suggested Chicago use its existing red-light cameras also to cite cars operating without insurance. That could amount to an extra \$10 million a year in revenue just from motorists who are caught running red lights.

The company projects the city could collect up to an additional \$200 million a year in fines if the insurance status of all vehicles that pass through intersections with red-light cameras are checked, whether they run the light or not. InsureNet would collect 30 percent of whatever the city collects.

Chicago is projecting a \$300 million budget deficit for 2009 and currently operates 132 red-light cameras. InsureNet verifies that a vehicle is insured by assessing the National Law Enforcement Telecommunications System. NLETS has this sort of information only if the insurance companies in a state turn it over. So far, that's the case in 13 states, but not Illinois.

"It poses a serious threat to privacy and civil liberties whenever the government compels private companies to turn over customers' personal information," said Daniel Ballon, a senior technology expert for the San Francisco-based Pacific Research Institute.

### Ambulance diversions

Health care officials in Washington, D.C., and Maryland often divert ambulances from the nearest hospital because of emergency room capacity limits. The practice increases costs and can impact adversely the quality of care patients receive, reports *The Washington Post*.

The *Post* found that some Maryland ERs diverted patients from the nearest hospital 15 percent of the time. In Washington, D.C., the rate was as high as 33 percent.

Judging to what degree ambulance diversions are a problem nationally is difficult, as different

jurisdictions use different criteria to measure the issue.

"It really is a systemic failure, and nobody is keeping the books on this in the country," says University of Texas Medical School professor Guy Clifton. "Get sick on a bad day, and you're dead."

Sending patients to more distant hospitals increases the time before a patient sees a doctor and ties up ambulances longer. It also means that patients may be treated by doctors unfamiliar with their previous medical histories.

The reason for ER overcrowding varies by hospital. Some urban hospitals suffer from too many patients seeking noncritical care, while hospitals in some suburban areas have not kept up with population growth. In many cases, though, the overcrowding stems from patient flow problems at the facilities, with backlogs developing from poorly organized emergency departments that can't admit or discharge patients fast enough.

### The empty arena

In 2004, Kansas City decided to build a new arena to attract an NBA or NHL team. Build-it-and-they-will-come hasn't happened yet for Kansas City, and the city's decision to build the facility remains a baffling one, writes Bruce Schoenfeld for *The Atlantic*.

Kansas City once supported teams in all four major professional sports. Those times are long gone, however. While the city's baseball and football teams continue to draw well, big-time basketball and hockey left Kansas City in 1985 and 1976, respectively.

Kansas City isn't alone in that regard, as Baltimore, Cincinnati, San Diego, and Seattle are also seeking an NBA or NHL franchise to supplement their baseball and football teams. Both the NBA and NHL have focused in recent years on putting franchises in markets like Raleigh and Charlotte that don't have both (or either) a major league baseball or football team.

What is different in Kansas City's case is that city officials spent \$222 million on a new facility hoping they could attract a franchise.

And while the Sprint Center, which opened in October 2007, is state of the art, that hasn't been enough to persuade a club to come to town. The arena now sits empty most nights. *CJ*

## Winston-Salem Dashes to Bail Out Minor-League Ballpark

By MICHAEL LOWREY  
Associate Editor

RALEIGH

The city of Winston-Salem is bailing out the owners of the local professional baseball team as they struggle to finance a new stadium. The city is obliging as it had previously committed millions of dollars to the project, reports the *Winston-Salem Journal*.

In late 2006, Winston-Salem City Council agreed to provide \$12 million in assistance to Billy Prim and Andrew "Flip" Filipowski, the owners of the Class A baseball team now known as the Winston-Salem Dash, as they built a new stadium for the team. At the time, the facility was projected to cost \$22.6 million. Most of the city assistance was in the form of a loan, to be repaid via a \$1 per ticket surcharge.

Construction stopped earlier this year when Prim couldn't obtain private financing to complete the facility as he was also buying Filipowski out. That's when the city stepped in to provide an additional \$15.7 million in funding for the stadium, again mostly in the form of a loan.

"As we looked at this project, we started from the premise that it was just not acceptable to let the stadium go into foreclosure," said City Manager Lee Garrity. The stadium's construction cost has grown to \$40.7 million because of construction delays and changes in scope to the project.

To repay the loans, the Dash will have to draw more than 4,000 fans per game at the 5,500-seat stadium, which Prim and city officials hope will be ready for the start of 2010 season.

### Mecklenburg debt policy

The soft economy is forcing Mecklenburg County to rethink its approach to issuing debt. The move comes as one dollar in five the county spends is going for debt servicing, reports *The Charlotte Observer*.

Mecklenburg County's debt has grown rapidly in recent years. Voters have approved \$1.4 billion of bonds since 2000. Over the same period of time, the county has also issued \$1.1 billion in debt that doesn't require voter approval, in the form of certificates of participation.

Because COPs don't require voter approval — technically, they aren't backed by the county's ability to tax

— they also are more risky and require the county to pay a higher interest rate.

"That's where some of the stuff got away from us," said county Finance Director Dena Diorio. "If we had not been so quick to use that mechanism to pay for projects, then we would be in a better place."

The county now has restricted the use of COPs "except for extreme circumstances." This includes paying for projects costing a combined \$141.4 million in a pay-as-you-go manner instead of issuing COPs. Mecklenburg also plans on not starting any new projects for a year and then limiting yearly borrowing thereafter.

"I think we're taking actions now that are prudent," said County Commissioner Neil Cooksey. "It's just too bad we had to get into the situation we're in where we have to put a freeze on (new) capital spending."

### Asheville City Hall

Asheville City Hall, built in 1928, is among the city's outstanding architectural landmarks. It's also an expensive structure to maintain, reports the *Asheville Citizen-Times*, with the city looking to spend at least \$3.9 million over six years on repairs.

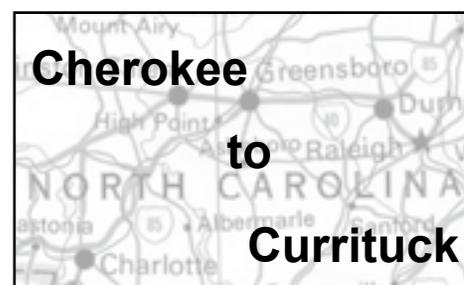
The city has spent \$6.7 million over the past 20 years on the building. Even that hasn't kept it completely open for use. The top two floors of the eight-story building are largely unoccupied, as they don't meet current fire-safety standards.

Asheville city government needs more office space, so it is looking now into refurbishing the top two floors. The necessary work, plus other repairs throughout the structure, are projected to cost at least \$3.9 million. This estimate does not include the cost of fixing recent water leaks or mold prevention in the upper-floor ductwork.

Finding the money for the work is proving challenging. The City Council considered putting a bond issue before voters last year that might have covered the costs, but dropped the idea because of the weak economy.

"We've done enough to keep the doors open, keep things safe, and keep things presentable," said Roderick Simmons, who heads the department which oversees building maintenance for the city.

"The problem is, infrastructure is not sexy." *CJ*



# Appeals Court Scraps Drug Tests of School System Workers

By MICHAEL LOWREY  
Associate Editor

RALEIGH

The North Carolina Court of Appeals has rejected the Graham County Board of Education's plans to conduct random, suspicionless drug testing of all its employees. The appeals court found that such testing violated the North Carolina Constitution's guarantees against unreasonable searches and seizures.

On Dec. 5, 2006, the Graham County school board voted to adopt a new drug policy, authorizing random drug testing of all school system employees, including those with little if any contact with students.

The policy was adopted based upon general concern the board expressed about drug use throughout society. The school board did not adopt random drug testing because its previous drug policy had proven to be somehow inadequate; county schools were not facing a drug problem.

Susan Jones, a teacher at Robbinsville High School, and the North Carolina Association of Educators filed a lawsuit challenging the drug testing policy, contending it violated the N.C. Constitution's protections against unreasonable searches and seizures. After Superior Court Judge James U. Downs sided with the school board, Jones and the NCAE brought the matter before the state's second highest court, again contending the drug testing provision was unconstitutional.

## The constitution's standard

Article I, Section 20 of the North Carolina Constitution states:

"General warrants, whereby any officer or other person may be com-

manded to search suspected places without evidence of the act committed, or to seize any person or persons not named, whose offense is not particularly described and supported by evidence, are dangerous to liberty and shall not be granted."

Though the specific wording of this provision is much different than the Fourth Amendment of the U.S. Constitution, the N.C. Supreme Court has held that the state constitution must be interpreted to provide at least the same protections to liberty as the federal Constitution. Courts initially analyze claims that government actions violate the protections of the state constitution to see if they violate the U.S. Constitution.

If not, a separate examination is then undertaken to determine if the more specifically worded N.C. Constitution provides greater safeguards than its federal counterpart.

Accordingly, the Court of Appeals applied a Fourth Amendment analysis to the case, which involves "balancing the nature of the intrusion on the individual's privacy against the promotion of legitimate governmental interests."

Such an analysis, though, typically involves some suspicion that the person being searched has done something wrong. The government can, in certain cases, legally conduct searches even without such individualized suspicion. In those cases, courts look to see if there is "any indication of a concrete

danger demanding departure from the Fourth Amendment's" general requirement of individualized suspicion.

"Considering and balancing all the circumstances, we conclude that the employees' acknowledged privacy interests outweigh the Board's interest in conducting random, suspicionless testing," wrote Judge Linda Stephens for the appeals court.

"Accordingly, we hold that the policy violates Article I, Section 20's guarantee against unreasonable searches."

The problem, in the Court of Appeals' view, was that the



school board had decided to conduct intrusive drug tests without any evidence that such tests were needed or appropriate. It rejected the notion that schools were somehow different in this context, that school employees enjoy a lesser expectation of privacy than other government workers.

Public employees may face a reduced expectation of privacy if their line of work is heavily regulated for safety reasons. The school board also pointed out that the U.S. Supreme Court has held that "Fourth Amendment rights ... are different in public schools than elsewhere; the 'reasonableness' inquiry cannot disregard the schools' custodial and tutelary responsibility for children."

## No evidence tests needed

"There is no evidence in the record before us, however, that any of the Board's employees are regarded

for safety," wrote Stephens.

The school board's Fourth Amendment argument was dismissed just as curtly, with Stephens noting that the Supreme Court had held that "the nature of [the schools' power over schoolchildren] is custodial and tutelary, [the schools' power] permit[s] a degree of supervision and control [over schoolchildren] that could not be exercised over free adults."

She also noted that the school board had presented no evidence that their previous drug policy was ineffective or that the school system faced a drug problem.

The appeals court was also not persuaded that a previous case, *Boesche v. Raleigh-Durham Airport Authority*, served as a precedent worth following.

In *Boesche*, the appeals court upheld the firing of an airport maintenance worker for refusing to take a drug test. The employee in that case was authorized to drive a vehicle along the airport's flight line to get access to the HVAC units he serviced.

"In the case before us, there is absolutely no evidence in the record which in any way equates the safety concerns inherent in the driving of a motor vehicle on the apron of an airport's flight area with the safety concerns inherent in the job duties of any Board employee," said Stephens.

The appeals court also tended to view the school board policy as violating Article I, Section 20's prohibition on general warrants but did not address the issue fully its opinion.

The school board has decided not to ask the North Carolina Supreme Court to review the case.

The case is *Jones v. Graham County Board of Education*, (08-477). CJ

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## From the Liberty Library

• In *Camelot and the Cultural Revolution: How the Assassination of John F. Kennedy Shattered American Liberalism*, James Piereson examines this seminal event from an entirely new and provocative point of view. Most books on the assassination ask who was really responsible for killing the president. Piereson takes it as established fact that Kennedy was killed by Lee Harvey Oswald.

What needs to be explained, he argues, is the bizarre aftermath of the assassination: Why in the years after the assassination did the American Left become preoccupied with conspiratorial thinking? How and why was John F. Kennedy transformed in death into a liberal icon and a martyr for civil rights? In what way was the assassination linked to the collapse of mid-century liberalism, a doctrine which until 1963 was the reigning philosophy of the nation?

In answering these questions, Piereson places great weight on the influence of Jacqueline Kennedy in shaping public memory of her husband and the meaning of his death. Visit [www.encyclopedia.com](http://www.encyclopedia.com) to learn more.

• The “creative” financing of home mortgages and the even more “creative” marketing of financial securities based on American mortgages to countries around the world, are part of the story of how a financial house of cards was built up — and then suddenly crashed.

In *The Housing Boom and Bust*, Thomas Sowell, author of the acclaimed *Basic Economics*, provides a plain-English explanation of how we got into the current economic disaster that developed out of the economics and politics of the housing boom and bust. More at [www.perseusbooksgroup.com](http://www.perseusbooksgroup.com).

• Although the United States is rightly preoccupied with the threat of Islamist terrorism and the two conflicts in Iraq and Afghanistan, there is a wide consensus among American strategic thinkers that America’s greatest challenge over the next decades will be the rise of China.

*The Rise of China* is a collection of essays about the nature of that threat and what the U.S. and its allies might do in foreign and defense affairs to meet it. Contributing authors Michael R. Auslin, Dan Blumenthal, Ellen Bork, Nicholas Eberstadt, Robert Kagan, Gary J. Schmitt, and Ashley J. Tellis contemplate how these two rising, ambitious powers are contesting for leadership in East Asia and ask if the sanguine forecasts for a peaceful century will hold true. *CJ*

## Movie review

# Disney/Pixar’s ‘Up’ a ‘Beautiful, Heroic Tearjerker’

•“Up,” Directed by Pete Docter, Disney/Pixar, Released May 29, 87 minutes

By JOHN CALVIN YOUNG  
Contributor

Ever wanted to tie yourself to a bunch of balloons and fly away? Carl Fredrickson does just that this summer in Pixar’s newest animated blockbuster, *Up* (directed by Pete Docter).

Seventy-eight-year-old widower Carl (voiced by Ed Asner), grieving his recently deceased wife, decides to fulfill a childhood dream to go to the fabled Paradise Falls by mooring thousands of balloons to his house and flying it to South America.

In the process, cantankerous Carl collects a giant bird, a talking dog, and 8-year-old stowaway Russell (Jordan Nagai), all of whom demand more love, loyalty, and leadership than Carl’s tired heart can supply. Climb aboard as Carl Fredrickson finally finds his adventure — which may be a little ... wilder ... than either he or Russell anticipated.

The film opens with a look back into Carl’s childhood, as he watches newsreels of his hero, intrepid explorer Charles Muntz (Christopher Plummer) set off in his airship, the *Spirit of Adventure*, seeking the legendary giant bird of South America’s Paradise Falls.

The youthful Carl soon meets Ellie, a girl even more obsessed with Muntz than himself, if possible, and their shared dream makes them fast friends.

In the course of time, they grow up, fall in love, marry, and grow old together, always promising each other they would someday make it to Paradise Falls like their hero.

We return to the present to find a fiercely independent Carl, widowed and alone for the

first time in 50 years. With his cottage threatened by urban development, the retired balloon salesman devises a plan to tie thousands of balloons to his house and sail it to South America, inadvertently taking along Russell, a Wilderness Explorer.

Carl and Russell face far more than the simple difficulty of getting to the falls, however. Charles Muntz is still searching for his giant bird, and he has become rather territorial about the falls and the birds that live there, complicating matters when one of the rare birds attaches itself to their convoy.

The explorer is convinced the man and boy are out to get him, and sends his trained dog packs out to find and stop them. Russell must learn courage and Carl patience if they are to survive this blue-yonder adventure in one piece.

RALEIGH

*Up* continues Pixar’s long tradition of breathtakingly beautiful cinematic panoramas of computer-generated imagery. The setting of the main part of the movie — the ground and skies of Paradise Falls — is richly, wonderfully detailed.

With *Up*, however, for the first time Pixar experimented with wide-release 3D in its films. While I did not see it in 3D (3D showings are dependent on the theater and are typically \$3 to \$5 more expensive), I have heard that, as usual, Pixar hit the 3D version out of the ballpark. In my own experience, though, the 3D version of a film may be distracting or confusing and can even cause some people headaches; your mileage may vary.

The true theme of the movie isn’t about helping the elderly, or never forgetting your dreams, or anything else. Russell needs leadership, needs to learn how to be a man.

Carl needs to remember who he is. You can’t forget a dream, yet dreams are not enough — sometimes you have to leave them behind. In short, it’s “If” in cinematic form — Rudyard Kipling’s challenge to courageous manhood:

“If you can dream — and not make dreams your master,  
If you can think — and not make thoughts your aim;  
If you can meet with Triumph and Disaster  
And treat those two impostors just the same.”

Be advised: the emotional intensity of *Up* may be a little too much for some kids. The family in front of me in the theater had to take their little girls out three times, as the suspense got to be too much for them.

Unlike some of Pixar’s previous films, this time the heroes in danger are near and dear to us — a vulnerable old man and a little boy rather than a talking car, a clownfish, or a teenage chef.

The film is hardly all seriousness, though. The explorer’s trained dog pack is fitted with collars that allow them to talk ...

until their attention is interrupted by a passing squirrel.

Ever wondered how a dog thinks? Pixar’s nailed it — “Sir, I have just met you but I LOVE you. ...”

Talking dogs, a giant bird that loves chocolate, and the escapades of an irrepressible 8-year-old Wilderness Explorer do a lot to relieve the tension of the film.

Carl regains the sense of adventure, of youthfulness, he lost when Ellie died. And Russell learns how to be a man at last. Carl’s childhood hero failed the test, but Carl and Russell have come a long way together, and it shows.

Pixar has done it again and created a beautiful, wonderful, heroic tearjerker of a movie. In today’s culture, we can do far worse for our kids and for ourselves. *CJ*



# For Tar Heels, the Fall of Fort Hatteras an Embarrassing Defeat

During the 1800s, Hatteras was one of the state's busiest ports. At the onset of the Civil War, the Confederate state government built two forts to protect the port of Hatteras: Fort Hatteras and Fort Clark.

The forts' locations allowed for the two to work in tandem and possibly trap Union invaders in a crossfire. They were difficult to defend, however. Enemy troops could land almost anywhere near Fort Clark (named after Gov. Henry Toole Clark), and Confederate troops had no good escape routes.

Before the forts were built completely, Fort Hatteras experienced some of the first naval warfare during the Civil War. On July 10, 1861, the U. S. Navy fired at the fort, and the men in the fort, writes historian John G. Barrett, witnessed "the first hostile shots fired by the U.S. Navy at Southern held territory." By August the forts

were completely ready and started harboring Confederate raiders, who were taking American supplies and sending them to Confederate troops in Virginia. To Union commanders, something had to be done.

Union commanders decided to attack Fort Hatteras and eliminate the Confederate raiding threat along the North Carolina coast. Approximately 880 men from the 9th and 10th New York Volunteers left Fort Monroe, Va., on Aug. 25, 1861, and headed southward to Fort Hatteras. The fleet included seven warships. The Union force arrived near Hatteras on Aug. 27 and waited for morning to attack. On Aug. 28, Union troops landed approximately three miles north of Fort Clark, for a heavy surf prevented the Union army from landing at their original destination. Confederates soon abandoned Fort Clark and went to Hatteras; they were out of gunpowder. By nightfall, Union troops (without casualty) then occupied Fort Clark and waited for the morning to mount an attack on Fort Hatteras.

While Union troops occupied Fort Clark, Confederates planned to recapture the fort. Necessary rein-

forcements never arrived, so Fort Hatteras' commanders, Col. William Martin and Commodore Samuel Barron, started strengthening the fort's defenses for an imminent attack.

On Aug. 29, a heavy Union bombardment ensued. A Confederate return was almost nonexistent — wet gunpowder, a fire in the fort, and many shots did not detonate. One officer estimated 3,000 Union shells were fired in three hours. After reading reports, Gov. Clark later remarked, "Hatteras sustained the heaviest and most incessant firing that this country ever witnessed." Confederate Commodore Barron sent as many men as possible to New Bern before he signed the terms of unconditional surrender.

Although the Union victory resulted in few casualties for either side (one Union dead and 12 Confederate dead), the capture of Fort Hatteras was a significant Confederate defeat. Approximately 700 Confederates had been captured, and 30 cannons and five small boats were now in Union hands. Of more significance, Southern privateering on the Outer Banks had been eliminated, the Union Navy acquired a fueling station that

strengthened its blockading effort, and the Union Army obtained a post for military operation in northeast North Carolina. The fort's capture gave the Union a morale boost, after its humiliating defeat at First Bull Run.

Meanwhile, in Confederate North Carolina, leaders and citizens were looking for someone to blame. Accusations of soldier drunkenness and ineffectiveness abounded. The Ordnance Department was blamed for the lack of weaponry and ammunition at Fort Hatteras.

The fort was not particularly sturdy, so Army engineers were criticized. The CSA Congress demanded an investigation. The fall of Fort Hatteras was one of the first Confederate defeats, and many North Carolinians were embarrassed. One Tar Heel expressed what many in his state undoubtedly thought: "Must history record in after years that in our struggle for freedom the first repulse our cause received was on the soil of the Old North State. . . ." CJ

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



**TROY KICKLER**

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## Short Takes on Culture

## 'Wolverine' Gritty

• "X-Men Origins: Wolverine"  
20th Century Fox  
Produced by Hugh Jackman

Fans of the previous X-Men movies will have to adjust to the more realistic feel of "X-Men Origins: Wolverine."

The idea is still simple: supply Logan/Wolverine (Hugh Jackman, who spends the movie with veins bulging in his muscles and muscles bulging out of his tank top) with as many mutant opponents as possible. Throw in a bit of romance and heart-break, and you know the whole story.

But the typical superhero action is replaced with more graphic violence that raises the intensity of the film well beyond the others in the series. The theme of revenge also gives this film a more somber tone.

The character development sets it apart from the other movies in the series, too. Though Logan is portrayed as a hardened man in the previous films, the full emotional trauma of his life depicted in this movie gives his character depth. He is a reluctant hero living a simple life and doing honest work. The murder of his lover drags him once more into the violent life he had abandoned. Logan wrestles with lust for the blood of those who have hurt him, the very lust which he despised in his brother at the beginning of the movie.

Though "Wolverine" offers nothing unexpected, the nonstop fighting provides riveting entertainment for those who love action.

— SAMMY DALLAS

• *The Great Books: A Journey Through 2,500 Years of the West's Classic Literature*

Anthony O'Hear  
ISI Books

One might expect that a book about the "Great Books" would devote most of its words to explaining why the books are so great.

That's what this reader anticipated from British philosophy professor Anthony O'Hear's latest volume.

Instead, O'Hear offers a more basic discussion. He chooses about 20 major works — from Homer to Goethe — then spends most of his time conveying the masterpieces' key plot points.

If a book full of plot descriptions and light on analysis sounds like some sort of highbrow Cliff's Notes approach, it is. That's not to say it's the wrong approach for most modern-day readers.

"The difficulty we face in

reading many of the great books ... is comparatively straightforward," O'Hear explains. "The difficulty we face, to put it crudely, is simple ignorance in our age of the myths of Greece and Rome, and, for the later works we have considered, of the Bible as well."

"To our collective shame," he adds, classics from ancient Greece "remain a closed book" for the "vast majority" of readers, despite the fact "they simply are the soil from which Western art and literature have sprung."

O'Hear explores those ancient texts and explains how they've helped inform everyone from Dante to Cervantes, from Chaucer to Shakespeare. For the reader unfamiliar with the Great Books, this book is a decent primer.

— MITCH KOKAI

• Digital Photography Books  
Assorted publishers

In recent years, there have been massive technological advances in the field of photography. Gone are the days of waiting for photos to be developed to see if you actually captured that great photo. With digital point-and-shoot and SLR cameras, and even cell phones, the photographer can see immediately if the desired picture has been captured.

Owner's manuals familiarize the owner with the camera's settings, but the manuals go only so far in explaining how to achieve the perfect photo. But the good news is that there are numerous inexpensive books that will help the novice or experienced photographer succeed.

From outdoor to indoor photography, these books receive reviews from amateur and experienced photographers: *The Digital Photography Book: The Step-by-Step Secrets for How to Make Your Photos Look Like the Pros*, by Scott Kelby; *Better Photo Guide to Digital Photography*, by Jim Miotkie; and *Understanding Exposure: How to Shoot Photographs with a Film or Digital Camera*, by Bryan Peterson.

All of the author/photographers address the problems encountered when trying to capture that perfect picture, but the different instructional techniques illustrated in each book allow the reader to choose a book addressing individual needs and learning styles.

— MELISSA MITCHELL CJ

## Book review

## Fairness and the First Amendment

• Brian Jennings, *Censorship: The Threat to Silence Talk Radio*, New York: Threshold Editions, 2009, 301 pages.

BY MELISSA MITCHELL  
Contributor

RALEIGH

All right, I admit it. I'm addicted to talk radio. Like Brian Jennings, author of *Censorship: The Threat to Silence Talk Radio*, I grew up with radio. Living in western Pennsylvania, there was always a radio tuned to KDKA 1020-AM, which is one of the oldest and most powerful commercial stations in the United States. Jennings had a similar experience living on the other side of the country in Washington state. "Radio woke me up in the morning, got me through my chores, got me to school and back, and was the last thing I heard before falling to sleep," Jennings says.

It was this love of radio that began his 40-year career in radio. He was part of the industry during the era of the Fairness Doctrine, a federal policy begun in the late 1940s requiring broadcast license holders to present controversial public issues in a way that the Federal Communications Commission considered equitable and balanced. He was active in broadcasting after President Reagan's FCC rescinded the Fairness Doctrine in 1987.

So Jennings has both a unique perspective and the expertise to write a book about the Fairness Doctrine and the consequences to free speech should it be reinstated. He also points out that many have called the Fairness Doctrine the "censorship doctrine" because of the potential to censor anything but liberal news and ideas.

Like many conservative and Christian radio listeners, Jennings is concerned about the move on the part of powerful Democrats to restore the Fairness Doctrine. House Speaker Nancy Pelosi of California, Senate Majority Leader Harry Reid of Nevada, and Massachusetts Sen. John Kerry are only a few who would like to rid the airwaves of conservative talk radio. Jennings says that the foes of conservative talk radio see the Fairness Doctrine as a means to achieve that goal.

Jennings gives the history of the Fairness Doctrine, explaining its origin, its restrictions on issue-oriented programming, and why it was rescinded. Unfortunately, as Jennings

notes, many Americans, believing that "Fairness sounds like a positive thing," do not understand the effects of the Fairness Doctrine on political speech. When Rasmussen Reports polled Americans about the Fairness Doctrine, "nearly half of the respondents said they would favor the regulation's restoration."

Jennings provides examples of what radio was like when the Fairness Doctrine ruled. At the time, there were only about 100 talk stations nationwide. These stations were so afraid of the doctrine and the chance of losing their licenses that Jennings says "no controversial opinions [were] expressed on talk shows." Jennings notes

that broadcasters relied on "less-labor intensive shows like '70s music, personal advice, gardening, and car repair shows."

After the Fairness Doctrine was repealed, "it was like a fog lifted," says Jennings. As the program manager of KVI in Seattle, Jennings switched the format to all-conservative talk radio and saw the station's ratings skyrocket from No. 23 in the market to No. 1. People supported conservative talk radio. Within a

little over two decades, the number of talk-radio stations in the U.S. jumped from 100 to more than 2,000. Free-market principles worked.

Some of the book's most interesting discussions address the failure of liberal talk radio to achieve popularity. If liberals want to succeed, says Jennings, "they need to be less dogmatic and more entertaining." People don't want to listen to the constant trashing of America.

Jennings points out that Christian radio may be hit the hardest if the Fairness Doctrine is reinstated. Jennings asks, "Would Christian radio, advocating for traditional marriage, be required to give up valuable airtime to gay rights activists?" Many feel the equal time requirements of the doctrine would cripple Christian broadcasting.

Although the book is informative, it is repetitious, which at times I found irritating. Even with this criticism, Jennings' book is a must read for anyone who is concerned about First Amendment rights. The reinstatement of the Fairness Doctrine or similar legislation would have more far-reaching consequences on freedom of speech than merely limiting the content of talk radio.

CJ



# Buckley and Reagan: Two Soldiers in the Same Conservative Trench

• William F. Buckley Jr., *The Reagan I Knew*, New York: Basic Books, 2008, 279 pages.

BY HAL YOUNG  
Contributor

There is a sentimental aspect to last words. Deathbed confessions are assumed to be truthful; deathbed conversions are greeted with relief or disbelief, depending on the newly deceased convert's previous standing. Those who die in action are honored for giving the last full measure of devotion to their cause; "It's how they'd want to go," we say. It's how William F. Buckley went, found dead at his desk one morning, and *The Reagan I Knew* may be the last thing he worked on. In the foreword, his son Christopher Buckley observed, "This one is a natural, even eerily fitting, coda to my father's oeuvre. ... How apt ... that his last book should be about the man whose career he in a sense enabled."

## A tale of a friendship

Buckley *files* explains that his father's support for Sen. Barry Goldwater's 1964 presidential bid was part of the underpinnings to the rise of Ronald Reagan in California, then nationally. This book is less about political strategy, though, than it is about two men soldiering together on the same side. It's a memoir of a friendship, not a historical work.

Like many celebrities, Reagan was an extrovert in public life but kept a close guard around whatever privacy he could retain. Buckley was admitted to the inner circles both in friendship and in politics, so he is able to offer interesting if somewhat episodic observations of Reagan behind

the scenes. Still, even Buckley is led to invent a conversation ("well founded on personal knowledge," the introduction assures) to try and get inside Reagan's thinking, like Edmund Morris did in his authorized biography *Dutch*. If Buckley got "as close to him as one could," as Chris Buckley suggests, this may be the best one can hope for.

Buckley opens with his first encounter with Ronald Reagan in 1961, while the future president was still a registered Democrat and admitted admirer of Franklin D. Roosevelt. It was a characteristic Reagan event, echoed decades later in a candidate debate in New England. The Gipper's background as a reformed liberal was so instructive to the ever-conservative Ivy Leaguer that Buckley calls the former actor his tutor, which probably will come as a surprise. Of course, Reagan was no intellectual lightweight himself, being fully conversant with the foundational texts of conservative thinking — Burke, Bas-

tiat, Hayek, and others. It made for an interesting relationship.

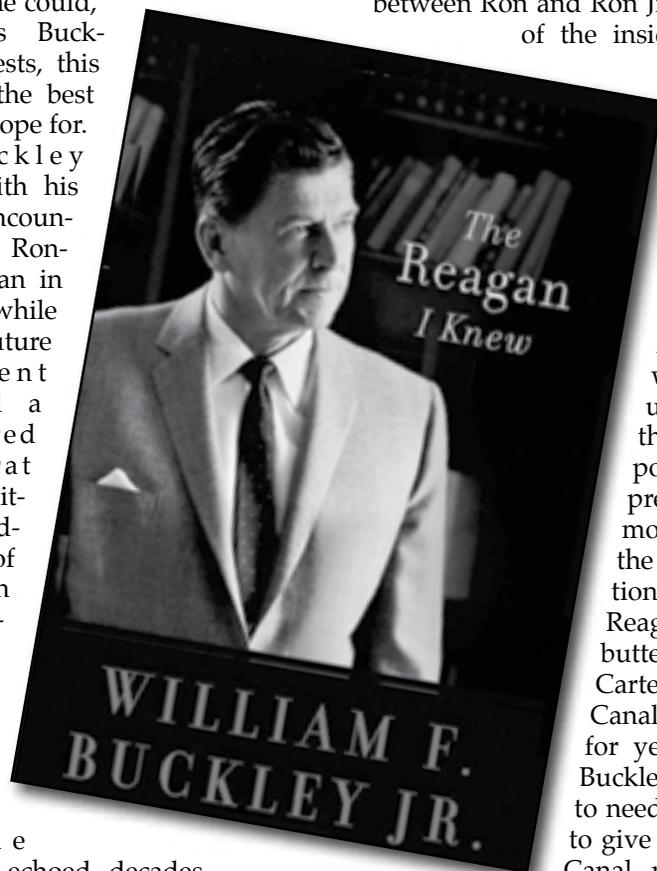
The book alternates between chapters of narrative and collections of correspondence. Buckley shares his interaction with Reagan's children, particularly the troubled relationship between Ron and Ron Jr. He also tells of the inside jokes they

best-selling authors have to offer. And this is not a poor effort, just a different kind.

One of the pains of Alzheimer's is that, in a sense, we can never be sure at what point we lost touch with the friend or relative we knew. Reagan died in 2004 but formally bowed out of the scene several years before. Buckley's health issues (diabetes and emphysema) did not prevent him from doing the work he loved up to the very end, for which we can be thankful. Still, there is something of a foreshadowy feeling to the book, as if signs of the final decline are hidden therein. There is a sketchiness to some chapters, as if the author was struggling to finish his thought or fill in his outline. Buckley's research assistant Danilo Petranovich mentions that he wrote first drafts of some of the chapters, no doubt heavily worked by Buckley but still a bit of a crutch for the aging warrior.

There are some places where the book could be titled *The Buckley Who Knew Reagan*. The chapters of correspondence, especially later in the chronology, are sometimes one-sided, as Buckley kept copies of his letters that Reagan answered by phone call. They are still interesting, if you appreciate Buckley when he was at his most free-wheeling and frivolous. His chatty, almost flirtatious exchanges with Nancy Reagan (a longstanding joke between them was running away to Casablanca together) are quite unlike his familiar prose in *National Review*.

There are still plenty of nuggets in this volume to make it worthwhile reading. At the risk of sounding like a vaudeville announcement, if you liked Buckley and loved Reagan, you'll enjoy this valedictory combination of the two. CJ



shared. Buckley invested Reagan with titles he had yet to earn; one Reagan appearance on *Firing Line* was on the unannounced theme, "Suppose you are president," 11 months before the 1980 election. Buckley and Reagan famously butted heads over Carter's Panama Canal treaty, and for years afterward Buckley continued to needle Reagan not to give away the Erie Canal next; Buckley, of course, was the one who advocated for the treaty.

## Ring down the curtain

This may be an appropriate final act of a literary career, but this book is not Buckley's magnum opus. It's arguably on the lower half of the list of his 55 books, although even a poor effort by WFB stands above the best many

## BOOKS AUTHORED BY JLF STAFFERS



By John Hood  
President of the  
John Locke Foundation

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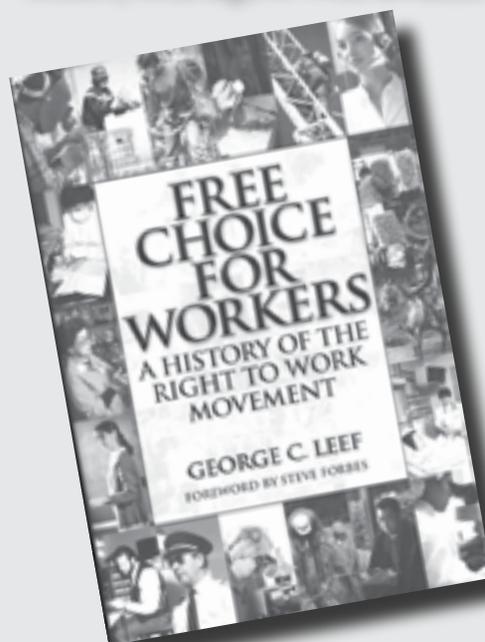


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## COMMENTARY

## Easley's Evasions Should Not Surprise

With revelations pouring forth about former Gov. Mike Easley, his contributing cronies, and state and federal investigations into his relationships and gifts, the general reaction of the political class seems to be: How could he?

The idea that a law enforcer (Easley was the state's attorney general before becoming governor) — even a top one — is incapable of crossing ethical barriers is fanciful, if not delusional. In fact, there were indications during Easley's first campaign for governor — while he was attorney general — that he was willing to breach ethics in his pursuit of political power.

In 1999 Easley added Democratic campaign strategists to his Department of Justice staff, including Jay Reiff and Amanda Crumley. Both would eventually join Easley's gubernatorial campaign. The team began to put together messaging to raise Easley's profile, to help give him an advantage against primary opponents.

Council of State officials often use their public information budgets to enhance the public's recognition of them. Think of Labor Commissioner Cherie Berry's photo in every elevator, or former Treasurer Richard Moore giving away money from the unclaimed property fund.

In 1999, as the gubernatorial election approached, DOJ began a public service announcement campaign highlighting Easley's fight against predatory lending, with an eye toward print and broadcast media targeting minority and low-income audiences. But the campaign had to finish by the end of the year, since North Carolina law prohibits such advertisements during election years.

The advertising was paid for with public funds, out of an account filled with money won in Easley's consumer fraud cases. DOJ spokesmen claimed their own staff developed the ads.

But evidence uncovered by me (writing at the time for the now-defunct *Triad World* newspaper) and by Don Carrington of *Carolina Journal* showed that contractors for Easley's campaign for governor created the ads and placed them in the media.

A slick, glossy brochure with direct mail capability was created for the predatory lending education initiative, but DOJ's expenditure for its printing suspiciously went to a company in Chicago: Service Web Offset Corp.

The company's Dick Stolfa told me in a 2000 telephone interview that the flier was created by The Strategy Group, a Democratic consultancy. Peter Giangreco, a partner with the firm, denied knowing anything about the public service announcements.

"No, we haven't done anything for the attorney general's office," Giangreco said. "We've worked on his campaign — that's what we do: we work on campaigns."

Easley's campaign in 2000 formally used The Strategy Group for his political advertisements, paying them more than \$115,000 for consulting and mailer production.

The summer of 1999 brought a flurry of advertisements about predatory

lending on North Carolina radio stations. The attorney general's special account paid for production, recording, and radio airtime, and on July 21, 1999, the Easley campaign paid Philadelphia-based Democratic consultancy Shorr & Associates more than \$2,300 for what was described as "media production."

The attorney general's office ran the public service ads primarily on black-oriented and country radio stations. Money for airtime was paid to radio station owners out of DOJ's public funds.

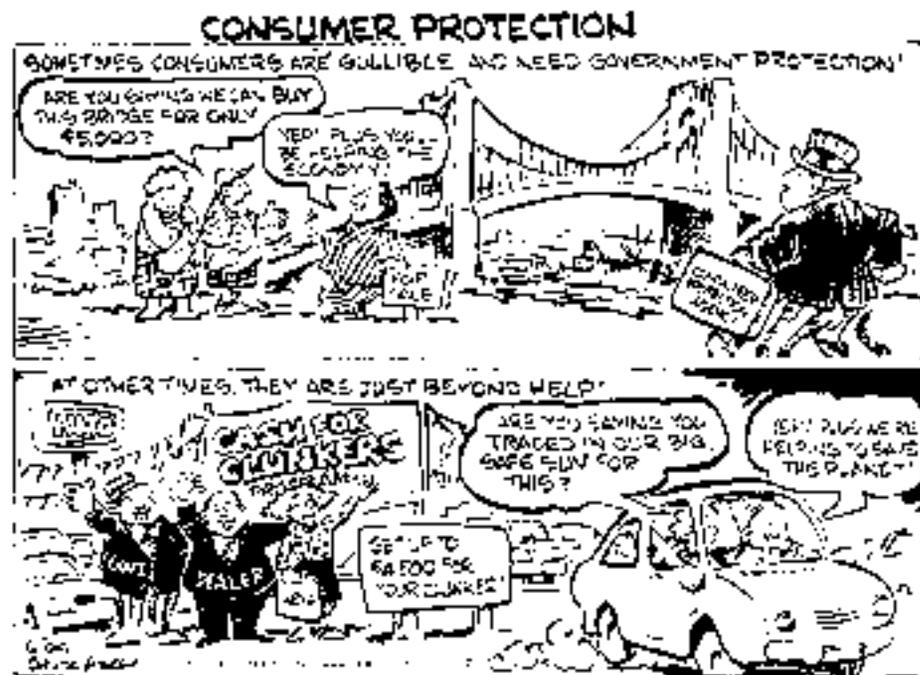
Meanwhile, Easley's office would not reveal who in DOJ did the work to produce the ads, except to say in a fax, "these announcements were developed by Department of Justice staff."

Carrington and I were stonewalled in the way the Raleigh media grew familiar with during Easley's eight years as governor. The media and political class may be murmuring now, but had they paid attention as the century changed, they would have had an inkling of what they were getting with Easley. CJ

*Paul Chesser is a former associate editor of Carolina Journal and a special correspondent for the Heartland Institute.*



**PAUL  
CHESSER**



## EDITORIAL

## Name Your Price

The more you dig into the deal letting imprisoned former state House Speaker Jim Black settle his \$1 million fine in a state corruption case, the more it stinks.

Prosecutors and the judicial system appeared to bend over backward to give convicted felon Black every break imaginable.

When he couldn't round up the \$1 million in cash he was fined for obstructing justice in a massive bribery scheme, Wake County Superior Court Judge Donald W. Stephens gave him an extra year to pay. And suspended any state jail sentence he might have otherwise received. (Black had earlier been convicted in federal court and is now serving a 63-month prison term in Pennsylvania.)

When Black said he had only half a million on hand at the end of that first extension, and claimed he hadn't been able to raise the remaining cash by selling some of his multi-million-dollar real estate holdings, he got another extension.

And when that final "deadline" arrived, even though the state had placed a lien on an office building that Black owns in Charlotte with a tax valuation of \$1.2 million, the former speaker came to court with empty pockets.

Not a problem.

Prosecutors signed off on a deal letting Black turn over two undeveloped parcels of real estate in a Matthews subdivision that had most recently been valued for tax purposes around \$150,000, or 30 percent of Black's outstanding debt.

Prosecutors accepted Black's settlement based on an offer to purchase

the parcels for more than \$560,000 that fell through and an appraisal — arranged by Black — valuing the property at \$613,000 that Wake County District Attorney Colon Willoughby confessed he never fully reviewed.

What is this? Priceline for Crooked Politicians? If you are charged with a crime, cop a plea, are fined, and you're a few hundred grand short, don't worry. Settle your debt on your timetable, at your convenience, using whatever surplus assets are on hand. Name your price.

Our justice system is not supposed to work like this. It's supposed to be open and transparent. Its client is the public — in this instance, the people of North Carolina — and its officers are sworn to place the people's interests ahead of the convenience or the comfort of criminals. Even (or perhaps especially) lawbreakers who are near the levers of power and have betrayed the public trust.

The only party who has benefited from this arrangement is Jim Black. Even so, more than 150 people, including such influential North Carolinians as former Gov. Jim Martin and interim N.C. State Chancellor Jim Woodward, have written to U.S. prison officials, asking either to have Black's sentence commuted (reduced to time served) or to move him to a federal prison closer to Matthews so he can be near his ailing wife.

Let's hope the Obama administration rejects those pleas. Such misplaced leniency would pervert justice and send a clear message that the rule of law doesn't apply to those with connections and clout. CJ

EDITORIALS

# Fast Way to the Bottom

*Why liberals prefer hiking regressive taxes*

Like rainwater, spilled milk, and sewage leaks, longtime politicians typically follow the path of least resistance.

That's the main reason there is so much incoherence in public policy — at all levels of government — and why we have the spectacle of some liberals in Raleigh reportedly scheming to head off cuts in education and social services budgets by raising North Carolina's most regressive taxes, on retail sales, tobacco, and alcohol.

Debating tax fairness is all well and good, but when it comes time to make a choice, many modern-day liberals would rather have a bigger government with higher taxes on the poor rather than smaller government with lower taxes on the poor.

The basic dividing line between fiscal conservatives and fiscal liberals does not concern the distribution of the tax code. It's about the size, scope, and power of coercive government. Fiscal conservatives tend to favor a smaller government that leaves more money in the hands of the people who earn it, to spend as they wish. Fiscal liberals tend to favor a larger government that transfers more of the control of income from earners to central planners, to spend as they wish.

A recession, then, is seen as

catastrophic not primarily because it reduces the flow of income to private decisionmakers but because it reduces the flow of revenue to government decisionmakers. Liberals instinctively see the latter as intolerable, even if they see the former as regrettable.

While accepting the need for some budget reduction to close recessionary fiscal deficits, liberals emphasize the need for more "revenue" or "public investment," by which they mean tax hikes. Although all taxes are essentially income taxes, in that by definition they involve transferring income from those who earned it to the government, there are three broad categories of taxes based on their formal structure: income, property, and sales.

So why are few state lawmakers talking about higher income taxes and few local lawmakers talking about higher property taxes? Because these are the most unpopular forms of taxation. It's no accident that income and property taxes are also the most transparent, the taxes for which North Carolinians receive an annual bill.

That's pretty much all you need to know if you find the tax-policy debate in Raleigh puzzling. The sales tax represents the easiest, quickest path to the bottom. CJ

# Hot Enough For Ya?

*Flawed data may have skewed climate debate*

What if the entire debate about government policy and climate change is predicated on raw data that are hopelessly flawed? What if the surface stations that collect temperature readings, including several right here in North Carolina, are in violation of basic standards?

That's what meteorologist Anthony Watts and his team of 650 volunteers say they have discovered — by inspecting more than 860 of the 1,221 climate-monitoring stations that generate data on temperature trends in the continental United States.

"We were shocked by what we found," Watts wrote in a recent report, *Is the U.S. Temperature Record Reliable?* "We found stations located next to the exhaust fans of air conditioning units, surrounded by asphalt parking lots and roads, on blistering-hot rooftops, and near sidewalks and buildings that absorb and radiate heat."

"In fact," Watts continued, "we found that 89 percent of the stations ... fail to meet the National Weather Service's own siting requirements that stations must be 30 meters or more away from an artificial heating or radiating/reflecting source."

The problematic locations of so many climate-monitoring stations pose the possibility that the apparent 1.2 degrees Fahrenheit warming trend in the U.S. during the 20th century is overstated, or perhaps entirely a manifestation of flawed monitoring.

In North Carolina, his team found a Tarboro station next to a wastewater treatment tank, a Fayetteville station next to a heat-radiating sidewalk, and a Hendersonville station next to a parking lot and satellite dish.

Surely all participants in the climate-change debate would agree that securing reliable temperature information over time is absolutely critical for making sensible policy decisions. CJ

COMMENTARY

# State Government's Twin Deficits

Throughout early June, there was breaking news on the two biggest political stories in North Carolina, the Easley scandal and the state budget. While distinguishable, the two stories do have a common denominator.

The current state government has a massive fiscal deficit. The former state governor had a massive ethical deficit.

These two deficits are interconnected, both in cause and in effect. The common cause was the administration of Gov. Mike Easley, which began with a series of costly tax increases and new spending programs that only served to fuel North Carolina's boom-and-bust spending cycle. Early in his term, Easley had a chance to break out of the cycle by repudiating the expensive spending promises of his predecessor, Jim Hunt, and balancing the state budget without a tax increase.

Instead, Easley chose to follow in Hunt's footsteps. Hunt created Smart Start, so Easley created More At Four. Hunt pushed through a massive spending program to raise teacher pay and cut class sizes, so Easley did the same. Hunt expanded the size and scope of state government, in an earnest belief that it would bring economic and social progress. Easley followed suit.

But the two governors presided over North Carolina state government at different times, and they brought different personalities to the job.

During Hunt's tenure in the mid- to late-1990s, economic growth and the tech-led financial bubble generated tremendous revenue windfalls to the state treasury. Hunt was a tax cutter, at least in the months following the Republicans' electoral victories of 1994, while also creating huge new spending programs. He could afford to promise everyone a share of the proceeds of what seemed to be the budgetary equivalent of a perpetual motion machine.

It was Easley's bad luck to inherit the resulting fiscal mess. But no one compelled him to respond to state budget woes in 2001-02 by raising sales and income taxes. Easley used "temporary" taxes to paper over a fundamental problem of excess spending.

As for the personalities, Hunt was a hands-on manager, a workaholic who typically knew more about the day-to-day operations of state government than just about everyone else in his administration. Easley seems to have been largely a hands-off manager, a recluse who delegated substantial authority to his aides while spending an increasing amount of his time traveling, recreating, and tending to his family's financial future.

On policy matters, Easley's inattentiveness cost the state a lot of money as reform initiatives in mental health, education, and criminal justice went awry. His lack of scruples about how to generate the money to fund his pet schemes led to a state lottery, corruption, and criminal proceed-

ings. And his private dealings with campaign donors, state vendors, and political appointees went from unseemly to unethical to politically disastrous and possibly illegal.

Is North Carolina's state government broke because Mike Easley and his aides misspent taxpayer money on his personal travels and arranged for a cushy new job for his wife at N.C. State University? No. His personal foibles cost the state millions of dollars. His public policies cost the state billions of dollars.

Whether they realize it or not, legislative leaders struggling to balance the 2009-10 budget are nevertheless boxed in by the Easley scandal.

Taxpayers are angry that their former governor (and previous state legislatures) failed to manage tax dollars wisely when times were good. Taxpayers are angry that the former governor and his family appear to have abused their position for personal gain. Taxpayers are angry that the Easleys' machinations have brought N.C. State into disrepute and left the university's leadership in disarray.

They are angry, in short, not just at state government's fiscal deficit but at its ethical deficit. If the General Assembly now sticks it to taxpayers, again, lawmakers should be prepared to see that anger intensify — and turn into action. CJ



JOHN HOOD

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

## COMMENTARY

*The ABCs of Regulation*

BY DERRICK NANTZ

At least seven major bills are circulating through the North Carolina General Assembly this year to make “improvements” to the Alcohol and Beverage Control (ABC) system. Separate bills currently are being debated, allowing liquor tastings at ABC stores, permitting ABC stores to be open on Sundays, requiring mergers of unprofitable stores, mandating recycling plans for ABC permit holders, increasing liquor taxes as much as 27 percent, and demanding that private clubs holding liquor licenses “charge membership dues substantially greater than what would be paid by a one time or casual user, that the club restrict use by nonmembers, and that the club provide facilities or activities other than those directly related to the use of alcoholic beverages” (House Bill 1228).

These proposals come on top of a state ABC board that already dictates where revenues must be spent, basic store hours, permissible liquor brands, the number of stores per county (if any), liquor prices, mandatory store holidays, products available to consumers (liquor can be sold; fruit and mixers can't), along with the laundry list of regulations restaurants and clubs must follow in order to hold costly liquor licenses.

Should these bills be seen as improvements? Would increasing the cost of alcohol, requiring liquor stores to relocate, forcing restaurants to recycle, and dictating who can enter private clubs and at what price, constitute improvements? The only reason bars, clubs, and music venues currently charge a nominal membership fee is that ABC legislation sets arbitrary limits on the percentage of revenue establishments with liquor licenses must generate in food sales. Should the government pass House Bill 1228, the ABC system would outlaw private clubs that wish to operate exclusively as bars, prevent members from bringing guests, and mandate that membership dues increase to unreasonably high levels. This bill would be particularly burdensome for those living in coastal areas who might enjoy entertaining out-of-town guests at private clubs.

While some of these bills genuinely would improve the current system, such as permitting liquor tastings and Sunday sales, they would do little more than tweak a flawed and immoral system. The government has no right to control the liquor industry and no right to profit exorbitantly from a self-imposed monopoly.

At a time when many are questioning why the federal government is trying to run the automotive and banking industries, we should not hesitate to ask, Why is the state in charge of the liquor industry? What the liquor industry needs is sober and unqualified deregulation and the abolition of the ABC system. Once this happens, North Carolinians will enjoy the benefits of being freed from higher prices, higher operating costs for restaurants and bars, and restricted places to socialize. CJ

*Derrick Nantz writes from Wilmington.*

## THE OBAMA HEALTHCARE STETHOSCOPE



## Why Are We Finally Saving?

They've been called reckless spenders, foolish financial planners, and the “got to have it now” generation. Who are these people? They're you and me, the American consumer. For the last 20 years, we've been on a spending binge that drove our saving rate to zero.

But recently we've changed our ways. We're now saving more. In fact, the “personal saving rate,” which measures how much we save out of our paycheck and other income, hit 4 percent in the first three months of this year. This is still only half of the average saving rate from the end of World War II to the mid-1980s, but it's certainly better than the 0 percent rate earlier this decade.

What happened? Why have we suddenly become more frugal? Does it have something to do with the economic conditions created by the recession?

Before I answer these questions, let's look at why people save and the factors that impact saving. Saving is our economic link to the future.

Saving means a person is giving up the benefit and enjoyment of buying things today in order to have more money to spend later. In economics lingo, saving is a way to transfer purchasing power from today to tomorrow.

This suggests one big determinant of saving should be age. The older you are, the less time you have remaining to spend, and so you'll save less and spend more now. Indeed, studies show the aging of our population in recent decades has worked to reduce the saving rate.

Another factor impacting how much we save is the value of our assets, like stocks, bonds, and CDs (certificates of deposit, not compact discs!). The idea is that these assets can be sold in the future and converted to cash for living expenses. Therefore, the bigger your asset cushion, the less you need to save out of your current income.

Past research has found a tie between assets

like stocks and the saving rate. The more that stocks rise, the more the saving rate falls. So one reason behind the big drop in the saving rate from 1985 to 2007 was the jump — on trend — in stock portfolios during that period.

But what about the biggest asset of all: people's homes? For a long time economists thought people treated their homes differently and didn't consider the value in the homes (called home equity) to be a substitute for saving.

However, there's been a re-examination of the role of home equity and saving since the boom (and then bust) in home prices this decade. Researchers, including yours truly, have recently found that rising home prices in the 2000s could have played a role in the plunging saving rate. Homeowners came to view their homes as big piggy banks that just kept growing and growing. The attitude became: There's no need to save; my home is doing the saving for me!

There's one other way we can save for the future besides watching our financial assets grow or taking money from our paycheck. This is to spend money increasing our ability to earn more in the future. Spending money on higher education (community college and four-year colleges and universities) is like saving because it's money returned many times over from the increased salary the better-educated worker eventually earns.

This means that as spending on higher education has gone up in recent decades, the saving rate has gone down.

With this background, I think we can solve the saving puzzle. For more than two decades we cut our saving rate because we were aging, we were spending more on higher education, and our assets had been increasing in value. In the past two years our assets — especially homes — have taken a big hit, and although education still pays, its luster has been tarnished a bit by the recession. The result: Our saving rate has increased.

Now, the big question is, will it last? CJ

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



**MICHAEL WALDEN**

# Bettering Our State By Thinking Institutionally

This is an especially demoralizing time. It seems that everywhere around me people are exploiting public trust for private gain. The motives of the former N.C. State chancellor and provost in the Mary Easley affair remain unclear. But it is obvious Mrs. Easley believed her public position permitted an egregious end run around the regular process for hiring and promotion, as well as an obscene and patently undeserved salary.



**ANDY  
TAYLOR**

At Chapel Hill, UNC administrators created a center that was essentially a front for former U.S. Sen. John Edwards' presidential campaign — one we now discover could well have been spending money illegally. Oh, and I just got back from the U.K., where MPs are embroiled in an expenses scandal. Legislators are reported to have taken taxpayer money to pay for things such as pornographic movies and, I kid you not, a moat to be cleaned.

These events, particularly those at my own institution, have saddened me greatly.

They also have got me thinking

about how North Carolinians can ensure those in public positions put the state's interests before their own. As someone strongly influenced by what academics call the "public choice" school — the idea that individuals behave so as to maximize their own interests — I am attracted obviously to the idea of incentives. We should increase transparency and accountability in public life and inject flexibility into state employment laws. This will allow us to reward those who serve the state well and get rid of those who do not.

But I think we can do more. A few weeks ago I was reviewing a book by George Mason University's Hugh Hecló titled *On Thinking Institutionally*. Hecló pushed against my libertarian instincts and encouraged my conservative ones. He argues that we are all members of institutions — groups of individuals tied together by shared values and experiences. Institutions can be formal, like the Rotary Club, IBM, and the Taylor family, or informal, such as a neighborhood poker game or people who practice etiquette. As part of any institution, we should resist self-obsession and be a little more conscious of collective interests. We should respect the contributions of those who came before us. We should understand our obligations to those who come after us. We should think institutionally.

Of course North Carolinians already think institutionally. They contribute to the life of their churches and pass on religious traditions. They serve in the armed forces and honor the sacrifices of those who served before them. They support their universities long after they have graduated. Very few Americans are as patriotic as we are.

Yet, unfortunately, we don't think of our state in this way. To be sure, there is a North Carolina way of life. NASCAR, ACC basketball, barbecue, bluegrass music, and summer beach trips are surely at the heart of it. But few people seem to think of themselves as part of this institution, the state of North Carolina.

Perhaps that's because so many of us are from somewhere else. Maybe it's because the tug of other institutions frequently pulls us in another direction. Or maybe it's because many of our leaders are setting such a bad example. Look at the choices made by people like Jim Black, Frank Ballance, and Meg Scott Phipps, as well as the individuals discussed earlier.

It would be better if we did start thinking this way, though. Government officials must understand fully their responsibilities to their constituents and commit to a policymaking process characterized by transparency, civility, candor, and thoughtfulness.

They should respect precedent and worry about the future. Other state employees have a duty to safeguard the rights of their principals — students, farmers, patients, prisoners, and, especially, the taxpayer. They do this by following the rules, working hard, and reporting anything contrary to the state's interests. This last thing just got easier; former state auditor Les Merritt and ethics guru and FBI man Frank Perry have launched the Foundation for Ethics in Public Service to aid whistleblowers.

Those outside the public sector have an obligation to think institutionally, too. We all should be aware of how the North Carolinians who came before us made this such a great place to live — the settlers, the frontiersmen, those who worked on the farms and in the factories. We are part of a rich tradition. As we live and work we should be thinking of those who come after us — our children and their children, the people who will migrate here. We have an obligation to improve the state and leave it a more prosperous, healthy, and enjoyable place to live. Each of us should add value, not subtract it. CJ

*Andy Taylor is Professor and Chair of Political Science in the School of Public and International Affairs at N.C. State University.*

## How Do You Get to a Balanced Budget?

The North Carolina Constitution mandates that the state budget be balanced. While the federal government can run a deficit, state spending has to equal the available revenue. It is the responsibility of the General Assembly to pass a balanced budget. Once the budget becomes law, it is the governor's responsibility to keep it balanced. How do we get there?

North Carolina sets a budget for two-year time periods beginning in odd-numbered years and coinciding with each new General Assembly, where members are elected for two-year terms beginning in odd-numbered years. The governor takes the first shot based on revenue projections prepared by the Office of State Budget and Management. Gov. Bev Perdue delivered her 2009-11 proposal to the General Assembly on March 17, a \$21 billion budget that reached balance by reducing unfilled positions in state government



**BECKI  
GRAY**

and boosting taxes on cigarettes and alcohol by \$500 million.

The General Assembly then began its work. The chambers take turns, and this biennium was the Senate's turn to go first. With revenue declining, the Senate passed a \$20 billion budget in barely three weeks. It included cuts to More at Four and Smart Start, layoffs for 700 state employees, and \$500 million in tax increases without specifying where the new money would come from. Senators passed the hot potato with all Democrats and three Republicans voting yes and then sent it to the House.

The House began its deliberations April 14, and took a full two months to come up with a version that reached a final vote on June 13, just after midnight. As revenue projections continued to decline, the House proposed \$18.6 billion in spending with \$870 million in new taxes and fees, along with increases for university tuition and \$3 billion of program cuts, mostly in education and social services. All Republicans and two Democrats voted no.

The budget then moved to a conference committee made up of members of both chambers — 79

Democrats and 10 Republicans, with Democrats serving as chairs — to work out the differences in the two versions of the budget. Particular sticking points this year are tuition increases, how many Department of Public Instruction positions to eliminate, how much to cut services in Health and Human Services, and the makeup of the new taxes.

Some oppose increasing the sales tax because it's regressive; some balk at boosting business taxes during a time of record-setting unemployment rates; some resist hikes in income tax rates because they redistribute wealth; some worry that cigarette taxes will hurt North Carolina's tobacco industry; beer and wine drinkers ask why they might be singled out to pay higher prices — and some are opposed to any tax increases in this stagnant economy.

A budget must be passed at the conclusion of the previous biennium budget. The 2008-09 budget ran out on June 30, and a new budget must be in place to keep state government running. A short-term alternative when the conference committee cannot reach a compromise is done with a continuing resolution that provides

a "bridge" to keep state government going for a time certain until a budget agreement is reached. A continuing resolution that maintains government at 15 percent less than the current level of spending remains in effect until a new budget is passed.

Meanwhile, negotiations continue with a goal of cobbling together a budget that can garner the necessary votes to pass. Once an agreement is reached, the vote will go to the floor of each chamber for an up or down vote. No amendments will be allowed.

When the budget passes the General Assembly, it goes back to Perdue, who must sign it into law or veto it. She's part of the negotiations, as her recent demands for \$1.5 billion more in revenue illustrate, to make sure she can sign whatever reaches her desk.

With Perdue's signature, North Carolina will have a budget spending billions of taxpayer dollars on government programs over the next two years. The whole process will start again in 2011 with a new General Assembly. CJ

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

# Easley and Campbell Headed for a 'Dude-voce' (a *CJ* parody)

By LUANNE PLATTER  
Culture Correspondent

RALEIGH

The federal investigation of former Gov. Mike Easley and his good friend Raleigh businessman McQueen Campbell has created such extreme tension between the two men that they are going through a "dude-voce," said Easley's wife Mary.

Breaking months of silence by agreeing to an interview with *Carolina Journal*, Mary Easley said, "Mike believes the feds are responsible for ending a model 'bromance' that lasted eight years, but I think the relationship would eventually have soured after Mike left office and the favor-trading environment deteriorated."

Mary Easley noted that "bromance" is a term used to describe a very close, but not physical, relationship between two males. "Sort of like Butch Cassidy and the Sundance Kid, Matt Damon and Ben Affleck, and Barack Obama and Rahm Emanuel," she explained.

The friendship between Easley and Campbell has been chronicled in the recent Raleigh *News & Observer* series entitled "Executive Privilege." Through Easley, Campbell became



CJ parody graphic

chairman of the N.C. State University Board of Trustees. Campbell also bragged that his political connections have facilitated environmental permits for coastal developments he represented. Through Campbell, Easley received free private air transportation, a deal on a waterfront lot, and a job for his wife Mary.

"Mike and McQueen were close and it hurts me to see Mike hurt," she said. "Mike especially loved flying with McQueen. Sometimes those two would just take off and fly to New York or Florida for dinner," she said. Camp-

bell is a pilot and owns three aircraft.

Mary said she first heard the term "dude-voce," a play on the word divorce, on a recent episode of the animated television series "King of the Hill" that she was watching with her husband. The series centers around Hank Hill, a propane salesman in a small Texas town, and his family and friends.

In the episode the Easleys watched, the relationship between two of Hank's male friends had deteriorated to the point where Hank's wife Peggy declared, "This has gone beyond a

fight and has officially become a dude-voce." Mary said she turned to Mike and said, "A dude-voce — that's you and McQueen."

On TV, the two buddies resolve their differences, but Mary Easley said that is not likely to happen in real life with Mike and Campbell. When the *N&O* revealed Campbell admitted playing a key role in getting Mary a job at NCSU, she said Mike just lost it. "Ratting on your bro is unforgivable," he screamed according to Mary Easley. She said Mike believes Campbell is cooperating with the feds and sharing information that should have remained secret.

So how is Mary Easley coping with the situation? Since she lost her six-figure-salaried position at N.C. State, she's had her eye on the wacky reality show "I'm a Celebrity...Get Me Out of Here," an NBC series where celebrities hang out in the rugged Costa Rican rainforest to raise money for charity.

The current group of celebs includes Patty Blagojevich, wife of disgraced former Illinois Governor Rod Blagojevich. "Why not?" Mary asked about appearing in the reality series. "I am tougher than her." *CJ*



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