



**N.C. CENTER FOR  
PUBLIC POLICY  
RESEARCH**

# From The Center Out

*The Newsletter of the North Carolina Center for Public Policy Research ... A voice for good government  
June-July-August 2006*

## **CENTER FINDS EASTERN N.C. STILL TRAILS STATE ECONOMICALLY DESPITE RECENT GAINS**

Eastern North Carolina continues to lag the state in assets needed for growth, said the N.C. Center for Public Policy Research in a follow-up report on the state's poorest region. The East, the Center found, has improved on some indicators such as Internet access, natural gas availability, and employment. But, an over-reliance on agriculture, low-wage retail, and low-skill manufacturing, combined with a less educated work force, hurts the region in competing for new jobs.

"The state seems to keep looking for one big project that can drive the East the way Research Triangle Park drives the Triangle, such as the Global TransPark or the new international port near Southport," said Mike McLaughlin of *North Carolina Insight*, the Center's journal. "But our bottom line finding is that different approaches to economic development are necessary for different parts of the East. What works for Wilmington will not work for Warsaw," added McLaughlin.

### **Why the East Needs Special Attention**

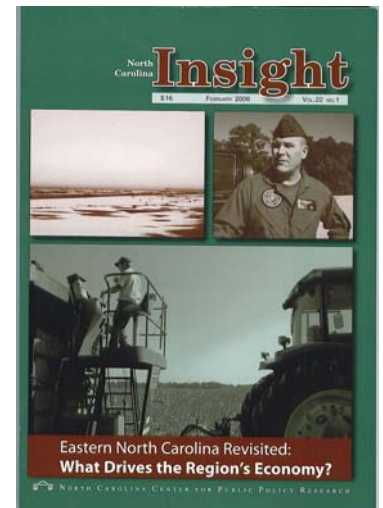
The Center found the East still has fewer college graduates, more high school dropouts, lower per capita income, and higher poverty than the rest of the state. Sparse population and a lack of cultural attractions also are obstacles for some areas.

In explaining why the state needs to focus attention on the East, Tom Lambeth, former Director of the Z. Smith Reynolds Foundation said, "If you are sitting in a boat and it springs a leak, it really doesn't matter whether it is in your end of the boat. If it goes down, all aboard will drown. In a global economy, in a time of regional and national economic competition, stagnation in any one part of North Carolina has an impact on all of the state."

### **A Mixed Economic Record in 2005 and an Uncertain Future**

Since the Center's initial research, economic development efforts in the East have been a "one step forward, two steps back" proposition. For example, Nash County took a step forward in 2005 when The Cheesecake Factory announced plans for a \$17 million bakery employing 500 workers. But neighboring Edgecombe County went backwards with job losses totaling 344 when Glenoit Fabrics Corp. laid off 126 workers, and Glenoit Universal Ltd. closed its rug factory, idling 218. New Hanover County took a step forward with 200 jobs and a potential \$78 million investment over five years when General Electric announced it would relocate some activities in its nuclear energy division to Wilmington and add new product lines at its aircraft engine division. But the Hoke County town of Raeford, also in the southeastern region of the state, took two steps back when Burlington Industries laid off 200 workers in its military dress uniform division. Military Manufacturing Group Inc. also closed, idling 35 parachute makers, and the personal care products company Unilever outsourced 50 jobs to foreign shores.

The future looks equally mixed. Major layoffs announced in the East for 2006 already include closings by power tool manufacturer Black and Decker in Fayetteville, costing 675 jobs; Clayson Knitting Co. in Robeson County, costing 150 jobs; and two major facilities in Wilson County accounting for 880 lost jobs – VF Jeans (445 workers) and Cox Target Media of Elm City (435 workers).



## **Key Findings**

**(1) The East's Dependence on Public Employment** – Eastern North Carolina is more dependent on public employment than the state as a whole, with local, state, and federal governments employing 23.7 percent of the work force compared to 17.7 percent statewide. In several counties, public institutions are the largest employers. Pitt County Memorial Hospital and East Carolina University together employ more than 10,000 in Pitt County, while the leading private employer in the county, NACCO Materials Handling Group Inc., employs about 1,200. In New Hanover County, the number of public employees at New Hanover Medical Center (3,900) and UNC-Wilmington (1,600) exceed that of the largest private sector employer in the county, the discount retailer Wal-Mart. Yet, in several other Eastern counties, Wal-Mart employs the largest number of private sector workers.

**(2) Fewer Manufacturing Jobs** – The East has fewer manufacturing jobs than the statewide average, with manufacturers employing 12.9 percent of the eastern work force compared to 15.6 percent for the state as a whole. The Center found that manufacturers were among the three largest employers in 27 of the region's 41 counties, but many of these firms are low-wage, low-skill industries susceptible to international competition.

That was the case in St. Pauls in Robeson County, where the 2001 closing of Carolina Mills' two yarn-spinning plants left 550 people unemployed and knocked a hole in the tax base. At one time, the mills contributed so much to St. Pauls' public coffers that the municipality provided water, sewer, and trash service free of charge to all residents. St. Pauls' town administrator Lawrence DiRe said, "The problem was that we were an economic one-trick pony. Our economy wasn't diversified, so when the mills left, we had little to fall back on."

**(3) Number of Farms Declining Sharply, But Agriculture Still Important** – Meanwhile, the number of farms, farmers, and farm workers continues to shrink, while farm size and farm values increase. Statewide, from 1974 to 2004, the number of North Carolina farms decreased by 58 percent, while the size of farms increased by 57 per cent. The East's farm economy faces challenges on a number of fronts. The federal buyout of the tobacco support program changes the business arrangement for raising the East's most lucrative crop. Livestock production and especially hog farms face issues around environmental regulation, waste management, and odor control. Yet, Eastern North Carolina continues to have seven of the state's top 10 counties in agricultural production.

**(4) The Rising Service Sector in the East** – Three of four workers in the East are employed in the service or retail sectors, but most of them are in lower paying, non-professional jobs. As part of the service sector, tourism is huge along the coast, with beaches in Brunswick, Carteret, Dare, Hyde, New Hanover, Onslow, and Pender counties attracting thousands of visitors and generating millions of dollars in tourism revenue annually. Historic sites such as the colonial capitals of Edenton and New Bern also draw increasing numbers of visitors.

**(5) Heavy Dependence on Military Bases** – The East also relies heavily on the U.S. military, with six major installations providing some 116,000 uniformed jobs and more than 21,000 civilian jobs. The region escaped the latest federal Base Realignment and Closure cuts with few net job losses, but could face reductions in the future. The East hosts the fourth highest number of troops in the nation, but North Carolina ranks only 23<sup>rd</sup> in defense contracts.

**(6) Small Businesses Very Important** – Data collected by the N.C. Rural Economic Development Center show that small and medium-sized establishments, measured in terms of employment, comprise most of the businesses in the state and the East. Of the East's 57,243 employers in 2002, 95 percent employed 49 or fewer people, and 86 percent had 19 or fewer employees.

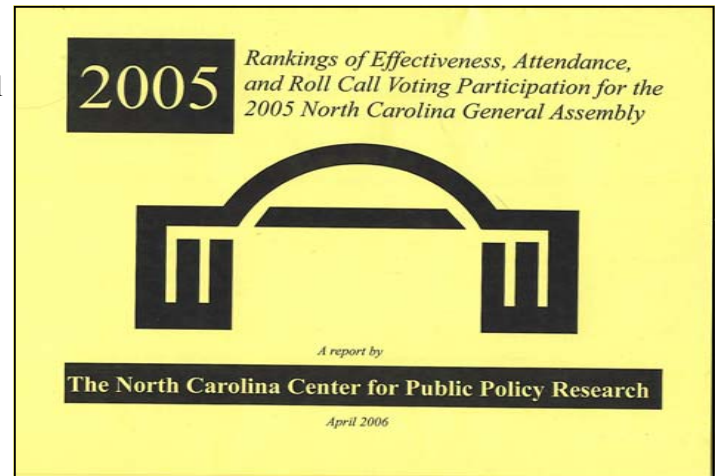
A *Washington Daily News* editorial said, "We could use a little more consideration down here, and it's good that organizations like the Public Policy Research Center keep reminding everybody of that." The editor of the *Elizabeth City Daily Advance* wrote, "The benefit of the Center's most recent effort is the comparison of the two studies...I, for one, am appreciative of the Center for focusing on this as a matter of statewide importance." And, a *Charlotte Observer* editorial said the East "needs special attention" and that the Center offered "solid recommendations" that "are effective public policy strategies for helping a distressed region."

Copies of the issue of *North Carolina Insight* containing the Center's latest research on Eastern North Carolina are available for \$20 (includes tax, postage, and handling). To order, write the Center at P.O. Box 430, Raleigh, NC 27602, call (919) 832-2839, fax (919) 832-2847, or order through our website at [www.nccppr.org](http://www.nccppr.org).

## LEGISLATURE'S SOPHOMORE CLASS MAKES BIGGEST JUMPS IN THE CENTER'S NEW EFFECTIVENESS RANKINGS

The sophomore class of legislators elected in 2003 is rapidly gaining influence in the latest rankings of effectiveness for members of the 2005-2006 N.C. General Assembly. In a reversal of the fabled sophomore slump, 15 of the 17 members of the state House of Representatives who made the biggest jumps in effectiveness are serving their second two-year term. The Center also released rankings of legislators' attendance and roll call voting participation.

Center director Ran Coble says the Center compiles the three sets of rankings to provide citizens with different ways to evaluate the performance of their legislators. He says, "The rankings of attendance and voting participation tell citizens how often their legislator was there to represent them. The effectiveness rankings tell citizens how effective their legislator was when he or she was there. The surveys hold a mirror up to the legislature, and the rankings are the reflection."



The biggest leap in effectiveness is by sophomore Rep. Bob England (D-Rutherford), who moved up 64 positions to 40<sup>th</sup> in the 120-member House. England received an important committee chairmanship in only his second term – co-chair of the Education Subcommittee on Community Colleges. Second-termer Rep. Bruce Goforth (D-Buncombe) is the second biggest gainer in effectiveness in the House, jumping 41 positions to 39<sup>th</sup>. The Republicans making the biggest gains in effectiveness also are sophomores. They are Rep. Carolyn Justice (R-Pender) and Bill Daughtridge (R-Nash), who moved up 24 and 23 positions, respectively, to 45<sup>th</sup> and 44<sup>th</sup>. Daughtridge provided a key vote that allowed passage of the state lottery, and Justice is co-chair of the House Environment and Natural Resources Committee. Clark Jenkins (D-Edgecombe) moved up the most in the 50-member state Senate. Jenkins also is serving his second term, chairs the Appropriations Committee on Transportation, and rose 22 positions to 18<sup>th</sup> in effectiveness.

In addition to these second-term legislators, several freshman lawmakers have surprisingly high effectiveness rankings. Rep. Linda Coleman (D-Wake) has the highest ranking ever for a first-term female lawmaker in the House at 38<sup>th</sup> and the fifth highest ever for any freshman. Freshman legislators usually finish in the bottom third of the rankings. Coleman managed to halt passage of the state budget temporarily last year in an attempt to get House leaders to include a larger pay increase for state employees. Senator Julia Boseman (D-New Hanover) also has the highest ranking (20<sup>th</sup>) ever for a first-term female legislator in the Senate and the second highest ever for a freshman.

Center director Coble says that over the 28-year history of the rankings, three factors have tended to be predictors of a high ranking in effectiveness – being a committee chair, longevity of service, and legislators' personal skills, such as doing their committee homework or being good at debate on the floor. However, it's never been just position and power that matter, but hard work and individual skills too, says Coble. He points out that 14 House members with committee chairmanships finished in the bottom 40 spots.

### **Legislators with Perfect Attendance Records**

This marks the third time the Center has tabulated attendance and roll calling voting participation rankings, using official records from the General Assembly. In the state Senate, which met for 126 days last year, six Senators earned perfect attendance records – Senators Doug Berger (D-Franklin), Andrew Brock (R-Davie), John Kerr III (D-Wayne), Keith Presnell (R-Yancey), Richard Stevens (R-Wake), and A.B. Swindell IV (D-Nash). Swindell also garnered a perfect attendance record in the 2003 legislative session.

In the state House, which met for 125 days in 2005, 12 members attended 100 percent of the time. They were: John Blust (R-Guilford), Becky Carney (D-Mecklenburg), George Cleveland (R-Onslow), Lorene Coates (D-Rowan),

Jim Crawford Jr. (D-Granville), Bill Faison (D-Orange), Phillip Frye (R-Mitchell), Earl Jones (D-Guilford), Edward Jones (D-Halifax), Mickey Michaux Jr. (D-Durham), Edd Nye (D-Bladen), and Bill Owens Jr. (D-Pasquotank). Forty-four of the 50 Senators and 103 of the 120 House members attended more than 90 percent of the days in session.

Three Senators voted in all 1,031 electronically recorded roll call votes last year – Andrew Brock (R-Davie), Jeanne Lucas (D-Durham), and Keith Presnell (R-Yancey). Senators Neal Hunt (R-Wake) and A.B. Swindell IV (D-Nash) missed only one vote. One member of the House voted in all 1,228 votes electronically recorded in that chamber – Representative Nelson Dollar (R-Wake).

*Article II*, the Center's biennial guide to the legislature, includes additional data on how many bills each legislator got passed out of the total he or she introduced. The guide also includes all members' votes on what legislators said were the 12 most important bills of the session. Thus, the Center now publishes four different legislative performance indicators – effectiveness, attendance, voting participation, and success in getting bills passed – as well as votes on what legislators said were the most significant bills in the last session.

### **How the Effectiveness Rankings Are Done**

The Center's effectiveness rankings are based on surveys completed by the legislators themselves, by registered lobbyists who are based in North Carolina and who regularly work in the General Assembly, and by capital news reporters. These three groups were asked to rate each legislator's effectiveness on the basis of participation in committee work, skill at guiding bills through committees and in floor debates, and general knowledge or expertise in special fields. The respondents also were asked to consider the respect legislators command from their peers, the political power they hold (by virtue of office, longevity, or personal skills), their ability to sway the opinions of fellow legislators, and their aptitude for the overall legislative process.

This year's rankings mark the 15th time the Center has undertaken this project. The response rate to the survey continues to be very high. Eighty-one of the 120 House members (68 percent) responded to the Center's survey this year, as did 36 of the 50 Senators (72 percent), 173 of 442 registered lobbyists who regularly work in the legislature and are based in North Carolina (39 percent), and 10 of 16 capital news correspondents (63 percent).

### **National Praise for the Center's Rankings**

In a report about state legislative rankings, *Governing* magazine said, "It is hard to deny that the ratings, when done responsibly, serve a legitimate public purpose. The ratings issued by the North Carolina Center for Public Policy Research are perhaps the most straightforward and most widely respected."

Another independent review of state rankings reached the same conclusion. *State Policy Reports* said, "Most attempts at reputational rankings of state legislators don't deserve much credibility because of three problems: (1) no precise definition of who is being polled, (2) a low response rate among those polled because legislators and lobbyists don't want to risk getting caught making statements suggesting people they work with are ineffective, or (3) definitions of effectiveness that equate effectiveness with helping to enact an interest group's agenda. Over the years, *Reports* has seen many of these ... that fail one or another of these tests. The exception is the rankings that have been done since 1978 by the North Carolina Center."

The rankings received statewide coverage in 65 articles in 48 newspapers, including 17 editorials or columns. A *Mount Airy News* editorial said that, "no single measure – or even two or three – defines how well a legislator represents his constituency. However, the N.C. Center for Public Policy Research's report...certainly raises some provocative questions for voters to ask the candidates before the November elections." A *Charlotte Observer* editorial said, "The rankings may not say much about personal virtue or raw intellect, but they are a helpful guide to understanding who's best at getting things done in the legislature." And, a *Winston-Salem Journal* editorial said, "In general, the rankings say something important about the legislators. Those at the top, year after year, have generally been effective legislators. Those at the bottom have not."

The new effectiveness rankings are available for \$10. A set of publications including *Article II: A Guide to the 2005-2006 N.C. Legislature* (\$25), the effectiveness rankings (\$10), and rankings of the most influential lobbyists (\$10, to be released later this summer) is available for \$40. To order, write the Center at P.O. Box 430, Raleigh, NC 27602, call (919) 832-2839, fax (919) 832-2847, or order through our website at [www.nccppr.org](http://www.nccppr.org).

## **Special Thanks to Our Recent Foundation and Corporate Contributors**

**May 1 - May 31, 2006**

The Center recognizes and thanks Progress Energy of Raleigh and The Cemala Foundation of Greensboro for their recent grants. Progress Energy made a \$25,000 grant in support of our research on the dropout rate in North Carolina. The Cemala Foundation made a \$10,000 grant in support of our research on the dropout rate and our evaluation of the state's experience with charter schools. We express our appreciation for both of these grants.

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\*Indicates new contributors or those rejoining after an absence of a year or more.

## Become An Individual Donor to the Center

As we celebrate our 29<sup>th</sup> Anniversary year, we need 75 Center members to step forward and become Charter Donors in our new Major Donors Program. Sixty-five members already have done so. To become a Charter Donor, make a three-year pledge, preferably at \$500 a year if that's possible for you. We are grateful for all multi-year pledges of any amount. And, please consider putting us in your will or making a bequest. Call Ran Coble or Laurita Ray at (919) 832-2839 to discuss becoming a Charter Major Donor or complete below:

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