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10

10th Anniversary Issue

A Report on the First 10 Years

- Gubernatorial Succession
- Pork Barrel Spending
- Economic Education



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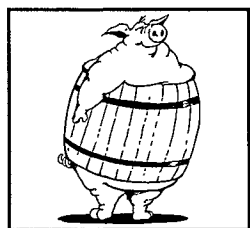
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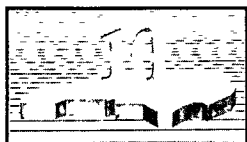
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The Effects of Gubernatorial Succession: The Good, The Bad, and the Otherwise

by Thad L. Beyle

Ever since the last of the Royal Governors left this colony, the N.C. General Assembly has kept governors on a short leash. That leash grew a bit longer in 1977, however, as first the legislature and then the public approved a constitutional amendment allowing governors and lieutenant governors to seek a second, successive four-year term in office. Gov. James B. Hunt Jr. was the first to succeed himself under that amendment, and now Gov. James G. Martin hopes to do the same. What are the arguments for and against succession? What changes have we wrought with passage of gubernatorial succession? And how has succession affected other branches of government, including the legislative and judicial branches?

Ten years ago this fall, North Carolina voters amended the state's Constitution to allow governors and lieutenant governors to seek a second full term in office.¹ The vote on Nov. 8, 1977 was a victory for Democratic Gov. James B. Hunt Jr., who in his first year as Governor led the fight for the amendment with the help of many of his supporters — and some of his adversaries, who foresaw the day when succession might help Republicans too. Hunt's victory at the polls that day was hardly overwhelming. The amendment passed by fewer than 29,000 votes of the 580,701 cast on the question, 52.5 percent to 47.5 percent — far from a landslide, and considerably less than the 81.7 percent of the vote that four other constitutional amendments averaged that same day.

And it was even more underwhelming in light of the fact that only a fourth of the state's 2.3 million registered voters went to the polls that day. The amendment was adopted by slightly more than 13 percent of the North Carolinians eligible to vote,² but

it has affected everyone in North Carolina because it has significantly altered the way we produce leaders — and how government runs in Raleigh.

With a decade of experience with gubernatorial succession behind us, what have we learned from it? We know the obvious — that succession helps those in power, and may impede the political progress of those who hope for power, but the subtleties of succession's effects are still becoming clear.

As the proponent of the successful change in the Constitution, Jim Hunt was also the first Governor to run for and win a second four-year term in office. Obviously, succession strengthened Hunt, for a time. Now attention has turned to his successor, Republican James G. Martin, and whether Martin will be able to win re-election. The second Repub-

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lican Governor elected during this century, Martin can further solidify the Republican Party in the state if he wins the 1988 election and succeeds himself. Obviously, the right of succession is on Martin's side now. Succession helps the incumbent, not the challenger.

Before succession was adopted, few political observers doubted that the first Republican Governor elected this century, Jim Holshouser (1973-1977), would be followed by a Democrat. That would be something of a restoration of the crown after the strange political circumstances the Democrats created for themselves in 1972, with an unpopular figure, Sen. George McGovern, heading the party's presidential ticket, and the gubernatorial nominee, Hargrove (Skipper) Bowles, peaking too early before the election, after defeating the Democratic lieutenant governor, Pat Taylor, in a hotly contested second primary. These same observers also knew who that Democrat was likely to be — Lt. Gov. Jim Hunt, who was the highest-ranking Democratic official in state government. They were right on both points.

Succession Enhances the Power of Incumbency

For 1988, the scenario is quite similar. Martin, a Republican Governor, elected in a highly volatile political situation which again worked to the Democrats' disadvantage in 1984, will also likely face the Democratic Lieutenant Governor, Robert B. Jordan III, who is the highest ranking Democratic official in state government. Will the Democrats be restored to the Executive Mansion again? Is it, as the philosopher (and baseball catcher) Yogi Berra once posited, "déjà vu all over again"?

Perhaps not. After all, there are two very important differences between the gubernatorial election of 1976 and that projected for 1988 in North Carolina.

■ First, the Republican Party is considerably stronger in the mid-1980s than it was in the mid-1970s. The Iranscam scandal so far has not translated into a Watergate — with its attendant ballot box losses — for the GOP. There are now more North Carolinians voting Republican, and more Republican winners for the GOP down the ballot than in the 1970s. For example, in 1972 registered Republicans made up 23 percent of the registered voters, while in 1986 they were 27.2 percent. In winning the governorship, Holshouser received 51.3 percent of the general election vote, and Martin in 1984 received 54.4 percent.

■ Second, the power of incumbency lies this time with Governor Martin. That power is of enormous import, as evidenced by the 1980 election when Hunt won re-election in a landslide, 62 to 37 percent, over Republican nominee I. Beverly Lake Jr., himself a late refugee from the Democratic Party. Why is incumbency so important? Gerald Benjamin, a political scientist who watches state politics from his New York state vantage point, argues that there are two important, but intangible, values associated with incumbency: the reluctance of voters to "fire someone for reasons of partisanship or ideology who seems to be doing an adequate job," and the "image of invincibility" that may grow up around an incumbent over a period of time.³

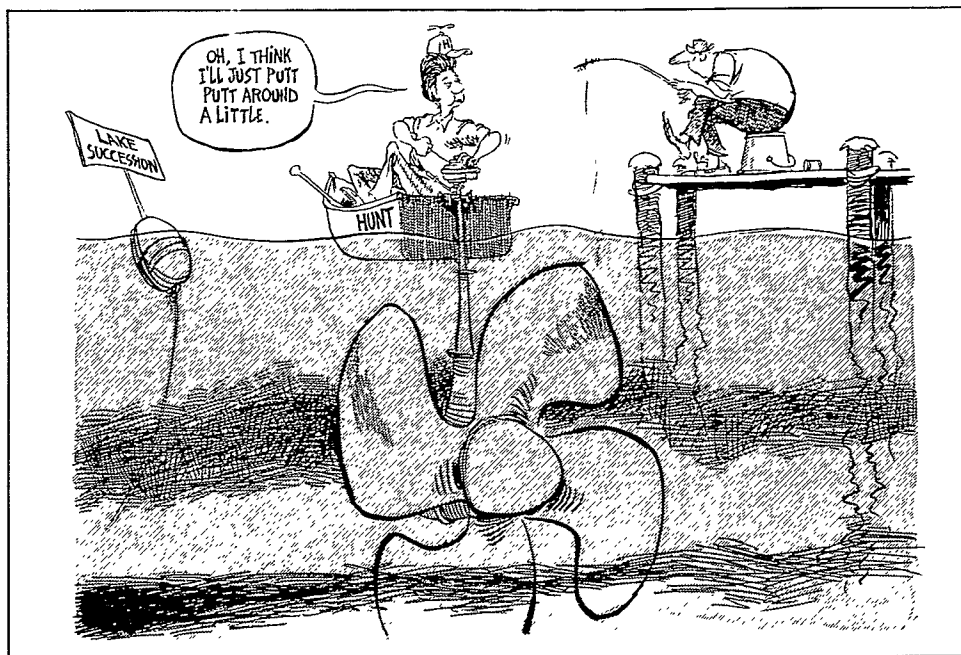
The results of recent gubernatorial elections bolster Benjamin's point. Since 1977, sixty-two of the 84 incumbent U.S. governors who ran for re-election won — a 74 percent success rate. Since 1984, nearly 80 percent of the incumbent governors — 19 of 24 — have won another term.⁴ That mirrors what is happening in races involving incumbents in other positions in our political system. Chances are that a governor who can run again, *will* win again. Betting the farm on a Democratic restoration, in the face of these numbers, and with an incumbent who can succeed himself primed for 1988, might be foolish.

Succession Doesn't Guarantee Political Machines

The fear that Jim Hunt would use succession to fashion a lasting political machine was dispelled by the 1984 elections. Remember, a political machine is what the other politician has; a political organization is what you and your associates have. Political machines, like beauty, are in the eye of the beholder — or the opposition. They must endure, even when their leader is running for another office, and they must recruit and elect successful candidates for other offices. But Hunt's organization failed this twin test.

During Governor Hunt's eight-year tenure, his Democratic organization was arguably the strongest in this state since before the Second World War. But that organization's strength was tested in Hunt's 1984 challenge for incumbent U.S. Sen. Jesse Helms' seat, and it failed the test when Hunt lost — narrowly — to Helms after a bitter and expensive campaign. Hunt's political organization worked exclusively in the Senate race, and after the election had no other political irons in the fire.

By focusing on that one race, Hunt's organiza-



Dwane Powell, The News and Observer

Hunt machine ensures passage of gubernatorial succession amendment to state constitution

tion did not try to control other races. It did not back a candidate in other races, nor did it seek to control the size of the field. Democrats crowded the slate for the gubernatorial nomination in that same 1984 election. Ten Democrats sought the party's nomination that year, and six of them were considered fairly serious candidates. The outcome of the two Democratic Party primaries was so divisive that a major candidate, Eddie Knox, bolted the party with some of his relatives and supporters. Further, a Republican won the general election, which is the organization's most grievous error—losing the source of its power. In effect, whatever political organization Hunt built was a personal one, but one tied to state government interests and not necessarily to national interests.

Now Martin has his own opportunity to build a political machine. But rather than using that machine strictly to further his own political ambition, Martin appears instead to be building his own party in hopes of making further GOP inroads in the legislature and in other state and local offices. State Sen. Laurence Cobb (R-Mecklenburg), the Senate Minority Leader, says, "There is no question but that Martin's interest is in building up the state Republican Party and in strengthening the two-party system in North Carolina. I have seen no evidence that the Governor is trying to embark on a political career beyond the governorship."

Succession Clogs the Political Ladder

One of succession's major effects has been to slow down — some say clog up — the process of producing new leaders in North Carolina. Because governors and lieutenant governors can serve two terms, as U.S. Sen. Terry Sanford puts it, "there will only be half as many governors. A lot of people have the ambition to run, but won't get the chance."⁵

Prior to 1977, the changeover in North Carolina leadership was regular — a new governor and lieutenant governor every four years, and a new speaker of the House (elected by the House) every two years. But in 1980, both Gov. Jim Hunt and Lt. Gov. Jimmy Green were re-elected, forcing those with ambition for higher office to bide their time — or get beat by the incumbent. Green, for one, had wanted to run for governor in 1980, but chose to stand for re-election rather than challenge the powerful Hunt. Most other candidates chose not to run that year, too.

That meant the Senate leadership would stay in place, and the House anticipated that by re-electing Speaker Carl Stewart to an unprecedented second two-year term in 1979. This was a way for the House to maintain continuity of leadership and elevate it to the same stature as the Senate and the Governor. In 1981, Liston Ramsey succeeded Stewart in the first of his four terms as Speaker — and no one doubts that

Ramsey will be able to hold the post as long as he wants it.

Curiously, Ramsey thinks succession had little to do with the multi-term speakership. "I think that [more than one term for speakers] was coming anyhow, because it had happened in other states," says Ramsey. "Its time was coming, although possibly it made it happen a little earlier than normal." Ramsey has not sought higher office, preferring to stay in the House, and frustrating the desire of his fellow House members who might aspire to the speakership.

That frustration stems from the fact that other House members can't move up to the speakership —

a clogging of the political ladder that former Republican state Sen. Wendell Sawyer of Greensboro calls "the clustering of unbreakable power." As former Gov. Jim Holshouser puts it, "The Speaker has apparently decided to run in perpetuity, and I never thought we'd have in North Carolina what South Carolina has had — a speaker for life. I doubt that's a healthy thing." That shifts the focus of potential candidates from House leadership to the lieutenant governorship.

North Carolina gets some of its new governors from the office of lieutenant governor. In the post-World War II era, the office has produced Govs.

Table 1. Arguments Made For and Against The Gubernatorial Succession Amendment During the 1977 Debate

For	Against
To allow Jim Hunt to seek another term	To stop Jim Hunt from seeking another term
To retain good governors	To bring in new blood to the office
To take advantage of a governor's experience in office another term	To force governors to act quickly and not politick for another term
To give a governor time to master the state's bureaucracy	To prompt governors to use the State Personnel Act to control bureaucrats
To provide continuity and diminish four-year cyclical breaks in leadership	To keep an orderly flow of new candidates and replenish the state's supply of new leaders
To allow governors the same right to run again that legislators, judges, and others have	To energize voters and political groups by offering new candidates every four years
To prevent a new governor from being a "lame duck" as soon as he or she takes office	To involve new and more people with regular elections bringing in new leaders
To strengthen the office of governor in N.C., one of the nation's weakest	To prevent accumulation of too much power by a multi-term governor, and preserve checks and balances
To allow N.C. governors to work with national figures from other states and accomplish more	To prevent a governor from so constantly running for re-election during a first term that he accomplishes little
To free up governors from being surrounded by people jockeying for position in the next governor's race, and thus restricting a governor's leadership	To prevent creating a political machine or dynasty for the incumbent, which could overpower other parts of the political system
To give the people the right to decide whether to keep a governor in office	

■

"No person elected to the office of Governor or Lieutenant Governor shall be eligible for election to more than two consecutive terms of the same office."

— Article III, Sec. 2 (2),
N.C. Constitution

■

Luther Hodges Sr. in the 1950s, Bob Scott in the 1960s, and Jim Hunt in the 1970s. Now Bob Jordan is attempting to use the office as a steppingstone in the 1980s. Among Democrats, only Terry Sanford and Dan Moore in the 1960s — both former legislators and well known attorneys, and Moore had been a well-known judge — did not first serve as a lieutenant governor en route to the governorship. The two Republican governors came from legislative bodies — Jim Holshouser from the state House, and Martin from the U.S. House of Representatives.

Because the lieutenant governor's office is perceived as a good way-station for the governorship, many Democrats announce they are thinking of seeking that office and set up an exploratory committee to determine whether the political waters are warm enough for a plunge. The "exploratory committee" business is a euphemism for seeing whether you are known to anyone who counts politically (aside from your friends and neighbors), you might make a good run for the office, and most importantly, that you are a person whom the political bankrollers might bless with some money. There is more testing than running, though, as many contenders fail one or all of these questions. But a growing number of potential candidates are out there testing, and the office of greatest interest to them is the lieutenant governorship.

Curiously, the other officers in the Council of State, all of whom run for election and re-election statewide, have not become part of this political ladder-climbing. Most of these officers find these positions as their ultimate office either by their own choice or by the realities of politics in the state, and

therefore seek no further upward mobility. The office of attorney general may be a rung on the ladder in some other states, but not in North Carolina. The losing Democratic candidate in 1984, Rufus T. Edmisten, tried to use this office as the last rung on the ladder to the governorship, but lost to Martin. But then, so did the lieutenant governor, James C. Green, try to use his office to gain the governorship, but Green didn't even survive the primary.

Nonetheless, holding a high statewide office increases a candidate's chances for winning the governorship. In the last round of gubernatorial elections across the nation, 1983-1986, there were 54 separate contests; of these, incumbents won 19, former governors won five, and sitting or former lieutenant governors won another five.⁶ Six attorneys general won the governorship during the period, while two state treasurers and one former state auditor also grabbed the gubernatorial brass ring. Thus, more than 70 percent of the governors winning election between 1983 and 1986 had held these state level positions.

Does Succession Strengthen the Executive Branch?

When succession was debated during the 1977 General Assembly, opponents feared that succession might cede too much power to the executive branch, making it superior to the judicial branch and upsetting the delicate balance of powers among the branches of government. But what has happened over the past decade is that all three branches of our state government have increased in their power and their exercise of it, but the system of checks and balances has remained intact. Only some of this increase in power has come as an effect of the succession amendment.

Without question, the General Assembly's leadership selection process did change during this period. Obviously, with a lieutenant governor able to preside over and thereby run the Senate for an eight-year period,⁷ and with a multi-term speakership, the legislative branch became stronger in relation to the executive branch. In fact, it is the speaker of the House who holds what every North Carolina governor has sought — the ability to stop or veto action of the other house and the governor.

The legislature's exercise of its new strength has manifested itself in a number of subtle and not-so-subtle ways, and in fact began years before succession was adopted. Experts can debate endlessly the degree to which succession has spurred legislative

nibbling at the executive branch, but the fact remains that it has — through such inter-branch excursions as attempting to establish a legislative veto of executive agency rules, meddling with special provisions in budget bills, or attempting to influence executive branch boards and commissions with legislative appointments.

As leadership questions have changed in the past decade, process questions have also — most evident in the rising importance of the third branch of state government, the courts. As the legislature has intruded into the executive branch — moving across the line drawn by the separation of powers' clause in the North Carolina Constitution and onto gubernatorial turf — the state's Supreme Court has stepped in to referee the problems, usually in the executive branch's favor.

First, in January 1982, the Supreme Court called a halt to the practice of appointing legislators to the policymaking Environmental Management Commission.⁸ Under a ruling by the Attorney General, the reasoning of this court decision extended to 36 additional boards and commissions, including the powerful, legislator-dominated Advisory Budget Commission, which had worked with the governor in developing the biennial budget for decades.⁹ A month after these decisions, the N.C. Supreme Court issued an advisory opinion that a statute giving legislators new powers to review federal block grants and to review and approve any transfer of funds by the governor of more than 10 percent of a budget line item to another line item, was unconstitutional.¹⁰ Then in 1983, a U.S. Supreme Court decision declared the legislative veto unconstitutional at the national level.¹¹ This decision undermined its use in state legislatures, including North Carolina's. After the loss of the legislative veto over agency rules, the legislature rewrote the Administrative Procedure Act to restrain rulemaking authority of state agencies. Thus the state Supreme Court has been thrust into this legislative-executive conflict as the ultimate arbiter — another actor with a veto.

Succession did not cause this intra-branch wrangling, of course. Part of it is normal sibling rivalry between two branches of government, without regard to which party is in power. North Carolina's General Assembly always has held its chief executive on a short rein — at least since the last of the Royal Governors hightailed it for other climes. For example, North Carolina's governor remains the sole governor in the country without any form of veto power. And part of it is certainly due to partisan politics. The Democrats control the legisla-

tive branch, while Republicans control the executive branch. The two do not get along well — nor did they from 1973-1977, during Holshouser's rein. When there exists such a power split, when strong personalities clash, and when an election looms, tension pervades the governmental process and tinges both the legislative and executive arms of government.

That tension is certainly one reason for legislative dissatisfaction with succession. Speaker Ramsey, once a supporter of succession, has changed his mind. "I don't see any good that comes of it. What happens is that governors are extremely careful during their first four years in office, and they don't come out with anything the state really needs," he says.

Lieutenant Governor Jordan, while not as outspoken about it, has also had second thoughts about succession. "I have some serious second thoughts about it because of the way it has affected the process of government. For the Democratic Party, it was part of the problem in 1984, when we had too many candidates for the gubernatorial nomination. And I think succession may benefit the person in office a lot more than it does the state."

"...there will only be half as many governors. A lot of people have the ambition to run, but won't get the chance."

— U.S. Sen. Terry Sanford

One thoughtful critic is former state Rep. Parks Helms of Charlotte, who once ran against Ramsey for speaker, and lost. Helms now is running for lieutenant governor in 1988, and he says the next lieutenant governor must deal with the vast changes that succession has wrought on the legislative branch. "It's certainly an advantage to the governor to be able to succeed himself," says Helms, "but it's also a good example of the law of unintended consequences, with its effect on the legislative branch. That effect has been far more significant than on the executive branch, and I have some reservations about legislative succession. I fear it may be moving us much more quickly to a full-time, professional legislature rather than a citizen legislature."

Table 2. Gubernatorial Succession by State

State	Length of Term in Years	Maximum Number of Terms Allowed	Joint Election of Governor and Lieutenant Governor
Alabama	4	2	No
Alaska	4	2	Yes
Arizona	4	No Limit	(c)
Arkansas	4	No Limit	No
California	4	No Limit	No
Colorado	4	No Limit	Yes
Connecticut	4	No Limit	Yes
Delaware	4	2(a)	No
Florida	4	2	Yes
Georgia	4	2	No
Hawaii	4	2	Yes
Idaho	4	No Limit	No
Illinois	4	No Limit	Yes
Indiana	4	2	Yes
Iowa	4	No Limit	No
Kansas	4	2	Yes
Kentucky	4	(b)	No
Louisiana	4	2	No
Maine	4	2	(c)
Maryland	4	2	Yes
Massachusetts	4	No Limit	Yes
Michigan	4	No Limit	Yes
Minnesota	4	No Limit	Yes
Mississippi	4	(b)	No
Missouri	4	2(a)	No
Montana	4	No Limit	Yes
Nebraska	4	2	Yes
Nevada	4	2	No

And, says Helms, "Perhaps even more troublesome is what succession is doing to the balance of power between the legislative and the executive branches of government. It goes far beyond party politics and gets into the area of checks and balances between the branches. It raises the question of whether the governor should have the veto in view of the fact that legislative succession has given the

General Assembly much more power that it has ever had before."

There was talk in the 1985 session of repealing succession, but members were reluctant to do so, perhaps out of concern that it might be viewed as a partisan move. So succession remains a part of the political landscape, a symbol of an attempt to improve state government.

Table 2. Gubernatorial Succession by State, *continued*

State	Length of Term in Years	Maximum Number of Terms Allowed	Joint Election of Governor and Lieutenant Governor
New Hampshire	2	No Limit	(c)
New Jersey	4	2	(c)
New Mexico	4	(b)	Yes
New York	4	No Limit	Yes
North Carolina	4	2(d)	No
North Dakota	4	No Limit	Yes
Ohio	4	2	Yes
Oklahoma	4	2	No
Oregon	4	2	(c)
Pennsylvania	4	2	Yes
Rhode Island	2	No Limit	No
South Carolina	4	2	No
South Dakota	4	2	Yes
Tennessee	4	2	No
Texas	4	No Limit	No
Utah	4	No Limit	Yes
Vermont	2	No Limit	No
Virginia	4	(b)	No
Washington	4	No Limit	No
West Virginia	4	2	(c)
Wisconsin	4	No Limit	Yes
Wyoming	4	No Limit	(c)

Key:

(a)-Absolute two-term limit, but not necessarily consecutive.

(b)-Successive terms forbidden.

(c)-No lieutenant governor.

(d)-Individuals limited to two consecutive terms, but may serve again after a break in service.

Source: The Book of the States, 1986-1987 Edition

In the past three decades, states generally have sought to upgrade their governments and make them more able to address the needs of the citizens. North Carolina had already taken major steps in that direction with the adoption of a new Constitution in 1971 and a reorganization of the executive branch from 1971-1975. The U.S. Supreme Court decisions in 1962 and 1964 mandating fair reapportionment of

state legislatures brought fresh blood and new drive into all state legislatures. And as Larry Sabato has observed, the quality of our elected officials in the states had increased considerably since the 1950s.¹² "Once ill-prepared to govern and less-prepared to lead, governors have welcomed a new breed of vigorous, incisive and thoroughly trained leaders into their ranks," says Sabato.

What If Succession Had Failed in 1977?

Suppose succession had not passed in 1977 — then what?

■ For one thing, Jim Hunt would have been a one-term governor like his predecessors, and Lt. Gov. Jimmy Green would have been in a strong position to seek the governorship in 1980. Would he have won? Who knows — but the record shows Green didn't in 1984 after eight years as lieutenant governor, when he finally got a chance to go for the gold.

■ Second, the 1980 elections would have been very different. The selection of a new governor is of great political interest to the state, and considerable attention would have been focused on that race — and not as much space, money, or time would have been available for the U.S. Senate race in which East Carolina University Professor John East, a Republican, upset incumbent U.S. Sen. Robert B. Morgan, a Democrat, by a margin of only 10,411 votes. Because there were no heated or vigorous gubernatorial contests that year, media attention focused intensely upon that race, and the exposure may have helped the relatively unknown East edge the incumbent Morgan.

■ Third, it is possible that without the amendment, we would have seen a Republican candidate winning the governorship in 1980. National Republican coattails might have been long enough for Republican Ronald Reagan to help carry a Republican nominee to victory in the governor's race against a non-incumbent Democrat.

■ Fourth, in 1984, with the strong run by President Reagan in his re-election bid, and with the U.S. Senate re-election campaign tilting in U.S. Sen. Jesse Helms' direction, we might well have seen a second Republican gubernatorial victory.

Remember, Republican candidates have won the votes of this state's electorate in three of the last four presidential elections, four of the last six U.S. Senate elections, and two of the last four gubernatorial elections. That's a record of nine wins in the last 14 major statewide elections, all for the GOP. A winning record of 62.4 percent for the GOP in recent top races should be enough to give Democrats indignation.


A Weak Governorship Remains

Was the succession amendment passed in 1977 a savior for the Democratic Party in this state? It did allow the Democratic Party, through the governorship of Jim Hunt, to control state government for

eight rather than just four years. But it didn't guarantee Hunt lasting power. It served him well while he was governor, but then its benefits transferred to Governor Martin when he took office. Now it benefits Martin and his administration in two ways:

■ it gives him the right to run again and serve eight years in a row;

■ and the prospect that Governor Martin will be in office that long strengthens his power within the state and nationally because the political world knows that Martin may be in charge for an extended period.

Despite Martin's enhanced power, North Carolina's governor still is relatively weak, compared to his colleagues in other states in terms of the formal powers available; only Texas and South Carolina provide their governors with less formal power with which to fulfill a mandate.¹³ And given the sort of relations between the two branches in recent years, the legislative branch isn't likely to cede any new powers to the executive branch any time soon. Any help the governor of North Carolina will get will have to come from North Carolina's judicial branch — the ultimate arbiter of power in a system of checks and balances. 

FOOTNOTES

¹Article III, Section 2, Constitution of North Carolina, as approved Nov. 8, 1977 (authorized by Chapter 363 of the 1977 Session Laws of North Carolina).

²Martin Donsky, "13.2% of Voters Decide Succession Issue," *The News and Observer* of Raleigh, Nov. 10, 1977, pp. 1 & 8.

³Gerald Benjamin, "The Power of Incumbency," *Empire State Report* magazine, April 1987, pp. 33-37.

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⁵Mary Anne Rhyne, "Personal Races Dead, Say Former Governors," *The News and Observer*, Jan. 3, 1984, p. 5B.

⁶*State Government*, p. 96.

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⁸*State ex. rel. Wallace v. Bone*, 304 N.C. 591, SE 2d 79 (1982).

⁹Opinion of the Attorney General, Jan. 19, 1982. See also Lacy Maddox, "Separation of Powers in North Carolina," in *Boards, Commissions, and Councils in the Executive Branch of North Carolina State Government*, N.C. Center for Public Policy Research, January 1985, p. 44.

¹⁰*Advisory Opinion in re Separation of Powers*, 304 N.C. 767 (Appendix).

¹¹*Immigration and Naturalization Service v. Jagdish Rai Chadha* 462 U.S. 919, 77 L.Ed. 2d 317, 103 S. Ct. 2764 (1983).

¹²Larry Sabato, *Goodbye to Good-Time Charlie: The American Governorship Transformed, 1950-1975*, Lexington Books, 1978, p. 1.

¹³Thad L. Beyle, "How Powerful is the North Carolina Governor?," *N.C. Insight*, Vol. 4, No. 4, December 1981, pp. 3-11.

Are We Teaching “The Dismal Science” Dismally?

by Jack Betts

In an era of increasing emphasis on economic development in North Carolina, many businessmen and legislators are concerned that public school students don't know enough about the American free enterprise system. State law requires that it be taught, but is it being taught well enough?

One day last fall, a small Charlotte company that you never heard of went out of business forever. The reason for its demise was not that it couldn't hack it in the business world. In fact, it was a success. It developed a product, found a market, met the demand at a reasonable price, filled its orders on time, kept its books in good shape, and made money.

So why did it close? Because it was supposed to. The business was an experiment in free enterprise run by a class at Myers Park High School in business-oriented Mecklenburg County, the mother church of commerce in North Carolina. Students enrolled in “Applied Economics” produced T-shirts with Class of 1987 logos, marketed them to other students after using computer software to determine market demand, and closed the books at the end of the experiment without incurring any red ink. The class was a part of the growing enrollment in economics courses in the state's largest school system and, to varying degrees, symbolic of growing interest in economic education across the state and the nation.

By all accounts, that particular class was a resounding success. It gives hope to those who believe economic literacy among high school students is as important as basic skills in reading, writing, and arithmetic. But almost everyone concedes that success stories in classroom economic education are comparatively rare, and that economic ignorance prevails among public school students from Rodanthe in the East to Ranger in the West.

One of the prime critics is John Redmond, executive director of the business-financed N.C. Council on Economic Education at the University of North Carolina at Greensboro. Redmond is blunt about it: “At the national level, we are a nation of economic imbeciles...because by and large, our public school students are taught little or no economics. We have raised generations of economic illiterates.”

Redmond's view is shared by many. One of them is state Sen. Harold Hardison (D-Lenoir), who

Jack Betts is associate editor of North Carolina Insight.

for years has pressed the state Department of Public Instruction to offer more economics courses. A Deep Run tire dealer who aspires to be lieutenant governor, Hardison observes, "It disturbs me that we are bringing up a generation of illiterates when it comes to economics. I see it in my business, and other businessmen do, too. That's what frightens me. When we hire someone in our business, we look for someone who can read and write. We take them today in the full knowledge that we are going to have to teach them what business is all about. They just don't have any knowledge of business when they come to us."

That's the same view taken by former U.S. Secretary of Education Terrel H. Bell, who points to a national failure in the classroom to prepare students for basic skills in economics. "Most modern civics courses do an adequate job of teaching about the structure of government," says Bell, "but the importance of our economic system and our social institutions receive too little attention in the classroom."¹

The Legislative Controversy

The sentiments of these critics may come as unsettling news to those who were under the impression that public schools are — and have been — teaching economics routinely as part of the required curriculum for years. But the fact is that economic education, and more particularly free enterprise education, is a relatively new development in the curriculum of the vast majority of North Carolina high school students. Barely a generation ago, there was no statewide requirement for teaching economics. Most high school seniors went off to college or into the work force without even a rudimentary understanding of the basics of free enterprise, let alone the intricacies of how to make a product, how to sell it, how to keep corporate books, how to meet a payroll, how many government regulations there are to master, how to maintain an inventory, or how to establish a price or a wage.

Legislators, many of them businessmen them-

selves, were acutely aware of the lack of economics education in the schools, and began pressing for an economics curriculum in the late 1960s. In 1969, the N.C. General Assembly called for a study of the need for a curriculum in "the Free Enterprise System and Economics," and for recommendations in how to

train teachers to teach such courses.² The subsequent study, written primarily by Dr. David Lapkin, a UNC-Chapel Hill economics professor, found that there was a critical need for economics education in the public schools. Lapkin recommended that social studies teachers receive in-service training — short courses in economics while on the payroll — to bolster their own understanding of free enterprise and economics.³

The next session, the General Assembly approved legislation giving the State Board of Education the authority to provide

for in-service training of teachers in economics, but no additional money was appropriated to finance that training, and little was done.⁴ The state education budget approved in 1971 did have some funds for in-service training, but without legislation specifically earmarking the money for economics education, the impact of the bill was negligible.

After four years, impatient pro-business legislators were angry with the Department of Public Instruction for its lack of interest in free enterprise education. Sponsors of earlier legislation directing the study and recommending in-service training in economics felt they had given the education establishment long enough. If the State Board of Education wasn't willing to tackle economics, the legislators would force their hand.

A bill mandating the teaching of the free enterprise system touched off a heated policy debate centering on whether the legislature should dictate the curriculum for public school students. Pro-business legislators argued that students weren't being taught the basics of an economic system that had made America prosperous, and that only by requiring economics instruction could a new generation of entrepreneurs be educated. Opponents of the bill argued that such decisions must be left to profes-

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■

sional educators, who had the expertise and the knowledge to determine what students should be taught. Part of the debate centered on whether the teaching should focus on economics generally or the American economic system. Some lawmakers and educators pointed out that a course in comparative economics, studying how different systems worked worldwide, would be helpful to students, while others argued that it was the capitalistic system as practiced in this country that was most critical to a student's future. Understanding such basic principles as supply and demand was far more practical, they contended, than learning about socialism or communism or some other brand of "ism."

After a protracted and sometimes bitter debate, the General Assembly adopted a bill requiring that "the free enterprise system at the high school level, its history, theory, foundation, and the manner in which it is actually practiced," be taught in the public schools.⁵ (Of course, the legislators did not mean that "free enterprise at the high school level" should be taught; they meant that "free enterprise" should be taught "at the high school level." Such careless bill drafting may serve as its own commentary on the

relative familiarity of legislators with the English language. For more, see page 73).

The Department of Public Instruction got the message. In 1976, the State Board of Education reached agreement with the N.C. Council on Economic Education on a program called the Developmental Economic Education Program, or DEEP. The department agreed to seek funds for in-service training, and the money would go to local school systems to reimburse them for substitute teachers while classroom teachers took time off to attend economics training sessions sponsored by the Council on Economic Education. In 1977, the legislature began appropriating money to finance in-service training of social studies teachers in economics.

Where'd The Money Go?

From 1977-1978, a \$25,000 appropriation was provided for each year exclusively for economics. In 1979, another \$100,000 was appropriated, but it was to be divided between economics and citizenship education. In 1980, the legislature sought to expand the economic education program with a



Judy Morganthall, Charlotte-Mecklenburg Schools

East Mecklenburg High School seniors Kim Crawford and Rac Cramer use computer software in their Applied Economics course, developed by Junior Achievement.

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\$500,000 appropriation, part of which went to employ six "economic education coordinators" in the Department of Public Instruction's Regional Education Centers. Later, the titles of these coordinators were changed to "social studies coordinators," a switch which sticks in the craws of businessmen who feel that represented a reduced commitment to economics education.

From 1978 to 1984, the Council on Economic Education was able to provide in-service training to several thousand teachers at one of the Council's 10 Centers for Economic Education, located on the campuses of colleges and universities throughout the state. The program trained nearly 1,100 teachers in 1978, and by 1981, when the legislature had expanded the program, the centers trained nearly 4,500 teachers in economic education, while the Department of Public Instruction (DPI) trained another 1,000. In 1982, legislative cutbacks in the program pared down appropriations for in-service training to about \$150,000, and the number of participants declined to about 4,500, including 3,500 trained by the Council and 1,000 by DPI. By 1984, the number of participants trained by the Council and the DPI was down to about 2,000, and in both 1985 and 1986, fewer than 1,000, the smallest numbers since the training program began, as state funds dwindled.

By then, the in-service training budget for economics teaching was lumped with the Department of Public Instruction's general budget for in-service training, and that account was used to fund in-service training in other subjects which the department was getting increased pressure to emphasize. The list

includes math, science, languages, drug education, and history.

The effect was dramatic. The money for in-service economics training dwindled, and Redmond, of the N.C. Council on Economic Education, was well aware of what was happening. Education, he notes, is a field where there are enormous pressures from competing interest groups. "The schools are under so many mandates and must deal with so many different kinds of interest groups that what they do is nod their heads, put the subject into the Basic Education Plan, and nothing really gets done. . . . The effect is literally zero."

John D. Ellington, director of the Division of Social Studies for the Department of Public Instruction, admits that the pressures from competing groups have affected economic instruction funding. "There are a hundred different interests that want to come in and have us teach something," explains Ellington. "I'm not saying they aren't legitimate. They are. But the State Board of Education believes its job is to determine the curriculum, and whenever you mandate a course legislatively, that reduces the number of electives a student can take."

Should North Carolina mandate such courses? The critics are specific on this point. "Of course we should not be legislating curriculum," says Howard Maniloff, former deputy superintendent of public instruction and now superintendent of Vance County Schools. "On the other hand, we should be teaching economics in our schools. But the State Board of Education should be establishing curriculum, not the General Assembly."

The N.C. General Assembly has often taken the opportunity to meddle in this area of education policymaking. The legislature has ordered taught just about every subject that should be taught in a school anyway. This statutory list includes: arts, communication skills, physical education and personal health and safety, mathematics, media and computer skills, science, second languages, social studies, vocational education, citizenship in the U.S., N.C. government, U.S. government, fire prevention, the free enterprise system, and the dangers of drugs and alcohol. Oh yes — and driver training. Very little is left out, except sex and AIDS education — and hazards of tobacco. Sen. R.P. Thomas (D-Henderson) proposed adding that to the list in 1987, but his suggestion went up in smoke.

As for the money for in-service training, Ellington is candid: "We had that money for two or three years and then they [school officials seeking more in-service training for such subjects as history, for

instance] came back and said, 'We need to do something in other subject areas, too.'" With a finite number of dollars and a seemingly infinite number of subjects in which teachers must be trained, the in-service training budget is simply not large enough. Efforts to reinstitute specific funding for economics training in the 1985 General Assembly failed, and the prospects in 1987 are not good, says Senator Hardison. "The reason we haven't continued funding this kind of program is that it's just not as politically popular as some other things," says Hardison. Legislation before the 1987 legislature to provide \$265,000 for in-service training in free enterprise was not approved.⁶

When the Basic Education Plan (requiring a core curriculum for all school systems and helping poor school districts to offer courses only their urban counterparts could offer previously) was adopted by the General Assembly in 1985, economic education remained in the state's curriculum.⁷ The Teacher Handbook in Social Studies continues to emphasize economic education and guides teachers in how it can be taught at all grade levels.⁸ That guidebook sets certain levels of achievement — "competencies" in education jargon — that students must meet.

Mandating curriculum may not be the best education policy, but it certainly is widespread. According to the National Council of the Social Studies and the Joint Council on Economic Education, 27 states require some form of economics instruction, and 15 of them go further than North Carolina law and require a separate course in economics.⁹ North Carolina's law requires only that the free enterprise system be taught in its schools, but not necessarily in a separate course. That rankles probusiness critics of state education policy, who believe that economics gets short shrift in the classroom.

Economic Hodgepodge

Under current state policy, the economics instruction that most high school students receive comes in a ninth grade class called "Economic, Legal and Political Systems," known as ELP for short. In essence it is a civics course, generally popular with students because of its strong link to current affairs and government process. But even most teachers and administrators admit that students receive a lot of L and P instruction but relatively little E.

"ELP is a hodgepodge of things now," says Ellington. "Most of our school systems are making good efforts to include economics in the classroom.

But there's not enough yet." School officials around the state agree. David Wyatt, principal of Madison High School in western North Carolina, notes that in his district it's a struggle to provide anything beyond the basic curriculum. "We're really not doing a whole lot in economics beyond what the state requires. And I really do not think that is enough."

Vann Langston, former principal of Millbrook High School in Wake County (one of the state's largest, with an extensive offering of courses) says much the same thing. "Maybe we are not doing everything we ought to in economics instruction," says Langston, now assistant superintendent for secondary programs in Wake County schools. "But on the other hand, we are making an effort to do more. North Carolina may not be doing enough, but nationally most school systems are not doing enough, either."

Part of the problem is that North Carolina's method of school financing has meant that the bigger schools in urban counties can offer far more courses than the smaller schools in rural districts, which do not have the property tax base to support a broad selection of electives. Nor do they have the number of students to fill a wider range of courses. The Basic Education Program was designed to ensure that each school district will offer a minimum number of electives, but disparities will remain. For instance, Wyatt's Madison High School cannot come close to matching Wake County's Millbrook High in the number of courses it offers. As *North Carolina Insight* reported in 1984, per-pupil spending on education in the state's 142 school systems (140 now) can vary by as much as 60 percent — with rich urban counties spending far more than rural counties.¹⁰

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—Howard Maniloff

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Redmond believes North Carolina's high school students, despite the recent emphasis on economics education and teacher training, are trailing far behind other students nationally. In May 1986, Redmond's group released the results of a standardized test in economics education, which was administered to 1,800 Tar Heel high school seniors. The results, says Redmond, were depressing. North Carolina students scored well below the national average in their knowledge of economics and the free enterprise system, and well below even other students in the South.¹¹

Redmond's group also administered a survey of the students' responses to a set of statements about the economic system. North Carolina students' mean score on the objective test was 17.97; the average in the South was 19.59; nationally, it was 24.22. On the survey portion, they found that students had positive responses about the free enterprise system, but were pessimistic about their futures and about economic opportunities.

"The conclusion we draw from this study is that our young people are graduating without sufficient preparation in an area which is vital to them" says Redmond. "Without some basic knowledge of eco-

nomics, these young people will be much less able to manage their financial affairs or their careers, and of equal importance, they will be limited in their ability to become informed voters and effective citizens."

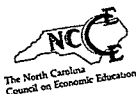
Are Teachers Qualified?

Redmond blames this ignorance of economics partly on classroom teachers, who he says are not qualified to teach the free enterprise system. "Of the 57,000 teachers out there, few have an economics degree and only a handful of them is qualified to teach even a semester of economics. Schools are faced with having to teach something they are not qualified to do. Most of these teachers, if they were inclined to economics, would not have gone into teaching. As a result, what is being taught is only what teachers are prepared to teach." Though more than 10,000 teachers have received in-service training in economics, many of those teachers have left the classroom, while others need more training.

That's a problem, concede most administrators. "Teachers feel less comfortable statewide with teaching economics, compared with other social studies subjects," says Betty Jo Johnson, coordinator of social studies for the Wake County schools.

Partners for Economics Teachers

A program to help schools prepare young people for the future.



THE
BASIC EDUCATION PROGRAM
FOR NORTH CAROLINA'S PUBLIC SCHOOLS
REVISED JANUARY 1986

NORTH CAROLINA STATE BOARD OF EDUCATION
RALEIGH, NORTH CAROLINA
Originally Proposed to
The North Carolina General Assembly
October 15, 1984

"Typically, not many teachers come to the high school level with a degree in economics. Most of us only had one or two economics courses in college. That may reflect a lack of interest in economics. So we do find that is the area we have to work on the most in in-service training."


Adds Ellington of the state education department, "Most teachers aren't comfortable teaching economics, and I think part of that is the fault of the economists themselves. Some of them try to make economics frightening. But most of the economics that our teachers need to know are really very basic, simple concepts."

One of the difficulties in teaching those concepts, though, is that not only are teachers not well prepared, there aren't comprehensive materials in texts that North Carolina schools use, either, says Ellington. "There are some good texts out there, but whether they are readily available to most teachers is another question," he says. In the ELP course, for instance, "The economics part is just not as readily available and a lot of teachers are just not well prepared for it, so they teach more legal and political systems than they do economics. I'd probably do the same thing myself."

What Works?

Despite the dearth of trained economics teachers, the lack of state funding for in-service training of teachers, and the absence of readable, comprehensive textbooks, educators believe that North Carolina's schools are making progress in teaching economics — and that they are teaching economics at least as well as they are teaching other traditional subjects such as math, science, English, or history.

For instance, the education department's Ellington points out that thousands of students each year take a one-semester senior class elective course



beyond's search for excellence these days, where do kids belong? Kids with dreams who need direction, not. They want to run your company some day, but they need the facts of life, business life.


somewhere, American ideas got back on track, in vogue. Kids today yearn to turn their drive and brains into personal success, but how are they to know, what's going to sell them? We in Junior Achievement recognize that in a global economy American kids have to start competitive global economy American kids have to start young to gain that critical edge.

Since its founding in 1919, Junior Achievement has brought the business and education worlds closer together.

▲ With its original program, JA high school students form microcorporations. They sell stock, elect officers, produce and market products or services and legitimate business returning a profit! all in about 15 weeks. With business educators' help, they learn by doing business, elect team work, leadership, about themselves. Northern also can they grapple with the challenges of entrepreneurship.

JA Benefits

- ▲ broad range of employee development
- ▲ practical entrepreneurial business experience
- ▲ teen fairs, conferences, competitions, fairs
- ▲ adult and teen sharing and networking



▲ Business Basics introduces youngsters in 5th/6th grade to the fundamentals of Organization, Management, Production and Marketing through a lively mix of role plays, discussions and activities. Consultants, in partnership with classroom teachers, draw upon their own experiences and special training to act as role models. The editorial course materials and the teacher follow-up activities build upon this unique approach. Starting early, youngsters grow up familiar with American business reality...what makes it run...what brings it to a halt.


BB Benefits

- ▲ partnership that assists schools in fulfilling economic education guidelines
- ▲ potential to reach tens of thousands of youngsters
- ▲ early awareness, nurtured by the JA dynamic produces a value-added result

▲ Project Business is a flexible, economic awareness program that supplements an 8th/9th grade social studies class. Business consultants showcase themselves and their businesses through the use of carefully planned materials. It's the fun way to clarify economics.

PB Benefits

- ▲ partnership that fulfills economic education guidelines
- ▲ cost effective
- ▲ fun, flexible, creative
- ▲ training, original "user friendly" materials
- ▲ early career exploration



▲ Applied Economics is the high tech, high-touch way teaching the "terminal science." High school students in their own company, then on a computer learn how to how their experience clarifies theory and then finally combines the best of academics with practicality. Applied Economics students outperform students from regular economics courses. Again, the dynamic partnership of business executive and classroom teacher, with text, course guide, computer software and staff support makes this course in high demand nationwide.

AE Benefits

- ▲ raises economic literacy of future consumers, voters, employees, employers
- ▲ partnership that fulfills economic education guidelines
- ▲ training and support
- ▲ advanced computer software and exceptional text and materials

Join the thousands of executives and educators nationwide who together wake kids up to their dreams. Investing in you

We Wake Up Kids to Dreams

Junior Achievement

in economics. Although there are no certain figures on enrollment, Ellington estimates that as many as 10,000 seniors — out of a statewide enrollment of about 69,000 seniors — take the economics elective course. (The department's class enrollment figures, taken once a year in the fall, show 6,700 students enrolled; Ellington says a conservative estimate of half that many probably are taking the same course in the spring semester, producing his estimate of 10,000 students).

Thousands more are enrolled in a marketing course derived from the old Distributive Education courses and in other business courses in the vocational education curriculum. A growing number of students are enrolled in economics classes adopted in various school systems across the state. Those courses often involve substantial help from the local business community, Ellington says.

One economics course in Mecklenburg County has been so successful that the school system will require it for graduation beginning with the class of 1988 — which means about 4,500 students each year will be taking the course. The course there was de-

veloped by Junior Achievement Inc., a national business-backed organization that has helped students learn about free enterprise in after-school programs since 1919.


In 1979, the Kellogg Foundation gave Junior Achievement a grant to develop a course that could be put into the classroom. That course, which would be taught by a social studies teacher with the regular help of a local volunteer businessman, would combine classroom theory, computer programming, and the actual experience of running a small business for a short time. The program began with a junior high school course called "Project Business," used in a number of North Carolina's junior high and middle schools. From that course grew a more ambitious one for the high school level.

Called "Applied Economics," the new course was an immediate hit with high school students. Various classes have learned about business and economics by operating companies producing auto safety lights, T-shirts (as did the class at Myers Park last year), Christmas candy packages, and the like.

"Applied Economics" is a very popular course," notes Evelyn Gerdes, social studies specialist for Charlotte-Mecklenburg schools. "The kids get very involved, and they like it because they get very involved in the mainstream of economics, working with profit and loss statements and the like." Johnson says school systems in Asheville, Buncombe County, Henderson County, Haywood County, Greensboro, Guilford County, and Forsyth County have adopted the "Applied Economics" course as part of their regular offerings. But not every system will get that sort of assistance from business groups like Junior Achievement. The bigger districts will, but will rural counties like Bertie in the East or Swain in the West?

Other economics education programs offered by business groups in cooperation with chambers of commerce are available to public schools, and many local systems are considering their adoption, educators say. Business interest in stimulating more economic instruction continues, says Ellington, though it is not quite as strong as it used to be.

"We still hear about it a lot from some legislators and from some businessmen," says Ellington. "It reached a peak a few years ago, but since then, I think they have realized that there are other subjects that need an emphasis, too. The way to sell economics education is not by legislating it, or by having the Chamber of Commerce demand it. You have to convince teachers and superintendents that it is important. Most of the business community has

been highly supportive of the schools, but we cannot expect it to take the place of teachers. For the long haul, it will have to be the teacher in the classroom who can teach economics." 

FOOTNOTES

¹Bell quoted in Robert Rothman, "Economic Literacy: School Reform, Business Concerns Seen Boosting Trend Toward Required Coursework in Economics," *Education Week*, Vol. VI, No. 27, April 1, 1987, pp. 1 and 56.

²Chapter 1230 of the 1969 Session Laws (Regular Session, 1969).

³Dr. David Lapkin, *The Feasibility of Teaching Economics in the Public Schools of North Carolina*, Department of Public Instruction, Dec. 11, 1970.

⁴Chapter 974 (SB 745) of the 1971 Session Laws (Regular Session, 1971).

⁵Chapter 65 (SB 126) of the 1975 Session Laws (Regular Session, 1975), now codified more grammatically as G.S. 115C-81(b).

⁶SB 890, 1987 General Assembly, referred to Committee on Appropriations.

⁷*The Basic Education Program For North Carolina's Public Schools*, Revised January 1986, N.C. State Board of Education, pp. 22-23. See also N.C.G.S. 115C-81, "Basic Education Program," adopted as Chapter 479 of the 1985 Session Laws (Regular Session, 1985), Sections 55(c)(1) and 55 (c)(2).

⁸*Teacher Handbook*, Social Studies K-12, Division of Social Studies, Instructional Services, N.C. Department of Public Instruction, 1985, pp. 477-544..

⁹Rothman, p. 56.

¹⁰Lanier Fonvielle, "Disparity in Public School Financing," *North Carolina Insight*, Vol. 7, No. 1, June 1984, pp. 30-37. See also Bill Finger, "Disparity in Public School Financing — An Update," *North Carolina Insight*, Vol. 7, No. 4, April 1985, pp. 44-49.

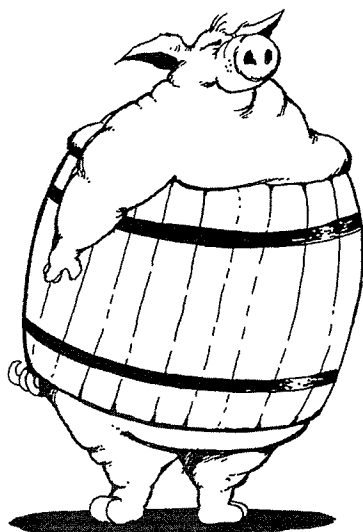
¹¹"North Carolina High School Seniors Show Poor Knowledge of Basic Economics," Summary Report issued by the N.C. Council on Economic Education, May 1986, pp. 1-2.

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—N.C.G.S 115C-81

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Eating High on the Hog: How the Pork Barrel Spending Process Has Changed in the Last 10 Years

by Seth Effron

Until a relatively few years ago, pork barrel appropriations in the N.C. General Assembly—those financial goodies legislators send back to their home districts—were perquisites reserved exclusively for legislative leaders. Now all that has changed, and nearly every member of the legislature can expect a share of the pork barrel. How has the process changed in the last 10 years? And what policy questions does that raise about the way lawmakers spend public monies?

Last spring, a month before the N.C. General Assembly started its serious consideration of a 1987-88 budget totaling almost \$10 billion, State Auditor Edward Renfrow issued an unusual eight-page report. Following much public debate and journalistic analysis of the legislature's recent years' local appropriations bills—commonly known as “pork barrel”—Renfrow got out his microscope and examined 96 pork barrel expenditures to 46 agencies in 28

counties. Those appropriations had cost the state \$3.7 million since 1983.

Renfrow found no evidence of illegal use of taxpayer dollars in the spending. But, he confessed in his letter, that would have been difficult to spot anyway since many of the organizations receiving pork barrel funds kept such poor records. Then the Auditor came to a less-than-startling conclusion, but *Seth Effron is Raleigh correspondent for the Greensboro News & Record.*

one which had caused him and other students of the appropriations process much consternation: "We recognize that many people consider these appropriations to be 'gifts' to local organizations which require no further accountability. . . . We believe recipients which accept these monies must also accept the responsibility to properly account to the state."¹

The auditor's report, in the form of a letter to Gov. James G. Martin and the legislative leadership, was all but ignored by the ruling elders in the General Assembly for several weeks. Even Lt. Gov. Robert

"... We believe recipients which accept these monies must also accept the responsibility to properly account to the state."

*— Edward Renfrow
State Auditor*

B. Jordan, a vocal critic of pork barrel spending, was tied up with other matters — a public school construction program — and had to be pressed for comment on an issue he'd normally be eager to discuss. "We should begin to reach out and grab some of the Auditor's recommendations this year," Jordan said when he found the time for an interview on the subject. "I would hope that the Appropriations Committee this year would put something in the local appropriations bill that would set up additional parameters so that they . . . conform with the Auditor's recommendations," he added.

Those recommendations included:

- Clarifying in the appropriations bill what the requirements and conditions for acceptance of money are — particularly whether the money must be matched by other money raised and not by money from other governmental agencies.

- Distributing funds through appropriate state agencies. For example, money for a local arts council should be distributed by the state Department of Cultural Resources.

- Giving agencies receiving pork barrel money a detailed explanation of what conditions go with acceptance of the money, such as what records must be kept and what kind of report the state must receive concerning use of the money.

- Requiring organizations receiving \$10,000 or more to have an independent audit concerning how the state taxpayers' money is spent.

Pork as Fast Food

Even as Renfrow was putting together the final touches on his pork barrel report, and despite two years of relentless criticism from Republican Gov. Jim Martin and the close scrutiny from the state's press, legislators in the overwhelmingly Democratic General Assembly (124 Democrats to 46 Republicans) were busy making pork barrel requests at a record-setting pace. When the deadline for filing pork barrel requests hit, nearly \$100 million worth of spending requests — in hundreds of separate bills — had been filed. Just a year earlier, legislators had filed 347 bills seeking \$30.9 million.²

This ramjet pace in filing pork barrel requests reflects the legislature's increasing fondness of bringing home the bacon for their eagerly expectant constituents. From 1983 to 1985, pork barrel spending grew from \$5 million a year to about \$9 million. After a year of intense criticism that included a walkout by House Republicans during the closing days of the 1985 session, pork barrel spending was trimmed back to \$5.8 million in the 1986 short session, and \$7.9 million in 1987.

Governor Martin contends that pork barrel is little more than a way for the legislature's Democratic leadership "to discipline Democratic legislators to vote the way it tells them to vote." Other Republican leaders agree. "It's tied in with the carrot and stick," says Rep. Margaret Keesee-Forrester (R-Guilford), who characterizes the Democratic leadership style this way: "If you follow my directions as I am the leader of this body . . . then you will be rewarded for being good and not being a rabble-rouser and making it difficult for us."

"We should begin to reach out and grab some of the Auditor's recommendations this year...."

*— Robert B. Jordan
Lieutenant Governor*

But Rep. William T. Watkins (D-Granville), one of those leaders who heads the Appropriations Expansion Budget Committee, says the pork barrel is a way for legislators to show that state government is in touch with local needs. "It lets local people know state government cares about them," says

Watkins. "It really does cause people to appreciate their state government and participate in state government."

Former state Rep. Parks Helms of Charlotte, a Democrat who plans to run for lieutenant governor next year, views pork barrel in much the same way. Helms believes that it is a part of the basic political process within the General Assembly that both serves to create incentives for legislators to compromise and provides them with a way to show voters their legislators are effective and that their tax dollars can go to work for them.³

Yet Jordan, who presides over the state Senate, is concerned that using state tax dollars to pay for traditionally, and typically, local needs, entices local governments and non-public agencies to become overly dependent on state government for everything from band uniforms or lights for the local football stadium to money that supports a local festival or historic restoration project.

Jordan's criticism of pork barrel spending stems from his basic opposition to using state money for purposes that are local in nature and should be supported locally. But Jordan says he recognizes the political reality that the General Assembly isn't about to give it up, even though it's a questionable practice for the state to support such pet projects when a county or city would be the more appropriate source of funding.

"Even though the money does a lot of good," notes Jordan, "I would have to admit that in some instances, once the state does it a time or two, then local organizations become dependent upon it. Where they might have been privately supported or locally supported, they begin to look for it each year as their right, like a Christmas gift."

Other critics are harsher. Mercer Doty, a former director of the legislature's fiscal research staff, says, "Somewhere it needs to be said that some of us feel pork barrel spending is completely unethical as long as North Carolina has so many real unmet human needs."

Former U.S. Sen. Paul Douglas (D-Illinois) once wrote that such expenditures were nearly impossible to halt once begun. "As groups win their battle for special expenditures, they lose the more important war for general economy. They are like drunkards who shout for temperance in the intervals between cocktails."

Beyond that, should a state fund such thoroughly local projects? John Sanders, director of the Institute of Government at UNC-Chapel Hill,

■

"The power of *taxation* shall be exercised in a just and equitable manner, *for public purposes only*, and shall never be surrendered, suspended, or contracted away."

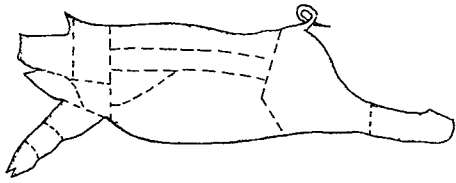
— Article V, Sec. 2 (1),
N.C. Constitution
(emphasis added)

"The General Assembly may enact laws whereby the State, any county, city, or town, and any other public corporation may contract with and *appropriate money* to any person, association, or corporation for the accomplishment of *public purposes only*."

— Article V, Sec. 2 (7),
N.C. Constitution
(emphasis added)

■

points out that while such projects can be deemed to be of public benefit—a fire truck for a volunteer fire department, or a bandstand in a town park, or funds to promote a local huckleberry festival—the question that legislators do not seem to ask is whether the state should fund such projects for every citizen. "Why should the state's taxpayers fund the huckleberry festival but not the blackberry festival?" Sanders asks. "No distinction is made by the legislature as to what kinds of things ought to be funded, so long as they have some sort of public benefit. A helpful line could easily be drawn: Is this the sort of benefit that should be provided for all county residents or all municipal residents of this state?"



Public Purpose Pork

Pork barrel spending by the 1985 legislature raised many questions about whether tax money was being spent for public purposes — and caused a firestorm of criticism from the public and from other politicians. Among the recipients of pork barrel spending, for example, were \$2,500 for the Gladiator Boxing Club in Winston-Salem, \$2,000 for the Burlington Boys Choir, \$475,000 for the Discovery Place museum in Charlotte, and \$35,000 for the Mt. Hebron Masonic Lodge in Wilson. The latter caused something of a controversy because the sponsor of the appropriation was state Rep. Milton Fitch, a Wilson Democrat. Fitch's father, Milton Fitch Sr., just happened to be Worshipful Master of the lodge.

Such potential conflicts of interest pop up occasionally. For instance, state Rep. Albert Lineberry, a Greensboro Democrat, is a member of the board of the Greensboro Symphony Orchestra. Guess who sponsored a \$25,000 bite of pork for the symphony? Lineberry, of course. Likewise, Rep. Jim Richardson, a Mecklenburg Democrat, was a member of the board of the Charlotte-Mecklenburg Youth Council. Guess who got the council a \$38,000 slab of pork? Richardson.⁴

Those are just a few of the pork barrel items that appear in the regular pork barrel bill, in 1985 called the Omnibus Local Appropriations Bill.⁵ But pork barrel funds can appear in more than one type of bill. Some show up in capital spending bills, and may include funds for horse arenas or college campus buildings. Others may show up in bills for statewide special projects, and still others may appear in the main operating budget bill. For instance, in 1986, the pork barrel bill appropriated \$5.8 million for local pork. But when a special appropriations bill for statewide projects emerged, it held \$24 million worth of state spending for certain types of capital projects — the university system, community colleges, and Department of Agriculture facilities — that would be located within the home districts of legislative leaders. Those leaders strongly objected to characterizing those projects as pork barrel, but the aroma was most definitely porcine.⁶

Pork Barrel: An Old Tradition

In the U.S. Congress, "pork barrel" once denoted federal spending for dams or canals in a favored politician's district. Now the money goes for a host of public works projects, including railroad grade crossings, interstate highways, bridges, tunnels, lakes, and the like. Some defense spending is also considered pork barrel at the federal level. But the individual states have raised pork barrel to more of an art form. In New Mexico, it's known as the "Christmas Tree" bill, and there's a present for good legislators under its wide branches. In Florida, it's the "turkey" bill, and everyone gets a nice big slice. In North Carolina, it's the "pork barrel" bill and no one's quite sure why it's called that.

Some say the term "pork barrel" dates to the old South's plantation days, when the infrequent barrel of salt pork was opened and "caused a rush to be made by the slaves."⁷ More likely the term came from simple evolution of the slang use of the word pork to describe graft and patronage during Reconstruction. By whatever name, however, favored legislators have been eating high on the legislative hog ever since then.

In North Carolina, the pork barrel practice was an informal one through the 1970s. Only the most powerful legislators, usually those in key leadership posts such as appropriations committee chairmen, got big chunks of pork money, leaving small scraps for a few other favored legislators in a swap for votes or in gratitude for past support. Republicans never got any, because they were in a small minority and often objected to the roughshod ways of the budget committee chairmen. And the amount available for pork barrel spending varied from year to year, depending upon a healthy economy and the occasional unexpected surplus blessing the state treasury. But even in the good fiscal years, pork went mostly to the leadership. The rank and file could only gaze longingly at the empty barrel.

Ten years ago, the grumbling began in earnest about pork barrel and how it got parceled out — one of the big mysteries of the 1977 session. In the rush to adjourn, there was little time for real discussion and debate about what was in the main appropriations bill, and even less time for the handful of pork barrel projects. After a few perfunctory comments about the bigger spending bequests, the bills were approved quickly in the haste to adjourn and go home.

After a few more such experiences, thoughtful

Table 1. Per Capita Pork Barrel Spending, 1983-1986

County	Spending	Rank	County	Spending	Rank
Alamance	\$3.80	65	Johnston	5.46	35
Alexander	.58	100	Jones	25.24	1
Alleghany	9.31	14	Lee	8.24	20
Anson	3.45	74 (tie)	Lenoir	4.51	49
Ashe	3.07	78	Lincoln	2.45	86
Avery	1.87	94	Macon	1.99	91
Beaufort	4.20	59	Madison	13.22	4
Bertie	8.78	17	Martin	2.98	80
Bladen	7.45	23	McDowell	5.32	38
Brunswick	3.53	69	Mecklenburg	4.38	54
Buncombe	5.08	41	Mitchell	1.73	95
Burke	5.43	36	Montgomery	4.83	43
Cabarrus	3.78	66	Moore	4.26	57 (tie)
Caldwell	1.03	98	Nash	5.73	32
Camden	9.77	12	New Hanover	2.55	85
Carteret	6.67	26	Northampton	2.97	81
Caswell	6.57	27	Onslow	3.50	71 (tie)
Catawba	2.03	89	Orange	4.66	46
Chatham	8.35	19	Pamlico	7.02	24
Cherokee	4.31	56	Pasquotank	1.41	96
Chowan	8.04	22	Pender	3.82	64
Clay	13.69	2	Perquimans	9.17	15
Cleveland	4.39	53	Person	4.94	42
Columbus	6.41	29	Pitt	10.24	9
Craven	3.45	74 (tie)	Polk	7.01	25
Cumberland	4.55	48	Randolph	1.91	93
Currituck	3.61	67 (tie)	Richmond	5.59	34
Dare	12.48	6	Robeson	5.76	31
Davidson	2.00	90	Rockingham	5.33	37
Davie	3.86	63	Rowan	3.97	62
Duplin	4.26	57 (tie)	Rutherford	3.50	71 (tie)
Durham	5.31	39	Sampson	4.50	50
Edgecombe	3.21	76	Scotland	2.41	87
Forsyth	4.76	45	Stanly	4.35	55
Franklin	8.36	18	Stokes	2.65	84
Gaston	4.45	51 (tie)	Surry	4.17	61
Gates	8.79	16	Swain	13.57	3
Graham	12.62	5	Transylvania	6.05	30
Granville	5.15	40	Tyrrell	1.01	99
Greene	10.11	10	Union	2.87	82
Guilford	3.61	67 (tie)	Vance	4.19	60
Halifax	4.65	47	Wake	6.51	28
Harnett	3.46	73	Warren	11.57	7
Haywood	4.45	51 (tie)	Washington	8.10	21
Henderson	1.26	97	Watauga	2.68	83
Hertford	9.78	11	Wayne	4.80	44
Hoke	9.71	13	Wilkes	1.96	92
Hyde	10.56	8	Wilson	3.57	70
Iredell	2.05	88	Yadkin	3.16	77
Jackson	3.02	79	Yancey	5.69	33
			State Average	\$4.36	

Source: Greensboro News & Record

legislators began seeking more careful review, asking for committee debates, and generally pushing for better answers to questions. In the 1980s, the pork barrel process became more formal and for the first time became locked into the budget. The 1983-84 budget was one of the tightest in years as the nation and state struggled with a recession. Still, legislators were able to come up with \$5 million for local pet projects. Local project funds that year were included in a separate bill, often compiled from individual appropriations bills filed by legislators.

In 1985 came another innovation: legislative leaders bypassed the formal bill process and privately distributed application forms for legislators to designate pork barrel requests. During the 1985 session, Sen. James McDuffie (R-Mecklenburg) asked why he had not gotten a blank form from Democratic leaders so he could list his pork barrel requests. Replied Senate Appropriations Committee Chairman Aaron Plyler (D-Union), "We ran out of forms before we got to you." Still, 11 of the 12 Senate Republicans and 11 of the 38 House Republicans got pork barrel funds from the 1985 General Assembly.

While the process was becoming more formalized, more legislators were getting in on the process. At the end of each legislative session, the pork barrel checks for individual groups or agencies were sent to the sponsoring legislators, a process that enabled the sponsor to present personally the money to the hometown recipient. That brought about its own problems, though. As Senator Plyler put it, "Some people think we can pocket it, if we want."

The pork process changed again in mid-1985, when Governor Martin ordered his budget office to review each pork barrel spending item. The Governor had his doubts about some of the spending items, which ranged from the seemingly worthy to the seemingly absurd. Only after the office was assured the item met the constitutional requirement that the spending be for a "public purpose" would the check be released directly to the agency.⁸ Only three of more than 1,400 items were rejected for failing to meet the public purpose doctrine in 1985 — one to Tau Omega, a fraternity in Greensboro, which did not meet the constitutional public purpose test, and two others to organizations that just didn't exist — the Reidsville Volunteer Fire Department and the Spring Hope Historical Society.

Recent reviews of pork barrel spending have turned up only a few examples of improper pork funding. The Martin administration review of more than 1,400 items found but three that should not be funded, and even the State Auditor's review found

no additional examples of improper funding. That comes as good news to defenders of pork barrel who contend that most pork barrel spending, after all, does benefit the taxpayers back home.

In 1986, the pork process changed again. Legislators seeking pork barrel funds were required to submit bills for their requests. For the first time, the public — and other legislators — would know who was seeking what. At the end of the session, those requests became part of a final pork barrel bill. And finally in 1987, a series of bill-filing deadlines were established to bring more order to the process, and to provide time for more thoughtful analysis of each request.



The New Pork Barrel

With demands on the state treasury to boost teacher and state employee pay, continue funding the Basic Education Program, pay for shortfalls in state employee health insurance coverage, and finance a public school construction program, there was little money available for extras in 1987. But even so, there was \$7.9 million available for local pork — in addition to other pork-like goodies tucked away in other bills.

Since 1983, legislative leaders have brought more and more structure to the system that even critics say makes pork barrel more equitable. Political party differences remain, of course, with Republicans being frozen out of the process entirely before 1985, and even since 1985, receiving significantly less than Democrats. In 1983, rank-and-file legislators got about \$50,000 per district in average spending on pork barrel. In 1984, it was \$80,000 per senator and \$40,000 per House member.⁹ A year later, that amount was \$100,000 for a senator and \$50,000 for a House member. In 1986, the average dropped back as pork barrel appropriations declined, to an average of about \$35,000 per legislator. In 1987, Senators got about \$70,000 each; House members got \$40,000 each. Critics of the pork barrel process — none of whom would be identified publicly — have charged that this allocation system came about in the House in an effort to cement across-the-board support for the leadership, primarily the speaker and the budget committee chairmen. Defenders of pork barrel in 1987 point out that more

members are getting pork now, including Republicans and new members, not just the Democratic leadership. And they say that distribution of funding is becoming fairer, with fewer areas of the state left out of the barrel. Still, some counties get a fairer share than others.

Counties with powerful Democrats fared better in their share of pork barrel spending than those represented by Republicans. Over the last four years, Madison County residents received \$13.22 per capita in pork barrel money. That county is represented by House Speaker Liston Ramsey, a life-long Democrat and Speaker since 1981. By contrast, nearby Henderson County, represented by a series of Republicans in the General Assembly in recent years, received just \$1.26 in per capita pork barrel spending. The statewide average for all counties was \$4.36.¹⁰

Republican counties typically brought up the bottom of the list. Mitchell and Avery, with Republican voting majorities, ranked 97th and 98th among the state's 100 counties in *total* pork barrel over the four-year period; in *per-capita* spending, the Republican counties of Wilkes, Randolph, Avery, Mitchell, and Henderson ranked 92nd, 93rd, 94th, 95th,

and 97th, respectively. (See Table 1, p. 23, for the per-capita rankings). On the other hand, counties with heavy Democratic registration and voting patterns did handsomely. The top 10 counties in overall money during the period were Wake, Mecklenburg, Cumberland, Forsyth, Guilford, Buncombe, Durham, Gaston, Pitt, and Robeson. In per capita pork barrel, rural counties with a high rate of Democratic registration did splendidly. Take Jones County, for example, with its 94 percent Democratic registration ratio: It led the state in per capita pork, with \$25.24 per resident.

Obviously, it pays off for a county to have a Democrat in the legislature, and even more so to have a speaker. But most counties won't ever have a speaker, and with the continued rise of the two-party system, many won't have Democratic legislators. That has Republicans boiling mad. After the uproar in 1985, concluding with the House GOP protest walkout, the Republican caucus declared, "This is the bill that's corrupting the process. To participate is something we cannot do."¹¹ But others charged Martin with having it both ways — criticizing Democratic pork barrel while getting his own bacon.

Table 2. Local Pork Barrel Spending, 1983-1987

Year	Total Pork Barrel	Total State Budget	% of Budget That is Pork	Number of Pork Items	Share Per Senator	Share Per Representative
1983	\$5.0 million	\$3.8 billion* \$6.7 billion*	0.13% 0.07%	261	\$50,000	\$50,000
1984	\$7.8 million	\$4.3 billion* \$7.4 billion*	0.18% 0.10%	308	\$80,000	\$40,000
1985	\$9.0 million	\$4.9 billion* \$8.4 billion*	0.18% 0.10%	1,442	\$100,000	\$50,000
1986	\$5.8 million	\$5.2 billion* \$8.9 billion*	0.11% 0.06%	631	\$35,000	\$35,000
1987	\$7.9 million	\$5.9 billion* \$9.9 billion*	0.13 % 0.07 %	1,183	\$70,000	\$40,000

* General Fund budget only

* Total state budget, including federal funds

The Governor said Democrats had reduced pork barrel "to its lowest common denominator — fear" in forcing lawmakers to vote a certain way. Speaker Ramsey charged that Martin was getting the equivalent of pork barrel for his home county of Mecklenburg through spending in the state's continuation budget, such as \$70,000 for the Charlotte Symphony, \$70,000 for the Mint Museum, and \$65,000 for the Charlotte Opera.¹² And the Martin administration has contributed to the quest for pork in another way: On April 16, 1986, Martin's Department of Cultural Resources held a workshop on historic preservation that included advice on how the appropriations system works — and how to go about getting money for restoration projects.

Cleaning up the Pork Barrel

Under Lt. Gov. Bob Jordan's order, the Senate in 1985 launched a study to reform the pork barrel process, as well as some other procedures. That study produced some changes adopted by the Senate, and to a lesser degree, by the House of Representatives.¹³

The changes included the following:

- Any pork barrel requests must be made in the form of a separate bill with details about the nature of the organization to receive the money.

- All requests must be reviewed by appropriations subcommittees to determine the nature of the agency or organization to receive funds, and to assure that the request meets the constitutional requirement of spending for a public purpose.

- And requests from Republican legislators are reviewed and granted on the same basis as those from

Democrats.

But despite initial optimism that the late-1985 reforms would lead to a wholesale cleaning up of pork barrel, the question remains as to how much has changed about pork barrel spending. The amount of money for pork barrel projects was trimmed to \$5.8 million in 1986, and none of the 1986 projects was rejected for funding by the Governor's budget office review. But the pork barrel spending process remained largely what it had been in 1985. As the Speaker put it, 1986 was not the time to be tinkering with the House rules, adopted in 1985, so little changed. The reforms of 1985 stood for little in 1986, but in 1987 the legislature began to address the study commission's findings.

But it is almost certain that some changes will continue, as they have during the past decade. The Institute of Government's John Sanders points out that widely distributed pork barrel "is a recent phenomenon. Just 10 years ago, only a legislative leader could get a special appropriation for a state institution or project in his district — a university building or historic site, for example. But no one would have dreamed that every legislator could ask for this sort of 'free money' to take back home for a public project of a purely local nature."

On balance, the changes in 10 years have been positive ones.

- The 1987 bill deadline process (requiring all pork barrel bills to be introduced by May 29) made it possible to know who is sponsoring which bills. It also gave the news media more time to examine each request, because several months elapsed between the bill filing deadline and passage of the omnibus pork

— continued on page 59

Senator Jim Johnson (R-Cabarrus) placed newspaper ads in his district inviting constituents to use this form to request pork barrel funds for local projects

Sen. Jim Johnson
APPLICATION FOR SPECIAL FUNDS

1. Name of Group, Organization or Association — _____

2. Address _____
Phone _____

3. County _____

4. Date organized _____

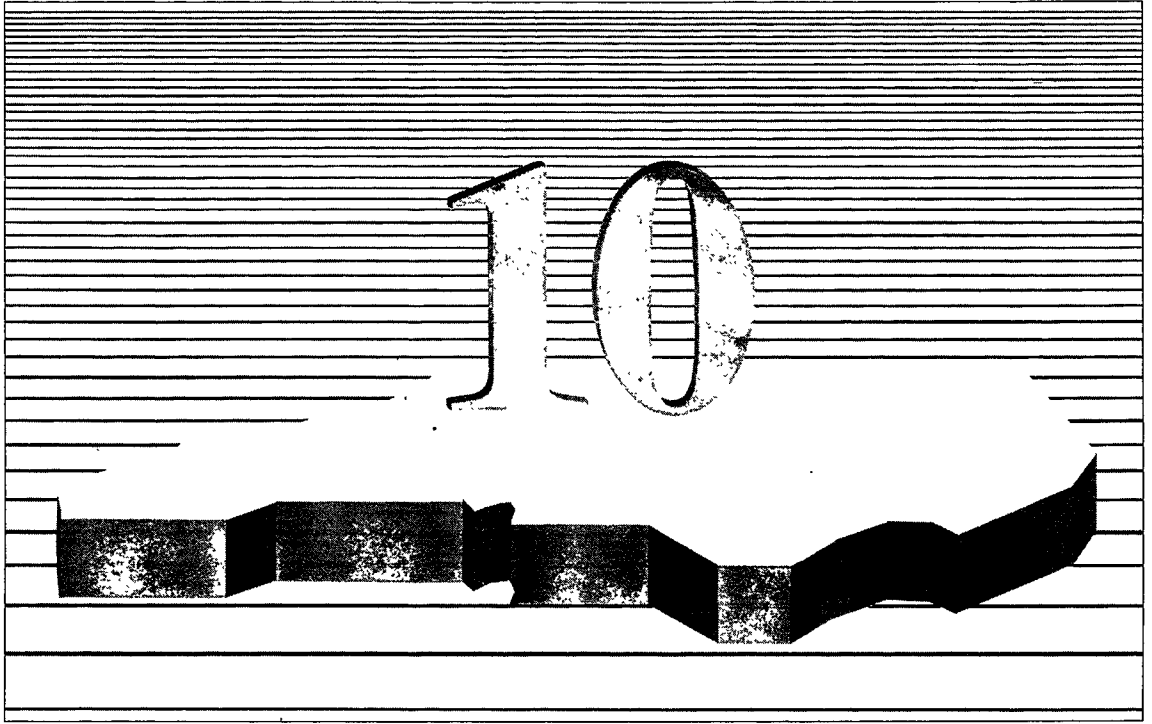
5. Names and addresses of organization's President and its governing board

6. Purposes and/or goals of the Group/Or _____

14. For what purposes does the organization plan to use any funds that might be granted:

15. Additional comments, if desired:

IF ADDITIONAL INFORMATION IS NEEDED REGARDING THE ABOVE, WE WILL CONTACT YOU.



Think Tank ... Watchdog

A Report on the First Ten Years



N.C. Center for Public Policy Research

by Bill Finger and Ran Coble



A Report on the First Ten Years

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In 1973 and 1974, two former University of North Carolina classmates who became attorneys, Bob Spearman and Gerry Hancock, signed on as volunteer lobbyists for Common Cause, a new national group concerned about accountability in government. "We learned some useful things from that lobbying," recalls Hancock, who has since been a state senator for four years and head of various state boards. "In order to be successful, an issue should be based on a case that has been made for it. In this state, there were many good people in advocacy organizations, pushing one point of view or another. What did not exist was an organization that would identify problem areas and then propose solutions to them."

Hancock and Spearman set out to fill the void. In August 1975, Hancock drafted a proposal for a North Carolina Center for Public Policy Research. Tom Lambeth, then-administrative assistant to N.C. Congressman Richardson Preyer, and Joel Fleishman, then the director of the Institute of Policy Sciences and Public Affairs at Duke University, joined the other two in the first meetings. During the fall, the group incorporated, set up a board, and got two grants from the Mary Reynolds Babcock Foundation, totaling \$5,400.

Just as this group was beginning conversations, the Babcock Foundation was completing an 18-month assessment of future directions. "We had looked over 50 potential new areas of interest and boiled them down to two," says Bill Bondurant, the foundation's executive director since 1974. "One was government accountability at the state level, restricted to North Carolina."

Bondurant had left the foundation for two years and served as Secretary of the N.C. Department of Administration in 1973-74. When he returned to the Babcock Foundation, the 18-month assessment of program priorities began. "At that point, I had just seen, number one, basically how good N.C. government is, but number two, how wise it is to have a fair, outside body looking in on state agencies and reporting to the public." The Babcock Foundation, as part of its discussion of priorities, invited the director of the New Jersey Center for Analysis of Public Issues to speak to its directors about government accountability. About that time, Hancock's proposal arrived in the mail.

*Bill Finger has been editor of North Carolina Insight since November 1979.
Ran Coble has been executive director of the N.C. Center since June 1981.*



William G.
(Gerry) Hancock
founder



Robert W. Spearman
founder



Thomas W. Lambeth

founder



Joel L. Fleishman

founder

After 18 more months of planning and fundraising, in the spring of 1977, the N.C. Center finally hung out its shingle — white letters on black wood — at an old apartment house on West Morgan Street, six blocks from the state capitol. It's been ten years since the doors opened, since this "outside body" began "looking in on state agencies" and reporting what it saw.

"In the beginning, we were a struggling public interest group," says Spearman. "Many times, such groups will make a splash and be effective for a year or two or three and then fade away, completely or in effectiveness. Instead, we have become increasingly competent, influential, and established. As we had hoped, the Center has become an influential part of the North Carolina political, governmental, and journalistic scene."

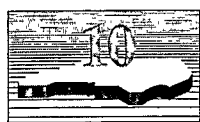
As any student of North Carolina politics knows, the four early organizers of the Center have carved out their own niches of influence, through accomplishments and organizations too numerous to list here. What is important to note, however, is the common ground that brought them together — a commitment to good government.

"Good honest responsive government can never exist without constant press scrutiny," says Joel Fleishman, vice president of Duke University. "Yet the daily press, even at its best, is usually more attentive to short-term crises and wrongdoing than to longer-run problems and achievement, as well as broader scale organizational and policy issues. That was the near-void we wanted to fill with the N.C. Center."

An idea has now accumulated a 10-year track record, with its share of ups and downs. "There was quite a bit of turmoil in the early years," says Thad Beyle, a political science professor at UNC and chairman of the Board of Directors since 1980. "It was unclear as to what our goal was and how we were going to get there." But the long discussions hammered out a vision.

"The organization has been true to its founding principles," says Hancock, the first Board chairman. "Its work should be thorough, professional, and non-partisan and should be designed to be useful to those in government looking for solutions to intractable problems."

The Center Finds Its Niche



The most sustained debate in the early going was whether the Center should put out a magazine. The fear was that a magazine would become the primary focus and eventually the over-riding purpose of the organization. Other state policy centers in New Jersey, Illinois, New York, and California had already gone that direction.¹ Several board members argued strongly, however, for a publication that brought the Center's work to the public more frequently than book-length, in-depth research reports — and the magazine idea prevailed.

John Eslinger, then editorial page editor at the *Durham Morning Herald*, signed on as the Center's first executive director. "It took us a long time to get our feet on the ground," says Eslinger, now editorial page editor at the *The Fayetteville Observer*. "We were well into the year before we decided to start the magazine. Over the long haul, it was a good idea. It has made the Center much more widely known than it otherwise might have been. Many newspapers, including our own, rely on that magazine as grist for editorials. It's been a great success."

In the first year, the Center staff was organized like a newspaper, says Eslinger, focusing its resources on a small number of stories. "I was the managing editor," says Eslinger. "Howard Covington was our reporter, Mercer Doty our researcher. And we had a lawyer [Tom Earnhardt]." Their work was to be published in research reports and what was initially called a newsletter, *N.C. Insight*. The first research report came out in November 1977, a 56-page review of how the state buys and sells land. Vol. 1, No. 1 of *N.C. Insight* appeared in early 1978, a 15-page issue with two feature articles. (In 1983, the name changed to *North Carolina Insight*.)

"The Board had a notion that the Center was to have a strong orientation toward investigative journalism," says Mercer Doty, who joined Eslinger on the staff in 1977 and succeeded him as executive director in 1978. "That was reflected in the choice of initial staff — Howard and John. The main thing in the early years was to put that notion to the test and see how far it could be carried and still maintain a viable organization that could depend on public fundraising. We were establishing the limits of the Center. From that has evolved a very respected and very responsible organization, a more moderate position with respect to investigative journalism, and some would say a more responsible and more viable form of public policy research."

Eslinger adds, "I agree with the direction the Center has taken. It's better now than it ever has been."

Since those early days, the N.C. Center has changed in some respects and held true to the earliest thinking of its founders in others. It has developed into a combination think tank and watchdog organization. On the think tank side, the Center pursues various educational goals — to educate the public, to frame discussions of public issues, to put forward a body of information not otherwise easily accessible. On the watchdog side, the Center evaluates state government programs and makes specific recommendations on how policies should be

—continued on page 34

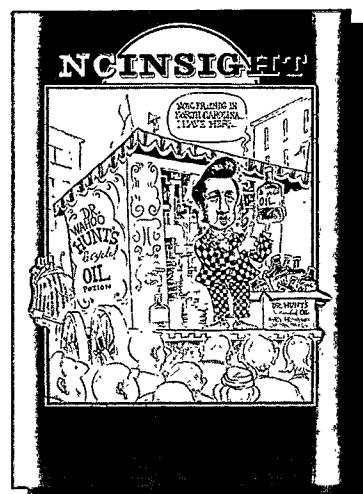
THIS LAND IS YOUR LAND

Here's How The State Buys and Sells It



A Report By The N.C. Center
For Public Policy Research

The Center's first research report, a 56-page review of how the state buys and sells land, November 1977



Volume 1, Number 1 of
N.C. Insight, Winter 1978

Governmental Actions Influenced by Center Research, 1977-87

Actions by the Legislative Branch

Center Research

1. The 1984-87 sessions of the General Assembly abolished 78 executive branch boards that the Center had identified as inactive, ineffective, or duplicative. The legislature also placed a sunset provision on all new boards created by executive branch officials and urged all officials with appointive powers to appoint more blacks, women, and Indians to state boards.
2. The 1987 General Assembly enacted legislation requiring the Dept. of Human Resources to establish an Aging Policy Plan for North Carolina.
3. The 1987 General Assembly enacted legislation lowering credit insurance rates by 12.5 percent, saving N.C. consumers some \$28 million a year. It also prohibited lenders from requiring credit insurance.
4. The 1985 General Assembly enacted the Handicapped Persons Protection Act.
5. The 1987 N.C. Senate passed legislation which would ban special provisions (which amend state laws unrelated to the budget) in budget bills; the House could consider the bill in 1988.
6. The 1985 General Assembly passed legislation setting up a new State Register to make state agencies' rules and regulations more accessible to the public.
7. The 1983 General Assembly enacted legislation to establish a state housing policy and a N.C. Housing Commission, and also passed legislation to loosen restrictions on zoning for mobile homes.
8. The 1983 General Assembly enacted legislation requiring the Dept. of Natural Resources and Community

Boards, Commissions and Councils in the Executive Branch of North Carolina State Government

Insight theme issue on state policies affecting the aging and presentation to legislative committee

Insight article on credit insurance

Insight theme issue on state policies affecting the handicapped

Special Provisions in Budget Bills: A Pandora's Box for North Carolina Citizens

1978 *Insight* article and 1985 report on *Assessing the Administrative Procedure Act*

Insight theme issue on housing

Insight article on "State Forest Development Act"
(continued)

Actions by the Legislative Branch, continued

Center Research

8. *(continued)*

Development to study the allocation of cost-sharing funds under the State Forest Development Act. The legislature did not change the "current use" assessment property tax law to include corporate holdings of forest land. The Center recommended both actions.

9. The 1983 General Assembly required that the Department of Administration sell the state oil re-refining facility. The Center had pointed out problems with the facility since 1978.

Insight article on "Oil: A Slippery Business"

10. Legislative study commissions on auto insurance, prisons, housing, aging, and the Coastal Area Management Act distributed copies of *Insight* magazine to legislators as resources for their studies.

Insight theme issues and articles on these topics

Actions by the Executive Branch

Center Research

11. Gov. James G. Martin and Secretary of Commerce Claude Pope revised the 1987 annual N.C. Commerce report to note the problems inherent in using announcements of new jobs created in North Carolina.

Insight article on "phantom job" announcements

12. The State Board of Education passed rules to require teachers to teach only in their field(s) of certification, effective 7/1/85.

Teacher Certification: Out-of-Field Teaching in Grades 7-12 in N.C.

13. The State Board of Education adopted a standardized minimum curriculum to be implemented statewide in N.C.'s public schools, regardless of local funding levels.

Insight articles on "Disparity in Public Schools Financing"

14. Gov. James B. Hunt Jr. mandated all departments under his control to complete plans for identifying and removing barriers to handicapped persons, as recommended by the Center.

Insight article on "Section 504: The State's Compliance Record"

15. The N.C. Housing Finance Agency began in 1984 to target more assistance to low-income people and to areas of the state with higher rates of substandard housing.

Insight article on "The N.C. Housing Finance Agency"



“The Center’s capacity for collaborative improvements separates it from those who are only thinkers or watchers.”

— William L. Bondurant

*Executive Director,
Mary Reynolds Babcock
Foundation*

changed, adjusted, and developed. The Center has never been an advocacy organization, although its research sometimes leads to recommendations which affect policy decisions.

“It’s unfortunate that a person often thinks without watching or watches without thinking,” says Bondurant of the Babcock Foundation. “The Center has done both well, and it has avoided the cynicism or judgmentalism that’s frequently associated with isolated think tanks or watchdogs. It has a healthy and positive relationship with the governmental agencies that it’s thinking about and watching, supportive rather than just finger pointing. It’s fair to say that many of the Center’s suggestions in fact have been implemented by the agencies that have been watched. The Center’s capacity for collaborative improvements separates it from those who are only thinkers or watchers.”

Through this 10-year evolution, two N.C. foundations have provided the major funding for the Center, the Mary Reynolds Babcock Foundation and the Z. Smith Reynolds Foundation. The Babcock Foundation provided the early planning money and from 1977 through 1987, a total of \$1.22 million in operating grants. The Z. Smith

Foundations Which Have Made Grants to the N.C. Center

General Operating Support, N.C. Center

1. Mary Reynolds Babcock Foundation
2. Z. Smith Reynolds Foundation

Grants in Support of Particular Center Projects

3. James E. and Mary Z. Bryan Foundation
4. Carnegie Corporation
5. Josephus Daniels Charitable Foundation
6. A.J. Fletcher Foundation
7. The Ford Foundation
8. Hillsdale Fund, Inc.
9. Henry J. Kaiser Family Foundation
10. Lowe’s Charitable and Educational Foundation
11. National Science Foundation
12. N.C. Council on International Education
13. N.C. Humanities Committee
14. New York Times Company Foundation
15. John William Pope Foundation
16. George Smedes Poyner Foundation
17. Kate B. Reynolds Health Care Trust
18. Rockefeller Brothers Fund
19. Levi Strauss Foundation
20. Weaver Foundation

Reynolds Foundation, which gave its first grant in 1979, has contributed \$900,000 to date. The Center also got early grants from several national foundations, including the Carnegie Corporation, The Ford Foundation, and the Rockefeller Brothers Fund. More recently, foundation grants from the Kate B. Reynolds Health Care Trust, the Henry J. Kaiser Family Foundation, and others have gone to specific research projects.

Until 1982, the Center depended almost completely on foundation grants, with a small portion of its operating budget from memberships and sales of publications. Then it began seeking small corporate contributions, which gradually expanded by 1987 to 102 contributors. By 1986, corporate giving had almost moved into second place on the revenue side, behind the Babcock and Reynolds grants, and nearly as large as other foundation grants for specific projects (for more, see page 36).

"The support of the two large N.C. foundations — Babcock and Z. Smith Reynolds — has been a key to the Center's capacity to remain focused on the most important long-term policy issues facing the state," says Board Chairman Beyle. "Otherwise the tendency might have been to pursue whatever studies we could get funded or whatever was on the front page of the newspapers on the day the Board met."

The funding sources have apparently appreciated the dual personality that's evolved at the Center — the think tank and the watchdog. Whether thinking or dogging, Center researchers and writers wear two hats, each with an "E" embroidered on the front, for education and evaluation. From poring over Medicare/Medicaid records for book-length reports on for-profit hospitals in North Carolina to hammering out an article on the legislature for *Insight*, Center staffers tend to concentrate more on how to craft a sentence or design a chart than on abstract goals. But in the process, the products accomplish four institutional purposes.

On the think-tank, educational side, the Center does two kinds of things. First, it frames difficult issues for public debate and provides research and information on how state government works. Such research and reporting often appear in *North Carolina Insight*. In 1985, for example, as the legislature was preparing to debate the tax-cut proposal of Gov. James Martin, *Insight* released an in-depth review of research on the pros and cons of repealing the intangibles and inventory taxes — how each tax affects economic development and tax policy, retirees, and other matters.

The other major educational function is to conduct in-depth research on important statewide issues, which may not involve state agencies directly. In 1986, for example, the Center released the first of several publications on the for-profit hospital movement. Part of a broad, national trend, the great increase in for-profit hospitals in North Carolina affects many state and local agencies indirectly, through everything from Medicaid payments to county budgets. But the report itself was not targeted towards any specific state agency.

And then there's the dogging side — the evaluations. "I think of the Center more often as having a watchdog role," says Tom Lambeth, now executive director of the Z. Smith Reynolds Foundation. "If I got out my legal pad and made a list of all the products, it might not work out that way, but that's the way I think of it."



"If the Center were not there, the first thing on our agenda as a foundation would be to go out and set one up."

— Thomas W. Lambeth

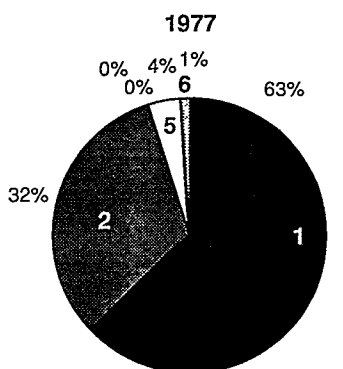
*Executive Director,
Z. Smith Reynolds
Foundation*

As with the thinking side, the Center does two kinds of dogging. First, it has a broad mission to evaluate state programs and policies. It also monitors the N.C. legislature in order to enhance government accountability to the public. The evaluations include sweeping, broad-based studies, such as the 618-page, first-ever examination of all the boards, commissions, and councils in the executive branch, complete with data on costs, race and sex of members, number of meetings, and other matters. Shorter evaluations also appear in *Insight*, such as the 1984 article on disparities in per-pupil spending among the then-142 (now 140) school districts in the state.

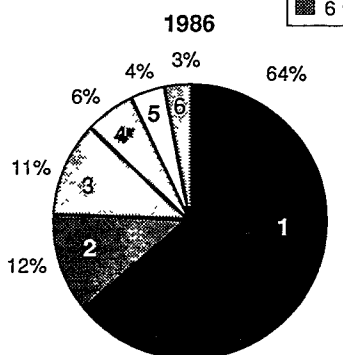
Regarding the legislature, the Center regularly publishes *Insight* articles and research reports on various aspects of the legislative process. In 1985, *Insight* began a separate column called "In the Legislature." In addition, the Center has produced six biennial editions of its guide to the legislature, *Article II*, named after the article in the N.C. Constitution which sets out the duties and responsibilities of the legislative branch.

Under these two rubrics — think tank/education and watchdog/evaluation — the Center has four goals: 1) to educate the public about state government; 2) to examine public policy issues of statewide importance (which may not involve state agencies); 3) to evaluate state government programs and policies; and 4) to monitor the N.C. legislature and enhance its accountability to the public.

These four goals are the glue that hold the Center's various products together — the quarterly *Insight* issues, periodic research reports, the *Article II* series, special guides, an annual seminar on an important public policy issue, speeches given by staff members, work with the press, and other efforts. Underlying all four goals, and all the products of the Center, are long-term commitments to raising the level of public debate and affecting how policy is made and implemented.



Total: \$189,840



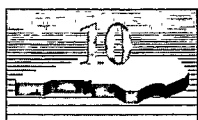
Total: \$393,181

Source of N.C. Center Funds, 1977 and 1986

Source	1977	1986
1. Foundations: General Operating Support		
Mary Reynolds Babcock Foundation	\$120,000	\$125,000
Z. Smith Reynolds Foundation	0	\$125,000
2. Other Foundations: Support of Special Projects	60,000	48,250
3. Corporate Contributions	0	41,776
4. Sales of Publications	45	24,983
5. Memberships	7,395	14,949
6. Other (Individual donors/contributions; investment income, sales tax refund; advertising income; and other miscellaneous)	2,400	13,223
TOTAL INCOME	\$189,840	\$393,181

Think Tank:

To Educate the Public about State Government



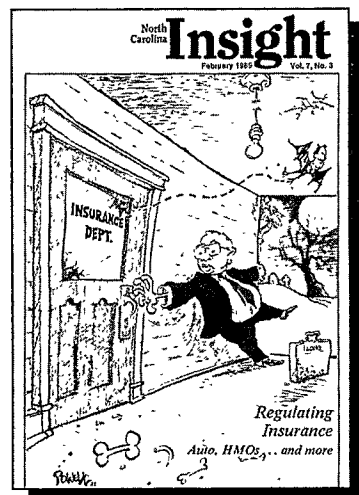
The commitment of the Center to keeping government open to the public undergirds all other educational efforts. If citizens can't find out what government officials are doing, how can they participate in the governmental process? Specific reports and articles have highlighted this theme, beginning as early as 1978, with a special report covering open meetings and public records, "The Right to Be Able to Know: Public Access to Public Information." A report on open courts followed in 1979, "The Gannett Conundrum: Keeping the Courts of North Carolina Open to the Public." From 1981-84, the Center undertook a major "open-government" project, in monitoring all roll-call votes in the legislature (for more on this project, see below, page 53). Then in 1987, the Center published a lengthy article in *Insight* on the North Carolina public records law, covering areas of controversy that remain even after several landmark court cases clarified the state law.

"This theme of open government was one that the Center perceived early on not only as central to its functioning but also to the functioning of state government," says Fred Harwell, director of the Center from 1979 to 1981. "It was inevitable that the Center would focus on this theme and continue to return to it. Without access to government information and insights into the workings of government, it would be impossible for the Center to do its job and for the citizens to have any impact on government policies."

The Center communicates with the general public most frequently through its quarterly magazine, *North Carolina Insight*. "It's an in-depth view," says Commissioner of Insurance Jim Long. "That's the value of the *Insight* publication. It's a very thorough, analytical study that no one else has the time or expertise to do."

Insight also provides a built-in education for state government officials. "Before you were formed, there was no similar publication that went into any depth on state issues, on local government issues, on aging, on health care," says Phil Kirk, currently chief of staff for Governor Martin and past secretary of human resources. "Because of the nature of articles and deadlines in newspapers and [short] time frames on television and radio, we generally don't get much in-depth, independent information. I have found the *Insight* publications have provided me with helpful information as a congressional aide and as an administrator who returned to state government."

Thorough. Analytical. In-depth. How have 10 years of *Insight* established such standards? Since 1980, *Insight* has generally devoted two issues per year to a specific subject. These "theme" issues analyze which government officials *really* make policy, summarize the state agencies involved in the subject area, and include a question-and-answer interview with the state's leading policymaker in that area.



North Carolina Insight explored the regulation of insurance in its February 1985 issue.

"It's an in-depth view. That's the value of the Insight publication. It's a very thorough, analytical study that no one else has the time or expertise to do."

—James E. Long

Commissioner of Insurance



In short reports, such as this one on cable television, the Center educates the public about important public policy issues.

Theme issues also contain three or four articles on policy issues themselves.

"I just sent out a copy of the [*Insight*] auto insurance study to a reporter in Los Angeles this week, who wanted to know how to view [auto insurance] rates based on sex discrimination," says Commissioner Long.

The "general" issues of *Insight*, alternating with the theme issues, attempt to educate the public about state government through various kinds of articles. Pro-and-con essays are often used, usually with an introductory article by one of the editors, to provide citizens with full background on subjects of importance. For example, when the legislature was considering expanding legislative terms from two to four years, *Insight* asked state Sen. Henson Barnes (pro) and then-Rep. Parks Helms (con) to explain their views. *Insight* has included similar

The Library Built by the Center

If you've saved everything the Center's ever published, you would have more than two bookcase shelves filled by magazines, research reports, special guides, and other documents and products. The Center library of printed and video resources breaks down like this:

35 Issues of North Carolina Insight. The magazine has grown from the 15-page first issue to the 108-page theme issue on prisons released this spring. Theme issues have covered the state's progressive image (1980), tobacco (1981), federal budget cuts (1982), housing (1982), the arts (1983), the handicapped (1983), local government (1984), insurance (1985), the aging (1985), economic development (1986), and prisons (1987). Regular columns now cover the judiciary, legislature, executive branch, and the media's coverage of state government.

16 Research Reports. These vary extensively from the typewritten report on open courts (1979), produced in a matter of weeks, to the 618-page analysis of all boards, commissions, and councils in the executive branch (1985), which dominated the Center's research agenda for three years. (For full list, see pages 48-49).

6 Guides to the Legislature. With its rankings of legislators and lobbyists, these issues of *Article II* have generated more total press attention than any other Center publication.

4 Reports on Center Forums. These reports cover forums held on important policy issues in North Carolina: foreign language instruction (1980), Native Americans

pro-con packages on regional councils of government, merit selection of judges, repeal of the inventory and intangibles taxes, using "comparable worth" as a basis for employee compensation, and other topics.

The six-article comparable worth package illustrates another way *Insight* helps educate the public about government. Groups favoring and opposing comparable worth bought bulk orders of the issue to distribute to their members — the League of Women Voters and the Women's Political Caucus (pro) and the N.C. Citizens for Business and Industry (con). This package came out in 1984, after the 1983 legislature had authorized a study of the comparable worth concept for N.C. state government employees and before the 1985 legislature revoked that study.

The theme issues allow *Insight* to provide the public with a definitive resource on a subject. "*Insight* is the kind of magazine I read

(1981), federal budget cuts (1982), and the assumptions and priorities in the state budget (1983). Forums have also been held on campaign finance (1985) and aging issues (1986).

3 Volumes of *How the Legislators Voted*. From 1981 to 1984, the Center reported all roll call votes on all public bills in the N.C. General Assembly.

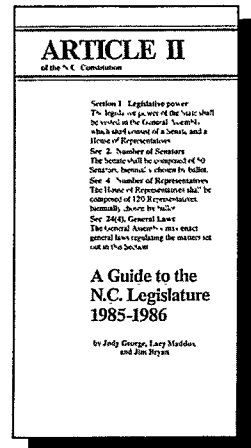
2 Anthologies. *The Tobacco Industry in Transition* (1981) and *North Carolina Focus* (1981), a compilation of articles primarily from past *Insight* issues. A new edition of *Focus* is now under way.

2 Special Guides. The Z. Smith Reynolds Foundation asked the Center to produce as a public service a guide to environmental organizations in North Carolina (1984) and to grantseeking from N.C. foundations and corporations (1985).

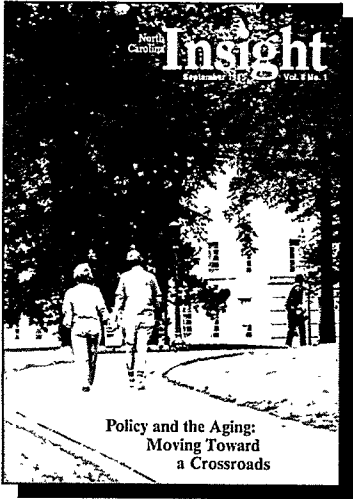
1 Guide to the Judiciary. *Article IV* (like *Article II* on the legislature), was a guide and rating of judges by their legal peers (1980).

Speeches and Formal Presentations to Legislative Committees and Other Groups. While not published, these are available in typewritten form.

Video Products. Videotapes are available from the Center on the forums held on the state budget and on campaign finance. Transcripts of the aging forums are also available. Other tapes on public affairs issues are available — with the permission of the applicable television stations — on tobacco policy, federal budget cuts, and the two-party system, a joint project with WUNC-TV.



Article II: A Guide to the North Carolina Legislature —six editions of this guide have established the Center as a leading source of information about the legislators.



North Carolina Insight examined the issues facing the elderly in this special edition. The policy issues identified by the Center became the basis for a series of forums across the state, funded by The Ford Foundation.

at work, at my desk," says one regular reader. "I keep my copies handy and use them over and over again." Theme issues on prisons, housing, the arts, persons with disabilities, and local government issues provide a lasting resource for policymakers, the press, advocacy groups, teachers, and the general public. The N.C. League of Municipalities bought and distributed copies of the local government issue to municipalities throughout the state.

Several months after the insurance issue appeared, researchers from the General Accounting Office of Congress came to Raleigh as part of their review of auto insurance systems in six states. The GAO researchers invited 18 people to a working meeting in downtown Raleigh — representatives from all facets of the industry (agents, company officials, government regulators). Only one group outside the industry was invited — the N.C. Center.

"*Insight* is like the MacNeil-Lehrer show for print journalism in North Carolina. It takes an in-depth look at a narrow range of topics," says Commissioner Long.

Theme issues have focused on more traditionally hot topics as well, such as economic development. In a 108-page issue in 1986, *Insight* led with a long look at the state's transition economy and then compiled all the state's economic-related activities into a single set of tables, including budget data never before assembled. The tables showed, for example, that the state was spending as much on the Microelectronics Center as on *all* other economic development efforts put together.

Other articles analyzed how policymakers must allocate energy and funds among four primary economic development strategies — industrial recruitment, aiding small businesses, seeking high technology, and fostering international trade. The underpinning for all four strategies is the job training system in the state, the subject of another lengthy article.

"You present a good review of some of the basic issues facing North Carolina's economy," wrote Jack Hawke, then director of policy and planning for the Martin administration and now head of the state Republican Party, "and you raise a number of important questions concerning the role of state government in providing both leadership and support for private development initiatives." Hawke went on in a two-page letter to take issue with some *Insight* conclusions and to emphasize the direction of the Martin administration. "We need to begin," he wrote, "by recognizing that the power of state government to affect the economy — for good or for ill — is very limited."

The Center released the economic development issue in April 1986, the day before the N.C. Department of Commerce released its annual report. The timing proved critical to receiving the largest press coverage of any *Insight* issue, 91 articles in 54 papers, 4 television appearances, and 6 radio interviews. But news coverage was not the only way the economic development issue became an educational tool for the public. Later in 1986, the Center released a much-condensed version of the issue to selected newspapers as an op-ed piece. Ten papers ran the column, including two of the largest in the state, *The Charlotte Observer* and the *Greensboro News & Record*.

The theme issues of *Insight* have led to other types of educational initiatives as well. In September 1985, *Insight* focused exclusively on

policies affecting the aging. The same year, The Ford Foundation in New York had begun a major three-year study of social welfare policies around the country; aging was one of its areas of concentration. After seeing the *Insight* issue, The Ford Foundation asked the Center to sponsor four community forums on policies affecting the aging in North Carolina, and Ford footed the bill for the series. Called "Sitting Down Together—Older Adults and Elected Officials Tackle the Future," the forums were designed to educate both policymakers and the older adult community at the same time. With advocates and local and state officials serving as panel members and as resource persons in discussion groups, each side of various policy coins got examined. In the four forums, 433 people attended, and 73 participated as either speakers, panel members, or resource persons; both numbers were records for Center forums, held since 1980.

"The Center's staff are to be highly commended for the excellent job you did in planning and conducting the Forums on Aging held earlier this year," wrote John T. Tanner, deputy director of the Division of Aging, N.C. Department of Human Resources. Tanner was a resource person at all four forums on panels discussing whether benefits for older adults should be based on age or need.

The success of the 1986 forums also prompted the 1987 chairman of the N.C. House of Representatives Committee on Aging to invite the Center to make a presentation on state policies affecting the aging in North Carolina. Tanner attended the meeting. "The committee members were excited by your report on the outcomes of the forums and the recommendations you made to them about further steps to be taken in preparing to meet the needs of our growing elderly population," continued Tanner. The presentation "proved to be a catalyst for the introduction of several pieces of legislation that, if ratified, should prove useful to meeting those needs."

One of the pieces of legislation mentioned by Tanner was a bill introduced by Rep. Betty Wiser (D-Wake), who is a member of the Center's Board of Directors and was closely involved in planning the forums. Entitled "An Act to Establish An Aging Policy Plan for North Carolina," the bill became law in June 1987. It requires the N.C. Department of Human Resources to submit a long-term plan regarding aging issues by December 31, 1987.²

"The leadership on the aging issue from the N.C. Center helped us in the legislature to move ahead with some long-range planning that no one else in the state had done," says Representative Wiser.

Since the first Center forum on foreign languages and area studies (1980), the research done in preparing for the forums, the presentations at the meetings, and discussions during the events have reached many more people than just those who could attend. Proceedings of several of the forums have been published and several have been videotaped (see box on page 39 for details). The 1982 forums featured the release of a major Center report on how the first wave of the Reagan era budget cuts affected state government programs, agency by agency.

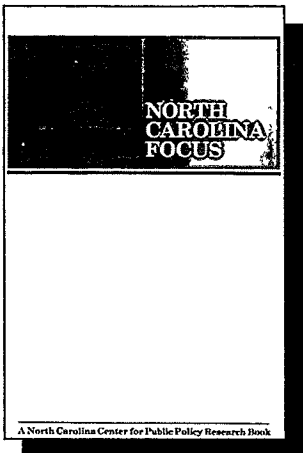
The 1985 Center forum on campaign finance served as the basis for the Center's first major effort involving television. In August 1986, Center Executive Director Ran Coble presented the findings of the campaign finance project before the N.C. State Board of Elections. OPEN/net, state government's public affairs television network, taped



"The leadership on the aging issue from the N.C. Center helped us in the legislature to move ahead with some long-range planning that no one else in the state had done."

—Rep. Betty H. Wiser

64th District, N.C. House of Representatives, (D-Wake)



North Carolina Focus, an anthology of articles about state government, was used as a supplementary textbook by social studies classes in high school and in college courses on state government.

the meeting, and on August 29, 1986, aired selected portions in a two-hour special on campaign finance. The show included a live 30-minute section when the public called in with questions or comments.

Other major educational efforts by the Center over the years include the publication of *North Carolina Focus* and of information on the judicial branch of government. In 1981, the Center published *North Carolina Focus*, an anthology of articles about state government, most of which had appeared earlier in *Insight*. The N.C. Department of Public Instruction distributed copies to all ninth grade social studies teachers in the state for use as a supplementary textbook.

Traditionally, the judicial branch of government is the least understood and discussed of the three branches. The Center has addressed this gap in the public's understanding in two ways. First, in 1980, the Center produced *Article IV*, a guide to the N.C. judiciary, with background information on judges (for more on how *Article IV* was used to evaluate judges, see page 47). Second, *Insight* has regularly covered the judicial branch in feature articles and, beginning in 1985, with a regular column called "On the Courts." Articles have examined pivotal rulings by the N.C. Supreme Court, analyzed trends in judicial policymaking, and profiled the N.C. Supreme Court justices.

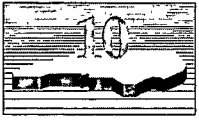
Finally, in its educational role, the Center staff has over the years made a number of public presentations and speeches to groups ranging from local Chambers of Commerce to the N.C. Association of County Commissioners. From 1981-85, the number of such public appearances or speeches averaged 29 a year, or about one every two weeks. In addition, staffers regularly function as resources for reporters, with quotes often appearing in the press and just as often helping to shape stories in a behind-the-scenes fashion. Center members and the general public also call the Center routinely with general questions about state government.



North Carolina Center for Public Policy Research Staff (left to right): Katherine Bray Merrell, Ran Coble, Bill Finger, Marianne Kersey, Nancy Rose, Lori Ann Harris, Sharon Moore, and Jack Betts

Think Tank:

To Examine Public Policy Issues of Statewide Importance



In some instances, the Center examines topics of pressing importance to the state that may not involve state agencies directly. Such work has appeared as book-length reports, special guides, and as *Insight* articles.

The Center has examined closely three subjects of importance to the state in book-length reports — the tobacco industry, federal budget cuts, and the for-profit hospital movement. In 1981, the Center published its research on tobacco as a hard-back anthology, *The Tobacco Industry in Transition: Policies for the Eighties*, through the national publishing house, Lexington Books. In 1982, *Federal Budget Cuts in North Carolina* appeared as a spiral-bound report. Then in 1986, the first of the hospital reports was released, *The Investor-Owned Hospital Movement in North Carolina*. In all three cases, the books broke new research ground in areas that were tricky to tackle.

"Your [tobacco] book was extremely helpful in raising those issues that not many people were willing to talk about at that stage because they were so controversial," says Carlton Blalock, director of the Agricultural Extension Service at N.C. State University for many years and now executive vice-president of the Tobacco Growers Association of North Carolina. "The consequences appeared to be ominous. A lot of people tended to shy away from raising those kinds of issues. You looked at trends and data and presented it in an objective way. You had the evidence. Looking back now six years later and reflecting on what you were saying, your critics would have to say the issues you were raising were valid ones that should have been looked at."

Gerry Hancock, the Center's first board chairman and a former state senator, adds, "The tobacco study played a major role in putting that sensitive subject on the agenda for discussion and debate in North Carolina. That was always a major purpose of the Center, to identify issues and try to get people talking about them."

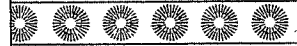
If problems with tobacco needed to be identified in 1981, so did the impact of federal budget cuts. Since the morning after the November 1980 election, any government official worth his salt knew federal funds would be cut. But how would the funds be cut, what was the impact on various federal programs administered by state and local agencies, and how would the state react to the cuts? The Center documented the cuts agency by agency. In this instance, the statewide issue did involve state agencies but in a secondary sense — in how the agencies responded to federal actions.

Like tobacco, the investor-owned hospital issue does not involve

The Tobacco Industry in Transition

William R. Finger

A North Carolina Center for
Public Policy Research Book



LexingtonBooks

*The Tobacco Industry in
Transition: Policies for the
Eighties*

THE
INVESTOR-OWNED
HOSPITAL
MOVEMENT
IN
NORTH CAROLINA

*The Investor-Owned
Hospital Movement in
North Carolina*

state agencies directly. Most tobacco policy is made in Washington, and most health care policy that directly affects hospital trends is set at the federal level (such as Medicare reimbursement methods) or at the local level (such as county commissioners' decisions on funding levels for public hospitals). By 1986, one-fourth of the 162 non-federal hospitals in North Carolina were either owned or managed by national, for-profit hospital chains. As more and more local hospitals were sold to, leased by, or managed under contract by these companies, the issue became a pressing one for the state.

In 1986, after two years of compiling the ownership status of all hospitals, reviewing Medicare/Medicaid cost reports, and interviewing county officials, company executives, and community leaders, the Center released the first report. "We have watched with interest the development of that report and think you and your staff have done an excellent job in presenting your findings," wrote C. Edward McCauley, president of the North Carolina Hospital Association. Forty-three papers carried 67 news articles and three editorials on the report, and various national journals announced the publication, including *Modern Healthcare* magazine and the Council of State Governments in their "State Government Research Checklist."

National leaders in the field took notice of the work, inviting the Center to make a presentation at a prominent conference of national experts organized by Bradford Gray, senior professional associate at the Institute of Medicine, National Academy of Sciences. "The [Center's] report is the most thorough examination of the emergence of investor-owned hospital companies that's been conducted on any single state," says Gray. "I've seen nothing else that did that."

The value of the work has had its impact inside the state as well. "There wasn't anything on this subject in North Carolina, only nationwide studies," says Jim Johnson, senior fiscal analyst at the N.C. General Assembly. "Legislative study commissions have had to deal with issues related to public and private hospitals, but there was just no data at all — a lot of speculation but few facts. It gives the legislature a good perspective on what happens when a hospital is bought or taken over — and ways that county commissioners might approach any kind of sale and what some of the results have been after a sale occurs. It's one of a kind."

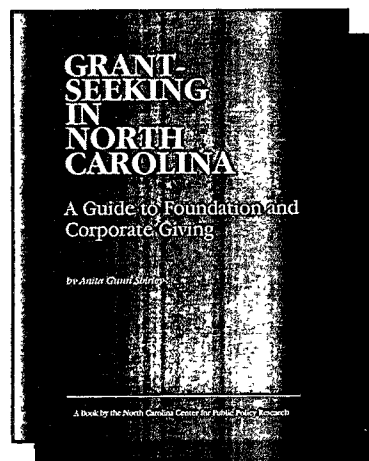
Besides these three reports, the Center has produced two, book-length, special guides in its ten years, *The Guide to Environmental Organizations in North Carolina* (1984) and *Grantseeking in North Carolina: A Guide to Foundation and Corporate Giving* (1985). In both cases, the Z. Smith Reynolds Foundation asked the Center to undertake these projects to provide better access to information. Many groups applying to the Reynolds Foundation needed such information but could not get it except through word of mouth. Hence, the Center sought to compile all available information and generate new data through surveys and interviews to provide a comprehensive reference book for each of these topics.

In large part, the Center undertook these guides as a service to nonprofit groups in the state. The grantseeking guide came at a time when nonprofit groups were increasingly looking to foundations for funds. The dramatic federal budget cuts, coming with the new Reagan administration in 1981, had substantially reduced the pot of federal

government monies that had been sustaining many nonprofit groups. Thus, alternative funding sources became more important for the survival of many nonprofit organizations. The guide to environmental groups was designed to determine whether these groups were adequately covering the full spectrum of environmental issues and to identify gaps that might exist.

The grantseeking guide ranks as the Center's best-selling single publication. At 637 pages and \$35.00, it is also the Center's longest and most expensive volume. "It is the most usable book of its kind that I have run across in almost 25 years of fundraising in several areas of the United States," wrote Peggy Brown, then director of development for the N.C. Nature Conservancy. "From information and format to type style and layout, you have given N.C. fundraisers and fundgivers an extraordinarily helpful tool."

North Carolina Insight, from time to time, also contains major articles on subjects that do not involve state agencies directly but are important to the state. In 1984, for example, a three-article section documented the rising influence of political polling operations in the state. The research included seven guidelines on how to tell whether a poll had been done responsibly and thoroughly. It was designed for reporters doing stories on polls and for the public. In 1986, the lead article in the economic development theme issue was a five-part, 18-page historical essay, "Making the Transition to a Mixed Economy." The data, analysis, and conclusions of this overview of the N.C. economy provided the backdrop to the articles that followed, many of which addressed state agency actions directly. Finally, in 1986, *Insight* added a regular column, "On the Press," which covers such issues as the changes in radio coverage of state government and the changing composition of the capital press corps.



Grantseeking in North Carolina became the Center's most popular book-length publication. This 637-page book, published in 1985, was praised by a staff member at the Council on Foundations as being "...about the most complete statewide guide I have seen."



Executive Directors

John E. Eslinger
March 1977 – January 1978

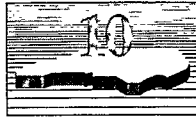
Mercer M. Doty
February 1978 – December 1978

Fred Harwell
January 1979 – April 1981

Ran Coble
June 1981 – present

Watchdog:

To Evaluate State Programs and Policies



“By documenting in exhaustive detail the scope of boards, commissions, and councils in the executive branch of state government, the N.C. Center for Public Policy Research has dropped another issue into the lap of the General Assembly.”

— *The News and Observer*
of Raleigh
Editorial, Feb. 10, 1985

“**T**he Center has performed a function that needed performing — a watchdog function,” says longtime legislative lobbyist Zeb Alley, a former state senator, “keeping track of the people over there [in state government] and assessing the things they do. It’s one of the best things that ever happened to state government.”

At the Center, much of the watchdog work is the nitty-gritty evaluation of state government agencies, programs, and budgets. This means poring over computer printouts, cramming file cabinets with documents, and talking with hundreds of officials — on and off the record. Such evaluations range from book-length reports that take as long as three years to complete to *Insight* articles that appear quarterly. Underlying all these efforts is the goal of influencing how policy is made and implemented.

“By documenting in exhaustive detail the scope of boards, commissions, and councils in the executive branch of state government, the N.C. Center for Public Policy Research has dropped another issue into the lap of the General Assembly,” concluded *The News and Observer* of Raleigh in a February 10, 1985 editorial. “The N.C. Center not only found that there are too many of these bodies but also raised issues of haphazard organization, duplication, and separation of powers — a messy structure that the legislature has responsibility to clean up.”

When the Center research staff began tracking down all such boards in 1982, no one in state government knew precisely how many existed. Gathering such basic data as the number of meetings held and the amount of money spent by each board was a huge task without much glamour. Explaining this information — growth trends, duplications, continuing separation-of-powers questions — also proved tedious. But no one had done it.

During 1983 and 1984, the Center released portions of this research in short reports and, at the invitation of legislators, appeared before various legislative study committees. Finally, in January 1985, the Center released the 600-page report, *Boards, Commissions, and Councils in the Executive Branch of North Carolina State Government*. Since that release, 59 papers have run a total of 197 articles and 37 editorials, and at least 13 radio stations have broadcast interviews mentioning this report. The report, which recommended abolishing 98 of the 320 boards included in the study, brought reactions from the Governor, Lieutenant Governor, and Speaker of the House, and then to more requests for Center presentations before legislative committees. In addition, the State Auditor Edward Renfrow wrote, “From our perspective, your report will serve as a valuable reference in conducting our audits.”

Much of the coverage focused on the duplication issue, such as *The Laurinburg Exchange* editorial, "Useless Boards," which concluded: "Now that [the N.C. Center] has pinpointed the problem, it's up to the lawmakers who got us into this mess to get us out." Since the release of the report, the legislature has abolished 78 of the 98 boards targeted by the Center.

Other papers concentrated on the potential value of citizen involvement on such boards. In an editorial called "The Citizen Layer," *The Fayetteville Times* offered this encouraging note: "By its assessment of the state of the citizen involvement layer in North Carolina public affairs, the research organization has offered useful advice for reinvigorating that layer to better allow private citizens to serve their fellow citizens."

While the boards and commissions issue stretches across all 20 departments in the executive branch, the Center more often concentrates its evaluations on specific state agencies and departments. Close behind the news coverage for the boards and commissions report was the Center's highly publicized study, *Teacher Certification: Out-of-Field Teaching in Grades 7-12 in N.C.* Fifty-six different papers ran 133 articles and 24 editorials and columns on this education book. After researching data on a statewide basis and then by local school district, the Center reported extensive out-of-field teaching throughout the state in eight subjects, topped by what most would consider the most important areas — reading (60 percent of the reading teachers were not certified in reading) and math (37 percent).

"We brought this to people's attention," says Center Board Chairman Thad Beyle. "We went right down to each school district. That's what really forced the issue. It went down to each individual teacher. I even saw my wife's line on the printout." Mrs. Beyle is a high school teacher in Chapel Hill. "Luckily, she was not teaching out-of-field," he laughs.

The Center produced two follow-up reports, a survey of national teacher certification requirements in an *Insight* article, and then a summary report including new state and national data in January 1983. Throughout this series, the Center recommended ways to alleviate the problems.

"The Center report was extremely influential in bringing that issue [out-of-field teaching] to closure and getting that implemented in 1983," says J. Arthur Taylor, director, division of certification, N.C. Department of Public Instruction. In 1983, after several earlier attempts, the State Board of Education adopted a comprehensive policy, effective July 1, 1985, which eventually led to the elimination of much out-of-field teaching.

"The state Department of Public Instruction cooperated fully with the Center in responding to requests for statistical data regarding out-of-field teaching in North Carolina," says Thelma Lennon, special assistant for Compensatory Education in the department and a N.C. Center Board member. "The publication increased the level of awareness for the entire educational community. This resulted in the establishment of State Board [of Education] policy which was implemented by the local school districts throughout North Carolina."

Another Center report, *Article IV*, evaluated the judicial branch of government. This guide provided background information on the



"This [report] resulted in the establishment of State Board [of Education] policy which was implemented by the local school districts throughout North Carolina."

—Thelma Lennon

*Special Assistant for
Compensatory Education
Department of Public
Instruction*

judicial branch and the judges. But it went a step further, asking lawyers to evaluate the actual performance of judges. This evaluation was done with an "efficiency" rating using a survey of lawyers who had practiced before the judges they rated. This served as a guide for a similar effort by the N.C. Bar Association in 1983. Unlike the Center, the Bar Association did not make the results of its research available to the public.

In some cases, the Center has used both reports and *Insight* articles as a means for ongoing evaluation of state government on specific themes. Perhaps the most prominent has been that of separation of powers. In 1980, the Center released a report, *The Advisory Budget Commission — Not as Simple as ABC*, which documented the problems when legislators are formally involved in developing the pro-

N.C. Center Reports, 1977-1987

This Land is Your Land: Here's How the State Buys and Sells It (1977)

Cable Television in North Carolina (1978)

The Right to Be Able To Know: Public Access to Public Information (1978)

*Which Way Now? Economic Development and Industrialization in North Carolina** (1979)

Making North Carolina Prosper: A Critique of Balanced Growth and Regional Planning (1979)

The Gannett Conundrum: Keeping the Courts of North Carolina Open to the Public (1979)

Article IV: A Guide to the N.C. Judiciary (1980)

*The Advisory Budget Commission — Not as Simple as ABC** (1980)

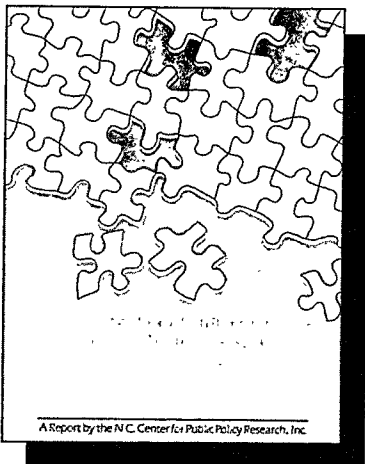
Health Education: Incomplete Commitment (1980)

Foreign Languages and Area Studies: Options for North Carolina (1980)

Public Policy and Native Americans in N.C.: Issues for the '80s (1981)

*North Carolina Focus. An anthology on state government** (1981)

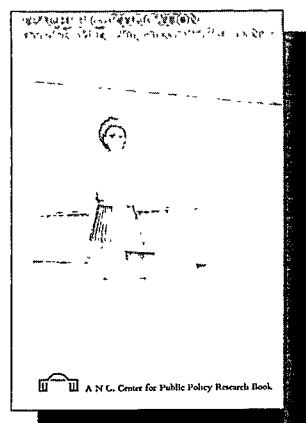
The Tobacco Industry in Transition: Policies for the 1980s (1981)



The 1983-85 North Carolina Budget: Finding the Missing Pieces in the Fiscal Jigsaw Puzzle

posed state budget, a power reserved for the executive branch in the N.C. Constitution. In the early 1980s, a series of court decisions, legislative actions, and advisory opinions by the N.C. Supreme Court addressed various issues regarding separation of powers among the three branches of state government. In a three-part article in 1982, *Insight* examined the separation-of-powers issue in a broader context, including an annotation of landmark events beginning in 1925 and concentrating on the pivotal period of February 1981 to March 1982. Also in 1982, the Center released a short report on separation-of-powers issues regarding legislators serving on executive branch boards, commissions, and councils. This research was expanded and included in the overall boards and commissions study released in 1985.

As *Insight* has grown in scope over the years, more evaluations of



Teacher Certification: Out-of-Field Teaching in Grades 7-12 in North Carolina

“The Center report was extremely influential in bringing that issue [out-of-field teaching] to closure and getting that implemented in 1983.”

— J. Arthur Taylor

*Director
Division of Certification
N.C. Department of Public
Instruction*

How the Legislators Voted (three volumes, 1981-84)

Separating the Executive and Legislative Branches (1982)

Federal Budget Cuts in North Carolina (1982)

Teacher Certification: Out-of-Field Teaching in Grades 7-12 in N.C. (1983)

The Guide to Environmental Organizations in North Carolina (1984)

The 1983-85 North Carolina Budget: Finding the Missing Pieces in the Fiscal Jigsaw Puzzle (1984)

Boards, Commissions, and Councils in the Executive Branch of N.C. State Government (1985)

Assessing the Administrative Procedure Act (1985)

Grantseeking in North Carolina: A Guide to Foundation and Corporate Giving (1985)

Special Provisions in Budget Bills: A Pandora's Box for N.C. Citizens (1986)

The Investor-Owned Hospital Movement in North Carolina (1986)

Article II: A Guide to the N.C. Legislature (six editions, 1977-87)

*Out-of-Print



"The State shall encourage and enable handicapped persons to participate fully in the social and economic life of the State and to engage in remunerative employment . . ."

N.C. General Statute 168-11

North Carolina *Insight* theme issue on policies affecting handicapped persons.

*"The *Insight* issue pointed out two things. It convinced people that the existing law was worthless because it didn't have any actions that the state could take. And the research on Section 504 helped get the majority of agencies that do have federal funding to submit their plans for removing barriers to handicapped persons."*

—Lockhart Follin-Mace

*Executive Director,
Governor's Advocacy Council
for Persons with Disabilities*

state agencies and policies have appeared within its pages, with specific recommendations for action. In the theme issue on economic development, for example, the Center evaluated how the state Department of Commerce reports new jobs *announced* for a particular year. The Center conducted its own survey of jobs announced for a particular year and also reported the results of a second study previously done for the N.C. Department of Administration, a study which had gone largely unnoticed. The studies found that only about half (47 percent in one study and 61 percent in the other) of the new jobs announced actually materialized.

In a press notice released the day before the Department of Commerce announced its report of new jobs for 1985, the Center explained to the press and public that, based on past years, about one of every two jobs the department was about to announce were "phantom jobs." The Center was careful to explain that this reporting trend had begun way back with Gov. Luther Hodges (1955-61) and had continued through the two terms of former Gov. James B. Hunt Jr. (1977-85) and into Gov. James G. Martin's administration. The release led to extensive press coverage, both before and after the Commerce press conference, including a live television appearance and 91 newspaper stories.

At his press conference, then-Secretary of Commerce Howard Haworth put the Martin administration on record as recognizing the problem with the numbers and striving to improve the reporting system. However, room for progress still remains. The administration's annual report released in May 1987 did point out problems with using "announced" jobs but still relied on the same "numbers game" begun in the 1950s.

The theme issue on policies affecting handicapped persons, in addition to educating the public on many issues, had a dual impact through its evaluation. "The *Insight* issue pointed out two things," says Lockhart Follin-Mace, executive director of the Governor's Advocacy Council for Persons with Disabilities. "It convinced people that the existing law [a policy statement on civil rights for handicapped persons] was worthless because it didn't have any actions that the state could take [when a handicapped person's rights were violated]. And the research on Section 504 [of the federal Rehabilitation Act of 1973] helped get the majority of agencies that do have federal funding to submit their plans for removing barriers to handicapped persons."

An article in *Insight* explained that the federal "504" law requires all state agencies receiving federal funding to develop a plan for eliminating discrimination against handicapped persons, through removing architectural barriers, through hiring policies, and other actions. The article also pointed out that the existing statutes had no enforcement mechanism.

After the issue came out, the Governor's Advocacy Council for Persons with Disabilities appointed a task force "to study the issue, draft some legislation, and work with the legislature and with business and industry to get it passed," explains Follin-Mace. In 1985, the General Assembly passed a new Handicapped Persons Protection Act, which did contain enforcement provisions.³

"Your findings dramatically underscored our appeal to the legislature to strengthen the laws protecting handicapped people and

contributed significantly to the ultimate success of Senate Bill 272," wrote Peyton Maynard, then with the Governor's Advocacy Council.

While the theme issues of *Insight* have allowed the most in-depth policy analysis, general issues have also evaluated a number of government programs, from oil recycling to industrial revenue bonds (IRBs) to credit insurance rates. The lead story in Vol. 1, No. 1 explained the pitfalls of the state's decision to jump into the oil recycling business. The state-owned oil-recycling center was never successful. After losing \$2.5 million since 1980, the state finally sold the recycling facility for \$65,000 in 1985.

The September 1986 cover story on revenue bonds shows how *Insight* continues to examine particular themes. For example, the Center's analysis of IRBs found that these revenue bonds — designed to help industrial growth — had been used primarily in prosperous urban counties, not in rural areas that needed new jobs. Twenty counties, mostly the poorest ones in the state, had never issued an IRB. The article concluded with three recommendations, including a call for targeting revenue bonds to areas of higher need. *Insight* had reported a similar finding about housing in 1982, showing that the bonds issued by the N.C. Housing Finance Agency (HFA) had gone primarily to the counties with the *best* housing, not the worst. Following this report, the HFA began to target more of its technical assistance to rural counties where housing bonds had not been issued previously.

Another type of *Insight* evaluation examines a low-visibility issue and in the process helps move it onto center stage, as done, for example, with credit insurance. In a 20-page, three-article section in 1985, including pro and con pieces, *Insight* laid out exactly why North Carolina ranks dead last among the 50 states in the portion of credit insurance premiums used to pay off policy claims. The article called on the Commissioner of Insurance and the General Assembly to address this problem.

In 1987, Commissioner Long called a news conference announcing a compromise bill agreed to by the various actors — the bankers, auto dealers, and consumer advocates — which would begin to bring credit insurance rates in North Carolina more in line with those in the rest of the country. At the press conference, Long mentioned the *Insight* story as valuable background material, saying, "I commend it to your attention." The 1987 legislature, in the final days, enacted legislation lowering credit insurance rates by 12.5 percent, which will save N.C. consumers some \$28 million a year.



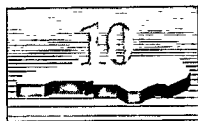
Chairs of the N.C. Center Board of Directors

William Gerry Hancock
1977-80

Thad L. Beyle
1980-present

Watchdog:

To Monitor the N.C. Legislature and Enhance Its Accountability to the Public



Throughout its life, the Center has focused on the actions of the legislature — monitoring votes, documenting actions, ranking the effectiveness of all 170 members, explaining the legislative process, and above all, attempting to translate all of this into measures of accountability. The Center has monitored the legislature in four main ways: the six editions of *Article II*, major research reports, regular *Insight* articles, and reporting how the legislators voted on all public bills.

Article II. Begun in the 1977-78 session, *Article II* has been published every other year for each new group of legislators. With the highly publicized effectiveness rankings — done through an anonymous polling of all legislators, registered lobbyists, and capital news correspondents — *Article II* has become the most visible and consistently used product of all Center publications. Designed as a ready reference book on each legislator's committee assignments, voting patterns, occupation, education, home and business address, and effectiveness level, *Article II* "has been a very fine service," says Zeb Alley. "It gives someone who is not knowledgeable a way of seeing how the legislators tend to vote on certain major issues — conservative, moderate, liberal."

"It's a useful reference tool," says Bill Rustin, president of the N.C. Retail Merchants Association. "I carry a copy in the car with me when I'm out of town. The effectiveness rating is a very important barometer and tool. It shows the fluctuations in the legislative process."

"When you ask some legislators about the Center, what they mention most often is the [*Article II*] survey, but that's a very minor part of what you do in my opinion," says Phil Kirk, active in N.C. Republican Party politics for 20 years. "The antagonism and ill feeling on the part of some legislators, particularly with Republicans who have taken that survey, have affected how they view your other work, that you lean towards the Democrats. But in fact, you have gone the extra mile in being objective, fair, and bipartisan."

Major Research Reports. Understanding the intricacies of the legislative process can require careful digging for trends, such as looking through every *budget* bill for the last ten years and documenting every provision that altered a statute *not* related to the budget. That's exactly what the Center did in its landmark 1986 report, *Special Provisions in Budget Bills: A Pandora's Box for North Carolina Citizens*, and in its update on the trend in a short report in 1987. The report defined special provisions and then explained why important legislative debate over statutory changes is lost when such changes are made through special provisions inserted into budget bills during the frenzied final days of a legislative session. In 1981, there were 29 such provisions; by 1985, there were 108, a three-fold increase.

The Center's evaluation of special provisions piqued the interest of the press and the legislature. Forty-five papers covered the special



"[*Article II*] is a useful reference tool. I carry a copy in the car with me when I'm out of town."

—William C. Rustin, Jr.

President
N.C. Retail Merchants
Association

provisions report in 61 articles and 10 editorials, all calling for a change. The Senate responded by passing a bill on May 26, 1987, "An Act to Restrict the Use of Special Provisions in Appropriations Bills." The House did not pass the bill in 1987 because Speaker Liston Ramsey and Appropriations Expansion Budget Committee Chairman Billy Watkins did not support it. The bill could be brought up again in the 1988 "short" session.

Insight Articles. Throughout its ten years of publication, *Insight* has run articles on the legislative process, demographic trends among the General Assembly, and important legislative issues. Back in 1978, *Insight* published a short piece, "A Surprise Package Called 'Appropriations,'" the Center's first foray into the special provisions field. In 1980, *Insight* released a theme issue on the legislature called, "Breaking Ground . . . the 1981 General Assembly," with articles on the legislative leadership, lobbying, reapportionment, study commissions, and other areas. Then in 1981, an article on "The Coming of Age of the N.C. General Assembly" appeared as a counterbalance to the piece on "How Powerful is the North Carolina Governor?" The next year, *Insight* came back with a definitive piece on "The Lieutenant Governor — A Legislative or Executive Office?" Finally, in 1985, *Insight* began a regular department called "In the Legislature," which has covered ethics, budget matters, and other timely issues, and has updated earlier Center work.

Reporting How the Legislators Voted. Beginning with the special sessions in October 1981 and ending with the short session in 1984, the Center published *How the Legislators Voted* on a subscription basis. The report included the votes and a brief summary of every roll call vote on every public bill (i.e., not "local" bills). In order to ensure that the reports included a thorough and accurate description of every roll call vote, Center staff monitored every session of both the House and Senate during that period. This was necessary for several reasons, such as recording any parliamentary maneuvering that might obscure the meaning of a vote or to record the vote when the electronic machines failed (which happened occasionally).

This expensive and time-consuming effort failed to attract enough subscribers to sustain the effort. After repeated attempts to encourage various groups to pick up the project, benefitting from the lessons learned in its four-year experiment, the Center closed the project.

"There ought to be a way for any Tar Heel citizen to find out how his legislators have voted on specific issues," began a May 11, 1985 editorial in *The Raleigh Times*. *The Charlotte News* ended its editorial of April 17, 1985, "The Center's vote reporting service was beneficial in that it added a measure of accountability to legislative actions. Such a service should continue."

Others besides the press worried about the ending of the project. "This [votes] record was available in many of the county and college libraries in North Carolina," the N.C. Consumers Council reported in its March/April 1986 newsletter. "However, the Public Policy Center is no longer able to afford this costly undertaking. Moreover, there is no other private organization that can or will provide this service. As a result, currently there is no readily available source from which North Carolinians can learn of the General Assembly, and this problem will continue through this session and future sessions unless the leaders of the state government remedy this situation."

The Governor, Lieutenant Governor, and Speaker of the House never responded to the call for the legislature itself to provide this service. The Center did show, however, that 1) the project could be done, and 2) it could not pay for itself through subscriptions alone.

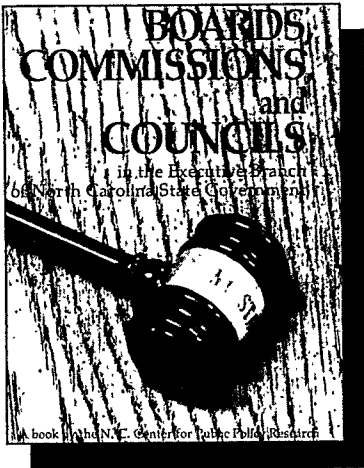


"You have gone the extra mile in being objective, fair, and bipartisan."

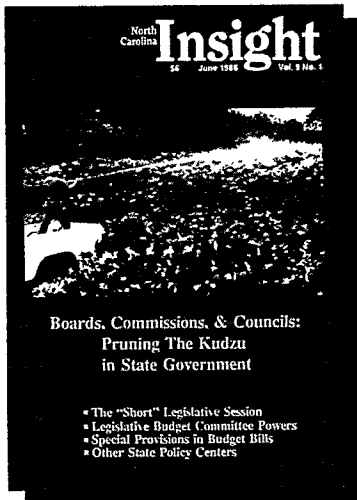
—Phillip J. Kirk, Jr.

*Chief of Staff for
Gov. James G. Martin*

Successes, Disappointments, and Challenges for the Future

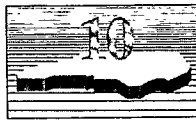


Center report, January 1985



Follow-up, June 1986

“Another successful [N.C. Center] approach has been to follow-up on specific research over a period of years.”



After 10 years, the Center has established its primary direction in its reports, *Insight* articles, public forums, and general assistance to members, the press, and citizens about how state government works. But achieving the goal of producing non-partisan research — sometimes with specific recommendations on how policy might be changed — remains complex and multi-faceted. Incorporating both thinking and watchdogging into the day-to-day work at the Center demands careful long-term planning.

“The Center has avoided a number of pitfalls that could have become serious problems by not taking on topics that were more emotionally than rationally charged at the moment,” says Bondurant of the Babcock Foundation. “Nor has the Center leaned one way or another on a partisan basis.”

Bipartisanship has been central to the Center’s success. “When you are in state government as I have been, you recognize the need to have a thorough, balanced presentation of the issues,” says Grace J. Rohrer, a founding Center Board member and now a special assistant to Governor Martin, a Republican. “The Center has provided this through quality research untainted by ideological bias. What better resource can a state have than one which provides the public as well as state leaders an objective analysis of the issues on which they have to make decisions?”

Other factors have been at work as well. “Part of the success is that it has avoided making serious mistakes,” adds Bondurant. “I attribute that to the Board and the staff, for picking the issues carefully.”

Another successful approach has been to follow up on specific research over a period of years. In 1979, for example, the Center released two major reports on economic development policies, *Which Way Now? Economic Development and Industrialization in North Carolina* and *Making North Carolina Prosper: A Critique of Balanced Growth and Regional Planning*. In 1981, Governor Hunt switched emphasis from a “balanced growth” policy to microelectronics, and the Center promptly came out with a six-article section on the promises and pitfalls of this strategy. Finally, in 1986, the Center returned to the area of economic development in force, with its longest *Insight* issue ever, on economic development policies.

While the Center’s work focuses on North Carolina, it has also contributed to important national debates. Center research emerges in Washington from time to time, in the 1986 General Accounting Office report on auto insurance, for example, and in the 1981 Congressional debate on the tobacco farm program. National magazines also cite the Center’s work, sometimes reprinting portions of it. Publications such as *The Washington Monthly*, *The American Banker*, *Foundation News*,

National Civic Review, and *State Legislatures* have mentioned the Center's work. *State Policy Reports* summarizes Center findings on a regular basis, and *Southern Changes* ran an article based on the phantom jobs report. The electronic media too utilize the Center's work. NBC Nightly News mentioned the federal budget cuts research, and a producer for ABC's "Nightline" used the recent *Insight* theme issue on state prison policy to frame an in-depth report on alternatives to incarceration.

While much Center work has helped to affect policy development and frame the debate on issues, some goals have not been realized. Some Center recommendations have not yet been enacted. The research on phantom jobs in *Insight*, for example, pointed out obvious shortcomings in an administrative process (i.e., "new" job announcements). While this has been debated, it has not been resolved. Similarly, the research reports on special provisions in budget bills helped generate a broader understanding of that problem, but while the N.C. Senate has worked towards solving it, the House has thus far balked.

Another disappointment has been the failure to persuade any organization to pick up the "How the Legislators Voted" project. The public currently has no way of finding out on a regular basis how legislators voted on public bills. The Center provided that service at one time but could not find a way to sustain that effort itself or through others. Similarly, the evaluation of sitting judges has not been a high enough priority with various groups involved regularly in the judicial system. As with the votes project, the Center attempted to persuade the N.C. Bar Association and others to update the *Article IV* evaluation on a regular basis. This effort is as yet unsuccessful.

A continuing concern has been the relatively low number of citizens who are subscribing members of the N.C. Center. "I wish the magazine could reach a larger audience. It does an excellent job of reaching the insiders," says founding Board Chairman Hancock. "The proposals are read and respected by the leaders in all three branches [of government]. The magazine is a wonderfully rich resource that tens of thousands could enjoy and benefit from. We've never had the money to build the circulation."

"I suppose the shortcoming was predictable — the difficulty the Center has faced in securing a broad base of public support through a broad membership basis," reflects Bondurant. "That may come in time. In the meantime, the growth of the diverse corporate support is most impressive and encouraging."

Despite these disappointments, the Center has achieved six notable successes in its first ten years. First, it has established a reputation for high-quality research without falling into a particular ideological camp, as many think tanks have done on the national level. Second, it has diversified its income base, developing four main income sources — foundations, corporations, memberships, and sales of publications. Third, Center research has gone beyond the dusty bookshelf and has actually affected policy decisions. Fourth, the Center has raised the level of public debate on some issues and has fostered discussion of other issues which had gone unnoticed and slid to the back burner of government officials. Fifth, the Center's reputation has led to considerable and consistent media coverage, averaging 37 newspapers and 63 articles *per news release* in 1986. Finally, the media, other non-



"The Center has provided this through quality research untainted by ideological bias. What better resource can a state have than one which provides the public as well as state leaders an objective analysis of the issues on which they have to make decisions?"

—Grace J. Rohrer

*Founding Center Board
Member and Special Assistant
to Gov. James G. Martin*

profit groups, concerned citizens, and the business community have come to rely on the Center as a continuing source of information on state government.

Challenges for the Future

"States are the focus of a lot of action right now. States are not ducking issues," says Board Chairman Beyle. "There are a lot of nasty fights going on, bipartisan fights, separation-of-powers questions between branches of government. We at the Center are in a good position to help chart the way on some issues."

Each year at the spring quarterly meeting, the Center's Board of Directors reviews a three-year work plan, developed by the staff with suggestions from the membership, Board members, and others. The Center tries to concentrate on issues which are of long-term significance to the state, are capable of being researched, and which other policy organizations and the news media are not likely to study. In 1987, for example, the Board approved a major, two-year research effort on higher education.

"We're moving into the higher education issue now," says Beyle. "It's more volatile than some. Many people think [if you're researching the issue] you're trying to do something to harm higher education rather than raising questions."

In the future, the Center will continue to keep its work focused through the four goals established over its first ten years — two on the thinking side and two on the watchdog side. It will also build on its six significant successes and learn from its failures. At the same time, the Center now has three new challenges.

An important goal is to get more citizens involved with the Center through membership and to get the public more involved and interested in state government in general. To ensure its survival and to continue its contribution in North Carolina, the Center also hopes to begin a long-term fundraising plan, by starting an endowment and a planned-giving campaign (through bequests, annuities, and charitable trusts). Finally, the Center is beginning to experiment with reaching a broader audience by considering several different products, such as radio and television shows and fact notebooks for the media. For example, the Board recently approved the Center's first major effort in public television, a joint project with WUNC-TV on the development of the two-party system in North Carolina.

The four goals described in detail in this report, the successes, the disappointments, the future . . . all hold forth a great challenge for the Center staff, Board of Directors, members, and supporters. "The Center has been the fuel for a lot of important activity in the state," says Tom Lambeth, executive director of the Z. Smith Reynolds Foundation. "If the Center weren't there, the first thing on our agenda as a foundation would be to go out and help someone set one up." ■■



Aging Forums Coordinator Bill Finger making introductions at forum in Lumberton in October 1986.

FOOTNOTES

¹For a review of all state-level public policy centers, see "State Public Policy Centers Survive the Years, Weather the Financial Storms" by Jack Betts, *North Carolina Insight*, June 1986 (Vol. 9, No. 1), pp. 30-41.

²HB 1159, enacted as Chapter 289 of the 1987 Session Laws.

³Senate Bill 272 (now codified as N.C.G.S. Chapter 168A).

⁴HB 1022, enacted as Chapter 826 of the 1987 Session Laws.

N.C. Center Staff and Board of Directors

Over the 10-year life of the Center, the full-time staff has ranged from three to nine people. Since 1985, the staff has included an executive director, two magazine editors, two researchers/writers, a development coordinator, and two administrative persons. Over the years, the Center has also relied on the work of 55 interns from eight different colleges and universities, a production/art director, and outside writers on contract for *Insight* articles. The current staff is shown on page 42.

Current Center Staff

Executive Director
Ran Coble

North Carolina Insight
Bill Finger
Jack Betts

Researcher / Writers
Lori Ann Harris
Marianne Kersey

Development / Membership
Katherine Bray Merrell

Administration
Nancy Rose
Sharon Moore

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Jim Bryan	Sheila Hartsfield	Jenny Shaia Sprague
Jesse Cannon	Wyounda Haynes	Brad Stuart
Howard Covington	Robin Hudson	Betsy Taylor
Robert Dalton	Pam Hunt	Sallye Branch Teater
Bob Dozier	Mindy Kutchei	Mary Margaret Wade
Trish Eaker	Lacy Maddox	Henry Wefing
Tom Earnhardt	Martha Pavlides	

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Thad Beyle	Mary Hopper	Betty Wiser
Walter DeVries	Thelma Lennon	
Joel Fleishman	Grace Rohrer	

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Fred Corriher, Jr., *Landis*
Frances Cummings, *Lumberton*
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Larry McDevitt, *Asheville*
Duane Mattheis, *Asheboro*
Wayne Montgomery, *Asheville*
Jacqueline Morris-Goodson, *Wilmington*
Hugh Morton, *Grandfather Mountain*
Donald D. Pollock, *Kinston*
Anne Queen, *Canton*
Kay Sebian, *Wilmington*
Mary Semans, *Durham*
Lanty Smith, *Greensboro*
William D. Snider, *Greensboro*
Alfred W. Stuart, *Charlotte*
Charles H. Taylor, *Brevard*
Richard A. Vinroot, *Charlotte*
Patricia H. Wagner, *Chapel Hill*
James C. Wallace, *Chapel Hill*
Alfreda Webb, *Greensboro*
Harrison Wellford, *Washington, D.C.*
George Wood, *Camden*
Ruth Dial Woods, *Lumberton*

1987 Board of Directors, N.C. Center for Public Policy Research

Name	Residence	Vocation
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Roy Parker Jr.	Fayetteville	Editor, <i>Fayetteville Times</i>
Betty Chafin Rash	Charlotte	Public Relations Consultant
Grace Rohrer	Chapel Hill	Special Assistant to Gov. James G. Martin
Jerry Shinn*	Charlotte	Associate Editor, <i>The Charlotte Observer</i>
McNeill Smith	Greensboro	Attorney
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Frances Walker	Moyock	General Manager, Currituck Supermarket
Cameron West	Misenheimer	President, Pfeiffer College
Betty H. Wiser	Raleigh	Retirement Consultant, N.C. House of Representatives

* *Executive Committee includes the officers and the six members with asterisks.*

PORK BARREL — continued from page 26

barrel bill. This was an improvement over the old Jack-In-The-Box process, where pork barrel bills popped up one day and were ratified into law several days later.

■ More members get pork barrel money now, not just the Democratic leadership.

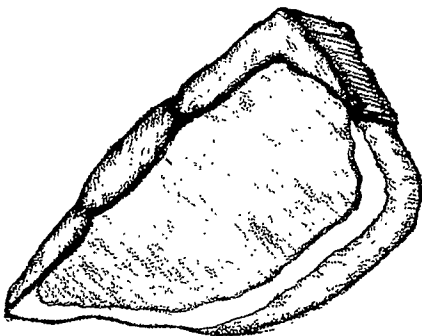
■ Distribution of those funds seems to be fairer than before, even though some counties get much more money than other counties.

■ And reviews by the Governor and the State Auditor show that there's relatively little monkey business when it comes to pork barrel spending. The projects usually are at least defensible.

But the legislature has some questions it must ask itself as the pork barrel process continues to evolve.

— For instance, just because a project benefits some citizens, should the state fund it? Or wouldn't it constitute better public policy to leave such funding to local private groups or to county commissioners?

— Shouldn't the legislature provide a better way to give credit — or blame — to those who have successfully sponsored legislation? Under the current system, it's no problem to determine who has sponsored most pork barrel requests, but it's difficult sometimes to tell what has happened to a piece of legislation, because the hundreds of pork barrel requests are consolidated into one or two omnibus bills. Often the only guides in the computer summary of actions on each pork barrel bill are the acronyms RPAB or PPI, meaning either "Ratified as Part of Another Bill," or "Postponed Indefinitely." Usually a pork barrel bill will show up as having been postponed indefinitely when in fact it was ratified as part of the omnibus pork barrel bill. The legislative records on bill status should accurately reflect what happens to each pork barrel request. With the General Assembly's sophisticated new computer system, this additional measure of accountability could easily be provided to tell researchers exactly what ratified bill contains a pork



request and to give credit where credit is due.

— But perhaps the toughest question is this: Has the rise of the pork system contributed to a more parochial N.C. General Assembly, taking it even beyond the age old rural-urban debate and finally pitting one locality against the next locality in the growing quest for the pork barrel? And how will such festering divisions affect future operations of the General Assembly? □□□

FOOTNOTES

¹Limited Scope Review on a Sample of Appropriations for 'Local Projects,' Management Letter from State Auditor Edward Renfrow to Gov. James G. Martin, Lt. Gov. Robert B. Jordan III and Speaker of the House Liston Ramsey, June 3, 1987, p. 3.

²Seth Effron, "Pork Barrel Wish List Far Exceeds Funds for Favorite Local Projects," *Greensboro News & Record*, May 24, 1987, p. C1; and "Pork Barrel Legislation is Plentiful," *Greensboro News & Record*, June 18, 1986, p. C1.

³B. Scott Schrimsher, "Pork Barrel Legislation and What It Means to Mecklenburg County," unpublished paper prepared for UNC-CH Political Science 135 course, Dec. 12, 1985, p. 8.

⁴Seth Effron, "Symphony's Pork Had Local Cook," *Greensboro News & Record*, Jan. 3, 1986, p. D1.

⁵Pork Barrel spending can be found in the following legislation:

1977: Chapter 802 of the 1977 Session Laws.

1979: Chapter 731 of the 1979 Session Laws.

1981: Chapter 1127 of the 1981 Session Laws.

1982: Chapter 1282 of the 1981 Session Laws (2nd Session 1982).

1983: Chapter 761 of the 1983 Session Laws.

1984: Chapter 971 of the 1983 Session Laws (2nd Session 1984).

1984: Chapter 1034 of the 1983 Session Laws (2nd Session 1984).

1984: Chapter 1114 of the 1983 Session Laws (2nd Session 1984).

1984: Chapter 1116 of the 1983 Session Laws (2nd Session 1984).

1985: Chapter 757 of the 1985 Session Laws.

1985: Chapter 778 of the 1985 Session Laws.

1986: Chapter 1014 of the 1985 Session Laws (2nd Session 1986).

1987: Chapter 830 of the 1987 Session Laws.

⁶Paul T. O'Connor, "Reforming Pork Barrel, Special Provisions, and the Appropriations Process: Is There Less Than Meets the Eye?," *North Carolina Insight*, Vol. 9, No. 3, March 1987, pp. 98-99.

⁷William Morris, *The Dictionary of Word and Phrase Origins*, Harper & Row, 1977, p. 458.

⁸Article 5, Sections 2, 7, and 32, Constitution of North Carolina.

⁹The Associated Press, "State Lawmakers Dig Into 'Pork Barrel' Legislation," *The News and Observer*, July 6, 1984, p. 2C; and "Lawmakers Eye Pork Barrel Funds," *The Raleigh Times*, July 8, 1985, p. 6C.

¹⁰Seth Effron, "Pork Barrel Rolls Along," *Greensboro News & Record*, Feb. 15, 1987, pp. A1, A10, A11.

¹¹Seth Effron, "Pork Barrel Bill OK'd After Debate, Walkout," *Greensboro News & Record*, June 17, 1985, p. D1.

¹²Seth Effron, "Ramsey Jabs at Martin Pork Barrel," *Greensboro News & Record*, Dec. 11, 1985, p. B1.

¹³Report of the Senate Select Committee on the Appropriations Process to the 1985 Senate of North Carolina, Dec. 10, 1985.



Class Action Lawsuits To Bring New Action to N.C. Courts

by Katherine White

This regular Insight feature focuses on how the judicial system affects public policymaking. This column examines a recent N.C. Supreme Court decision opening up the state courts to more class action lawsuits.

Who would think that the fine print on a standard mobile home sales contract could lead to a major change in the way North Carolina's court system handles lawsuits? But that's the effect of an April 1987 N.C. Supreme Court decision opening the doors of state courtrooms to more class action lawsuits — and bringing North Carolina in line with the majority of the other states in allowing class actions.

The standard form contract, with small print on the back and front, is as common as dirt. Banks, credit card companies, car dealers, and health clubs all have them — documents with language that has been examined under a legal microscope to ensure prompt and certain payment of borrowed money and to comply with federal lending regulations.

The Crow family of Lumberton signed such a standard contract in August 1981 to finance its new mobile home. After putting \$3,000 down and going \$19,000 in debt, the Crows promised to pay \$328.03 per month for 15 years. In early 1983 they failed to make two payments and lost their home at a public sale. That can happen when debts aren't paid, but this time the finance company that held the mortgage allegedly violated state and federal consumer protection laws by charging an excessive rate of interest and by selling the home before the Crows had the chance to make good on the back payments, as federal law requires. The Crows chose to buck the odds and file a class action lawsuit against the finance company.

What was unusual in this case is that North Carolina courts traditionally have prohibited class action suits, where one person can file suit on behalf of himself and all others who have similar claims.¹ In the Crow case, others had signed similar contracts with allegedly illegal provisions. As a group, the class can recover damages that will be distributed to all members. The potential for large judgments in class actions is enormous. In a case similar to the Crows', 1,450 people from Georgia, Mississippi, and Florida received a \$6.3 million settlement in 1984.² But no one gave the Crows much of a chance to sue successfully in a class action because of the long-observed North Carolina prohibition on most such suits.³ Now the odds have changed, thanks to the Supreme Court decision allowing such suits to be filed.

Class actions of this kind have been allowed in federal court, but until the Crow decision, the North Carolina courts had never before entertained such a class action suit. For the Crows and people like them, the April 1987 N.C. Supreme Court decision on the procedural question of whether the Crows could file a class action converted the Crow's individual claim of \$4,000 into a potential \$400,000-plus claim for a whole class against Citicorp Acceptance Co., Inc. The substantive questions in the case itself — whether there were actual violations of law — haven't yet come to trial.

Before the decision, the state courts allowed only those people who had a so-called "community of interest" to sue as a class.⁴ For example, the N.C. Supreme Court allowed the beneficiaries of the Duke University endowment to pursue a claim when

Katherine White, a Raleigh lawyer with the Attorney General's office, is a frequent contributor to North Carolina Insight.

the trustees of the endowment decided to change the terms of the trust agreement when making investments.⁵ Because the beneficiaries of the endowment had an interest in how the funds were handled, the Court concluded that they could bring the action as a class. The Crows' situation was different. They, and others, signed the same standard form, but the terms and collateral differed in each contract.

Until the Crows sued, the N.C. Supreme Court had never defined what kinds of classes could appear in a lawsuit. "Until today, we have not considered the proper definition of a 'class,'" wrote Justice Burley B. Mitchell for a unanimous court. "We now hold that a 'class' exists . . . when each of the members has an interest in either the same issue of law or of fact, and that issue predominates over issues affecting only individual class members," he wrote.⁶

Thus, the Crows' loss of a mobile home has become the consumer's gain in the courts. Before, only the Attorney General's office could pursue such claims in state courts for groups of people who felt they had been wrongfully subjected to unfair trade practices, or to interest that was higher than the state's legal rate, says Travis Payne, a lawyer for the Crows. And with short staffing, the Attorney General's office couldn't pursue every claim that came to its attention, Payne adds.

Now, however, a private lawyer can serve the same function as the Attorney General's office and file a claim against a company that covers all the people who have signed lending contracts with allegedly illegal provisions in them.

The North Carolina Clients Council in Raleigh, a nonprofit organization of low-income people across the state (associated with N.C. Legal Services Resource Center), says the decision means that poor people will have better access to the courts. "There are approximately one million low-income persons in North Carolina. The number of lawyers who are able and willing to advocate on their behalf is limited," the Council said in a friend of the court brief. "The remedy of a class action is an important tool to redress the grievances experienced by large numbers of persons."⁷ Of course, the case benefits others — middle- and upper-income citizens as well — who would be able to file class action suits.

The change doesn't suit everyone. Paul H. Stock, executive vice president of the N.C. League of Savings Institutions, says the *Crow* decision "is an abuse of the class action system." Stock says that a class action lawsuit on a form contract brings together a group of people who may not have been damaged by the contract. For example, he says,

many who have signed agreements similar to the Crows probably have not missed a payment and, therefore, have not been subject to an alleged violation of federal law. Even where violations of federal law have been proved in cases similar to the Crows, Stock says, "Those violations have been no more than technicalities. The whole thing is pretty scary."

Others disagree. Jack Long, a Special Attorney General in Georgia with a private law practice, helped Payne represent the Crows in this lawsuit. Such cases are Long's specialty, and Georgia law enables Long to have a private practice on the side. The ability to bring a class action helps "get a hold of the super [big] business," Long says. "The only way you get to business for violations of people's rights is through the class action."

The remedy also allows cases to be filed for a group of people with relatively small individual claims that might not be worth pursuing on an individual basis. How small is unclear. The N.C. Supreme Court concluded last year that a possible recovery of 29 cents per class member was too small.⁸ In *Crow*, the Court did not reach the issue of what monetary claim for each class member made a class action permissible.

The N.C. Bankers Association, the N.C. League of Savings Institutions, Barclays American/Financial, Inc., and N.C. Citizens for Business and Industry say the decision means that their potential liability on consumer form contracts goes beyond anything "contemplated by the institutions and businesses or the legislature."⁹ The standard contract, with its fine print, has developed over the years. "This uniformity affords reduced costs to the lending industry and, therefore, reduced costs to the consuming public," the lenders said in a brief to the Court. "Thus, considerations of public policy dictate that the community of interest required of members of a putative class be more than a mere similarity in their relationship with a lender."¹⁰

Lenders don't want their standard form contracts subjected to close scrutiny by a class of people challenging them. The possible monetary award to the class could strip the companies of profits — "staggering and unintended liabilities," as Citicorp put it to the Court.¹¹ The N.C. Supreme Court was not persuaded, however.

"Uniform contracts, like all other contracts, must conform to law. Moreover, the precise historic purpose of class actions has been to permit claims by many plaintiffs or against many defendants to be brought and resolved in one action. To date this Court has not allowed unintentional illegality in the

language of standard or uniform contracts to be raised as a shield to prevent [consumers] from prosecuting a suit as a class action. We decline to do so now," Justice Mitchell wrote.¹²

The lending institutions that fought the *Crow* case before the Supreme Court argue that the General Assembly is the proper forum to decide whether such large class actions can be maintained in state courts. The Supreme Court observed that the General Assembly could have barred such actions "expressly and unequivocally" when the legislature passed the class action rule in 1967.¹³ The failure of the legislature to set such limits convinced the Court that "it intended to allow them."¹⁴

One further wrinkle in the class action arena could have an impact on state courts: A 1985 U.S. Supreme Court decision allows state-level class action lawsuits by classes that include individuals who are not citizens of that particular state.¹⁵ As defendant Citicorp noted in its brief before the N.C. Supreme Court, "Our trial judges can expect to be called on to manage class actions that are not even restricted to N.C. citizens, but encompass absentee plaintiffs from all over the country."¹⁶

In the past session, the General Assembly did not revise the language for class actions — but then, no one asked the legislature to do so. The *Crow* opinion was handed down during last spring's General Assembly session, shortly before the deadline for filing new legislation. Perhaps in the 1988 or 1989 sessions of the General Assembly, an attempt

will be made to change the *Crow* decision by legislation. At that time, the General Assembly will have to balance the public's interest in allowing class action lawsuits to challenge alleged wrongdoing against the costs to the businesses involved. ☐☐

FOOTNOTES

¹*Mills v. Cemetery Park Corp.*, 242 N.C. 20, 30, 86 SE 2d 893, 900 (1955), which spelled out how class actions in "community of interest" cases would be permitted.

²*Quiller v. BarclaysAmerican/Credit, Inc.*, 727 F 2d 1067 (11th Cir. 1984). Attorneys fees of \$1.2 million are included in the settlement amount.

³N.C.G.S. 1A-1, Rule 23, Rules of Civil Procedure.

⁴*Ibid.*

⁵*Cocke v. Duke University*, 260 N.C. 1, 131 SE 2d 909 (1963).

⁶*Crow v. Citicorp Acceptance Co., Inc.*, 319 N.C. 274, 354 SE 2d 459 (1987).

⁷Friend of the Court (*amicus curiae*) brief filed by the North Carolina Clients Council, N.C. Legal Services Resource Center, P.O. Box 27343, Raleigh, N.C. 27611, pp. 2-3.

⁸*Maffei v. Alert Cable TV*, 316 N.C. 615, 342 SE 2d 867 (1986).

⁹Friend of the Court brief filed by the lenders, at p. 18. BarclaysAmerican/Financial, Inc. is a named defendant in a lawsuit similar to *Crow v. Citicorp*, called *Bass v. Barclays-American/Financial, Inc.*, No. 85 CVS811, Durham County Superior Court.

¹⁰*Ibid.*, Lenders' Brief, at p. 19.

¹¹Defendant Citicorp Acceptance Co., Inc., brief at p. 19.

¹²*Op. cit.*, *Crow*, at p. 286.

¹³*Ibid.*, Rule 23, Rules of Civil Procedure.

¹⁴*Op. cit.*, *Crow*, at p. 286.

¹⁵*Phillips Petroleum Co. v. Shutts*, 472 U.S. 797, 86 L. Ed. 2d 628 (1985).

¹⁶Defendant Citicorp Acceptance Co., Inc., brief at p. 17.

IN THE MAIL — continued from page 72

Aging

[The Center] is to be highly commended for the excellent job [it] did in planning and conducting the Forums on Aging [in October 1986]. The forums brought together older adults, politicians, government officials from all levels, private service providers, and advocates to identify and discuss current issues and problems facing older citizens. They made a number of important points and recommendations and having this variety of people sitting together discussing the issues was in itself valuable. I was impressed with the outcome. These are the sorts of efforts we need to be making in North Carolina so that we can prepare to meet the needs of our older citizens.

Bill Finger's presentation to the General Assembly's House Committee on Aging in April was very well received. The committee members were excited by your report on the outcomes of the forums and the recommendations you made to them about further steps to be taken in preparing to meet

the needs of our growing elderly population. It proved to be a catalyst for the introduction of several pieces of legislation that, if ratified, should prove useful to meeting those needs.

It has been a pleasure working with you on these issues. You have made valuable contributions towards improving services for older people in North Carolina.

John Tanner, Head
Adult & Family Services Branch
Division of Social Services
N.C. Department of Human
Resources
Raleigh

Note: In July 1987, Tanner was named Deputy Director of the Division of Aging in the Department of Human Resources. On June 4, 1987, the N.C. General Assembly passed legislation modeled after a recommendation in Finger's presentation that the Department of Human Resources develop a comprehensive plan for meeting the needs of elderly citizens. That plan, to be developed by Dec. 31, 1987, will be presented to the 1988 General Assembly.

—The Editors



IN THE EXECUTIVE BRANCH

How Does the Governor Organize His Power and Staff?

by Anne Jackson

This regular Insight feature focuses on how the executive branch of state government goes about making public policy. In this article, Insight focuses on how Gov. James G. Martin has organized the Office of the Governor, and how that office handles various policy decisions.

Jim Martin had been Governor less than six months when the 12 Republicans in the N.C. Senate asked to meet with him. The 1985 General Assembly was in full swing, and things weren't going well for Martin's "12 disciples," as the GOP senators called themselves.

Seated around the Governor's blue-carpeted, walnut-paneled office in the Administration Building, the legislators aired their complaints:

- Legislative liaison Beverly Lake Jr. had too many responsibilities, they said. Non-legislative duties left him only three or four hours a day for lobbying — not enough time to do the job.

- Lack of communication between the Governor's office and the Republican delegation meant the GOP legislators frequently learned about Martin's policy initiatives from newspaper stories. They did not receive position papers or copies of speeches, and they often were not told when the Governor planned to visit their districts.

- Republicans felt left out in behind-the-scenes negotiations between their Governor and Democratic legislative leaders. In general, they were unhappy with the way things were being run, especially by the Governor's top staff.

At the end of the session, Sen. Jim Johnson (R-Cabarrus) spoke up. What Martin needed, he said, was a chief of staff. "I just adamantly said, 'You were elected to be Governor, not the damn first

sergeant. Get yourself one and take names and kick ass,'" Johnson recalled recently. Martin did not like the idea. "He resisted it. He resisted any advice along those lines," said Johnson.

The Governor had his reasons. A Congressman for 12 years and a college chemistry professor before that, Martin had never worked in state government. He had always run his own shop — whether it was a congressional office in Washington or his academic office at Davidson College. The Governor wanted to know how agencies operated, what made them tick, and he thought the best way to do that was to supervise many of the day-to-day operations of the \$8 billion-a-year state bureaucracy himself.

"I knew that even with a chief of staff, many questions were still going to come to me," Martin explained in a recent interview. "And I felt that if I chaired a group of executive assistants ... but maintained that central responsibility myself, it would compel me to learn very quickly about state government and all the different kinds of programs that we have, and it would keep me better informed about what was going on."

So the Governor — a quick learner whom aide Alan Pugh describes as an "information sponge" — set up shop in the Administration Building, closer to the hub of the bureaucracy than the historic office in the state Capitol where his predecessor, Democrat Jim Hunt, had worked.

Four top advisers — Budget Director C.C.

Anne Jackson is Raleigh correspondent for The New York Times Regional Newspapers in North Carolina, which include the Wilmington Morning Star, The Dispatch of Lexington, The Times-News of Hendersonville, and the Lenoir News-Topic.

Cameron, General Counsel James R. Trotter, then-Special Assistant for Policy R. Jack Hawke Jr., and long-time aide James S. Lofton, who held the title of Staff Director—formed the inner circle. These four, along with other close associates from Charlotte—political consultant Brad Hays, former state GOP Chairman Robert W. Bradshaw, and Martin's brother Joe, a senior vice president at NCNB—helped the Governor mold his fledgling administration, only the second of this century to be elected with Republicans in control.

For two years (1985 and 1986), Martin acted as his own chief of staff, overseeing some 20 of the 85 employees who work in the state's Washington, D.C. office, in the Western Governor's Office in Asheville, the Eastern Governor's Office in New Bern, and in the Governor's Office in Raleigh, and supervising a \$4 million office budget. Martin now admits there were problems with that system, but he believes his initial hands-on approach paid dividends. "I think in retrospect if I had decided to turn all that over to a chief of staff to figure out that organization and had put everybody subservient to a chief of staff, we would have had a different and probably more cumbersome organization than we have now," the Governor said.

But none of his closest allies had ever worked in state government, which complicated Martin's dealings with the Democrat-dominated legislature that came to town only a month after he took office. Not all of his allies were politically astute, and Martin acknowledges that he had "far too many" people reporting to him in decisions that subordinates easily could have made. To give himself some breathing room, Martin moved out of the Administration Building in 1986 and back to the state Capitol, where every North Carolina Governor except Bob Scott and Jim Holshouser has had his office since it was built in 1840. (Scott had moved out while the Capitol was being renovated; Holshouser used the Capitol only as a ceremonial office).

Insiders say Martin at first had too many workers from his political campaign on his office payroll, and they cared less about making state government work than maintaining political strength. And they say Martin relied heavily on two top advisers—Cameron and former Secretary of Commerce Howard Haworth, both wealthy businessmen who were unfamiliar with the intricacies of running a state government.

Little glitches occurred repeatedly. Bills submitted to the General Assembly arrived with misspelled words or missing pages. The Governor's

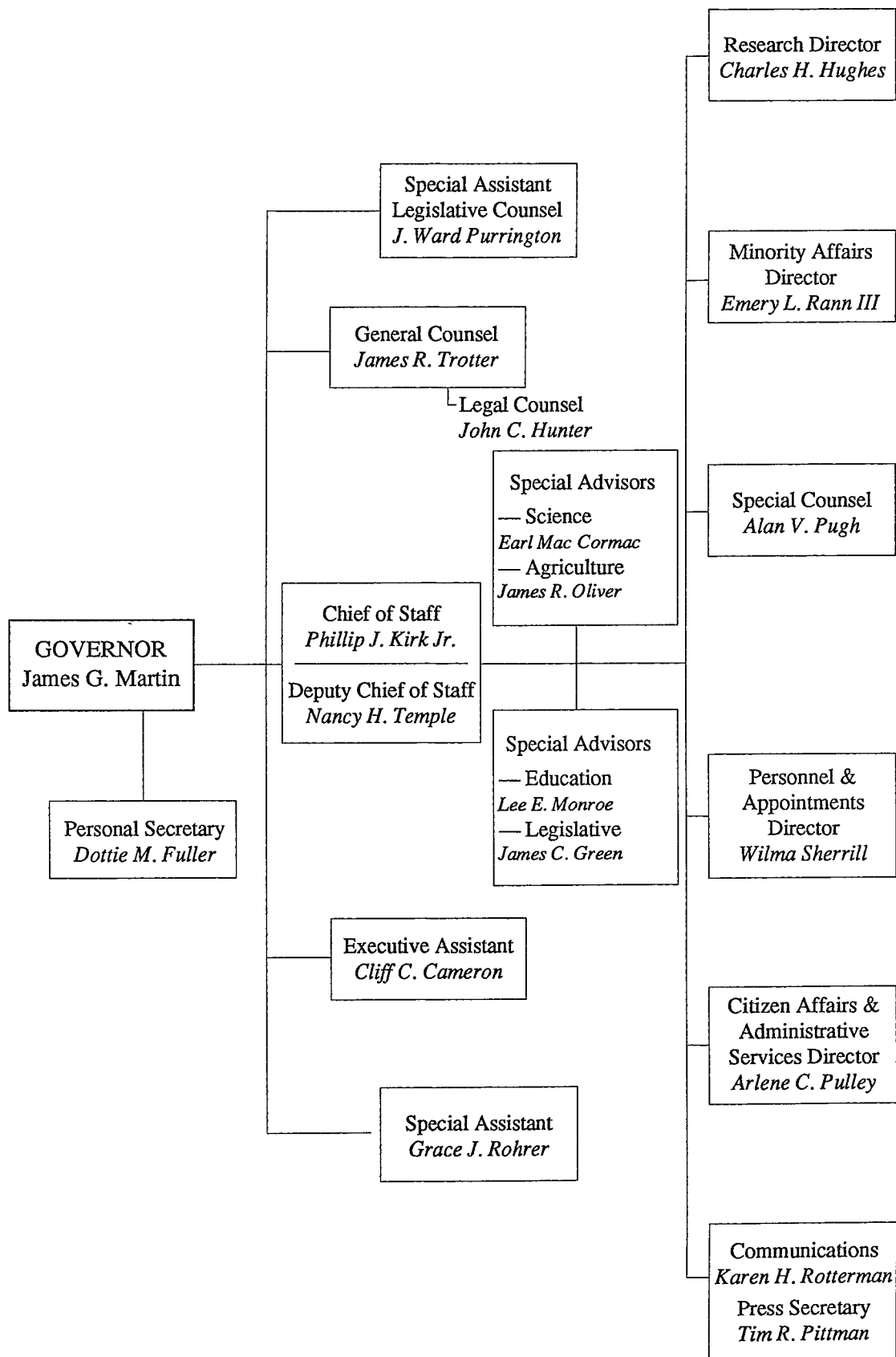
office declined an invitation for him to speak to the state National Guard convention—although the Governor is the state commander-in-chief, and the politically influential audience would have numbered in the hundreds. Organization and communication problems festered, particularly among GOP legislators. "When [Martin] went charging off into battle and looked over his shoulder, he often didn't have all the Republican troops behind him, and he couldn't understand that," says Johnson. "He had sort of a commanding, demanding attitude when he first took over. Now, it's more of a partnership attitude."

Observers believe Phillip J. Kirk deserves credit for smoothing the course of Martin's ship of state. To the relief of many supporters, Martin appointed a chief of staff in February 1987. Kirk, the man he tapped for the sensitive job, had been Martin's secretary of human resources, overseeing the largest department in state government. Before that, the 43-year-old Salisbury native had worked as administrative assistant to former Republican U.S. Rep. James T. Broyhill, as administrative assistant to then-Gov. James E. Holshouser Jr., as Holshouser's secretary of human resources, and as a one-term member of the state Senate himself. Thus, Kirk brought four strengths to the new post: He had worked on Capitol Hill, he had experience in the governor's office, he had run a large state agency, and he had both served in and worked with the legislature. Kirk had experience that Martin lacked, especially with competing institutions like the General Assembly.

"It's almost like Phil has had a graduate degree in running someone else's office," notes Sen. Robert V. Somers (R-Rowan), a former political adversary of Kirk's. "If I were in such a position I could do no better than getting Phil Kirk to run it for me."

The boyish-looking Kirk oversees day-to-day operations of the Governor's office and its staff. He acts as gatekeeper to Martin's inner office. With Trotter and Cameron, Kirk forms the newly-constituted inner circle known as "the troika." But even Trotter and Cameron usually go through Kirk to see Martin. Hawke has left the Governor's office to become state GOP chairman; Lofton has been shifted to a cabinet post.

Throughout the Governor's office, staffers have learned to recognize the handwritten memos Kirk scatters on desktops, inquiring about the status of a project or giving directions. "They're like leaflets dropped from a bomber," quipped one aide. Kirk goes through Martin's mail, assists in scheduling, helps shape policy. But he also takes time for



personal gestures. He telephones employees on their birthdays and plays on the office softball team. He instituted a monthly employee newsletter, and invites five staffers a week for a brown bag lunch in his office in the Capitol across the hall from the Governor. "Trying to improve teamwork and communication were two of the biggest challenges I faced when I came," says Kirk.

Helping Kirk is Nancy Temple, his former assistant secretary at the Department of Human Resources, as deputy chief of staff. But Kirk is never too busy for some things. In the middle of an interview, Kirk stopped to take a call from House Minority Whip Ray Warren (R-Mecklenburg), explaining, "Another policy I've instituted is any time a legislator calls, I'm interrupted."

Lawmakers appreciate the effort. While members have always received copies of the Governor's weekly public schedule and press releases, they now receive copies of his major speeches as well. "You can call over there now and get an answer almost immediately," says Senate GOP Whip Paul Smith (R-Rowan). "I'm still waiting on some answers from last year" [before the changes were made].

Martin made other changes when he brought in Kirk. He appointed Lofton secretary of administration, and named Hawke chairman of the state GOP when Bradshaw stepped down. The Governor brought in Grace Rohrer, his former secretary of administration, as his special assistant for policy.

A year earlier, Martin hired Ward Purrington, a former two-term state legislator, to succeed Lake as his legislative lobbyist after Martin named Lake to a Superior Court judgeship. Both Purrington and Rohrer enjoy cabinet status and easy access to Martin's office. In fact, they are among the few who may bypass Kirk to see the Governor.

Martin receives recommendations from a variety of committees inside his office. "We're trying to get issues better defined and refined," says Kirk. Rohrer is developing "cabinet clusters" to examine such issues as the family, education, economic development, infrastructure and public safety, and a "policy council" to make policy recommendations to Martin. Pugh, the Governor's special counsel, sits on committees that examine scheduling, judicial appointments, nominations for boards and commissions, and pending legislation. The groups usually are small — four to six people — and send their recommendations up the line toward the Governor's office.

The chief executive meets regularly with staff and, during the legislation sessions, with Republican

lawmakers to discuss timely topics. Tuesdays and Thursdays he meets at 8:30 a.m. with Kirk, Trotter and Cameron. Topics range from legislation to lawsuits involving the state to politics. But unlike his predecessor, Martin does not have regular meetings with the Speaker of the House and the Lieutenant Governor. While the legislature is in session, Martin meets most Monday afternoons with the five top GOP lawmakers: Sen. Laurence Cobb (R-Mecklenburg) and Rep. Betsy Cochrane (R-Davie), the minority leaders in their respective chambers; Rep. Coy Privette, the GOP Caucus leader; and Minority Whips Warren and Smith. Purrington and Kirk also attend. A weekly breakfast on Thursdays brings together that same group, plus Trotter and Cameron.

After hearing advice from these sources — as well as from his special advisers on agriculture (Jim Oliver), education (Lee Monroe), science (Earl MacCormac), and legislation (former Lt. Gov. James C. Green) — Martin says he calls the shots on tough policy questions. "I can tell you that generally I make those decisions," the Governor says. "Everybody else gets a chance to have their say."

Martin, of course, runs his governorship differently from Hunt; he doesn't rely as closely upon his secretary of administration as Hunt did, nor has he come as close to assuming the reins in the budget office, as Hunt did. But Martin does seek expert information when making a decision, and he rarely second-guesses his decisions, those who know him say. As Senator Johnson describes Martin, "He is strong-minded, strong-willed, totally confident in his decision-making processes, willing but reluctant to change his course once he's got his mind made up, but more flexible than he was two years ago."

Here is a rundown of Martin's top aides and advisers:¹

Chief of Staff: Phil Kirk (salary of \$66,048) got a raise when he moved to the Governor's Office in February 1987. He now makes more than cabinet secretaries, who are paid \$64,096. He got to keep his state-owned car, a Chevrolet Caprice for which he pays \$3 a day, according to the state budget office. Kirk's top assistant, Nancy Temple, earns \$47,256.

General Counsel: Jim Trotter (\$64,500) practiced law in Rocky Mount for more than three decades. Deliberative and thoughtful, Trotter won Martin's respect during the 1984 campaign, when Trotter headed Martin's Nash County bid.

Executive Assistant and Budget Officer: C.C. Cameron (Cameron declines a state salary, but the state pays the \$1,020-per-month rent on his Raleigh apartment) is a Democrat and the retired chairman of

First Union National Bank.

Legislative Liaison: Ward Purrington (\$69,600 plus expenses) was deputy secretary of revenue until Martin appointed him to succeed I. Beverly Lake Jr. Purrington says his salary is higher than other key Martin aides because he is paid on a contract basis that does not provide health insurance or other benefits.

Legislative Adviser: Former Lt. Gov. Jimmy Green, a Democrat, also has a contract, one paying him \$250 per day while the legislature is in session, plus \$79 per day for expenses. Green has been paid for some months even when the legislature is not in session. Total compensation to Green in 1985 was \$75,823, and in 1986, it was \$61,452.

Science Adviser: Earl Mac Cormac (\$69,204) is a former philosophy professor at Davidson College, where Martin once taught. The gregarious — some say flamboyant — Mac Cormac also heads the N.C. Board of Science and Technology.

Special Assistant for Policy: Grace Rohrer (\$64,104) receives her salary through the Department of Administration, where she heads up policy planning, the state Council on the Status of Women and Women in the Economy, and the Policy Council.

Special Counsel: Alan Pugh (\$58,692) handles patronage and political contacts for Martin, special projects, and advance work for special events. Pugh also oversees the Governor's western office in Asheville and the eastern office in New Bern.

Research Director: Former state Rep. Charles Hughes (\$57,660) researches issues for Martin. Before taking his current post in 1985, Hughes represented Henderson County in the N.C. House from 1981-1985.

Communications Director: Karen Hayes Rotterman (\$54,096) oversees the Governor's press office. She worked in the public liaison office of the U.S. Department of Agriculture before joining the Martin campaign in 1984. Press Secretary Tim Pittman (\$37,656) is a former Raleigh correspondent for the *Greensboro News & Record*. Neither Rotterman nor Pittman performs the same top policy advisory role that Press Secretary J. Gary Pearce performed under Hunt.²

Education Adviser: Lee Monroe (\$54,096) is a former administrator at Shaw University in Raleigh.

Director of Personnel and Appointments: Wilma Sherrill (\$53,580) oversees job placement within the administration and the Governor's appointments to boards and commissions.

Director of Citizen Affairs and Administrative Services: Arlene Pulley (\$48,300) is in charge

of citizen affairs, acting as an ombudsman, coordinating the volunteer program, and managing correspondence. She worked for Green when he was lieutenant governor.

Agriculture Adviser: Jim Oliver (\$34,776) is paid through the Department of Commerce. He formerly was Master of the North Carolina State Grange.

Administrative Assistant: Dottie Fuller (\$30,552) works as the Governor's personal secretary. Her car — parked daily in the Capitol driveway — bears a plate emblazoned with "First Secretary."

Director of Minority Affairs: Emery Rann (\$29,304) once worked as an intern in Martin's congressional office. □ □

FOOTNOTES

¹Also under the Governor is the Cabinet, which includes the nine Departments of Administration, Commerce, Correction, Crime Control and Public Safety, Cultural Resources, Human Resources, Natural Resources and Community Development, Revenue, and Transportation. The Office of the Governor itself was created in 1971. The nine other departments, known as the Council of State, are under the control of individually-elected officials. They are the Office of Lieutenant Governor and the Departments of Secretary of State, State Auditor, State Treasurer, Justice, Agriculture, Labor, Insurance and Public Instruction. These 19 departments comprise the Executive Cabinet.

²See Bob Dozier, "At the Top of the Heap," *N.C. Insight*, Vol. 1, No. 3, p. 12-15, for a description of how Gov. Jim Hunt organized his staff.

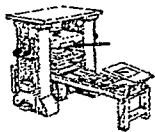
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IN THE PRESS

Is the Afternoon Newspaper a Dinosaur in North Carolina?

by Paul T. O'Connor

This regular feature of Insight examines how the news media—newspapers, television, and radio—cover public affairs in North Carolina. In this issue, Insight focuses on afternoon newspapers in the state, where three urban dailies have closed in recent years while rural afternoon papers seem to be flourishing.

For loyal readers of *The Raleigh Times*, the message behind the afternoon daily's advertising campaign last spring was hardly encouraging. *The Times*, little sister of *The News and Observer*, has been unable to maintain its circulation even in the midst of tremendous population growth in Wake County—a fact which has encouraged rumors that the Capital City's afternoon paper eventually would be closed.¹ And now *The Times*, which stresses local news coverage, was running a multi-media advertising campaign that pointed up the weaknesses of its own sister publication. It looked like a desperate last effort to keep the paper alive.

In one televised ad, viewers saw a man, visible only from the chest down, with an armful of footballs, basketballs, and baseballs. "When it comes to covering local sports," an announcer intones, "the other paper [meaning *The N&O*] drops the ball." Down onto the floor came all the balls, bouncing hither and yon. The theme of *The Times* campaign was that "Every issue hits closer to home," an obvious comparison of *The Times'* local orientation to *The News and Observer's* heavy diet of state news.

What was startling to viewers was not just that one division of a company was in effect advertising the faults of another division (The News and Observer Publishing Co. owns both papers), but that *The Times* apparently was in some difficulty. Would management ultimately seek to close down the

paper, as cost-conscious businessmen have done in three other major North Carolina cities in the 1980s? The list of casualties includes *The Charlotte News*, *The Greensboro Record*, and *The Sentinel* of Winston-Salem—all respected newspapers that gave their readers a strong editorial viewpoint and which had concentrated on local news coverage, often beating the bigger morning papers to a story. While the larger papers in those areas—*The Charlotte Observer*, the *Greensboro Daily News*,² and the *Winston-Salem Journal*—each had committed substantial resources to local coverage, they also focused on regional and statewide news.

The afternoon newspapers often were able to do a better job of local public affairs coverage, particularly in such policy areas as local schools, taxation, coverage of county commissioners, and other local government agencies, while the big morning papers concentrated on more of a statewide perspective. But declining circulation of those three papers and stiff competition for afternoon paper readers from improved television news staffs spelled the end of the three PMs, as they are known in the trade. Now, with strong television newscasts in the Triangle area, would *The Raleigh Times*—known for its excellent local coverage of hard news and sports—also bite the dust? On July 22, the company announced it would combine the news staffs of both papers to serve both *The N&O* and *The Times*, and in October said it would stop printing the *Saturday Times* later in the year.

If *N&O* management does shut down *The*

Paul T. O'Connor, syndicated columnist for the 53-member N.C. Association of Afternoon Newspapers, including 27 dailies, is a frequent contributor to North Carolina Insight.

Table 1. Number of Daily Newspapers in States of Comparable Size to North Carolina

State	Population	Number of Newspapers	
Indiana	5,499,000	74	(62 PMs, 12 AMs)
North Carolina	6,255,000	54	(43 PMs, 11 AMs)
Massachusetts	5,822,000	46	(39 PMs, 7 AMs)
Virginia	5,706,000	38	(23 PMs, 15 AMs)
Georgia	5,976,000	36	(25 PMs, 11 AMs)

Note: Two states with populations larger than North Carolina have fewer daily newspapers — Florida, with a population of 11,366,000, has 49 papers, and New Jersey, with a population of 7,562,000, has 26 daily newspapers.

Source: 1987 *Editor & Publisher International Yearbook*, and 1987 Statistical Abstract of the United States, Bureau of the Census, U.S. Department of Commerce.

Times, it won't do so before a lot of corporate and editorial teeth are gnashed down to fine dust. As Davis Jones, vice-president and general manager of the company, says, "From the corporate point of view, we feel that everyone is best served by Raleigh having two strong newspapers." Inside the *N&O*, there is considerable feeling that the capital needs *The Times* to do the local reporting which *The N&O* misses. Mike Yopp, *Times* managing editor, says, "*The Times* is a local newspaper, with a local orientation. . . . From local news on the front page to the Public Record on the back, we have a local emphasis, and that is our mission." Yopp concedes that if *The N&O* closed *The Times*, it could redirect its resources into more local coverage. "That would be a corporate decision," Yopp says, and Yopp won't speculate on corporate decisions.

Philip Meyer, a veteran newsman now teaching at the University of North Carolina at Chapel Hill School of Journalism, says newspaper history gives us a framework within which to speculate on such an *N&O* decision, however. "When afternoon newspapers close, there are two models the surviving morning papers usually follow," he says. "The first is to provide a larger range of service to their readers." The afternoon paper's staff is reassigned to the morning paper and suddenly the remaining paper has the ability to do much more reporting than the two previous papers had individually. This occurs because duplication of coverage is eliminated.

"The second model," Meyer says, "is to take the money saved by the closing of the afternoon paper

and send it right down to the bottom line."

When one company operates two newspapers in the same city, and maintains independent news staffs for each, it is operating inefficiently. For a routine meeting story, for example, each paper will usually send a reporter, so the parent company is paying for two people to cover a story when one could suffice. When the papers merge, only one reporter must attend that meeting, and that frees up a reporter to pursue another story. The decision the company must make is whether to reassign that freed-up reporter to another reporting position, perhaps on a newly formed beat in a policy area such as education, health, business, or finance. Or the company can fire that reporter and pocket the savings.

Editors in the other North Carolina cities where PMs closed said they were quick to improve their morning newspapers with the personnel transferred from the afternoon papers. Jim Laughrun, state editor of the *Winston-Salem Journal* and former city editor of the now-defunct *Sentinel*, says, "The biggest gain [from the merger] has been that when a big story breaks, we now have the resources to turn loose on it." But even with expanded staffs, editors at the surviving morning papers in Greensboro, Charlotte, and Winston-Salem say they also see negatives from the closing of their afternoon papers.

Ned Cline, managing editor of the *Greensboro News & Record*, says the merger of the two papers has "eliminated the competitive spirit. It's almost as though we take the position that if we don't get it today, we'll get it tomorrow. The competition is now

among ourselves for excellence." Mark Ethridge, managing editor of *The Charlotte Observer*, says the biggest drawback of the merged Charlotte papers "is the loss of a second distinct editorial viewpoint. We're clearly missing something there." Adds Laughrun, "The city loses because it is 24 hours before a newspaper can tell them what's happened." If a story breaks in early morning, for example, Winston-Salem readers won't get a written news report until the next morning; radio and television newscasts can have the story to themselves for 24 hours — if they can get it.

The loss of competition is the negative expressed most often when newspapermen discuss afternoon papers closing. Yopp contends that "any competitive situation where you have newspeople working against each other would heighten the competition and increase both the quality and scope of the news, and of the watchdog element of the press." But others aren't sold on the need for inter-paper competition. As Meyer of UNC says, "I'm not sure competition is always useful. Sometimes papers go off half-cocked" trying to beat the competition on a story. "Reporters try to impress each other rather than their readers and that can lead to distortion" of a story's news value.

Meyer says he knows of no definitive study of North Carolina papers both before and after closings. But he says a good indication might be comparing the size of the total editorial staff of a combined

paper versus the total of the two papers before the PM closed.

The Charlotte Observer editorial staff has grown beyond the size of the two staffs before merger, Ethridge says. Cline says that Greensboro eliminated eight positions through retirement and attrition, a number not really significant when one considers the reduced news editing and layout demands of producing only one paper. But the paper also added new products, including a new business section, that created nine new positions, for a net gain of one staff member. Laughrun reports that *The Journal* increased its staff size, mostly in sports, business and features, but "we certainly did not come anywhere near matching the two papers" for total staff. There were some layoffs and early retirement.

The story of local newspaper coverage in North Carolina goes far beyond just the large city dailies. North Carolina, because so much of its population (52 percent) lives outside of metropolitan areas, enjoys an unusually large number of daily newspapers for a state its size (see Table 1). The economics of this rural daily newspaper industry are quite different from those of the metro papers. For example, while the number of *metro* afternoon papers has fallen by three in the 1980s, from seven to four, the number of *rural* afternoon dailies has grown by three. The community papers in Mt. Airy, Marion, and Aberdeen have expanded into dailies, giving the state a total of 54 daily newspapers, 43 of them

**Table 2. Circulation of State's Urban Daily Newspapers
(In Cities Where AM & PM Newspapers Exist or Once Existed)**

	Daily Circulation	Rank Among These 11 Dailies	Rank Among All State Dailies
<i>The Asheville Citizen</i> (AM)	62,682	5	5
<i>The Asheville Times</i> (PM)	13,356	11	29
<i>The Charlotte Observer</i> (AM)	214,700	1	1
<i>Durham Morning Herald</i> (AM)	45,001	7	8
<i>The Durham Sun</i> (PM)	20,126	10	18
<i>The Fayetteville Times</i> (AM)	25,678	9	14
<i>The Fayetteville Observer</i> (PM)	46,242	6	6
<i>Greensboro News & Record</i> (AM)	112,424	3	3
<i>The News and Observer of Raleigh</i> (AM)	137,746	2	2
<i>The Raleigh Times</i> (PM)	34,234	8	10
<i>Winston-Salem Journal</i> (AM)	91,536	4	4

Source: Audit Bureau of Circulation as reported for 1986 in the 1987 "Directory of Members," North Carolina Press Association. These circulation figures are for weekday circulation only. If weekend circulation figures were used, rankings would be slightly different.

afternoon daily newspapers, all but four of them in non-metro areas. Most of these papers are economic successes.

Notes Cline, "The *News & Record* goes into 12 counties and competes with 17 daily papers. All 17 of them are healthy." Chester A. Middlesworth Jr., North Carolina and Kentucky regional manager for Park Communications, a national media company, adds, "We feel the afternoon field certainly is very healthy." Park owns 25 newspapers, including eight dailies, in North Carolina.

Nationally, the number of afternoon newspapers is declining, but in North Carolina, those numbers are growing—in rural areas, but not urban areas. For instance, in 1977, there were 1,762 newspapers, and 1,435 of them were PM papers. By 1987, there were 1,657 daily newspapers, and 1,188 were PMs. That's a national decline of 6 percent of all newspaper in 10 years, but a decline of 17 percent in the number of PM papers. In North Carolina, however, the number of daily papers grew in the same period from 51 dailies, with 41 PMs in 1977, to 54 dailies, 43 of them PMs, by 1987. That's a 6 percent increase in all papers, and a 4.6 percent increase in PMs.³

That brings us back to the issue of competition. Ethridge of Charlotte says he misses the competition between the two Queen City papers but says *The Observer* has plenty of competition with the papers which surround it. *The Observer* does what Ethridge calls "an enormous amount of zoning." That is, *The Observer* uses section inserts and different editions of the paper to pump local news into the papers it sends to surrounding counties. Six tabloid sections (five in North Carolina, one in South Carolina) are delivered to over 11 counties — three of them published thrice a week, and three of them published twice a week. All of those tabloids are dedicated to local news. Ethridge says *The Observer* watches its competing papers closely. "We really pay attention to what the other folks are doing and who got beat on what. We like to think . . . that with the weddings, births, and property transactions (reported in the tabloids) that we give them everything they get in their local papers."

Hogwash, says the competition. Ethridge's assertion compelled Nancy Stephen, executive editor of the *Monroe Enquirer-Journal*, to say, "Oh my goodness, that's ridiculous. We average at least five times the number of stories *The Observer* has. It's even higher than that. *The Observer* comes in for the big stories and leaves out much of the routine news that the public wants. Middlesworth, whose family once owned the *Statesville Record & Landmark*, also

scoffs at claims that *The Observer* covers Iredell County as well as his paper. "There's not much they can do in a 12-page tabloid," he says. *The Observer's* tabloid pages would total 36 in a week; the *Record & Landmark* would probably run 100 or more pages in a week.⁴

Cline says that his paper can offer readers in surrounding towns things which their local papers cannot. But he says he doesn't think the *News & Record* can replace those papers. "We're never going to give readers in those towns their local news. I read *USA Today*, today, but not instead of the *Greensboro News & Record*." Metro papers still will be read in small towns, Cline said, for the international, national, and state news, and for a higher quality of writing. But these local papers will survive, he says, because of their supremacy on the bulk of local reporting.

There is a widespread public perception that afternoon newspapers are a dying breed. The number may be declining in urban areas, but it is an obvious misconception when one considers the growing number of afternoon dailies in rural North Carolina. Morning papers may dominate in seven of the state's eight largest metropolitan areas (Fayetteville is the exception; see Table 2, page 70), but they do so at the expense of their own little sisters, not the bulk of the afternoon dailies in North Carolina. Still, the coming years may bring owners of morning and afternoon papers in the same city — Raleigh, Durham, Asheville, and Fayetteville — a hard choice: deciding whether producing two papers is a drain on a company's profitability, or whether the community is better served by competing editorial and reporting voices. □□

FOOTNOTES

¹There is obvious reason for concern. During the first week of April 1986, *The Raleigh Times* circulation was 35,164; by the same week in 1987, it had dropped by more than 1,400 to 33,747, according to *The N&O's* in-house publication, *Family Ties*. According to the Audit Bureau of Circulation, *The Times* average circulation dropped from 34,843 in 1985 to 34,234 in 1986.

²*The Charlotte News* and *The Sentinel* in Winston-Salem were closed outright, but the morning *Greensboro Daily News* and afternoon *The Greensboro Record* were first merged into the *Greensboro News & Record*, with both morning and afternoon editions, until the afternoon edition was dropped entirely in 1985.

³1977 and 1987 editions, *Editor & Publisher International Yearbook*, section 1, "Ready Reckoner of Advertising Rates and Circulation."

⁴Mark Ethridge of *The Charlotte Observer* has suggested a better measure would be "some actual calculations of local news content in places where the larger papers and smaller ones cross paths. Such an analysis, for instance, would not merely compare stories in *The Observer* tabloids with stories in other papers, but would include local stories in the mainframe *Observer* which the subscriber receives in addition to the tab."



Letters to the Editor

Vol. 9, No. 4 Merit Selection of Judges

Jack Betts' article on the selection of judges in North Carolina was in error when it alleges that "the state Republican Party has sued the State in an effort to force a change in the way Superior Court judges are elected" (page 19) and then footnotes (note 8) the cases of *Haith v. Hunt* and *Alexander v. Martin*.

The North Carolina Republican Party has absolutely no connection with those cases, officially or unofficially. In *Haith*, the plaintiff was a black Republican but the case was brought under the Voting Rights Act (VRA) to compel submission for preclearance under Section Five of that Act. In *Alexander*, the plaintiffs are NAACP activists and my co-counsel are NAACP lawyers. Again, it is a VRA action.

In contrast, the Republican opposition to statewide election is based upon the prohibitions against *political* (not racial) gerrymandering and discrimination of the Fourteenth Amendment.

The point is that, while the interests of blacks and Republicans may (and undoubtedly do) converge in the opposition to statewide election, the Republican Party has nothing to do with either the *Haith* or *Alexander* lawsuits.

C. Allen Foster, Attorney
Foster, Conner, Robson
& Gumbiner, P.A.
Greensboro

Note: Though Mr. Foster is correct that the N.C. Republican Party is not a named plaintiff, Republican Party activists are key players in the litigation. Mr. Foster, the 1984 Republican Party nominee for attorney general and the attorney for an executive board appointed by Republican Gov. Jim Martin, is representing plaintiffs in the *Alexander* case. Other leading Republicans who have assisted in these and other elections law cases are Robert Hunter, Martin's appointee as chairman of the State Board of Elections, and Greensboro attorney Art Donaldson, a 1986 Republican nominee for the N.C. Supreme

Court. Also, the Republican National Committee has intervened in *Gingles v. Thornburg*, the major redistricting case in North Carolina. Since publication of the articles on merit selection, Governor Martin asked the N.C. Supreme Court for an advisory opinion on the legality of the state's method of electing Superior Court judges, but the Court turned down that request. — *The Editors*

Vol. 9, No. 3 N.C. Prisons: Old Problems, Tough Choices

I want to register my enthusiasm and gratitude for your March 1987 issue of the *North Carolina Insight* devoted to prisons and criminal justice issues in North Carolina. This really is an excellent and useful document — well-researched and well-written.

During the 1970s, I gave a lot of attention to and was heavily involved with prisons and criminal justice. Several years ago Sister Evelyn Mattern, our program associate, took this concern under her wing and my attention moved elsewhere. A few weeks ago I had to do a presentation before the Presbyterian Synod of North Carolina on "Alternatives to Imprisonment," and I needed to re-educate myself on the subject. Your magazine was perfectly suited for this purpose, and it served me well.

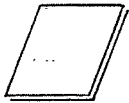
Incidentally, I am proud of the fact that the North Carolina Council of Churches began advocating alternatives to incarceration as early as 1974. I am enclosing a copy of this statement.

I was pleased also to read about the relatively favorable evaluation of the Fair Sentencing Act. We were heavily involved with that, pushing for both less disparity and less severity. I think we were modestly successful.

Keep up the good work.

Collins Kilburn
Executive Director
North Carolina Council of Churches
Raleigh

— continued on page 62



MEMORABLE MEMO

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION
RATIFIED BILL

CHAPTER 480
SENATE BILL 115

AN ACT TO MAKE ENGLISH THE OFFICIAL LANGUAGE OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

Section 1. Chapter 145 of the General Statutes is amended by adding a new section to read:

"§ 145-11. **State language.**—(a) Purpose. English is the common language of the people of the United States of America and the State of North Carolina. This section is intended to preserve, protect and strengthen the English language, and not to supersede any of the rights guaranteed to the people by the Constitution of the United States or the Constitution of North Carolina.
(b) English as the Official Language of North Carolina. English is the official language of the State of North Carolina."

Sec. 2. This act is effective upon ratification.
In the General Assembly read three times and ratified this the 25th day of June, 1987.

ROBERT B. JORDAN III
Robert B. Jordan III
President of the Senate

LISTON B. RAMSEY
Liston B. Ramsey
Speaker of the House of Representatives

Here's our favorite bill of the 1987 General Assembly, SB 115, ratified June 25, 1987, that declares English to be the "Official Language of North Carolina." We've long had our doubts, however, about which language was the official language of the General Assembly of North Carolina. We enclose a few violations of the law from the 1987 session just to prove the point:

"Being truly bilingual is fine as long as one of those linguals happens to be English." — Sen. Franklin L. Block (D-New Hanover), and sponsor of the English language bill.

"I don't recall realizing that." — Rep. Foyle Hightower (D-Anson).

"It's a food that babies can survive on without any other food. It's the only food I know of that can be done like that." — Rep. Foyle Hightower (D-Anson), on legislation to make milk the official state beverage.

"I preference my remarks by saying..." — Rep. Gerald Anderson (D-Craven).

"Quote me if I'm wrong, but..." — Rep. Gerald Anderson (D-Craven).

"Allergy bloom..." — Rep. Gerald Anderson (D-Craven), during House committee debate on what to do about algae bloom, a growth in state waterways.

"I do have some information that could sort of revile that question." — Rep. Charles F. "Monroe" Buchanan (R-Mitchell), during debate on a manufactured housing bill.

"Gradiations of misbehavior" and "variegations of statutes" ... — Rep. John H. Kerr III (D-Wayne).

"Edgecombe and Nashcombe counties ..." — Sen. Wanda H. Hunt (D-Moore), referring to Edgecombe and Nash counties.

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