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RALEIGH — Senate Republicans unveiling their $19.4 billion plan for North Carolina state government on Tuesday said there's plenty in public education for Gov. Beverly Perdue to like in this budget, but some of her fellow Democrats argue the measure is worse than the House proposal.

Senate GOP leaders rolled out a proposal that spends $129 million more overall than the House does next fiscal year in its plan.

The measure still spends $473 million less than what Perdue proposed for this year, the result of Republicans refusing to extend a penny increase on the sales tax set to expire in June.

The Senate budget includes additional funding for the East Carolina School of Dental Medicine; $3.5 million in fiscal year 2011-12 and $5 million in fiscal year 2012-13.

“I think it demonstrates a clear understanding of the dental needs in this state,” said Dr. Francis G. Serio, associate dean for clinical affairs.

“Even in a time of austerity the fact that the school is being funded at this level speaks to the value of what we are planning to do and are doing.”

The additional money will be used to hire faculty and staff to prepare for the school's opening this fall.

The extra revenue raises total state appropriations for the school to $15 million in fiscal year 2011-12 and $16.5 million in fiscal year 2012-13.
Because the Senate budgeted the same appropriation as the House, this funding won't be debated when the two bodies hammer out budget differences.

The bill also seeks to reduce class sizes in early grades, begins the process for a merit-pay system for teachers and state employees and reduces the rate for all three individual income tax brackets by a quarter-percentage point and gives a break to small businesses. “(Gov. Perdue) should like the fact that every single citizen of the state will pay less in taxes and put more back into the economy, and small businesses will have more income to be able to create jobs,” said Sen. Richard Stevens, R-Wake, co-chairman of the Senate Appropriations Committee. “We hope she'll like the fact that it's balanced without adding taxes.”

While most of the additional Senate spending can be attributed to higher spending for the public schools and the University of North Carolina system, both areas still take significant cuts compared to what Perdue offered in her budget plan.

As the Senate hires more than 1,100 additional teachers in early grades to begin lowering class sizes, its budget also would eliminate funding for 13,000 teaching assistant positions in those same grades, according to Sen. Pete Brunstetter, R-Forsyth, another budget committee co-chairman. Brunstetter said the Senate budget would eliminate 19,744 positions through state government and the public schools, although it's unclear how many of those are filled and whether local districts have used the money to hire teachers.

Pitt County Schools officials are analyzing the local effect, according to public information officer Heather Mayo. Administrators sent out a systemwide email to all employees Tuesday afternoon saying more information would be forthcoming.

Perdue's office called the effort to focus on public school teachers a good first step, but Perdue raised the possibility of a veto in a prepared statement. After the full Senate approves its budget next week, House and Senate members are expected to negotiate differences and present a final plan to Perdue in June.

“I've seen the House budget and I'm reviewing the Senate budget,” Perdue said.” By the time they come together, they need to send me a budget that protects our schools, community colleges and universities. If they pass a budget that undermines our schools and fails to protect the quality of our education system, then I will have no choice but to veto it.”

Senate Minority Leader Martin Nesbitt took a harder line on Tuesday's plan, saying the elimination of funding for more teacher assistants — grades 1-3 compared to grades 1-2 in the House plan — uses a larger cleaver on the public schools despite spending $62 million more than the House plan did. Senate Republicans say it's part of an effort to reduce teacher-student funding ratios from 1-to-18 to 1-to-15.
“This budget cuts deeper into the public school classroom than the other one did,” Nesbitt said. “Somehow this is being described as a reform ... it's synonymous with destruction.” Nesbitt said he doesn't understand why Republicans would seek tax cuts at the same time they would be laying off thousands of public school workers.

Senate GOP leaders also said they would set aside more than $100 million for school construction and create a program to help students read at grade level before reaching fourth grade.

The release of the budget bill Tuesday also displayed some areas where the House budget goes deeper than the Senate plan.

Like the House budget, the Senate would reduce funding to the Smart Start early childhood initiative by 20 percent, but it would go further by dissolving Smart Start's umbrella organization, the North Carolina Partnership for Children, and shifting control to the Department of Health and Human Services.

Proposed toll road projects would be eliminated for the Garden Parkway — going through Gaston County over the Catawba River to the Charlotte airport — and the Mid-Currituck Bridge connecting the northern Outer Banks to mainland Currituck County. The state also would restrict state work on expanding Charlotte's passenger rail system and reduce public transportation grants by $27 million.

The City of Charlotte is seeking the state to commit to paying overtime for 25 percent of the $977 million needed to extend the city's current light rail to the University of North Carolina at Charlotte.

“This would put us into a very big hole,” city lobbyist Dana Fenton said. “Without the state funding, we can't move ahead with the project.”

New Gaston County Sen. Kathy Harrington is opposed to the Garden Parkway. The Mid-Currituck Bridge is too expensive given the likely ridership, said Senate leader Phil Berger, R-Rockingham. The transportation budget would focus more upon road and bridge maintenance

Like the House bill, the Senate budget also would fully fund the annual contribution to the public employee retirement system and set aside what state law requires for the rainy day reserve fund and money for university and government building repairs.

“It's in all respects a responsible document,” Berger said.

Several budget subcommittees reviewed the plan Tuesday morning. The Senate Finance Committee approved in the afternoon the tax package and additional fees that could generate up to another $104 million next year, with almost a third going to counties. The fees are largely similar to those in the House budget. The full Appropriations Committee was expected to consider the bill and amendments today.
N.C. Senate puts forth its budget

BY LYNN BONNER, MICHAEL BIESECKER AND BRUCE SICELOFF - Staff writers

The Senate's $19.4 billion budget officially introduced Tuesday failed to win over Democrats in the legislature or Gov. Bev Perdue, who continued to reject proposed education cuts.

The education budget remains a key sticking point, even though Senate Republicans added a little more than $140 million than the House proposed, bringing the total for K-12 public schools, community colleges and the UNC system to $10.7 billion.

Perdue has been pushing back on proposed education cuts, and she took her campaign to schools across the state this month.

Perdue's spokeswoman, Chrissy Pearson, said the governor is reviewing the Senate proposal and continues to be concerned about cuts to community colleges and teacher assistants.
"There were some good overtures made by the Senate," Pearson said. "They talk the good talk. They need to back that up with the House in the final budget, or she'll be forced to veto it."

Senate leader Phil Berger, an Eden Republican, said the budget is a step in trying to work things out with the governor. "This is a responsible budget that cuts taxes, reforms education and reduces spending, and it does it all in the context of a $2.5 billion shortfall," he added.

The budget lets expire a one-cent temporary sales tax increase and a temporary income tax surcharge. Perdue proposed keeping a portion of the temporary sales tax.

The Senate budget would eliminate teacher assistants for all but kindergarten classes, while getting a start on a Senate plan to reduce class sizes to one teacher for every 15 students in the first- through third-grades.

The Senate budget would damage education, mental health care and protections for women, Senate Minority Leader Martin Nesbitt, an Asheville Democrat, said.

"They are going right to the heart of what the people of this state care about," he said. "Obviously, the gloves are off."

Five House Democrats voted for the GOP House budget, and Republicans would like to keep at least four of them as 'yes' votes in case of a Perdue veto. If all House Republicans are present, four Democratic votes would be enough to override a veto.

Republicans didn't have those four Tuesday.

**Big change for SBI**

The budget made other changes in transportation, health and criminal justice.

If approved, the proposed Senate budget would cut the size of the state's Department of Justice by more than half, moving the State Bureau of Investigation, the state crime lab and justice training programs out from under the supervision of the state's elected Attorney General.

The SBI would be moved to the new Department of Public Safety, a consolidated agency that would also include what are now the cabinet-level
departments of Correction, Crime Control and Public Safety, and Juvenile Justice and Delinquency Prevention.

GOP budget writers hope to cut cost and shed high-paying administrative jobs through consolidating control over all public safety functions into one agency. The Senate budget would also require the secretary of the new agency to be nominated by the governor but then approved by the legislature, a provision that would potentially weaken the authority of the state's chief executive.

Attorney General Roy Cooper, a Democrat, said the SBI was created as a part of the Justice Department precisely so that it would not be under the supervision of the governor. SBI agents are routinely called in to investigate allegations of wrongdoing involving other state agencies, including the Highway Patrol.

Under the Senate's organizational plan, the SBI would be in the same department as those it might be called on to investigate. That could potentially create conflicts of interests.

"That independence has been vital in allowing agents to work unfettered by pressure or expectations to uncover corruption in the legislative, executive and judicial branches," Cooper said in a statement released by his office. "To have the SBI report to an agency head appointed by the governor and approved by legislators puts that freedom to investigate at great risk."

**Health and the DOT**

In health, the Senate proposed eliminating several optional Medicaid services for adults in 2012-2013, including physical, occupational, speech, and respiratory therapy, and would limit dental care to emergency cases, unless the patient is pregnant.

Sen. Doug Berger, a Franklin County Democrat, protested making service cuts before an open discussion about the effect on patients.

Senate Democrats opposed a move to dissolve the Smart Start parent office, the N.C. Partnership for Children, and roll the administrative duties into the state Department of Health and Human Services. The move would save about $5 million. Democrats said it would impair the ability of local Smart Start offices to raise outside money, as required by law.

The transportation budget would cancel two toll road and bridge projects and block state funding for rail transit in Charlotte as part of an effort to reserve extra money for road maintenance and bridge repair.
Fiscal researchers said the Senate plan would provide enough money to replace 36 percent of North Carolina's substandard bridges over the next two years.

"We wanted to target more dollars to maintaining the system we have - as opposed to building new roads, new bridges, new parts of the system," Phil Berger said.

The Senate would kill state funds for two rail transit projects in Charlotte. That could set a precedent for Triangle officials who are counting on the state to cover 25 percent of construction costs for planned light rail and commuter train projects that could cost a total of $3.5 billion over the next 15 years.

"This would hurt Charlotte in the very near term and, if it were to stand, would hurt us in the Triangle, clearly," said David King, general manager of Triangle Transit.

But Sen. Richard Stevens of Cary, one of the chief budget writers, warned against reading too much into the current plan. He said he would not rule out prospects for Triangle rail transit funding in future years.

Staff writer Jane Stancill contributed to this report.

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Other details of the Senate’s spending plan

**UNC system**

-- Enrollment growth

**Senate and House:** Provide $47 million for added students on the campuses

**Perdue:** Provides for 2,337 additional students in 2011-12 and 2,115 in 2012-13

-- Campuses

**Senate:** Reduces funding by $435 million

**House:** Reduces funding by $478 million

**Perdue:** Reduces funding by $253 million

-- UNC Hospitals

**Senate:** Reduces state subsidy by 43 percent

**House:** Eliminates subsidy

**Perdue:** Reduces subsidy by 25 percent

-- Center for Public Television
**Senate and House**: Cut next year’s appropriation by 12 percent and provides no funding in the second year of the biennium; funding could be restored in 2012-13 pending the findings of a legislative review.

**Perdue**: No cuts

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Grad students and merit scholarships

**Senate**: Does not cut tuition remission for graduate students; retains tuition waivers for out-of-state students on academic or special talent scholarships.

**House**: Cuts funding by 20 percent, or $9 million. Similarly, House proposes $8 million cut to tuition waivers for out-of-state students on academic or special talent scholarship.

**Perdue**: No cuts

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**Community College System**

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**Colleges**

**Senate**: Reduces funding by $53 million

**House**: Reduces funding $44 million

**Perdue**: Reduces funding by $32 million

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Enrollment

**Senate and House**: Provide $34 million for enrollment growth

**Perdue**: Provides for 9,712 additional students in 2011-12 and 7,283 in 2012-13

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Tuition

**Senate and House**: Increase tuition by $10 per credit hour in 2011-12, raising the tuition bill by a maximum of $320 a year, from $1,808 to $2,128

**Perdue**: Provides for tuition increases of $176 annually

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Basic Skills

Senate and House: Cut funding for basic skills education by 12 percent.

**Perdue**: No cuts

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System office

**Senate and House**: Eliminate 19 positions in the system office, including eight jobs that are filled
North Carolina is failing its children when it comes to their dental health, according to a new report from the Pew Center on the States.

The group, a division of the nonprofit Pew Charitable Trusts, graded states on eight benchmarks for children's dental health. North Carolina dropped from a C to a D. The decline was driven by Medicaid rates not keeping pace with dentists' fees.

The state has, however, succeeded in bringing dental care to more than half of the children in the state who are enrolled in Medicaid. The report also notes that because of its "large budget deficit North Carolina recently cut funding to a significant portion of the state's oral health program."

The report comes at a time when the legislator leaders are looking at ways to reduce Medicaid costs even further.

According to the report, North Carolina is doing far worse than its neighboring states. South Carolina earned an A, while both Virginia and Tennessee held steady with a grade of C.

Over all 27 states earned either an A or B while 23 and the District of Columbia earned a C or below. Twenty-two states did manage to improve their grades over last year.

North Carolina, which was one of only six states that saw grades drop, met three of the eight benchmarks:

- share of residents on fluoridated community water supplies
- share of Medicaid-enrolled children getting dental care
- pays medical providers for early preventive dental health care

In addition to the rates paid to dentists, the state falls short in:

- the percent of high-risk schools with sealant programs
- authorizing hygienists to place sealants without a prior dentist exam
- authorizing new primary care dental providers
- tracking data on children's dental health needs
Anthony Marx presided over his final graduation at Amherst College on Sunday. He led big gains in diversity at Amherst.

**Top Colleges, Largely for the Elite**

By DAVID LEONHARDT

The last four presidents of the United States each attended a highly selective college. All nine Supreme Court justices did, too, as did the chief executives of General Electric (Dartmouth), Goldman Sachs (Harvard), Wal-Mart (Georgia Tech), Exxon Mobil (Texas) and Google (Michigan).

Like it or not, these colleges have outsize influence on American society. So their admissions policies don’t matter just to high school seniors; they’re a matter of national interest.

More than seven years ago, a 44-year-old political scientist named Anthony Marx became the president of Amherst College, in western Massachusetts, and set out to change its admissions policies. Mr. Marx argued that elite colleges were neither as good nor as meritocratic as they could be, because they mostly overlooked lower-income students.

For all of the other ways that top colleges had become diverse, their student bodies remained shockingly affluent. At the University of Michigan, more entering freshmen in 2003 came from families earning at least $200,000 a year than came from the entire bottom half of the income distribution. At some private colleges, the numbers were even more extreme.

In his 2003 inaugural address, Mr. Marx — quoting from a speech President John F. Kennedy had given at Amherst — asked, “What good is a private college unless it is serving a great national purpose?”
On Sunday, Mr. Marx presided over his final Amherst graduation. This summer, he will become head of the New York Public Library. And he can point to some impressive successes at Amherst.

More than 22 percent of students now receive federal Pell Grants (a rough approximation of how many are in the bottom half of the nation’s income distribution). In 2005, only 13 percent did. Over the same period, other elite colleges have also been doing more to recruit low- and middle-income students, and they have made some progress.

It is tempting, then, to point to all these changes and proclaim that elite higher education is at long last a meritocracy. But Mr. Marx doesn’t buy it. If anything, he worries, the progress has the potential to distract people from how troubling the situation remains.

When we spoke recently, he mentioned a Georgetown University study of the class of 2010 at the country’s 193 most selective colleges. As entering freshmen, only 15 percent of students came from the bottom half of the income distribution. Sixty-seven percent came from the highest-earning fourth of the distribution. These statistics mean that on many campuses affluent students outnumber middle-class students.

“We claim to be part of the American dream and of a system based on merit and opportunity and talent,” Mr. Marx says. “Yet if at the top places, two-thirds of the students come from the top quartile and only 5 percent come from the bottom quartile, then we are actually part of the problem of the growing economic divide rather than part of the solution.”

I think Amherst has created a model for attracting talented low- and middle-income students that other colleges can copy. It borrows, in part, from the University of California, which is by far the most economically diverse top university system in the country. But before we get to the details, I want to address a question that often comes up in this discussion:

Does more economic diversity necessarily mean lower admissions standards?

No, it does not.

The truth is that many of the most capable low- and middle-income students attend community colleges or less selective four-year colleges close to their home. Doing so makes them less likely to graduate from college at all, research has shown. Incredibly, only 44 percent of low-income high school seniors with high standardized test scores enroll in a four-year college,
according to a Century Foundation report — compared with about 50 percent of high-income seniors who have average test scores.

“The extent of wasted human capital,” wrote the report’s authors, Anthony P. Carnevale and Jeff Strohl, “is phenomenal.”

This comparison understates the problem, too, because SAT scores are hardly a pure measure of merit. Well-off students often receive SAT coaching and take the test more than once, Mr. Marx notes, and top colleges reward them for doing both. Colleges also reward students for overseas travel and elaborate community service projects. “Colleges don’t recognize, in the same way, if you work at the neighborhood 7-Eleven to support your family,” he adds.

Several years ago, William Bowen, a former president of Princeton, and two other researchers found that top colleges gave no admissions advantage to low-income students, despite claims to the contrary. Children of alumni received an advantage. Minorities (except Asians) and athletes received an even bigger advantage. But all else equal, a low-income applicant was no more likely to get in than a high-income applicant with the same SAT score. It’s pretty hard to call that meritocracy.

Amherst has shown that building a better meritocracy is possible, by doing, as Mr. Marx says, “everything we can think of.”

The effort starts with financial aid. The college has devoted more of its resources to aid, even if the dining halls don’t end up being as fancy as those at rival colleges. Outright grants have replaced most loans, not just for poor students but for middle-class ones. The college has started a scholarship for low-income foreign students, who don’t qualify for Pell Grants. And Amherst officials visit high schools they had never visited before to spread the word.

The college has also started using its transfer program mostly to admit community college students. This step may be the single easiest way for a college to become more meritocratic. It’s one reason the University of California campuses in Berkeley, Los Angeles and San Diego are so much more diverse than other top colleges.

Many community colleges have horrifically high dropout rates, but the students who succeed there are often inspiring. They include war veterans, single parents and immigrants who have managed to overcome the odds. At
Amherst this year, 62 percent of transfer students came from a community college.

Finally, Mr. Marx says Amherst does put a thumb on the scale to give poor students more credit for a given SAT score. Not everyone will love that policy. “Spots at these places are precious,” he notes. But I find it tough to argue that a 1,300 score for most graduates of Phillips Exeter Academy — or most children of Amherst alumni — is as impressive as a 1,250 for someone from McDowell County, W.Va., or the South Bronx.

The result of these changes is that Amherst has a much higher share of low-income students than almost any other elite college. By itself, of course, Amherst is not big enough to influence the American economy. But its policies could affect the economy if more colleges adopted them.

The United States no longer leads the world in educational attainment, partly because so few low-income students — and surprisingly few middle-income students — graduate from four-year colleges. Getting more of these students into the best colleges would make a difference. Many higher-income students would still graduate from college, even if they went to a less elite one. A more educated population, in turn, would probably lift economic growth.

The Amherst model does cost money. And it would be difficult to maintain if Congress cuts the Pell budget, as some members have proposed. But when you add everything up, I think the model isn’t only the fairest one and the right one for the economy. It’s also the best one for the colleges themselves. Attracting the best of the best — not just the best of the affluent — and letting them learn from one another is the whole point of a place like Amherst.

“We did this for educational reasons,” Mr. Marx says. “We aim to be the most diverse college in the country — and the most selective.”

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Study: One-fifth of faculty does most of the work

By Daniel de Vise

Twenty percent of faculty at the University of Texas-Austin teach 57 percent of the student credit hours, according to a new study from the Center for College Affordability and Productivity that attempts to build a case for inefficiency and waste in academia.

If the “bottom” 80 percent were as productive as the top 20 percent, the study concludes, the flagship Texas public university could cut its tuition in half. Or, the state could reduce its funding to the university by as much as 75 percent.

The study is likely to provoke outrage among those who suspect that college faculty positions are comparatively cushy, if it gains traction. And it’s likely to irk faculty associations, whose leaders contend that professors are a very hard-working and dedicated group, on the whole.

Look at the faculty list at any department at a major research university and you’ll find that a good number of professors are teaching something well short of a full load of courses. The reason is research: Universities typically grant professors a good amount of freedom — from lighter course loads to paid sabbaticals — to pursue their area of specialty, generating articles in peer-reviewed journals and chasing grant funds.

That research effort is just as important as the quality of their classroom teaching, at least in terms of college rankings and reputation.

But the study suggests that research and teaching can easily coexist. It found that the 20 percent of faculty with the heaviest teaching loads generated 18 percent of UT’s research funding, meaning that they remained competitive in research even as they carried more than their share of teaching duties.

“This suggests that these faculty are not jeopardizing their status as researchers by assuming such a high level of teaching responsibility,” the study states.
The least productive 20 percent of faculty teach just 2 percent of all student credit hours at UT — meaning that students barely see them.

Research grants at UT go overwhelmingly to a small group of faculty. Two percent of faculty are responsible for 57 percent of research, and 20 percent are responsible for 99.8 percent.

Furthermore, the study found the faculty doing all the research were neither the most nor the least productive teachers.

“States looking to find answers to the exponential growth in college costs should take a close look at the Texas study’s findings,” said Richard Vedder, director of the center, in a statement. The center was founded in 2006 to study cost and efficiency in higher education.

By Daniel de Vise | 12:23 PM ET, 05/24/2011