

## Squaring Rhetoric and Reality in the UNC System

*Constant warnings of a possible "brain drain" from low pay invite skepticism*

By **JON SANDERS**  
Assistant Editor

RALEIGH

The warnings have come so often they've become routine. If our public universities, especially the flagship campuses of the University of North Carolina at Chapel Hill and North Carolina State University, don't receive a sizeable increase in faculty salaries, they'll lose their place among the nation's top universities. They'll begin losing top faculty to other universities, who pay better. They'll even be surpassed in their ability to educate by "South Podunk U."

This problem, described often by university officials, is known as "brain drain," the process whereby the university loses its top professors to raiding schools that can afford to pay them much more.

The impact extends beyond the students or the school itself, university leaders say. Based upon the idea that the UNC system powers "the economic engine of the state," the brain drain harms the financial well-being of the state itself.

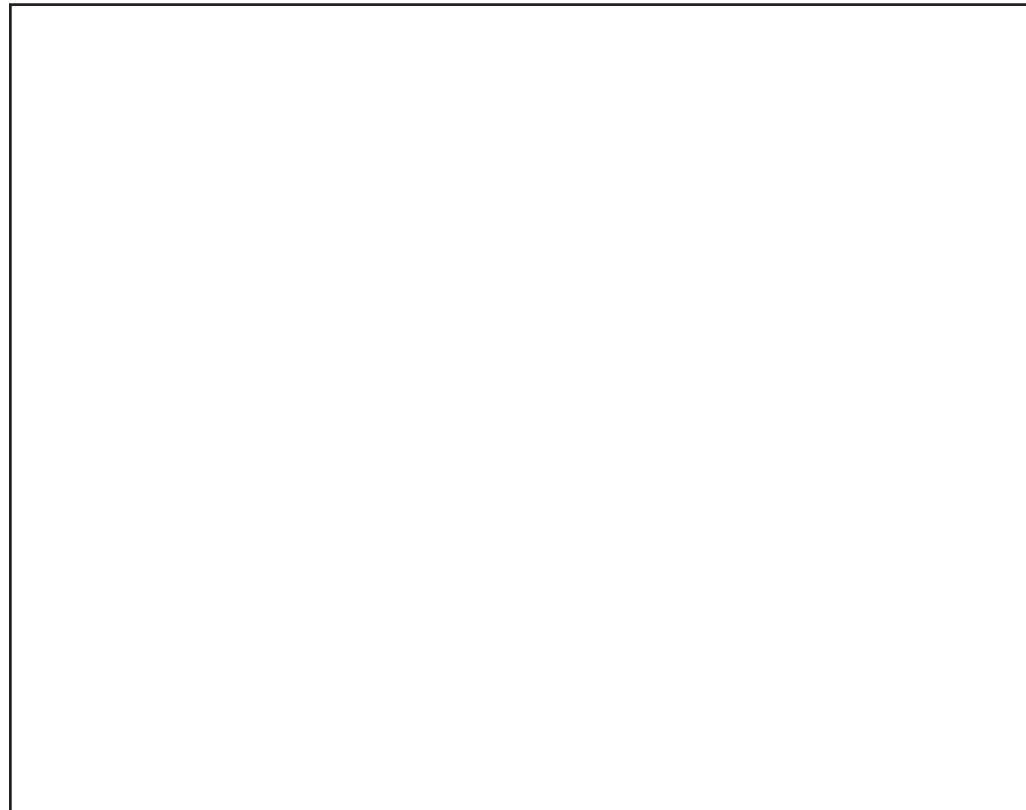
But are our universities really facing a brain drain? The available evidence would suggest skepticism, at best. Perhaps the most serious problem with the theory is reminiscent of the boy who cried wolf.

### *The Annual Pitch*

University officials have been warning of about a potential brain drain for years, particularly when asking for increased funding from the state. In 1990, for instance, a UNC-CH economics professor told *The News & Observer* of Raleigh that "if we want to compete to be a national first-class research university, we're losing out."

Two years later N.C. State Provost Frank Hart announced in the *N&O*: "We are losing ground." In 1993, UNC-CH Chancellor Paul Hardin told *The Charlotte Observer* that "we are fighting off raids literally every semester."

His successor, the late Michael Hooker, announced in the same paper in 1996 that "it is not too soon to be frightened for our own welfare — and by 'our,' I mean the



UNC students rally for more taxpayer subsidy. For more budget details, see page 10.

state of North Carolina, not the university."

That same year N.C. State Provost Phillip Stiles told *The N&O* that "it's getting harder and harder each year for us to hold on to our best professors."

In 1999 two department chairmen at UNC-CH, David Guilkey of economics and Ed Samulski of chemistry, wrote a piece in *The Daily Tar Heel* in which they asked students to imagine when "UNC faculty (picture your favorite professors) were easily recruited by other universities that offered them both better pay and better laboratory, teaching and research space [until UNC-CH] ceased to be competitive or selective [and] now you look worse on paper than a person who went to South Podunk U."

But how much of a problem has brain drain actually been? Remarks by UNC-CH Chancellor James Moeser in a recent issue of *The Chronicle of Higher Education* (April 20) indicate that despite years of public pronouncements to the contrary, there has been no brain drain yet.

According to *Chronicle* reporter Scott Smallwood, Moeser said "the university has not had trouble retaining professors in the face of higher salaries elsewhere. But Mr. Moeser fears a larger problem in the future, as a third of the professors there are projected to retire within the next five years."

Moeser acknowledged that "the Carolina blue sky and the wonderful quality of life are salient features" that UNC-CH offers, but he reiterated calls to make compensation more competitive. Moeser also announced that there was already a capital campaign in place to raise \$1 billion. He said that part of the campaign, which is still in its quiet phase, would go to create 100 new endowed professorships.

Reached for comment through a spokesman, Moeser repeated his concerns.

Ironically, Moeser's statement in the *Chronicle* sounds similar to a statement one of his predecessors, UNC's Hardin, made in *The N&O* back in 1996. Asked about the brain drain problem, Hardin "said the theory was greatly exaggerated during the fight over state budget cuts a few years ago. It led to a generally accepted notion that the university was slipping," Hardin said.

As far back as 1993, people questioned the case for brain drain. *The N&O* opined then that "the universities must first make their case," which was "mostly anecdotal" and lacked "hard facts as to just how many faculty have been lost for want of dollars." By 1996, *The N&O* was complained that "there are no running tallies, no numbers

*Continued as "Brain Drain," Page 3*

*\$3.1 billion bond package promised no tax hike, but N.C. Senate begs to differ*

By **JON SANDERS**  
Assistant Editor

RALEIGH

The November 2000 elections featured a crowded ballot. North Carolina voters were asked to choose a new president, governor, and chief justice of the state's top court. They were asked to fill several hundred additional jobs in the Council of State, the General Assembly, the judiciary, and county commissions.

And in many communities, voters also said yea or nay to a variety of local bond issues for schools, roads, parks, and other facilities.

Thanks to millions of dollars in paid advertising and "earned" media among the state's newspapers and broadcast outlets, however, another political cause managed to poke its way through the media mix.

Advocates for a \$3.1 billion bond referendum for the state's public universities and community colleges pointed out campus overcrowding, obsolete buildings and equipment, and projections of rapid enrollment growth to argue for the unprecedented capital expansion.

And perhaps most importantly, virtually every ad or media interview featured these magic words: "These bonds will not lead to a tax increase."

Voters believed it. They overwhelmingly approved the referendum on Election Day, with support spanning all partisan, geographical, and ideological divides.

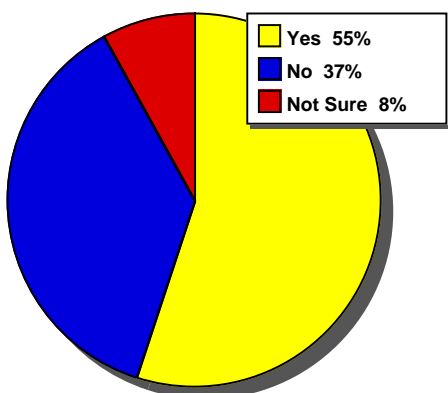
But were voters told the truth about the fiscal implications of the bonds?

Although the General Assembly is still in the process of fashioning its next biennial budget, two outcomes seem certain. First, the state's fiscal problems won't result in a delay of the UNC and community college bonds. State officials issued the first round of bonds in March, and other issuances are scheduled over the next two fiscal years.

Second, legislators will raise state taxes by at least as much (\$62 million) as the higher-education bonds will cost the state.

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### Spend All Gas & Car Taxes on Roads?



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## Calendar

### Climatologist to Speak on Global Warming in July

**P**atrick J. Michaels, research professor of environmental sciences at the University of Virginia and the state climatologist for Virginia, will speak at a Locke Headliner Luncheon at noon, Wednesday, July 11 at the Velvet Cloak Inn in Raleigh.

The topic of Michaels' speech will be: "A Scientific Autopsy of the Kyoto Protocol on Global Warming."

Dr. Michaels is a past president of the American Association of State Climatologists and is a senior fellow at the Cato Institute and a visiting scientist at the Marshall Institute. He also served as chairman of the American Meteorological Association's Committee on Applied Climatology.

His AB and SM degrees are in biological sciences and plant ecology from the University of Chicago. He received his PhD. in ecological climatology from the University of Wisconsin-Madison in 1979.

Dr. Michaels is a contributing author and reviewer of the United Nations Intergovernmental Panel on Climate Change. He has published more than 200 scientific, technical, and popular articles on the climate and its impact on man, including the book, "The Satanic Gases."

"The core issue over the next ten years will not be 'How much will the climate warm?' but, rather, 'Why did it warm so little?'" Dr. Michaels says.

"My research also leads me to believe that the next decade will see the emergence of a paradigm of 'robust earth,' as opposed to the fashionable 'fragility' concept. It is entirely possible that human influence on the atmosphere is not necessarily deleterious and that it is simply another component of the dynamic planet.

### Dr. Patrick Michaels

"Tomorrow's scientific and science-policy leaders will have to recognize this verity in our attempts to maintain a productive and diverse planet."

*Nature* magazine has written that Dr. Michaels may be the most popular lecturer in America on the topic of global warming.

### Locke Lines

The John Locke Foundation publishes a monthly audio magazine called *Locke Lines* that features speeches made at Locke events that month.

*Locke Lines* includes Locke Headliner speeches as well as Shaftesbury Society speeches and commentary by Locke staff.

The June issue of *Locke Lines* includes the following:

• A speech by Duke University professor Dr. **Helen Ladd** on the impact of housing vouchers on educational outcomes. Dr. Ladd is director of graduate studies in pub-

lic policy at Duke and has spent years studying the connection between public housing and educational outcomes. In her speech she discusses the possibility of improving student performance by moving children out of bad neighborhoods.

• A speech by **Jerry Jordan**, president of the Federal Reserve Bank of Cleveland, on Fed policy. Jordan helps set the Fed's monetary policy. He worked in numerous private banks as well as in academia before coming to the Fed.

• A speech by Duke University professor Dr. **Thomas Nechyba** on school choice. Nechyba's research on school choice has led him to believe that providing scholarships to low-income children that would allow them to attend private schools would increase both educational quality and residential integration.

To subscribe to Locke Lines, call Kory Swanson at (919) 828-3876.

### Shaftesbury Society

Each Monday at noon, the John Locke Foundation plays host to the *Shaftesbury Society*, a group of civic-minded individuals who meet over lunch to discuss the issues of the day.

The meetings are held at the Locke Foundation offices in downtown Raleigh at 200 W. Morgan Street, Suite 200.

The Shaftesbury Society will take a summer hiatus and will resume meetings this fall. If you'd like to suggest a speaker for Shaftesbury, or if you'd like to join us, call Kory Swanson for details.

For more information on these or other Locke Foundation topics, or to R.S.V.P for a Shaftesbury lunch, call 919-828-3876 or email events@JohnLocke.org.

# Bonds Will Cause State Tax Hike

Continued From Page 1

The November bond issue didn't by itself cause the state's current budget deficits, which came to light shortly after the election. Incoming Gov. Mike Easley was forced to freeze hundreds of millions of dollars in spending to meet a gap of nearly \$1 billion in the FY 2000-01 budget. Now he and lawmakers are hashing out how to pay for their planned new spending given slower growth in the economy and less robust (but still healthy) increases in tax revenues than has recently been the case.

Interest groups, lobbyists, advocacy groups, and media commentators have advanced a variety of explanations for the budget deficits. Few have yet fingered the state's debt-service budget, which had already been growing rapidly before the passage of the UNC and community college bonds. Past referenda had added billions of debt for highways, public school construction, and water and sewer projects.

Easley's FY 2001-03 budget helps to put the problem in perspective. In FY 2000-01 expenditures for debt service had reached \$240 million, a number exceeding the budgets of such departments as Agriculture, Commerce, Cultural Resources, and Environmental and Natural Resources.

Passage of the \$3.1 billion bond issue in November helped increase the debt-service budget to \$276 million in FY 2001-02 and \$353 million in FY 2002-03 — a 47 percent increase in two years. According to the Fiscal Research Division of the N.C. General Assembly, the higher-education bonds alone will cost \$29 million to service in FY 2001-02 and \$62 million in FY 2002-03.

That latter number represents 27 percent of the \$233 million in tax increases included in the N.C. Senate's budget, which passed the chamber in late May. While the N.C. House seems unlikely to accept all of the Senate's tax hikes — particularly those on long-distance phone calls, cable and satellite television, and health insurance — its own package of "loophole-closings" seems likely to raise the overall tax burden by at least \$62 million, and probably much more.

In other words, the passage of the bonds will raise state taxes higher than they otherwise would have been, in direct contradiction to what advocates promised.

## Ignoring Boyles' Fine Print

Just a few months ago, growth was the economic forecast for the foreseeable future. A tax hike was merely a theoretical possibility, far removed from most expectations.

According to the multi-million-dollar bond campaign, the real danger to the state's economy was that of *not* approving the bonds. With public higher education effectively driving the state's economy and the bonds' ensuring more and more students access to the system, advocates said, the increased debt would practically pay for itself. Not approving the bonds, however, would choke off economic growth.

Those arguments, bearing the imprimatur of then-State Treasurer Harlan Boyles, were repeated throughout the year by an impressive range of advocates. They included Gov. Jim Hunt and several of his predecessors, North Carolinians for Educational Opportunity (NCEO), and North Carolina Citizens for Business and Industry, among others.

In short, a veritable "Who's Who" list of North Carolinians — business leaders, university officials, politicians — told their fellow Tar Heels that the bonds would be

all gain, no pain. Boyles became their oracle of optimism, and based on his opinion, their campaign promise essentially became "Read our lips; no new taxes."

Bond supporters failed, however, to pay close attention to how Boyles qualified his remarks. For example, in an August 17 letter to Govs. Hunt, Jim Martin, Jim Holshouser, and Bob Scott, Boyles wrote "I want to state clearly that with a continuation of responsible budgetary practices and economic growth we will not have to raise taxes to repay the moneys borrowed."



Rep. Martin Nesbitt

Filtered through university web sites and NCEO advertisements, that message was reduced to "We will not have to raise taxes" and then to just plain "No" (to whether passing the bonds would "mean a tax increase").

Rep. Martin Nesbitt, D-Buncombe, a former chairman of the House Appropriations Committee, was one of the few legislators who warned that passing the bonds would affect taxes.

Nesbitt, who did vote in favor of having the bond referendum, told legislators that the bond payments in combination with other pressures on the state budget would almost surely create problems.

"In a period of 10 years, we've gone from \$70 million [in debt service] to \$700 million [by mid-decade]," Nesbitt said last fall. "We can afford that. But that's \$700 million out of your budget that you don't have to meet the other needs of the state. We've just got to all wake up around here."

Asked about those comments in light of the present situation, Nesbitt said he wanted to be honest with people. "We've got these needs; yes, we do, but don't give people false hope," he said.

"My point was that you can't predict the future — and obviously [Boyles] couldn't predict it because we're now in a recession," Nesbitt said, "and when you add a financial burden to the state it worsens your problems."

## A "Long Drag Back"

Now Nesbitt has a new concern. "We're spending that bond money without reservation, and next year and the year after we're going to be repaying it," he said. "Borrowing money looks easy at the time you do it, but it's a long drag back over the next 25 years or so."

George Leef, director of the Pope Center for Higher Education Policy, shares Nesbitt's concerns of then and now. Leef wrote several *Inquiry* research papers examining the bond issue. As a result of his research, he concluded that passing the bonds would most likely require a tax increase, not just at the state level, but often at the county level as well to help finance community college bonds.

Observing that counties across the state are already hiking their property taxes by as much as 12 percent in 2001, Leef now calls for delaying the issuance of the bonds. "Under the severe financial pressure which now grips the state, it is necessary for Gov. Easley and the General Assembly to cut out all government expenditures that aren't really vital," he said.

"The money slated for renovation and expansion of the UNC system is far from vital, as most of the system is sound and students have a tremendous range of other options if they don't like the dorms or classrooms. The sky won't fall if we put off the issuance of the higher education bonds approved last November when the fiscal picture looked rosy." *CJ*

## Faculty compensation at public and private institutions of higher education in North Carolina, 2000-01

Rank	Institution	Average Compensation by Professor Level		
		Full	Assoc. (rank)	Asst. (rank)
1.	<b>UNC-Chapel Hill</b>	\$117,900	\$84,900 (1)	\$69,800 (1)
2.	Wake Forest University	114,600	84,400 (2)	60,400 (6)
3.	<b>North Carolina State University</b>	107,500	79,500 (3)	68,300 (2)
4.	Davidson College	103,400	74,000 (4)	62,800 (3)
5.	<b>UNC-Greensboro</b>	93,400	68,400 (9)	56,600 (12)
6.	<b>UNC-Charlotte</b>	93,100	70,900 (5)	60,500 (5)
7.	<b>N.C. Central University</b>	89,700	69,600 (7)	59,000 (9)
8.	<b>East Carolina University</b>	87,100	69,300 (8)	59,200 (8)
9.	<b>UNC-Pembroke</b>	86,200	66,500 (13)	55,500 (14)
10.	<b>UNC-Wilmington</b>	83,300	65,900 (14)	58,200 (10)
11.	<b>N.C. A&amp;T State University</b>	82,400	70,800 (6)	61,200 (4)
12.	<b>UNC-Asheville</b>	80,500	62,200 (17)	49,900 (19)
13.	<b>Western Carolina University</b>	80,100	65,700 (15)	55,600 (13)
14.	<b>Appalachian State University</b>	80,000	67,200 (12)	54,800 (15)
15.	<b>Fayetteville State University</b>	79,900	67,400 (11)	59,500 (7)
16.	High Point University	79,100	62,300 (16)	53,500 (17)
17.	<b>Winston-Salem State University</b>	77,600	67,700 (10)	57,700 (11)
18.	Elon College	76,000	61,900 (18)	54,300 (16)
19.	<b>Elizabeth City State University</b>	71,300	56,600 (23)	51,000 (18)
20.	Meredith College	70,400	55,900 (25)	48,200 (21)
21.	Greensboro College	66,700	56,700 (22)	45,200 (27)
22.	Queens College	65,800	56,500 (24)	42,200 (31)
23.	Catawba College	64,400	57,500 (20)	46,600 (23)
24.	Brevard College	64,000	47,100 (33)	38,200 (39)
25.	Guilford College	63,400	58,200 (19)	46,900 (22)
26.	Warren Wilson College	61,400	52,500 (29)	45,800 (26)
27.	Salem College	61,100	57,200 (21)	46,100 (24)
28.	Chowan College	61,000	49,500 (31)	44,700 (29)
29.	Belmont Abbey College	58,500	53,800 (27)	42,200 (32)
30.	Gardner-Webb University	58,400	53,200 (28)	49,600 (20)
31.	Barton College	56,400	47,600 (32)	39,300 (36)
32.	Wingate University	55,800	51,000 (30)	45,200 (28)
33.	Lenoir-Rhyne College	53,700	54,700 (26)	46,000 (25)
34.	Mars Hill College	53,700	46,300 (35)	42,500 (30)
35.	Pfeiffer University	53,300	43,300 (37)	39,200 (37)
36.	North Carolina Wesleyan College	53,000	45,200 (36)	41,600 (33)
37.	St. Andrews Presbyterian College	52,900	42,400 (39)	39,400 (35)
38.	Methodist College	51,600	47,100 (34)	39,600 (34)
39.	Lees-McRae College	44,100	42,900 (38)	39,200 (38)

NOTES: Public universities are in boldface text. The source is *Academe*, the bulletin of the American Association of University Professors, March-April 2001. Compensation figures reprinted here represent only those public and private universities that reported to the AAUP in time for publication. Compensation averages for professors of all ranks at Duke University, one of the non-reporting institutions, are presumably the highest in the state, based on past years' averages. These compensation figures are raw; no attempt has been made to weight them according to regional cost-of-living data to compare purchasing power.

# Brain Drain Warnings Lack Proof

Continued From Page 1

to show how extensive the problem [of brain drain] is."

In 1999 the Pope Center for Higher Education Policy released an *Inquiry* paper that looked at "the actual history of faculty moves to and from UNC-CH" with the result being that "there appears to be no evidence to support the idea that the university has suffered from a 'brain drain.'" The study also examined the implication of brain drain, "that a departing professor will have to be replaced with someone who is less knowledgeable or less competent in teaching, research, and writing," which it said was "a highly dubious assumption."

The study also examined average compensation at the nation's leading research universities. After adjusting for cost-of-living and quality-of-life factors in the various communities, the study found that UNC-Chapel Hill and N.C. State offered competitive pay and benefits.

The table above lists average compen-

sation across the faculty ranks at North Carolina institutions of higher education. It shows a clear difference in how public and private institutions pay their respective faculties. The upper portion of the list, featuring those institutions offering the higher compensation amounts, is where one can find the state's public institutions.

Critics question not just the faculty compensation side of the brain drain argument, but also faculty workloads.

A report released by the UNC system on the faculty teaching workloads at system schools found professors moving away from teaching undergraduates. System-wide, 48 percent of undergraduate classes last academic year were taught by tenured or tenure-track professors, down nearly six percentage points in three years. The report also found non-tenure-track faculty picking up the slack, as opposed to teaching assistants. The report credits an increase in the number of non-tenure-track faculty for the decline in undergraduate teaching by tenured or tenure-track faculty. *CJ*

## Around the State

- Durham Elections Director Mike Ashe solved a \$50,000 problem for \$5,000, *The Herald Sun* of Durham reported in May. The former elections director had failed to maintain the county's voter rolls properly, resulting in a voter list that had more names on it than there were eligible voters in the county. Ashe had to pare down that list, and he estimated that it would cost \$50,000 to stuff and mail all the notices that had to go out to voters on the list. When the county commissioners turned down his request, Ashe turned to The Forest at Duke retirement community. There he asked for volunteers to stuff envelopes. He got them. One resident told the paper, "I thought it might be a nice way to meet people, and we did have a nice little chat while we did our work" Result: The voter roll is in its best shape in years, and the county saved \$45,000. Chalk one up for the taxpayers.

- Also in Durham, the principal of troubled Hillside High School reportedly asked the county to pay him \$400,000 to resign, *The Herald-Sun* reported. In February, Durham County Schools Superintendent Ann Denlinger decided to demote Principal Richard Hicks after an investigation found that 259 students who were supposed to have been held back were instead promoted to the next grade. There were other problems as well, and Hicks was to have been moved to another job. But a group of supporters arose to oppose the move. In late May, Hicks, who makes \$104,000 a year, was demoted to a community outreach job — at his same salary — and replaced by a well-respected principal from another high school.

- "It's a flawed policy grounded in economic illiteracy promulgated by people who have never met a payroll." So said Charlotte City Council member Don Lochman about a proposed ordinance that would have set a \$9 per hour minimum wage for all city employees. In May the council passed the measure by one vote only to see it vetoed by Mayor Pat McCrory.

- At least two N.C. school systems (Charlotte-Mecklenburg and Burke County) forbid students from displaying Confederate battle flags because they say the flags are offensive. Last month an attorney for the Southern Legal Resource Center filed a federal complaint against those systems, saying the students have a right to display those symbols.

- A state hearing has concluded that Greensboro City Councilman Earl Jones will receive no more state money to fund his Guilford County Community Action Program. For about 15 years, the program received about \$1 million a year in state and federal grants for its supposed anti-poverty efforts. The state quit funding the program last year after Jones could not document his expenses.

## Patronage Games

*Easley expands use of political appointments while other elected executives show restraint*

By DON CARRINGTON

Executive Editor

RALEIGH

Just how many loyal, politically compatible employees does a politician need to run his branch of state government? Apparently Gov. Mike Easley needs more than before while the independently elected Council of State need fewer.

The governor directly controls about 66,000 positions. These positions have been traditionally categorized as either career or political. Career positions are often referred to as "non-exempt" or "subject," meaning subject to the job protection provisions in N.C. General Statute 126, which governs personnel matters. Policymaking positions are often referred to as political or as "exempt," meaning exempt from the job protections in G.S. 126.

In 1997 the General Assembly limited the governor's discretionary selections to 100 positions, but they also created a new category called "exempt managerial" and allowed the governor to designate approximately 200 positions in this category. Exempt managerial employees are to be hired in a competitive process, but they can be dismissed at will.

To simplify matters, one can use three terms to describe the available categories: policymaking, managerial, and career.

By May 1 of this year, Gov. Easley and the eight other executive branch officials elected statewide were required to exercise their discretionary powers to declare which jobs would be exempt from the civil service protections in the State Personnel Act. The ultimate product of this process was a list of employees who could be fired at the will of the elected official.

The lists are in, and a *Carolina Journal* analysis revealed that Easley designated the maximum number of positions allowed by law in almost all departments, adding an additional 194 positions to the "exempt managerial" category.

He also made several changes to reflect a different policy emphasis, or possibly as a strategy to remove or reward certain individuals. In addition, he has arranged a legislative initiative that would allow an expansion of his political control to more than 400 additional employees.

Under the applicable laws and his predecessor's changes, Easley inherited a system in which about 400 full-time state employees served at his pleasure. The 400 positions comprise his staff and certain top jobs such as cabinet secretaries. It also includes up to 100 policymaking positions designated by the governor himself.

Before 1997, the discretionary designations used by governors had often exceeded 1,000 positions. People in policymaking positions serve at the discretion of the governor or elected Council of State officials. All other positions are to be filled with the most qualified applicant and the employee can only be fired for cause.

Gov. Hunt did not use the "exempt managerial" category. Since he had already converted more than 400 of his political hires into career employees, he didn't need to. The new managerial category, by the way, apparently is not used in any other state.

### Easley's Changes

Easley could not exceed the 100 discretionary designations of policymaking positions, but he did make some changes to the list that he had inherited from Gov. Hunt. He made several changes prior to announc-

ing his new list. He designated a total of 97 policymaking positions and added 194 managerial positions.

In the Department of Cultural Resources, Easley converted four positions from career to policymaking. In February, he put his sister-in-law Judith Easley in a career position prior to reclassifying it — a violation of state law. Her job is to coordinate the work of local arts councils.

The Director of the State Archives, the Director of the N.C. Arts Council, and the Director of the State Library also were reclassified from career to policymaking positions. Seven positions were designated as managerial.

In the Department of Administration, the new policymakers include the Assistant to the Secretary for Historically Underutilized Businesses (HUB) Outreach, the Police and Public Safety Director, and the Facility Management Director.

In the Department of Commerce, the Director of Industrial Development went from career to managerial, though the job had been policymaking in 1999.

In the Department of Health and Human Services, the governor expanded the policymaking jobs from 12 to 21 and added 29 managerial positions.

To add the policymaking positions he had to make reductions in other areas. In the Department of Transportation, he reduced the total number of policymaking jobs from 23 to 12 and converted the 14 Division Highway Engineers from policymaking to managerial.

The governor wants still more appointment powers. He has pushed Senate Bill 976, which will increase the number of the governor's political appointees by more than 200 over the number Hunt had when he and the General Assembly "reformed patronage" in 1997. The bill has cleared the Senate and is awaiting action in the House. With a Democrat majority, passage is highly likely.

### Council of State

Members of the Council of State were far more restrained in their use of patronage. The eight independently elected officials referred to as the Council of State are allowed by law to designate a total of 20 policymaking and 20 managerial positions

in their respective organizations. That amounts to a total of 320. An analysis by *CJ* revealed that out of the 320 exempt positions allowed in these agencies, only 176 were used.

One of the more notable changes was in the Department of Labor, headed by new Republican Commissioner Cherie Berry.

"We looked carefully at the applicable laws and guidelines from the Office of State Personnel before developing our list — only those jobs that met the test of 'policymaking' were categorized as such," said John Baldwin, Berry's chief of staff.

Berry's list included only eight policymaking positions and 20 managerial-exempt positions. Her predecessor, Democrat Harry Payne, had 20 people in policymaking positions.

New Agricultural Commissioner Meg

Scott Phipps designated 17 positions as policymaking, but she designated none as managerial. State Auditor Ralph Campbell designated nine policymaking and nine managerial positions. But Campbell's department is small, with a total of about 200 positions

In the Council of State, the most extensive use of the designation powers was by Attorney General Roy Cooper, who heads the Department of Justice. He designated 20 policymaking positions and 13 managerial positions — seven short of what the law allows.

The others were as follows: Insurance, 13 policymaking and nine managerial; Public Instruction, 10 policymaking and 14 managerial; Secretary of State, 13 policymaking and three managerial; and Treasurer, 14 policymaking and four managerial.

### State Employees React

Dana Cope, executive director of the State Employees Association of N.C., told *CJ* he was "deeply disturbed" by Gov. Easley's expansion of exempt positions.

"This action makes a great number of individuals at-will employees, thus allowing abuses that have no redress," he said. "It is clear that with these actions, the governor has sided with party loyalists rather than working North Carolinians simply trying to do their job." *CJ*

**"The governor has sided with party loyalists rather than working North Carolinians." — Dana Cope of SEANC**

*N.C. cost per recipient far exceeds regional average*

## State's Medicaid Program Needs Serious Reworking

By MELISSA SUAREZ  
Senior Writer

As North Carolina lawmakers struggle to close a large and growing budget gap, they are looking to a program responsible for a large chunk of the gap: Medicaid.

According to the General Assembly's Fiscal Research Division, about 14 percent of the projected \$791.3 million budget deficit (a deficit which continues to rise) for FY 2000-01 can be attributed to higher-than-expected growth in the state's Medicaid program.

Payments for services have risen by nearly 17 percent in the past year, and the cost per recipient grew by about 12 percent.

North Carolina's program isn't alone in its resurgent inflation. As of February 28, 23 states reported Medicaid overruns for the 2001 fiscal year. But North Carolina's problem is worse than those of most states.

Several groups have attempted to pinpoint the problem and offer solutions. North Carolina's reimbursement rates to physicians for Medicaid services are "the highest in the region," Charles Milligan Jr., a vice president of The Lewin Group, told legislators in April. The group conducted a study of the state's Medicaid program at the behest of key lawmakers. "They're the eighth-highest in the country," Milligan noted.

North Carolina's reimbursement rates were the highest in the Southeast even before January 2000, when the state increased

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rates from 91 percent of the rate paid for Medicare patients to 100 percent of the Medicare rate. Ninety-five percent of family-care physicians and pediatricians already accepted Medicaid patients, the study said.

John Locke Foundation analysts have pointed to other flaws. An explosion in program spending from 1986 to 1997, combined with the subsequent lull in spending (Medicaid grew only 2 percent in 1998 and 5 percent in 1999) may explain the newest surge in program spending, according to a March *Spotlight* paper by Locke President John Hood.

"At the same time that lawmakers and the Hunt administration withdrew money from the Medicaid trust fund to balance previous state budgets, they expanded the programs's obligations," noted Hood.

"They changed reimbursements for adult-care homes and emergency room, doubled the length of time former TANF recipients could stay in the program, and aggressively recruited new enrollees among children in conjunction with the roll-out of North Carolina's S-CHIP program, called Health Choice," Hood noted.

Both groups have suggested reforms in eligibility and benefits. Hood has suggested reshaping the benefits package to more closely resemble plans available in the private market; offering high-deductible, low-cost options that allow poor recipients to save unused dollars; tightening eligibility standards for the elderly and disabled to focus on the truly needy; and encouraging

families to plan for their future long-term care needs by setting shorter time periods for eligibility and expanding state tax relief for private long-term care insurance and medical savings.

The Lewin Group's key recommendations included reducing doctor's fees to 85 percent of the Medicare rate (saving \$28 million a year), requiring prior authorization for prescriptions, and replacing some name-brand drugs with generic ones. It also recommended reevaluating a provision that allows nursing-home residents to leave a home for 60 days while the state continues to pay for their beds, eliminating chiropractic and podiatrist services (saving \$2.4 million a year), and encouraging more use of private care providers.

But it remains uncertain which recommendations lawmakers may adopt.

"Some [of the recommendations] we feel good about. Some we don't," said Lanier Cansler, deputy secretary for the Department of Health and Human Services. "We hope that the General Assembly will leave us flexibility to try to make decisions rather than take measures to eliminate flexibility."

The Department is particularly concerned about suggested cuts in Carolina Access, a primary care case-management model (PCCM) characterized by a physician gatekeeper. The program is designed to provide more efficient and effective health care for Medicaid recipients.

House leaders want to cut program funding from \$25 million to \$12 million. They want to keep its main function intact, but they are concerned about ACCESS II and III, which were added to the program in 1998 to focus on health-care management, quality, and costs.

According to Cansler, these programs positively impact both the quality and cost of health care.

But key lawmakers have concerns.

"The program has some merit in terms of case management, but we've got some concerns about how the program operates," said Rep. Edd Nye, D-Bladen, chairman of the House Appropriations Subcommittee on Health and Human Resources.

"The Access program is one way we can manage and reduce cost," Cansler said. If the General Assembly eliminates or cuts back fees to physicians in the program, he said, "it will inhibit our ability to expand the program. We can't definitely say physicians will drop out. In rural areas and others where access has been a problem, however, they're going to reduce the number of patients or not see them at all."

Nye said he doesn't "follow that line of thinking."

"In ACCESS II and III, we pay \$87,000 a year for part-time work to one physician who is the medical director for a group whose job is to develop protocols for treatment of certain diseases. They don't see any patients. We have other people whose job it is to call you to make sure that you got to the emergency room or to see why you went. Most people go to the emergency room because they're sick."

The Senate budget proposal included no cuts in the program. Cansler agreed that the state must get a better handle on drug costs and program utilization.

"But the budget shouldn't be balanced on the backs of providers," he said. "We've just got to find a better way to manage services. If dollars is the primary concern, that's one thing. If access to primary care is a concern, then that's another." CJ

## North Carolina Air Quality Is Far Better Than Has Been Reported

By MELISSA SUAREZ  
Assistant Editor

The quality of the air North Carolinians breathe has been improving for decades, including a dramatic drop in urban smog from 1999 to 2000, according to new research from the John Locke Foundation.

The number of days in which urban-ozone levels exceeded EPA health standards was 34 in 2000, down from 68 in 1999 and 70 in 1998.

Citing state and federal data, Dr. Roy Cordato, Locke's vice president for research, observed that there has been no detectable upward trend in urban smog in North Carolina during the past decade, despite rapid growth in population, economic activity, and highway usage.

For other measures of air quality, he concluded in a recent *Spotlight* paper, the news is even better.

"Levels of particulates, carbon monoxide, sulfur dioxide, and lead have dropped substantially in the ambient air since the 1970s," Cordato wrote, quoting a state report. "Overall air quality in North Carolina has shown steady improvements for the last three decades."

Even in North Carolina's mountains, where there have been concerns in recent years about pollution from other states causing acid rain and smog, recent trends are promising, Cordato found.

The number of ozone-exceedance days

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at the Mt. Mitchell monitoring station fell from 14 in 1999 to only 4 in 2000. Mt Pisgah experienced an even larger drop, from 24 in 1999 to 4 in 2000.

"North Carolinians are properly concerned about the quality of the air they breathe, but they aren't getting the real story," Cordato concluded.

### Flawed Report

Cordato also found that the American Lung Association's recent report on urban air pollution, which received wide coverage in the news media in early May, presented a misleading picture of North Carolina air quality.

In a *Spotlight* briefing paper entitled "Clearing the Air," Cordato revealed that the May 1 Lung Association report used a flawed grading system and a selective reading of the data to rank Mecklenburg, Wake, and Rowan counties as among the 25 most polluted in the country and to give a grade of F to 24 of 29 monitored counties in the state.

The grading system "is so misleading as to be nearly useless in conveying any information regarding either the extent of [ozone-related] health problems . . . or relative air quality on a county-by-county basis," Cordato wrote.

"It is clear that this study had much more to do with advocacy than science and that it could never have passed scientific peer review." CJ

# Advertisement

## School Reform Briefs

• The Durham Public Education Network, a group of community activists, held an Education Summit in early May to discuss "closing the achievement gap through community action."

The network steers clear of offering any recommendations to the public schools system, but works by offering support through community involvement.

"We are not here to tell the schools what to do, but to see what we can do to help the schools," said Lloydette Hoof, executive director of the network.

Before getting votes on education priorities from the audience through an automated response system, the network presented the disheartening scores of whites, blacks, Asians, and Hispanics in Durham County, showing that fewer than 60 percent of black students in grades 3 through 8 were at or above grade level.

Even with a diverse crowd, a large majority of attendees agreed that the best action the community could take would be to "develop learning and resource centers in neighborhoods through the community to provide academic support services, such as access to computers and tutors."

• *Increasing Opportunity to Learn via Access to Rigorous Courses and Programs: One Strategy for Closing the Achievement Gap for At-Risk and Ethnic and Minority Students*, an external report of the North Carolina school system debuted in May's State Board of Education meeting. The study, conducted by William Darity, Jr. and Carolyn Tyson of UNC-CH and Domini Castellino of Duke University, identified the low percentage of minority students in honors classes, advanced placement courses (AP), and academically gifted (AIG) programs.

According to the College Board, a mere 7 percent (1,752) of minority students took at least one AP course in North Carolina out of a total of 21,871 AP students. After data analysis, case study visits, and visits to districts and schools, the authors identified 24 policy recommendations to close the racial achievement gap.

The first policy recommendation is for schools to "insure that all students take Algebra I before they enter ninth grade." Citing Hoke County's STAR Algebra 1 project as a reference source, Darity and his colleagues made it clear of the specific need for Algebra I at the middle school level.

"In general, a more demanding curriculum that is successfully completed at the middle school level will be more likely to lead to the confidence and competency to take more demanding courses in high school," concluded the report.

The authors also suggested that the state should take into consideration the academic performance and enrollment of minority students in honors and AP classes.

The authors also shared the opinion that some teachers may judge students based on behavior rather than academic performance. They suggested that teachers not discriminate against students who fail to speak "standard English," or who have disruptive behavior.

## Testing the Waters of Teacher Quality

## The growing controversy surrounding National Board Certification

By SHERRI JOYNER  
Assistant Editor

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Seeking National Board Certification has been exalted as one of the best ways to prove yourself as a teacher. The N.C. Department of Public Instruction (DPI) has long supported it, boasting 2,407 nationally certified teachers, and referring to it as the "highest form of recognition" for a teacher. But is it such a good method?

North Carolina is considered a pioneer in National Board Certification, most likely due to former Gov. Jim Hunt's push for more nationally certified teachers. Hunt served as the founding chairman of the National Board for Professional Teaching Standards and helped move legislation in the state to support the certification.

In fact, many states have adopted policies to encourage teachers to attain their National Board Certification, a process which consists of portfolios, school work from two students, videotapes of classroom interactions, and a daylong writing assignment on pedagogical strategies.

North Carolina law allows state-paid teachers with at least three years of experience the following: 1) the state will pay the \$2,300 assessment fee for National Board Certification, 2) the teacher will receive three days of paid release to prepare, 3) the teacher will be given grant-renewal credit for completing all components of the test, and 4) nationally certified teachers will be given a 12 percent increase in their state salary for the life of the certification, which is 10 years.

North Carolina's rewards for certification extend even beyond the state's boundaries. The N.C. Board of Education grants a state teaching license to out-of-state teachers who possess National Board Certification.

Individual districts have also jumped on the bandwagon. Several districts — including Lincoln, Nash, Orange, and Polk counties — offer one-time teacher bonuses ranging from \$250 to \$500 for attaining national certification.

A collaborative group formed by Charlotte-Mecklenburg Schools, UNC-Charlotte, and Johnson C. Smith University has received a \$1 million grant from the John S. and James L. Knight Foundation to recruit and provide professional training for National Board Certification.

Cherokee County has its own special initiative to purchase each national certification candidate a laptop computer for their use and allow them to keep the computer if they pass the test.

National Board Certification certainly becomes more attractive due to recruitment incentives. Currently, teacher salaries are administered through a steady scale that allows ineffective teachers to be paid the same as effective ones. National Board Certification tries to make a distinction between the quality of teachers and provide some type of national barometer between teachers in different states.

"Teachers who seek National Board Certification must spend months developing a record of their teaching," said Karen Garr, director of the National Board's Southeast Regional Office. "In North Carolina, only about 50 percent of our candidates become National Board Certified Teachers. There are studies confirming the positive relationship between NBC [National Board

Certification] and student achievement, and anecdotal evidence is strong."

## Limited Evidence

Michael Podgursky, chairman of the economics department at the University of Missouri-Columbia, recently challenged the value of national certification.

Podgursky concluded that despite being in operation for more than 13 years and receiving nearly \$100 million in federal support, there is "no evidence that this costly and time-consuming process is actually any better at identifying superior teachers than assessments from supervisors, principals, or parents."

Podgursky gives several illustrations to support his conclusion. First, he points to the fact that "in none of the written work teachers must submit are errors of grammar or syntax penalized — not even for teachers seeking English language-arts certification."

Podgursky also points out that neither parents nor school supervisors are asked to assess the quality of the teacher, and the certification process does not include a mechanism to ensure that the candidates actually did their own work — a problem because many schools hire coaches and facilitators to help teachers prepare their portfolios.

"At best," Podgursky said, "the national board portfolio and assessment tells us that a teacher knows how to be a good teacher. Whether she summons the effort to actually put theory into practice day after day in the classroom is another matter."

The program is far from inexpensive, as the graph below reveals. The legislature's Fiscal Research Division estimates that the average teacher has 12 years of experience. If that teacher has national certification, the state pays approximately \$4,170 per year in additional salary. When the state's costs for seeking certification are added, the total expenditure per newly certified teacher averages \$6,692. In the 1999-2000 school year, the total state expenditure on the program was estimated to be about \$13.4 million.

## Technological Advancement

Another approach to measure teacher quality, now recognized by policymakers in many states, is the value-added assessment, designed by statistician William Sanders. According to Sanders, teacher effectiveness is more important than class size,

ethnicity, location, or poverty and can be measured not by a certification test, but through actual classroom performance.

"The difference in teacher quality is the biggest single factor affecting growth of student populations," Sanders said.

Sanders' software identifies how well a district, school, or teacher has performed at raising the academic achievement of individual students. Sanders contends that regardless of poverty or race, teachers who rank in the fifth quintile (most effective) yield math results at the eighty-fourth to ninety-fifth percentiles. Compare this to teachers who rank in the first quintile (least effective) whose students will score from the thirty-fifth to the forty-fifth percentile.

Several districts across the nation are using the approach in evaluating the academic growth of students, but currently no districts in North Carolina have adopted the assessment, though the price is affordable.

Sanders and his colleagues charge a school district \$1 per child per year. This rate will provide reports for the school and district levels. If the district also wants to receive value-added information at the teacher level, the extra cost is \$25 per teacher. And if a district is able to turn in the data in a longitudinal format or with unique student ID's, the assessment may cost as little as \$1 per child for three years.

Tennessee has had the program in operation for nine years, thanks to a legislative mandate. Dr. Benjamin Brown, director of the Evaluation and Assessment Division in the Tennessee Department of Education, worked to implement the Sanders program, and said it caused some worries at first but has been accepted more over time.

"There isn't anyone who wouldn't take the opportunity to take just a peek at how well they are doing in the classroom, especially since the information is confidential," he said.

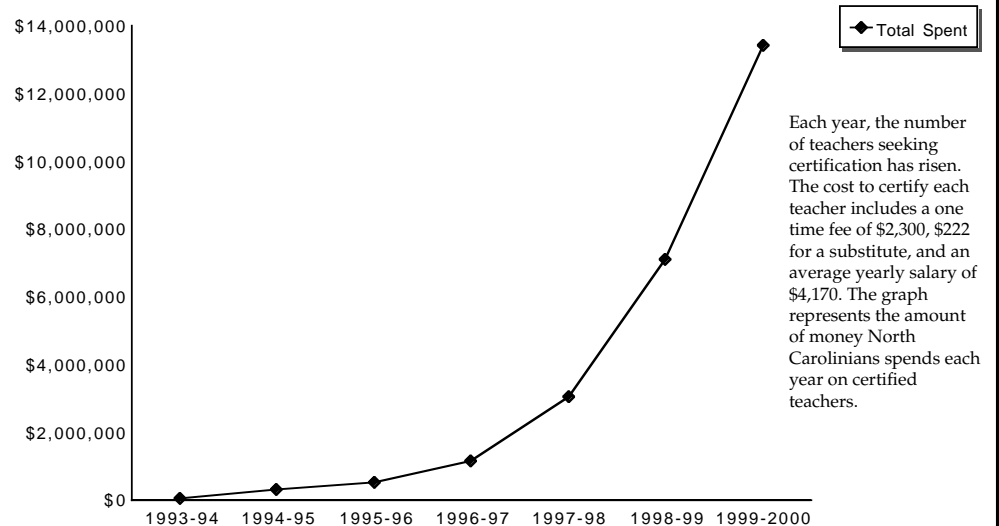
## What's Ahead

There is no hard evidence yet from the value-added assessment as to whether National Board Certification makes a difference in the quality of a teacher.

But according to Dr. Brown, value-added is a much better way to measure teacher quality. "National Board Certification helps you with the process of being a good teacher, but that doesn't matter a lick if you can't produce a good product. Many of the teachers take the test and then turn around and go back to their old ways."

According to Sanders, several N.C. districts may adopt the value-added approach in the near future. CJ

North Carolina's Annual Cost of National Board Certification



*National Charter School Week***“Raise the Cap,” Say Charter School Parents and Students**By SHERRI JOYNER  
Assistant Editor

MARKING the 10th anniversary of charter schools, April 30th to May 4th was Charter School Week across the nation. And N.C. charter schools celebrated the anniversary by spending the week asking legislators to raise or eliminate the state's cap (set at 100) on the number of charter schools allowed by law.

On May 2, more than 1,000 charter school students, parents, administrators, board members, and supporters representing 24 schools flooded the state capital to share their experiences with legislators.

“The representatives realized that the charter schools are serving a significant portion of our population,” said Roger Gerber, executive director of The League of Charter Schools.

In the afternoon Senate session that message was reiterated by the principal of the American Renaissance Charter School in Statesville when she spoke briefly about the falsehood of white flight. She noted that many charter schools serve minority and high-poverty populations and that none is draining the brightest students from district-run schools.

National Charter School Day in North Carolina wound down during the Senate session. The last scheduled activity was a chorus performance by visiting students from American Renaissance.

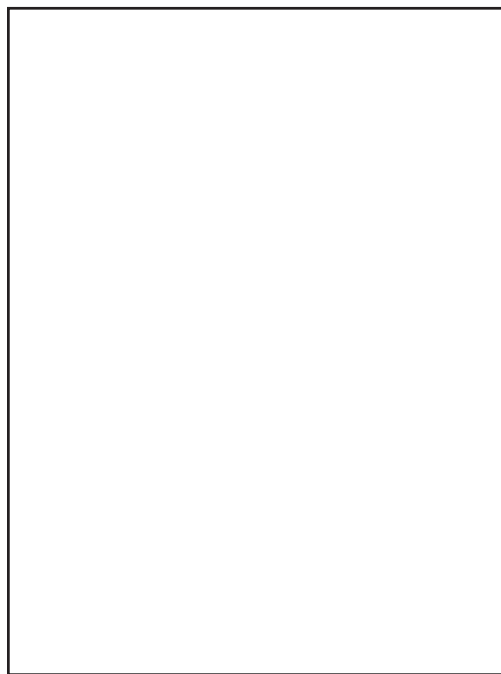
The chorus consisted of a diverse group of young children, dressed in khakis and white shirts, who had performed earlier that morning for bystanders and participants outside the Legislative Building. Their performance included sign language and songs about changing the world “one by one.”

“The outstanding turnout illustrated the public's demand for more choices in public education,” said Gerber. “Fifty-two counties in North Carolina are without charter schools. The General Assembly needs to allow the creation of more charter schools now, not later.”

Coinciding with National Charter School Day, the Center for Education Re-

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**More than 1,000 charter school students, parents, and educators flooded the capital to share their experiences.**



Charter school students wait to meet senators.

form (CER) released its annual study of charter school laws.

The center, which is a strong advocate for charter schools, ranked Arizona first again as the state with the strongest charter law. Only one state, Mississippi, scored an “F.”

“After studying the first decade of charter-school development, we are now able to see that some laws look better in theory than they are in practice,” said CER president Jeanne Allen.

“Provisions like those providing for multiple chartering authorities form the cornerstone of a strong charter-school law. And a strong charter law is the single most important factor in creating strong charter schools.”

On the scorecard, North Carolina dropped from 11th to 15th out of the 38 states that allow charter schools.

CER's survey of charter schools reported that the state of North Carolina started with a very good charter law in 1996, but as time has worn on, the state is slowly pressuring the schools to be more “traditional.”

Still, CER gave North Carolina an overall “B,” identifying the state as maintaining a fairly strong charter law in comparison to other states. CJ

**Finding Common Ground**

WHAT do Erskine Bowles, former chief of staff in the Clinton White House; Senator John McCain; Martin Luther King, III, President of the Southern Christian Leadership Conference; and William Bennett, Secretary of Education in the Reagan administration, have in common? They are board members of an innovative organization called Campaign For America's Children (CFAC).

I first learned about the CFAC while researching parent involvement in education on the Internet. During my search I discovered [www.parentsincharge.org](http://www.parentsincharge.org). The header on the homepage precisely captured my views on education, “All kids, regardless of race, income or background, deserve equal access to a good education, whether it comes from a public, parochial, charter or private school. Parents must be in charge, deciding what is best for their children.” Intrigued by the eclectic list of board members, I perused the site further.

The CFAC is a nonpartisan, nonprofit organization dedicated to providing accurate information about the state of education in America, both the failures and the opportunities. The supporters of CFAC are Democrats and Republicans, conservatives and liberals, educators and business leaders, members of the faith community and parents all preaching a single message. There is no sugar coating or mincing of words. They believe it is time to put the needs of the children above the needs of the system.

Board member Martin Luther King III summed up CFAC's beliefs quite effectively when he said, “We must continue the work my father began. Education is the key to freedom and opportunity. We basically have one supplier, the public education system, and it has become a huge bureaucracy. This bureaucracy has to be challenged. Fairness demands that every child, not just the rich, has access to an education that will help them achieve their dreams.”

CFAC believes in public education, or more accurately “educating the public.” They understand that education is the key to success and that by ensuring that children have access to a quality education, one can produce a ripple effect that impacts numerous other challenges that we face in America, such as crime, race relations, and the income gap.

However, CFAC believes the answer to the age-old question “How do we fix

education” is simple: Put parents in charge! This is the underlying message and guiding principal throughout the entire campaign.

CFAC challenges the American public to put aside policy differences and differences in education solutions and answer that basic question.

**Empowering Parents**

We can empower parents to be part of the solution by giving them a significant role in their child's education. “It seems to me that in America, if you're deemed responsible enough to vote, responsible enough to drive, responsible enough to choose what food your children eat and what clothes they wear, you ought to be considered responsible enough to choose where they go to school, and have a say in who teaches them, and what they learn,” board member Ted Forstmann said.

During our Founding Fathers' days, the education system was a system of choice that produced 90 percent-plus literacy rates. Today's education system of government-run schools was developed by Horace Mann in the 1850s.

Mann was specific in the goals of this new education plan and called for “a system which shall place under a control, independent and superior to parental authority, the education of children.”

Since the beginning of Mann's system we have increased educational spending, reduced class sizes, and extended the school days. The result — currently 60 percent of 12th graders are not proficient in reading, based on Department of Education guidelines.

CFAC advocates for an education system that embraces the democratic principles of freedom, competition, opportunity and choice. But most importantly, CFAC's mission and materials continuously return to the group's basic guiding principle — Parents should be in charge of their child's education. I hope you will take a moment and visit CFAC at [www.parentsincharge.org](http://www.parentsincharge.org). CJ

Paige Holland

Holland is director of the North Carolina Education Alliance.

*New Testing Requirements Are Not Welcomed By All***DPI Responds to Students' Protest Against Testing**By SHERRI JOYNER  
Assistant Editor

STUDENTS in several districts across the state refused to participate in end-of-grade tests or practice tests, causing the Department of Public Instruction to pull out its yardstick and slap a few wrists of administrators.

A press release from DPI stated, “Several calls have come into our office indicating that students in some districts are choos-

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ing to opt out of (or are protesting) taking state mandated tests or field tests.”

In fact, East Chapel Hill High School, in Orange County reported that around three dozen students refused to take a practice exit exam. The real exam will not be required until 2005. Still, the school reported that as many as 20 percent of juniors failed to participate on the test by either flipping over their test sheets or missing class.

“While many of us may be sympathetic to the concerns expressed by these students,

we want to emphasize that obeying the law is not optional,” DPI stated. “Schools should take this opportunity to reinforce with students the concept of civic responsibility as well as individual freedom. While as citizens we have the right to petition for redress of grievances and to engage in constitutionally protected speech, we also have a responsibility to the larger community.”

“Students who intentionally choose to violate the rules cited above should be disciplined in the same manner as they are when violating other state laws.”

Students are not the only ones protesting new requirements in testing. The North Carolina Coalition for Fair Testing, a group of parents, teachers, and juvenile justice and education groups, pleaded with lawmakers in May to end so-called “high-stakes testing.”

“We are for high student achievement,” said Steve Breickheimer, of the N.C. School of Psychology Association. “We are for ac-

countability. But those standards aren't equal for all students. The state's testing program doesn't take into account the developmental level of the students.”

However, the State Board of Education maintains its confidence in the system. “To talk about testing as something that is holding kids back rather than as something to identify their weaknesses is to avoid the reality of what our accountability system has done,” said J.B. Buxton, legislative director for the State Board.

“This is not a situation in which your child's future depends on one score. We feel comfortable with the safeguards.”

The safeguards are indeed strong. Students have up to three times to take the end-of-grade tests at each “gateway.”

And even if students fail each time, the principal and teacher can choose to promote a student based on yearlong coursework. CJ

## School Reform News From Across the Nation

## Private Companies Run District

Private management is becoming more popular in public education. Earlier this spring the state board of control that oversees the troubled Chester-Upland district in Pennsylvania chose three companies to run the district's 11 schools.

Last fall, the board invited private companies to bid on managing all schools in the district, which serves about 7,500 students.

Instead of opting to let one company run the district, the board chose three: Edison, LearnNow, and Mosaica Education Inc. All three of the companies are based in New York City.

"I really think it is going to be healthy competition," said Thomas E. Persing, president of the three-member control board that made the decision. "I think each company got enough of a bite that it is going to take them a little while to chew, let alone digest it."

Jeanne Allen, president of the Center for Education Reform, was also closely interested in the new business model.

"It's novel," she said. "I was happy to see they picked three providers. The more the merrier. The competition between them, and the diversity of their programs will bring about a better learning environment more quickly."

Thomas Stewart, the senior vice president of LearnNow, pointed out that parents of elementary and secondary level students will have three curricula to choose from. District leaders and executives of the management companies all agree that they expect to see the new model work to benefit all children. Reported by *Education Week* on the Web.

## School Equity, Texas Style

Four districts in Texas have filed a lawsuit arguing that the current system of school funding violates the Texas Constitution by essentially forcing districts to levy the maximum property tax to pay for school programs.

Under the law, 84 districts are forced to share their tax revenue with poorer districts. The finance system, established in 1993, has been nicknamed the "Robin Hood" law because it shifts money from richer districts to poor ones.

"The inadequacy of state funding has caused more and more reliance and overreliance on local property taxes, which means school districts will be driven to the maximum rate to support the system," said John P. Connolly, the president of the Texas School Coalition.

Initially, wealthy districts raised more money by hiking their property-tax rates. But many have reached the state-imposed cap of \$1.50 per \$100 of assessed value. District leaders are predicting that without more money, school programs will have to be cut.

"We're looking at having to reduce, maybe even eliminate, elementary school Spanish and a literacy program, and elementary music and art are under scrutiny," said Wilburn O. Echols Jr., superintendent of Coppell Independent School District.

Statewide, about 40 percent of the state's more than 1,040 districts, including many property-poor ones, are within 6 cents of the cap.

Legislators, who had been anticipating the law suit for months, have called for a committee to study school finance before the 2003 session.

John H. Augenblick, a Denver-based consultant who advises state legislators on school finance matters, said that the plaintiffs may have a hard time

convincing the court that the current funding system is inadequate.

"For somebody to argue that it's an inadequate amount in the face of all the supposed evidence that kids [in Texas] are doing great is pretty tough," Augenblick said.

## Taking Steps Towards Choice

Last month, the Pennsylvania General Assembly approved Gov. Tom Ridge's education package. The education bill failed three times, but after Ridge agreed to hike teacher pensions, the package passed.

A variety of bills came from the package, including the new Professional Teacher Assessment Act that will require public school teachers to pass a test in their subject area. The bill, which is the first of its nature, will test teachers every five years to determine their "knowledge of the academic standards applicable to [each] teacher's area of assignment or certification."

The scores will be confidential, and teachers who refuse to take the assessments will be ineligible for professional development programs offered by the Department of Education.

Other parts of the education package give private-tutoring grants to parents and allow corporations to receive state tax credits for donations to groups that finance scholarships to private schools or to public schools outside of a student's district.

"Tutoring grants and corporation tax credits are viewed, and I think correctly, as a step toward vouchers," said Patricia Crawford, a spokeswoman for the 39,000-student Pittsburgh public schools.

"As a result, certain segments of the community are really in favor of them, in fact jubilant, while educators in public school districts really see this as a move in the wrong direction."

The state's largest teacher union and Democratic lawmakers played down the bill by focusing instead on the pension hike.

"To the average retired teacher in Pennsylvania, it will mean \$7,000 to \$10,000 in additional pension every year for the rest of their lives," said Wyther Keever, the spokesman for the Pennsylvania State Education Association.

Gov. Ridge called it the results of a great deal. "These are some of the most dramatic education reforms in Pennsylvania history, and I will be proud to sign them into law," Ridge said. Reported by *Education Week* on the Web and *Post-Gazette.com*. CJ



## Schools Build Public/Private Partnerships

## School Leaders Seek Tax Hikes And Help from Outside Groups

By MELISSA SUAREZ  
Staff Writer

RALEIGH

To build support for a 5-cent tax increase for Wake County schools, school board members have been sending a clear message.

"There is not a position in the [Wake County school system] that can be cut without a service being impaired," Board member Tom Oxholm told a group of taxpayers in April. "And we can impair service. There's no doubt about that."

In April, Wake school board members said they would likely cut popular school programs, such as athletics, if county commissioners did not approve a 9 percent property tax increase. The tax hike would generate \$30 million in the first year — \$10 million of which would be used to avoid cuts to existing programs such as the Accelerated Learning Program, Wake's main student remediation program.

In 1999, voters overwhelmingly rejected a \$650 million bond referendum for Wake schools because it would raise property taxes. Opposition to the latest push for a tax hike also appears strong. At an April meeting of N.C. Citizens for a Sound Economy, a group that helped defeat the 1999 bond, more than 100 citizens packed a hotel room to hear comments from school board members. The question-and-answer session quickly turned to an indictment of the way the system does business.

"Wouldn't more charter schools put less financial pressure on taxpayers considering both capital and operating expenditures?" one citizen asked.

"The answer is obviously yes, from a capital standpoint. If we don't have to build a school, then it has to put less pressure on [public schools]," Oxholm said. "I'm not opposed to more charter schools at all. But let's make sure all the student population is reflective of the population of the county."

As similar debates rage in school systems across North Carolina and the nation, those children most at-risk for academic failure continue to fall behind. Nearly one-third of the 100,000 fifth graders who took the state's End-of-Grade reading test in May were expected to fail, according to preliminary state testing results. Approximately 74 percent of North Carolina third graders read at grade level. But that percentage drops to 59 percent for black third graders.

Wake County does slightly better than the state average, with 83 percent of its third graders and 60 percent of black third graders reading on grade level. Part of the push for the tax hike, however, is to meet the goal of having 95 percent of students in Wake County performing at grade level by 2003.

"Part of our challenge right now is that we don't have good data on the success of charter schools to show that they are doing a better job than traditional public schools," said Linda Harrill, director of Communities in Schools, a nonprofit targeting at-risk pupils. "We're all on a learning curve right now to find out what works best. Maybe two or three years from now we'll have better data. I'm a big advocate for charter schools and creating other alternatives."

## Nonprofits Contribute Resources

With opposition to unpopular tax hikes running strong, programs like Communities in Schools may gain popularity. These programs are based in communities, rather than in the public school system, and they

try to link community and public resources with private organizations and grants.

During the 1999-2000 school year, 27 CIS programs across the state provided services to 46,000 children and family members in 87 elementary schools, 66 middle schools, 38 high schools, and 19 other sites, including family resource centers, community learning centers, and one alternative charter school in Robeson County.

Collectively, the programs kept 95 percent of their students in school and saw 90 percent promoted to the next grade level. In three of the largest programs — Charlotte-Mecklenburg, High Point, and Greensboro — more than 65 percent of graduating seniors went on to post-secondary schools. Of the \$1.4 million provided to the CIS state office by the legislature, \$761,000 was spent on direct services to local programs and to help create new programs.

Perhaps the greatest advantage of programs like Communities in Schools is that state and federal dollars are used to leverage private money. In 1999-2000, local programs obtained \$900,000 in outside grants. "We are in a world where there are now no more tobacco farmers," said Harrill. "There aren't jobs where you don't need to know how to read. So, we have to raise standards. But we have to have the resources. It won't be free."

As public schools try to raise the performance of all students in the most cost-efficient way, programs like CIS can also help the public school system answer important questions, she said.

"It's really not an either/or situation," Harrill said. "Public schools are using professional educators. [CIS] needs both volunteers and professionals. And we are doing some things that the public school system can't do with volunteers. What are the overlaps? Are there duplications of programs? Is there a different way to fund them that might be more cost-effective?"

School leaders say they want to work more closely with programs like Communities in Schools to improve performance, but they agree with Harrill that both public and private entities must work together.

"It's programs like Communities in Schools that have shown us the way in terms of how to recruit and retain volunteers," said Wake County Schools Superintendent Bill McNeal. "But for that child who truly needs a teacher to assess where he is, there is a significant difference [between a volunteer and a certified teacher.]"

"The volunteer support behind CIS is wonderful," said Board member Beverly Clark. "But the skills and training of a teacher, and more time with that trained teacher is often what children need."

"Once a week with a tutor is an excellent motivator for kids, but in all honesty does not provide the real direct instruction that children who are behind need," she said. "Ultimately, the public schools, which accept all children, are the ones with the accountability and responsibility for assuring student success."

Harrill, meanwhile, is optimistic that programs like CIS can help schools find solutions for the neediest students, even as debate continues over how best to educate those children. "Everybody right now is trying to do everything they can to best serve these kids," she said. "But now we're asking everybody to be on the same page at the same time. I think it's a noble goal. We can do it. But we've got to have the resources." CJ



School Spotlight

# Gail Washington: NC's Charter School Teacher of the Year

By SHERRI JOYNER  
Assistant Editor

HENDERSON

**G**ail Washington, a second-grade teacher at Vance Charter School, was recently named Charter School Teacher of the Year by the N.C. League of Charter Schools.

In its second year of operation, Vance Charter School in Henderson has slightly more than 200 students and will expand to serve grades K-8 in the 2001-2002 school year.

*CJ: How do you feel about being named Charter School Teacher of the Year?*

Washington: It makes me feel a little uncomfortable because it isn't about one person. It's about all the many, many people who work really, really hard on a daily basis. They are dedicated to seeing what's right for children happen.

If you take my few talents and you couple them with all the talents on this faculty, and all the talents on the board of directors and the principal; and then you talk about us as a school, then I feel much more comfortable than if you talk about me, because it's not about me.

It's about a vision that our Board had that was very forward-looking. They wanted to see things happen, not just for their kids, but for this community. I am not saying we are doing things any better, but we are doing things differently.

*CJ: What makes the biggest difference at this school compared to a traditional district-run public school?*

Washington: It's the classroom size that makes the biggest difference. Because we have low, low class size — I only have 16 children — it allows me to get to every kid every day. Class size is the key. Sure it takes a lot of money to reduce class size.

It also helps that we have parents that as part of their contract have to help and give volunteer hours at the school each month.

*CJ: What about school size? Do you find it is also important to keep the overall size of the school smaller?*

Washington: I think it is important that we try to keep the number below 275. The elementary schools that I have taught in the 22 years I have been in education were in Vance and Granville counties, but they were large elementaries.

What happens in a small school is you get a stronger sense of community. Every teacher learns every child by name, and the

children know it, and are more quick to [agree] to do what's right.

*CJ: What is the Board's vision for Vance Charter School?*

Washington: They want our kids to be prepared, not just for the world academically, but for productive citizenship — that the children be able to give back to the community.

*CJ: What kind of parental involvement does the school require?*

Washington: Parents are required to give six hours of volunteer service in the cafeteria, classroom, or library, or they can take something we send home and help with preparing it for a class. If they help on a field trip, or come in and speak about their career, then that can also count as their monthly volunteer requirement. In traditional public schools we always asked for parental involvement, and we got a lot of it. But we didn't get it from many parents, and a lot of times it was those parents from whom we needed the most.

*CJ: Has this charter school pulled in a variety of students?*

Washington: Even though you can't tell it when you look around, we have kids that come from a wide range of economic backgrounds. We have children here who came from Vance Academy, which is a private school, where they had to pay. So you know the parents were putting out a lot of money for their child's education. And we have children who live in a double-wide or single-wide trailer. So we are not just pulling students from home schools, but from many environments. The school may not be for everyone, but it meets the needs of these families.

*CJ: Why did you leave the traditional public school and come to Vance Charter School?*

Washington: I stayed at my previous school for 14 years and loved it with all my heart. But for me, it was a time in my career where I needed to make a change. It had nothing to do with the people I worked with or the parents.

I left that school after my 20th year in teaching, and that was one of my best years ever. I got involved in reading about the charter school movement. My brother's kids were in a Catholic school in Chapel Hill, and he and his wife were making a choice of where to send their children. They didn't choose a charter school, but I became more interested.

Grova Bridgers, director of the charter schools, sent me a bundle of information



Charter School Teacher of the Year Gail Washington with several of her students at Vance Charter School.

and I read whatever I could get my hands on. I knew some of the people who were interested in starting Vance Charter. They said they could get the job done, and I knew they would. So that's what brought me here two years ago.

*CJ: Many charter schools have a difficult time finding a facility. Did you have this problem?*

Washington: We actually didn't open here in the mall. We opened in churches our very first day. The building hadn't [met] code, but then on our first weekend we came in and worked on everything.

Even though we are located in a mall, it is very safe. We never leave the entrance to the mall unlocked. Everyone has to come around to the back of the mall to enter the school. But being on this type of site has its

drawbacks. I am sure you walked right through the playground when you came in, which is made of asphalt. So we have to worry all the time about making sure we plan games that are not too physical because if the kids get caught up and go around wide open, they might trip. I have a little girl who got her knees eaten up this morning. Most of this year's fundraiser money is going to lay a natural, softer surface in the playground area.

*CJ: What makes this school special?*

Washington: It is the kind of environment that all parents want. They want to know their children are safe and are being academically challenged. This school is very much like that. It has a very safe feeling and it is tightly knit. It's like a family away from your family.

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## Course of the Month

For this installment, CM would like to break from its usual task of honoring one course for "overt political content, rabid infatuation with pop culture or sexuality, and abject silliness" and instead issue a hearty "Mission accomplished!" to a category of such evangelistic courses for actual, successful indoctrination: those satisfying the "cultural diversity requirement" at the University of North Carolina at Chapel Hill.

The Cultural Diversity Requirement Committee is seeking ways to restructure the general-education curriculum to teach ethnic diversity. A survey released by *The Daily Tar Heel* in early May asked students what were the best ways to learn about cultural diversity, and the answer receiving the most support was "working with others," favored by 79 percent of students polled.

That's the sort of answer that might be disheartening to those with a mindset that morals must be formed in the classroom, not in what college students so naively call "the real world." Fortunately for them, 76 percent of respondents agreed that their cultural-diversity courses "force[d] me to reflect upon the morals in my own dealings with people from different backgrounds."

An even more heartening, more important sign of the cultural diversity requirement's success, however, came elsewhere in *The Daily Tar Heel* — the editorial pages. A student columnist not only finally got the message, she was intent on spreading it.

In her article "Accept a Continuum of Sexuality," Linda Chupkowski, a psychology and women's studies major, explains how she learned at UNC-CH that "The personal is political."

"In one class, I read Adrienne Rich's 'Compulsory Heterosexuality,'" she writes, in which she learns that "powerful social forces ... maintain the institution of heterosexuality" despite the existence of "a 'lesbian continuum' along which all women travel." Chupkowski's then-unschooled reaction was "Sure, there's a lesbian continuum, but I'm way on the heterosexual end!"

But her journey — either curricular or personal=political — wasn't complete. She encountered other theories on the "continuum" construct: sexuality itself falls on a continuum, humans are innately bisexual, etc. "When I took Political Science 73, 'The Politics of Sexuality,' my life was changed even more," she writes. "I decided I was bisexual. I grew excited at the thought of having a fling with a woman." Political Science 73 fulfills UNC-CH's cultural diversity requirement, and as a bonus also would satisfy the "social science perspective."

As for Chupkowski, she believes "that we all fall on a continuum [again with the continuum construct] of bisexuality, where only those who are definitely toward the queer side reject the heterosexual norm. ... The vast majority are in the center of the continuum, which is shaped like a normal curve, but these people get sucked over to the straight side by societal norms." She concludes with the "hope [that] you all have questioned your sexualities lately." CJ

# UNC Students Rally Outside Legislature to Protest Proposed Budget Changes

By JON SANDERS  
Assistant Editor

RALEIGH

In early May, more than 2,000 college students marched from N.C. State University to and through the State Legislative Building to protest a proposed reduction in state appropriations to schools in the University of North Carolina system.

Possibly because of the resulting political pressure, N.C. Senate leaders backed off the idea in late May, ultimately approving a small (1.1 percent) hike in state support.

Originally, legislative appropriators had asked UNC to identify \$125 million in savings — roughly 7 percent of the \$1.8 billion in state aid recommended by Gov. Mike Easley, or 5 percent of the total proposed UNC budget of \$2.7 billion for FY 2001-02.

Students would have none of it.

"Education is our right! Fight! Fight! Unite!" the students chanted as they marched down Hillsborough Street, which leads from NCSU to the State Capitol. Protest staple "Hey hey, ho ho" was also chanted, this time with the addendum "Budget cuts have got to go!"

## Senate Boosts Spending

At the time of the rally, UNC system chancellors had responded to the legislators' request for possible savings by identifying teacher positions and other highly visible cuts apparently intended to inflame public sentiment against the idea.

For whatever reason, the Senate budget ultimately included little of the listed savings. It did approve a 5 percent tuition increase for the 2001-02 academic year, which would be in addition to a 4 percent tuition increase passed by the UNC Board of Governors. Also, need-based financial aid would increase from \$5 million to more than \$6 million in the Senate budget plan.

A John Locke Foundation analysis of the Senate budget for FY 2001-03 found that state spending would rise next year by \$644 million, or nearly 5 percent. The analysis, by Locke Foundation President John Hood, found that the Senate would increase university spending by 1.1 percent and community college spending by 1.4 percent.

The Senate budget also contained \$233 million in income and sales tax increases, Hood found.

At the rally, the bulk of the students came from N.C. State, but students from other UNC schools, including N.C. Central University, East Carolina University, Fayetteville State University, and Appalachian State University, attended the rally. Some faculty members and N.C. State Chancellor Marye Anne Fox also made appearances.

The march coincided with protest rallies held on other UNC campuses across the state.

## Helpin' Out The Kids

N.C. State lent support to the students for the event, allowing N.C. State Marching Band instruments to be used in the rally, providing sound equipment, and even sending a university bus to the rally, perhaps carrying the table, cups, and the Gatorade coolers the university provided to refresh the protesters.

At the rally, an N.C. State faculty member was among those to address the crowd. "This hurts us. This hurts all of us," she said. "My heart is already breaking."

Students waved a variety of signs, some more hyperbolic than others. "Which 7% would you cut?" said a mass-produced

*College students rally against UNC budget changes at the Legislative Building in May.*

poster in the form of a human silhouette. Another poster read, "GA to students: Shut up before we cut you."

A less coherent message was the jargon-laced "All your budget cuts are belong to us" and the non sequitur "Stop funding Israeli occupation, start funding education." One sign read, simply, tellingly, "Love us with money."

The lead speaker was Andrew Payne, president of the UNC Association of Student Governments and representative of all UNC students on the UNC Board of Governors.

"It's time to say, 'enough!'" Payne enjoined the students. "It's time to say the war on education must end!"

Payne argued that the state should increase funding for public universities because public universities drive the economic engine of the state in ways that "can't be measured."

After Payne's speech, the students drizzled, rather than stormed, into the Legislative Building in a slow, calm procession. Organizers hushed the students so as to keep from getting kicked out of the building, to which one student responded, "This is a protest. We have to be quiet?"

On the other end of the building, the rally petered out as the students failed to gain the attention of legislators, many of whom were talking with professional lobbyists at a catered, tent-covered get-together on the north quad of the state government complex.

Protesters dispersed after rally organizers urged students to "respectfully" visit their legislators to discuss the budget cuts.

## Scaring The Citizenry

Some students at the rally were there for the spectacle of the thing, and not all were in agreement with the presenters' dire

warnings. N.C. State student Jason Cotter, for one, expressed concern that the students were just "playing into the hands" of the governor and other politicians and special interests seeking a state lottery as a solution to the state's temporary budget shortfall.

"We're just demanding a solution without specifying one," Cotter said.

Hood offered a similar observation. "Senate leaders and activist groups appear to be at odds, but in reality they have a common agenda — exaggerating the impact of proposed budget savings to scare the citizens of North Carolina into accepting a larger tax increase," Hood said.

Legislators are proposing to expand local sales taxes, hike alcohol taxes, or impose a temporary income tax surcharge, he noted.

The assembly of students was intermittently interrupted by well-ordered lines of young children dutifully following their teachers as they calmly tried to navigate their way to and from the legislative building through the glut of shouting college students.

Those children, easily 10 years or more younger than their boisterous college counterparts, were participating in Charter School Day at the General Assembly. Charter-school proponents were at the legislature to ask lawmakers to repeal the law capping the number of charter schools at 100 and to seek more support for their independent public schools.

The charter school students watched the protest with interest, though they didn't seem to grasp what it was about.

At the peak of the protest, one charter-school student observed the sea of red-clad N.C. State students and told a companion, "I like N.C. State."

His friend responded, "Not me! I hate N.C. State! I like Carolina!" CJ

## 'Exemplary' College Programs in N.C. Lauded in Publication

By JON SANDERS  
Assistant Editor

RALEIGH

Three North Carolina universities recently were praised by a higher-education research organization headed by the wife of Vice President Dick Cheney. *Portfolio of Excellence*, just released by the American Council of Trustees and Alumni (ACTA), which is chaired by Lynne V. Cheney, former chairman of the National Endowment for the Humanities, reports on "exemplary higher education projects across the country."

ACTA Vice President and General Counsel Anne D. Neal wrote in the foreword of the report that ACTA compiled it "to help alumni and other donors identify outstanding programs and organizations that they may want to support."

The first N.C. university highlighted in the portfolio was Gardner-Webb University, featured under the category of "Great Books and Liberal Arts." Gardner-Webb's core curriculum, which "is a program endorsed by the National Association of Scholars," garnered ACTA's interest. It comprises elements of traditional liberal arts; American, Western, and global heritage; a component to develop inner resources; and "a broad selection of life-enhancing certificate experiences designed to challenge students to pursue a more meaningful life during and after their university years."

The University of North Carolina at Asheville was featured among those institutions ACTA highlights for having outstanding core curricula. UNCA's general education program, which requires students to take courses in the arts, library re-

search, writing, foreign language, health and fitness, humanities, mathematics and natural science, drew ACTA's attention. Noting that UNCA "bills itself as North Carolina's Public Liberal Arts Program," the ACTA report says that UNCA's general education program "is designed to integrate history, literature, art, music, philosophy, and religion with social and scientific thought for different periods in history."

Duke University's new course on Liberty, Democracy, and Free Markets was highlighted in the report's section on American Ideals and Liberty. ACTA includes such programs in its report because, it states, "In most instances, the programs are seeking additional support to expand and enhance curricular offerings."

The report stated that an ACTA donor is responsible for the new Duke course. Liberty, Democracy, and Free Markets "aims at developing an understanding of the central importance of freedom for democratic government, moral responsibility, and economic life," with a particular focus on Western liberty and American history.

With additional funds, the report said, the Duke program could grow to involve undergraduate and graduate teaching, involve faculty from different departments, feature a prestigious lecture series, host an annual conference, and spark intellectual work through fellowships and prizes.

ACTA was created in 1995 originally as the National Alumni Forum to get alumni involved in issues of academic freedom and excellence in institutions of higher education. Information about the report may be found by calling 1-888-ALUMNI-8 or by visiting [www.goacta.org](http://www.goacta.org). CJ

## Study Refutes Claim that Racial Diversity Has Education Benefits

By HANS HURD  
Editorial Intern

RALEIGH

The University of Michigan misrepresented critical research findings to defend its racially discriminatory admissions policies, according to a study released this spring by the National Association of Scholars.

The study, "Is Campus Racial Diversity Correlated With Educational Benefits?," found no link between racial diversity on campus and educational benefits as measured by standardized tests. That finding is contrary to one of the main arguments in favor of keeping race-based admissions preferences in place on campus, the report's authors say.

The University of Michigan relied on that argument in defending its preferential admissions policies in two high-profile cases, *Gratz v. Bollinger* and *Grutter v. Bollinger*, which challenged the constitutionality of racial preferences in public university admissions.

Michigan claimed that its database showed a positive connection between a racially diverse student body and educational results. It had commissioned Patricia Y. Gurin — chairwoman of the department of psychology and interim dean of the College of Literature, Science and the Arts — to write a report supporting the claim that racial diversity on campus produces educational benefits.

Gurin's report, which relies mainly on data from the Cooperative Institutional Re-

search Program (CIRP), claims that diversity has significant effects. But according to the NAS, Gurin's model failed to control for all relevant explanatory variables simultaneously. Each regression included at most one of four key explanatory variables, the NAS said. Even with that model, Gurin found only a trivial relation between racial diversity and educational outcomes.

To test whether diversity is positively related to educational outcomes, one cannot rely on indirect tests, as Gurin did, using campus experience variables as proxies for diversity, the NAS report explained.

Two of Gurin's variables did not even require the presence of minorities on campus. Many of Gurin's outcome variables relied on self-reporting by students in self-assessments, not genuine academic outcomes.

"The University's analysis is simply based on a sleight of hand," said Thomas Wood, coauthor of the NAS report. "Unable to show a connection between the racial diversity of a student body and alleged educational benefits, the University resorts to a methodological confusion, arguing first that racial diversity is positively related to four intermediate 'campus experience variables' (i.e., enrollment in ethnic studies courses, attendance at a racial/intercultural workshop, discussion of racial issues, and interracial socialization) and next, that these are in turn (though rather weakly and inconsistently), related to the claimed educational benefits.

"The University falsely concludes from

## Trouble with Teacher Training

Among the successful attacks on President Bush's education bill, already mauled by the education establishment and its pack of congressional Dobermans, is a provision to dump more federal money into training "certified" teachers. I suggest that a large part of the explanation for the poor student performance, however, is the fact that our teacher-education programs are often worse than useless.

Professor E.D. Hirsch's 1996 book *The Schools We Need and Why We Don't Have Them* traced the source of our educational malaise to the influence of Teachers College at Columbia University. There, "progressive" education ideas, such as the notion that kids must be largely left free to "construct their own knowledge," took root early in the last century, were absorbed into the mental framework of the educationists, and now saturate the courses prospective teachers must take to become certified to teach.

Education Professor David Saxe of Penn State was commissioned by the Colorado Council of Higher Education to study the ed schools there to determine whether they were meeting the standards set by the state for such institutions. Saxe's report is a real eye-opener.

According to Saxe, the education programs at the University of Colorado at Boulder are accredited by the National Council for Accreditation of Teacher Education (NCATE), which requires a school to embrace the "progressive" faddishness that he and other believers in traditional pedagogy decry. Saxe wrote that the program was "systematically shaped by progressive theories of social justice," with most courses characterized by "excessive proselytizing" and "strident indoctrination of students."

Proselytizing for what? The NCATE thinks schools' top goal is to right society's wrongs (from the leftist perspective) rather than to teach children fundamental skills and knowledge. Saxe quotes one prominent educationist who writes that "teaching and teacher education are fundamentally political activities and it is impossible to teach in ways that are not political and value-laden." Schools should "help students understand and prepare to take action against social and institutional inequities that are embedded in our society." In other words, forget the Three R's; saturate the kids with left-wing ideology.

The syllabus for a beginning education course at CU states that "we will be examining general curriculum issues, questions about teacher professionalism, academic success and race, class, ethnicity, gender, sexual orientation and power." Other course syllabi reinforce the school's interest in turning out young "social justice" activists, not teachers

competent in instructing youngsters in reading, mathematics, and so on.

Two facts make the Colorado report particularly relevant to North Carolina. First, former Governor Jim Hunt is NCATE's chairman, and second, all of the education schools in the UNC system are NCATE accredited.

Clearly we need our own study on the nature and content of teacher education. Could one of the reasons for our poor showing nationally in student learning be that our public school teachers are taught that coaching kids on all of society's supposed inequities is more important than teaching them to read, write, and think?

The education establishment wants to "professionalize" teaching by compelling all teachers to go through the portals of "accredited" schools like the University of Colorado — which, by the way, Professor Saxe recommended be closed down. A

test of the market gives good reason to believe that such teacher training gives us not better teachers, but worse ones. Schools that can choose between hiring "certified" teachers with education degrees or individuals who have degrees in other fields tend to prefer the latter. A study done by Professor Caroline M. Hoxby of Harvard found that private-school administrators preferred applicants without ed school credentials over applicants with them.

That is to say, schools that rely on good teaching to keep students (paying customers) would rather have someone, for example, with a degree in mathematics whom they believe can conduct good math classes than an ed-school grad who would shrink in terror from a polynomial equation. When quality is at stake, schools evidently put little stock in education school.

One of the few renegades in the field of education who disdains the "progressive" orthodoxy, Dean James Fraser of Northeastern University's Education School, recently challenged the education establishment to "address the reality that teacher certification has lost its legitimacy."

His solution: allow schools and school districts to hire whomever they think will make the best teacher, regardless of "teaching certificate." Let competition work. Give school administrators the freedom and incentives to make good hiring decisions. We would then get better teachers than under our current system, which discriminates against anyone who hasn't put in his time listening to education professors yammering away. CJ

George Leef is director of the Pope Center for Higher Education Policy.

this that a positive relationship has been established between racial diversity and supposedly beneficial educational outcomes," said Mr. Wood, "but because the Cooperative Institutional Research Program database on which the University relies took account of the four intermediate variables and still found no relationship between racial diversity and educational outcomes, the inference is patently false, as the University and its spokesmen should know."

The National Association of Scholars also criticized Michigan for its failure to

release the CIRP database to the general research community for independent verification of findings or to address additional issues. To date, access has been limited to "friendly" researchers who favor racial preferences in higher education.

"It is unfortunate," said Malcolm Sherman, professor of mathematics at the State University of New York at Albany and the other author of the NAS report, "that a world-class university like the University of Michigan would twist data that refute its own claims about the educational value of diversity." CJ

## Bats in the Belltower

Awards for a Committed Christian  
and an Ethicist Going to the Dogs

The Intercollegiate Studies Institute recently announced the winners of this year's "Pollys"—the top five "politically correct outrages" of 2001.

"We created the Campus Outrage Awards to widely disseminate instances of outrageous totalitarianism, the politicization of the college curriculum, and the insensitivity and bigotry of campus radicals," ISI President T. Kenneth Crib Jr. explained in announcing the honorees.

In reverse order, the winners are:

5. **Villanova University and the University of California at Berkeley** (tie). Villanova and Berkeley were co-honored for taking extraordinary liberties, pardon the expression, with free speech. Berkeley was selected for its turmoil (detailed in these pages last month) over David Horowitz's slavery-reparations advertisement (one wonders whether the anti-Horowitz she-nigans that followed at Brown University might not have supplanted Berkeley had ISI more time before it made its awards).

Villanova was chosen for the tribulations it put conservatives at *The Villanova Times* through in their efforts to bring renowned actor and National Rifle Association President Charlton Heston to speak on campus.

ISI reports that although Heston waived his usual \$20,000 to \$30,000 speaking fee, the university refused to pay for his basic expenses because it considered Heston "too controversial." It furthermore required the *Times* to pay for additional security against protesters from the university's Center for Peace and Justice. As ISI wryly noted, "Villanova funded protesters, whose presence required increased security, and then saddled the student group with the increased security costs."

4. **Temple University**. Last fall Temple University committed student Michael Marcavage against his will to the Temple University Hospital Psychiatric Ward for exhibiting the following sign of mental unhealth: protesting against a campus theatrical production that depicted Jesus as a homosexual. (The play was "Corpus Christi," which portrays Jesus as "the king of queers.") The university's actions, which ISI called "Soviet-style behavior modification," came after the university agreed to allow the student to hold a Christian counter-production on campus, an allowance the campus rescinded shortly before having Marcavage handcuffed and committed. Marcavage is of course suing the university.

3. **State University of New York at Albany**. Two coed students founded a sadism and masochism club on campus, the Power Exchange, with the blessing of the university and full funding from student fees. ISI quotes a university spokesman who explained the university's official position towards the student-funded S & M club: "As long as they abide by the student guidelines, they have a right to have their club officially recognized by the student association on campus and to be funded by the student association."

2. **University of Oregon**. Animal-rights terrorists publish with student fees a newspaper called the *Insurgent*. The issue for December 8 included an eight-page insert titled "The ALF Primer: Your Guide to Economic Sabotage and the Animal Liberation Front."

The insert describes many ways of sabotaging supposed enemies of animals, including several suggestions for effective arson. The insert includes the following: "First, you may want to decide what kind of establishment you want to target—a fur shop, a butcher shop, a factory farm or slaughterhouse, or maybe a fast food restaurant?"

For aspiring terrorists who may be unable to decide a target, the insert provides several: the names, home phone numbers, and home addresses of several research professors. The insert tells readers to "tell them [the research professors] how you feel about the 'research' they do."

1. **Princeton University**. Princeton University DeCamp Professor in the University Center for Human Values Peter Singer, as a moral relativist and an infamous advocate of euthanasia, is no stranger to controversy; in fact he openly courts it. ISI indulges him in bestowing their top prize to Princeton for his latest nadir, writing a positive review of Midas Dekker's *Dearest Pet: On Bestiality* for a porn site.

Among other things, Singer discards the bestiality taboo as merely a manifestation of "our desire to differentiate ourselves, erotically and in every other way, from animals" and posits that "not everyone objects to being used by his or her dog in this way [that is in reference to the curious habit of dogs to focus their amorous attentions upon your legs], and occasionally mutually satisfying activities may develop."

"Many university deans and presidents decry the idea that political correctness exists and claim that critics of PC use exaggerated or outdated anecdotes," Cribb said. "Year after year, the Pollys offer proof to the contrary."

## In other news:

Following David Horowitz's slavery-reparations advertisement controversy, a leftist, David B. Mazel, an assistant professor of English at Adams State College, drew up an ad stating that "According to the Holy Bible, abortion is not murder" and that "In fact, God is an abortionist" and submitted it to newspapers at 11 "right-wing" institutions. As Mazel describes in his Salon.com article (<http://www.salon.com/news/feature/2001/04/27/censorship/index.html>), his ad was accepted at only one institution, Hillsdale College. In mock horror, Mazel writes that "campus censors ... had not quite been run completely off" all college campuses.

Mazel's ad was a clever rejoinder to Horowitz's, but its full import doesn't detract from Horowitz's point about universities such as the University of California at Berkeley and Brown University. After all, Mazel's ad only proves they're every bit as censorious as Bob Jones University, which was the Left's Public Enemy No. 1 during last year's elections.

Civil Rights Commission Calls for  
End to Use of "Offensive" Mascots

By JON SANDERS  
Assistant Editor

RALEIGH

The mascots of two North Carolina colleges may violate federal antidiscrimination laws, under the wording of a statement released in April by the U.S. Commission on Civil Rights.

In the statement, the civil-rights commission called "for an end to the use of Native American images and team names by non-Native schools." The statement called the mascots "disrespectful and offensive" and did not discount civil-rights advocates' position that "these mascots may violate anti-discrimination laws."

Both Catawba College in Salisbury and Chowan College in Murfreesboro have American Indian mascots. Catawba features the Indians, and Chowan features the Braves.

Catawba College is named after Catawba County and the Catawba River, which takes its name from the Catawba Tribe. When Catawba President Fred J. Corriher Jr., an alumnus of the college, took the top job at the college in 1993, he noticed that the college employed Indian caricatures in connection to its mascot, and he decreed that the college would cease using caricatures on clothing, signage, advertisements, stationary, etc.

"We have taken the high road," said Tonia Black-Gold, chief communications officer at Catawba. "We are very cognizant that we could offend, and we have taken steps in this administration to stop the problem before it became a problem."

Black-Gold said that the college seeks to be respectful in its references to American Indians. For instance, she said, when representatives of the American Indian movement spoke at a campus-wide forum, cheerleaders asked them whether they found their fringed dresses and headbands offensive. The cheerleaders were asked if they used war paint or dances, and because they didn't use those caricatures, they were told that their uniforms were fine.

Also, the University of North Carolina at Pembroke is criticized for its athletic teams' nickname, the Braves, by a website set up by activists opposed to American Indian mascots. End Racial Bigotry Now! (<http://ishgooda.nativeweb.org/racial/>), includes UNCP on its list of "Schools Displaying Racial Mascots."

UNCP was established in 1887 to educate Native Americans, so it falls outside the commission's criticism, which is fo-

cused on the use of American Indian mascots "by non-Native schools." It has used the Braves nickname since the 1940s. Its mascot, added in 1991, is actually the red-tailed hawk.

The commission acknowledges in its statement that "when Indian imagery was first adopted for sports mascots it was not to offend Native Americans." Regardless, the commission sets a standard that "the use of the imagery and traditions, no matter how popular, should end when they are offensive."

## Offensive or Respectful?

That standard is problematic. Some American Indians would find the commission's use of the term "Indian" to be offensive, for instance. And not all American Indians are offended by the mascots. Dr. David A. Yeagley, an adjunct professor of humanities and psychology at Oklahoma State University, is a member of the Comanche Tribe and celebrates the mascots. Writing in a column for the online publication FrontPage Magazine, Yeagley notes that "the U.S. military have helicopters named 'Apache' and 'Comanche'" and says that Americans "name their weapons systems after the fiercest tribes, because they want some of that fierceness to rub off."

Yeagley suggests that the same principle holds for naming sports teams.

American Indian mascots aren't the only ones that have come under fire recently. White male mascots have also been criticized and even changed at several universities. Those coming under fire are the Pirates at Armstrong Atlantic State University, the Lumberjack at Humboldt State University, Blaze (a Nordic warrior) at the University of Alabama at Birmingham, the Minutemen at the University of Massachusetts at Amherst, the Rebels at the University of Mississippi, and the Rebels at Dixie College in Utah. Also, the Senators at Auburn University were replaced with a war eagle, and Poseidon at Tulane University was replaced with a pelican.

The difference is that whereas Indian mascots are seen as offensive to members of the group portrayed (Indians), white male mascots are seen as offensive to anyone who isn't a member of the group portrayed (white males).

A list of recent mascot controversies can be found on the Pope Center website at [www.popecenter.org/clarion/1999/May/0599bats.html](http://www.popecenter.org/clarion/1999/May/0599bats.html).

cj

# Foundation Eyes \$310 Million in Higher Ed Budget Savings

Analysts find savings by adhering to N.C. Constitution's "Declaration of Rights"

By JON SANDERS  
Assistant Editor

RALEIGH  
A state budget deficit has a new governor hamstrung, legislators flummoxed, state agencies fearful of reductions, taxpayers fretting over future tax increases, and state lottery opponents afraid they'll lose their issue. *Changing Course IV*, a publication of the John Locke Foundation, proposes a biennial budget for North Carolina that would calm the fears of the taxpayers and lottery opponents. It would exacerbate those of the state agencies, however.

Compared with Gov. Mike Easley's proposed budget for the next two fiscal years, the Locke budget would save the state nearly a billion dollars in Fiscal Year 2001-02 and over a billion dollars in FY 2002-03.

In suggesting the budget savings, the Locke Foundation cites the N.C. Constitution. In its "Declaration of Rights," the Constitution grants that, along with the rights of "life, liberty and the pursuit of happiness," all people are "endowed by their creator with the right to the enjoyment of the fruits of their labor."

"It is incumbent upon North Carolina officials, when formulating tax and budget policies, to see to it that this right is preserved," the report states. "The state is obligated to perform its basic functions efficiently while leaving to the people as much

of the 'fruits of their labor' as possible to use for their own 'enjoyment.'"

For higher education, the Locke Foundation's budget proposal would save \$96.1 million the first year and \$100.7 million the second in the UNC base (continuation) budget and \$39.9 million (first year) and \$94.4 million (second) in the expansion budget for UNC. The Locke budget reductions would exceed the legislature's request to UNC to cut \$125 million without cutting instruction.

Also, the reductions outlined in *Changing Course IV* would save \$14.3 million the first year and \$22.2 million the second in the base budget for community colleges, as well as \$9.8 million (first year) and \$29.8 (second) in the expansion budget for community colleges.

The Locke Foundation also proposed delaying the issue of the higher education bonds, which would save the state \$28.7 million in FY 2001-02 and \$62.4 million in FY 2002-03.

Dr. Roy Cordato, coauthor of the proposed budget, said it would set better priorities. "Our alternative is based on the premise, supported by state spending trends over the last decade, that our budget problems are not caused by stingy taxpayers but by a government that has been unwilling to accept any constraints," Cordato said. "North Carolina citizens face the highest tax burden in the Southeast, yet Governor Easley, as evidenced by his proposals for a state lottery and to 'close tax loopholes,' clearly believes that more of our citizens' income and wealth needs to be transferred to Raleigh."

Copies of *Changing Course IV* are available by phoning the Foundation at 919-828-3876 or visiting JohnLocke.org. *CJ*

## Advertisement

### Higher Education Budget Savings Suggested In *Changing Course IV*

The following are some of the higher-education savings the John Locke Foundation suggests in its proposed North Carolina budget for the 2001-03 biennium:

Budget Item	Recommendation	FY 01-02 Impact	FY 02-03 Impact	Reason
<i>Community Colleges</i>				
Human Resource Development	Charge fees to businesses to cover cost	(\$3,475,948) R	(\$6,951,895) R	User Responsibility
New Industry Training	Charge fees to businesses to cover cost	(\$3,014,271) R	(\$6,028,541) R	User Responsibility
Small Business Centers	End General Fund appropriation	(\$3,881,208) R	(\$3,881,208) R	Private Responsibility
Tuition Increase	25% in each of next 2 years	(\$9,826,978) R	(\$29,816,761) R	User Responsibility
Child Care Grants	End General Fund appropriation	(\$2,000,000) R	(\$2,000,000) R	Private Responsibility
Public Radio	End General Fund appropriation	(\$299,824) R	(\$299,824) R	Private Responsibility
Focused Industry Training	Charge fees to businesses to cover cost by the second year	(\$981,016) R	(\$1,962,032) R	User Responsibility
Special Technology Centers	Charge tuition, fees to cover a third of cost by second year	(\$616,456) R	(\$1,116,912) R	User Responsibility
<i>UNC System</i>				
Full-Time Equivalent Status	Require 15 class hours for full funding	(\$22,085,736) R	(\$24,206,012) R	User Responsibility
Minority Presence Grants	End General Fund appropriation	(\$1,652,750) R	(\$1,652,750) R	Racial Discrimination
Christmas Tree Specialist	End General Fund appropriation	(\$100,000) R	(\$100,000) R	Private Responsibility
Strategic Initiatives	End General Fund appropriation	(\$3,000,000) R	(\$3,000,000) R	Set Better Priorities
UNC Hospitals	Reduce General Fund appropriations 50%	(\$20,293,661) R	(\$20,293,661) R	User Responsibility
Tuition Increase	25% in each of next 2 years	(\$38,222,052) R	(\$92,722,698) R	User Responsibility
Model Teacher Consortium	End General Fund appropriation	(\$800,000) R	(\$800,000) R	Set Better Priorities
Center for School Leadership	End General Fund appropriation	(\$786,743) R	(\$786,743) R	Set Better Priorities
Blue Crab Research	End General Fund appropriation	(\$500,000) R	(\$500,000) R	Private Responsibility
Poultry Research	End General Fund appropriation	(\$150,000) R	(\$150,000) R	Private Responsibility

— Source: *Changing Course IV*

## Town and Country

- Beach renourishment is a big issue in North Carolina, with several projects advancing in Wilmington, the Outer Banks, and Carolina Beach. Pine Knoll Shores passed an \$8 million beach renourishment project March 6.

According to the Jacksonville *Daily News*, the project will replenish a five-mile stretch of beach.

Pine Knoll Shores plans to pay off the debt for the project over eight years using revenue generated from two special tax districts. The first is an oceanfront district which will be responsible for a tax rate of 41 cents per \$100 valuation. The second consists of a non-oceanfront district. Citizens there will pay 4 cents per \$100 valuation. These taxes are in addition to the regular ad valorem taxes.

With 50 percent turnout, the measure passed 338-267 in the non-oceanfront district, and 66-17 in the oceanfront district.

Carteret County is trying to secure long-term federally funded beach renourishment monies over a 50 year period, but that kind of project is at least eight years off.

"In the meantime, there is already oceanfront property at risk," said Pine Knoll Shores Commissioner Ted Goetzinger.

"If we don't take care of the beach, then next hurricane season we're going to start losing houses," he said.

- Lewisville and Pfafftown have reached a deal that might end the dispute over the town's forced annexation, the *Winston-Salem Journal* has reported. The deal still has to be approved by the General Assembly.

According to the proposal, Lewisville would retain its claim to part of the Vienna community and support Pfafftown's incorporation. Pfafftown would in turn release land from its incorporation plan.

In February 2000, Pfafftown residents petitioned the legislature to let them create a town out of their scattered homes that reach from the Grandview Country Club to Yadkinville Road to the Vienna crossroads.

The dispute began when Lewisville announced it wanted to annex roughly 20 percent of the area that Pfafftown wanted to incorporate. The Lewisville action threatened Pfafftown's incorporation plans. Pfafftown residents then formed a group to fight the forced annexation.

- Durham County property owners are faced with an average 50 percent increase in property tax values, *The News and Observer* of Raleigh has reported. County commissioners and city officials say that they hope to cut the rates in June to make up for some of the increases.

The county's current tax rate is 93 cents per \$100 valuation. City residents also pay a tax rate of 69 cents per \$100 valuation.

Even if the tax rate declines in June, that will not help many property owners because the valuations have increased so much. Complaints about the valuations have slammed the government switchboard.

## Annexation Used To "Raise Revenue"

*Municipalities used to annex for health reasons, now they often do it just to accumulate more money*

By ERIK ROOT  
Assistant Editor

RALEIGH

Cities are increasingly turning to a modern form of "taxation without representation" to get more money from their citizens. It's called involuntary annexation, and it is perfectly legal under the North Carolina Constitution.

Annexations are occurring all over the state — from Raleigh to Asheville to Wilmington to Lewisville.

However, annexation is not used in the interest of the public anymore, but often to avoid difficult choices stemming from excessive public spending and poor priorities, say critics.

According to Glenn Spencer of Citizens for a Sound Economy, demands have come "from cities and towns for larger budgets and new tax revenue. To meet this demand, more and more municipalities are resorting to a controversial procedure known as 'involuntary annexation.'"

**"Government has an endless appetite and it's time government lived within its means.... Every time they annex they raise taxes," said one mayor.**

## A Short History of Annexation

Annexation typically has had a public health function. As cities grew and extended into formerly rural areas, those properties possessing such things as septic and open-sewer systems tended to present the city with a health concern. Annexation eliminated this concern because city sewer lines were extended to those properties.

According to the League of Municipalities, people who live outside the city place an undue burden on the infrastructure of the city — a burden for which they must be charged. Andy Romanet, the General Counsel for the North Carolina League of Municipalities, cited a case in Fayetteville in which years of an area being exempt from annexation led to problems.

"Drain fields don't drain well in urban areas," and "wells don't work well with fire trucks" because of the problems with water pressure Romanet said.

These days, however, public health is a secondary concern if a concern at all.

Cities must have the authority to annex without consent so "they can grow in an orderly fashion," said Romanet. In other words, annexation is a tool to negate how free choices allocate the use of land. "Annexation laws are designed to recognize that there would be growth around cities," Romanet said. "But people live [outside the city limits] because they want the benefit of the city without paying for it. When those places become urban, they need to be annexed."

It becomes increasingly clear that those favoring annexation do so under almost any circumstance, settling on the fact that the law is on their side. They even opt to annex areas when there is no burden on city services or infrastructure.

## Wilmington's Midas Touch

Such is the case in Phase II of Wilmington's annexation plan. In September 2000, the city decided to annex a self-sufficient community called Halcyon Forest even though the residents already paid for their own streets, fire, water, sewer, and garbage services. Halcyon's vulnerability was that many of the residents were

wealthier than other potential annexation areas, like King's Grant or Spring View.

According to George Wrage, a resident of Halcyon Forest and member of Good Neighbors of New Hanover County (a grass roots annexation reform organization), his community maintained its own streets, lights, and sewer system. Any amenities they received from government, New Hanover County provided.

Wrage and others in his community made a "conscious and deliberate decision to live outside the city" of Wilmington. He came to New Hanover from New York to be near his daughter and escape the oppressive taxes, he said. Even though the community was self-sufficient, the city annexed them.

"The city saw a fat cash cow and went for it. They want to build convention centers and baseball stadiums. You'd think this was Boston. This is like something out of a movie by Orson Welles," Wrage said.

Wilmington Mayor David Jones agrees with Wrage. "Government has an endless appetite and it's time government lived within its means...if you look at annexation, every time they annex they raise taxes anyway."

Jones says that many of the annexations have proceeded because of the city's desire to reap the increase in its tax base and increase "revenue." The same motive accounts for Lewisville's annexation of Pfafftown, where Lewisville has identified a potentially rich business district after the Northern Beltway is constructed, said Randall Doub, a citizen against forced annexation. But growth by annexation is not a substitute for taxes on existing residents. Annexing cities often raise taxes anyway," said Jones.

Wrage knows about tax increases. He believes the city should not have annexed his home without his consent or without a vote on the matter from the people living in his community.

"I received a new tax bill, and it has just about doubled," he said. His garbage collection rate is increasing without an increase in service quality, and he was forced to give up his well for city water — for which the city charged him roughly \$3,000 on top of his doubled taxes.

Jim Eldridge, an attorney representing the Good Neighbors of New Hanover, said that even though the city annexed his area, he has seen little improvement.

## It Takes A Village

With the arguments concerning health and safety not an issue, the city offers a very different reason for annexation. Though Wilmington City Manager Mary Gornto did not return numerous calls, Deputy City Manager Bill Whisnant did. He argued that people "do not have the right to opt out" of the city.

People have a "civic responsibility" to pay more in taxes for the services provided when they are annexed by the city, he said.

According to Whisnant, people outside the city limits have a "community responsibility" to help support such things as UNC-Wilmington and the services the city provides to them at no charge. The people of the city should not be the only ones to pay for the service support of such an institution because of its widespread benefits — even though most city and county residents chose their respective homes years ago.

Theoretically, the tax burden should decrease when cost of extending services is spread over a larger tax base. But in Wilmington taxes increase. According to Whisnant, it isn't the government that is reaping the increased revenue. That money is all returned to the community in some way. "Government exists because some things can only be done publicly," he said.

When residents are allowed to remain outside the city, they do not sufficiently support its services by spending their money there, said Whisnant. "They don't look rural, they aren't rural, they look like, act like, and talk like city people," said Whisnant.

## The Courts Step in?

In response to attitudes like Whisnant's, Good Neighbors organizations are forming all over the state. In New Hanover they have taken the city to court. Not all cities are subject to the state's annexation laws. The city of Riverbend is but one of them. Therefore, the Good Neighbors of New Hanover are suing based on equal protection grounds under the United States Constitution.

Though state law clearly favors cities in almost every circumstance, the Good Neighbors are hoping to find relief in the federal courts. Their case is set for January. *CT*

*Town Faces Sizable Long-Term Budget Deficit***Cary Growth Controls Hike Fees,  
But Some Question the Benefits**By **ERIK ROOT**

Assistant Editor

RALEIGH

**C**ary Mayor Glen Lang campaigned on a slow-growth theme and vowed to cut taxes 30 percent. Instead, since Lang's win, citizens of the Wake County town have seen increasing growth and higher costs.

Lang has been somewhat of an enigma since he took office in 1999. He calls himself a conservative, yet his policies have seemed to focus primarily on government control of citizens' actions.

In the 1999 elections, Lang ran with a slate of candidates on a "slow growth" platform. Most of the candidates were funded by a Political Action Committee called "Citizens for Truth in Elections" (CTE). However, as a result of a complaint filed on May 12, 2000, CTE was found guilty of receiving illegal campaign contributions.

Craig Davis, a developer, was found to have violated the law by giving a total of \$15,000 on separate checks dated on the same day but made out in the names of family members including his two minor daughters. The legal contribution limit is \$4,000. An identical amount was given to CTE through developer Roger Perry and his associates, but the State Board of Elections could not prove that he reimbursed his business associations.

Although he returned a gift from CTE, Lang did benefit indirectly from ads CTE placed endorsing him, Nels Roseland, Ken Vrana, and Harold Weinbrecht. He also posed for pictures CTE would use in its campaign material.

Both Davis and Perry, however, have not suffered from the alleged "slow growth" agenda. In fact, they have reaped the rewards associated with growth. "Lang wants to control growth, but he's not a slow-growther," said Cary Town Councilman Jess Ward. State Rep. David Miner, R-Wake, said, "you can't trash [developers] on one side, and then be another way on the other."

Roger Perry now has a proposal before the town and may benefit from a project in Cary Glen that many concede untraditionally places most of the financial burden on the city rather than the developer.

Usually, contracts between a municipality and developers are negotiated without council involvement. But this one is a different matter possibly because of the risk the town will be taking. Cary is fronting more cash in infrastructure than usual rather than having the developer take the risk and pay for infrastructure improvements. Hence, the current Perry proposal is uncharacteristic compared to normal contracts between the town and developers.

For the town to recoup what it will risk in taxpayer dollars, it has to engage in pro-growth activity. Lang has said about his policies that "the ironic thing is quality of life begets even more growth. The difference is it's growth on the citizens' terms, as opposed to on the developers' terms."

But it is the Perry deal that favors the developer. According to Cary Town councilwoman Marla Dorrel, the Perry agreement "will shift the risk from the developer

to the town. This is not a slow-growth project, for the city will need growth to pay for this."

Craig Davis is also benefitting from the growth Lang was supposed to slow. Davis owned the land that equipment retailer John Deere bought, and he is involved in other negotiations with the city regarding properties surrounding the new John Deere complex. Although the company has offered information on the purchase price of the land, the company has not been forthcoming about the differences, if any, between the purchase price and the assessed value.

But if the election and post-election practices have not struck some the wrong way, perhaps the budget will. Cary's budget deficit will be almost \$16 million by 2004 and \$360 million by 2012.

According to the city budget, the city has spent \$16 million on road improvements that it gave to the North Carolina Department of Transportation (NCDOT) because the state claimed it did not have enough money. The city also has embraced a school grant program and spent millions on open-space acquisitions, among other things. How will Cary make up the difference?

According to Dorrel, the deficit is the "consequence of fulfilling our wish list...we can't have everything we want, and we have to set priorities somewhere. We have to say no, and that has not been characteristic of the current council majority."

"Politicians too often attempt to addict citizens through spending by frequently refusing to make choices among spending alternatives. The premise is that it can be done while holding the line on taxes. In other words, you can have it all and it won't cost you anything," Councilman Ward said.

This could explain why a majority of the council supports involuntary annexation. Say what you will about the council Lang ran against, but they "never did a forced annexation," Rep.

Miner said.

According to Town Manager Bill Coleman's comments in February's council minutes, the town has engaged in forced annexation to "increase the tax base." However, upon further questioning, he contended that annexation is "to provide for better planning and safety."

One of the ways the town has decided to collect revenue is to charge one of the highest impact fees in the state. On average, a 2,500 square foot house sports an additional \$8,000 impact fee. This fee is also levied against newly annexed homes.

Coleman contends that the fee reflects "100 percent of the cost incurred by the city" for each home. However, the town does not know how much it actually costs to lay, for example, 25 feet of sewer line. Instead, they derive costs from a "mathematical model."

Paying for 100 percent of the cost reflects a "growth pays for itself" policy, defenders say. But Cary Financial Analyst Scott Fogelman says that it is really "growth paying for itself in advance." In other words, the mathematical model accounts for the costs of installing various services, but it also leverages future costs. This model in-

**Cary's impact fees are supposed to make growth pay for itself. But the town doesn't know how much it really costs.**

**End Race-Based Busing**

**D**iversity in schools is an admirable goal, yet the effort to achieve it through busing for racial balance is wasteful and misguided.

Children exposed to diverse populations during their formative years may be more likely to reject stereotypes as adults; however, the primary objective of the educational system is to see that every child has equal access to a quality education. Ultimately, diversity must become real in our neighborhoods from families wanting to live in diverse communities.

Artificial efforts to achieve diversity by a school board divert scarce educational resources needed in our classrooms.

It's time to end busing for racial balance because the philosophy underpinning the practice is inherently racist. The premise is that black school children need to sit next to white children to learn. This concept is patently absurd. Does it then follow that black and white children should be bused to sit next to Asian children whose achievement on average is higher than both? Of course not.

In my home county of Wake, the school board created a "15/45 Rule" providing a racial mix in each school of no less than 15 percent nor more than 45 percent minority students. In short, they want just enough minority students — but not too many — in each school.

Majority-minority congressional and legislative districts are mandated by the courts, but our school system turns around and spends millions busing to ensure we have no majority-minority schools. Why? All across North Carolina you hear the clamor for "Smart Growth" which includes the holy grail of mixed-use development -- living, working and shopping all within walking distance.

So while dad walks to work and mom rides her bike to the local grocer, Little Johnny must spend two hours a day riding a gas-guzzling, heavily polluting bus to school. You don't have to look far to see the inherent contradictions and folly in all of these artificially created environments.

What this also demonstrates is the extent to which liberal hypocrisy knows no bounds and the extent to which the left's appetite for more governmental control will never be satisfied.

It is time for neighborhood schools to be given serious consideration. Not only would students attend schools near

their homes, but their parents will have the opportunity to be better informed about the operation of the schools. Attending school near one's home also fosters a sense of community ownership in the education system.

Why does government stand in the way of these benefits? Perhaps it is because it does not wish its future citizens to achieve a real education. It could also be because it wants some people to be categorized as inferior to others.

The political process and the courts afford parents a means by which to assure that funding is dispersed equitably across the system. The political process and the courts can also assure equitable funding between newer and older facilities.

Despite the fact that racism has not magically disappeared, we continue to make progress. But government cannot mandate equality of results. We can unleash the potential of our children by assuring equality of opportunity, choice for parents, and a renewed focus on success

in the classroom. That's where the rubber really meets the road.

Wake County Schools can go a long way toward meeting their budget needs without a tax increase by eliminating all busing related to racial balance.

We can save a lot of money by educating children closer to where they live.

We can end the madness of reassigning thousands of students every year, improve family life, and restore the pride communities once had in their local schools. In a sense, every school can be a "magnet school."

If our goal is diverse communities, our leaders should support affordable housing. Parents seeking a better life will exercise choice where affordable housing options are available. Unfortunately, statistics show the supply of affordable housing decreasing yearly. If the school system wants to maintain diversity as a preeminent goal, maybe it should shift the busing funds into a program of tax credits and housing incentives. It takes time to build diverse neighborhoods, but the results are more real and lasting.

Let's return to our roots and embrace in our policies the reasonable conclusion that "all men (and children) are created equal" and let's do it now. *CJ*



Jess Ward

*Ward is a Cary Town Council member.*

cludes, for example, a home's sewer usage at "peak capacity."

If the amount seems extravagant, Coleman does not think so. He asserts that "the people will not be taxed from their homes" as a result of the fee burden. However, Miner and Dorrel have heard complaints from some of their constituents, especially those on a fixed income, regarding the minimum of \$8,000 extra they will have to pay.

Cary defends itself by pointing to an option allowing residents to pay the fees over an 8 year period. However, they will be charging those residents 8 percent in interest fees annually if they opt to go on a payment plan.

Still, in some of the areas annexed by Cary, "some homeowners will be forced to

pay \$22,000 in impact fees," Miner said. "But they don't know what they are going to get for all that money."

It will be difficult for any of them to afford such an extravagant fee, according to Miner.

But if it will get more difficult for the average Cary citizen to make ends meet, then it will also for the town. "The proposed capital improvement budget for the next 10 years now shows a \$350 million shortfall which will require increasing the debt ratio 15 percent and the fund balance 32 percent," said Ward. "This means likely tax increases which may jeopardize the town's AAA bond rating. The citizens of Cary deserve to know during this budget cycle specifically how the budget shortfall will be addressed." *CJ*

## Local Innovation Bulletin Board

## Smart Growth Updates

A recent Independence Institute survey finds 95 percent of Colorado legislators own homes as they vote to limit housing for others.

The study shows that 68 percent of Colorado's general population own homes while the Colorado Legislature boasts a 95 percent ownership rate.

Institute President John Caldara said the state legislature is being pressured to approve Smart Growth measures that would have the combined effect of driving up home prices statewide and increasing the value of the legislators' home investments.

"The Independence Institute thought it would be interesting to find out how many legislators already own their own homes, because these individuals would be rewarded with increased home values by voting for growth controls," Caldara said. He added that minorities such as blacks and Hispanics will be hurt the most.

One such black American, Gene Berry, was on hand to say that home buying is already tough enough for struggling minority families. Berry told the press that he had been trying to qualify for a home loan for six months so that he, his wife, and their two children could fulfill the American Dream of owning their own home. He said he was afraid the Smart Growth measures being considered by the legislature could eliminate his ability to qualify.

Although 68 percent of Coloradoans own homes, according to recent U.S. Census Bureau figures, only 46 percent of black families and 45 percent of Hispanic families own homes. Seventy percent of white families own their homes. "It's much easier to vote to limit housing choice and opportunities for others when you already own your own home," Caldara chided the legislators.

Those who argue that Smart Growth policies do not raise home prices have not looked at the documented figures from cities that are already limiting growth, such as Portland and Boulder, Caldara said. "Basically," Caldara pointed out, "it's a group of white guys with homes who are voting to deny homes to Colorado's working families."

• From the Pacific Research Institute, Steven Hayward reviews the most thorough and useful analysis of the issue of urban sprawl and Smart Growth—Randall O'Toole's new book, *The Vanishing Automobile and Other Urban Myths: How Smart Growth Will Harm American Cities*. At 545 pages, *The Vanishing Automobile* answers every claim and refutes each myth propounded by the Smart Growth movement, and does so with a wealth of data.

O'Toole's most valuable contribution is exposing the fallacy at the heart of Smart Growth. The chief prescription of Smart Growth is higher density development: If we all lived in more densely populated communities, the theory goes, we would alleviate traffic congestion, reduce air pollution, and lead more neighborly lives, as well.

O'Toole runs the numbers, showing that higher density correlates with increased congestion and worse air quality. In other words, Smart Growth will deliver exactly the opposite of what it promises.

A number of people have been making this point for a while now, but O'Toole may have been the first to flesh out the numbers so thoroughly. Living in an old neighborhood in Portland, Oregon, he was able to watch first-hand what happens when the planners start take over.

*The Vanishing Automobile* is available from the Thoreau Institute, [www.ti.org](http://www.ti.org).

In related news, PRI reports that the U.S. Department of Agriculture has quietly released the revised 1997 National Resources Inventory (NRI).

When the NRI was first released in November of 1999, Vice President Al Gore made great play about how the numbers showed that the pace of land development had tripled in the 1990s, proving that the United States was running out of farmland and open space.

When several experts (Wendell Cox, Ron Utt, Sam Staley, and O'Toole) pointed out that these numbers made no sense (they couldn't, for example, even match up with other data sets the Department of Agriculture publishes), the Agriculture Department withdrew the NRI last April, citing a "computer programming error."

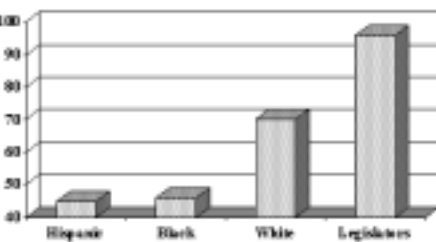
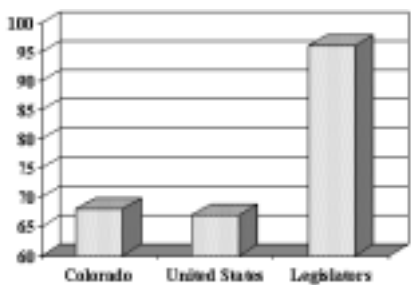
Well, now the Dept. of Agriculture's new NRI admits that its computer programming mistake produced a "systematic" error that overstated the amount of developed land in the U.S. by more than 1.3 million acres a year, or more than 30 percent overall.

They have now restated 20 years worth of land use data that had previously been represented as accurate and authoritative. There is good reason to think that the new numbers still contain large errors, but this substantial correction represents a vindication for those who question the reliability of data coming from the Agriculture Department.

Stay tuned for further analysis of the new numbers and other updates on a movement often at odds with the facts, but which still likes to call itself "Smart Growth." CJ



Colorado Homeownership Rates



## One on One with New Hanover County Commissioner Bill Caster

By ERIK ROOT

Assistant Editor

WILMINGTON

CJ: Tell us about your background.

Caster: I was originally from New Mexico, then moved to Denton, Texas, where I graduated high school. Always wanted to go to a military academy and got appointed to the Coast Guard Academy in 1958, where I graduated in 1963 and then served 27 years in the Coast Guard.

I had a tour of duty in Wilmington when I was commanding officer of the *Northwind*, which was the ship that was here at the time. When I retired in 1990, my wife and I came back to Wilmington with the intent of settling down.

I became politically active and ran for county commissioner in 1992 and 1994. In 1996 I ran for Congress. In 1998 I ran for county commissioner again and won.

I also started two small businesses after I retired from the Coast Guard. I started the franchise Play it Again Sports and sold that two years ago. Then my wife and I started an indoor sports facility. So I have been on the business side, the government side, and now the local government side.

CJ: What is the biggest challenge facing New Hanover?

Caster: I think the growth issue. The North Carolina DOT system just seems unable to keep up with the traffic. I think living here in the wetlands, it makes all of that very difficult. You just can't go out and run a road like we could in New Mexico and Texas because of the local wetland issues. Government is just slow to react to things. Folks have come and continue to come to Southeastern North Carolina, and it's a struggle to keep up with.

Interestingly, the public school population has grown very little because retirees are moving into the area. But the ADA rules, exceptional children rules, and smaller class size rules that come down from the state legislature require us to build more schools. If you lower class size 2-3 students, you basically have to build another school. So, now over 30 percent of the county budget goes to schools.

CJ: What other issues are on the horizon?

Caster: We just had an issue recently where a developer wanted to do a New Urbanism type development — mixed-use residential — in an area, and a vast majority of the people were against it. So here was something the Smart Growth folks would say was a wise thing to do, and the people were against it.

CJ: Why did they object?

Caster: They bought their homes in a residential area and they did not want to see any commercial development there. They would rather drive a few miles farther to go to the market. And I can understand their perspective. From our perspective, cul-de-sacs may be bad because it is more difficult for fire trucks to maneuver, but the people like them and they are willing to pay for them. Government ought not be shoving these things down their throats.

CJ: Let's talk about e-government. Where do you see it going?

Caster: We have an excellent IT department here. The commissioners here are very supportive of these things. We have had a web site for a long time, and the courses we have been attending as commissioners have indicated we need to get more involved with it because folks are going to demand doing business via the Internet. More and more people are doing things over the Internet like renewing their driver's licenses.

In the long term it will save the county money but for the citizen it will just be far more convenient than coming to an agency and standing in line.

CJ: Let's talk about taxes and the proposed one-cent local sales tax proposal that many want the North Carolina legislature to tackle.

Caster: Counties have asked for the ability to fund programs other than with property taxes, and the state legislature has been reluctant. The sales tax is contingent on the citizens of the county voting for it. We in

New Hanover County have never wanted it just to do it.

In New Hanover we have had to expand the jail and to do that on the back of the property tax is just crushing — especially to retirees, lower income folks, and even those who own more expensive homes.

Unfunded mandates like the Exceptional Children's Act for our county mean \$2 million dollars a year. We have had to eat that and pay for it out of county funds.

Another would be class size. Bless Governor Easley's heart for wanting to reduce class size, but there's not much statistics that show 2 or 3 people make a difference. If you drop it, we will have to build a school for approximately \$7 million. We could run through one unfunded mandate after another. They hurt us greatly.

CJ: With the talk of taxes and especially the one-cent sales tax option for local governments, is there anything in government that could be better prioritized?

Caster: We figure 80 percent of our budget is not controllable. We look at some things every year and ask the question: Do you not fund libraries? The people want libraries; they want parks.

I have found that the most conservative person wants something. If it happens to be parks, they want parks. If they want more for schools, they want you to give all to schools.

All of that has been very frustrating. Nobody calls you to ask you to not do something. Everybody has something that they want. And we have turned out a lot of stuff.

If we built all the tennis courts people requested, we would have nothing but wall-to-wall tennis courts, or wall-to-wall soccer fields. We have met the enemy and he is us. People are just demanding so much.

The twist has been that there is a feeling that, say, social services takes so much money people are beginning to say "where's my little piece of it." We have a very nice senior center but now there's a push to build a bigger one. If there is enough support for it, it will get built at some point.

There is just so much pressure from the people for things. That is why it happens. I don't think any of us get elected to build things, we just want to do the best job we can.



Commissioner Bill Caster



*From Cherokee to Currituck*

## Dubious Legacy, Teachers want their Props, Arena Subsidies

By ERIK ROOT  
Assistant Editor

RALEIGH  
The *Winston-Salem Journal* reports that the Winston-Salem Board of Aldermen has voted to adopt the Legacy Comprehensive Plan. The plan is supposed to govern the growth of Forsyth County into 2015. It seeks to curtail "sprawl," revitalize the downtown area, and concentrate commercial development. However, the commercial development targets and claims in the plan have caused many of the annexation problems between Lewisville and Pfafftown.

The plan was written by the City-County Planning Board and unanimously adopted by the Forsyth County Commissioners.

Winston-Salem Alderman Vernon Robinson has said the plan is restrictive and will drive up the price of property by restricting land use.

"I frankly don't understand what they have against lower-income and young families owning a house with a big yard," Robinson said. "This is going to drive them out of Forsyth County to where there's cheaper land."

Despite the failure of light rail in places like Portland, Legacy supports mass transit and the creation of a light rail system.

### Guilford Growth

According to the *News & Record* of Greensboro, Jamestown's Smart Growth Commission has released a report that seeks to increase density, build up the downtown area, protect the environment, and create cheap housing.

Despite the broad representation on the commission, there is no guarantee elected officials will follow their recommendations. Very few elected officials came to the presentation. Only a Jamestown council woman and a Guilford School Board member attended.

Nevertheless, a former Guilford County Commissioner, John Parks, said he thought elected leaders would adopt some of the recommendations because the group had such broad-based representation.

### Tax Hungry in Wilmington?

The *Wilmington Morning Star* reports that the city of Wilmington is embroiled over taxes and the cost of the services.

"My position is clear" said Mayor David Jones, who is opposed to any tax increases. Jones also disagreed that cutting

expenses would mean a decline in the services provided. "It's up to management to streamline departments and develop ways to cut costs."

Some are not so sure, though. Councilwoman Laura Padgett would like to see what the city would collect in revenues if it charged what it costs to provide certain services.

Mary Gornto objected to comparing Wilmington to Cary or another city of comparable size because Wilmington is unique. "It would be unfair to say that the two cities [Wilmington and Cary] should have comparable police departments... Cary doesn't have public housing and isn't a tourist center or retail shopping center," she said.

### Durham Deeper in Debt?

A \$74 million bond package will go before the voters, a unanimous Durham County Commission has decided. *The Herald-Sun* of Durham has reported that a majority of the bond (\$52 million) will go to schools. Another \$5.5 million will go to a senior center, \$10.2 for public libraries, \$5.8 million for a museum of Life and Science, and \$1.1 million for an EMS facility.

### Mecklenburg Privatization

Mecklenburg County Commissioners have agreed to look for a private company to run the county's troubled youth center, according to *The Charlotte Observer* and the *Laurinburg Exchange*.

The center has seen its share of problems, and some believe those problems can be eliminated or reduced by turning the center over to private management. In the past, six youth center employees were disciplined for their "seclusion and restraint procedures" on one teenager.

Most of the youth are considered aggressive to violent. In a subsequent investigation, employees were disciplined for neglecting the youths, and some employees were placed on leave.

"If this had been run by a private company, I have a feeling this type of behavior would not have been tolerated," said County Commissioner Jim Puckett.

Despite the problems and multiple investigations at the government-run center, Commissioner Becky Carney is hesitant to privatize the youth facility because that

means the center will seek to run at a profit. The center costs \$1.9 million a year to run.

### Of Sports and Tax Subsidies for the Rich

On June 5, Charlotte voters overwhelmingly defeated a bond referendum that would have put taxpayers on the hook for \$342 million in bonds to fund a new arena for the Charlotte Hornets, a downtown stadium for the AAA Charlotte Knights baseball team, and several arts and cultural projects.

Bond proponents raised \$600 million trying to convince Charlotteans to pass the measure, but to no avail. Voters rejected the bonds by a margin of 57 percent to 42 percent. Opponents raised a meager \$19,000 to publicize their cause.

"This is the greatest upset in Charlotte political history, in which the underdog was so overwhelmed in money and power and yet won," Don Reid, a former city council member and an organizer of the campaign against the bonds, told *The Charlotte Observer*.

The Hornets will play their next season in the existing Charlotte Coliseum, built specifically to house the Hornets, where club owners say the team is losing \$1 million per month.

### Insatiable Lust for Funding Schools

Wake County school teachers are asking for a 5-cent property tax increase, *The News and Observer* of Raleigh has reported. The teachers want more money for sala-

ries and benefits. They claim they also need more revenue so they can reach their goal of having 95 percent of third and eighth graders pass the state-mandated end-of-grade reading and math tests by 2003.

A teacher at Holly Springs Elementary School, Jennifer Lanane, said "we are willing to work hard for the county's children, but we are not willing to pay for it." The report said that teachers are feeling overworked and "under-appreciated."

### Alamance Taxes Going Up

The *Times-News* of Burlington reports that property taxes will rise in Alamance County. County Manager David Cheek said the county cannot hold its revenue-neutral rate because it is facing a \$13 million shortfall.

This did not prevent departments from asking for even more funding. Even without the requested funding increases, the tax hike would go to pay for Medicaid expenditures and bonds.

### Cleveland County's Corporate Welfare

The Cleveland County Board of Commissioners plans to buy 58 acres of land which they will then transfer to an unnamed company, reported *The Charlotte Observer*. "This is one of the largest projects Cleveland County has seen in a number of years in terms of investment and...job creation," said Steven Nye, director of the county Economic Development Commission.

The town of Shelby and Cleveland County will split the cost of the land and the extension of water and sewer lines to the property, resulting in a \$754,000 subsidy to the phantom business. CJ

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## From the Liberty Library

• Louisiana State University history professor William J. Cooper has written a new biography of Jefferson Davis that has the historians and the critics raving. One historian has called Cooper's *Jefferson Davis, American* "the finest biography of Jefferson Davis ever published." Robert Remini, author of the definitive biography of Andrew Jackson, said of *Jefferson Davis, American*, "This book will stand as a model for many other controversial figures in U.S. history." The book has won the L.A. Times Book Prize for biography. It is published by Random House and available online at [www.randomhouse.com](http://www.randomhouse.com).

• "There are lies, damned lies, and statistics." Mark Twain, right? Wrong. Benjamin Disraeli. That's just one of many errors about statistics pointed out in University of Delaware sociologist Joel Best's new book, *Damned Lies and Statistics: Untangling Numbers from the Media, Politicians, and Activists*. Best slays many myths in the book, such as the oft-cited figure from a few years ago that 6 percent of priests were pedophiles. That number came from one psychologist's estimate that 6 percent of priests had been sexually attracted to young people at some point. Best uses his book to both correct common misunderstandings and teach his readers how to be better consumers of statistics. The book is published by the University of California Press, [www.ucpress.edu](http://www.ucpress.edu).

• Attorney Phillip Howard, author of 1995's best-selling *The Death of Common Sense*, is back. His new book, *The Lost Art of Drawing The Line: How Fairness Went Too Far*, chronicles numerous horror stories of government regulations hamstringing the government's own efficiency and common sense. He tells how the plague of "predatory litigation" has eaten away at America's social fabric by encouraging Americans to march to the courthouse as a first recourse to sorting out their problems. The book is published by Random House, located online at [www.randomhouse.com](http://www.randomhouse.com).

• Thomas Sowell's *Basic Economics: A Citizen's Guide to the Economy*, was just published in December and as of late May was No. 427 on Amazon.com's sales list. It ranked No. 15 in North Carolina. The book is, as its title suggests, an introduction to basic economics. It is published by the Hoover Institution Press, [www.hoover.stanford.edu](http://www.hoover.stanford.edu).

• And speaking of the Hoover Institution Press, its 2000 catalogue lists two books on communism that appear worth a look. The first is *The Collapse of Communism*, edited by Lee Edwards, president of the Victims of Communism Memorial Foundation. In this book, Edwards presents essays by noted historians such as Richard Pipes and Robert Conquest. The second book is *The Fall of the Berlin Wall*, edited by Peter Schweizer. The book is a collection of essays from experts and insiders such as Ed Meese and Richard Allen.

## Book Review

## How Campaign-Finance Laws Harm Free Speech

By IAN DRAKE  
Contributing Editor

CHAPEL HILL

• Bradley A. Smith: *Unfree Speech: The Folly of Campaign Finance Reform*; Princeton University Press, Princeton, 2001, 304 pp., \$26.95.

During the late Colonial period and the early years of the Republic, candidates for public offices would often buy prospective voters food and alcohol in the hopes that such culinary solicitation would lead to electoral support. Was this literally "buying" someone's vote, though no candidate could be certain of any reciprocation of his hospitality?

The term for such practices was "electioneering," and George Washington bought a round or two for his new (and few, only 391 eligible to vote) fellow citizens when he ran for the Virginia House of Burgesses in 1757. This equaled (in 1999 dollars) about \$2 per eligible voter.

Since the early Republic, per-voter campaign costs and expenditures have increased considerably. So, too, has the government. It appears that the money expended on politics, broadly defined, increases in proportion to the size of government.

In the early 1830s, President Andrew Jackson sought revocation of the charter of the Bank of the United States. Between 1830 and 1832, the U.S. Bank spent the then-large sum of \$42,000 on literature and advertisements to churn public opposition to Jackson's plan. But it had no such luck: President Jackson vetoed the Bank's rechartering in 1832.

These lessons are offered in the new book by Capital University Law School professor Bradley A. Smith, *Unfree Speech: The Folly of Campaign Finance Reform*. It is an admonition against campaign-finance laws and a thoughtful argument in favor of protecting contributions and expenditures under the First Amendment.

The proponents of donation restrictions complain that money equals access, which equals favors in return in the form of special interest legislation. However, as Smith notes, most officeholders support or oppose legislation based upon the opinions of constituents, party affiliation, and personal political philosophy.

Thus, those who support an idea give money to (and, incidentally, vote for) candidates who support the same idea. Campaign-finance laws, Smith argues, seek to solve a problem that rarely, if ever, exists.

Smith's reviews of the origins and state of the law, and his arguments regarding additional laws, are concise. Yet the most informative and truly thoughtful part of the book is that which concerns whether contributions and expenditures are speech, thus deserving of First Amendment protection.

If this book review is speech, then is the ability to spend money to publish this review the same as the ability to exercise speech? William F. Buckley Jr. once noted that if the government taxed 100 percent of our earnings, we would undoubtedly be a nation of slaves. We would be paid for our work, and no title to our person would exist, but for all practical purposes we would not be free. Similarly, if the government allows publication of certain ideas ("issue

ads" under McCain-Feingold), but prohibits expenditures to pay for them, then for all practical purposes there is no free speech. Therefore, spending money in support of a candidate or issue is engaging in speech.

Learning of an argument's pedigree can sometimes be disconcerting. The Warren Court's holdings that actions equal "speech" or "expressive conduct" are some of the same decisions used to justify the interpretation of money as speech. Actions can have expressive purposes, thus such acts are protected as speech.

The argument runs: Spending money in support of and contributing it to a candidate are acts that reflect the views of the donor. To deprive one of the ability to give or spend deprives one of the ability to speak.

Smith also notes that many opponents of campaign funding restrictions have voiced acceptance of laws requiring disclosure of contributors. However, noting the importance of those political scribes such as "Publius," Smith argues that anonymous speech has the benefit of not distracting the audience from the merits of the message.

Smith's review of campaign finance laws is succinct, and he makes the doctrines accessible for the general reader. He makes objective summaries of the proponents' arguments before presenting his counter arguments. His book is both sobering and timely. As of this writing, the U.S. Senate and House versions of the new reform laws are being reconciled. Members of both houses would do the Constitution and us a favor by considering Smith's book. CJ

Drake is a Chapel Hill attorney.

## Book Review

## Castro Still Bends Others' Wills to His Own

By ANDREW CLINE  
Managing Editor

RALEIGH

• Steve Fainaru and Ray Sanchez: *The Duke of Havana: Baseball, Cuba, and the Search for the American Dream*; Villard, New York, 2001, 338 pp., \$24.95.

If history ever produced a sports figure with a biography made for Hollywood, that figure is Orlando Hernandez, the star pitcher for the New York Yankees.

In fact, the only reason Hernandez' story never made it to the big screen is that no producer could ever come to terms with the pitcher's avaricious and reputedly unstable agent over the rights to the story.

Had Hernandez' journey from abject poverty to a World Series championship followed the path of Yankees' shortstop Derek Jeter, from Ohio through North Carolina to Yankee Stadium, it'd just be another moderately interesting sports story.

Instead, Hernandez took the most difficult route into Major League Baseball anyone has ever taken, with the possible exception of Jackie Robinson. His story of personal triumph is not only a metaphor for, but is a real-life vindication of, capitalism and democracy as the world's greatest champions of human fulfillment.

Hernandez' grandfather was commander of a military base under Cuba's Batista. Playing for a toothpaste company called Pasta Gravy, Hernandez' father appeared on his way to the major leagues until

a band of guerillas led by Fidel Castro overthrew the government. Instead of playing for the New York Yankees, as was his dream, the elder Hernandez wound up playing for the Havana Psychiatric Hospital.

From the beginning of the younger Hernandez' life, the petty functionaries who operated Castro's omnipresent government made their influence felt by incompetently or corruptly blocking what in a free society would have been a comparatively effortless attainment of a boyhood dream.

Hernandez desperately wanted to be a ballplayer like his father. But as his father before him discovered, under Castro one plays where and how Castro wants, or one doesn't play.

When Hernandez was 11, bureaucrats decided he wasn't baseball material. With that one decision, the future Olympic and World Series hero was kept out of the Sports Initiation Schools, where Cuba's "amateur" athletes were trained and prepared for international competition.

That decision was just the first of a series of flaws in Cuba's communist system that the mere existence of Orlando Hernandez exposed.

Hernandez was taught by one of the best coaches in Cuba, a man who repeatedly refused government offers to teach in the Sports Initiation Schools. Instead, on a local playground he taught the kids that the government had rejected. He taught them so well that Cuba's best teams were filled with his students.

From this informal school came Orlando Hernandez, who landed a job as the ace of the Industriales, "the New York Yankees of Cuba."

Hernandez was not the most naturally talented athlete, but his work ethic was unparalleled. He soon became Cuba's best pitcher, the ace of the Cuban Olympic team, and a national hero used by Castro to proclaim the superiority of the communist system. Ironically, Hernandez had developed his skills in spite of, rather than because of, the communist system.

In 1996, his half-brother Livan defected to the United States for a shot at playing in the majors. (The next year he helped the Florida Marlins win the World Series.) Under Castro's regime, guilt-by-association is the equivalent of being caught red-handed. Hernandez was banned from baseball for fear that he may defect.

In response, Hernandez, who had never considered defecting, defected. After being trapped on a small uninhabitable island for four days, he was rescued by the U.S. Coast Guard. A few months later he helped the New York Yankees win the World Series.

Hernandez' story, as told in *The Duke of Havana*, is both appalling and inspiring. It shows the unconquerable power of free will in determining one's destiny — even if that free will is being exercised by one person for the purposes of denying freedom to another. CJ

Cline is managing editor of Carolina Journal.

## Book Review

**Polk's Folly Shows American Zeligs Witnessing, Making History**

By JOHN HOOD

Editor

RALEIGH

• William R. Polk, *Polk's Folly: An American Family History*, New York: Doubleday, 2000, 512 pages, \$29.95.

Among Woody Allen's least-mediocre films was *Zelig*, an amusing account of one man's inability to stay out of the way of history. With *Polk's Folly*, historian William R. Polk has managed a far more impressive feat — to tell the story of America through the eyes of his ancestors, who not only got in the way of history but in many ways helped to make it.

North Carolinians will likely be more familiar than most readers will be with the various Polks in the book, since the latter played such important roles in our state's history and included Mecklenburg native and U.S. President James K. Polk. But anyone with at least a passing interest in American history, particularly that of the 18th and 19th centuries, should find *Polk's Folly* intriguing and edifying.

As is true for many Carolinians, the story of the Polk family begins in Scotland and Ireland. Robert Bruce Pollok was among the Scots recruited into Oliver Cromwell's army during the English Civil War and then deployed to Ireland in the 1650s. Once the Crown was restored, these "Scotch-Irish" Protestants became marked men, both by Stuart royalists and Irish Catholics. Like so many of his countrymen, Pollok, soon to take the name Polk, set sail with his family and meager possessions to the New World.

He landed in Maryland around 1680 and soon thereafter secured a grant of swampy coastland that became known as "Polk's Folly" — thus the title of the book.

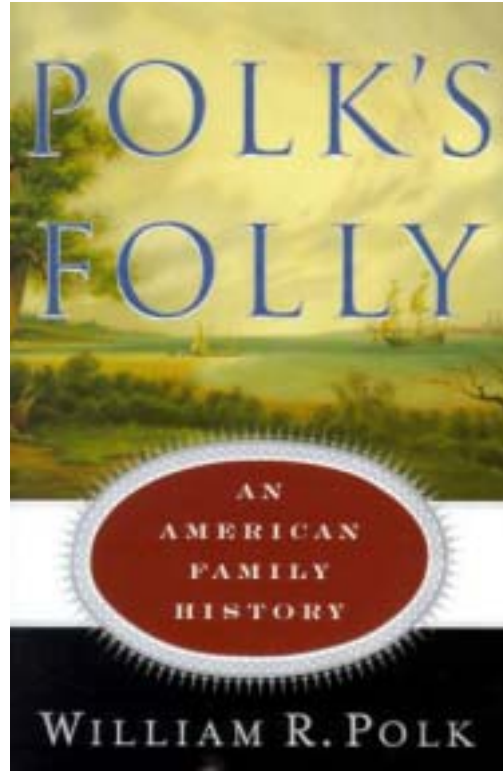
From there, the author follows the family tree as it branches into Pennsylvania, Kentucky, and North Carolina. During the American Revolution, Polks show up all over the place.

In Mecklenburg County, Thomas Polk — who had served in Governor Tryon's militia during the Regulator War — served as militia colonel and a delegate to the Colonial Assembly. He helped to draft and approve the so-called "Mecklenburg Declaration of Independence," in which he is mentioned, and the Halifax Resolves. These documents predate the American Declaration of Independence and support North Carolina's longtime claim to be "First in Freedom" — a powerful slogan that, unfortunately, was booted off our license plates some years ago to make room for the vacuous and misleading "First in Flight."

Thomas later served as commissary general for the American army in the South, resigning the frustrating job in 1781 to take a field command and literally chase the British commander, Lord Cornwallis out of Polk's Charlotte house.

Thomas's son Will served in Washington's army, froze at Valley Forge, and was wounded several times. His brother was killed at the Battle of Eutaw Springs, while his cousin Bobby Polk was a celebrated privateer who died in a naval engagement in the Caribbean. Meanwhile, another brother, Ezekiel Polk, fought in the South Carolina militia.

The colonial-era Polks left quite a mark on North Carolina and Tennessee. Thomas helped draw the boundary between the two Carolinas and as a legislator sponsored the bill creating Queens College. Will later served as a longtime and activist president of the board of trustees of the University of



North Carolina, headed the Bank of North Carolina, and as the leader of the emerging Federalist/Whig party in the state ran for governor several times in the early 1800s, falling short by three votes in 1814. His son Leonidas went on to serve as an Episcopal bishop in Louisiana, found the University of the South in Sewanee, Tennessee, and then command the Confederacy's western armies during the Civil War, during which he baptized Gen. John B. Hood (an event in which I have some natural interest). He was killed by a Union sniper.

Ezekiel's branch of the family moved to Tennessee in the 1790s, becoming important planters, lawyers, and politicians. His

grandson, James K. Polk, became the nation's 11th president, and the only UNC graduate and former Speaker of the U.S. House to do so. Polk's single 1845-1849 term encompassed tax cuts, the successful Mexican War, the resolution of the country's northern border with Great Britain, and discovery of gold in California.

Yet another branch remained in North Carolina and produced Leonidas LaFayette Polk, who served as North Carolina's first agriculture commissioner and was the main founder of what became North Carolina State University in Raleigh. He later published *Progressive Farmer* and led the emerging Populism movement, first in the south and then nationwide, in the 1880s.

It is likely that he would have received the presidential nomination of the Populists in 1892 had he not died of cancer during his campaign. Had he survived, the outcome of the election — conservative Democrat Grover Cleveland returned to beat the man who defeated him four years earlier, the hapless Republican Benjamin Harrison — would likely have been changed, thus perpetuating the Polks' disproportionate influence on the political course of events in the American republic.

There are many such nuggets of history contained in *Polk's Folly* and only a few (annoying) errors in dates and names. Author William R. Polk, himself a noted historian and diplomat who served in the Kennedy and Johnson administrations, has written a readable and entertaining account of an American family whose influence predates and rivals that of other celebrated political clans. CJ

*Hood is president of the John Locke Foundation and unofficial head of the James K. Polk fan club.*

## Book Review

**How Government Makes Us Suffer Under The Burden of Bad Ideas**

By GEORGE C. LEEF

Contributing Editor

RALEIGH

• Heather Mac Donald: *The Burden of Bad Ideas*; Ivan R. Dee, 2000, 256 pp., \$26.

We have all had our share of bad ideas. Most of the time, we discard them before acting on them. But when we do act on a bad idea, we usually realize quickly that it was bad and therefore stop. When individuals have to bear the consequences of their actions, bad actions seldom do serious harm even to the originator, much less anyone else.

But sometimes bad ideas worm their way into collective action through government policy. When that happens, the bad consequences are not felt by those who conceived or implemented the bad ideas, but by others. And because of the lack of a feedback loop to bring distress to the politicians or bureaucrats pushing the idea, the bad consequences can go on indefinitely.

Bad ideas that have been embraced by bigwigs is the subject of Heather Mac Donald's book, *The Burden of Bad Ideas*. Mac Donald, a fellow at the Manhattan Institute, has here collected a dozen of her essays written between 1995 and 1999 that zero in on bad ideas in education, welfare, crime, health, philanthropy, and the incessant drumbeat for multiculturalism. The book

works beautifully. Venturing forth into that great test track for bad ideas, New York City, Mac Donald observed and spoke with people, both the officials who enforce the bad ideas and the wretched people who suffer from them. What emerges is not a theoretical work, but a dirt-under-the-fingernails kind of book about actual human beings and events that often leaves the reader shaking his head in disbelief.

Take education for starters. Our socialist "public" education system attracts bad ideas like spilled sugar attracts ants. The chance to get youngsters captive for experi-

mentation and conditioning is irresistible to those who want to reshape the world according to their own vision. One way of doing that is to gain control of the training of teachers, thus increasing the likelihood that schooling will be done "the right way." In a devastating essay entitled "Why Johnny's Teacher Can't Teach," Mac Donald takes us behind the scenes at Columbia University's Teacher's College.

For over eighty years," she writes, "teacher education in America has been in the grip of an immutable dogma, responsible for endless educational nonsense. That

dogma may be summed up in the phrase: Anything But Knowledge. Schools are about many things, teacher educators say (depending on the decade) — self-actualization, following one's joy, social adjustment, or multicultural sensitivity — but the one thing they are not about is knowledge."

**"Schools are about many things, depending on the decade, but the one thing they are not about is knowledge."**

The would-be teachers at Columbia hear over and over that they must not engage in anything so dreary as "rote learning." Instead, they must act as "facilitators" to help students "construct their own knowledge."

The bad ideas emanating from Columbia ensure that we have a large cadre of teachers whose politics are thoroughly statist but who don't have a clue as to how to teach kids the Three Rs and even believe that it would be a terrible thing if they did.

As bad as education is welfare. New York was the first American city to embrace the modern notion that every citizen is entitled to the full range of necessities of life at the expense of others, and the destructive consequences of full-blown welfarism are more evident there than anywhere else. In "Compassion Gone Mad," she writes about New York's efforts to deal with teenage

pregnancy, where illegitimate children become pawns of relatives who use them to get more money from the government. In "Welfare's Next Vietnam," she writes about the demented idea of extending "disabled" status to children.

We now find parents coaching their children to do poorly in school so they can be diagnosed as having a "learning disability" and therefore adding to the amount they collect each month from the government. One family managed to get all nine kids declared "disabled," thereby qualifying for \$3,500 per month in payments.

The overarching message of those and other essays on welfare is inescapable: Once welfarism gains a foothold, it will grow relentlessly, feeding on the dysfunctional behaviors it encourages.

Only once does Mac Donald stumble. She leaps too enthusiastically to the defense of Mayor Guiliani's "get-tough-on-crime" policy of aggressive patrols to look for people suspected of carrying illegal guns and confiscating any found.

Still, *The Burden of Bad Ideas* is overwhelmingly an excellent work. Too bad that Pulitzers hardly ever go to journalists who expose the harms of excessive government. CJ

*Leef is director of the Pope Center for Higher Education Policy.*

## Editorials

## ELECTION OWNERS

*The Quixotic march of campaign reform*

One is hard pressed to understand the desire of some to force free people to finance, by way of taxation, the propagation of ideas which they may find abhorrent. Liberals prattle on endlessly about the sacredness of free speech. They then demand that those who oppose big government must finance the campaigns of politicians who will work against all that these voters believe in. There is a word for this. It is tyranny.

On April 5, a slimly bipartisan group of N.C. senators introduced the so-called "Voter-Owned Election Act," Senate Bill 1054. The title itself is an oxymoron. Upon passage, a thankfully doubtful prospect, the bill would give candidates for certain elective offices the option of choosing to pay for their campaigns from a taxpayer-financed fund so long as they receive authorization from registered voters and abide by fund-raising and campaign-spending limits.

The proponents of this legislation engage in such rhetorical subterfuge on almost every level it is hard to take them seriously. Their entire approach comes across as an incumbent-protection plan with little other purpose than to squelch free debate in the political arena. We should consider several points, one at a time.

One must first consider the myth that the passage of this act would in any way increase the power of voters to "own" elections, whatever that means. By virtue of the fact that voters can vote to elect or defeat any candidate for office, they already "own" elections. The ability to contribute to candidates enhances that "ownership."

Passage of the "Voter-Owned Elections Act" would simply take power from the hands of the voters and place it in the hands of incumbent politicians and media conglomerates. Once incumbents are offered "free" money funneled from actual voting citizens through a state bureaucracy, they will become freer than ever to vote irresponsibly. And the media, largely vested with the same interests as establishment, left-wing politicians, will cheer to the rainbows the "success" of the "reform."

After all, the ability to generate funds for election from a variety of citizens is a fairly accurate measure of a politician's public support. It also enables a candidate to mobilize his supporters as needed on election day.

If one is a rich trial lawyer like North Carolina's own U.S. Senator John Edwards, it is very easy and convenient to be against campaign fundraising. It is also quite easy to rail against "special interests." But, to paraphrase, we are all, in the long run — and even now — "special interests." Organized into unions, corporate or ideological political action committees, or neighborhood activist groups — or even unorganized as individuals — we are all "special interests" in our own way. To suggest that such interests hold sway over the evolution of policy is simply to confirm a democratic process in action. We should object to this?

The proponents of public campaign financing in North Carolina thought it advantageous to haul some interlopers in from, of all places, Maine, to tell North Carolinians what they should do with their elections. One such wag, Jolene Lovejoy, a two-term city council woman from Maine, said "it is not about winning an election. It's about a process that allows everyone to be a candidate." This is ludicrous.

There is not a single jurisdiction in the United States — including North Carolina — where a citizen cannot run for office (unless he is a convicted felon, and that is not a universal prohibition, either). But the deeper concern must be that anyone would suggest that running candidates for election to public office "is not about winning an election."

How does one respond to such a statement with anything other than immediate dismissal? Are elections just run as a civic exercise? Perhaps we should simply have quadrennial coffees and tea sippings to consider the cultural implications of procedural matters. Let's not concern ourselves with whether or not we actually elect meritorious citizens based on the decisions of a well-informed electorate.

Finally, the North Carolina Center for Voter Education recently completed its own slanted poll claiming that North Carolinians are ever so agitated in favor of campaign-finance reform. Their survey claims to have found broad-based and overwhelming support across the state for the cause. But it is easy to shape polling questions to entice the

answers the sponsoring organization desires. Thus did the N.C. Center for Voter Education.

For example, several questions use the term "public money" instead of the more accurate "taxpayer money" to describe the Center's pet reforms. Another question was simply ghastly. To prove that voters rated the issue highly, the Center asked which position was closer to the position of the respondent: 1) "the influence of large campaign contributions is so corrupting to campaigns and the democratic process that the Governor and the legislature need to address the issue before the election," or 2) "the legislature and the Governor should not take the time to address campaign finance reform when there are more pressing problems to deal with." Most voters, correctly, realize that their representatives have enough time to debate campaign finance reform. The real question is how the issue compares to others when citizens enter the voting booth.

There is one way to solve both the restrictions on speech and the alleged indignities of politicians needing to spend so much time raising money. Lift all campaign contribution limits, require full and immediate disclosure, and let the myriad of interests that comprise a free society compete in the political marketplace.

## ROTTEN FRUIT

*This economic-development deal smells*

What does it take to get politicians to understand that, at some level, voters will only swallow so much bilge? One can only hope that voters will assist the apparently challenged individuals who presume to know what is best for them as these professional grifters continue to shaft the taxpayers with tawdry, useless, and wasteful "economic development" projects that profit no one but politically connected sugar daddies.

Take as Exhibit A — or perhaps B if one includes the useless Global TransPark or even C if one also includes the FedEx project in the Triad, or D if one includes also. . . oh, what the hell. The list is obscenely long. But the state-subsidized farmers market in Lumberton is a sterling example of all that is wrong with the concept of governmentally subsidized "economic development." A state-of-the-art project — pun intended — the market was funded by the citizens of North Carolina to the tune of \$7 million over the past 2 years. According to *The News & Observer* of Raleigh, the market earned \$34,000 in revenue last year at the same time that it sapped almost a million dollars — \$949,000 to be as exact as reported numbers allow — out of our wallets. And for what?

Well, at least last year, for every dollar the Lumberton farmers' market generated in revenue, it received a state subsidy of \$28. The state treasury — read taxpayers — was left with a deficit on the project of \$915,000 for that year alone.

Of all the state sponsored farmers markets in North

Carolina, only one — in Raleigh — is arguably profitable and that case can be made only if one excludes long-term capital costs. If one includes capital costs, even the Raleigh farmers market is losing money.

There is, however, a none-too-surprising sidebar to the story with which state officials and big-government types would rather taxpayers not become familiar. It seems that Lumberton has long had a thriving, albeit informal, farmers market downtown. One reason the new subsidized market is not working is that Robeson County folks like their impromptu, informal, and neighborhood-friendly market that meets weekends in downtown Lumberton.

In the words of Danny Kinlaw, a retired agriculture teacher, "It's an informal social gathering, something people have been coming to for years." The true spirit of the South — humble, independent, and rooted in common community — is a beautiful thing.

That's why whatever the "incentives" offered by politicians, or whatever methods they may use to force the issue, the situation is unlikely to change. Short of unacceptable authoritarian measures, this wasteful \$7 million sink-hole will not get the customers it needs to survive. And if people want to shop at an established and informal market in downtown Lumberton, that is something downhome North Carolina folks would not only appreciate but encourage.

Unless one is a politician in Raleigh and becomes nearly anesthetized by the powerful fumes that emanate from Jones Street. North Carolina has more than 80 local farmers markets, some sponsored or endorsed by local governments. But then politicians like former House Speaker Dan Blue, with aspirations to higher office, come along and demand taxpayer giveaways for citizens in districts of particular interest to them in the guise of "economic development." In Blue's words, "There was this depressed area that really needed some sort of economic stimulation, and many of us felt a farmers market would help."

Again, we won't insult Blue's intelligence by noting that a popular farmers market was and remains in existence in downtown Lumberton. But we will note that one of the three vendors at the new \$7 million facility, on the edge of I-95, is quoted as having said, "nobody comes here — absolutely nobody." Quite a testimonial for "economic development," eh?

Now the politicians in the architecturally challenged legislative building in Raleigh are having new and more vainglorious, not to mention hubristic, ideas that all it will take to make the Lumberton farmers market viable is \$5 million dollars more of our money.

They want to try to make this pig fly with pretty neon billboards and more chit chat. Unfortunately for them, pigs don't fly. They never will. And this obvious pork should be slaughtered before it takes more feed from the trough. Let free folks with free customers do as they will and let the taxpayers keep their money.

The obvious solution here is to privatize this losing proposition and sell the outfit to someone who can actually earn an honest income and create real jobs by and for real people that will truly contribute to the prosperity of Lumberton and its surrounding communities.

Rotten fruit smells no matter its origin. But it is better created and dealt with in private rather than force-fed to honest taxpayers by politicians who know no better, don't care, and don't have to eat it.

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**Their entire approach comes across as an incumbent-protection plan with little other purpose than to squelch free debate.**

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# LORD MAYOR LANG

*A regal pretender holds court in Cary*

Cary Mayor Glenn Lang's favorite color is purple, the color of royalty. No surprise. Lang has behaved more like the old "Lord Mayors" of England than a democratically elected representative of the people.

As Erik Root describes on page 15, new homeowners in the Wake town must pay impact fees of up to \$8,000 on a 2,500-square-foot home. Lang says these fees — ranging up to a reported \$22,000 on a forcibly annexed existing home — are affordable by those on fixed incomes because the city will allow them to pay the fees over eight years. But the city will charge them 8 percent annual interest.

At least in the short term, the impact fees for several projects will also cost taxpayers because, even though Lang wants developers to pay for infrastructure over the long term, it appears that for those who helped him with his election campaign he is willing to cut sweetheart deals. This would mean taxpayers will finance the infrastructure development costs for two of Lang's rich friends while Lang works to force all developers to pay those costs in the future. These expenses, of course, will simply be passed on to the homeowners.

Last fall, Lang, a Wisconsin native and relatively recent transfer from the North (which of course makes him an expert on the South), was quoted as saying that the attitude in the South was about nothing but "growth, growth, growth." Aside from the fact that this comment demonstrates his ignorance about Southern culture, it is also a gratuitously narrow reading of what is happening in Cary.

Cary is growing because, despite the traffic, it is an attractive place to live and to raise families. It is conveniently located and, largely, an aesthetically attractive town. But Glen Lang, after taking a stab at being a rich developer and not doing so well, seems to want to engage in a Freudian revenge against those who actually have succeeded.

# SMART GROWTH

*Few benefit at the price of the many*

As Republicans in the U.S. Congress know full well by now, there is efficacy to the old adage that one must be careful what one wishes for because one may actually get it. Just as the Republicans in Washington have had to deal with the contretemps and difficulties of wielding power, so must advocates of so-called "Smart Growth" ponder their dilemma.

Smart Growth by definition implies encouraging denser development inside an urban core, planning to facilitate mass transit, bicycling and walking, and establishing "pedestrian friendly" store fronts rather than placing large retail boxes behind vast parking lots.

In Raleigh the debate right now rages over the so-called "Coker Towers" project, formally titled The Oberlin. Designed as a mixed use — or "urban village" — development at the busy intersection of Wade Avenue and Oberlin Road, it has many residents in an uproar.

Locals and some city council members are concerned about the project's impact on the surrounding neighborhoods and what they see as an inevitable increase in congestion. In other words, Smart Growth is just fine except insofar as it impacts some people and creates problems for politicians.

But in perhaps the understatement of the year, let us note at the outset that the inconsistency and hypocrisy of politicians often causes them problems. What should be of concern is the way in which this debate shapes our public policy. If trendy politicians wish to have, as they say, Smart Growth rather than sprawl, they should be willing to take the heat on a project like The Oberlin and stand up for what they believe. Apparently, some of these same folks find it easier to bow to the popular sentiment of the moment than to adhere to their principles.

Those who favor Smart Growth but oppose The Oberlin have been saying something along the lines of "Oh, yes, Smart Growth is the way to go. Just not here." Yet The Oberlin fulfills all the requirements of Smart Growth. It would allow for a pedestrian-friendly environment, it would not contribute to sprawl, and it incorporates existing bus lines. Yet the developer who wishes to build the project, Neal Coker, has, in vain, gone to great lengths to

satisfy the concerns of the opposition.

Coker reduced the size of The Oberlin project by almost one half, plans to widen adjoining roads with his own money, and has offered to put in congestion-reducing traffic circles. But that is not enough for most opponents.

Despite the well-organized opposition, the Raleigh Planning Commission has approved the project by a 7-3 vote for 150,000 feet of retail space, 460 residences, and 220,000 square feet of office space.

But the dispute over The Oberlin brings to the fore other cogent issues with respect to the dispute over Smart Growth versus "urban sprawl." As even *The News & Observer* of Raleigh, a Smart Growth proponent, has reported, highly touted "urban villages" are not being placed near the rail lines which are supposed to facilitate the very mass transit that Smart Growth proponents hold so dear.

As noted by *The N&O*, only two out of a dozen Smart Growth projects that may be defined as what is referred to as "urban villages" around the Triangle are even next to the 36 miles of rail lines that the Triangle Transit Authority (TTA) envisions as the core of a light rail system. In the laconic words of Joe Huegy, a planner for TTA, "It is an

interesting problem." And most areas where "urban villages" and TTA train stops are envisioned are already fairly well developed, making the creation of utopian new villages all the more difficult.

In the end, the crux of the problem falls on the shoulders of those who believe that government officials at any level — elected or otherwise — should be engineering our lives and mandating or limiting our choices based on their own vision of what is considered "proper" development. Proper development, as with all matters in a free society, should be guided by the hands of citizens making choices in the marketplace and localities fashioning neutral, common-sense transportation and land-use policies.

Alas, America, and indeed North Carolina, is afflicted with a seemingly endless stream of controlling politicians who want to take control of all such decisions and place them in the hands of government planners who supposedly know best. In the lamentable words of the lamentable Henry Kissinger, "For other nations, Utopia is a blessed past never to be recovered; for Americans it is just beyond the horizon." Sadly, this applies even more so to many North Carolinians today. CJ

## State Testing Program Blows Up

You might as well not give the test at all." That's what a leading testing expert and university professor said about North Carolina's new math tests, which have blown up in the face of the state's education establishment.

In an interview with *Carolina Journal* assistant editor Sherri Joyner, this prominent scholar — who requested that his name not be used to avoid possible retaliation by state officials — observed that administering a multiple-choice test students may pass by answering only 28 percent of the questions correctly (as was true on the new 5th grade test) is indefensible, given that random chance would generate an average score of 25 percent.

"Unfortunately, what it means is that the test is not going to be very informative in terms of understanding student performance in the state, judging their progress, or gauging the effectiveness of any reforms," he said.

The problem came to light last month in an excellent piece by Bruce Buchanan in the Greensboro *News & Record*, and picked up a few days later by the rest of the state's news media. Buchanan revealed that schools throughout the Piedmont Triad were reporting unbelievably high passage rates for students on new math tests. Some schools with 60 percent passage last year had virtually 100 percent passage this year.

After some halfhearted attempts to defend the test as measuring true improvement, the N.C. Department of Public Instruction admitted to what they termed a "grading glitch" — the aforementioned low scores students needed to pass. All of the so-called "cut scores" on the new math tests were less than 34 percent. But the lowest, 28 percent, was for the very 5th-grade test that so many parents, students, educators, and lawmakers had been worried about.

New social promotion standards, starting this year in the 5th grade, would for the first time mandate the use of test results for promotion decisions in every school system in the state. So the revelation that virtually everyone passed the math test, at least, was a major anticlimax.

The more you find out about this story, the worse it gets. For me, though, perhaps the most galling aspect of the unfolding scandal is the pathetic attempt of state leaders to shift the blame and pass it off as an accident or "aberration." It was nothing of the sort. DPI officials have told *Carolina Journal* that they knew a year ago that many of the questions drafted for the new math tests had not been adequately field-tested.

So they decided to project an appropriate cut score based on how many fifth-graders that assumed would have failed the old test if it had been given this year. However dubious this notion was, they completed the projection months ago — and it yielded the silly 28 percent to 34 percent cut scores. This made the test statistically useless. But it was administered to thousands of North Carolina children anyway, wasting taxpayer money and giving parents and students an inaccurate picture of their math skills.

To employ a well-worn phrasing: What did the

State Board of Education and State Superintendent Mike Ward know, and when did they know it? Are we to believe that low-level DPI staffers made a unilateral decision to go ahead with this high-stakes, but flawed, test without informing their superiors?

Make no mistake about it. The consequences are serious enough to warrant the resignation of whoever approved this course of action. And those in positions of authority should not be allowed to shirk their responsibility or to make their employees walk the plank in their place.

The math-test snafu wasn't the only recent sign of trouble. To my knowledge, DPI has yet to respond to an independent evaluation of North Carolina's testing program by researchers at Dartmouth College and Harvard's Kennedy School of Government. Published in March by the respected National Bureau of Economic Research ([www.nber.org/papers/w8156](http://www.nber.org/papers/w8156)), the study found that the state's accountability system was riddled with problems of sample size, reliability, and statistical volatility.

For example, the authors estimated that less than half of the variance in the average gain in reading from 4th grade to 5th grade was attributable to factors other than random chance and "statistical noise."

The authors, Thomas Kane and Douglas Staiger, found that using school-wide changes in reading and math scores to award bonuses or assign assistance teams was questionable. "Although gain scores are often touted as better indicators of a school's 'value-added' [than raw scores], they are much more likely to be affected by idiosyncratic fluctuations in scores from year to year," they wrote.

Their findings also suggested that differences among classrooms in the same school are at least as meaningful, if not more so, than differences among schools. "When test scores are based upon average performance of hundreds of teachers and thousands of students, the notion of holding individual students or teachers 'accountable' for their performance becomes vacuous."

I have always been a supporter of standardized testing, and I continue to believe that North Carolina should use test scores as part of a comprehensive accountability system that includes parental choice, local control, and an end to tenure. But such a system needs independent and statistically valid tests in order to earn the confidence of parents and taxpayers.

It has long been evident that we don't have them. On even the old 8th grade math test, a student could score 37 percent and be considered at grade level. Since at least one answer of four on a multiple choice test — and often two — can be dismissed as obviously wrong, guesswork remains too useful a tool for passing such a test. That's why reputable national tests expect students to answer most questions correctly in order to meet a basic or grade-level expectation.

It is time to suspend the state's accountability program until independent, reliable tests are available and broadly accepted as credible by the people of North Carolina and their representatives. CJ

John Hood

## Editorial Briefs

**Senate Hikes, Rather than Cuts, Spending**

When the North Carolina Senate's proposed budget for FY 2001-03 was released in late May, lawmakers and political observers immediately pounced on provisions such as closing Dorothea Dix mental hospital in Raleigh to compare the plan unfavorably to that proposed earlier this year by Gov. Mike Easley. In reality, the two plans differ only modestly.

If one focuses solely on the General Fund operating budget, the governor was less restrained, with a 5.3 percent increase vs. 3.7 percent for the Senate plan. But the Senate includes \$100 million for repairs and renovations to state buildings and another \$33 million for capital construction. When capital spending is included, Easley allowed only slightly more growth — 5.2 percent — than the Senate's 4.7 percent. And this difference is explained entirely by the Senate's decision to commit \$164 million to the state's Rainy Day account, compared with the governor's \$67 million.

Among specific spending categories, there were comparatively minor differences in proposed spending for public schools, universities, health and human services, and public safety. Both budgets allow a startling 15.3 percent increase in debt service. There were significant differences in community colleges, where Easley proposed far larger growth (4.9 percent) than the Senate (1.4 percent), and highway maintenance and construction, where the Senate (5.6 percent) outspent Easley (2.3 percent).

The *Changing Course* budget published this month by the John Locke Foundation offers a substantially different budget. It would essentially hold total spending and saving constant in FY 2001-02, compared to a nearly 6 percent increase for both Easley and Senate budgets. And it contains a net tax cut of \$569 million when fully phased in, compared to tax hikes of \$150 million by Easley and \$233 million by the Senate.

**The Dix-Deaf Gambit**

As the Senate budget headed towards passage, many reacted angrily to the plan's provisions to close Dorothea Dix Hospital in Raleigh, the Whitaker School in Butner, the Central School for the Deaf near Greensboro, and other programs serving deaf preschoolers and the mentally retarded. A diverse array of protesters, lawmakers, editorial writers, and others began to call for higher taxes rather than closing these institutions.

Right on cue, on May 30 Senate President Pro Tem Marc Basnight floated the idea of increasing state excise taxes on beer, wine, and other alcoholic beverages by nearly \$100 million to help fund the mental health and substance abuse programs affected by the Senate budget. The day after the much-criticized budget passed the Senate, Basnight had a bill filed to hike alcohol taxes and advocates began to recruit supporters among public policy organizations and associations.

A large, regressive tax increase on alcohol — on top of the Senate's \$233 million in tax hikes on phone calls, satellite and cable television, and health insurance, among others — would impose a heavy burden on North Carolinians already struggling with a painful economic downturn.

Even if one accepts the severity of the cuts as portrayed during the debate, however, there remains no justification for a tax increase. The Senate chose to target programs affecting the mentally ill and other vulnerable folks while leaving untouched such items as business subsidies and pork-barrel projects. The \$42 million in Senate budget savings attracting the most criticism — including the Dix, Whitaker, and deaf school closures — would be unnecessary if lawmakers had cut a similar amount of subsidies for corporations and low-priority programs. In reality, any tax increase intended to "save" mental health programs would really be a tax increase to fund corporate welfare. Should beer drinkers pay more so that some of our most successful businesses can keep getting state subsidies? That's the real question.

**Top Ten Reasons to Nix the TransPark**

By DON CARRINGTON

Executive Editor

**I**n the year 2003, aviation enthusiasts in North Carolina and throughout the nation will celebrate the 100-year anniversary of the first powered flight, which took place at Kitty Hawk on December 17, 1903. To celebrate that eventful moment in history, numerous parties, air shows, and other activities are all in the planning stages.

Unbeknownst to many, 2003 also is an important year for another N.C. aviation milestone—the Global TransPark (GTP) in Kinston. The GTP was the brainchild of UNC business professor Jack Kasarda. He convinced governors Jim Martin and Jim Hunt that a giant cargo airport in Kinston would draw companies from all over the world and reignite the economy of Eastern North Carolina.

But things didn't turn out quite as the professor had projected. The GTP has no manufacturing tenants and has produced zero economic benefits for eastern residents. Therefore, Rep. Frank Mitchell, R-Iredell, has introduced a resolution that could have the state pull out of the project in 2003.

Mitchell's bill would require the Legislative Research Commission to study whether to decommission the GTP Authority, which governs the GTP, and transfer its assets to a local airport authority. The results of such a study would be presented to the 2003 session of the General Assembly.

Even the executive director of the GTP Authority, Admiral Paul Busick, has said there should be some time limit on the GTP.

"If in two years it doesn't look like it's doing what it's supposed to do, then I'll be the first to say let's stop," Busick told the *New Bern Sun Journal* in April.

Mitchell's resolution allows the General Assembly to develop an exit strategy for the failed TransPark. That plan should be in place in 2003, when Busick said he would be ready to abandon the project if it's proven a failure.

As Gov. Mike Easley and legislators look for ways to eliminate wasteful spending, set priorities, and balance the state budget, they must take a look at the money-sucking GTP. While total figures are difficult to trace, I believe the project and all related endeavors have consumed more than \$100 million in local, state, and federal tax money, in addition to \$100 million in highway improvements to the speculative venture.

I have followed the GTP closely since 1990, when Kasarda first proposed it. In February of 1992 I read a report entitled "North Carolina Air Cargo System Plan and a Global Air Cargo Industrial Complex (GACIC) Study." The report was paid for with state and federal funds. The report was never meant to be a green light to proceed, but state officials used it as one anyway. As momentum for the project escalated, I realized that taxpayers were going to get shafted.

Now, more than a decade after its inception, the GTP is finally receiving skepticism from a majority of state lawmakers. Yet some need more convincing.

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**The GTP Top Ten List**

1. *State government officials never commissioned a feasibility study on the concept.* The 1992 study clearly states, "The consultants did not determine the overall feasibility of the GACIC nor identify a preferred site for the complex. The prospective tenants of the complex were not identified."

2. *State government officials never did a feasibility study on a global air cargo facility to be located at the Kinston Airport.*

3. *The GTP has nothing in common with the Research Triangle Park.* The GTP is more like Soul City, the failed 1970s government-planned community in Warren County.

4. *There was no transportation problem to solve.* No manufacturers or other businesses reported a problem shipping their products anywhere in the world.

5. *State government has never been in the business of operating airports.* Airports are local responsibilities and they are best managed by local airport authorities.

6. *After 10 years of searching the entire planet, Global TransPark officials and boosters have not produced any tenants that conformed to the original concept as a manufacturing location.*

The TransPark's two current tenants are non-manufacturing businesses that relocated within North Carolina after receiving substantial financial incentives to do so. Furthermore, ISO Aero, a longtime tenant at the Kinston airport, discontinued operations at the facility when it could not compete with one of the new subsidized companies. So the project has cre-

ated no new jobs whatsoever, and probably reduced overall employment when opportunity costs are considered.

7. *The state of North Carolina should not try to direct private economic activity to selected localities.* This practice is unfair to other communities and businesses across the state.

8. *There are more important uses for public funds.* The state of North Carolina should direct public funds towards producing efficient core government services. Public safety, education, and needed roads have been sacrificed to support the GTP pipe dream.

9. *A local airport authority is perfectly capable of operating the facility.* Both private and public economic development organizations will suggest it as a site for new companies when appropriate.

10. *The project has become a joke.* Numerous green signs found on roads in the 13-county region read "Entering the Global TransPark Development Zone," or "Leaving the Global TransPark Development Zone." These silly signs have absolutely no practical meaning.

So in the year 2003 we will celebrate man's first flight and either the continuation or the end of the GTP dream. By the way, state leaders should remember that Orville and Wilbur Wright were private entrepreneurs risking their own time, money, and lives in pursuit of an idea.

In 2003, the state-sponsored GTP will have been in the making for more than 12 years. In contrast, the Wright brothers were able to accomplish their flight just four years after they began their first research.

CJ

Carrington is executive editor of Carolina Journal.

*Economic Outlook***Who Is Really to Blame for High Gasoline Prices?**By MICHAEL WALDEN  
Contributing Editor

**G**as prices are headed for their highest level ever this summer, perhaps approaching \$2 or more per gallon. Are the oil companies simply conspiring to get more money from motorists during the peak summer driving season? Is OPEC restricting the supply of oil so gas prices go up? Or is there something more complicated behind the sticker shock we're seeing at the pump?

First, here's some good news on gas prices, even though it won't necessarily ease today's pain in our wallets. Although gas prices have risen over the past 20 years, they haven't risen as much as other prices. In fact, since 1982, gas prices have risen 30 percent less than other prices.

Plus, if the improved fuel efficiency of vehicles is included, the gasoline costs of driving per-mile have increased 45 percent less than other prices. Gas prices will have to rise to about \$2.70 a gallon to set a new "real" record. So, as they say, things could be worse.

**The Usual Suspects**

Swell, you say, but this doesn't help with today's high prices. So who or what's to blame? Let's look at the possible suspects.

First up, the oil companies. Are they withholding supplies to push up prices? Are there oil tankers kept at sea to keep supplies tight?

Although these theories make for great stories, they've been thoroughly investigated many times and found not to hold water (or oil in this case). Plus, the theories defy logic. Why would the oil companies suddenly choose this summer to conspire to raise gas prices?

And, if you think there's a political connection between a new Republican president and rising gas prices, remember that gas prices dropped throughout most of the 1980s when there were also Republican presidents.

Let's turn to another possible culprit, OPEC. Of course, OPEC is the group that includes most of the world's major oil producing and exporting countries, including Saudi Arabia, Kuwait, Iraq, and Iran. OPEC can certainly impact

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our gasoline prices by increasing or decreasing the production of oil from member countries. So has OPEC ignited the jump in gas prices by restricting oil supplies and increasing oil prices?

To date, the answer is no. Oil prices are currently under \$30 a barrel and are almost \$10 a barrel lower than their high over the past year. OPEC has wanted to curtail oil supplies to pump up prices, but it has been having trouble policing its agreement (this is a typical problem with economic cartels). Consequently, OPEC oil supplies are expected to run at about the same level this year as last year.

Another possible reason gas prices could be rising is due to increased government taxes or regulations that add to the retail price of gasoline. However, nationally, taxes per gallon of gasoline haven't changed in the past two years. And while new regulations on formulating gasoline will add to its cost, these regulations only affect about a third of the gasoline sold in the country.

**And the Answer Is?**

So what's left? Who's the missing culprit behind today's high gasoline prices at the pump? Here's a clue: Having an abundant supply of oil doesn't necessarily mean there will be an abundant supply of gas.

There's a step in-between. Oil must be processed, or refined, into gasoline. And herein lies our problem today — the capacity of our country to turn oil into refined gasoline has hit a wall.

U.S. refinery capacity has been virtually unchanged for the past two years. Refinery utilization rates are running at over 95 percent despite the fact that our use of gasoline continues to increase.

What this means is that inventories of gasoline are low, even lower than last summer, and any disruption to the supply system for gasoline or any unexpected shutdown in refineries will send gas prices skyrocketing. The country just doesn't have any cushion of unused refinery capacity.

If everything goes right, that is if there are no disruptions in the production and distribution of gasoline, then

gas prices will be higher than last summer but they won't go off the charts.

However, since the country is virtually producing every drop of gasoline possible given limits on refinery capacity, there's no room for error. If anything goes wrong, then gas prices will immediately spike, just as they did last summer in the Midwest when there were some refinery problems.

**What's The Proper Response?**

How should we respond to this predicament? Well, we could all drive less, buy smaller, more fuel efficient cars, or carpool or ride mass transit so that less gasoline is used for transportation.

Of course, each of us wants our neighbors to do this, allowing us to continue the lifestyle we have chosen. In other words, these conserving changes are changes that most of us don't want to make because we obviously prefer the lifestyle choices we have made.

Alternatively, we could recognize that the country needs more refinery capacity so more gasoline as well as other oil based products can be produced. The problem with this solution is that refineries aren't pretty installations and, like power plants, are generally not welcomed into communities.

There is a third option. We can have our gasoline processed in other countries and then import it. But do we really want to be both oil and gasoline dependent?

In some ways, American consumers are spoiled. We want more electricity without building more power plants, we want cheap food without generating animal waste, and we want plentiful and cheap gasoline without greasy refineries. Someday we may be able to get our wishes, but until then, they're only dreams. *CJ*

*Walden is an economics professor at N.C. State University and an adjunct scholar with the Locke Foundation.*

**America Must Protect Taiwan from Chinese Aggression**By MARC ROTTERMAN  
Contributing Editor

**T**he Bush Administration recently announced its intention to sell a sophisticated package of weapons to Taiwan. The package included eight diesel-powered submarines, four Kidd-class destroyers, 12 P-3C Orion aircraft, self-propelled artillery, and a briefing on PAC-3 missiles that Taiwan may request in the future.

Although the United States rebuffed Taiwan's request for Arleigh Burke-class destroyers with state-of-the-art Aegis Radar, analysts said the package would be the most significant arms sale to the island in a decade. Bush's decision was based on the recommendation of Secretary of Defense Donald Rumsfeld.

It is clear that President Bush and his national security team do not share his predecessor's view that China is a "strategic partner." Mr. Bush himself has referred to China as a "strategic competitor." Many in the national security arena view this as a far more realistic assessment of the situation than that made by the Clinton team.

Currently China has 200-300 medium-and-short-range ballistic missiles deployed across the strait from Taiwan. This past March, China announced that it was increasing its military spending by 15 percent. Many in the intelligence community believe that China's goal is to be one of the "great powers."

In 1979 the U.S. adopted a "One China" policy with the understanding that Beijing would not use force to accomplish Taiwan's eventual reunification with the mainland. Subsequently, Congress passed the 1979 Taiwan Relations Act to signify the continuing special relationship between the United States and Taiwan, and to help the republic protect itself from a possible Chinese attack.

But Chinese officials have stated that they're unwilling

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to wait indefinitely for reunification. They have refused to rule out force to accomplish the goal, even threatening the U.S. with nuclear attack should we interfere.

The irony is that Beijing obtained the latest "state of the art" ballistic missile technology during the Clinton years. That technology was either stolen or obtained by other illegal means on Bill Clinton's watch.

In 1999 the bipartisan Cox Report investigated technology transfers and found that the short-range ballistic missiles that China currently has aimed at Taiwan rely on U.S. guidance technology. The Cox Committee Report unequivocally stated that the PRC has stolen specific U.S. guidance technology used on current and past generations of U.S. weapons systems.

One of the Cox Report's conclusions was that this specific stolen technology enhances China's military capabilities, jeopardizes the national security of the United States, and poses a direct threat to our friends, allies, and military forces.

On the day after the Bush Administration announced the arms sale to Taiwan, the President was asked on ABC's Good Morning America if the United States has an obligation to defend Taiwan. His answer was, "Yes we do, and the Chinese need to understand that." Many in the media and the foreign relations community took Bush's comments as a significant change in U.S. policy.

China sent the United States a strong message by detaining our crew and demanding that we apologize for the incident involving our downed spy plane. President Bush was correct not to apologize. China is testing the new president.

After enjoying eight years of foreign policy weakness under Bill Clinton and his administration, China's political leadership and its military are probing to see how far they can push the envelope.

If there is another incident with our surveillance planes, or if China continues to threaten its neighbors in the region, it is the opinion of many that Congress will look seriously at revoking "normal trade relations."

By making his policy clear, President Bush and his foreign policy team are sending a strong signal to China. The president did the right thing by helping Taiwan with the arms package. The president is keeping a promise made by America. He should be saluted for doing so. *CJ*

*Rotterman is a Senior Fellow at the John Locke Foundation and a Board Member of the American Conservative Union.*

# Calling All Taxpayers

*The State Senate Desperately Needs Your Help*

By JOHN HOOD  
Editor

RALEIGH  
Leaders of the North Carolina Senate, fresh from releasing and passing a 2001-03 budget in a single week, now find themselves in a political pickle — and only you can help them out of it.

For months now, Senate President Pro Tem Marc Basnight (D-Dare) and the chamber's other potentates have warned that the state was facing the tightest fiscal crunch in a decade, and that tough decisions would have to be made.

But they also consistently ruled out what they called "general" or "broad-based" tax increases to close budget deficits and maintain their favorite spending programs. Instead, these senators promised to close "tax loopholes" and make significant cuts in state government.

Just last month, for example, Basnight told the Associated Press that the Senate budget would not contain general tax increases. "Loopholes, yes, but no, not any broad tax increases, you won't see those," he said matter-of-factly.

When the Senate budget came out, however, it contained not just \$51 million or so in "loophole closings" affecting corporations and limited-liability companies but also more than \$180 million in income and sales tax hikes that directly affect individual consumers.

Furthermore, the day after the budget passed the Senate, Basnight and other leading Senate Democrats started pushing an-

other piece of legislation to raise taxes on alcoholic beverages by \$95 million. The tax, they say, would help to save Dorothea Dix mental hospital in Raleigh and other state health care and social services programs targeted for cuts or elimination in the Senate budget.

Needless to say, squaring these tax-increase recommendations with what Basnight and other Senate leaders promised only weeks ago is proving to be, well, a challenge. Indeed, a surprising number of them — including Rules Committee Chairman Tony Rand (D-Cumberland), Finance Committee Co-Chair John Kerr (D-Wayne), and Education Committee Co-Chair Jeanne Lucas (D-Durham) — signed a pledge from Citizens for a Sound Economy last year stating that they would not raise taxes if re-elected in November.

Two newcomers, Cal Cunningham (D-Davidson) and Scott Thomas (D-Craven), also took the pledge, and may be vulnerable in the 2002 elections. While the current 35-15 Democratic majority in the chamber does not appear to be threatened, this year's redistricting remains an unpredictable wild card. As demonstrated in the surprising 1994 elections, partisan control of the legislature is not as secure as it was decades ago.

For political reasons, then, the Senate majority needs to be able to say that its tax increase package is not "broad-based." To that end, they need to identify a larger number of North Carolinians who will not pay higher taxes as a result of their FY 2001-03 budget plan.

## A Tax-Hike Checklist

Here is where you come in. Please read carefully the following list of tax hikes:

- A new \$32 million tax on insurance premiums paid by customers of health maintenance organizations (HMOs) and Blue Cross and Blue Shield of North Carolina.
- A new \$35 million sales tax on satellite and cable television customers.
- A change in the tax treatment of phone calls by North Carolina residents that would generate a net tax increase of \$88 million on long-distance phone calls made to out-of-state locales.
- A new \$6 million sales tax to be paid by homeowners and businesses (but not farmers) who buy fertilizer and seed for their lawns and gardens.
- The elimination of a \$19 million tax credit for families who pay out-of-pocket for their children's health insurance.
- A \$95 million tax increase on the pur-

chases of beer, wine, malt liquor, mixed drinks, and liquors purchased at ABC stores statewide.

If you think that you are likely to be affected by at least one of these tax increases, then you will not be helpful to the Senate's efforts to portray the proposed changes as narrow revenue enhancements rather than broad-based tax increases affecting the general population. Whether you know it or not, you are currently taking advantage of a "tax loophole," thus depriving the state treasury of needed funds.

If, on the other hand you are:

*A teetotaling North Carolinian who is not enrolled in an HMO or Blue Cross health plan and does not buy health insurance for your children, who watches only broadcast television and who has no lawn or garden to tend, and if you limit all of your phone calls to the state boundaries of North Carolina, then:*

The State Senate wants you! Call Basnight at 919-733-4111 at your earliest possible convenience. CJ

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