

Pols and public workers take it on the chin in poll/2



CAROLINA JOURNAL

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

North Carolina	2
Education	7
Local Government	10
From Page 1	14
Higher Education	17
Books & the Arts	20
Opinion	24
Parting Shot	28

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STATEWIDE EDITION

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Obama Plan: Teacher Jobs One Year Only

After a year, there is no federal funding for the added jobs

By DON CARRINGTON
Executive Editor

RALEIGH

President Barack Obama stood before thousands of screaming supporters at North Carolina State University Sept. 14, urging Congress to pass the American Jobs Act, his \$450 billion plan to create jobs and stimulate the economy.

"Pass this jobs bill, and there will be funding to save the jobs of up to 13,000 North Carolina teachers, cops, and firefighters," he said. But he didn't say that his bill would fund the jobs only for one year. Nor did he say how the jobs would be paid for after that — or whether state and local governments would have to lay off other public employees to maintain the jobs of those hired under the bill.

A White House press release describing the benefits to North Carolina was more specific. "These funds would



President Obama discusses his jobs plan at a rally at N.C. State's Reynolds Coliseum in Raleigh on Sept. 14. (CJ photo by Don Carrington)

help states and localities avoid and reverse layoffs now, and will provide \$900,300,000 in funds to North Carolina to support 13,400 educator and first responder jobs."

As in the president's comments, the White House press release does not specify how long the jobs would be funded. Dividing \$900,300,000 by 13,400 yields \$67,186.57 to cover salary, benefits, and any other costs associated

with providing each job in North Carolina. Since the average annual cost of teacher pay and benefits in the state is \$56,000, funding in Obama's jobs bill would cover a little more than one year of compensation.

Sections 204-209 of the bill include provisions requiring states to "meet the requirements" of the law

Continued as "Obama," Page 14

ESC Reports Show No Net Public Job Losses to Date

By DON CARRINGTON
Executive Editor

RALEIGH

Gov. Bev Perdue continues to blame North Carolina's high unemployment rate on a loss of government jobs resulting from budget cuts by the Republican-led General Assembly. Perdue may be right, but the official information provided by the state's Employment Security Commission doesn't back up her claims.



Gov. Beverly Perdue

Perdue hinted at large government job losses this spring.

Continued as "ESC," Page 14

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Perdue Prepared To Flip on Dam Takeover Bid?

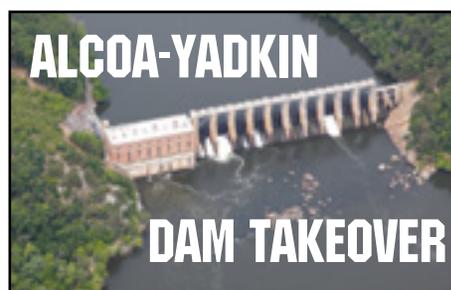
Governor backs tenant at site of old Alcoa smelting plant

By DON CARRINGTON
Executive Editor

RALEIGH

Gov. Bev Perdue may be poised to end the state's effort to take over Alcoa's hydroelectric facilities in Stanly County so that a manufacturing company can bring 250 new jobs to the town of Badin.

Clean Tech Silicon & Bar LLC wants to invest \$300 million and create 250 jobs at the Badin Business Park



being developed by Alcoa at the site of a former aluminum smelting plant. Clean Tech's plans are contingent on Alcoa retaining control of its hydroelectric facilities.

Perdue spokesman Mark Johnson told *Carolina Journal* Sept. 20 that the governor supported the Clean Tech project. When asked if Perdue's support was conditional, he said, "No,

the governor supports bringing these Clean Tech jobs to North Carolina. However, Clean Tech has stated that it needs to overcome certain obstacles before investing in Stanly County. Gov. Perdue is working diligently to try to overcome any barriers that might prevent the company from investing and growing jobs in North Carolina."

Until recently, Perdue was one of the obstacles to a Clean Tech deal. She wanted North Carolina to take over the Alcoa facilities, claiming the state would be in a better position to control the water, sell power from the dams, and deal with environmental issues related to the aluminum smelting operations that took place there for nearly a

Continued as "Perdue," Page 15

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Poll: Voters Take Dim View of Pols, Public Workers

By DAVID N. BASS
Associate Editor

RALEIGH

Voters take a dim view of ballooning public employees' salaries and pensions on the backs of taxpayers and believe that workers' pay should be clipped to reflect state government budget crunches.

The findings are in a new national poll from the free-market Manhattan Institute for Policy Research.

A plurality of voters also say that salary and benefits for government workers are too high for their duties, while half of voters oppose collective bargaining for union members.

The results were drawn from two polls of voters — one nationwide, and the second from 10 states, including North Carolina, and come while states are embroiled in a political tug of war between public-sector groups and lawmakers forced to trim spending to balance government checkbooks.

A chief takeaway from the poll: voters' distaste for politicians. Forty-eight percent of respondents said that elected officials are to blame for the budget crisis, compared to 6 percent who say state governments didn't tax enough.

"The level of ire at elected officials is remarkably high," said Douglas E. Schoen, the lead pollster on the survey.

Another major finding: Voters aren't willing to have their taxes raised or social services cut in order to keep compensation for public workers at current levels. On that issue, respondents oppose increased taxes by an almost two-thirds margin.

Although a slim majority of voters had a negative view of union negotiations, they were split on whether laws recently passed in Ohio and Wisconsin limiting collective bargaining are a good idea.

Tar Heel results

On some state-specific questions, Tar Heel voters polled slightly to the left of their national counterparts. For instance, 48 percent of respondents in the national survey said that public employee salaries should be frozen and benefits reduced to shore up state budgets, compared to 40 percent who believe the opposite.

In North Carolina, the numbers were almost flipped: By a 46 percent to 42 percent margin, voters oppose freezing public-sector employees' salaries or requiring them to contribute more to their benefits package.

But on other metrics, North Carolina voters favor a more conservative path. They support a reform of health benefits that requires public workers to contribute to their own insurance and back a revamp of the state's pension



system.

"Voters clearly identify reckless spending and promises made by state politicians as a major culprit in the state's budgetary woes, and voters don't think they should be penalized with higher taxes to finance these promises," said Brian Balfour, a fiscal policy analyst with the conservative Civitas Institute.

The poll took place two months after the General Assembly passed a \$19.7 billion budget that reduced state spending. The Republican-controlled legislature gave the State Health Plan a facelift that requires workers to pitch in for their health insurance. Efforts to reform the state's pension plan are in the works as well.

Key results nationally

- Forty-one percent say that salaries and benefits for most public employees are too high for the work they do.

- Voters aren't willing to have their taxes raised to accommodate current salaries and benefits for public workers (65 percent to 29 percent), but they're also not willing to have state social service programs cut to fund the compensation (52 percent to 37 percent).

- On who is to blame for the

budget crisis, 48 percent say elected officials, while 28 percent say excessive state government spending.

- A plurality (47 percent) say the best way to ensure enough funding for public employee benefits is to cut government spending.

- Fifty-six percent favor reducing or eliminating certain state services to control budget deficits. Thirty-five percent are opposed.

- Asked if they favor phasing out tenure for teachers "because it protects bad teachers from being fired while making it harder to bring in new and better teachers," 56 percent agree.

- Sixty-nine percent favor moving new public employees from a defined-benefit retirement plan to a defined-contribution plan, compared to 17 percent who oppose that idea.

Key results in North Carolina

- Fifty-three percent oppose raising taxes to keep public employee benefits at current levels, compared to 41 percent who are willing to pay more taxes.

- A greater majority of North Carolinians (66 percent) rejects the idea of service cuts so that public employees can maintain current benefit levels, compared to 26 percent who are willing to take cuts.

- Forty-eight percent say that cutting government spending is the best way to pay for public employee benefits, compared to 23 percent who say current employees should contribute more toward their pensions and health insurance.

- Fifty-five percent say they would oppose raising taxes to reduce state budget deficits. CJ

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The Triangle regional page includes news, policy reports and research of interest to people in the Research Triangle area.

It also features the blog Right Angles, featuring commentary on issues confronting Triangle residents.

Fiscal Amendments Postponed in 2011 May Be Revived in 2012

BY DAVID N. BASS
Associate Editor

RALEIGH
Republican leaders in the North Carolina General Assembly convened a special session in mid-September to pass constitutional amendments, but the real story might be what they didn't pass.

Lawmakers delayed action on three amendments that could shore up the state's fiscal foundation. The proposals would limit the spending growth of state government, require a three-fifths vote of the legislature to raise taxes, and create a state savings account.

Weary from a six-month session in which legislators wrangled over a new budget and a host of other issues, Republicans postponed the fiscal amendments until next year — or beyond. The GOP also slowed action on amendments addressing eminent domain and term limits for top legislative leaders to clear up troublesome language in each.

The successful amendment — Senate Bill 514, Defense of Marriage — would define marriage as the union of one man and one woman and ban same-sex marriage. It passed the House 75-42 and the Senate 30-16 and will appear on the primary ballot in May.

Amendments must be passed by a three-fifths vote of the legislature before going to a vote of the people. The governor can't veto amendments.

Other proposed amendments

Other proposed amendments that were scuttled called for making English the official language for business in North Carolina, codifying the state's public records law in the constitution, and creating an independent redistricting commission.

Shortly after the September session adjourned, House Speaker Thom Tillis, R-Mecklenburg, said he didn't anticipate any more amendments arising before the short session next year, even though lawmakers will return to Raleigh Nov. 7 for another special session.

Democrats chided the Republican majority for convening the September session in the first place. "This session is indeed one of the biggest wastes ever to hit the North Carolina legislature," said House Minority Leader Joe Hackney, D-Orange, who served as speaker between 2007 and 2010.

Tillis retorted that Hackney suffered from poor math skills. "This is still, with the additional legislative days, shorter than any legislature [Hackney] presided over," Tillis said.

Fiscal amendments

The fiscal-related amendments never got a vote. Chief among them is House Bill 188, Taxpayer Bill of Rights



Legislators weary from a six-month session earlier this year postponed deliberation on fiscal constitutional amendments, and slowed action on others. (CJ file photo)

(commonly known as TABOR). Under the amendment, General Fund expenditures would have to correlate with population growth plus inflation. A two-thirds majority vote of the legislature would be needed to exceed the expenditure limit.

The idea follows on successful passage of TABOR in other states, including Colorado in 1992 and Washington state in 2007 and again in 2010.

"Had we had some constraints in place, the legislature wouldn't have had to do what it had to do this session on the spending side," said Rep. John Blust, R-Guilford, TABOR's primary sponsor. "It's always harder to slam brakes on than it is to bring the vehicle to a stop over a decent distance."

'Taken by surprise'

Blust, who chairs the House judiciary subcommittee where TABOR was assigned, added that he probably would have pushed the bill through his committee had he known the legislature would adjourn the long session by mid-June.

"I was taken by surprise at how quick we got out of the regular session," Blust said. "We were not really consulted — at least the membership wasn't consulted, or the caucus polled."

Another amendment — House Bill 784, Three-Fifths Vote to Levy Taxes — would bar lawmakers from raising taxes without a supermajority vote in both chambers of the legislature. Right now, a simple majority is needed.

A third — House Bill 913, Amend Constitution/State Savings Fund — would require the legislature to lay aside a percentage of revenue growth in a savings account to be used for specific expenditures only.

All three amendments are in for

more revisions.

"These are concepts that we have worked on for a number of years," said Rep. Nelson Dollar, R-Wake, a primary backer of H.B. 188 and H.B. 913. "Now that we're in the majority, we need to see if we can put together a reasonable, workable proposal for limiting the growth of government that will actually work and not keep us from being able to address the needs of the state."

Nuptials vote

Republicans and conservative Democrats have introduced marriage amendments each session since 2003. Statutory law already bans same-sex marriage, but advocates of the amendment say it is necessary to prevent judicial activists from striking down the law.

In response to pressure from Democrats, Republicans scheduled the marriage-amendment referendum for the May primary election rather than the general election in November. Democrats had worried that a ballot question in the fall would prompt greater turnout among conservative voters, hurting Democratic candidates.

The timing of the referendum increases the likelihood that it will pass because Republican primaries for president or governor still might be in play, said Peace College political science professor David McLennan. In contrast, Democrats probably won't have key races to drive turnout, he added.

"From a purely political point of view, it's probably better for its passage and better for not distracting peoples' attentions away from the major races in November," McLennan said. "[H]aving this on the ballot would certainly seem to bring in a lot of Republicans."

Thirty states have amended their constitutions to define marriage. Only

three — Missouri and Louisiana in 2004, and Alabama in 2006 — have done so in primaries. Kansas and Texas passed amendments in off-year special elections in 2005. The average margin of victory the five states was 75 percent.

Republican primaries in four competitive congressional districts also could drive conservative voters to the polls. That's dependent on the redrawn maps holding up in court in time for the primary.

N.C. State University political science professor Steven Greene said he doubts that any primary races will drive GOP voter turnout. But he added that demographics could be on the side of amendment supporters.

"In any off-cycle election, the electorate skews older," Greene said. "That electorate is more opposed to gay marriage, and therefore makes it more likely that the amendment is going to pass."

Short session docket

At least two amendments, delayed during the special session in September, could crop up again during the short session next year: eminent domain and leadership term limits.

"It will almost assuredly be on the ballot in November 2012," said House Majority Leader Paul "Skip" Stam, R-Wake, of the eminent domain amendment.

Private-property advocates say the delay could work to their advantage as it will give lawmakers more time to work out kinks in the language. The existing version says that private property "shall not be taken by eminent domain except for a public use." That's problematic because courts have broadly interpreted the term "public use," said Daren Bakst, director of legal and regulatory studies for the John Locke Foundation.

"Too much is being left up to courts to interpret," Bakst said.

On the term-limits amendment, the House and Senate couldn't agree on final wording. The House version would limit the speaker and Senate president pro tem to no more than two consecutive terms, while the Senate version extended that to four terms.

A compromise could be three terms, but even that could be difficult to achieve. Shortly after the session adjourned, Senate leader Phil Berger, R-Rockingham, issued a press release suggesting a two-term limit for legislative leaders and a one-term limit for the governor, ensuring that leaders are in power for no more than four years at a time.

The idea got a lukewarm reception in the House. "I don't think that's going to fly," Blust said.

Tillis still holds out hope a compromise will be reached. CJ

State Briefs

McCrory trails Tea Party

Pat McCrory is the leading contender for the Republican gubernatorial nomination in 2012, but a new poll from a Democratic-leaning firm suggests that the former Charlotte mayor is vulnerable to a challenge from the right in North Carolina.

Asked if they would prefer McCrory or a more conservative candidate, 40 percent of Republican primary voters opted for McCrory, compared to 46 percent for the unnamed Tea Party challenger. Fifteen percent said they weren't sure.

Matched against actual candidates, McCrory performed much better. In a head-to-head match, he bested Republican U.S. Rep. Renee Ellmers of the 2nd Congressional District 61 percent to 10 percent. Results were similar in a face-off between McCrory and Republican Agriculture Commissioner Steve Troxler — 51 percent to 15 percent.

"Pat McCrory could have a lot of trouble with someone running to his right as the Republican electorate gets more and more conservative," said Dean Debnam, president of Public Policy Polling. "The question is just whether someone will step up."

Remedial rate increases

Enrollment in North Carolina community college remedial courses grew at a faster rate than the state's public school graduation rate in a recent two-year period. The John Locke Foundation's top education expert argues in a new Spotlight report that the numbers suggest school graduation standards remain "alarmingly low."

JLF's Terry Stoops focused his research on increases in both public school graduation rates from 2007 to 2009 and enrollment in state community college remedial courses in the following school years.

"The state's four-year graduation rate grew by 2.3 percent during that time period, from 69.5 percent to 71.8 percent," Stoops said. "At the same time, enrollment in community college remedial classes — also known as 'developmental' classes — increased by an even faster rate."

By 2009-10, more than one-half of students newly enrolled in a North Carolina community college took a remedial math course, while nearly 40 percent enrolled in a remedial English course.

"In sum, 64 percent of new community college students enrolled in one or more remedial courses, a 7 percent increase from the 2007-08 school year," Stoops said. CJ

Officials Take Class on Delivering Bad News

By KAREN McMAHAN
Contributor

RALEIGH

Amid growing public dissatisfaction over local government attempts to raise taxes to meet budget shortfalls, 29 local governments have taken training to educate officials on how to talk to citizens, constituents, and the media about possible budget cuts or tax increases.

The training was via a webinar called "Delivering Bad News: How to Help Citizens Understand the Realities of Tough Economic Times" presented in May of 2010. It was sponsored by the School of Government at the University of North Carolina at Chapel Hill, and was facilitated by Mark Weaver, president of Communications Counsel Inc., a national communications consultancy in Columbus, Ohio. Weaver has advised top-level elected government leaders, including President Ronald Reagan, and nonelected officials for more than two decades.

Among the topics: understanding how the public thinks; taking the community's "pulse"; determining what bad news to share and when; using communication principles to craft the message; and ways to deliver the message.

North Carolina local government officials may well feel the need to do a better job of communicating with their constituents, given the results of a number of tax proposals over the past few years.

John Locke Foundation researchers have found that from Nov. 7, 2007, through May 18, 2011, 54 counties held 78 referendums seeking a quarter-cent increase in the sales tax. Only 19 were approved. Some counties have tried to win voter approval two or more times, including Columbus, Guilford, Harnett, Orange, and Randolph.

Earlier this year, Cabarrus and Halifax counties passed quarter-cent sales tax hikes. Buncombe, Durham, and Orange counties each have a referendum on the Nov. 8 ballot.

In 2007 and 2008, 21 counties tried to pass a 0.4 percent land transfer tax. All failed. Gates and Tyrrell counties tried twice and failed.

Results released Sept. 21 from a national opinion poll by the Manhattan Institute on the economy and the budgeting process of state and local governments show that voters strongly oppose higher taxes. A majority of the 1,000 registered voters in the survey favor spending cuts to stabilize state government finances. Respondents were drawn from 10 states, including North Carolina.

Discussing some of the key findings in *The Wall Street Journal*, pollster Douglas Schoen reported that 48 percent of the respondents said "elected state officials made careless and self-serving decisions," indicating voters blame politicians for "creating and exacerbating the problems."

The webinar's message

In a segment on "Putting the Message Together," Weaver stressed the importance of choosing the "best words," saying "words matter," and that there's a difference between spinning a topic and framing it.

Local government officials need to get out their message to the public in advance of bad news so they can frame the message and build their case for their proposed solution to the problem, Weaver said. They also need to communicate their successes.

Weaver covered the principle of primacy, which says the first thing an unbiased observer learns is the most cred-

ible, so "when we have potentially troublesome information for the public, we must get out the information first, frame the information, and provide the proper context."

Explaining the principle of recency, Weaver said, "the last thing officials say is what the public remembers most." The third principle of strategic communication, Weaver explained, is that citizens reject information contrary to their beliefs, even when there's evidence that conflicts with those beliefs. Thus, officials "must communicate with the voters' viewpoint in mind."

To frame a message, Weaver said officials should use action and descriptive words and maintain consistency of the message throughout all levels of the organization. As examples, Weaver said officials might describe a budget shortfall as a "gaping hole" or as "unprecedented," then everyone agrees to use those same words.

Communications affect perception, Weaver said. Some years ago, when the son of a governor of a small state was arrested, the media used the term "governor's mansion," making it sound like a millionaire's home, which wasn't accurate. So Weaver said the staff starting using the term "governor's residence."

In a telephone interview, *Carolina Journal* asked Weaver if the webinar could be viewed as a public relations tool to help officials counteract public resistance to tax increases or budget cuts. "It's incumbent on town leaders to get out good, credible information to the public and let the democratic

process work," Weaver said.

Who participated?

Records provided to CJ by Thomas Thornburg, senior associate dean at the School of Government, show that Burlington, Fayetteville, Greensboro, Lenoir, and Troutman had the largest number of participants — as many as 20 — attending the "Delivering the Bad News" webinar.

Rebecca Rogers Carter, management services manager for Fayetteville, said her department hosted a listening station of the webinar in City Council chambers for about 20 managers and supervisors. At the time, they were reviewing a social media policy and developing platforms to communicate with the public better. Because the webinar emphasized citizen engagement and the growing use of social media, Carter said, "I saw this as an excellent opportunity for general training in applications of communications principles."

Jondeen Terry, city clerk for the City of Burlington, told CJ that all city department heads (20 people) were told by the city manager to attend the webinar. The city budget already had been determined by the time attendees participated in the webinar, Terry said, so the purpose was to learn communication strategies as part of overall training.

CJ asked Thornburg how much Weaver was compensated, and by whom, to conduct the webinar. Thornburg said the School of Government did not pay Weaver for his work, and there was no contract for a fee or for his expenses.

Asked whether he subsequently received a contract with any attendees of that webinar, Weaver said he has not performed any paid work for them. He did mention that he conducted a preconference seminar titled "Mastering the Media: How to get good news coverage even when things are going bad," for the 2010 annual conference of the N.C. Association of County Commissioners, in conjunction with the N.C. League of Municipalities. CJ



Portion of Communications Counsel, Inc.'s Facebook page.

North Carolina Beach Plan Survives Hurricane Irene's Visit

By KAREN WELSH
Contributor

RALEIGH

The time bomb has been defused for now, but it still could detonate. That's the word from state Insurance Commissioner Wayne Goodwin concerning the North Carolina Beach Plan after Hurricane Irene tore through North Carolina in early September.

As a result of wind damage from the storm, an estimated \$177 million to \$200 million could be siphoned from the N.C. Beach Plan, which has a reserve of \$600 million. "The last few weeks I've been on the coast by land and air," Goodwin said. "Hurricane Irene was an epic storm that hit the state. It had an impact on the beach plan, but because of the passing of House Bill 1305 in August 2009 it's been able to withstand the storm's impact. [Irene] caused a dent in the beach plan resources and reserves, but the state could withstand another major storm or a series of smaller storms if need be."

Change in tone

That's quite a change in tone for Goodwin. He called the beach plan, also known as the "Coastal Insurance Wind Pool," a "ticking time bomb" a little more than two years ago. Though the new beach plan has held together so far, critics say inland residents should be forced to take on some of the risk of coastal property owners by paying higher insurance rates.

Goodwin witnessed insurance companies exit the state in record numbers over the previous plan, which was underfunded by an estimated \$65 billion at the time. The beach plan was



The state's new beach plan spreads the cost of damage over \$1 billion to taxpayers of the state, but critics say beachfront homeowners should not be able to pass liability on to others in the rest of the state. (CJ photo by Don Carrington)

created in 1969 as a supplemental insurance of last resort; however, the General Assembly modified the plan in 2003, letting it provide cheaper policies for homeowners. The new, low-cost option put insurance companies directly in the path of a financial storm, as it quickly became the first choice for coverage by policyholders.

Companies felt they would be stuck with up to \$70 billion in recovery claims and could go bankrupt if a category 3, 4, or 5 hurricane hit the coast, so a number of them stopped writing new policies anywhere in the state. Goodwin began meeting with business owners, bankers, insurance companies, and legislators in early 2009 to develop the new legislation.

"I strongly supported the law, that the beach plan should purchase reinsurance for the 'big one,'" he said. "We had a lot of oars in the water and a lot of stakeholders working on this.

We took it to the legislative session, and although it took many months, we got it passed. Now, if an epic storm should blow through all the resources, then we should be covered. It's a large reason the beach plan has been able to sustain itself after Hurricane Irene."

Limits assessments

The new law limits assessments on the state's insurers at \$1 billion in the case of a catastrophic coastal storm. If the damage is worse than that, Goodwin said, the residents of the state will have to pick up the rest of the tab.

Not only has the new law stabilized the plan, Goodwin said a good number of insurance companies also have returned to do business in the state. "We were effectively able to stop the exodus of insurance companies," he said. "And the insurance rates are leveling off."

Stuart Powell, vice president of insurance operations and technical affairs for the Independent Insurance Agents of North Carolina, said his group feels the beach plan is more stable since H.B. 1305 passed. "It was something to be worried about, but they shored up the cash and reinsurance position of the plan," he said. "We are considerably better off than we were even three or four years ago. With Hurricane Irene we were able to sustain a pretty good hit, and we are not reeling from it."

Questions of liability

Thomas Birkland, professor of public policy at the William T. Kretzer School of Public and International Affairs at N.C. State University, said that although the beach plan is working, beach property owners should assume full liability for their property.

"You have a right to develop and use your property any way you want, but you also deserve the right to assume the risk," he said. "Why should other people assume the risk for your

beach house? That's your risk."

Birkland said while the beach plan provides cheaper insurance to homeowners along the ocean, it also means people of modest income inland will have to subsidize the property at the beach if a massive storm hits a large enough portion of the coastline.

If a property owner assumes more risk by building in a certain area, Birkland said the insurance to protect that investment should cost more.

"How much should those living inland be expected to do?" Birkland asked. "Let the insurance market find its level on the private level, not through the state-run beach plan. Get rid of the beach plan, and make homeowners and insurance companies assume the high risk."

Tapping residents

Goodwin said tapping residents inland would be a "last resort." He said the storm would have to cause more damage than Hurricane Hazel in 1954. A storm that severe could impose a recovery charge of up to 10 percent on homeowners' premiums. "This could not be or should not be a permanent increase," Goodwin said. "The charge would decrease as soon as it is paid off. I am adamant about this and other protections."

Not everyone is satisfied with the current plan. Sen. Harry Brown, R-Onslow, said he will chair a study on the North Carolina Beach Plan beginning this month. He said the plan has pitted the 20 coastal counties against the 80 inland counties.

"If you are going to rate insurance based on the county a person lives in, then there has to be some fairness about it," Brown said. "This is a legitimate argument. If you choose to live right on the beach, the rate should be higher, but not for the whole county or state. There is a shared risk to a point, but we've gone beyond that."

Brown said the personal policy for his inland home has risen from \$1,600 to \$3,800 since H.B. 1305 was enacted. "I don't live on the beach, and I had no personal claim on the damage caused by Hurricane Irene," he said. "It's not fair for people who live inland that never have had claims of any kind. I know it's a tough issue, but we have to sit down and look at this and come up with something that is fair to everyone."

Brown also said he is concerned that the insurance commissioner has the power to sign off on rate increases without any way for the public to challenge the decision.

Goodwin is uneasy that the beach plan remains an ongoing issue with lawmakers. "If they undo the changes of the law, then that would relight the fuse of the ticking time bomb again," he said. "That would be a calamity." CJ

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Wildlife Commission Considering Major Changes in Hunting Rules

BY DAN WAY
Contributor

GRAHAM
A generations-deep tradition of hunting deer with dog packs would be outlawed in Orange County if opponents of the practice get their way. Advocates of deer hunting with dogs fear an Orange County ban could spark a domino effect elsewhere in the state. They say fostering cooperation among dog hunters and landowners would be a more reasonable, less punitive approach.

The two sides faced off at a Sept. 7 public hearing of the North Carolina Wildlife Resources Commission on 55 proposed changes in state hunting, fishing, and trapping regulations for 2012-13. One proposed change would expand the use of dogs to hunt deer to Sundays in certain counties where it already is allowed the other six days of the week. That would make the law uniform with other counties that allow deer dog hunting any day of the season.

The lively discussion showed that the issue, which captured statewide interest during the 2011 session of the General Assembly, still is simmering. A bill introduced by state Sen. Ellie Kinnaird, D-Orange, to ban deer hunting with dogs in Orange County failed to get out of committee.

Hunting a huge industry

Some 3.4 million people, including nonresidents, participate annually in hunting, fishing, and wildlife watching in North Carolina, according to a 2006 survey by the U.S. Fish and Wildlife Service, the most recent data available. The industry has a \$2.7 billion economic impact statewide, that survey found.

"The numbers are much larger than they were five years ago" in terms of annual license sales, said commission spokesman Harvey R. White in a telephone interview.

The Sept. 7 hearing was the second in a series of 10 public comment sessions being held around the state. The full commission is expected to review testimony from the hearings at its October meeting and vote on the proposals in November.

Among the 55 proposals are several rule changes increasing the allowable harvest of deer, bear, and feral swine in some areas of the state. In those areas, growing populations of these animals are creating problems with humans, other wildlife, and habitat carrying capacity.

During comment on the Sunday dog hunt expansion, Bonnie Hauser, representing the rural grass-roots organization Orange County Voice, called dog deer hunting in northern Orange County, where it is allowed, "a dangerous situation."

"Our parcels are too small, hunters are illegally shooting from the



The contentious divide between proponents and opponents of using dogs for deer hunting continues to simmer, with competing measures for expansion and banning being proposed. (CJ file photo)

road ... the dogs are trespassing onto private property" and threatening livestock, Hauser said. "I'm sure you know this is happening in other counties of North Carolina."

Valerie Foushee, a member of the Orange County Board of Commissioners, lamented that the county has been unable to get legislative approval of dog hunt bans. "Twice our board has voted on this, and we have sought through the legislative process to have this done. Any consideration we could get we would appreciate," Foushee said.

An 'attack on tradition'

But Julius Andrews of Guilford County viewed the matter as an attack on dog hunters' traditions. "The onliest thing I'm scared of, and we're seeing it, is people are trying to do away with our dogs," Andrews said.

Of the dozens of dogs Andrews has owned, "I haven't seen one yet that can read this trespass sign," he said to a ripple of laughter. He encouraged dog hunters to talk to neighbors, "get a rapport with them. If you'll talk to me, I'll do anything I can to accommodate you."

Hauser attempted to get a commitment from the wildlife commission "to petition the legislature to move the line" where dog hunting is unlawful to include all of Orange County or to give counties more authority in setting the rules.

But Gordon Myers, the commission's executive director, gave a terse response. "The commission has made

it very clear they strongly support the tradition of hunting with dogs in many forms, but they do not support trespassing," Myers said.

A strong divide

After the meeting, he said moving the line that divides dog hunting counties from those where it is not allowed "would be a very complicated process" that likely would take years to push through the General Assembly.

Henri McClees of Oriental, representing the North Carolina Sporting Dog Association, did not support expansion of dog hunting to Sundays. Her organization opposed Kinnaird's Senate bill outlawing dog hunts in Orange County.

"We are opposed to hunting on Sunday, [with] dogs or otherwise," McClees said. "If you have a pack of dogs that go through the church parking lot on Sunday, you have a lot of enemies. You don't need more enemies. You need more friends."

The wildlife commission also is being asked to add feral swine to its hunting rules. There would be no closed season and no bag limit to allow for maximum harvest statewide. Feral swine are a non-native species that "create all sorts of problems for other wildlife," said David T. Cobb, chief of the Division of Wildlife Management. "They root up all the vegetation" and, more ominously, carry a number of diseases that could infect the state's livestock.

Harold Dorsett of Efland, a member of the North Carolina Trappers As-

sociation board of directors, said the lack of opportunity to kill hogs at night after Oct. 1 is something "that a lot of people feel is a step in the wrong direction of trying to control the population of feral swine in the state."

Thinning out the deer herd is the goal of proposals to increase the either-sex deer season from conservative to moderate on Butner-Falls of Neuse Game Land and in Polk County, to allow additional archery and muzzleloader deer hunting on Sandhills Game Land, and to increase the either-sex deer season from moderate to maximum on Neuse River Game Land. A conservative season has the fewest days of hunting for either sex; a maximum season allows taking either sex the entire season.

Deer population overgrown

"There's increased motor vehicle accidents statewide" involving deer, Cobb said. "We have more people, we have more roads, we have more people on the roads, and we have more deer."

The deer herd numbers an estimated 1.1 million. In 2010-11, hunters harvested 175,157 deer, according to wildlife commission data.

A bear population that has grown to about 10,000 statewide provided the impetus for proposing a longer bear hunting season in Greene, Halifax, Lenoir, Martin, Northampton, and Pitt counties, and opening a bear hunting season in Edgecombe, Harnett, Johnston, Nash, Stokes, Vance, Warren, Wayne, and Wilson counties. If the proposals are adopted, the bear season would be opened in previously closed portions of Cleveland, Burke, and Surry counties, and the season would be changed in Yadkin, Iredell, Alexander, and Catawba counties.

Although hunters harvest some 2,500 bears each year, Cobb said "good habitat, a lot of food, and very little mortality" has helped the bear population to increase. The wildlife commission hopes expanding hunting opportunities and seasons in these counties could limit further expansion of bears into the Piedmont, where more people live.

"We've been bothered with them here in Guilford County, Alamance County," Andrews said in supporting the rule changes. "Those bears are just trying to save their butt[s]" by roaming to where food supplies exist. Ramon N. Bell of Guilford County, president of the North Carolina Bowhunters Association, also endorsed the proposals and advocated a special bear archery season.

There were 1,048,137 annual licenses sold for the fiscal year ending June 30, White said. Those include hunting only, inland fishing only, salt-water fishing only, and various combinations of those three. There were an additional 469,999 active lifetime license holders as of June 30. CJ

Charter School Wins Battle Over Funding In Appeals Court

BY SARA BURROWS
Associate Editor

RALEIGH

The North Carolina Court of Appeals has reaffirmed that local school systems must give charter schools a portion of their general operating budgets, even if the budgets include funds that are designated for special programs that charter schools don't offer.

A three-judge panel decided unanimously in September that the Rutherford County public school system owes Thomas Jefferson Classical Academy more than \$730,000. Appellate judges agreed the school system had shorted the charter school funding for the 2007, 2008, and 2009 budget years.

The court issued a similar ruling in 2008, finding that

Charlotte-Mecklenburg Schools systematically underfunded Sugar Creek Charter School and four other public charter schools in the county.

Charter advocates see the ruling as a victory, but hope the General Assembly will clarify and strengthen the law dealing with charter school funding.

At issue in both cases was whether traditional public schools must share funds designated for special programs — such as the More at Four prekindergarten program — with charter schools that don't offer them. The court ruled that districts must share.

"Funds restricted as to their use, but placed into a school board's 'local current expense fund' must be considered in the computation of monies due to a charter school pursuant to N.C. General Statute 115C-238.29H(b)," the opinion states.

Since 1996, "district schools were supposed to give charter schools a portion of all the money in their current expense funds — their general operating fund, their main bank account," explained Terry Stoops, director of education studies for the John Locke Foundation.

"But through the years they have taken it upon themselves to keep funds used for programs charters don't have."

In both the Thomas Jefferson Classical Academy case and the Sugar Creek case, the appellate court ruled

that "if it's in the current expense fund, charters are entitled to it, even if they don't have the programs," Stoops said.

But traditional schools still have a legal avenue for withholding the funds.

As a response to the *Sugar Creek* decision, the Department of Public Instruction created something called Fund 8, "a place to keep special funds — special projects, earmarks, private donations — out of the current expense fund," Stoops said.

In its opinion on the Thomas Jefferson case, the appellate court restated the school districts' right to do this:

"Under our prior holdings in *Sugar Creek I and II*, the county schools can place restricted funds in accounts other than the local current expense fund."

Darrell Allison, president of Parents for Educational Freedom in North Carolina, finds the court's recent ruling reassuring, but sees a need for further legislative action.

The ruling "reinforces the message that charter schools are public schools and they should be funded equally," Allison said.

But now that the state has eliminated the cap on charter schools, the legislature needs to come up with a more fair and balanced funding system, he said.

"Our funding system has been in place since 1996. It allows significant discretion at the local level when it comes to dollars set aside for charter schools," Allison said. "Now that we're going to have more charter schools, we need to re-evaluate it. It may need to be tweaked, modified."

"If we want to make sure more charter schools are available in economically distressed urban and rural areas, they're going to need every dollar they can possibly secure in order to be a viable, quality charter school."

"This ruling restores fairness and equity to public school finance by ending the accepted practice of withholding or concealing funds from charter schools," said Stoops.

In August, a separate three-judge panel of the appeals court rejected a lawsuit filed by the Sugar Creek Charter School seeking access to county education funds for capital construction. CJ



COMMENTARY

Politics vs. Facts In Jobs Debate

For months, Republicans and Democrats have engaged in a public debate about the impact of the new state budget on North Carolina's public schools. In late August, the N.C. Department of Public Instruction released its first-ever public school employment report. The controversial report appeared to validate the arguments of those on the Left. Upon closer inspection, however, it becomes clear that DPI produced a sloppy, politically motivated report designed to manufacture headlines and mislead the public, rather than provide insight into the complex issue of public-sector employment.

In their report, state education officials proclaimed that public schools have "cut more than 8 percent of staff since 2008-2009." Although Republicans have controlled the General Assembly for less than one of the four years in question, the mainstream media primarily blamed Republican legislators for these "draconian" cuts to public schools. I suspect the idea that Democrats would respond to the state's fiscal crisis by cutting education spending — which they did between 2008 and 2011 — did not compute for North Carolina's media establishment. Thus, many left it out of their stories.

From a research standpoint, the DPI report answers few questions about the actual state budget impact on public school employment. For example, the report did not categorize jobs by the three main funding sources for public schools: state, local, and federal. We do not know how many public education jobs were eliminated due to the loss of millions in federal stimulus funds. Similarly, the report did not reveal how many school districts lost positions because of cuts to their county's budget. State education leaders suggested that the legislature was at fault, but changes to the state budget were one part of a much bigger story.

Moreover, there were several methodological problems inherent in the kind of self-reported data generated by DPI's online survey. Those responsible for completing

the survey at the school district level easily could have interpreted questions differently in different school districts. Indeed, major inconsistencies were inevitable because the survey included no definitions of terms and few instructions.

Even if respondents had a uniform understanding of the survey questions, there is no objective way to audit surveys of public-sector employment. Federal agencies compare results of their surveys of private employers with unemployment insurance records. No comparable data sources exist for public-sector employment.

One possible way to gauge the reliability of the data is to compare it to other statistical resources published by DPI. As one would expect, large, multiple discrepancies exist between the survey data and other DPI publications. Predictably, the August school employment report showed much higher job loss figures than any publication DPI released to the public last year.

One final problem is that data for the current 2011-12 school year are incomplete. At the time of the report's release, school districts were still hiring teachers, administrators, and staff. In other words, we currently cannot determine the effect of the new state budget on public school employment, if any, because it will take the state months to conduct its annual (and more reliable) public school personnel count.

Our state education leaders had an opportunity to conduct a careful assessment of the relationship between state, local, and federal funding changes and public school employment. They blew it. Instead, they chose to use taxpayer-funded resources to try to embarrass Republican members of the General Assembly. Yet, in their attempt to humiliate Republican legislators with a slipshod jobs report, they reminded North Carolinians that party politics, not educating children, is their chief concern. CJ



TERRY STOOPS

Dr. Terry Stoops is director of education studies at the John Locke Foundation.

State's First Charter Continues Helping At-Risk Students

Durham's Healthy Start Academy Founded in 1997

BY KAREN WELSH
Contributor

DURHAM

The first public school to receive a charter in North Carolina continues on the cutting edge of curriculum and character building for underprivileged students.

Established in 1997, the Healthy Start Academy, a K-8 public charter school in Durham, pioneered a shift in the educational process for underprivileged and troubled youth in the state.

"The children are in a good environment," said kindergarten teacher Regina Boney. "They are allowed to think outside the box, and their circumstances."

Currently, 96 percent of the student body lives at or below the poverty level, qualifying students for the federal free- and reduced-price lunch Program.

School founder and board member Liz Morey said the school wanted to develop an atmosphere where the minds of young scholars could thrive.

"The school was created for at-risk students and those who were experiencing academic failure," she said. "This alternative makes a lot of difference to parents who can't afford private school tuition."

Many obstacles

The school has faced a lot of obstacles since its inception. Since the North Carolina General Assembly would not give extra funds for construction, Healthy Start had to find an existing structure to host the school. The founders settled on the site of a century-old former Baptist church.

"It's the perfect reuse of this building," Morey said. "It's old, and it needs a lot of work, but it is a good and solid building."

School officials also had to confront rising standards on each student's end-of-grade testing and annual yearly progress report required for the federal No Child Left Behind law. Although the students haven't met the standards in the past couple of years, they continue to do better at their studies in the confines of a smaller school than they would in a traditional public school.

Morey said the numbers can be deceiving, since the school accepts some students who are several grade levels behind their same-age peers.

Everyone needs a chance

"It doesn't matter who we get, they still need to be educated," Morey



Healthy Start Academy was created to help at-risk students and those who were experiencing academic failure in traditional schools. (CJ photo by Karen Welsh)

said. "All of our students just need a chance, and we do everything we can to help them achieve and succeed."

Principal and superintendent James T. McCormick said the teachers and staff work continually to provide a rigorous and challenging curriculum to a very mobile and challenging student body.

"We don't pick and choose our students here," he said. "We provide equitable access, and they come from the surrounding community and apply just like at any other public school. We do, however, have a huge population turnover here. Only 15 to 20 percent of our students were here during the 2008-09 school year.

"The students come from a very transient lifestyle, making their education hard and a continuous struggle," McCormick said. "Oftentimes, their parents are scraping out a living."

A delicate balance

McCormick said there is a delicate balance at the school between academics and discipline, and he takes the initiative to call every student who gets into trouble. Students with disciplinary problems are not allowed to return to the school until the issue is settled both at home and school.

"We have a lot of contact with the home," he said. "We are just trying to build relationships, and we want them to know we are more than a talking head, and we invite them to become a part of the circle of courage.

"We always want them to know we are a safe and secure place in which students can learn," he added. "We try to give them purpose and work at higher levels of responsibility."

Parent Pearletta James has enrolled four of her six children, some gifted and some with special needs, at

the school. No matter what level her children occupy, James said she has felt embraced by the faculty and staff.

"It's an extended family at times," she said. "We have a relationship with them. They pay more attention to my children, catch learning problems quicker, and boost it up with education so the children understand what they are doing."

Graduate Brittany Atkins, who attended all nine years at Healthy Start Academy, said she felt secure at the school.

"I used to wake up every day knowing what I was going to do at school, and that made me feel happy and stable," she said. "It gave me the education I needed to go to high

school, and I'm looking forward to going to college to become a nurse someday."

Besides providing after-school programs and tutoring services, the school also provides therapy counseling and other support for the students and their families.

Eddie Goodall, president of the North Carolina Alliance for Public Charter Schools, said the passage of Senate Bill 8, lifting the statewide cap on charter schools, has made it an exciting time to be a part of the school-choice movement.

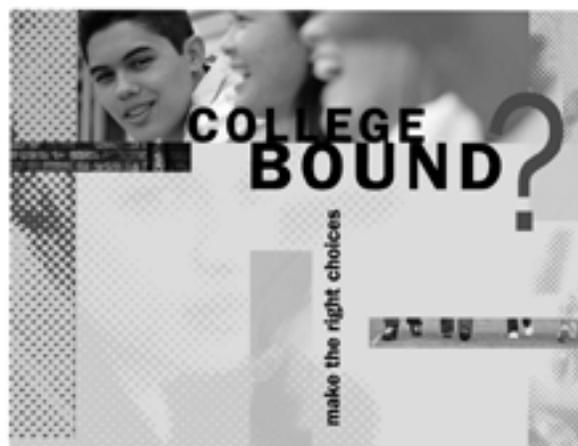
Embracing the new law

He said the North Carolina School Boards Association appeared to be embracing the new law. Goodall said his association advised the SBA to fast-track both charter schools that had applied unsuccessfully in the past and private schools that want to convert into charters. That process would clear the way for a plethora of new charter schools to open in August 2012 throughout the state.

The deadline for potential charter schools to apply if they want to open next school year is Nov. 11, Goodall said. The application form can be obtained from the Department of Public Instruction's website (<http://bit.ly/nDRD2P>).

"The SBA has embraced the intent of S.B. 8, and the halls of education have opened wide," he said. "We are proceeding in good faith to continue to meet the education needs of the children in the state. That's where we are. It's a much brighter picture than we thought it would be before. I applaud [State Board of Education Chairman Bill] Harrison and the SBA for doing that." CJ

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Paradise Getaway For Teachers Retrenches After Budget Cuts

By DAVID N. BASS
Associate Editor

RALEIGH

A retreat for public school teachers is retooling its focus after the Republican-controlled General Assembly sliced the organization's budget in half.

With locations in the mountains and on the coast, the North Carolina Center for the Advancement of Teaching has served for more than 25 years as a coveted destination for educators. But with a 50-percent budget cut authorized by the General Assembly this year, big changes are in the cards.

In the near term, NCCAT's slashed budget will mean fewer five-day seminars, more on-site training for teachers in school districts, and ramped-up private fundraising. It's also meant dozens of layoffs over the past two years.

All expenses paid

Before the cuts, NCCAT had drawn \$6.1 million in taxpayer funds from the legislature and served as many as 5,000 teachers per year. Educators don't pay their own way; NCCAT picks up the tab for them to attend, including the expense of finding substitutes to handle their classrooms back home.

Critics say that the money should be spent elsewhere during lean fiscal times — the legislature faced a \$2.5 billion budget gap this fiscal year — and that NCCAT is a luxury rather than a necessity.

As *Carolina Journal* reported in 2009, the teacher retreat has many accommodations of a mountain resort, including a 48-room lodge, indoor amphitheater, a health and wellness facili-



The dining room, left, and exercise room at the North Carolina Center for the Advancement of Teaching's western North Carolina facility in Cullowhee. (CJ file photos)



ty, an extensive art collection, and even a Hershey's Kiss on each teacher's pillow in the morning.

Budget woes

The teacher retreat went through several iterations of cuts during budget negotiations earlier this year. In her proposed spending plan, Democratic Gov. Bev Perdue suggested a 10 percent reduction, but initial House spending targets would have zeroed out funding for the center. A final compromise between the House and Senate cut the appropriation by half — about \$3 million each year.

NCCAT's top staff say the cuts

came as a surprise. "We anticipated different scenarios, but did we go that deep? No. I don't think we saw that coming," said Elizabeth Gillespie, communications coordinator for the center.

"It was too deep, [but] you deal with what you're given," said Elaine Franklin, who took over as NCCAT's executive director in April.

The cutbacks already have prompted NCCAT staff to cancel 17 of 27 seminars scheduled for the fall 2011 semester. The remaining seminars include "Strategies for Motivating African American Students," "Move It! The Physically Active Academic Classroom," and "Teaching the Holocaust: Resources and Reflections."

Instead of relying on the seminar model, which Gillespie described as "very expensive," NCCAT staff will begin providing on-site services to school districts across the state. Exactly what that will look like is still up for discussion.

"We're trying to adapt on the fly and be as flexible as possible to best serve the schools in North Carolina," Gillespie said.

Staff cutbacks

NCCAT has laid off around 35 employees since mid-2009. The most recent reductions chiefly came from dining workers (NCCAT's mountain location has a multilevel dining room that looks out on the Appalachian Mountains) and program associates, who assisted with seminar development.

Gillespie said all departments have been cut. "No department has been exempt," she said.

Partly as a result of the cutbacks,

NCCAT promoted five employees to fill vacant positions and gave corresponding pay raises. Another two employees also had salary bumps to reflect additional job duties.

"Those positions that we really try to preserve are those that are responsible for developing curricula and delivering programs to teachers," Franklin said.

Franklin began her tenure as NCCAT's leader with an annual starting salary of \$125,000. Before joining the teacher-training center, she served as director for the Center for Mathematics and Science Education at Western Carolina University, where she earned \$78,561 per year.

Franklin replaced Mary McDuffie, who served as NCCAT's executive director for eight years. As of December 2009, McDuffie was the highest-paid state employee in the Department of Public Instruction at an annual salary of \$175,137.

New emphasis

Aside from on-site training, Franklin said that NCCAT would focus on charter schools after the General Assembly lifted the 100-school cap this year.

"We want to really emphasize that we are here for charter schools and want to help them get ramped up, particularly for those new ones," she said.

Teacher retention initiatives also will get renewed focus. "We don't want to retain just any teacher," Gillespie said. "We want to make sure that the teachers that are retained are doing great work with the students — that they are excited and inspired and that the kids are really becoming lifelong learners." *CJ*

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Town and County

Urban loops speed up

Gov. Bev. Perdue has announced plans to speed up the construction of portions of six urban loop projects across the state.

"Investing in our state's infrastructure is about jobs," Perdue said. "Not only will it create jobs, but it also will build an efficient transportation network that will attract new businesses and bring more jobs to our state in the future."

The move is possible through the state issuing \$400 million in so-called GARVEE bonds against future federal highway dollars. The governor's announcement presumes that federal highway money will continue in the future at about the same level as today.

The highways that could be built sooner than envisioned include portions of outer loops around Asheville, Fayetteville, Greenville, Greensboro, Wilmington, and Winston-Salem. In most cases, construction would begin between 2017 and 2020.

"To put [widening] first without fixing either end is absurd," said local attorney and Department of Transportation critic Betty Lawrence to the *Asheville Citizen-Times*, noting the plan does not address congested intersections at each end of the Asheville connector.

Food trucks expanding

The list of N.C. cities allowing food trucks increased by two in September, with Asheville and Raleigh now permitting the dining option. In both cases, though, the cities placed significant restrictions on food truck operations.

In Raleigh, food trucks will be allowed to use only commercially zoned private parking lots. They cannot operate within 100 feet of a restaurant's main entrance or outdoor dining area or within 50 feet of a hot dog cart. No more than three food trucks can operate on a single parking lot regardless of its size. Food trucks can't operate after 3 a.m.

In Asheville's case, only 10 food trucks will be allowed. They cannot operate on public property, use noisy generators, or operate after 2 a.m. The move allowing the trucks is a pilot project that could be ended in the future.

"It's going to add to affordability and continue to broaden the choices that people have here," Councilman Gordon Smith said to the *Asheville Citizen-Times* of allowing food trucks. CJ

Rescue Mission Spurns Government Funds

By DONNA MARTINEZ
Contributor

DURHAM

Some social service nonprofit groups fear they can't survive without government funding. Not so the founders of the Durham Rescue Mission.

They don't regret for a moment their decision nearly four decades ago to rely on private donations to help the homeless and addicted in one of the state's largest cities become productive members of society again. What government funds, government controls, explains chief Financial officer Gail Mills of the decision to avoid a strings-attached relationship with public money.

In 1974, Mills co-founded the organization with her husband, the Rev. Ernie Mills. She says many who seek the rescue mission's help are receiving government assistance.

"How does that look if we [the rescue mission] are taking government assistance, but we're telling them you need to get skills and abilities to take care of your own family?" Mills asked. "So it was a competing message if we're saying one thing but we're doing another."

The decision forced the couple to pound the pavement looking for support. There were lean times. Mills estimates the mission's income between 1974 and 1987 at roughly \$1 million. Between 1988 and 2010, donations soared to just over \$50 million. Chief operating officer Rob Tart believes success came because the rescue mission made good on its promises, which generated credibility with donors and the community.

Last year, 65 percent of mission donations came from individuals, churches, and businesses. Another 30 percent came from mission-operated thrift stores, and 3 percent was generated by Temps to the Rescue, a service matching clients with local businesses that need workers. Miscellaneous sources generated the remaining 2 percent.

To keep providing services — the mission served an average of 200 men, women, and children each day last year — private fundraising never stops. This month the Millses are closing in on a \$4.5 million goal to build The Center for Hope, a 20,000-square-foot addition to the downtown Durham location. The facility will feature a commercial kitchen, dining room for up to 300 people, three dormitories, 88 beds, and offices for counselors. Donations have ranged

from \$1 to a monster-size \$100,000 gift, which was doubled to \$200,000 by the donor's employer. With another \$300,000, the center will be fully funded.

At least eight other North Carolina rescue missions follow the no-government-money model, according to mission staff. Others around the country do take public funds. Mills is reluctant to advise which approach is best. "That's a decision each organization has to make," she said.

Mills notes that a Los Angeles-area rescue mission recently discovered the bureaucratic pitfalls that can come with the decision to accept government money: late payments and grants that don't cover all costs. The Rev. Andy Bales told www.fulldisclosure.net that the Union Rescue Mission set up a separate, secular entity to receive govern-

ment funding to pay for much-needed winter shelters. Bales said a dispute ensued when the mission had trouble getting reimbursed by the Los Angeles Homeless Services Agency for services the mission had provided. "We are finding that it's better for us to rely on private funding," Bales said to our-weekly.com.

Union Rescue Mission's experience isn't uncommon for nonprofits. A 2010 survey of its members by the N.C. Center for Nonprofits found that 60 percent of state-funded nonprofits reported being paid late in 2010. More than half of state-funded nonprofits also reported that government funding doesn't cover the full cost of providing services and that the application process and reporting require-



When Ernie Mills (above) and his wife Gail co-founded the Durham Rescue Mission in 1974, they felt they could not in good conscience urge their clients to rely on themselves if their organization accepted government money, so they decided not to, and haven't ever since. (CJ photo by Jon Ham)

ments are overly complex.

In a limited sense, all nonprofits are government-funded because they receive substantial tax advantages over other groups, explains Fergus Hodgson, director of fiscal policy studies for the John Locke Foundation. "However, direct allocation of tax dollars to a nonprofit goes much further and changes the nature of a charitable enterprise and its relationships," Hodgson said.

Ultimately, Hodgson warns nonprofits to consider carefully the implications of their funding mechanism. "Reliance on voluntary donations keeps charities accountable to donors, but reliance on politicized tax dollars keeps charities accountable to government officials."

For the Durham Rescue Mission, the question of who's accountable to whom is easy. "We just felt like it was important for this to be a ministry of people helping people," Mills said. CJ

Court: State Can Be Sued For Actions of Negligent Employees

By MICHAEL LOWREY
Associate Editor

North Carolina law allows citizens to file claims against the state for losses resulting when state employees perform their duties in a negligent manner. Can they recover losses if the losses resulted because the state employee's reason for not performing his duties was because he was being bribed?

In a decision handed down on Sept. 20, the state's second-highest court concluded that citizens can recover damages — even if the state employee did not intend specific harm to those citizens — if the employee's actions could be considered willfully negligent.

In July 2001, David and Sharon Crump bought a lot in a subdivision in Caldwell County on the condition that the property could support a septic system.

Michael Beane, an environmental health specialist with the Caldwell County

Health Department, which was acting of behalf of the N.C. Department of Environment and Natural Resources, inspected the property and issued permits allowing the construction of a traditional wastewater septic system.

The Crumps bought the property for \$80,000 and began to make improvements on the land. They hadn't begun adding the septic system by late 2004, when the Caldwell County Health Department notified them that the permits may have been issued improperly.

DENR had discovered that Beane had issued permits for a septic system on a different property where the land could not support a septic system. This led DENR to review other permits issued by Beane. In 23 of 25 cases, DENR found soil conditions were "entirely inadequate" to support a septic system.

Beane's inspection of the Crumps' property also proved to have been faulty. The couple was forced to buy property across the street for \$20,000 to accommodate the septic system and to spend \$8,300 on a pumping system.

Beane eventually pleaded guilty to bribery of a public official in connection with some of the permits he issued. No evidence was found to suggest that Beane conspired with the Crumps or the developer of the property to issue the improper permit in their case.

The Crumps then brought a claim against DENR under the Tort

Claims Act seeking to be compensated for the extra \$28,300 they had to spend for their septic system. The Industrial Commission ruled in the Crumps' favor. DENR contested the Crumps' claim and brought the matter before the Court of Appeals.

On appeal, DENR contended that the state should not be held liable for Beane's intentional actions. In support of its claim, the agency cited the 1968 N.C. Supreme Court decision in *Givens v. Sellars*, in which the high court held that "[i]njuries intentionally inflicted by employees of a State agency are not compensable under the North Carolina Tort Claims Act."

The appeals court found DENR's argument to be misplaced and upheld the award.

"NCDENR overlooks the fact that the focus is not on whether Beane's actions were intentional, but rather on whether he intended to injure or damage the Crumps," wrote Judge Martha Geer for the court.

She noted that in *Givens*,

the Supreme Court had stated that a "breach of duty may be wanton and willful while the act is yet negligent; the idea of negligence is eliminated only when *the injury or damage is intentional.*" (Emphasis in Court of Appeals decision.)

And this is what the Industrial Commission found in its ruling. DENR argued that Beane's bribery conviction, his inaccurate soil measurements, and expert testimony established that Beane's error in surveying the property amounted to an intentional act. The commission agreed that Beane's breach of duty to perform the soil test was intentional, but "the evidence does not compel a conclusion that Beane intended to cause injury to plaintiffs."

The appeals court agreed with the Industrial Commission's conclusion. "The evidence cited by NCDENR is sufficient to prove an intentional failure to carry out the duty imposed on Beane regarding site inspections and issuing permits," wrote Geer.

"NCDENR, however, cites no evidence and the Commission found none that required the Commission to find that Beane intended to injure the Crumps. The Commission's findings — and the evidence supporting those findings — establish willful negligence rather than intentional injury."

The case is *Crump v. N.C. Department of Environment and Natural Resources* (10-1138). CJ



COMMENTARY

Rail: Build It And They May Not Come

A common misconception about public transit is that it serves only as a means of transportation. That's not the case. Transit is sold as a solution to many different issues: providing mobility to the poor, serving as a substitute for driving to work, and enhancing urban redevelopment. Indeed, the main justification of many pricey rail transit systems, such as that in Charlotte, has less to do with moving people than as a tool for economic development.

Unlike buses, rail transit operates along a fixed, permanent path. Those wishing to ride rail must come to the system because the system cannot come to them. To proponents of rail, this is a feature, not a bug. Rail transit is intended to serve as an attraction, a draw for those who find a certain sort of urban lifestyle appealing.

The idea usually is to retrofit rail transit systems into existing urban areas. Charlotte's first rail transit line, a light rail line running 9.6 miles along South Boulevard from Uptown Charlotte to just short of Interstate 485 near Pineville, certainly was intended to spur redevelopment of a stretch of old strip malls. Then-Charlotte Mayor Pat McCrory famously described South Boulevard as a "corridor of crap" which the light rail line was intended to fix.

Debra Campbell, Charlotte's planning director, explains it this way in the June 2007 issue of *Governing* magazine:

"The real impetus for transit was how it could help us grow in a way that was smart. This really isn't even about building a transit system. It's about place making. It's about building a community."

The sort of place Charlotte officials were hoping to create would cater to people, particularly bankers, coming from such urban areas as San Francisco, New York, and Boston. They were used to living in midrise condo buildings and riding the train to work.

Government officials can dream up all the grand economic development visions they want. That doesn't mean their wishes will come to pass. Or put another way,

just because you build it does not mean they have to come.

And indeed, the proverbial "they" haven't come. The line's Scaleybark Road station, the closest to Uptown Charlotte with a park-and-ride lot, was supposed to serve as a catalyst for a signature mixed-use development. The city has put up \$11.2 million to make it happen. Despite the money, and a rapid expansion of Charlotte-area apartment

sales, four years after the light-rail line opened the project remains stalled.

These struggles came even before Bank of America, which is headquartered in the Queen City, announced in September that it was laying off 30,000 people companywide.

In some sense, the city's problems in using transit to redevelop South Boulevard aren't surpris-

ing. A 2003 report by a consulting firm warned that light rail projects had not produced increased population density in areas that weren't densely populated already.

For Charlotte's light rail line to have any chance of increasing density, the city would have to acquire large tracts of land and enter into public-private partnerships to redevelop the property. Projects like the one at Scaleybark Road.

A lack of success hasn't stopped Charlotte-area officials from pushing for more rail lines. Now, the Charlotte Area Transit System wants a \$1.1 billion extension of its light rail line to UNC-Charlotte in northeast Mecklenburg County. A \$450 million commuter rail line from Uptown Charlotte to the northern Mecklenburg County towns of Huntersville, Cornelius, and Davidson may be built using tax increment financing, the ultimate build-it-and-hope-they-come scheme.

As long as transit has many roles and justifications, government officials can continue hiding their questionable economic development projects from the public scrutiny they deserve. CJ



MICHAEL LOWREY

Michael Lowrey is an associate editor of Carolina Journal.

Last-Minute Change Could Keep Traffic Cameras in Raleigh

BY SARA BURROWS
Associate Editor

RALEIGH

Eight years after they were put up, Raleigh's red light cameras were set to be taken down at the end of September.

But a week after the city council fell one vote short of the five needed to renew its contract with ACS Xerox for the SafeLight Program, council member Eugene Weeks said he would change his no vote to yes.

Weeks said he changed his mind after city planners agreed to consider reactivating a traffic light camera that had been removed from the intersection of Rock Quarry and Proctor roads in Weeks' southeast Raleigh district. If Weeks follows through at the Oct. 4 council meeting, after this issue goes to press, the traffic cameras will remain active.

Studies show that while right-angle collisions have decreased with the cameras in place, rear-end and fatal collisions have increased. The cameras, at 15 intersections throughout Raleigh, would have been removed after the contract expired Sept. 30.

While some council members claim the primary purpose of the cameras was public safety, critics argue it's just another source of revenue.

A 2005 study by North Carolina State University showed side crashes

had decreased by 42 percent since the 12 cameras working at the time had been installed. Meanwhile, rear-end crashes had increased by 7 percent. A study of Greensboro red light cameras also showed an increase in rear-end collisions.

"It's not news to any of us at the city level that the rear-end smaller kinds of collisions would increase from this kind of technology in place," said City Manager Russell Allen in 2006.

Allen said the city installed the cameras to cut down on dangerous, high-speed side collisions.

However, a more recent study found that fatal collisions have increased at the intersections with cameras. According to the Insurance Institute for Highway Safety, there were nine fatal accidents between 2004 and 2008 — after the cameras were in place — compared to three between 1992 and 1996.

The impact of red light cameras on safety is debated around the coun-

try. Some studies find them to make intersections safer, and some find them to cause more accidents than they prevent. "But one thing is for sure," said Fergus Hodgson, director of fiscal policy studies for the John Locke Foundation. "They generate revenue for local governments, and that appears to be the genuine reason why they promote them."

Raleigh doesn't receive any revenue for the \$50 red light tickets it issues, but the Wake County Public School System does. It has collected more than \$500,000 since the cameras were installed.

Hodgson said the vast majority of red light camera tickets are issued for rolling right-hand turns. Drivers are more likely to get struck by lightning than to get in an accident by making a rolling right-hand turn, he said.

"That's why everyone does it," he said. "If it were so dangerous, people wouldn't do it. There seems to be the assumption that people want to get in accidents. They don't."



If city council members wanted to make intersections safer, Hodgson said, there are better ways of achieving that goal, such as extending yellow light times. He noted that research from the Texas Transportation Institute suggests that increasing the length yellow lights are illuminated by only one second reduces collisions by 40 percent.

"Yet a number of cities have been found guilty of deliberately shortening the yellow light so as to cause more red light runs and more tickets," Hodgson said.

In addition to safety concerns, red light cameras have "devious impacts on our privacy and our right to a trial, the presumption of innocence," Hodgson said.

Councilman Bonner Gaylord expressed similar concerns at the Sept. 20 council meeting. "Tickets are issued based on the license plate," Gaylord said. "How do we ensure it was the owner that was driving? What's the process if the owner was not driving the car and was issued a ticket?"

City staff answered that the owner can contest the ticket and get it transferred into the driver's name.

"To me this is against what our country's justice system was founded on, which is innocence until proven guilty," Gaylord said. "This seems to be guilty until proven innocent." CJ

Triad Transit Agency Seeks New Funds From Cash-Strapped Counties

BY SAM A. HIEB
Contributor

GREENSBORO

Simply stated, the Piedmont Authority for Regional Transportation is running on fumes.

"We're running out of money, and we require an infusion of new dollars," said High Point Mayor Becky Smothers, who serves on the PART board as finance committee chair.

PART's board met in late September to discuss the most recent financial crisis. The outlook was grim.

Even if PART gets a short-term infusion of cash from member counties to keep operating through the 2011-12 fiscal year, the following fiscal year looms, with no source of funding to keep the transit agency afloat.

On top of that, a scathing federal audit of PART's operations painted a portrait that might make some wonder if additional funding would be throwing good money after bad.

Smothers made a motion asking member counties to approve a \$2 vehicle registration tax. This tax was less than the \$3 tax executive director Brent McKinney suggested earlier this year. McKinney's proposal was met with a stony silence from cash-strapped

member counties, and fellow board members quickly shot down Smothers' proposal.

"If you want short-term relief from us, do not bring this forward," said fellow board member Gloria Whisenhunt, who serves on Forsyth County's board of commissioners. "I can tell you right now we will not pass a registration tax."

"Then we won't have a regional service," Smothers replied.

Currently, PART's primary funding source is a 5 percent tax on rental cars in Guilford, Forsyth, Davie, Davidson, Stokes, and Surry counties. Randolph County provides funding through a \$1 vehicle registration tax. PART also receives funds from the North Carolina Department of Transportation and the federal government.

While the economic downturn may have boosted PART's ridership, it simultaneously has reduced revenues from the car rental tax. As a result, PART is running a \$1.1 million deficit.

A cash infusion from counties would be one short-term fix. And there is an even shorter-term fix: Cut route schedules. Indeed, the board voted to do just that effective Oct. 31.

Complicating PART's funding

problems is a recent audit by the U.S. Department of Transportation's Federal Transit Administration that called into question PART's administrative practices.

The audit found that PART does not monitor grant funding adequately, does not reconcile farebox proceeds, does not keep a sufficient inventory of fare passes, allowed another FTA grantee to use FTA funds to purchase a pickup truck, and holds titles to buses in use by the City of High Point and Elon University while having no direct control over them.

Smothers said the finance committee had met recently with the auditors, who "assured us there was no evidence of misappropriation or illegal activity." Still, she added the auditors "gently said the board needs to be more involved."

And the board made a pledge to be more involved when convincing counties to provide more funding.

PART is basing its funding request on the number of cars registered in each county. With two good-size cities within its borders — Greensboro and High Point — Guilford County by far has the most registered vehicles in the Triad area. At \$1 per vehicle, Guil-

ford's contribution would be \$394,000.

Guilford county commission Chairman Skip Alston attended the meeting and was allowed to vote in place of fellow commissioner and PART board member Carolyn Coleman, who is ill.

During the past two years, Alston has led a movement to slash Guilford's budget in the wake of the economic downturn.

But he seemed amenable to granting PART's funding request and said he would bring it before his board in October.

"It's the county's responsibility to step up," Alston said. "This is an incentive for people to keep their jobs. We might be able to find it some way. It might have to come from the fund balance."

In the meantime, PART faces the end of one fiscal year and the beginning of another with no sign of an economic recovery that would allow member counties to loosen their purse strings.

Even so, Smothers remains hopeful county commissioners will come around. "Most of them are pretty smart people," Smothers said. CJ

Chapel Hill, Hillsborough May Soon Join Food Truck Parade

BY DAN E. WAY
Contributor

Lindsay Wells stood in a dimly lit parking lot next to a lumber company waiting expectantly for the young woman behind the window to pass her the steaming plate of Mexican food she had ordered.

"Right now it's open, and it's near where I live," Wells said of the reasons she was patronizing the Latin Grill food truck parked just a block off of Carrboro's main drag. A physics teacher, she was arriving home Wednesday evening after a long day at Millbrook High School in Raleigh that featured an after-hours "back-to-school" program.

The authentic Mexican food, convenience of location, and rapid service of the mobile restaurant, she said, were what attracted her — and others — to the order line that alternately surged and receded throughout the evening hours.

Carrboro, a community that prides itself on walkability, supporting local entrepreneurs, diversity, and a coolness factor, has a thriving food truck industry with vigorous walk-up business.

Neighboring towns Chapel Hill and Hillsborough want to pop some of that food flair onto their streets. They are in the midst of developing ordinances while watching developments in Durham and Raleigh.

"I think food trucks are great. I'd love to have them," said Chapel Hill Councilwoman Laurin Easthom. "I have a sense from the council . . . that they are interested in food trucks."

A decision on whether to allow these popular meals on wheels could happen soon. "We had a hearing and then we directed [Planning Depart-



Silvia Franco wields a fast flipper at the Latin Grill food truck in Carrboro. Owner Eladio Calletano, at right, said he has been operating successfully in the same spot for seven years. (CJ photo by Dan E. Way)

ment] staff to come up with some possible regulations," Easthom said.

"There are some issues about whether or not they pay [sales] tax, or whether that tax comes back to the town," Easthom added. "I think they're going to work that out to make sure the town receives that tax."

Another issue is whether Chapel Hill and Hillsborough will issue regulations welcoming food trucks, as in Carrboro and Durham, or, like Raleigh, will ban trucks from downtown and other areas with heavy pedestrian traffic — and in the vicinity of brick-and-mortar restaurants.

"We got a real hard pushback from merchants downtown" to injecting food trucks into the dining tableau, said Chapel Hill Councilman Ed Harrington, acknowledging he frequents the convoy of food trucks in Durham, where ample empty parking lots pro-

vide ready setup for the vendors.

"There's a minimum of 75 restaurants open at any one time in downtown Chapel Hill, and there's not any spare parking," Harrington said of the most frequent objection to food trucks. "Aside from the [UNC] campus, two other places you could imagine food trucks is downtown and shopping centers on private property."

Food trucks have operated at University Mall and some commercial plazas in agreement with the property owners, and during town festivals, he said.

"We would go to Chapel Hill" if allowed, said Eladio Calletano, owner of the Latin Grill food truck whose four employees dish up house specialty chicken tamales and chicken enchiladas from 6 p.m. to 11 p.m. Wednesdays, and 6 p.m. to midnight Thursday through Sunday in Carrboro. "We'd go on a different day or in the morning."

In Hillsborough, where food trucks have worked the town's signature Hog Day festival and monthly downtown Last Fridays street celebrations, the Town Board and its Tourism Board are talking about adding the roaming luncheonettes.

"We've got kind of the basic framework set up" and are moving toward a public hearing to get resident and business feedback, said Planning Director Margaret Hauth. "Folks saw the impact they were having in Carrboro and Durham and said, 'Hey, maybe we want to get involved with that,'" she said.

An ordinance could be enacted as early as October, Hauth said, but she would prefer to wait until Jan. 1 to monitor what happens in Raleigh. Raleigh City Council voted in September to approve food trucks during specific hours on designated private property.

"I wouldn't mind learning a few lessons from them in the first few months to get some pointers from them," Hauth said.

The town's Tourism Board collects a 1 percent municipal food and beverage tax, and Hauth said the town is studying how to collect that from the mobile vendors.

Food trucks have been part of the landscape in Carrboro for several years, Interim Town Manager Matt Efirid said.

Food trucks must get a one-time, \$75 zoning permit, obtain an inspection certification from the county health department, and a \$25 Carrboro business privilege license.

"There are a couple of locations around town that are approved locations" for the vendors, Efirid said. "We haven't had many complaints compared to some of the other jurisdictions around." CJ

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Obama Plan: Teacher Jobs Funded For One Year Only

Continued from Page 1

for an additional two years. A White House spokeswoman told *Carolina Journal* that the bill includes no unfunded mandates. But unless North Carolina picks up the funding for these positions after the first year, it's unclear how the teachers and first responders supported by it would be paid.

Moreover, the traditional school year began before Obama made his speech at N.C. State. Local school districts have hired teachers, and classes are under way. Even if the bill became law quickly, it's unclear how North Carolina government agencies could accept the federal money and achieve the president's job goals during the current fiscal year.

North Carolina Department of Public Instruction Chief Financial Officer Philip Price told *CJ* that the average cost of teacher pay and benefits in North Carolina was \$56,000 per year. He said his staff is just beginning to analyze the components of the bill that applied to public schools.

Price also said approximately 4,000 North Carolina teacher positions are being supported currently by EduJobs, a program that was part of Obama's previous stimulus package, the American Recovery and Reinvestment Act of 2009. Price said the money for those jobs would run out in Sep-



President Obama holds up a copy of his jobs proposal at a rally held in N.C. State's Reynolds Coliseum on Sept. ???. (CJ photo by Don Carrington)

tember 2012.

Obama's American Jobs Act specifically includes \$35 billion for state and local government employees: \$30 billion to hire or preserve the jobs of public school teachers, and \$5 billion for police officers, firefighters, and other first responders. In the White House summary for each state, the categories are combined. One-seventh, or 14 percent, of the money covers first responders.

A *Carolina Journal* analysis of the planned allotment and estimated jobs from each state yields a nationwide av-

erage cost per job of \$74,757.

Obama has crisscrossed the country selling his plan. "All across the country, budget cuts are forcing superintendents to make choices they don't want to make," he said at a speech at Lincoln High School in Denver on Sept. 27. "It's unfair to our kids, it undermines their future, and it has to stop. Tell Congress to pass the American Jobs Act, and there will be funding to save the jobs of thousands of Colorado teachers — and cops and firefighters, too," he said.

But in Colorado he failed to men-

tion the specific number who would be hired, and again failed to state how long those jobs would be funded with federal tax dollars.

The White House summary for Colorado states that his plan will award \$478,600,000 to provide 7,000 jobs. Simple division yields an amount of \$68,371 per job.

Background information provided to *CJ* by the White House bases the distribution of funds to each state primarily on population. The job estimates rely on public-sector labor costs obtained from each state.

CJ's analysis places North Carolina 31st among the states nationally in the cost per job, with the state receiving \$67,187 for each of its 13,400 jobs. In neighboring states, Virginia would receive \$68,731 for 10,800 jobs, South Carolina \$67,109 for 6,400 jobs, and Tennessee \$63,604 for 9,400 jobs.

At the extreme ends of the rankings, South Dakota would receive the least money per job and New York the most.

South Dakota would get \$77,600,000 for an estimated 1,600 jobs, or \$48,500 per job. New York, by contrast, would receive \$1,769,800,000 for an estimated 18,000 jobs, or \$98,322 per job.

California ranks second to New York with \$3,621,300,000 for an estimated 37,300 jobs, \$97,086 per job. *CJ*

ESC Reports Show No Public-Sector Job Losses Yet

Continued from Page 1

At a Democratic fundraiser in April, Perdue suggested that the state budget proposed by GOP leaders would lead to massive layoffs — perhaps 30,000 in all sectors of government and 18,000 in education alone.

Speaking to a group of economic developers Sept. 19 in Charlotte, Perdue claimed that "much" of North Carolina's 10.4 percent unemployment rate was due to job losses in the public sector, according to a WSOC-TV report. At a Greenville-Pitt County Chamber of Commerce lunch the next day, Perdue said a recent jump in the state's unemployment rate occurred because of public-sector job losses, the *Daily Reflector* reported.

But the monthly employment numbers released a few days earlier by the ESC showed a different picture. The seasonally adjusted unemployment rate did "jump" from 10.1 percent in July to 10.4 percent in August. Yet ESC also reported a seasonally adjusted net increase of 13,600 government jobs.

At a minimum, it is premature to make any conclusions about a purported relationship between government job levels, the unemployment rate, and

the state budget. Because of quirks in the seasonal adjustment methodology, ESC could report a gain of seasonally adjusted government jobs in September. Such a report would not be an accurate accounting of public employment, but it would place Perdue and others who have been critical of the General Assembly in a rhetorical bind.

Still, despite the lack of reliable numbers at present, Perdue spokesman Mark Johnson maintains that the GOP is to blame for massive job losses in the public sector.

"The Republican legislature's shortsighted and unnecessary cuts resulted in the loss of thousands of education positions in K-12 and thousands more in the university system," Johnson told *CJ*. "Common sense alone tells you that these job losses push up unemployment; if unaddressed, these losses will harm both our ability to sustain a well-trained work force and to remain competitive in the global marketplace. It's worth noting that since Jan. 1 the state has seen an increase of approximately 34,000 private-sector jobs."

Adjusting the numbers

ESC serves as the local agent for

the federal Bureau of Labor Statistics, which produces the employment estimates. The "seasonal adjustment" factor used by BLS for public education jobs in the summer, for instance, is little more than a guess. It's an estimate based on observations from several recent years of the number of jobs that should exist if all schools remained open year-round and there were no summer break.

A more reliable way to look at public employment is to consider an actual count of jobs, the so-called not seasonally adjusted or unadjusted figure. Since the fiscal year began July 1, the ESC's seasonally adjusted employment estimates show a net gain of 3,600 state and local government jobs. By contrast, the unadjusted jobs figure for local education has plummeted — from 229,100 in May to 132,300 in July. Such drops are typical in the summer when schools are out of session. The unadjusted jobs number rebounded to 189,300 in August and should rise even more when the September report is released Oct. 21.

ESC officials defend their approach. Agency spokesman Larry Parker told *Carolina Journal* that seasonally adjusted estimates are "accu-

rate." In a Sept. 16 interview with Raleigh television station WTVD, Deputy Chairman David Clegg said, "We are using the same methodology that's been used for decades. We are looking at the same snapshot of North Carolina's economy each and every month."

ESC has been sharing the data from its monthly employment reports with the governor a day before the report is released to the public.

DPI and UNC report

A survey of the public school systems by the Department of Public Instruction, released in late August, showed 6,300 positions had been eliminated over the past four years — 3,900 of them in previous years when Democrats were in charge of the General Assembly and the governor's office. Slightly more than 2,400 people have been let go since the current fiscal year started in July.

A similar survey by the University of North Carolina system showed the elimination of 487 full-time filled positions, 2,544 filled part-time positions, and 1,487 unfilled positions. UNC-Charlotte and Elizabeth City State University reported zero re-

Continued as "ESC," Page 15

Perdue Prepared to Flip on Alcoa Dams Takeover Bid?

Continued from Page 1

century. Since Alcoa is not interested in selling the facilities to North Carolina, Perdue's strategy was to convince the federal government not to renew Alcoa's license to operate the dams and instead give the license to the state. Legal challenges and water quality questions initiated by the Perdue administration have stalled the relicensing process.

The situation remains fluid. The Stanly County Board of Commissioners filed a lawsuit against the state Department of Environment and Natural Resources, which issued a water quality permit to Alcoa in 2009 as part of the relicensing efforts. The state revoked that permit last year, and the county continues to argue that the water flowing through the dams belongs to the state and that Alcoa provides no benefit to the region.

At a Sept. 28 forum in Thomasville, Perdue said she cannot force the county to drop its objections to the water quality permit, and hopes the county and Alcoa can settle their differences.

Clean Tech has notified the board in writing about its plans and commitments. "We can't go into a situation where we have lawsuits against our landowner," said Clean Tech board member David L. Stickler to Charlotte radio station WFAE-FM. The landowner is Alcoa.

A Sept. 20 news story in the *Salisbury Post* reported that the Stanly County board has met in closed session three times since Sept. 12 to discuss the matter and now is seeking a meeting with Perdue.

Alcoa recruited Clean Tech, and Clean Tech will rely on the existing infrastructure and electrical power resources owned by Alcoa. Clean Tech will recycle scrap metal at the facility, and expects to purchase \$60 million of raw materials from businesses in North Carolina each year. The company is not seeking state incentives and has pledged to donate \$500,000 annually to the local school system in addition to the local property taxes it will pay.

Clean Tech will require large amounts of energy to run its operation.



The Alcoa smelting plant that ended operations in 2007 would house the Clean Tech project, along with the already announced Electronic Recyclers International. (CJ file photo)

The company has made it clear that the project cannot go forward at the Badin site until questions about control of the power are resolved. Clean Tech wants Alcoa to provide the power for the facility.

On Sept. 21, Stickler confirmed that Perdue supports his company's efforts to go forward with the project. "Clean Tech believes that, working with the governor's full support, that a path forward can be found in the very near term," he told *CJ*.

"The attempts by a small number of elected and appointed officials in Stanly County and Raleigh to take certain assets owned by Alcoa is putting Clean Tech's project in great jeopardy. Clean Tech understands that significant amounts of money have been spent on legal and lobbying costs fighting with Alcoa. Clean Tech believes that these dollars would be better spent helping to recruit companies to North Carolina and to retrain workers for advanced manufacturing jobs such as those at Clean Tech," Stickler added.

"Clean Tech continues to believe that with the governor's assistance and direct involvement that we will soon be able to call North Carolina home," he said.

Project history

Known as the Yadkin Project,

the hydroelectric plant comprises four dams and reservoirs located along a 38-mile section of the Yadkin River in Davidson, Davie, Montgomery, Rowan, and Stanly counties.

The reservoirs, named High Rock, Tuckertown, Badin, and Falls, lie within 38,000 acres of real estate owned by Alcoa Power Generating Inc., a subsidiary of Pittsburgh-based Alcoa. Alcoa bought the land and constructed the hydroelectric dams to supply power to its aluminum smelting plant in Badin, a small town east of Albemarle.

Aluminum production started in 1917 and continued until 2002, when the company shut down most of the operation. All production stopped in 2007. The hydro facilities continue to generate up to 210 megawatts of electricity that Alcoa wholesales to other power companies.

Alcoa operates the project under a license from the federal government. The initial 50-year license was issued in 1958 and Alcoa started the relicensing process in 2002. The Federal Energy Regulatory Commission likely would have issued a new license to Alcoa if Gov. Mike Easley had not intervened in April 2008.

Citing concerns of some local governments in the region, Easley asked FERC to delay issuing a new license until those concerns were addressed. Perdue has continued the

fight against Alcoa.

Alcoa recruiting companies

Earlier this year Alcoa successfully recruited another company to the site without assistance from the Perdue administration.

In May, California-based Electronic Recyclers International announced it would open a regional recycling facility to process computers, televisions, cell phones, and other electronic waste at the Badin Industrial Park.

The project would bring 200 "green" jobs and a \$10 million investment to Alcoa's abandoned industrial site. At a May 23 ceremony, civic leaders took the podium, including U.S. Rep. Larry Kissell, D-8th District; Sen. William Purcell, D-Scotland; Rep. Justin Burr, R-Stanly; Badin Mayor James Harrison; and Stanly County Commission Chairman Josh Morton.

But Perdue was not present. Nor was Commerce Secretary Keith Crisco, a Stanly County native. Both were invited, and since Perdue took office in 2009 she and Crisco have become regular participants at major jobs announcements in North Carolina. The top administration officials to attend were two commerce officials who did not participate in the formal program.

Neither the governor's office nor the Commerce Department issued a news release announcing the new jobs. Crisco also has been a key player in Perdue's efforts to take over Alcoa's facilities. Commerce spokesman Tim Crowley told *CJ* that Crisco did not attend because of a scheduling conflict.

At the time, Perdue spokeswoman Chrissy Pearson also told *CJ* that the governor had a prior commitment. *CJ* also asked Pearson if the job announcement would affect the state's efforts to take over Alcoa's facilities. "The governor's concerns about the Alcoa situation have not changed," she said.

The *Stanly News & Press* reported Sept. 23 that Perdue will be honored at a reception in Albemarle Oct. 7. Tickets for the event range from \$125 to \$1,000.

A member of the host committee is Albemarle banker Roger Dick, a leading opponent of Alcoa's relicensing efforts. *CJ*

ESC Reports Show No Net Job Losses In Public Sector at Present

Continued from Page 14

ductions in filled full-time positions. UNC-Chapel Hill reported that it had eliminated 95 filled full-time positions.

If these surveys are accurate, education job losses would total roughly 6,000, rather than the 18,000 Perdue predicted.

Still, there's no way of knowing whether these surveys would coin-

cide with ESC data. School systems may count the elimination of unfilled positions in different ways. They may not distinguish between a count of employees and a count of jobs — and whether the jobs are filled or unfilled. ESC also emphasizes seasonally adjusted numbers in its monthly release rather than raw estimates.

The BLS raw count of government jobs in North Carolina drops by

as much as 100,000 every summer, because most public school teacher jobs are not counted during the summer break.

ESC's Parker told *CJ* that most economists would agree a more reliable method of measuring changes in government jobs would be to compare unadjusted employment numbers from September 2010 with those from September 2011.

The employment numbers come from two separate employment statistics programs managed by BLS. The unemployment rate comes from a U.S. Census Bureau national monthly survey for BLS of 60,000 households, with about 1,500 of them in North Carolina.

The count of jobs comes from the Current Employment Statistics program. It is based on a sample of private and government employers. *CJ*

Zarate: We Are Safer Since 9/11, But There Remain Concerns

By CJ STAFF

RALEIGH

As people across the United States commemorated the 10th anniversary of the Sept. 11, 2001, terrorist attacks on New York and Washington, D.C., many wondered how well the nation has improved its ability to prevent similar terrorist attacks today.

That was one of the topics Juan Zarate, senior adviser to the Center for Strategic and International Studies, addressed during a recent lecture at Duke University. Zarate was deputy national security adviser for combating terrorism from 2005 to 2009.

After his speech, Zarate discussed the current state of federal anti-terrorism measures with Mitch Kokai for Carolina Journal Radio. (Head to <http://www.carolinajournal.com/cjradio/> to find a station near you or to learn about the weekly CJ Radio podcast.)

During the lecture, Zarate called efforts to take out Osama bin Laden “critically important.”

Zarate: I don’t think we can imagine the end of al-Qaida — or the movement — without the death or capture of bin Laden. And that’s why I think you’re starting to see from [Defense] Secretary [Leon] Panetta and others actual discourse about ending al-Qaida, crushing al-Qaida. [Chief presidential counterterrorism adviser] John Brennan has talked about crushing the al-Qaida core. We’re allowing ourselves to imagine that and to actually drive toward that, in part because bin Laden is gone. Strategically, it matters, though, and I think that some of the things that have been found in the Abbottabad files and in his diary demonstrate what some of us believed, which was: Not only was he a symbolic core of the movement, but he was still strategically driving the movement.

Again, back to the innovation of bin Laden, he and Ayman al-Zawahiri had always been the drivers of attacking the West, keeping the eye on the ball of attacking the United States in the first instance — getting all of the adherents to this movement to face west, to attack west. And we see now in some of the files that are being revealed the fact that this internal debate has actually been heightened over time, something we hoped was happening — we thought, we sensed was happening, but was really happening.

Kokai: Ten years after 9/11, just how safe are we?

Zarate: Well, I think that’s a difficult question to answer because I think we’re much safer than when 9/11 happened — clearly. But the reality is that the terrorist threats that we face in the 21st century are very adaptive, in some ways relentless, and, un-



fortunately, continuing to threaten the United States. So I think it’s clear we’re safer. We’ve built the institutions and the practices that have allowed us to disrupt terrorism. The legitimacy and effectiveness of al-Qaida have diminished. But there remain concerns: an ideology that is alluring to individuals radicalized by the Internet or otherwise, affiliates of al-Qaida in places like Yemen or North Africa that present a real risk to the United States still. So I think it’s safe to say we’re safer but not yet safe.

Kokai: Based on your presentation, I get the sense that it’s not just the case that there was a threat 10 years ago, and we’ve progressed to some degree in meeting that threat. The threat has changed and transformed in the past decade.

Zarate: That’s right. I think in the first instance the reaction to 9/11 was an attempt to get our hands on a problem that, frankly, we hadn’t dealt with properly and we didn’t know enough about. So it was an intense effort to not only learn more about al-Qaida, but to disrupt its activities around the world. That led to arrests around the world, disrupted networks. We also saw attacks around the world, unfortunately. This was a movement that was poised in terms of both its ideology and its logistics to actually mobilize and to attack. I think we often forget that reality. The good news is our counterterrorism pressure actually impacted the group. It has diminished al-Qaida’s reach.

Kokai: During your presentation, the question came up: “Are we ever going to be safe? Are we ever going to feel as safe again as we did Sept. 10, 2001?”

Zarate: I don’t think psychologi-

cally, in terms of national security, in terms of how we view and sense the threats to the United States, we’re ever going to go back to a Sept. 10, 2001, mentality or psychology. I think the realities of terrorism in the 21st century — not just al-Qaida-driven, but other terrorist threats and other transnational threats — you look at drug trafficking networks, you look at the Mexican cartels and what’s happening in Mexico — I mean, these are threats that move beyond their locality, that impact the United States in ways that in a pre-9/11 context didn’t quite equate and didn’t quite calculate in terms of our national security.

Kokai: You worked for the Bush administration. Some people listening to us are going to say, “OK, this guy is going to have a lot of bad things to say about the way President Obama has handled terrorism.” But you call his decision to take out Osama bin Laden a “gutsy call” and the “right call.” How has President Obama done in handling anti-terrorism?

Zarate: Well, I think it’s a little bit of a mixed story. I think there’s been fundamental continuity in the counterterrorism policies that were handed over in 2009. I think one of the realities is that our counterterrorism policies evolved over time. What we were doing in 2002 [and] 2003 changed and adapted. By the time we got to 2009, there was a fundamental approach to our counterterrorism that, I think, the Obama administration has largely adopted. Where I differ with the Obama administration is where they have tried to starkly distinguish themselves, in obvious ways, from the Bush administration. That’s when they’ve gotten into trouble because the baseline of their policy is consistent with the Bush administration.

“The reality is that citizens need to realize that we are much safer now. We have done some very important and good things as a country to make ourselves safer. We also, though, need to realize that 100 percent surety in our ability to stop all terrorist attacks is not there and that we have to have societal resilience in the event that something actually does happen.”

*Juan Zarate
Center for Strategic and
International Studies*

Where they have, for example, signed an executive order trying to close Guantanamo on an artificial deadline — not fully appreciating the complexities of that, not fully appreciating the fact that President Bush said he wanted Guantanamo closed in 2006 and was trying to do that, not fully appreciating the complexities of devising a detainee system that includes a military tribunal option, that includes criminal trials, that includes what the Obama administration accepts is indefinite detention without any trial — those are differences the Obama administration has tried to draw. But the difference has not held up and has forced the Obama administration to retreat from some very controversial policy decisions.

Kokai: You’re a professional in this field. You’re going to be focusing much more attention on anti-terrorism than the “normal” person. What should a normal person who doesn’t have to — or want to — think every day about al-Qaida and terrorism, what should that person know about how safe we are 10 years after 9/11?

Zarate: An ordinary citizen, frankly, shouldn’t be worrying about al-Qaida every day of their life. I actually feel ... absolutely privileged by the roles I played, but also somewhat burdened by the fact that I have to worry about what these terrorists are doing on a daily basis as a matter of my profession. The reality is that citizens need to realize that we are much safer now. We have done some very important and good things as a country to make ourselves safer. We also, though, need to realize that 100 percent surety in our ability to stop all terrorist attacks is not there and that we have to have societal resilience in the event that something actually does happen. *CJ*

Hollywood Questions Links Between Degree and Work

BY DUKE CHESTON
Contributor

The recent film "Larry Crowne" reveals that Hollywood is aware of credential inflation — the idea that too much attention is being given to getting a diploma that may not be worth what it costs.

Businesses are using degrees as a screening mechanism to weed out potential employees, regardless of actual talent.

The film, starring Tom Hanks and Julia Roberts, tells the tale of Larry Crowne (Hanks), a man laid off from his job for no reason other than his lack of a college degree. Crowne is fired while a colleague is promoted, even though it's obvious to all involved (even the man promoted) that Crowne is much more capable.

The rest of the movie is the story of Crowne trying to get back on his feet. After

visiting all the retail outlets in town, he discovers that without a college degree he can't get a job similar to his previous one (a store manager at "U-Mart"). So he enrolls at a local community college.

Of course, part of the problem is that it's just a bad economy, and the movie reflects that, too. "Hard times, I understand," says Crowne while walking out of a retail store that didn't give him a job.

The issue that the movie grapples with is the tendency of employers to rely on a college degree when one isn't necessary for the job. One reason for this tendency may be that in many instances employers are not allowed to use standardized tests as a screening mechanism. Tests that have a "disparate impact" on some racial or ethnic groups came under much stricter scrutiny following the 1971 *Griggs v. Duke Power* Supreme Court case.

Another consequence of credential inflation also appears in the movie. Although failure to get a degree can keep you from getting a job, having a degree doesn't guarantee a job. One of Crowne's former bosses — who has a college diploma — is later found to be working as a pizza deliveryman. This probably reflects the fact that more

people have diplomas than there are jobs requiring diplomas. (About 17 million college graduates are doing jobs that don't require a degree, according to Richard Vedder, an economist and president of the Center for College Affordability and Productivity.)

"Larry Crowne" is also distinctive in giving a positive portrayal of community colleges. For example, in spite of an economics professor who is pompous and quirky, Crowne learns enough to fix his personal finances and escape crushing debt. Those who know community colleges from the NBC show "Community" will recognize that this is a more realistic portrayal. (To be fair, "Community" is a comedy show and not particularly interested in realism.)

In the movie as in life, the students attending such schools are often in transitional periods. This can be seen in Hanks' character, but also in his flirtatious scooter-driving

friend Talia (Gugu Mbatha-Raw), who opens a thrift store before finishing the semester.

One of the few deviations from accurately portraying community colleges is the fact that hardly any students dropped any classes. The class taught by Julia Roberts' character had only 10 students, and all 10 students apparently remained for the whole semester. Reality is different: Community colleges generally have very low graduation rates, often in the 20 percent range. Conversations with community college students have confirmed the impression that a significant portion of the members of each class usually drop out during the term.

But, then again, it was Julia Roberts teaching the class.

"Larry Crowne" did not do much to please the critics. The catchword used to describe it seemed to be "fluffy." It's "film as comfort food," wrote the *Detroit News'* Tom Long. But the movie shows that some corners of Hollywood, at least, are questioning the link between college degrees and employment. *CJ*

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

COMMENTARY

A More Aggressive Board of Governors?

Over the past few years, the Pope Center has proposed a number of bold changes for the university system, such as limiting enrollment, providing greater transparency, and pruning the underbrush of politicized courses, centers, and programs. Will any of these proposals come to pass?

Much depends upon the UNC Board of Governors. The 32-member board supervises the entire University of North Carolina system (16 colleges and one high school), and UNC president Thomas Ross reports to it.

This year, by one measure — political affiliation — we have a very different board than in the past. Half the voting members of the Board of Governors were selected by the Republican leadership of the General Assembly, ending the dominance of Democrats. While there's no reason to believe that Republicans care more about academic quality than do Democrats, the new members are not beholden to the status quo or the traditional political establishment.

Nor are they likely to be as comfortable with the left-wing thinking typical on North Carolina campuses. Many are likely to be fiscal conservatives.

The board has the power to make changes. Given its broad authority, one might expect the board to lead in making major decisions about its campuses. But in the past, it has stayed away from most academic matters and has never questioned the steady increase in enrollment.

In fact, commentators have remarked on the board's docility. It has been called "reactive" rather than "proactive." And during the tenure of system president Erskine Bowles, from 2006 to 2010, the board rarely disagreed publicly with his proposals — possibly just once, when it took a tougher stance following scandals at N.C. State University.

It did initiate the UNC Tomorrow Commission, with Bowles' backing. The board authorized meetings around the state to gather input about how the university could serve the state's needs. If implemented, the commission's

proposals would expand the university's mission well beyond education. The market crash of 2008 slowed down that expansion.

With that exception, the board has tended to be quiescent — echoing the president and helping to boost support for the university in the legislature.

The board is also often under fire for its method of selection. A position on the board is a prestigious political plum, partly because the board chooses more than half the trustees of each constituent campus.

Another problem with the Board of Governors is its size. Such a large governing body allows — even forces — a small group to take control. During Bowles' term, that meant that his powerful personality controlled the agenda. The large size also stifles debate.

In spite of these functional challenges, the board faces another new reality. Students, families, and taxpayers are increasingly concerned about higher education's quality and cost. Thus, the Board of Governors has a strong motive to find out what students are learning at UNC campuses and how much that learning costs taxpayers and students — even if it hasn't looked at those issues before.

Fortunately, two initiatives suggest that the board is opening the door to scrutiny of academic programs.

One is a study of duplication of academic programs, headed by former UNC-Charlotte chancellor Jim Woodward. The other is a plan to look at faculty work loads. While this could end up as a smokescreen if the committee treats any activity conducted by faculty as "work," it could be significant instead. The public wants to know how many classes faculty are teaching in return for taxpayer dollars.

These small ventures could be a positive beginning for a serious and aggressive Board of Governors. *CJ*



JANE SHAW

Jane S. Shaw is president of the John W. Pope Center for Higher Education Policy (popcenter.org).



Julia Roberts and Tom Hanks in a scene from the movie "Larry Crowne."

Campus Briefs

U.S. News & World Report listed many universities in North Carolina in its yearly "Best Colleges" rankings, released Sept. 13. In National University rankings, Duke University was ranked 10th, Wake Forest University 25th, and UNC-Chapel Hill 29th.

Among Southern regional universities, Appalachian State University ranked 10th, UNC-Wilmington 11th, Queens University of Charlotte 21st, Campbell University 28th, Western Carolina University 32nd, Wingate University 39th, and Gardner-Webb University 47th.

Among Southern regional colleges, Catawba College was ranked 16th, Elizabeth City State University 28th, Mars Hill College and Methodist University were tied for 35th, Belmont Abbey College ranked 38th, and Barton College 42nd.

U.S. News bases its ratings on assessments from administrators at peer institutions, retention of students, faculty resources, student selectivity, financial resources, alumni giving, and (for National Universities and National Liberal Arts Colleges) high school counselor ratings of colleges and "graduation rate performance." The data come from the schools and several higher education-related associations.

Four North Carolina schools were among the top 50 national universities for "best value." U.S. News' calculation for Best Value takes into account a school's academic quality and the 2010-11 net cost of attendance for a student who receives the average level of need-based financial aid. Because U.S. News considers the most significant values to be among colleges that are above-average academically, only schools ranked in or near the top half of their categories are included.

In this category, Duke University was ranked ninth, UNC-Chapel Hill was ranked 12th, N.C. State was ranked 20th, and Wake Forest was ranked 33rd.

U.S. News, once the only source for college rankings, no longer monopolizes the field. Other national and international rankings — such as *Forbes*, The Academic Ranking of World Universities, and Times Higher Education World Rankings — use different criteria and find different results for universities in North Carolina and around the world. CJ

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

Chronicle Assesses State of N.C.'s Higher Ed

By JENNA ASHLEY ROBINSON
Contributor

Every year, the *Chronicle of Higher Education* releases its fact-filled almanac issue, which provides useful information about colleges and universities in every state. Some of the key findings about North Carolina are noted here.

To begin with, North Carolina has 16 public four-year institutions, 59 public two-year institutions, 44 private nonprofit four-year institutions, one private nonprofit two-year institution, and 17 private for-profit institutions. These add up to a total of 137 higher education institutions in the state.

University finances

Despite the economic downturn, university funding and spending grew in 2011.

- State and federal support for higher education in North Carolina rose 6 percent between academic years 2009-10 and 2010-11.

- Two of the 99 American institutions that charged more than \$50,000 for tuition, fees, and room and board in 2010-11 are located in North Carolina: Wake Forest University (\$50,980) and Duke University (\$51,865).

- Wake Forest ranked fifth in the nation in licensing income (income from patents) in 2009 at \$95,636,362.

- Average tuition and fees at public four-year institutions in North Carolina (2009-10) were \$4,559. At private four-year institutions, average tuition and fees were \$23,788.

- Duke has the largest endowment in the state: \$4,823,572,000.

Academics

Several North Carolina universities were among the nation's big spenders on scientific research. Not surprisingly, those schools also received considerable funding from federal grants.

- Four of the top 100 schools in total spending for science (2009) are located in North Carolina: Duke (\$805 million), UNC-Chapel Hill (\$646 million), North Carolina State University (\$380 million), and Wake Forest (\$201 million).

- Four of the top institutions in federal dollars for science (2009) are located in North Carolina: Duke (\$438 million), UNC-Chapel Hill (\$431 million), Wake Forest (\$144 million), and N.C. State (\$135 million).

- In fiscal year 2008 and 2009, UNC-Chapel Hill constructed the most new space for science and engineering research in the country: 355,000 square feet.

- Total spending on research and development by North Carolina

universities was \$2.16 million in 2010-11.

- N.C. State was among the top 20 universities in the number of doctorates awarded in economics in 2008-09 (19 degrees).

- UNC-Chapel Hill was among the top 20 universities in the number of doctorates awarded in history in 2008-09 (18 degrees).

The students

North Carolina colleges and universities are growing — especially public ones.

The number of new high school graduates in North Carolina is expected to grow 16 percent between 2011-12 and 2021-22.

- From 1999 to 2009, undergraduate enrollment in North Carolina schools grew 43 percent.

- Of students attending college in North Carolina in 2009, 83 percent attended public universities.

- UNC-Pembroke was one of the fastest-growing public master's universities in the country between 2004 and 2009, increasing enrollment 33 percent.

- Minorities constituted 33 percent of North Carolina university enrollment in fall 2009.

- In North Carolina, 27 percent of residents have at least a bachelor's degree. Nine percent have at least a master's degree, up from 26.1 percent and 8.7 percent last year, respectively.

- State residents made up 73 percent of all freshmen enrolled in North Carolina in fall 2008. Eighty-five percent of all North Carolina residents who were freshmen attended college in their home state.

The professors

North Carolina professors are compensated well for their work. Average pay for professors was well above the average per capita personal income in the state, currently \$35,638.

- The average pay of a full professor at a public doctoral institution (like UNC-Chapel Hill or N.C. State) was \$120,310 in 2009-10. Average pay for an assistant professor was \$71,338.

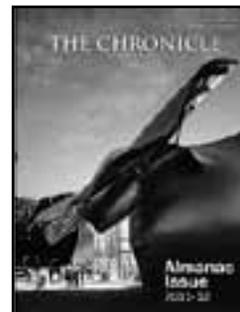
- The average pay of a full professor at a public master's institution (like UNC-Pembroke) was \$90,621 in 2009-10. Average pay for an assistant professor was \$62,192.

- The average pay of a full professor at a private nonprofit doctoral institution (like Duke) was \$149,686 in 2009-10. Average pay for an assistant professor was \$74,335.

- The average pay of a full professor at a private nonprofit master's institution (like Elon University) was \$66,139 in 2009-10. Average pay for an assistant professor was \$49,818.

The *Chronicle of Higher Education* compiles information from a wide variety of sources, including the federal government and associations such as the National Association of College and University Business Officers. CJ

Jenna Ashley Robinson is director of outreach coordinator for the John W. Pope Center for Higher Education Policy (popecenter.org).



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Opinion

Donor Beware: Universities Play Games With Your Philanthropy

Everyone knows the legal maxim *caveat emptor*. That is, buyers must be on guard against deception by the seller.

Today, buyers have more legal protection under the law than they used to. The admonition to be on guard now applies more to people who want to give away property, especially gifts to colleges and universities. If donors aren't careful, school officials are likely to use their donations for purposes they didn't intend.



**GEORGE
LEEF**

The Pope Center's latest paper examines the troubles that can beset donors. *Games Universities Play* by Martin Morse Wooster, a writer with great knowledge about the field of philanthropy, explores the travails of donors who wanted colleges to use their money or property in particular ways.

What if, for example, you owned a farm and, since you're getting on in years, wanted to donate it to a land-grant university with the understanding that the university would keep it intact, using the farm for teaching and research purposes? If university officials accepted the donation under those terms, you would think that they would honor them.

Not necessarily. In the case of the Kiley Powers farm, given to Iowa State University a few years after the death of the donor, the university sold the property and pocketed the money.

When called on their legerdemain, university officials said, "Gee, we're really sorry."

As former Harvard President Derek Bok once said, "College presidents are like gambling addicts and exiled royalty in that there is never enough money." Their insatiable desire to spend leads many of them to smile sweetly and promise donors that they will abide by their wishes faithfully. But once the ink is dry, they start trying to figure out how they can divert the money or property from the donor's purposes to their own.

Wooster describes many of these cases in detail. The King Kong of them all was the battle between the Robertson family and Princeton University. Charles Robertson had given Princeton a huge sum in the early 1960s, specifying that the money be used to train future federal foreign service workers in Princeton's Woodrow Wilson School.

Years later, Robertson's descendants began to suspect that Princeton was siphoning away money from the Wilson School and its students, using it for other expenditures. Princeton officials parried their arguments until the Robertsons finally brought a lawsuit that enabled them to get hold of



university documents. Among the mountains of paper were numerous revealing memos, including one to the president saying, "If the Robertsons find out about this, there will be

trouble."

After years of costly legal wrangling, the case was settled in 2008. The Robertsons got some money back. Princeton did not admit wrongdoing but established an office to oversee the administration of donations to make sure that donor intent would be respected in the future.

Much of the paper is devoted to the problem faced by conservative and libertarian donors who would like to put some of their wealth toward improving the "balance" on college campuses by ensuring that there will be a

voice for their economic and philosophical ideas. Wooster discusses the means by which donors have tried to accomplish that.

One is to create a center on campus devoted to scholarship in the principles you hold. The James Madison Program in American Ideals and Institutions at Princeton is the leading example. The faculty at Princeton is overwhelmingly leftist in political

orientation, but the Madison Program guarantees that the American tradition isn't ignored (or vilified) completely on campus.

Another is the "endowed chair" approach. Suppose you have amassed a fortune and want to be sure at least one professor at a university (perhaps your alma mater) will teach and advocate the virtues of laissez-faire capitalism — a counterweight to the prevalent anti-capitalist mentality. You approach officials at the school and say that you'll put up so many dollars if it will create the Murray Rothbard Chair in Economic Studies, named for your favorite economist.

Hungry for money, school officials agree. Wooster shows, however, that this approach is perilous.

The most obvious pitfall is the problem of putting someone who shares your beliefs in the chair in the first place, and then ensuring that all successors also will share those beliefs. The nightmarish possibility that the professor holding the Rothbard Chair might one day be a Keynesian or a Marxist cannot be discounted.

Third, there is "the BB&T approach." John Allison, former president of BB&T Bank, wanted to establish programs to emphasize the teaching of free-market economic principles. BB&T makes limited-term grants to colleges that have identified solid faculty members who will teach those principles. The evidence indicates that the BB&T approach is quite effective. CJ

George Leef is director of research for the John W. Pope Center for Higher Education Policy (popecenter.org).

**Conservative
and libertarian
donors especially
face problems
with donations**

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From the Liberty Library

• The 21st century will witness an epic struggle between the forces of global governance and American constitutional democracy. Transnationalists in the United Nations and in the European Union, but more importantly among America's leading elites, are seeking to establish a "global rule of law." The more sophisticated transnationalists realize that their goal could be achieved only through America's voluntary submission to global legal authority, presented to the American people in Orwellian fashion as "leadership" and "engagement."

In *Sovereignty or Submission: Will Americans Rule Themselves or be Ruled by Others*, John Fonte reveals how this troubling and fast-rising movement aims to subordinate American sovereignty. The global governance movement does not seek legitimacy in democracy, but rather in its own partisan interpretation of human rights. The U.S. Constitution, globalists argue, must conform to "evolving norms of international law." Learn more at www.encounterbooks.com.

• Many people assume that this generation of young Americans is much like any other. But thanks to the radical Left, they're not even close. So says columnist and author Marybeth Hicks in her new exposé, *Don't Let the Kids Drink the Kool-Aid: Confronting the Left's Assault on Our Families, Faith, and Freedom*.

In the book, Hicks exposes how the Left's relentless attacks on America's character and culture finally have succeeded, and are ushering in the first authentically socialist generation of Americans who believe they are entitled to a lifetime of government care.

America can't maintain the kind of system its founders built without the kind of people who built it, Hicks writes. More at www.regnery.com.

• In *Boom and Bust: Financial Cycles and Human Prosperity*, Alex J. Pollock argues that while economic downturns can be frightening and difficult, people living in free-market economies enjoy greater health, have better access to basic necessities, and better education, work less arduous jobs, and have more choices and wider horizons than people at any other point in history.

This wonderful reality would not exist in the absence of financial cycles. The book explains why. More at www.aei.org. CJ

Book review

Essays Confirm Socialism Affects People's Character

• Thomas E. Woods Jr., editor, *Back on the Road to Serfdom: The Resurgence of Statism*, Wilmington, Del.: ISI Books, 2010, 223 pages, \$29.95.

BY GEORGE LEEF
Contributor

Since the bursting of the housing bubble in 2007, America's social and economic troubles have been mounting rapidly. Unemployment remains high, saving and investment low.

The federal government is desperate to suck in enough money to pay its enormous tab for welfare and warfare a bit longer. Our politics become increasingly vicious. About two-thirds of the American people say that the country is on the wrong track.

The great battle is to persuade those people that our ills are rooted in statism — that is, reliance upon government to do things that should be left to voluntary action. Back in the 1930s, most Americans also thought the country was on the wrong track, but unfortunately they blundered into the wrong conclusion — that a great expansion of government power was what we needed. The challenge today is to convince them that government is the problem, not the solution.

Among the most stalwart opponents of big government and its apologists is historian Thomas Woods. His 2009 book *Meltdown* explained why the housing bubble and its aftermath were caused entirely by politics, not the free market. With this book, he and his essayists indict statism generally and argue strongly in favor of radical depoliticization.

In his introduction, Woods identifies a key element in our national malaise:

"The more functions the state usurps from civil society, the more the institutions of civil society atrophy. Once supplanted by coercive government, the tasks the people used to perform on a voluntary basis come to be viewed as impossible for society to manage in the absence of government. ... The spiritless population comes in turn to look for political solutions even to the most trivial problems."

The book is made up of 10 essays. In the first, Brian Domitrovic gives a very useful history of the growth of the American state over the last two centuries. Carey Roberts follows it with an essay in which he shows the continuing damage we suffer due to the statist thinking of Alexander Hamilton. Swedish economist Per Bylund then demolishes the notion, so often uttered by advocates of the welfare state, that Sweden proves how effective the "third way" (a welfare state neither capitalist nor socialist) can be.

Those three essays establish a solid framework for thinking about the impact of government interference with the spontaneous order of society. Woods next adds Anthony

Mueller's essay exploring the true causes of the recent financial crisis, offering a corrective to the desperate scapegoating we've gotten from the politicians responsible for it. Mueller's essay is followed by one by Mark Brandly, who reasserts the case for free trade and the international division of labor, which is under attack by statisticians who would have us believe that free trade hurts workers in poor countries. That essay is followed by Dane Stangler's, showing how entrepreneurship is threatened by the ever-encroaching power of government and how foolish it is to think that the state can perform the entrepreneurial function.

Journalist Tim Carney contributes the next essay, eviscerating one of the great myths of modern life, namely that big business is opposed to big government. The truth, Carney shows, is that big business has gotten extremely cozy

with both liberal and conservative politicians. As a result, America's economy is drifting away steadily from free enterprise and into a syndicalist system dominated by politically favored firms.

Two essays deal with the interface between religion and the politicized society. Gerard Casey examines the traditional hostility many Christian clerics have toward capitalism and finds that it is without any foundation in the Bible. John Larrivee also evaluates the religious arguments against the free market. In his view, those arguments are not only naïve, but also ultimately undermine both faith and civil society.

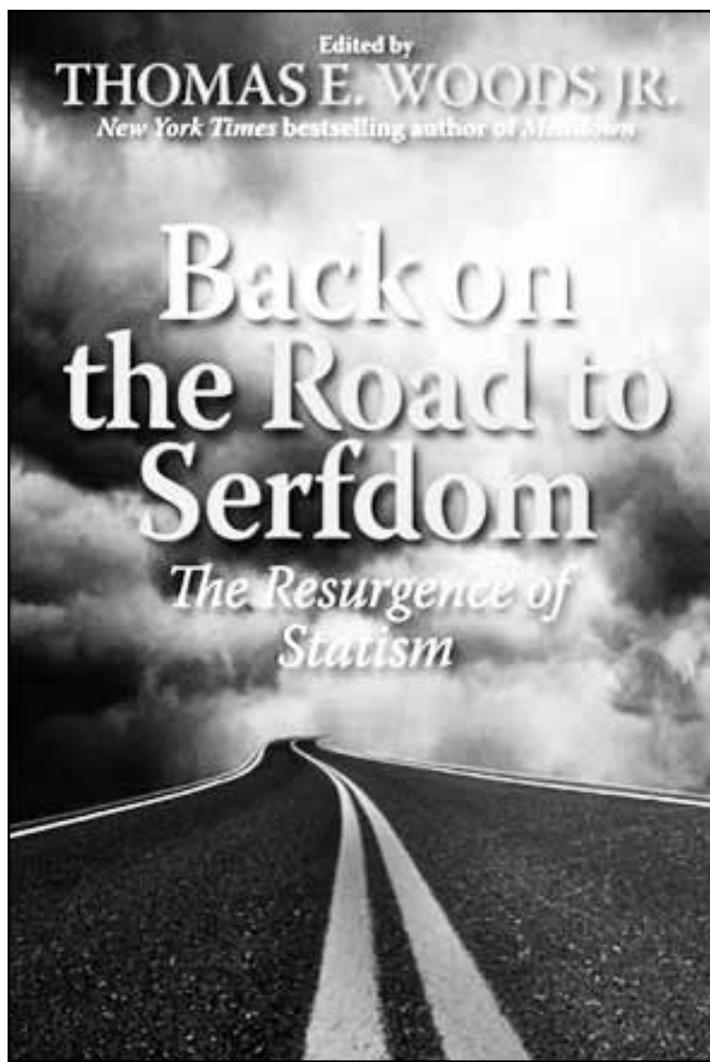
In the book's final essay, Paul Cantor shows how government intervention in culture, specifically television, substitutes bureaucratic directives for the spontaneous origins of true culture. If you ever wondered why the boat on the series "Gilligan's Island" was named "Minnnow," you'll find out by reading

Cantor's essay.

These are all splendid pieces, but I am especially drawn to Per Bylund's. In it, he demonstrates the truth of Hayek's argument that socialism destroys the foundation for prosperity by gradually changing the character of the people. Bylund observes that young Swedish adults today are far different in their outlook than were their grandparents. Whereas Swedes once had been known for their solid work ethic, after many years of the welfare state and its numerous entitlements, it is largely gone. Young Swedes are known for taking as much time off as they can while collecting as much as possible in government benefits. The nation's standard of living is falling and must continue to do so.

I have just one tiny quibble with the book's title. When were we ever off the road to serfdom? CJ

George Leef (georgeleef@aol.com) is book review editor for The Freeman.



Questions At Workshops Aid Understanding of Original Intent

Over the past year and a half, I have been traveling across North Carolina with my colleague Michael Sanera leading constitutional workshops. In them, we emphasize the federal nature of the American government and remind Tar Heels that knowledge of history is essential to understanding original intent and the Constitution's meaning.

The question-and-answer sessions are interesting, so I thought I'd share some of the oft-repeated questions with readers.

1. *Who was the most influential and important North Carolina founding father?* This is difficult to answer because many North Carolinians sacrificed much, including their lives, to secure American independence. Let me name two, however.

In 1776, William Hooper served on the committee to draft the Declaration of Independence. He later signed the Declaration and donated much

of his fortune to the American cause. For his efforts, the British destroyed Hooper's home, and the Wilmington lawyer fled from town to town avoiding capture, imprisonment, and possible execution. In 1787, he supported the ratification of the U.S. Constitution.

Another important North Carolinian was James Iredell Sr. In the early 1770s, Iredell published a pamphlet challenging the legality of the British Stamp Act and other duties and taxation. His "Principles of an American Whig," is remarkably similar to the Declaration of Independence in its language and justifications for opposing increased regulation. By the late 1780s, Iredell emerged as a leading Federalist, supporting the Constitution.

Using the pseudonym "Marcus," Iredell refuted all 11 of Antifederalist George Mason's objections to the proposed Constitution. Iredell later served as one of the first justices on the U.S. Supreme Court and is known best for his dissent in *Chisholm v. Georgia* (1793). His dissent influenced the passage in 1795 of the 11th Amendment, allowing residents of one state to sue residents of another state.

2. *What would the Antifederalists/*

Federalists think of today's politics? During their time, Antifederalists questioned every attempt to give more power to the national government and demanded explanations for each effort to do so. The Federalists, on the other hand, believed the national government should be given certain powers, such as the ability to raise an army, but the powers should remain few and limited. Although the two camps opposed each other, by and large both defended liberty. They would be disappointed with the trajectory of the nation and the expansion of government over the past century.

3. *Did the founders create a living Constitution?* The framers opposed what we call a "living Constitution," or what some call legal positivism. Americans believed that Parliament ignored the traditions of common law, British constitutionalism, and the century-old colonial charters given to them by the Crown. The colonists often appealed to a higher authority — natural law — and believed that Parliament acted without regard for those traditions. As one example, Americans opposed the quartering of troops in citizens' homes. Even though Parliament passed a law allowing the quartering of troops, that

law violated longstanding British constitutional traditions.

4. *Weren't the Antifederalists un-American to oppose the ratification of the Constitution?* No. The Antifederalists questioned centralization, or "energetic" government as it was called in the 1780s, because they wanted to preserve individual liberty. This was a common sentiment among Americans not far removed from the Revolutionary War experience. Antifederalists believed the best way to preserve individual liberty was to keep the government small and ensure that states remained sovereign.

In many ways, Antifederalists also shaped the political discourse during the ratification debates. Today, many rely on *The Federalist Papers* for an understanding of original intent of the Constitution. One must remember, however, that *The Federalist* answered the Antifederalist concerns expressed in New York Gov. George Clinton's Cato essays. Had Antifederalists not raised questions, *The Federalist Papers* never would have existed. CJ

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



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Short Takes on Culture

'Conan' Worth a Quarter

• "Conan the Barbarian"
Directed by Marcus Nispel
Lionsgate

What movie had a budget of over \$70 million and cost me \$7.50 to see — of which \$7.25 was wasted? "Conan the Barbarian."

This film is taken from a best-selling line of novels featuring a character by the name of Conan. Conan of Cimmeria to be exact. As a hero of a fantasy film, Conan has only one redeeming quality. He is unwilling for anyone he loves or honors to die.

His father was tortured and then forced to choose between death for him or death for Conan, his son. Conan fights to save his father, scarring his hands in the attempts, but ultimately fails, and his father dies in a shower of molten metal.

Other than a few scenes toward the end of the film which should have been rated X for nudity and depiction of sex acts, the film is a string of bloody massacres from beginning to end. At every turn, the main character is faced with impossible odds and somehow manages to cut or smash his way through any situation.

And as a climax, the main character quotes his father and then watches the antagonist fall into a chasm. If you are looking for a film that provides you with highly questionable morals, gruesome actions, and a weak plot, look no further than "Conan the Barbarian."

— CALEB YOUNG

• *The Great American Awakening: Two Years That Changed America, Washington, and Me.*

By Jim DeMint
B&H Books

Republican U.S. Sen. Jim DeMint's book provides insight into an arena in which few have ample knowledge: the United States Senate. In stark contrast to the mainstream media's coverage of the interim years between the 2008 and 2010 elections, DeMint's most recent book presents a unique look behind the battle to restore America's confidence in its federal government.

It is with the loving support of his wife, his family, and his faith that DeMint shares the story of how he fought against the Republican leadership in the Senate and the liberal media; supported conservative candidates through his political action committee, the Senate Conservatives Fund; and supported the growing Tea

Party movement.

Of all aspects of the book, the most eye-opening are his descriptions of the Tea Party events — a movement that he said was "characterized by people who have disdain for the political establishment in Washington." These people "were Democrats, Republicans, and Independents, but none with much affinity for any political party." As the mainstream media tried to rebuff the grass-roots movement, DeMint outlines his fight to shine a positive light on it.

DeMint admirably gives credit to the American people for the success of the Tea Party and exposes what was really happening on Capitol Hill. The book is a delight for true conservatives everywhere.

— KRISTIN SZAFRANSKI

• *Not Afraid of Life: My Journey So Far*
By Bristol Palin and Nancy French
William Morrow

Add it to the growing genre of autobiographies by 20-year-olds: Bristol Palin's *Not Afraid of Life: My Journey So Far* chronicles her experience as a teen mother.

Those interested in learning more about Sarah Palin should look elsewhere. This memoir primarily is about Bristol's chaotic relationship with Levi Johnston, the father of her child and a first-class deadbeat. Bristol passes up no opportunity to dump dirt on her former boyfriend.

Along those lines, the book often reads like a 16-year-old's diary — only refined by an editor. Exclamation points and gossipy morsels abound. Although Bristol invokes her reliance on Jesus, it often doesn't mesh with her harsh attitude toward those who mistreat her. There isn't much grace here.

Given what the Palins have endured, anger is understandable. But is it necessary to air a load or two (or three) of dirty laundry for Americans to eat up?

I'm glad Bristol chose to have her baby rather than get an abortion. I'm glad she's telling teens to save sex for marriage. Both stands are courageous. But her memoir, like many aspects of the Palin saga, leaves me scratching my head and wondering, "Why?"

For those who lap up this kind of material, fear not. Levi came out with his own tell-all in September: *Deer in the Headlights: My Life in Sarah Palin's Crosshairs.*

Oh boy.

— DAVID N. BASS CJ

Book review

A Personal Journey That Inspires

• Dick Cheney with Liz Cheney, *In My Time: A Personal and Political Memoir*, New York: Threshold Editions, 2011, 562 pages, \$35.00.

BY MELISSA MITCHELL
Contributor

RALEIGH

When I started to read former Vice President Dick Cheney's book, *In My Time: A Personal and Political Memoir*, written with his daughter Liz, it was not what I expected.

The media interviews with Cheney as he promoted the book focused on 9/11 and his years as vice president. Interviewers seemed bent on unearthing some dirt or conflicts within the Bush administration, rather than getting a full accounting of Dick Cheney's life. Since the book opens with the events of Sept. 11, 2001, I assumed that this would be the book's focus. But I was wrong.

Yes, the book opens with that eventful day, but the first chapter jumps to a fascinating history of Cheney's family, especially his father's family, who arrived in America in 1630.

However, it is Cheney's personal journey that truly inspires. Cheney readily admits that he was arrested twice in his early 20s for driving under the influence. The second time, Cheney says, "I realized the morning I woke in that jail that if I didn't change my ways, I was going to come

to some bad end." He changed that day.

He also was kicked out of Yale, not once, but twice for poor performance.

A changed Cheney would return to school and earn bachelor's and master's degrees from the University of Wyoming. By age 35, he became President Ford's chief of staff. At 37, he was elected as Wyoming's only representative in the U.S. House, where he served for 10 years and was seen as a calming force between the old-guard Republicans and the newer, Newt Gingrich types.

In 1989, he became secretary of defense. Finally, he was elected the 46th vice president of the United States.

Because of his many political appointments and elected positions,

Cheney is able to give the reader an in-depth look into every administration from Richard Nixon's through Bush 43's.

He provides details of the Ford administration and is lavish in his praise of Gerald Ford. It is apparent that Cheney does not admire Jimmy Carter. Surprisingly, although he was a congressman during the Reagan administration, there is very little about Reagan, other than Iran-Contra. I was left wondering if Cheney did not care for Reagan or if there was just too much information to include within the book.

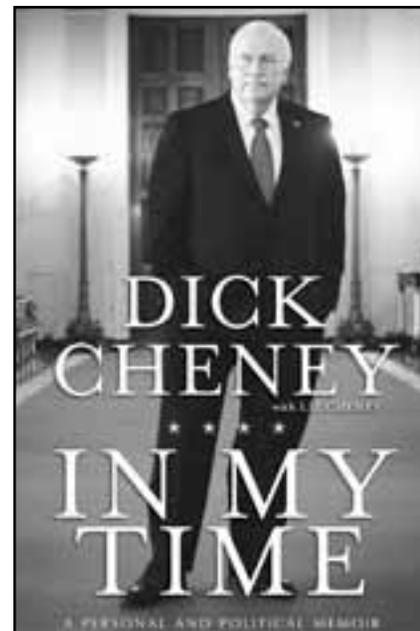
The behind-the-scenes planning for Desert Storm that Cheney relates is intriguing. This was not an overnight project. As secretary of defense, Cheney not only oversaw the military planning, but also worked to secure the support of a host of other nations, convincing Saudi Arabia to allow U.S. troops to deploy from Saudi soil.

Cheney seldom expresses negativity toward any person, but during the planning for Desert Storm, he did admit having reservations about Gen. Colin Powell's dedication to the military action. Cheney also removed a general who stepped out of bounds when talking to the media.

The book ends with the aftermath of 9/11 and the George W. Bush administration, but in the final chapter Cheney is brutally honest about President Obama and his handling of Guantanamo detainees, and the individuals who administered enhanced interrogation techniques.

Dick Cheney's memoir is fascinating. Unfortunately, the events of 9/11 and the media's visceral hatred of President Bush have obscured Cheney's long and distinguished political career. Although I always have liked Cheney, I often thought he seemed grumpy. But his memoir shows a thoughtful man and a problem solver. As he says, "I'm a man of few words."

As Cheney dealt with his duties as a congressman, secretary of defense, and vice president, I felt his actions screamed statesman. His love and respect for the military and this country are also evident. I came away with a new respect for Dick Cheney, whose sole aim was to serve his country. CJ



Book review

Authors: Toxic Mix of Government Intervention Perverts Free Market

• Kevin Dowd and Martin Hutchinson, *Alchemists of Loss: How Modern Finance and Government Regulation Crashed the Financial System*, New York: Wiley, 2010, 422 pages, \$27.95.

BY ROGER GARRISON
Contributor

RALEIGH

The subprime crisis and financial meltdown have spawned dozens of books, some aimed at re-enshrining John Maynard Keynes, others at laying him to rest once more; some aimed at praising the Federal Reserve for staving off another Great Depression, others at blaming it for treating the economy to another cyclical episode. In the present reckoning, the blame is assigned to government intervention (especially housing policy), fiscal irresponsibility, and interest-rate manipulation, all of which gave scope for short-run profit-taking based on Modern Finance Theory. The incisiveness of this well-integrated tale derives from a mutual leveraging of the co-authors' perspectives and experiences.

Kevin Dowd offers a classical liberal perspective on macroeconomic policy and specifically central bank policy. Having written extensively on free banking, he concludes that a thorough decentralization of the banking business is essential to enduring macroeconomic stability. Martin Hutchinson is a seasoned investment banker turned financial journalist. His firsthand, nuts-and-bolts knowledge of modern financial markets undergirds his broader perspective. Together, Dowd and Hutchinson provide an enlightening account of the long-run trends and shortsighted policy actions that culminated in the worst financial

crisis since the Great Depression.

The "alchemists" in their story are the architects and practitioners of modern finance, which asserts among other things that it's possible to determine the "correct" price of a share of corporate stock; investors can quantify risk and minimize their exposure to downturns by diversifying their portfolios. Given the perverse regulatory environment, buying and selling derivatives can yield short-run profits to hedge funds and other traders while virtually guaranteeing that in the longer run the owners of the underlying real assets will suffer losses, if not bankruptcy.

The careful reader will understand that speculation, whether on a long-term or short-term basis, is an essential and healthy feature of a market economy. But, if anything, the authors' likening of speculation to alchemy when the speculation is based on the techniques of modern finance and carried out in the context of a regulated economy understates the perversity.

On reflection, we can see that turning future long-run losses (of other people) into current short-run profits (for yourself) is triply more disruptive than trying to turn lead into gold. We can note (1) that unlike long-run losses, lead has a positive, though modest, value; (2) that the lead belongs to you; and (3) that given the laws of nature, you're unable to turn the trick.

But if the laws of nature keep

people from turning lead into gold, why don't the laws of the marketplace preclude the financial alchemy that characterized most of this century's first decade? The answer, our authors make clear, is government intervention. A toxic mix of interventions (regulatory, fiscal, and monetary) perverted the coordination of market forces by removing considerations of long-run systemic risk. The result was a systemic discoordination whose increasing severity eventually turned systemic risk into a crisis.

The laws of the marketplace, if allowed to exert themselves, can preclude financial alchemy (or at least put strict limits on it). But government intervention, including loan guarantees and the too-big-to-fail doctrine, open a window in which short-run profit taking in financial markets is pitted against the long-run viability of financial institutions.

While the Federal Reserve is recognized as an essential, accommodating element in the most recent episode of boom and bust, Dowd and Hutchinson focus on the inherent perversity of Modern Finance Theory in the context of the long-running efforts of the government to redistribute income and to encourage homeownership. Dating from the 1930s, the government has used the tax code to redistribute incomes downward.

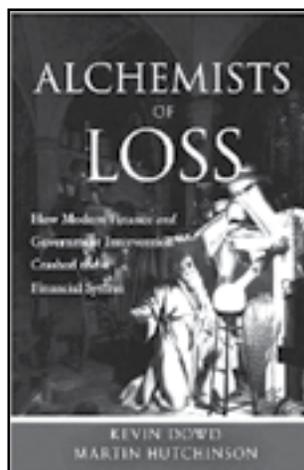
Over the years, the income tax — and over the generations, the in-

heritance tax — have reduced the number of families who oversee their long-run business interests. The old partnerships (Dowd and Hutchinson's term), which kept the owners' skin in the game, have been supplanted by limited-liability corporations, which effectively separate management and ownership. This critical separation, which left-leaning authors take to be characteristic of capitalism, is shown by the authors to be a consequence of government systematically overriding the market-governed distribution of income. Where we once had business families who were in it for the long run, we now have financial managers and traders in derivatives markets who are in it for the short run, ultimately to the detriment of the financial system and the real economy.

Alchemists of Loss provides a multidimensional account of the nature and magnitude of our long-brewing economic woes. But the book provides us with little hope for the future. The authors' suggestions range from the radical (reinstating the gold standard and eliminating the central bank) to the not-so-radical (redrafting the Fed's mandate to exclude concern about unemployment) to the superficial (moving the Fed's headquarters to St. Louis).

Even the casual reader will see that this range is from the virtually impossible to the not worth doing, with no promising midrange option. The implicit conclusion is that we should brace ourselves for more booms and busts. CJ

Roger Garrison is professor of economics at Auburn University.



BOOKS AUTHORED BY JLF STAFFERS



By John Hood
President of the
John Locke Foundation

Selling the Dream Why Advertising is Good Business

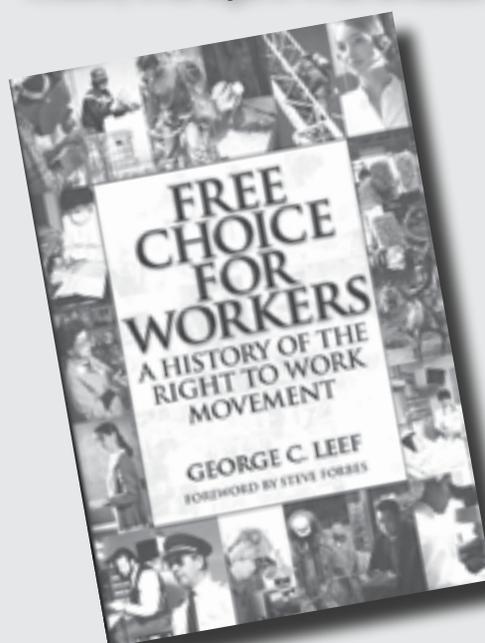


"[Selling the Dream] provides a fascinating look into the world of advertising and beyond ... Highly recommended."

Choice
April 2006

www.praeger.com

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



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

Committees Keep Legislators Busy

The 2011-12 General Assembly has completed its long session and held two special sessions.

So far it has passed a fiscally responsible and balanced two-year budget, streamlined regulations, ended the cap on charter schools, reformed workers' compensation, fixed forced annexation laws, redrawn congressional and legislative districts, and placed on the May 2012 ballot an amendment to the state constitution banning same-sex marriage.

Legislators are scheduled to return for another special session Nov. 7 and to reconvene for the short session in May 2012.

So what are they doing in the meantime? When not in regular session, the General Assembly creates select committees to study issues that require in-depth examination or look at matters the legislature was unable to resolve in the session. The committees will file reports and recommend new legislation; sometimes the committees call for additional study.

A House committee is evaluating assets owned by the state, determining what should be kept and what should be sold. State agencies manage more than 11,000 buildings. In addition, the state owns more than 3,000 parcels of property that were left over when transportation projects were completed.

The committee will consider whether it makes sense to sell state-owned piers and railroads. Its first agenda item was whether the UNC Healthcare System should sell Rex Healthcare. WakeMed has offered \$750 million to purchase Rex.

The House Select Committee on Education Reform will be looking at ways to ensure that all children come to school ready to learn, and are prepared for either a job or higher education when they graduate from high school. To achieve those goals, major reform is needed. The committee will look at teacher tenure and pay, and how they compare to student performance; reducing class size; why students drop out; and the effectiveness of tests.

State funding, course offerings, and alternatives to current course delivery will be part of the study, as will ways to improve

productivity and accountability in higher education.

Other committees will examine the certificate of need process and other hospital issues, the state health and pension plans, immigration policy, judicial consolidation, and emergency preparedness and disaster response.

House Speaker Thom Tillis has said the 2012 session will expand regulatory reform. The Joint Regulatory Reform Committee should add

new proposals to clean up burdensome regulations that are stifling North Carolina's economy.

Even though Gov. Bev Perdue vetoed the Energy Jobs Act, the General Assembly continues to look at ways to use our energy resources better to spur economic growth. The Department of Environment and Natural Resources has been directed to study oil and

gas exploration and the use of fracking to produce natural gas. DENR must offer legislative proposals by May 1. The House Select Committee on Energy Independence will look into fracking separately. It also will study how the state can comply with renewable energy requirements and how solar energy can or should be regulated.

An omnibus elections bill was stalled, but some provisions are getting a closer look: shortening early voting, eliminating Sunday voting, returning party labels to judicial races, and ending taxpayer-funded election campaigns. Despite Perdue's veto, requiring a photo to vote is not dead.

Several bills remain in conference committee and could be considered later. They include an omnibus transportation bill, changes to alcoholic beverage sales, and regulations for waste kitchen grease. Several constitutional amendments need additional work — limiting eminent domain, restructuring the governance of the State Board of Education, and limiting terms for legislative leadership.

The General Assembly may not be in session, but its work hasn't stopped. CJ

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



BECKI GRAY

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EDITORIAL

Perdue's Fuzzy Jobs Math

Gov. Bev Perdue and her liberal allies have made a series of outlandish claims about the impact on public employment of the Republican-led General Assembly's budget. Their approach reveals a fundamental misunderstanding of the proper role of government. So long as this confusion continues, the Perdue administration and the state's liberal establishment will continue pushing policies that will undermine a sustainable recovery.

The current nonsense began in April, when Perdue predicted the GOP's proposed budget would reduce government jobs by 30,000 — 18,000 of them in education. At the time, she said, "We are about to see the largest public layoff in North Carolina and maybe in American history" if the budget became law. Other Democrats echoed that pitch. In August, the left-wing N.C. Budget & Tax Center predicted the budget would eliminate nearly 20,000 public-sector jobs and an equal amount of private employment.

While the budget became law July 1, it's far too soon to quantify its effect on government jobs. Why? Public education — from pre-kindergarten through higher ed — is the largest employer in state and local governments. Education accounts for 51 percent of local government employment and 45 percent of state jobs. And those employers operated with skeleton crews during the summer hiatus.

Our first solid look at the impact of the budget on government jobs should emerge when the Employment Security Commission releases its monthly employment report Oct. 21. The key numbers to compare are state and local government jobs (not sea-

sonally adjusted) in September 2010 versus the same month this year.

Our guess? Some jobs have disappeared, though those losses will overstate (perhaps dramatically) the number of people who lost a primary source of income. John Locke Foundation Director of Education Studies Terry Stoops digs into the local education numbers on page 7 of this issue.

Higher ed may take a hit. But colleges and universities hire thousands of part-time, "adjunct" instructors, most of whom have full-time employment in other fields of work and moonlight as college teachers. Campuses are eliminating a lot of those adjunct positions, and they'll show up as lost jobs in employment reports. But the people who held those posts will continue drawing paychecks elsewhere.

The governor and her progressive allies appear to argue that government is meant to be an employer of last (or perhaps first) resort when the economy goes sour.

That philosophy is in stark contrast to the principles of liberty and free government articulated in the North Carolina Constitution's Declaration of Rights, which affirms each person's inalienable right to, life, liberty, the fruits of his labor, and the pursuit of happiness.

A bloated public sector, financed with money extracted forcibly from North Carolinians, cannot create wealth, generate commercial enterprise, or nurture a self-reliant citizenry. So long as the governor and her allies view state government as one big employment agency, they will fail to promote the policies that can restore North Carolina's economic vitality. CJ

EDITORIALS

Which Model Is Best?

Texas a better example than California

There aren't many places in the United States where the unemployment rate is low. Most of America is hurting.

Still, the degree of pain varies. North Carolina's unemployment rate of 10.4 percent is higher than the national average. California's economy is even worse, posting a 12.1 percent jobless rate in August. On the other hand, Texas is doing a bit better with 8.5 percent unemployment and better recent performance on job creation and income growth.

Given Texas Gov. Rick Perry's entrance into the GOP presidential field, we're going to hear a great deal about the Texas model and how it compares to, say, the California model. Partisan sniping aside, there are important lessons to be found in the comparison — although some North Carolina politicians and activists may not want to hear them.

Now, you can't draw those lessons from scattered anecdotes, fleeting snapshots, or the press releases of headline-hungry politicians. Economic decisions reflect a host of factors.

To determine what policymakers can do to improve a state's economic performance, you have to adjust for them. You also have to examine a longer-enough time period to allow for valid conclusions.

The best study we've seen on

state economic growth came out in April. Published by the National Bureau of Economic Research, it looked at 11 different indexes that purport to rank state business climates.

Some of the indexes are published by right-leaning institutions such as the National Center for Policy Analysis and the Tax Foundation. They tend to focus on cost-of-doing-business measures such as taxes, regulations, and energy prices.

Other indexes are published by left-leaning outfits such as the Progressive Policy Institute and the Corporation for Enterprise Development. They tend to focus on productivity-related measures such as education level, infrastructure, and lifestyle factors.

After carefully adjusting for nonpolicy factors, the NBER researchers found that the productivity indexes preferred by the Left exhibit no relationship to state performance in employment, wages, or growth. It is the cost-of-doing-business indexes favored by the Right that mattered, particularly in the areas of corporate taxation and welfare spending.

Not surprisingly, Texas performs well in the cost-of-doing-business indexes. California ranks well in the productivity indexes. Texas has made the better choice. It's clear which way North Carolina should lean. *CJ*

Depoliticize Energy

Political obstacles impede development

The development and marketing of energy sources ought to be driven by economic realities and market prices. Instead, politics and politicians intrude at virtually every stage. The resulting morass of regulations, penalties, subsidies, and obstructions rarely makes logical sense — and fails the test of providing safe, reliable energy to consumers at a reasonable cost.

Given environmental and national-security considerations, among others, government must fashion and implement energy policies. But they should be coherent, informed, and respectful of consumer choices.

We are far removed from that ideal. Energy policy is all too often an inside game, played by special interests who manipulate legitimate concerns and public fears in an attempt to line their own pockets.

The ethanol industry, for example, surely would not exist in anything like its current form without massive government intrusions and subsidies. If consumers were calling the shots,

farmers would grow corn primarily to feed people and animals. They wouldn't grow corn to produce motor fuel.

Even with all the intrusions and subsidies, ethanol has proved to be a risky business. In September, *Triangle Business Journal* reported that North Carolina's first major venture into ethanol production, Clean Burn Fuels of Raeford, has, uh, burned through more than \$100 million in seed capital and is now basically kaput.

At the national level, renewable-energy interests are reeling from the high-profile failure of Solyndra, a California solar company that received a half billion dollars in federal loan guarantees and a personal visit from President Obama.

If the energy market weren't so heavily politicized, the failure of any particular company would not be a big deal. But the energy market is heavily politicized, with too many obstacles impeding the discovery, development, and use of low-cost energy sources. *CJ*

COMMENTARY

What Would You Do?

Doing the right thing means making difficult choices. American history is full of examples. Whether combatting the impositions of the Stamp Act, the injustices of slavery, or the intrusions of eugenics, Americans have had to decide how best to respond to tyrants in power — and sometimes to tyrants next door.

Far too many people have made the wrong choice. Afraid to sacrifice their reputations, their ambitions, their property, or their personal liberty, they have chosen to look the other way.

Here in North Carolina, the state operated a eugenics program for decades that sterilized thousands of North Carolinians against their will — on the grounds that their mental or physical infirmities made them unfit to reproduce. Rather than speak out against this practice, many of the state's most influential citizens either ignored it or participated in it.

The 18th-century Virginia planter and Quaker leader John Pleasants chose differently when faced with his own era's injustices. As early as the 1760s, John Pleasants and his son Robert had concluded that the institution of slavery was abhorrent to God and inconsistent with the principles of a free society. They resolved to do something about it.

John and Robert Pleasants were among the biggest slaveholders in Virginia's Henrico County, near Richmond. Their Curles Neck Plantation was home to hundreds of slaves. Although the Pleasants family long had treated slaves kindly, as they thought their Quaker faith demanded, it wasn't until sometime in the 1760s that they embraced abolition fully.

At the time, it was illegal for Virginians to manumit, or free, their slaves. If John Pleasants simply had declared the workers at Curles Neck free and sought to pay them, he would have been subjected to punishment and his workers to re-enslavement.

Perhaps such an act of civil disobedience might have advanced the cause of abolition a bit, but at great cost — particularly to the

slaves themselves. Pleasants had other options, however. He could have attempted to take his slaves out of Virginia and free them elsewhere. Or he could have attempted to organize a broad-scale insurrection against the Virginia government. But neither option had much prospect of success.

Pleasants opted for a different course. Recognizing that there was growing sentiment among influential young Virginians such as Thomas Jefferson to limit the scope of slavery by at least prohibiting importation of new slaves and legalizing manumission, Pleasants rewrote his will. He added a provision that would free all of his slaves if Virginia ever legalized manumission.

Pleasants died in 1771. His son Robert Pleasants then became one of the founders of the abolition movement in Virginia.

Right after the American Revolution, there was a burst of anti-slavery sentiment in Virginia. It didn't last, unfortunately, but a 1782 law legalized the manumission of slaves for a time. Robert Pleasants immediately liberated the slaves he had inherited from his father and built one of the first schools for free blacks. The Gravel Hill community soon grew up around the school — one of the first communities of free blacks in the South.

But other relatives challenged Robert's actions. So Robert Pleasants went to court in the 1790s to carry out his father's wishes. His attorney in the resulting case of *Pleasants v. Pleasants* was none other than John Marshall, the future chief justice of the U.S. Supreme Court.

They were successful. In 1799, the slaves at Curles Neck were freed and joined the growing Gravel Hill community.

John Pleasants was my sixth great-grandfather. When faced with injustice, he chose a middle course — to challenge it through moral suasion and the courts, rather than ignoring it or resorting to insurrection.

What would you do? *CJ*

John Hood is president of the John Locke Foundation.



JOHN HOOD

EDITORIAL BRIEFS

Genetically Modified Crops

The Obama administration says that it wants to reduce regulations to encourage innovation and to help stimulate the economy. A good place to start would be to eliminate a proposed new Environmental Protection Agency regulation requiring more data on genetically modified crops, writes Pennsylvania State University biology professor Nina V. Federoff in *The Wall Street Journal*.

Farm production has grown dramatically over the past century and must continue to do so to feed a human population that continues to grow. Genetically modified crops offer a way to do this in a manner that is both more environmentally friendly and more productive than older methods. A crop with a gene added to improve resistance to certain insects, for example, may result in less pesticide use, reducing costs to farmers and less pesticide runoff in the environment, Federoff says.

Three U.S. agencies, the EPA, the Department of Agriculture, and the Food and Drug Administration, currently regulate genetically modified crops, resulting in a regulatory maze that few companies can afford to run to bring new crops to market.

Such caution may have been justified earlier, but evidence shows that genetically modified crops are not a threat. The European Union has spent \$425 million over the past 25 years studying genetically modified crops and has found them to be as safe as crops modified by more traditional methods.

"The three United States regulatory agencies need to develop a single set of requirements and focus solely on the hazards — if any — posed by new traits," Federoff says.

Solar panel subsidies

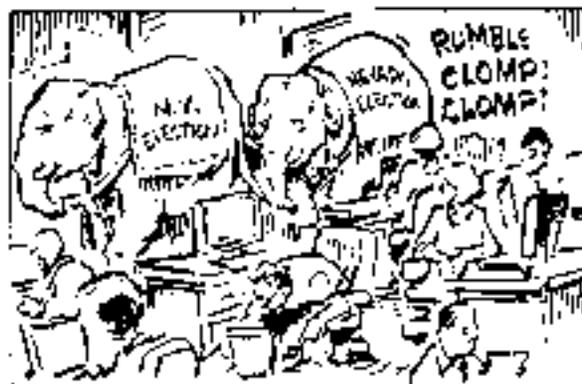
The price of solar panels continues to fall, and a leading U.S. manufacturer is in bankruptcy. That hasn't stopped the federal government from handing out more loan guarantees to the industry, reports *The Wall Street Journal*.

The 2009 economic stimulus package includes \$25 billion in loans to renewable energy and transmission projects. The funding authorization expired on Sept. 30 with the Department of Energy pushing hard to make as many loans as possible.

Solar panel manufacturers are a DOE favorite to receive loans. This comes despite weakness in the industry, with Chinese competition driving down prices. Evergreen Solar Inc. recently filed for bankruptcy protection and closed a plant in Massachusetts that it built with the help of state and local subsidies.

Solyndra Inc., which received a \$535 million loan guarantee in 2009 to build a new factory in California, closed an older facility and laid off workers after demand for its products proved to be less than expected.

"The government really should not be picking technology bets," said Jesse Pichel, a clean-energy analyst at investment bank Jefferies & Co. "It's fraught with potential failures." CJ



Demographics and Economics

As a child, when I was confused about some problem, my father would say, "Son, maybe you're missing the forest because of the trees." Of course, what he meant was I was too focused on the small pieces (the trees) of the problem to see the answer in the big picture — the forest.

The same could be said of many of today's economic questions. Various groups debate causes and solutions with no apparent agreement. Are they putting too much attention on the trees and not enough on the forest?

A strong argument can be made that the answer is yes, and the "forest" that often is being missed is demography. Demography is the study of human population and its characteristics. For current economic issues, the important demographic factors are the numbers of people in various age ranges.

Public expenditures on a per person basis generally are greatest for the young and the old. Young people need to be educated, so public spending on K-12 schools, colleges, and universities rises as the share of young people in the population increases. At the other end of the age spectrum, older persons use more health care, and much of this is provided by government spending.

It's well known that we are an aging society. In 1950 only 8 percent of the population was 65 and older; by 1990 it had risen to 12.5 percent; and in 2010 the rate was 13 percent. Further, with the large "baby boom" generation moving into retirement, the elderly slice of our population will continue to grow, reaching 19 percent in 2030 and more than 20 percent by 2050.

At the same time, the percentage of our population which is young will change very little, slipping less than 1 percentage point in the next 20 years. This means the growing proportion of our elderly population will be accompanied by a similar reduced proportion of those in their peak working years.

This, then, is the "forest" of our future: the graying of our population and the increased number of elderly persons (usually retired) relative to those working. This forest has — and will continue

to have — a profound effect on federal government finances and the continuing debate over the national debt.

Three big federal programs — Social Security, Medicare, and Medicaid — are driven by our aging population. Currently, Social Security is in good financial shape, for now. It has a surplus in its investments. But the latest report from the Social Security trustees states the surplus will be exhausted in 2036, after which taxes collected for Social Security will cover only three-fourths of promised benefits. In short, Social Security is expected to have a funding problem down the road.

Medicare already has a funding problem. According to the Social Security trustees, the program now spends more than it receives in fees. Additionally, Medicaid — which spends 26 percent of its funds on the elderly — is supported totally by taxpayer funds.

Currently, Social Security, Medicare, and Medicaid account for 43 percent of federal spending. With the elderly population growing faster than other age categories, the Congressional Budget Office estimates that by 2035, these three programs will account for over two-thirds (67 percent) of total federal spending. Social Security and Medicare alone will account for over 60 percent of the federal budget. This is why most plans for addressing the national debt and federal spending include some modification to these programs.

Another way in which the "forest" of our aging population could affect the economy is in investments. Elderly persons are more likely to sell their stocks and convert them to cash for living expenses than would younger persons. Such selling puts downward pressure on stock prices. Indeed, new research from the Federal Reserve Bank of San Francisco has found an inverse relationship between the prices of stocks and the aging population — that is, stock prices fall as the relative size of the elderly population increases.

Demographic trends change only over long periods. We, and the economy, will have to adapt to them. CJ



MICHAEL WALDEN

Michael Walden is a Reynolds Distinguished Professor and Extension Economist at North Carolina State University.

Why Well-To-Do Are Moving Left

One of the most interesting recent developments in American voting behavior is the moderate attenuation of an extremely robust relationship between income and party identification. Historically, the more money you made, the more likely you were to vote Republican. It was as simple as that.

In 1996, for example, Bill Clinton won 59 percent of the vote of those who made less than \$15,000 a year, 53 percent of those who made between \$15,000 and \$30,000, 48 percent of those between \$30,000 and \$50,000, 47

percent of those between \$50,000 and \$75,000, 44 percent of all those between \$75,000 and \$100,000, and 38 percent of those who made over \$100,000. In 2000, George W. Bush's share of the vote in the same categories was 38 percent, 42 percent, 48 percent, 51 percent, 52 percent, and 55 percent. Things then seemed to change. The 2008 exit pollsters used eight income categories in their data collection. Barack Obama won five of them; the bottom three (everyone under \$50,000), but also the fifth from bottom (\$75,000 to \$100,000) and the top category — or those who made in



ANDY TAYLOR

excess of \$200,000 a year.

Social and cultural politics most frequently are offered as an explanation. The argument is that many wealthier Americans are pro-choice and support gay rights, while many blue-collar workers are religious conservatives. Race and policies like affirmative action and school busing also cut across economic divides. As battles over issues like these naturally capture headlines, they increasingly shape voting decisions.

I believe there is another reason why upper-income Americans increasingly have become a bit more Democratic.

Forty years ago, there seemed to be few differences between business owners and professionals. They moved in the same social circles and shared the same pragmatic but intrinsically conservative values. As the country and Republican Party have changed, however, the two groups have been pulled apart.

Many professionals, like doctors, lawyers, scientists, and professors, oppose central tenets of the GOP's current philosophy. It is generally they who are voting for Democrats. Because they provide services, professionals must be close to people, leading many to live in urban areas. They have a greater appreciation for public facilities like mass transit, parks, and the arts, and they consume them. They might not tolerate the crime, crowdedness, and inconveniences

of city life — there are always, after all, private schools for their kids and clubs for their recreation. But they understand it and its messy diversity. The various places of worship, the eclectic restaurants, and the cultural opportunities add to the richness of life.

Professionals are advocates for others. Although this thinking emanates from hundreds of years of tradition and culture, it is not solely an act of altruism. Doctors need patients, lawyers need clients, and professors need students to make a living. But it does compel them to think in a more communal, and less individualistic, way. In other words, their work encourages them to think less like Republicans, especially Republicans in the 2000s.

Professionals also like a dollop of government. Licensing requirements keep competitors out of their fields and protect the investments of time and money they have made in their post-graduate educations. Scientists rely heavily on federal grants to do their research, and many individuals come into doctors' practices and lecture halls on the public's dime.

Business owners and managers, by contrast, are less concentrated. Urban living is costly, so many move away from large towns. Many of the communities they live in are homogenous and often free of the kind of social problems government tries to solve. They dislike government

regulation because it often harms their economic interests — although, like anyone else, most are perfectly willing to accept subsidies and tax breaks. They serve customers, but they enter the relationship focused entirely on their profits.

Business is, of course, not monolithic. Over the past couple of decades, small business, largely through its trade association the National Federation of Independent Business, has emerged as one of the most influential constituencies of the Republican Party.

NFIB detests the kind of regulation large corporations tolerate. Increases in minimum wage and environmental standards advantage big businesses because they can absorb costs that might kill off smaller competitors. New health care insurance mandates hardly will affect multinationals but may cripple many small businesses. NFIB cares less about liberal immigration laws because members tend not to employ many foreign workers.

In other words, this business-professional split is a little more complex than first appears. Big business types, the very rich, can be won over to the Democrats' policies. They are the genuine battleground for the parties, not least because they have deep pockets. *CJ*

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

Obama's Troubles Clarify Opportunities

With a little more than a year left before the next presidential election, our current commander in chief's approval numbers have fallen to record lows.

According to the nonpartisan Gallup research organization, as of late August, only 38 percent of Americans approve of President Obama's job performance, while 55 percent give his handling of the office a thumbs-down.

Many factors have influenced this outcome, but put simply Obama's economic policies have not worked.

Priming the pump (spending taxpayer dollars to "create jobs") while increasing the national debt to over \$14 trillion has resulted in Standard and Poor's downgrading America's triple-A bond rating and uncertainty on "Main Street" as well

as Wall Street.

The debt was \$10.626 trillion on the day that Mr. Obama was sworn into office and now, according to the Treasury Department latest calculation, is over \$14.639 trillion.

Obama now has the dubious distinction of piling on more debt than any other U.S. president in the history of the Republic.

Adding to the president's problems, in recent weeks, when matched up against former Gov. Mitt Romney of Massachusetts or current Texas Gov. Rick Perry, Obama is in a statistical dead heat.

This leads me to the Republican presidential primary.

After sitting on a lead and employing a Rose Garden strategy for the majority of the summer, Romney found himself in late August trailing in the polls, stung by Perry's insurgent candidacy.

Perry announced his run for the presidency from South Carolina on the day of the Iowa straw poll. His entrance into the race minimized Michele Bachmann's straw poll victory,

and he catapulted to the front of the pack for the 2012 GOP nomination.

By all accounts, Perry and his team had a great rollout.

But then September brought about three Republican presidential debates. To be blunt, those debates have been a disaster for Perry.

In all three, Perry appeared unfocused, defensive, and ill-prepared.

His "my way or the highway attitude" did not go over well with straw poll attendees and potential primary voters.

His repeated characterization of Social Security as a "Ponzi scheme" most certainly had an impact on the recent GOP Florida straw poll, where he was beaten soundly by Tea Party favorite Herman Cain.

Perry's approval of charging in-state college tuition rates for children of illegal immigrants in Texas, along with his refusal to support completion of a fence along the Mexican border, definitely have hastened his decline with the GOP base. The way he has continued to defend his executive or-

der mandating HPV vaccinations for minor girls only worsened his standing with the Republican faithful.

Clearly, Perry and his campaign team are in damage-control mode. In my opinion, Perry has very little time to make a course correction.

Republicans are searching for a candidate to defeat Barack Obama. "Electability" is the operative word of the day.

The obvious beneficiary of the governor of Texas' missteps has been Romney, who has been well prepared, confident, and — yes — presidential.

What seems clear is that unless Perry has a dramatic change of fortune, Mitt Romney is likely to be the Republican standard-bearer in 2012. *CJ*

Marc Rotterman worked on the national campaign of Reagan for President in 1980, served on the presidential transition team in 1980, worked in the Reagan administration from 1981-84, is a senior fellow at the John Locke Foundation, and a former member of the board of the American Conservative Union.



MARC ROTTERTMAN

N.C. Aircraft Provider Association to Hold Final Fly-In (a CJ parody)

By ACE WINGMAN
Aviation Correspondent

LOUISBURG

The North Carolina Aircraft Providers Association is hosting a weekend fly-in to commemorate the third anniversary of Bev Perdue's election as the state's 73rd governor.

The three-day event, titled "Planes and Politics," will take place at the Franklin County Airport near Louisburg beginning Friday, Nov. 4. The NCAPA is an association of aircraft owners, pilots, and political donors involved with providing free flights for politicians during political campaigns.

NCAPA president James Fleming of Morganton told *Carolina Journal* that the event would be the final gathering of the organization. "We understand that the investigation into the governor's aircraft provider program may lead to problems for some of our members. We just wanted to have one more get-together to celebrate the relationship between campaigns and airplanes," he said.

A spokesman for Perdue said the governor would not attend because she already had scheduled a series of fundraising events outside the state that weekend.

The event is open to the public and will include at least 20 aircraft that have been used in the campaigns of Perdue and former Gov. Mike Easley.



At last year's NCAPA Fly-in, former Gov. Mike Easley (left) regales Gov. Bev Perdue (center) and Flight Provider McQueen Campbell (right) with tales of campaigning via free aviation. (CJ spoof photo)

ley. Free aircraft rides will be offered to members of the public who are not politicians — in other words, persons who currently do not hold elected office and are not running for office.

Fleming, who is neither a pilot nor an aircraft owner, said he was tapped to head NCAPA after the association's first president, McQueen Campbell, stepped down in 2010.

A barber from Morganton, Fleming was offered a membership in the organization after he paid more than \$3,000 for a Perdue flight from Chapel Hill to Manteo in 2007. That flight was

in a Beechcraft King Air that was based in Hickory.

"Our members have been responsible in part for electing the winner in the last three governors' elections," Fleming told *CJ*. He and 30 other association members have provided more than 200 free campaign-related flights to Easley and Perdue. The free flights allowed the political campaign organizations to devote more money to other expenditures such as television advertising.

Fleming said that even though the free flights violated campaign fi-

nance laws, he understood they have been common practice for the past 10 years.

"Our members have suspended political flight activity due to state and federal investigations, but we don't see how you can do politics in North Carolina without free flights," he said.

Wake County District Attorney Colon Willoughby has charged Fleming's friend Robert Lee Caldwell, also of Morganton, with obstruction of justice for his role in the Hickory-to-Manteo flight. Caldwell allegedly repaid Fleming with money from another party, hiding the true source of funds. Willoughby has said he expects to charge others soon.

State Board of Elections Chairman Larry Leake and the other four board members will attend the event and will be available to answer questions about campaign finance laws related to the use of aircraft.

The event also will feature food vendors, live music, and skydiving shows.

Other participants include the U.S. Department of Justice, the N. C. State Bureau of Investigation, and the Wake County District Attorney's office.

The event sponsors include *The News & Observer*, *Carolina Journal*, and Raleigh television stations WRAL and WTVD. CJ

E.A. MORRIS

FELLOWSHIP FOR EMERGING LEADERS

The E.A. Morris Fellowship is seeking principled, energetic applicants for the 2011 Fellowship class.

Applications available online or at the John Locke Foundation.

Please visit the E.A. Morris Fellowship Web site (www.EAMorrisFellows.org) for more information, including eligibility, program overview and application materials.

Eligibility

- Must be between the ages of 25 and 40.
- Must be a resident of North Carolina and a U.S. citizen.
- Must be willing to complete a special project requiring leadership and innovative thinking on a local level.
- Must be willing to attend all program events associated with the fellowship.
- Must not be the spouse of a current or past Fellow.

Fellowship Timeline

August 30, 2011: Applications available
September 15, 2011: Review of applications begins
October 15, 2011: Finalist notifications begin; applications accepted until finalist pool is filled, or until December 10, 2011
December 15, 2011: Finalist notifications close
February 4-5, 2012: 2012 Candidates' Selection weekend

Fellowship Retreat Dates

March 16-18, 2012 – Pinehurst, NC
June 29-July 1, 2012 – Blowing Rock, NC
October 19-21, 2012 – Coastal NC

www.EAMorrisFellows.org

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