

Summer 2011

► North Carolina's Best Economic Investment

Community colleges offer the trainings employers are looking for, but state budget cuts jeopardize programs

By **Julia Hawes**, NC Justice Center Communications Specialist

TRACY WHITMAN IS PROOF that it pays to follow doctor's orders.

Long before he was laid off by his construction company in December 2009, Whitman, 50, planned to return to school and get an engineering degree. He had persevered for several decades with a high school diploma and no advanced degree, working steadily in Florida and earning a good income.

Losing his job changed all of that, and it took a visit to his family physician to place Whitman on a new life path.

"I am now studying health information technology," Whitman said, after his doctor mentioned that a new federal mandate required that all medical records be transferred to

electronic databases by 2013, opening a whole new set of positions with unique required skill sets. This is the



Students at Central Piedmont Community College learn how to perform energy audits as part of the school's green construction programs.

Whitman is hopeful he'll be able to use his associate's degree in applied sciences to get a job in one of the fastest-growing areas of the health-care industry. He is currently completing his prerequisite classes and will soon dive into the complex world of medical ethics, medical law, anatomy, statistical mathematics, and medical terminology. "I have to understand what they're talking about," Whitman said. "It's more intense than I thought it would be."

The work is tough, but paying for the new degree is even tougher. Whitman was one of the many jobless workers who suffered during the political stand-off over extended unemployment benefits this past spring. Leaders in the General Assembly passed a bill on benefits that included state budget cuts, but the governor vetoed it because the benefits are entirely federally funded and have nothing to do with the state

budget. The stalemate lasted for seven weeks and impacted some 46,000 people before Governor

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► Private Education at Public Expense

Legislators divert money for public education into private hands, at students' expense

By **Matthew Ellinwood**, Policy Analyst for the NC Justice Center's Education & Law Project

THE GOAL OF THE PRIVATIZATION MOVEMENT in education is to supplant traditional public schools with a system of private education provided at public expense. This movement is already well underway in North Carolina, as evidenced by the policy proposals and rhetoric of

conservative lawmakers during the recently ended legislative session.

These policies include a rapid expansion in the number and size of charter schools, the introduction of a bill that would provide tax credits for private school and homeschooling, and massive cuts to the public school system.

But charters, vouchers, and tax credits have been tried for more than 20 years without providing answers to the question of how to best educate our students. On the whole,

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The North Carolina Justice Center is the state's leading progressive research and advocacy organization. Our mission is to eliminate poverty in North Carolina by ensuring that every household in the state has access to the resources, services and fair treatment it needs in order to enjoy economic security.

To make opportunity and prosperity for all a reality, we fight for:

- **Public investments** in services and programs that expand and enhance opportunities for economic security
- **A fair and stable revenue system** that adequately funds those public investments while fairly distributing tax responsibility
- **Health care** that is accessible and affordable
- **Public education** that opens a world of opportunity to every child
- **Consumer protections** that shield hard-earned assets from abusive practices
- **Jobs** that are safe, pay a living wage and provide benefits
- **Housing** that is safe and affordable
- **Fair treatment for everyone** in North Carolina, regardless of race, ethnicity or country of origin

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► New State Policies: More Problems, Less Progress

By **Elaine Mejia**, Senior Program Associate at Public Works: The Dēmos Center for the Public Sector

LAST FALL, a tide of voter frustration over the stagnant economy swept a Republican majority into the NC General Assembly. The new leaders promised that slashing government spending would fix the state's problems – despite extensive evidence to the contrary.

In fact, the cuts in the recently passed two-year state budget will actually exacerbate the problems facing North Carolina. History and research show us that deep cuts to funding for public structures and vital public investments will likely hurt economic growth.

Around the same time the new legislature was elected, the Public Services International Research Unit (PSIRU) published the results of a major study that looked at the effects of public spending around the world for the past 150 years. Entitled “Why we need public spending,” the study documents the positive link between economic growth and increasing public spending in developing and high-income countries. Moreover, the study found that higher levels of public spending are associated with higher levels of citizen participation in the democratic process.

In other words, the past 150 years of world economic and political history prove that the course the new North Carolina legislative leadership has set for our state is wrong and will not lead to the economic and social gains we all desire.

The deep cuts of the new two-year budget will have widespread consequences. Researchers project the budget will result in nearly 30,000 net jobs lost. Many North Carolinians will find it more difficult to access health care services. Our communities' public schools will be forced to cut millions of dollars in programs, services and personnel. Workers looking to learn in-demand skills at our state's community colleges will encounter more limited course offerings and higher costs. Our public universities will eliminate several degree programs. And law enforcement officers and courts

will have even fewer resources at their disposal with which to accomplish their important goal of keeping us safe.

We will collectively endure all of these losses and more. And for what? So that the average family in the middle of the income distribution can save roughly \$156 in state taxes per year.

This small savings for the typical family will not produce noticeable private-



The past 150 years of world history has proven that pooling our funds for the collective good – educated children, paved roads, clean water, accessible health care – leads to better private-sector growth.

sector gains. That's because the public and private sectors interact with and support one another. Successful venture capitalist Nick Hanauer recently described this phenomenon in the following way:

“Our economy isn't metaphorically like an ecosystem, it is a literally an ecosystem. And to argue that we would be better off by limiting government, because if we do it will promote business, is precisely like arguing that we will have more animals if we limit plants. It is exactly like it. In every ecosystem that you will find on Earth, you will find that the more plants there are the more animals there are, and vice versa. They are inextricably intertwined. And in every economy on Earth where you find a robust, prosperous, growing economy, you will find an equally robust, growing public economy because these things are in symbiosis, and you can't have one without the other.”

Hanauer's observation explains what the PSIRU's examination of 150 years of world history has proven: that pooling our funds for the collective good – educated

children, paved roads, clean water, accessible health care – leads to better private-sector growth.

Undoubtedly, time will expose the dangerous flaws in the new legislature's strategy. But with our neighbors' lives and our communities' quality of life in the balance, we cannot afford to wait that long.

It's up to those of us who foresee the short- and long-term impacts of these decisions to make our voices heard and demand that elected officials make better choices. Ensuring that we have strong public structures such as schools, public health, infrastructure, public safety and environmental protections is the proven path of progress. ■

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► “Vending Machine” Government Abandons the Common Good

Focus of fee increases moves North Carolina away from tradition of shared responsibility

By **Alexandra Forter Sirota**, Director of the NC Justice Center’s Budget & Tax Center

A **DANGEROUS SHIFT** is occurring in North Carolina. We are moving away from shared responsibility and collective contributions to the common good in favor of a system in which individuals pay for the goods and services they use.

Government can’t fulfill its responsibility to all of us when it is run like a vending

machine. It is our pooling of resources that makes it possible to finance the kind of benefits we all enjoy from having a just, efficient court system, quality schools, and safe, well-maintained roads.

In this year’s legislative session, the new leaders in the General Assembly recognized the need for revenue increases in order to close the budget shortfall, but they chose to increase fees rather than raise taxes. This not only calls North Carolina’s long-term financial health into question but also puts

the responsibility for maintaining the public structures from which we all benefit onto the shoulders of a small minority, often made up of people who can least afford it.

Let’s look specifically at the Justice and Public Safety budget, where the state has always relied on fees, in part, to support public structures like courts, juvenile justice programs, and correctional facilities. In the next year, fees assessed in the courts will rise exponentially.

Take for example the increase in fees associated with filing motions and counterclaims or cross-claims. Such courtroom actions are fundamental parts of our justice system and necessary duties of good legal representation. The new budget increases the fee for filing a counterclaim to \$180 in Superior Court, when before that there was no charge. The fee for filing a motion increases from \$0 to \$20.

Even more radical proposals were put forth during the recently concluded legislative session, including a proposal to finance public structures by inviting taxpayers to donate to government programs and services.

Relying on increased fees or charitable donations to finance public structures ignores the fact that the common good that government supports isn’t achieved through in such a one-to-one exchange. We are all better off when our court system

runs efficiently, delivering justice to all. We are all safer on the road when young people receive driver’s education. We are all better off when highways and bridges are well-maintained so business can get goods to market, workers can get to their jobs, and students can get to school safely.

This is true even if we never end up using these public structures in our lifetime, as may be the case with the court system. The returns such investments generate to the state as a whole in the form of guarantees of equal protection under the law, safe neighborhoods and availability of goods and services in our communities are critical to our quality of life and access to economic opportunities.

Instead of running a vending-machine government, North Carolina should commit to an adequate revenue system that can sustain public structures and support a 21st century economy. Modernizing our current revenue system, which is still recovering from the economic downturn, is critical to setting North Carolina on a path to greater economic stability and shared prosperity.

These attempts to weaken our shared responsibilities to one another constitute an undoing of the contract into which all North Carolinians have entered—to come together as a society to build something great. What the people of North Carolina need now is bold leadership that recognizes the fact that we’re all in this together. ■

SELECT FEE INCREASES IN THE 2011-13 STATE BUDGET	FROM	TO
GED Test Fee	\$7.50	\$25
Tuition at Community Colleges	\$56.50	\$66.50
Soil Testing Fees	\$0	\$100
License Fees for kennels, pet shops, etc.	\$50	\$75
Drivers Education Fee	\$0	\$75
Counterclaim and Crossclaim Fees	\$0	\$180
Increase Foreclosure Filing Fee	\$150	\$300
Increase in improper equipment fee	\$0	\$50
Medical Care for Prisoners	\$10	\$20
Daily Jail Fee	\$5	\$10
More at Four Copayment	\$0	10% of Gross Family Income

SOURCE: Proposed Committee Substitute for HB 200, Details of Fee Adjustments in the Appropriations Act of 2011. Note: The State Board of Community College is allowed to set the fee and has indicated that it would likely be \$25 per test; Counterclaim and Crossclaim fees cited are for Superior Courts but fees increase for all magistrate and district; More at Four cop-payment requirement is a sliding scale based on family size and percent of gross family income.

Private Education at Public Expense (continued from page 1)

these public-school “alternatives” do no better at educating students than traditional public schools, and they often do worse.

The promised competition has not led either to discernable gains for students – in public, private or charter schools – or to new innovations in education. But while the benefits are virtually nonexistent, the dangers of privatization are considerable and clear.

The Risks of Privatization

In North Carolina, achievement on the National Assessment of Educational Progress has improved for all subgroups over the past 40 years, and the state’s graduation rate is now above the national average for first time ever.

But still, state legislative leaders vilified teachers and repeatedly labeled our public schools as “failing” as they created the new state budget this year. They decimated public-school funding and at the same time sought to give more tax dollars to private entities operating without adequate public oversight.

Oversight is essential because education is a big business.

In North Carolina alone, the state pays more than \$7 billion to educate its students, putting the state at a dismal 49th in nation in per-pupil spending for the 2011-2012 school year.

In the past, all of this money went directly to teacher salaries, facilities, supplies, support staff, transportation, etc. Charters, vouchers, and tax credits take funding away from public schools and put it into private hands without oversight.

Because of budget cuts to the NC Department of Public Instruction’s central office, there are now only three people conducting oversight of the state’s 100 charter schools – and the number of charter schools is expected to increase significantly in the next few years. In addition, the legislation to create the new tax credit program for private school and homeschooling included no new oversight.

Any time public money gets into the hands of private entities, strict and comprehensive oversight is essential, because there is great potential for fraud and abuse.

A dangerous distraction

Privatization distracts from the debates policymakers need to have to improve our public school system. And there are

researched, tested and proven methods for doing so.

The first step is to modernize teaching while educating students in a way that provides experience for the types of jobs that will be in demand in the future. Students need to learn to work effectively in groups, use technology, conduct research, and pursue their individual interests. Creating differentiated instruction suited to individual students’ learning styles and aligning curricula to the standards of universities and employers are additional strategies for improving educational outcomes.

The list goes on and on: improved school funding and resources, increased teacher pay, and greater access to early childhood programs. All of these changes have been shown to improve student achievement and students’ college and career attainment levels. And none can be accomplished simply by privatizing schools.

The education of an entire generation of students is too important to risk on an unproven and ineffective policy like privatization of schools. Policymakers should focus on ways to invest in and improve the public school system so that North Carolina’s students can excel and compete in the global economy. ■



► What Happened to NC's Education Savior?

Why the state lottery hasn't lived up to the promises

By **Matthew Ellinwood**, Policy Analyst for the NC Justice Center's Education & Law Project

WHEN NORTH CAROLINA'S General Assembly passed legislation creating a state lottery in 2005, critics from across the political spectrum predicted the state would eventually back off of its promises to use lottery money to enhance rather than replace existing education funds.

The reality of what has happened is actually worse than what critics predicted: state leaders are misusing lottery funds and cutting overall education funding at the same time. In fact, this year North Carolina spent less on K-12 education than it did in the last school year before the lottery came into existence, even without accounting for inflation or the increase in the state's student population (see Figure 1).

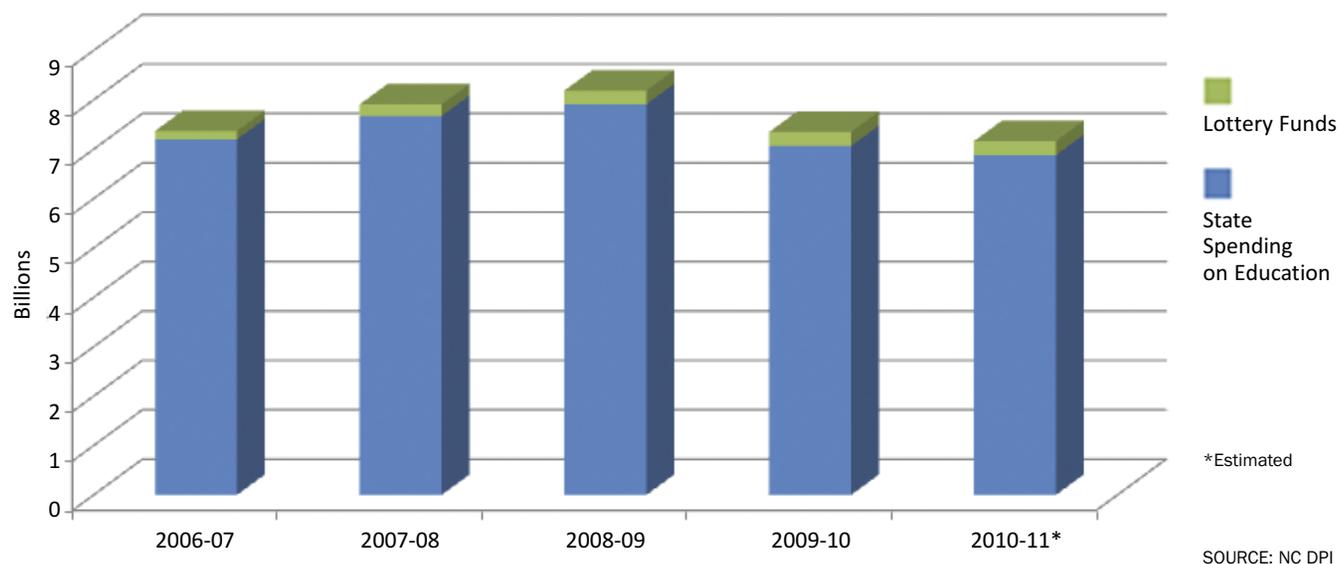
So what went wrong with the lottery? Nothing, really. The lottery never had the potential to be the education-funding panacea that lottery supporters and those ubiquitous lottery commercials promise. Sadly, many of the concerns lottery opponents expressed in 2005 have come to pass.

There are two main causes of the inability of the lottery to increase education funding. First, the amount of money the lottery generates is minute in comparison the total amount needed to fund schools – and it is certainly not enough to offset the recent extreme budget cuts. Second, the share of lottery proceeds going to education is decreasing.

A Drop in a Leaking Bucket

North Carolina's lottery funds vital education programs, including class-size reduction in early grades, academic pre-kindergarten programs, school construction, and scholarships for needy college and university students. These are critically important programs, and they deserve a stable and consistent funding source. Unfortunately, lottery revenues have proven to be unreliable and easily manipulated.

FIGURE 1: Lottery Funding vs. Overall Spending on Education



The lottery did give an initial bump to spending on education in the early years of its existence during the 2007-2008 and 2008-2009 school years (see Figure 1). However, that increase has disappeared completely, and spending on K-12 education is now below what it was when the lottery began. Sadly, the recently adopted 2011-2012 budget shifts how lottery proceeds are spent and shows definitively that state lawmakers are using lottery money to replace rather than to add to the education funds provided by the traditional funding system.

Here's how it all breaks down:

CURRENT BREAKDOWN OF LOTTERY PROCEEDS

- 50% for class-size reduction in early grades and pre-kindergarten programs for at-risk students
- 40% for school construction
- 10% for scholarships for needy university students

2011-2012 BUDGET BREAKDOWN OF LOTTERY PROCEEDS

- 66.8% for class-size reduction in early grades and prekindergarten programs for at-risk students
- 23.5% for school construction
- 9.7% for scholarships to university students.

Notice that big increase in the share of lottery funds for class-size reduction and pre-kindergarten? Legislators did that because they cut other funding for those programs. They diverted money from school construction, even as the population is growing and the need for new schools is increasing, in an attempt to mitigate the loss of teaching positions that will result from the cuts to K-12 education funding.

Broken Promises

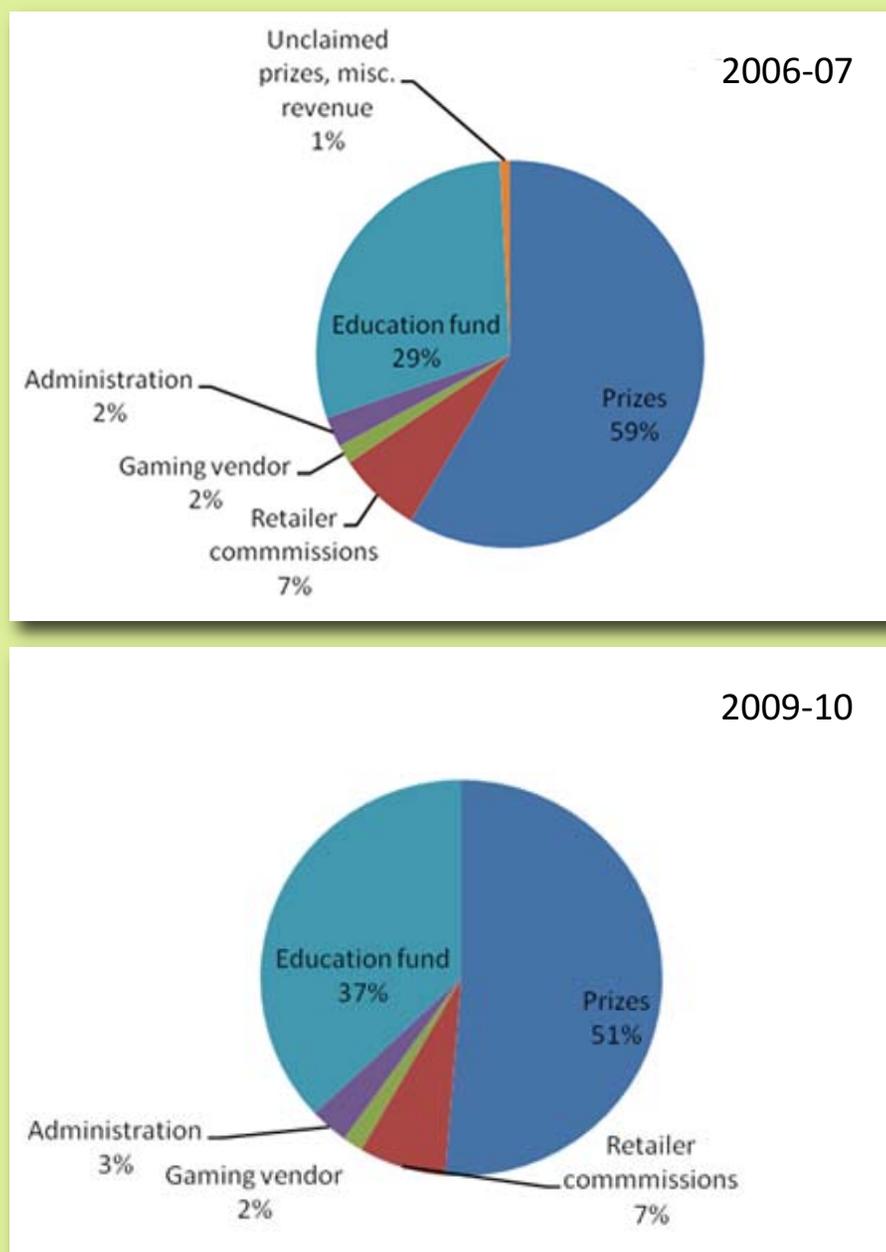
State legislators have allowed the overall share of the lottery's gross proceeds that goes to education to decline at the same time they've cut

funding for education. When the General Assembly first enacted the lottery, the legislation called for at least 35% of gross proceeds to benefit North Carolina's schoolchildren. The remainder could be used for prizes, administration, gaming vendors, and retailer commissions (see Figure 2). However, in 2007 legislators amended the law with a provision that required lottery officials to meet the 35% mark "to the extent practicable." The share of revenue that education programs receive dropped to 29% as a result.

Lottery officials justify this change by positing that they make more money for education by increasing the prizes, which leads to higher sales numbers and, in the end, more money to education programs. Education programs did get more lottery money, but growth in lottery sales has outpaced the increase in lottery dollars going to education by a rate of 5 to 1 over the past two years.

Lottery sales have stagnated, and North Carolina have not seen the large increase in overall funding going to education that was promised as an effect of larger prizes.

FIGURE 2: Actual Distribution of Lottery Funds



SOURCE: NC Education Lottery and the NC Governor's Office of Budget and Management

Misguided All Around

Critics from both sides of aisle have pointed out that the lottery is a regressive tax that falls mainly on the poor and have warned of the moral and societal ills that accompany gambling. The only rationalization for the use of the lottery is that the benefit of the supplement it provides to the education funding system outweighs these evils.

If that justification was ever legitimate – and that's debatable – it certainly is not any longer. As many predicted, the lottery is now nothing but a tax on the poor that brings gambling into the state's communities with nothing to show for it in terms of additional funding for the education system. ■

► Including Excluded Communities

By **Peter Gilbert** of UNC's Center for Civil Rights

THE ANNEXATION REFORM ACT of 2011, which became law on July 1, primarily imposes new restrictions on involuntary annexations. But, thanks to the efforts of the NC Justice Center, the UNC Center for Civil Rights and community members, the law also includes provisions that will lower hurdles to annexation for low-income communities.

Unlike many suburban communities where residents oppose annexation, African-American and low-income communities frequently suffer from "underbounding," meaning they are excluded from city boundaries and are deprived of the services that come with being part of a municipality.

While the exclusion of communities of color is no longer sanctioned by Jim Crow segregation, some municipalities still refuse to annex these communities, either because projected tax revenues would not cover the cost of providing public services or because the annexation could change the racial demographics and political power of the city.

One example is Raeford, NC, a town with a slim white majority and an all-white city council, which is surrounded by Cameron Heights, Silver City, and other majority African-American communities. If the town annexed Cameron Heights and other excluded communities, it would no longer be majority white.

Being excluded also means these communities are denied a voice in city government, zoning decisions and the location of environmental hazards. Lincoln Heights, a community excluded from Roanoke Rapids, has hosted four of Roanoke Rapids' municipal landfills since 1950 and almost became the home of a new waste transfer station because the city ignored complaints of "non-residents."

In addition to political exclusion, underbounding affects all aspects of community life, such as access to clean affordable water and sewer service, streetlights and improved police and fire protection.

Legislative barriers to annexation

Even where cities are willing to annex minority or low-wealth communities, prior annexation laws prevented them from doing so. Voluntary annexation was rarely an option because these communities often include heirs' property or absentee landowners, making the requirement of

100% of property owners' signatures insurmountable.

Involuntary annexation was also difficult because of the density requirements. Historic underdevelopment, the lack of infrastructure such as water and sewer, poor housing stock, unemployment, and other legacies of segregation and exclusion prevented these communities from being sufficiently dense for involuntary annexation.

For these communities, the only alternative was legislative annexation, the method by which the Midway community was annexed to Aberdeen in 2009.

The story of Midway, a mostly African-American community, is an excellent example of how annexation can benefit a community. "Before [annexation], we were isolated," said Maurice Holland, former president of the Midway Community Association. "It was a struggle to get the infrastructure and the services we so sorely needed... We were having to call a sheriff 18 miles away instead of the police down the street."

Today, life is better in Midway. "I've seen a great deal of change in community pride," Holland said.

Changes to Annexation Law

The new legislation lowers the barriers to annexation of excluded communities. Municipalities now must annex communities that are at least one-eighth contiguous with existing boundaries if a majority of the households have incomes that are 200% of the federal poverty level or lower and 75% of property owners request annexation, unless the annexation increases the municipal population by more than 10%. Municipalities may annex any majority low-income community if a simple majority of residents request annexation. "Donut holes," areas completely surrounded by a municipality, may be involuntarily annexed without meeting any density requirements.

The new law also requires municipalities to provide water and sewer service to these newly annexed communities unless the municipalities show financial impossibility. Cities will be given priority in grants and loans from the Community Development Block Grant Program and grants from the Wastewater Reserve or Drinking Water Reserve Funds for providing water or sewer service to communities annexed pursuant to these provisions.

The UNC Center for Civil Rights has already begun to identify eligible communities who may benefit from this new legislation. ■

Perdue signed an executive order reinstating benefits for the long-term unemployed.

"Things are very, very tight," said Whitman, who qualified for loan money through Durham Tech. "When I lost my benefits, I lost everything. I lost the furniture in my living room." Without support from friends and the bank, he would have had to quit school.

Whitman says he plans to keep going to school through 2013 if he can manage it, and ideally, find work at a hospital in the records or informational technology department. Eventually, Whitman hopes to earn his bachelor's degree.

Demand grows as funding shrinks

Yet the question remains whether community colleges can continue to meet the demand of scores of students like Whitman. The North Carolina Community College System serves nearly a million students on 58 campuses across the state. According to NCCCS President Scott Rawls, enrollment has grown by 25 percent during his four-and-a-half years as president, and now the system faces the added challenges of capacity limitations.

"The road to recovery has gone straight through the system," Rawls said. "There has been no other period in our 50-year history in which the impact and the role [of the N.C. Community College System] have been greater."

Everyone from older, unemployed workers seeking job retraining to young students hoping to get an affordable, quality education are taking advantage of community-college programs. The NCCCS plays a vital role in retraining students like Whitman who are hunting for jobs in a large and increasingly competitive workforce.

In many regards, these workers couldn't be in a better state than North Carolina to restart their careers. The state's community colleges are nationally recognized. Even the White House has taken notice – in his State of the Union address in January, President Barack Obama singled out a Winston-Salem

woman who lost her job in 2009 and entered a biotechnology program at Forsyth Technical Community College, saying that her story is an example of how retraining launches individuals back into the workplace.

Yet the state budget for the next fiscal year, which started July 1, cuts nearly \$117 million from the community-college system's budget and increases tuition by \$10 per credit hour this year and by another \$2.50 next year. That means the system will be able to offer fewer classes at higher costs to students and will have to lay off instructors. Rawls said the system has an "open-door philosophy" for all students, but without proper funding, it can't guarantee those students will be able to take all of the classes they need.

Responding to industries' needs

Individual campuses have responded to the demand for programs in growing

The state legislative budget cuts nearly \$117 million from the community-college system's budget and increases tuition by \$10 per credit hour this year and by another \$2.50 next year. That means the system will be able to offer fewer classes at higher costs to students and will have to lay off instructors.



Photo courtesy of CVCC

industries. The NCCCS used stimulus money from the federal government to help launch the "JobsNOW: 12 in 6 Initiative," which targeted 12 career areas in which students could develop "recognizable skills" within six months, Rawls said. Individual campuses received funding to implement programs in areas such as green building, technology, and professional tracks relevant to local economies.

The state's community college system invested in job retraining long before the Great Recession, Rawls pointed out. Gov. Luther Hodges, who served from 1954 to 1961, made early plans to stimulate the state's economy by developing an extended network of industrial education centers. Hodges dispatched an engineer to travel across the United States and determine what best created jobs. The answer – training workers. The state began developing customized job training for specific companies.

"It was the best form of economic incentive," Rawls said. The program has survived the last half century, and individual campuses have joined the effort as their numbers have grown.

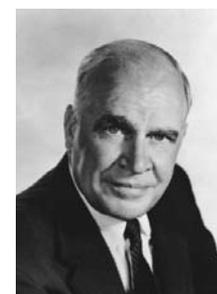
Real Life Experiences

Catawba Valley Community College in Hickory saw an opportunity to expand its job training in the growing health-care field and will open its Regional Simulated Hospital this fall. The hospital is a state-of-the-art facility intended to offer students an opportunity to engage in a realistic hospital setting through robotic manikins, video and computer programs.

"[The facility] gives real-life experiences that [students] would normally see, but you're able to control that environment," said Dr. Kimberly Clark, dean of Health and Public Services at CVCC.

Clark said its facility will be the largest simulated hospital of its kind on the East Coast upon opening. The hospital uses "high-fidelity human level simulators," Clark said, which are able to talk, breathe and excrete. Students will be able to interact with the robotic simulators as they experience cardiac arrest or trauma and will utilize actual ventilators, IVs, crash carts and EKG machines to evaluate the "patients."

It's a massive undertaking for a community college, and yet the demand for innovative training is remarkably high. Students are interested



Gov. Luther Hodges

in getting more hands-on, relevant training in order to advance their careers.

“We see a good mix of students right out of high school and others who are returning to school to do another career, or facing job displacement,” Clark said.

Similarly, Central Piedmont Community College decided to bank on the country’s expanding green industry. Using a federal stimulus grant from the U.S. Department of Labor, the school established Green Builder Training and Green Maintenance Technology programs to train workers in building science and green technology. The maintenance program’s first-ever students are currently learning the ins and outs of ventilation, air-quality control, insulation, and other construction methods that improve efficiency. In 8 to 16 weeks, depending on their focus, students are eligible to apply for entry-level positions in green building.

“We make them more employable,” said Steve Corriher, division director of the Construction Technology Division at CPCC, who pointed out that the construction industry is moving further into green manufacturing.

“Construction is slow now, but these students will have the skill sets jobs are looking for,” Corriher added. “There’s more demand for green workers.”

Attracting jobs with attractive workers

Some doubts persist that such specialized programs can survive the latest budget cuts and cutbacks. In early June, the legislature cut Central Piedmont’s overall budget by more than 10 percent, and last year, the school had to cut nearly 60,000 course seats.

Such cuts threaten to undermine North Carolina’s already-struggling economic recovery. A report by the NC Commission on Workforce Development and the NC Department of Commerce stressed that investing in education and training for the state’s workforce would help fill jobs and encourage companies to keep or move their services to North Carolina. Research by the Georgetown Center on Education and the Workforce suggests that by 2018, nearly 6 out of 10 jobs in North Carolina will require some post-secondary education.

President Obama has repeatedly emphasized the role of community colleges in helping the country meet demands for an educated workforce, as

well as supporting unemployed workers who wish to get job retraining. The federal government has helped eligible students pay for their educations through the Workforce Investment Act (WIA), a law enacted in 1998 in order to provide funding for education and training related to future employment. Federal Pell Grants, the WIA funding, the state’s JobsNOW initiative, Golden Leaf funds, and state lottery scholarship programs have helped students from all walks of life to afford school.

“Our students are really, really nontraditional,” said Scott Rawls of the NCCCS. Many are working and raising families in addition to going to school, and they aren’t able to take enough credit hours each semester to qualify for loans. Rawls said that the State Education Assistance Authority is trying to craft loans for working, independent students.

Sarah Sossomon, a student at South Piedmont Community College, benefited from WIA funding and, with any luck, will emerge from the recession with better training and a competitive edge over many other workers.

After working in the medical field for 12 years as a clerical worker, Sossomon was laid off in June 2009 due to a merger in her cardiology group. She didn’t have certification or a degree beyond a high school diploma, but Sossomon had worked her way up from a radiology assistant at the age of 19 to a manager in a variety of medical offices.

“I was the highest-paid employee due to experience and expertise,” she said. “I was good.”

After losing her job, Sossomon went to her local Economic Security Commission office and learned about WIA and its accompanying workforce development program. She was eligible for funding and

quickly enrolled at South Piedmont Community College in Polkton. She said she would have gone even if she had to take out loans, but the government funding made the transition easy.

Now, she’s pursuing her associate degree in applied sciences, just like Tracy Whitman. When she graduates in the spring of 2012, she’ll have a degree in medical office administration, a diploma

what I need to know before I walk in. They teach you how to handle things.”

Scott Rawls also stressed the commitment of the schools to making sure students are prepared for a competitive workforce. The resources may be in question, but Rawls said that he is most proud of how the community colleges of North Carolina have responded to the recession. He said he



Photo courtesy of CPCC

and two certificates.

Sossomon considers herself luckier than most. At 32, she lives with her family and helps take care of her younger sibling and grandfather, but she doesn’t have any children of her own to support.

“I don’t have any other obligations,” Sossomon admitted. “I can focus on me, me and me.”

Sossomon hopes she’ll be managing billing, coding and general administrative work at a medical or dental office by this time next year. “It’s a waiting game,” Sossomon noted. “But every class I’ve taken, I’ll use that in real life. It’s exactly

often spends 15 minutes looking for parking during his various campus visits due to the sheer volume of students who are taking advantage of the programs. Financial aid and counseling officers are working around the clock without complaint, he said, to make sure that the system can continue focusing on the success of the students, regardless of the economic climate.

Rawls said, “We’re not defined by our challenges but by the opportunities we can provide.” ■

► The Attempted Takeover of Health Care Reform in NC

Blue Cross NC pushes legislation to turn health reform into a windfall for insurers

By **Adam Linker**, Policy Analyst for the NC Justice Center's Health Access Coalition

A CRITICAL HEALTH CARE BATTLE played out during the recently ended session of the NC General Assembly that attracted the attention of every health-care industry group in the state and demanded the coordinated efforts of scores of health-care consumer advocates.

At the crux of this clash was something called a health benefits exchange, which will be central to how we will buy health insurance in the future. Federal health-care reform requires that every state establish one of these exchanges by 2014.

Put simply, an exchange exists to make insurance fairer for average people. An exchange will make it possible for individuals and small businesses to get more affordable large-group insurance rates. Customer service representatives working with the exchange will help consumers navigate insurance plans and determine eligibility for tax credits. The exchange also will maintain a searchable website, similar to travel sites like Expedia or Orbitz, that compares different insurance plans.

Most people at some point in their lives will likely buy insurance through a health exchange.

This summer, a little more than a year after health reform was signed into law, stakeholder groups from across North Carolina gathered to discuss how to design a health exchange. At the table were doctors, hospitals, consumers, businesses, insurance companies, government

officials and independent health-care experts. This workgroup held open meetings and accepted public comments on how best to establish an exchange. They grappled with competing and conflicting visions for the exchange and hammered out a set of recommendations.

As stakeholders put the last coat of lacquer on the exchange report, Blue Cross and Blue Shield of North Carolina used its political clout to undermine the process.

Lobbyists for the state's largest insurance company wrote an exchange bill that set all of the rules in Blue Cross's favor. It scrapped all of the ideas from stakeholders. Rep. Jerry Dockham of Davidson County, a former insurance agent, introduced this Blue Cross exchange bill in the General Assembly.

Blue Cross proposed that the exchange report to a board of directors consisting of insurance companies, doctors, hospitals and other organizations that profit wildly from the status quo. Meetings of the board would not be open to the public, and notes from the meetings would not be public documents. The exchange would be funded by a new health care tax.

As Rep. Dockham inched the bill through the General Assembly, more than 25 consumer groups in the state – including AARP, Action for Children NC, American Cancer Society, Disability Rights NC, Hemophilia NC, MS Society and the NC Justice Center – came together to fight this bad legislation. In committee hearings every public speaker opposed the bill. Thousands of calls and emails flooded the General Assembly. None of this deterred lawmakers from pushing the language written by Blue Cross. Insurance

companies, it turns out, are powerful players in Raleigh.

Lawmakers made a few positive changes to the exchange legislation, but they dismissed most of the concerns of consumers.

The North Carolina House passed the industry exchange bill that consumer groups opposed. This was an odd move given that the Republican-dominated legislature earlier in the session had passed a law opposing federal health reform. In other states under Republican control, like South Carolina, Georgia and Florida, politicians refused to implement an exchange. Moreover, the North Carolina exchange imposed a new tax, something Republicans promised not to do. But the power of the insurance industry trumped these political promises.

Although the House gave the Blue Cross bill its seal of support, the Senate decided to take a more considered approach. Leaders in that chamber said they want to delay implementation until they have more clarity on federal regulations, on how other states are designing their exchanges, and on how the federal lawsuits challenging reform will play out. The legislature will take up the issue when it reconvenes in May 2012.

Everyone who cares about health insurance should carefully watch this debate. Insurance companies are not getting any less powerful in the legislature. The promise of health reform is that for the first time consumers will gain some bargaining clout against powerful insurance companies. Average citizens must mobilize to make sure their voices are heard over the smooth talk of the slickster lobbyists in Raleigh. ■

► North Carolina's Mental Health Mess

New cuts to Community Services put the state further out of compliance with federal law

By **Vicki Smith**, Executive Director of Disability Rights NC

FOOLISH AND INHUMANE. That's really the only way to describe the General Assembly's decision to cut funding for the state's mental health system, which is already underfunded and now under federal investigation.

Like many programs, mental health services took a cut in the recently passed budget. There was a 2% rate cut to Medicaid providers across the board, with a few exceptions. This was on top of a prior 9% cut for many providers. These cuts mean fewer providers will take Medicaid, and Medicaid patients will have more trouble finding therapists and medical professionals who will give them the care they need.

State-funded Mental Health Community Services received a \$45 million cut. Community Services provide necessary care to people with disabilities, including mental health disabilities, that allow them to remain in or transition to living in the community. Sadly, the state has historically underfunded Community Services because of a bias toward providing mental health care in institutions, or not at all.

The result of North Carolina's historic underfunding of community-based mental health care and related supports is that instead of living in one's own home with the support of friends and family, many people are forced to live in institutional settings such as Adult Care Homes in order to receive the daily assistance they need. Currently the U.S.

Department of Justice and Centers for Medicare and Medicaid Services (CMS) are examining North Carolina's use of Adult Care Homes to house people with mental illness.

Requiring people to live in institutional settings so they can receive simple supports when they could be served at home for reasonable costs violates the Americans with Disabilities Act's community integration mandate. Moreover, Medicaid will not fund services provided in "Institutes of Mental Disease," which are facilities with more than 16 beds in which more than half of the residents have primary diagnoses of mental illness. In North Carolina dozens of Adult Care Homes with thousands of residents fit this description.

That means thousands of North Carolinians are living in large facilities

without the privacy, peace, and autonomy of a private home just because it is the only way they can get the help they need with managing medications or other basic tasks. But that's against the law, and CMS is demanding that North Carolina put a stop to this practice. So thousands of people with mental illness are scheduled to be discharged this fall into communities with ever-shrinking bases of community supports and appropriate housing.

Instead of investing in community-integrated housing and other supports to do right by its citizens with mental-health needs and to comply with federal law, the North Carolina legislature has again slighted these citizens and pushed the state into the red zone with federal authorities. ■

► Better Health Care for Older North Carolinians

The Campaign for Better Care reaches out to patients and caregivers across the state

By **Nicole Dozier**, Associate Director of the NC Justice Center's Health Access Coalition

MORE THAN THREE-FOURTHS of Americans age 55 and older are dealing with at least one chronic health condition like diabetes, heart disease or arthritis. Those with five or more conditions have 37 doctor visits, see 14 different doctors, and get 50 separate prescriptions each year on average.

Sadly, older Americans with multiple health problems suffer needlessly because the health care system does not effectively coordinate their care. Harmful drug interactions, duplicate tests and procedures, conflicting diagnoses and contradictory medical instructions – all of these problems threaten the health of older adults.

The NC Justice Center's Health Access Coalition is part of the national Campaign for Better Care, an effort to make improvements in the health care system for older adults while building a strong and lasting consumer voice for better care.

Last month, the Justice Center and co-sponsor AARP NC hosted an Older Adult and Caregiver brunch at the Pitt County Council of Aging/Senior Center in Greenville. The meeting was a chance for older adults to share their health-care challenges and for national experts to educate them about better care and resources. Over a meal that included warm southern biscuits, nearly 80 attendees

Centers for Medicare and Medicaid Services. Hunter and her colleague Kim Bucklen flew to North Carolina from Atlanta just for the opportunity to talk to these older adults and learn about the health-care issues they face.

The older adults and caregivers in attendance shared their stories of both good and bad experiences with the current health care system. For example, the group heard about how coordinated care allowed older adults to stay in the community and avoid institutional care, even as their needs for services grew.

Health Access Coalition Assistant Director Nicole Dozier is organizing similar meetings



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around the state to make sure the voices of older adults and their families are heard by those creating policy under the new federal health reform law. If you would like to help set up a community meeting, share your story, learn more about the campaign and upcoming events, or get more information, contact Nicole at 919-856-2146 or nicole@ncjustice.org. ■



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PHOTOS:

- 1) Dr. Steinweg of ECU;
- 2) attendees at Raleigh event;
- 3) Adam Searing, Director of the Health Access Coalition;
- 4) question and answer session in Greenville;
- 5) Nicole Dozier;
- 6) Adam Searing leads discussion at the Pitt County Senior Center;
- 7) Adam Linker, Health Access Coalition Policy Analyst;
- 8) Debra Tyler-Horton of AARP NC helps facilitate at the Raleigh event;
- 9) numerous resource materials were made available to seniors.

heard from Debra Tyler-Horton of AARP NC, Dr. Kenneth Steinweg from ECU Physicians/Brady School of Medicine, Kevin Robertson of the Seniors' Health Insurance Information Program, and Rhonda Hunter with the



► A Safe Place to Call Home

Justice Center attorneys work to secure asylum for domestic-violence victim

By **Julia Hawes**, NC Justice Center Communications Specialist

IN 2005, Gabriela Ramirez (whose name has been changed to protect her identity) traveled to the United States for a cousin's wedding with only a visitor visa and desperation to escape her life in Honduras.

Gabriela was 17 when she married a man she had met at the young age of 14. She hoped marriage would be an escape from her adoptive family, who had mistreated her throughout her childhood. But by the time her first child turned 2, her husband had already started abusing his young wife.

"I was working at a factory, sewing," Gabriela said. "He was very jealous and very possessive. He only wanted me for himself."

Gabriela's husband beat and raped her throughout their marriage. He was a devout Mormon and forced Gabriela to attend a Mormon church against her will. They had two sons together, and although Gabriela's husband was never violent toward the children, she dreamed of escaping her home. She tried to leave time and again, but she faced a common dilemma for victims of abuse – she didn't want to leave her children, and she feared her life would be in danger no matter where she went in Honduras. Her husband repeatedly told her that he would find and kill her if she tried to leave.

When her cousin's wedding in Chicago offered an opportunity to start fresh, Gabriela took it, praying only that her children would be safe in her absence.

"My husband never abused the children – his problem was with me," she said. "It was very difficult to leave... but my life depended on it."

A friend convinced Gabriela to stay in the United States after the wedding, and soon she settled in Asheville. She found work cleaning houses and working at local hotels, and she gave birth to two daughters over the next several years.

Yet Gabriela lived with the persistent fear that her old life, along with the abuse and neglect that traumatized her, would catch up with her.

After the birth of her second daughter in April 2008, Gabriela fell into a deep depression. She opened up about her history of abuse to a psychiatrist and

was diagnosed with post-traumatic stress disorder as well as major depressive disorder. It was as if Gabriela had been living in a haze up until then, without the presence of mind to understand the tragedy of her situation.

Then Gabriela learned that her husband had found out about her new children, and she realized her life – as well as the lives of her daughters – would be in grave danger if she returned to Honduras. Applying for asylum was her only option.

In the fall of 2008, Gabriela contacted Pisgah Legal Services in Asheville, who referred her case to the attorneys of the NC Justice Center's Immigrants Legal Assistance Project (ILAP). Attorneys Lisa Chun, Kaci Bishop and then-ILAP Director Attracta Kelly worked with Gabriela to build her case. She officially applied for asylum in May 2009, and her case reached court in February of last year.

Using letters from her psychiatrist, pre-natal medical records, and Gabriela's own testimony of the abuse by her husband and adopted family, the lawyers worked to gain asylum for their client. They showed that if Gabriela were forced to leave the United States, she would be persecuted by her husband and that the Honduran government was unable and unwilling to protect her, Chun said.

"She had tried to leave [her husband] before, but it was clear she wouldn't be able to escape him because of their intimate relationship," Chun said. "She didn't have any family she could count on, and he would know where she'd go for help."

Asylum is not easily granted to victims of domestic violence, Chun said. The victim must show she suffered from an "inescapable relationship" with her abuser, and that her native government does not properly protect victims. The ILAP attorneys used two affidavits from experts who addressed the conditions of women in Honduras and demonstrated the cycle of abuse and power dynamics that plague abusive relationships.

The entire process took nearly two years from start to finish. Gabriela was granted asylum in September 2010, but the judge continued the case, requesting that the lawyers show legal precedent for granting asylum for domestic-violence victims. Up until that

point, there had been no ruling on the issue from higher courts.

The timing of Gabriela's case was fortuitous. In December 2009, the Obama administration granted asylum to a Guatemalan woman who had been abused by her husband. The woman proved that her life would be in grave danger if she returned to Guatemala, both due to the threat of her husband and the lack of protection offered by Guatemalan authorities. The case set the standard that victims of domestic violence must meet to win asylum.

The standard is precise, and each case requires exacting scrutiny. However, the Guatemala case did open a door for Gabriela and brought more clarity to asylum law. Claims from domestic abuse victims are often dismissed in immigration courts. Yet Gabriela was fortunate to arrive in the country at a time when the government chose to act in the interest of safety for at-risk immigrants.

"I'm a different person now – I'm not afraid anymore," Gabriela, now 30, said, recalling the joy felt on the day she was granted asylum. "I saw my life ahead of me. I saw a different future."

Gabriela hopes her story will resonate with other women who have suffered abuse and wish to start a new life in the United States.

"I want the world to know that just like me there are many other women in the world who live in the dark and are afraid to say what they're going through," she said. "But that there is a way out."

Gabriela still lives in Asheville and is now eligible for residency. Her children in Honduras would also qualify, and ILAP paralegal Dineira Paulino is working on their applications. Yet the question remains of whether Gabriela's husband will let their children leave Honduras.

Gabriela doubts that her children know why she left in the first place, as they were too young at the time to comprehend Gabriela's situation.

"Someday I will get to tell them," she said, hopeful that her children will eventually join her in the United States. "I think about that every day. I will be the happiest woman in the world."

"But I don't regret coming here," she added. "I know this was the best decision I've made in my whole life." ■

Opinion from

The Unvarnished Numbers

By **Chris Fitzsimon**, NC Policy Watch Executive Director

It is not a surprise that many people are confused about what the budget recently approved by the General Assembly will mean for North Carolina.

That is not an accident. That's what the Republican leaders of the General Assembly are hoping for.

They realize that their claims that the budget doesn't fire any teachers or teacher assistants won't hold up as people across the state see teachers they know receive pink slips. But they can at least try to create confusion to divert attention from the damage their budget will do. The misleading statements about teachers are just one part of that strategy.

Then there are the distortions about jobs, with Republicans leaders telling us that the tax cuts will create thousands of jobs next year but never mentioning how many people the massive spending reductions will throw out of work.

The N.C. Budget and Tax Center, however, cuts through all the haze and budget smoke-and-mirrors in a recent report. Here are some of its important findings:

- The final legislative budget spends \$600 million less than Governor Perdue's budget proposal. That may only be a 2.1 percent difference but \$600 million would keep a lot of teachers in the classrooms and prevent a lot of vulnerable people from losing essential services.
- The final budget will cost the state roughly 30,000 jobs in the next two years. That is even after taking into the account the jobs that the Republicans say may be created by the tax cuts they approved.
- Much of the job loss will come in the health-care industry. The state

budget takes roughly \$2 billion out of the economy when you consider cuts to Medicaid and the state's children health insurance program, both of which draw down federal matching dollars. The health-care jobs will be lost in the public and private sectors.

- The Republican budget also directly abolishes 2,200 state jobs and more than 10,000 jobs in education.

Those are the facts, not partisan political rhetoric.

Even legislative leaders' claims about the soundness of their spending plan are off-base. The BTC report finds that the budget spends more than \$800 million in one-time money on recurring expenses. That is not only a practice Republicans have long condemned, it creates an \$800 million hole for next year, when the money is gone but the expenses remain.

The report identifies many of the tricks that make the final numbers deceiving too, like the transfer of the Highway Patrol and Wildlife Resources Fund to the General Fund, where their budgets are then reduced.

Then there are the actual reductions themselves, a 12 percent cut in the university system, 11 percent in community colleges and a total of \$32 million in cuts to early childhood programs.

The cuts are troubling in total and make even less sense when you consider individual decisions like the abolition of highly acclaimed programs like drug treatment courts and the teaching fellows program and crippling cuts to everything from indigent defense services to environmental protections.

This is not a budget to be proud of. It is not fiscally sound. It costs the state thousands of jobs and does serious damage to education, human services and vital state institutions.

No wonder they are trying to confuse us. ■

The Aftermath of the 2011 Legislative Session

By **Rob Schofield**, NC Policy Watch
Director of Research and Policy
Development

Like an outbreak of spring tornadoes or summer hurricanes that weather forecasters could predict but do nothing about, we saw the storms coming and felt their fury during this year's state legislative session. Now we are left tolling and cataloging the damage.

Here is a look at some of the worst results from the past few months:

Wreaking environmental havoc – Lawmakers passed a bevy of bills at the request of polluters and other corporate special interests that would derail essential rulemaking, weaken billboard regulations, add harmful hardened structures to North Carolina beaches and generally weaken environmental protections.

Privatizing public schools – Conservative lawmakers aggressively advanced the far right's cherished objective of marginalizing and privatizing public education. In addition to slashing essential funding that will further demoralize (and lower confidence in) the public schools, conservatives pushed through specific

bills to introduce school vouchers and dramatically expand the state's unproven experiment with charter schools.

Expanding the spread and use of guns – Lawmakers pushed through several new changes to liberalize state firearm laws. One section would expand the places to which gun owners with "concealed carry" permits may take firearms – including public parks.

Denying affordable loans to needy community college students – In one of the more mean-spirited actions of the session, lawmakers passed a series of bills to allow several of the state's community colleges to deny students access to low-interest federal loans.

Punishing workers – Legislators denied essential benefits to deserving unemployed workers for weeks in order to abet the Republicans' budget negotiating strategy. They also sought to make workers compensation more difficult to obtain for injured workers.

Attacking the privacy rights and reproductive freedom of women – The offensively mislabeled "Woman's Right to Know Act" would require the state of North Carolina to interfere in the doctor-patient relationship of adult women accessing constitutionally

protected health care by mandating a "waiting period" and what amounts to an anti-abortion lecture. It remains to be seen whether Governor Perdue's veto will be upheld.

Suppressing voter participation – The so-called "voter ID bill" would require all North Carolina voters to show government-issued photo identification every time they vote. The bill is a huge waste of money and would surely suppress voter turnout – especially among poor, elderly and minority voters. Lawmakers have called a special session in late July to override a gubernatorial veto and consider other voter suppression bills.

Giving ruinous tax breaks – The decisions to let temporary taxes expire before the economy has fully rebounded (and to cut other taxes even further) will assure that many essential public services will be set back decades. All of this was topped off by an amazingly cynical last-minute giveaway to giant multinational corporations that will allow them to dodge North Carolina taxes even more effectively than they already have been.

Passing the worst budget in decades – This was, of course, the top "achievement" of the 2011 legislative session. At a time when circumstances and public opinion demanded cooperation to craft a budget that would preserve decades of painstaking progress in education, environmental protection, social services, criminal justice and dozens of other areas, legislative leaders opted instead for a radically reactionary slash-and-burn approach. It was a fateful decision, the negative effects of which will be felt for years to come.

With any luck, gubernatorial vetoes for some of the proposals listed above will hold and thereby limit the damage. On the whole, however, there's no denying that the first half of 2011 has been a dark and stormy time for the state of North Carolina. It will take a lot of determined work from caring and thoughtful people to bring about fairer skies anytime soon. ■





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May 19, 2011

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