POPULAR GOVERNMENT

PUBLISHED BY THE INSTITUTE OF GOVERNMENT / THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

Prison Problems and Reforms / Auto Insurance /
Jury Selection by Computer / Urban Growth / CD Funds

Spring 1979

POPULAR GOVERNMENT

Vol. 44 / No. 4 Spring 1979

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POPULAR GOVERNMENT (ISSN 0032-4515) is published four times a year (summer, fall, winter, spring) by the Institute of Government, the University of North Carolina at Chapel Hill, Country Club at Raleigh Road, Chapel Hill. Mailing address: Box 990, Chapel Hill, N.C. 27514. Subscription: per year $6.00. Second-class postage paid at Chapel Hill, N.C.

The North Carolina Department of Correction: Problems, Progress, and Plans

Amos E. Reed

THE NORTH CAROLINA Department of Correction (DOC) is required by law to provide custody and rehabilitative service to criminal offenders sentenced to either probation or imprisonment by the criminal courts of North Carolina. At present, about 6,000 employees are serving some 56,000 offenders, including parolees, probationers, and prison inmates. As of January 1, 1979, the prison population totaled 13,353 inmates housed in 79 prison facilities and five community treatment facilities. Another 42,398 offenders are being supervised in their communities on probation or parole. Researchers have predicted that the state prison population will continue to increase at least until 1985. It is difficult to predict prison population beyond 1985 because we cannot forecast such things as the economy, employment, public attitudes, possible changes in the sentencing system, the use of alternatives to incarceration, and fiscal changes.

The recent increase in the prison population resulted from an increased average stay in prison rather than from increased admissions. During the last ten years, the number of felons (serving over two years) committed to prison has more than doubled, while the number of misdemeanants (serving two years or less) has decreased by more than one-third. In 1969 felons accounted for 24.3 per cent of total prison admissions and in 1977, 50.6 per cent. The average length of the sentence served by state prisoners increased from 2.7 years in 1969 to an estimated 5.3 years in 1977. This combination of factors—more felons, fewer misdemeanants, and longer sentences—plus delays in granting parole has produced a build-up of the prison population, particularly in the medium, close, and maximum custody units.

The prison population is now expected to exceed 15,000 by 1980 even without any further increase in admissions (see Table 1). Whether it is necessary to incarcerate so many people is a question beyond the scope of this article. But it is worth noting that, as of 1976, North Carolina had the unhappy distinction of having the highest commitment rate of any state and the fifth highest total prison population. North Carolina incarcerates at the rate of 240.06 per 100,000 general population, whereas the national average rate of incarceration is 94.85 per 100,000 general population.[1]

The large number of prisoners means a staggering overload on facilities and staff. Over 1,300 inmates are confined in Central Prison, which was designed for 850; some field units designed for 96 prisoners now must hold up to 140. The effects of this overpopulation on both the staff and the inmates are unacceptable. All programs and activities are overstrained and underresponsive. This situation is very evident to those of us in DOC who have responsibility and feel that we must do all we can to correct it.

Another result of prison overcrowding is the continual and increasing threat of a lawsuit and possible court intervention. In recent years, courts have declared the prison systems of many states to be unconstitutional, often because of overcrowding. A lawsuit recently filed against the North Carolina Department of Correction by a group of inmates could result in a court order compelling the prison system to close its doors or to restrict the number of new admissions severely.

Remedies for overcrowding

One remedy to the overcrowding problem is to build more prison space. The General Assembly has recently appropriated funds for this purpose, and a building program is now under way. Thirty-two "modular" prison units have been constructed across the state to house minimum-security inmates. These modular units, which look like large mobile homes, house 1,024 minimum-security inmates and were built at a cost of $2,986,000. Four units that originally held minimum-security inmates now house medium-security inmates to reduce the crowding at Central Prison. Space for 256 more inmates has been provided by constructing single-cell prison units that hold about 25 prisoners each at ten medium-security prisons. One single-cell unit that will hold 144 prisoners has been constructed at Caledonia Prison, and three more like it are now being built at Caledonia, Odum, and McCain. Two former juvenile training schools have been converted to adult prisons: Cameron Morrison Youth Center will hold 350 youthful offenders, and Richard T. Fountain Youth Center will hold 200. At Cherry Hospital near Goldsboro, the Purser Building will provide

The author is Secretary of the North Carolina Department of Correction.

1. National Clearinghouse for Criminal Justice Planning and Architecture, *Clearinghouse Transfer* 2A (Champaign, Ill.: University of Illinois, Department of Architecture, June 1977).

Table 1

Felon, Misdemeanant, and Total Admissions, Estimated Average Sentence Lengths (1975-78)

	Felons		Misdemeanants		Total	
	Adm.[1]	Sent.[2]	Adm.	Sent.	Adm.	Sent.
1975	4,548	10.4	6,280	1.3	10,828	5.1
1976	4,620	10.0	6,248	1.3	10,868	5.0
1977	5,036	9.4	5,478	1.5	10,514	5.3
(1978)	(4,900)	(9.6)	(4,600)	(1.6)	(9,500)	(5.7)

Admissions are new admissions plus probation revocations; 1978 estimates are based on first-quarter data and projected for the year.

2. Number of years.

Source. State Correction Statistical Abstract, North Carolina Department of Correction (Raleigh: May 1978).

200 medium-custody beds for inmates who need mental health care, protective custody, or diagnostic service. A nearly completed twelve-story reception center at Salisbury will house 472 inmates. This structure is as modern and efficient as any in the nation. It incorporates minimal roof area and improved heating capabilities, and it simplifies prisoner movement and control. Like other newly constructed units, it has a self-contained emergency power supply, special surveillance equipment, and outside fire towers. Construction of an additional 480-bed medium-custody single-cell facility in Greene County is planned in the near future.

The major construction project is the renovation of Central Prison, built in 1868. This project involves replacing old portions of the prison to accommodate 876 inmates in single cells at a cost of $27 million. The completion date is September 1982. Central Prison is so old that it would have had to be renovated even without overcrowding.

Another remedy to the problem of prison overcrowding is diverting offenders from state prisons. New or modernized buildings are not a total solution to overcrowding. The flow of inmates into the system must be reduced and the discharge of inmates who are ready to leave the system must be accelerated. One example of a diversionary approach is DOC's restitution officer program. Specially trained paraprofessional restitution officers, paid under a federal grant, have been assigned to communities where in many cases courts have ordered offenders to pay restitution in lieu of imprisonment. Restitution is an arrangement in which the convicted offender, instead of going to prison, is supervised on probation and pays full or part compensation to the victim of his crime. The special restitution officers have increased the effectiveness of the restitution system. For example, in Greensboro the satisfaction of restitution judgments has risen from 68 to 92 per cent, leaving only 8 per cent of offenders delinquent in their payments to the victims. Collections of restitution payments from November 1977 to December 1978 have totaled $1,137,453; 71 per cent of all restitution amounts due are now paid, and DOC's goal is to increase this figure to 75 per cent. The restitution officers thus not only release professional probation-parole officers for other supervisory work but also, by making restitution more effective, encourage the use of restitution and probation and thereby make probation a more attractive alternative to incarceration.

The Local Confinement Act provides another means of diverting offenders from state prisons. Effective October 1, 1977, this act requires that prisoners with sentences of six months or less be confined in local jails. DOC is authorized to subsidize incarceration of offenders with sentences of from 30 to 180 days in local jails at a per diem rate of $10. The Local Confinement Act program should significantly reduce the number of misdemeanants in state prisons. Counties now house about 300 of these offenders every day; and about 2,500 of these misdemeanants are being diverted from state prisons each year.

Like many other states, North Carolina has shown considerable interest in changing laws and practices in regard to sentencing, parole, and reducing prison sentences for good behavior ("good time"). Citizens as well as prison inmates are dissatisfied with disparities in sentences and the granting of parole. But we must take care lest the cure for these disparities become worse than the disease. For example, one proposal is that "fixed sentencing" be adopted; that is, specific sentences would be set and imposed for each crime without regard to mitigating or aggravating factors that may be present in an individual case. Thus judges would be denied discretion in sentencing. Proposals of this type may greatly aggravate prison overcrowding. A preferable system would be "presumptive sentencing," in which crimes would be classified according to levels of seriousness and a "presumptive" or "typical" penalty for each would be set as a guide to the sentencing judge. In the presumptive-sentencing scheme, the judge would still retain discretion to take mitigating or aggravating factors into account and would not be required to impose the presumptive punishment if there were good reasons for imposing a more or less severe punishment. Within the limits clearly established by the legislature, a panel of judges or an appellate court could review sentences imposed in individual cases. This system would help determine fairer sentences and would not have the effect on the prison population as the effect that the fixed-sentencing system has. Whatever is done in relation to sentencing, parole, and the awarding of "good time," impact studies should be done in advance to ensure that new laws and practices do not overload and overwhelm the prisons.

Inmate security, treatment, and activities

Security. A primary goal of DOC is to develop and sustain a prison environment that is safe for staff, inmates, and the general public. Special attention is now being focused on assaultive career criminals and inmates convicted of murder, rape, arson, kidnapping, and other heinous crimes. A central inmate trans-

fer and classification unit has been developed recently to program and to monitor the assignment of these very serious offenders. This unit is one aspect of a new policy that centralizes decisions regarding promotion of felons to minimum custody. Decisions regarding the transfer of inmates from one unit or custody grade to another have also been centralized. This centralization has made the process of transfer and classification fairer and more uniform; formerly, decisions were made locally and were sometimes at variance with DOC's overall goals.

Treatment. If a prison system is to be valuable to society, it must do more than punish the offender and keep him off the street for a certain period of time. DOC must do everything it can to release the offender to society as an improved person. In view of the relatively brief time that we have with the inmate and the extensive damage that his personality may have suffered, we must concede that in many cases we can hope for precious few results. But we cannot in good conscience conclude that nothing can be done for any inmate and therefore do nothing. Much can be done for each inmate with regard to education, vocational training, recreation, religion, psychological service, medical service, and work opportunities.

One component of DOC's psychological and medical services is at Central Prison, where 144 beds are provided for mental health care and 92 beds for hospital care. In addition, several new facilities are either recently completed or nearly finished at other prisons. Twenty-two beds in the 144-bed facility under construction at the Caledonia Prison will be designated as an intermediate-care nursing facility and are expected to be completed in May 1979. At McCain Prison a 144-bed facility is now under construction and is expected to open by the end of 1979; it will provide long-term and intermediate mental health and medical care to prison inmates. The drug and alcohol treatment program at McCain is unique in its approach to these critical problems and uses the most modern therapeutic measures to treat two of society's most severe problems. This program is being closely watched by other state prison systems. The Durham County facility has been designated as a specialized unit for geriatric inmates.

Amos E. Reed

In rehabilitation programs youthful offenders receive special attention. Inmates under 22 years of age are housed separately from older inmates in the Youth Services Complex, which now handles over 2,000 youthful offenders. Prisoners under 18 years of age are assigned to Western Correctional Center, Burke Youth Center, or the Richard T. Fountain Youth Center. Prisoners convicted of felonies who are between 18 and 21 are assigned to Harnett Youth Center, Polk Youth Center, Sandhills Youth Center, or Cameron Morrison Youth Center. The Cameron Morrison Youth Center also receives 100 youthful female offenders previously housed at the Correctional Center for Women in Raleigh. Misdemeanants between 18 to 21 years of age are housed in nine youthful-offender field units across the state. The major objective in rehabilitation services to youthful offenders is to supply treatment based on each individual's needs. Specialized programs have been initiated to help meet these needs, and other programs are being developed. For example, through the Federal Elementary and Secondary Education Act (ESEA) special education is provided to those youthful offenders who have problems with the beginning phases of learning and social adjustment. In another new program social work counselors provide intensive counseling on a regular basis to youthful offenders.

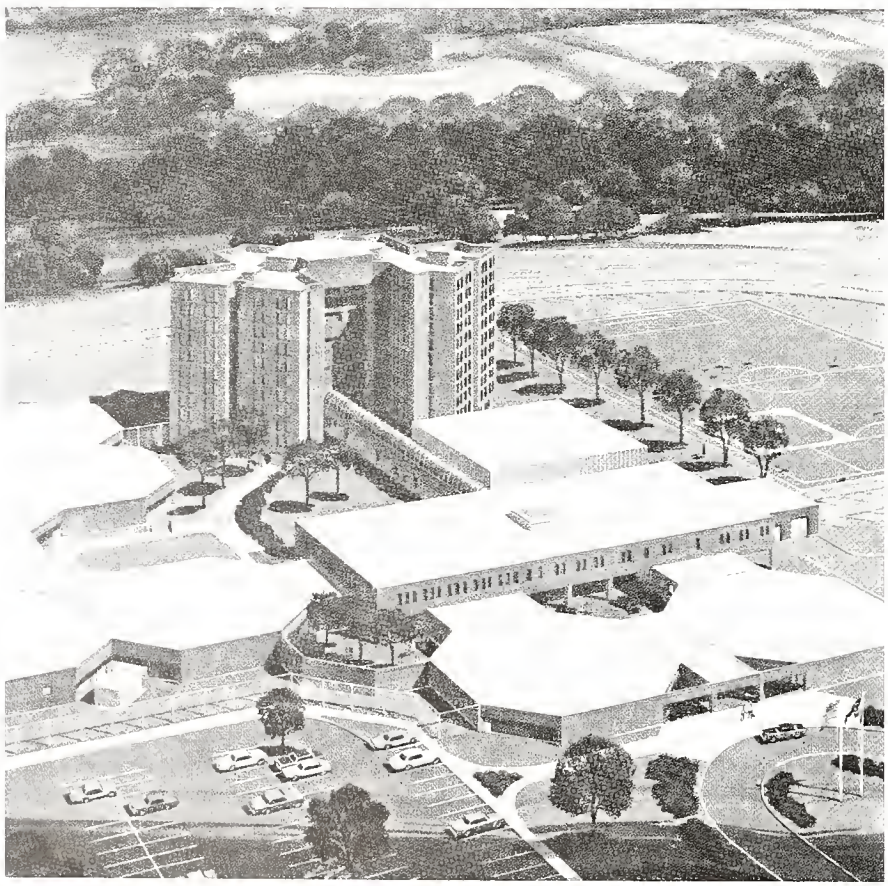
The keystone of the Youth Services Complex is the Western Correctional Center in Morganton, a statewide center for receiving, classifying, and treating felons and misdemeanants under 18 years of age. With its staff psychologists and consulting psychiatrists, this center provides twelve distinct programs: (1) vocational rehabilitation; (2) in-house sheltered workshop care for the mentally retarded; (3) an off-site sheltered workshop at Western Carolina Center for the mentally retarded; (4) academic education leading to a general equivalency diploma (GED) as well as the special education program mentioned earlier; (5) vocational training; (6) intensive counseling; (7) individual and group counseling programs; (8) arts and crafts; (9) recreation and life enrichment; (10) religious programs; (11) alcohol and drug programs; and (12) Explorer Scout posts. While some of the youthful inmates move from Western Correctional Center to the Polk, Harnett, and Cameron Morrison youth centers and youth field units, most are eventually transferred to Burke Youth Center and Fountain Youth Center. Fountain Youth Center provides structured academic and vocational training to youthful offenders under 18, including the mentally retarded, certain first offenders, and those who require protective custody. Burke Youth Center provides community-based programs for offenders under 18. Besides vocational rehabilitation and a sheltered workshop, Burke also provides a study release in connection with Western Piedmont Community College, a home-leave program, an Explorer Scout post, and a community volunteer program.

For felons between 18 and 21 years, Polk Youth Center in Wake County provides reception, classification, and treatment for offenders from the western and northern areas of the state, and Harnett Youth Center provides the same for inmates from the eastern and southern portions of the state. Polk and Harnett furnish GED and ESEA academic programs, as well as vocational rehabilitation, a six-month vocational school program, and a variety of "prison enterprises" programs, including duplicating, mattress manufacture, repair of office machines, and the like.

The Cameron Morrison and Sandhills youth centers serve the special needs of mentally retarded and physically and

emotionally passive youthful offenders. Academic and vocational education is offered with an emphasis on developmental disabilities; these centers also have intensive counseling programs that involve the services of guidance counselors, psychiatrists, and group and individual counseling specialists. At Sandhills, services are aimed at progressive movement of the 18- to 21-year-old offenders toward eventual release to the free community. Youthful offenders are tested to determine their vocational interests and aptitudes. A check is then made to locate appropriate jobs for them in their home communities. Then the most suitable vocational training plan to ready them for these jobs is developed. Cameron Morrison and Sandhills also provide an intensive counseling program. This program, serving a select group of youthful offenders who have no specific problems or disabilities, involves careful program planning and implementation, regular individual counseling, and family counseling. The objective is to make the most of these offenders' potential for successful rehabilitation.

Educational programs. Educational programs in the prison system, serving adult as well as youthful offenders, are expanding dramatically. In November 1978 there were 322 teachers in the prisons, compared with 66 in 1975. These expanded programs give inmates the greatest possible opportunity to improve their basic reading and writing and to obtain a high school education. Approximately 2,000 inmates are now involved in academic programs; 1,700 in vocational training; and 1,200 in structured human development programs. Education can be a vital factor in improving the inmate's self-esteem. The illiterate inmate who learns to read in prison has experienced success—perhaps one of the few successes he has ever known. He can meet the world on better terms and, we hope, will be able to cope with life and find it unnecessary to resort to crime. Special attention has to be given to the needs of mentally, emotionally, and physically handicapped inmates, who make up about two-thirds of our inmate population under 21 years of age. DOC's efforts in this regard are supported by the Federal Education of the Handicapped Act and the Creech Bill enacted by the North Carolina General Assembly in 1977. These laws mandate free and appropriate education for handicapped children, and by September 1981 the age range covered will extend to young people up to 21 years of age. This extension of the age range will bring the number of eligible prison inmates to approximately 4,000, which will mean the addition of about 400 new prison staff members supported by a budget increase of $6 million to $7 million in state and federal money.



New 480-bed medium-security facility now under construction in Salisbury. Emphasis will be on remedial education, education leading to a general equivalency diploma, and vocational training.

Work. Inmate work is an important part of the prison's rehabilitation program. Work and study release, in which inmates are released to the free community on weekdays for regular employment or study, has been a major program of North Carolina's prisons since 1965. Work and study release now involves about 1,400 inmates, and will continue to be emphasized as "bridges" leading from the prisons to the free community.

Although most inmates participate in some structured activity every day, 3,000 to 4,000 remain idle. This idleness is a major problem, and it is being attacked in several ways. Through recent action of the General Assembly, about 1,350 inmates who are not eligible for work or study release are assigned to maintaining the state highways. In 1975 the General Assembly established a structure of inmate labor commissions—six commissions in local areas of the state and one statewide Inmate Labor Commission. These commissions consider requests for inmate labor projects that may come from local government units and other sources. The commissions, which have handled approximately 150 projects so far, prefer public work projects that would ordinarily not be performed by free labor. A number of inmates are assigned to work projects within the state prison system itself. Approximately 1,100 maintain prison buildings and grounds; about 100 are involved in prison con-

struction projects; and approximately 1,800 work in the 22 "prison enterprises," which include making license plates, signs, metal products, soap, and mattresses; painting; printing and duplicating for state government agencies; sewing, upholstering, and tailoring; woodworking and refinishing; laundering for the prisons and other state institutions; maintaining forests; repairing office machines; farming; and processing food for use in state institutions.

Recreation. Recreation in the prisons, formerly loosely coordinated, has become a highly structured program, aimed not only at reducing idleness among inmates but also at enriching their lives. To help give direction to the recreation program, with the Governor's approval, I recently appointed a Physical Education and Life Enrichment Council, consisting of community leaders from across the state, who advise DOC on needed improvements in recreation. The Council, which includes some coaches from the State University System as well as other recreation experts, will consider not only athletics and sports but also accredited physical education, hygiene, and art. With a grant from the National Endowment for the Arts, an intensive pilot program in art that served ten to fifteen selected prisoners who participated 40 hours a week was conducted recently under the direction of the Department of Fine Arts at the University of North Carolina at Chapel Hill. This program was an expansion of a smaller program conducted at the Correctional Center for Women in Raleigh. Inmates in this art program received formal instruction in music, fine arts, and drama centered on a major theatrical production.

Prison libraries are now being improved—particularly those in maximum, close, and medium custody prison units. In addition to the standard hardback collections now in four prison units, an effort is under way to establish paperback libraries of at least 500 titles at six more units. Thirteen units have so far received paperback libraries, and each has at least one inmate librarian trained by DOC's head librarian, who is responsible for developing a viable system of libraries throughout the Division of Prisons. Most prison facilities have collections of donated library materials. Reading is popular in prison. For example, the 450 inmates at Caledonia Prison have a library of about 550 books, with an average monthly checkout rate of approximately 900 titles. In addition to its general library facilities, DOC has been ordered by the U.S. Supreme Court to establish 21 prison law libraries to ensure that inmates have a means of access to the courts. Established at a cost of $180,000, the law libraries have a staff of 20 prison employees and 20 inmates.

Typical modular prison unit that houses minimum-security inmates.

Religion. Religion continues to be an important program of DOC. Through recent legislative appropriations, DOC now has funds for fourteen full-time and six part-time prison chaplains. Six other prison chaplains are paid by their churches. Hundreds of volunteers provide assistance to the chaplains. In particular, hundreds of members of the Yokefellow Prison Ministries of North Carolina have been faithful and helpful throughout the Division of Prisons. The number of people involved in religious work in the prisons today is much larger than in 1974, when the Division of Prisons had only two full-time chaplains, both assigned to Central Prison.

Volunteers. With Governor Hunt we recognize the vast reservoir of resources in the citizens of North Carolina and give full support to his program for using this reserve. The Governor has appointed a Citizens Advisory Committee for each unit in the prison system. These committees' function is to work closely with the unit's administration in developing programs for volunteer workers and in establishing a corps of volunteer workers to serve both in the prison unit itself and in the probation and parole aspect of DOC's operations. Two hundred fifty volunteers provide valuable leadership on the advisory committees. Currently, from 2,000 to 4,000 volunteers serve the Department.

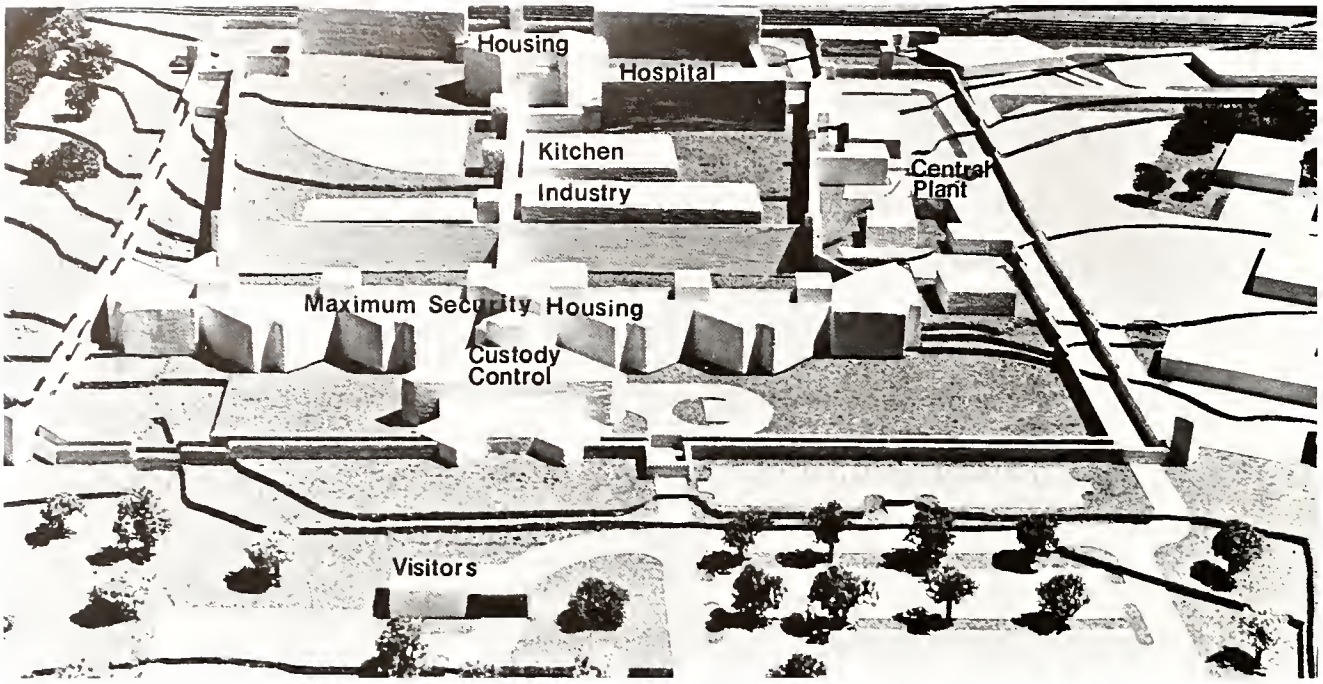
Such extensive use of volunteers is a new and perhaps threatening experience for many staff persons. As a result, a small corps of grant-supported coordinators is conducting workshops throughout the system to instruct staff in developing volunteer programs, in relationship with their respective community advisory councils, and in using this newly acquired resource most effectively.

New volunteers are also schooled in their relationship with staff and inmates and how they can best serve DOC needs according to their own abilities. We expect the volunteer program, which is well-organized and intelligently directed, to save DOC several million dollars and to provide the inmates immeasurable benefits that without the volunteers would be unattainable.

Parole and probation supervision

With the help of restitution officers, the probation-parole officer devotes more of his time to counseling and other direct service to his clients. The probation-parole officer and the restitution officer work together in training their clients in money management so that they will not get so far behind in their restitution payments that they must revert to the courts and ultimately enter the already overcrowded prison system.

Paraprofessional intake officers. While nearly all judicial and correctional systems completely support the parole and probation concepts, the effective imple-



Architect's rendering of proposed renovation at Central Prison.

mentation of these concepts has been severely hampered because the limited staff cannot cope with so many parolees and probationers. Probation-parole officers have had to spend too much time sitting in courtrooms and preparing reports rather than in direct contact with their clients. North Carolina has adopted a program of installing paraprofessional intake officers in courtrooms to serve as a bridge between the court and the probation officers. Twenty such paraprofessionals work in the high-population areas of the state and have become invaluable, both to the courts and to the probation system.

The intake officers are doing increasingly more presentence investigation to help the courts in evaluating both the individual defendant and his alleged crime. The evaluation affords a more objective view of the offender than either the defense or the prosecution can present and has demonstrated its value as an aid to the judges in sentencing. As a result, the courts in which the intake officers are working now increasingly use probation as an alternative to incarceration. Although the program is too new to permit a firm reading, in areas where the officers are working we are seeing more probationers emerging from the courts than previously. During January 1978, the 20 intake officers processed 30 per cent of all new cases that came under probation in North Carolina. These figures translate into 2,411 hours of relief from courtroom duties by regular probation-parole officers, affording them more time for their clientele and other duties. In the Raleigh area, the time the regular probation-parole officers spend in the courtroom has been decreased by 70 per cent, absconding by clients has decreased by 43 per cent, and the unemployment rate among the probationers and parolees has decreased by 20 per cent. In Greensboro, the percentage of probationers who are employed has increased from 52 per cent to 82 per cent; the percentage of probationers and parolees who are full-time or part-time students has increased from 6 per cent to 11 per cent, and the rate of absconding for probationers and parolees has dropped by 30 per cent. Time spent with the clients by the regular probation-parole officers has increased by 30 per cent. The intake officer program has thus given the parole and probation officers greater time for family contact, job development, and other aid to their clientele. We feel that this program is of great significance in implementing the probation and parole concept.

Wilmington pilot program. While the amount of time spent with the clients is significant, it is *what is done* with the clients that is most important. A pilot program established in Wilmington aims at directing the greatest amount of supervision to the probationers and parolees who have the greatest need. Treatment teams have been established in the Wilmington program that use the expertise of individual officers who have received special training and hold credentials in specialized fields. Each probation case is screened to determine problem areas in family relationships, drug or alcohol abuse, mental or emotional disturbances, and so on. If no significant problems are apparent, the probationer is given normal surveillance. Clients with identified needs, however, receive the concentrated effort of the treatment team. This move from a caseload-only approach to a workload process, in these early stages of program development, gives promise of a high-quality probation system.

Greensboro pilot program. We have also used another pilot program in developing ways to avoid sentencing offenders to the prison system. In Greensboro the Community Adjustment Training Program is an intensive program offered at night for a total of 27 hours. It

is primarily designed as a diversion from active sentencing and secondarily as a complement to probation and parole supervision. Offenders whom the courts direct into the program spend three hours per night, three nights per week, for three weeks in a group-dynamics situation concentrating on communication skills and attitude and coping with life's situations.

In effect the courts, by directing offenders into the program, have put them in a "holding pattern" before making final disposition. At the end of the course, the offenders are returned to the courtroom; at this time the court can, with the parole and probation officers' appraisal of each offender in hand, decide the disposition of his case—suspension of sentence, prayer for judgment, or active prison term.

Offenders who have been referred to the program have been charged with crimes that range from careless and reckless driving to murder. Between April and December of 1977, 172 referrals were made to the program. All of the offenders completed the course and the cases of 42 per cent of these participants were dismissed. This program relies heavily on volunteer services by Greensboro professionals and specialists—psychologists, psychiatrists, teachers, and others. We consider that these and other programs of DOC's Probation and Parole Division help significantly in reducing the inmate population in the state's prison system. These programs also respond to society's need to treat those who have committed offenses so that they will be less inclined to commit other offenses and will become law-abiding, productive citizens. The degree to which the courts accept the probation and parole programs as alternatives to incarceration may be reflected in the fact that on January 1, 1979, 36,299 probationers and 6,099 parolees were under supervision in North Carolina. On that same date, 13,353 inmates were incarcerated in the state's prison system.

Pre-Release and Aftercare Program. One of the Division of Adult Probation and Parole's most valuable ongoing programs is the Pre-Release and Aftercare Program (PRAC). The transition from the institutional confinement of prison and re-entry into an open society with its freedom and responsibilities can overwhelm many offenders. The disoriented releasee often rebels against the laws of a free society if he is not helped in finding employment or housing. PRAC provides this assistance to the inmate who would not otherwise receive parole supervision and helps him adopt new attitudes toward society. It also keeps an eye on how he is doing in the community. All inmates who have not been paroled by the time they are within one year of the expiration of their sentences are interviewed for voluntary participation in one or more of the services of PRAC. In the pre-release training, the inmate takes part in a four-week program in prison that covers the areas of self-insight and understanding, vocation, education, family life and the community, and finances. These inmates are transferred, if necessary, and housed by the Division of Prisons at one of the six minimum-custody prisons (in Asheville, Charlotte, Greensboro, Greenville, Raleigh, and Wilmington) that serve as residential facilities for the respective area pre-release centers. The North Carolina Parole Commission has established eligibility criteria for inmates who want to participate in pre-release training and re-entry parole. The field service counselor prepares an individual treatment plan for presentation to the Parole Commission, which will consider the inmate for re-entry parole with up to eleven months of supervision. This plan includes having an appropriate job and housing lined up for the inmate. If the inmate is approved for re-entry parole, he is released from the prison unit and delivered to both the approved job and the residence by the supervising field service counselor. Frequent contacts are made to monitor the parolee's progress and help him adjust to the community. The field service counselor helps him find a job and gives him whatever other help he asks for just before and at his discharge from prison. An ex-inmate may elect to continue with the release program by participating in the aftercare component. The staff is available to the client for up to one year after his sentence expires and keeps in touch with him regularly to help ease his way back into the free community.

The low rate of re-admission to prison for those who have participated in the PRAC program is an immediate and long-term benefit for the participants and the citizens of this state. This program and others mentioned in this article have either a direct or indirect relationship to prison overcrowding.

North Carolina Parole Commission. The 1977 General Assembly reconstituted the North Carolina Parole Commission. Although the Commission is independent in its decision-making, it is very responsive to DOC. The Commission's response to the needs of offenders and the criminal justice system by implementing new policies and procedures is bearing fruit: More and more offenders' needs are receiving prompt and appropriate attention, and the unnecessary backlog of persons who need to be paroled and placed in the free community is rapidly diminishing. This fact is also having a favorable impact on prison population and staff and inmate attitudes.

As an ex officio nonvoting member of the Parole Commission, the Secretary of DOC has full access to the Commission and its functioning. Under the revised laws the Secretary must approve parole plans for offenders, a development that has accelerated the former cumbersome parole process. The new Parole Commission shows considerable flexibility in examining its policies and procedures. For example, the Commission now reviews parole violators within three to six months instead of the former twelve-month time lapse.

Conclusion

The number of problems that the Department of Correction must meet could discourage its administrators, but the Governor and the General Assembly have provided strong support—both financial and moral. The state's judicial branch has also demonstrated insight and concern for correctional problems. It has been willing to examine its own practices as they relate to prison overcrowding and recidivism, and this gives us hope of reaching solutions to these problems. Solutions, no matter how diligently we seek them or how firmly they are supported, will not come quickly or easily, but with support and understanding from the leaders and people of our state, we in DOC can move toward solutions. □

Violent Behavior Within the North Carolina Prison System

Dan A. Fuller and Thomas Orsagh

ARE PRISONS DANGEROUS PLACES, compared with the "outside"? Is an inmate likely to be the victim of an unprovoked assault while he is in prison? Are older inmates more dangerous than younger inmates? Is interracial violence more common in prison than violence between members of the same race? According to the popular view of prison life, the answer to each of these questions is "yes." But a statistical study of the incidence and causes of assault and victimization in ten North Carolina prisons[1] indicates that all but the first question should be answered "no." This article will summarize the main findings of that study.

Maintaining a prison environment in which inmates are safe from physical abuse must be a principal objective of any correctional institution. The law requires that an inmate be protected from physical violence.[2] Since the inmate is a ward of the state, the state becomes responsible for that task. Furthermore, protection from violence is essential if a correctional institution is to educate, persuade, or otherwise convince an inmate that obedience to the law is a normal, reasonable, and desirable mode of conduct. And, finally, violence in prison reinforces criminal tendencies and frustrates rehabilitation. This article will examine the extent of violence in North Carolina prisons and how violence might be controlled.

The authors are, respectively, a graduate student and an associate professor in the Department of Economics at the University of North Carolina at Chapel Hill.

1. The larger study is "Assault and Assaultive Victimization Within Ten North Carolina Correctional Institutions: A Report Submitted to the North Carolina Department of Correction," by Thomas Orsagh, Dan A. Fuller, and David Raber (1976). Some of the materials of this study will be found in Dan A. Fuller and Thomas Orsagh, "Violence and Victimization Within a State Prison System," *Criminal Justice Review* (Fall 1977), 35-55.

2. Woodhouse v. Commonwealth, 487 F.2d 889 (4th Cir. 1973).

Extent of assault and victimization

This study defines an assault as an intentional act by an inmate that causes or is intended to cause physical harm to another inmate and that has been charged and proved by prison officials in formal disciplinary proceedings.[3] An assaultive incident is an event that involves an assault. An assailant is the initiator of the assault. The victim is his target, and is the person who is injured. An assaultive incident may involve one or more "assailants" and may or may not involve a "victim."

As a practical matter, it is often exceedingly difficult to categorize the participants in an assaultive incident as assailant and victim. The conventional view is that the assailant instigates the attack and the victim is the innocent sufferer. But this view misrepresents a large proportion of all assaultive incidents. Often there is no innocent sufferer—both parties are assailants. And sometimes a victim directly and deliberately precipitates the act that results in his victimization. For example, a celebrated study of 588 homicides[4] showed that in every fourth slaying the victim was the direct, immediate cause of his own murder. With respect to assaults that do not result in death, the proportion is probably much higher. Our data show that assault on a prison inmate is often provoked by the victim's having previously assaulted his assailant or by his having insulted or taunted the assailant.

Our study has tried to account for victim culpability by distinguishing between an assailant and a victim as follows: It defines an assailant as an inmate who is charged with and found guilty of an assault. A victim is an inmate who was assaulted and was not himself charged

3. Robbery with injury and assault with intent to commit a sexual act are included in the definition. The latter is also treated as a separate category.

4. Marvin E. Wolfgang, "Victim-Precipitated Criminal Homicide," *Journal of Criminal Law, Criminology and Police Science*, 48 (1957), 1-11.

with assault—or, if charged, was not found guilty. A "victimization," as defined here, is an assault in which the inmate who is assaulted is not himself charged with or found guilty of assault. The presumption is that a victimization, so defined, is unprovoked.

One source of data for this article is official offense reports filed during the last quarter of 1975 by the staff of ten North Carolina prison units that housed approximately 4,500 inmates.[5] The superintendents of these ten units were also interviewed. The official reports revealed 126 incidents in that quarter, involving 178 assaults and 76 victimizations. The ten superintendents estimated that, on the average, 29 per cent of all assaults go unreported. If these data are corrected for underreporting, and if we assume that the last quarter is representative of the entire year, then we can assert that there were 16 assaultive incidents, 22 assaults, and 9.5 victimizations per 100 inmates per year.[6]

The victimization rate derived from the official reports can be compared with the victimization rate for men in the urban free community who are of the same age and race as the prison inmates. The comparison shows that inmates are 48 per cent more likely to be victimized.[7] We conclude that, as one might expect, victimization rates within prison are higher than those in the free community.

The official offense report showed only one incident of homosexual rape for that quarter. This translates into an annual rate of 0.1 rape per 100 inmates. Prison superintendents estimated that the true rate was much higher—approximately 0.7 per 100. Even the 0.7 rate is relatively low. Women in large cities of the same race and age as the inmates face a risk of being forcibly raped almost identical to the risk of homosexual rape in prison.[8] This low rate of rape in prison also suggests that most sexual contact in prison is consensual.

Table 1

Victimization and Assault Rates by Age in Ten Institutions, 1975 (Corrected for Underreporting)

Age Group	Percentage of Population in Age Group	Victimization Rate (per 100 per year)	Assault Rate (per 100 per year)	Percentage of Assaults That Involved Victimizations (i.e., were unprovoked)
15-17	8.7%	19.6	40.3	49%
18-21	33.2	13.4	34.3	39
22-33	42.6	6.2	19.4	32
Over 33	15.6	4.2	5.3	79
All Ages	100%	9.5	22.3	43%

The official offense report data indicate that most assaults involved little or no physical injury. Approximately half of the assaulted inmates received first aid at their institutions, but only 14 per cent required a physician's care. This result is corroborated by the fact that, in three out of four assaults, no weapon was involved. We also found little evidence of gang-style activity. Eighty-two per cent of assaults involved only the assailant and his victim or two assailants; 6 per cent involved a third party; and 12 per cent involved more than three inmates.

Assault/age correlation

Table 1, based on official offense reports, shows the distribution of assault rates by age. Both assault and victimization rates decline dramatically with age. The superintendents whom we interviewed expected these results. Younger inmates are more active and energetic; consequently they are more likely to assault each other.

The last column of Table 1 indicates the percentage of assaults that were unprovoked (in the sense that the inmate who suffered the assault was not himself found guilty of an assault on his attacker). The figures in that column show that an assault is more likely to be unprovoked if the inmates are under 18 or over 33 years of age. This suggests that inmates who are either much younger or older than the general prison population are more vulnerable—either physically or psychologically—than the average inmate.

5. The ten institutions were: Western Correctional Center, Harnett Youth Center, Polk Youth Center, Sandhills Youth Center, Burke Youth Center, Central Prison, Caledonia, Odom, Blanch, and the North Carolina Correctional Center for Women. Eleven per cent of the inmates were female. They accounted for 2 per cent of the assaults. Because these proportions are so small, the data and analysis that appear in this article can be viewed as pertaining to the male inmate population.

6. The quarterly data show that 14 per cent of the assailants committed more than one assault, and 7 per cent of the victims were victimized twice (none more than twice).

7. The assault and robbery with injury rate for 18 cities, including the nation's five largest cities, is 6.42 per 100 persons of the same age and race as the inmate population. The rate for inmates is 9.53. The city data are from National Criminal Justice Information and Statistics Service, *Criminal Victimization Surveys in the Nation's Five Largest Cities* (Washington, D.C.: G.P.O., April 1975), *passim*; and *Criminal Victimization Surveys in 13 American Cities* (Washington, D.C.: G.P.O., June 1975), *passim*.

8. The age- and race-specific rape rate for women living in the 18 cities referred to in footnote 7 was 0.74 per 100 women. The data do not permit the age and race-related rates to be computed for individual cities. Gross rape rates for these cities were adjusted by a U.S. average age and race factor, derived from National Criminal Justice Information and Statistics Service, *Criminal Victimization in the United States, 1973* (Washington, D.C.: G.P.O., December 1976), pp. 68-70.

The official offense report data also show that the assault victim tended to be somewhat older than his assailant. Forty per cent of the victims were older, 34 per cent were younger, and 26 per cent were the same age as their assailant. (These differences in proportions are not statistically significant and thus may result from sampling error.)

Assault/race correlation

The offense report data indicate that nonwhites have higher assault rates than whites: 17.6 assailants per 100 nonwhite inmates vs. 13.2 assailants per 100 white inmates. Whites are more likely to be victimized than nonwhites: 8.8 vs. 4.8 per 100. An important fact is that the victim and the assailant are of the same race in 61 per cent of all assaults. In the other 39 per cent—the interracial incidents—blacks are much more likely to assault whites than vice versa. (It is this racial crossover effect that produces the higher white victimization rate.)

Policy implications

What can be done to reduce assault in prison? Obviously, if inmates have less contact with each other, assault rates will be lower. It is not surprising that most superintendents recommend that single-cell facilities be expanded. The real issue is not whether single cells would reduce violence in prison—almost everyone agrees that they would—but the *magnitude* of the impact. Because most assaults occur during or around meal times, when inmates are moving about (assaults occur infrequently during sleeping hours) and because single cells are so expensive to build, single cells may not be as cost-effective as other means of reducing prison violence.

One way to prevent assault is to increase the degree of supervision. More supervision will increase the risk of detection and, therefore, the risk of punishment. Some potential offenders will be deterred from committing their offenses because they will feel that they are more likely to be caught and punished.[9] This view is supported by the fact that assault rates are significantly lower when the inmates housed have a custodial official in their midst or immediate vicinity—as the official offense report data show. Furthermore, the data suggest that an increase in supervision has a greater effect on victimization than it does on assault that was physically provoked.

Perhaps another way to reduce violence in prison is simply to reallocate existing supervisory manpower on the basis of the "optimization principle," which is well known in economic theory.[10] This principle tells us that in order to minimize the total number of assaults, supervisory manpower must be distributed over different areas and different times of the day and week in such a way that an hour of supervision taken from one location and placed in another neither increases nor decreases the assault rate at the first location.[11]

To determine whether manpower is allocated efficiently, we can compare assault rates across different categories of prisoners. The offense report data allow several such comparisons. The data show, for example, that assault rates differ little from one custody grade to another ("custody grade" refers to the strictness of the security of the institution where the inmate is confined) —which suggests that supervision is distributed optimally over the different custody grades.

Rates of prison assault display definite cycles over the course of the day and the week, indicating that supervisory manpower is not optimally allocated in this respect. We believe that this situation could be corrected without major changes in staffing. One possible approach is to increase the number of hours of supervision at the expense of the nonsupervisory work. Another strategy, perhaps less difficult, is to rearrange the timing of supervisory and nonsupervisory work so that the latter—paper work, for example—is done only during the times when the risk of assault is least.

Common sense tells us that if one type of inmate is much more violent than another, the total assault rate can be reduced by separating this violent type from the less assaultive inmates and by supervising the former more closely than the latter with available prison staff.[12] Let us consider this idea with respect to the current

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9. With reference to the noninstitutionalized population, substantial and persuasive statistical evidence supports the hypothesis that sanctions work. See, for example, the recent report by A. Blumstein, J. Cohen, and D. Nagin (eds.), *Deterrence and Incapacitation—Estimating the Effects of Criminal Sanctions* (Washington, D.C.: National Academy of Sciences, 1978).

10. The general principle is developed in microeconomic theory. See, for example, James M. Henderson and Richard E. Quandt, *Microeconomic Theory: A Mathematical Approach* (New York: McGraw-Hill Book Company, 1971), pp. 63-67. Its application to the minimization of prison violence is developed in Fuller and Orsagh, "Violence and Victimization," p. 56.

11. The rule requires some modification if the cost of an hour of supervision or the seriousness of the assault varies across categories.

12. The general principle is that discussed in footnote 10, above. A practical example is this: Suppose that adding or taking away an extra supervisor for 100 inmates changes the victimization rate by x per cent. Then, according to Table 1, taking a man away from supervision of 100 inmates over 33 results in 4.2x additional victimizations. Using that supervisor for 100 inmates aged 22-33 results in 6.2x fewer victimizations. Overall, the number of victimizations is diminished by (6.2 - 4.2)x.

prison policy regarding segregation by age. The present policy is to house inmates separately in three age groups: under 18, 18 to 21, and over 21. The usual belief, of course, is that the younger prisoners need to be protected from the older ones. But data in Table 1 indicate that inmates 21 and younger are *more*, not less, assaultive, than older inmates. Those over 33, moreover, are much less likely to commit assaults (as their very low assault rate of 5.3 per 100 shows) and, if assaulted, are much more likely *not* to have provoked the assault by attacking their assailant. As the last column of Table 1 indicates, 79 per cent of the assaults on inmates over 33 were unprovoked (in this sense), compared with 32 to 49 per cent of the assaults in other age groups. In contrast, younger inmates are much more likely than inmates over 33 to commit assaults and, if assaulted, much more likely to have provoked the assault.

The fact that inmates over 33 are much less assaultive and more likely to be victimized than those who are younger suggests that (1) if reducing the total assault rate is an important goal, the over-21 group (now housed together) should be further split so that older inmates (those over 33) will be confined separately from the more assaultive younger ones (those in the 22-to-33 age group); and (2) present prison staff should be reallocated so that these younger inmates will be more closely supervised. Measures like constructing single-cell institutions and increasing total supervisory staff will probably reduce the prison assault rate, but these measures are expensive. A further segregation by age of inmates in the over-21 group and more per capita supervision of the younger inmates in that age group may substantially reduce the total assault rate at little or no additional cost.□

North Carolina Auto Liability Insurance Rates

Ben F. Loeb, Jr.

IN RECENT YEARS there has been a great deal of litigation concerning motor vehicle liability insurance rates in North Carolina. The litigants have usually been the North Carolina Commissioner of Insurance versus the insurance industry as represented by the Automobile Rate Administrative Office; and the winner has almost invariably been the latter. The more interesting of these cases are summarized below:

(1) One of the first issues litigated was whether the Insurance Commissioner could order that "no premium rate for private passenger automobile liability insurance . . . shall be based in whole or in part on the age and sex" of the person insured. The court noted that G.S. 58-248.9 directed that the Commissioner establish a "260 premium rate classification plan" or a modification thereof. (This plan divides insured drivers into 260 premium rate classes and the drivers are grouped by means of such criteria as age, sex, marital status, and the use of the automobile.) The court was of the opinion that the age and sex of drivers were essential criteria under the 260 plan; and thus, the Commissioner was without statutory authority to promulgate a plan that did not consider these factors in establishing the classifications.[1]

(2) Traditionally, liability insurance rates for motorcycles have been set in the same manner as that of automobiles, except that the weight of the motorcycle has been a factor. Specifically, those motorcycles with a weight of 300 pounds or less have been rated at 50 per cent of the applicable private passenger automobile rate while motorcycles weighing in excess of 300 pounds have been rated the same as automobiles. In 1970, the Automobile Rate Office filed with the Commissioner of Insurance a proposed revised classification plan that based the rate on engine size and the driver's age, rather than by reference to weight. After conducting a public hearing, the Commissioner issued an order:

(a) Terminating the existing motorcycle classification system;
(b) Rejecting the Rate Office's proposal; and,
(c) Fixing a flat premium rate of $27.00 for all motorcycle basic liability insurance within specific limits of coverage.

The North Carolina Court of Appeals noted that the Commissioner was without authority to prescribe premium rates except as that authority was expressly conferred by statute. The court further noted that the Commissioner, in this case, had undertaken to eliminate classifications insofar as motorcycle liability insurance rates were concerned. The court concluded that the Commissioner had exceeded his statutory authority in attempting to adopt a one-class plan for motorcycle operators.[2]

(3) In February and March of 1974, the Commissioner held rate hearings to consider seven enumerated subjects, including a proposal to reduce liability insurance rates because of the energy crisis and resulting fuel shortage. Expert testimony was given to the effect that the energy shortage would continue and accident rates would not return to pre-November 1973 levels. (The Automobile Rate Office contended that these were not proper data for rate-making purposes.) The Commissioner then ordered that private passenger automobile liability insurance rates be decreased by 14.51 per cent for bodily injury and 11.24 per cent for property damage, effective March 26, 1974. The Rate Office appealed and the North Carolina Court of Appeals reversed the order of the Commissioner. The North Carolina Supreme Court, in affirming the court of appeals,

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1. Comm'r of Insurance v. Automobile Rate Office, 23 N.C. App. 475 (1974), *cert. denied*, 286 N.C. 412 (1975).

2. Comm'r of Insurance v. Automobile Rate Office, 24 N.C. App. 223 (1974), *cert. denied*, 286 N.C. 412 (1975).

held that "the Commissioner was without statutory authority to enter the rate reduction order and supplementary order based on independent evidence received at the hearing."[3] (This "independent evidence" was apparently testimony of a state statistician as to the long-range effects of the energy crisis.)

(4) On July 1, 1975, the Rate Office filed for a 15.9 per cent increase in premium rates for automobile liability insurance. On September 25, 1975, the Commissioner issued an order disapproving the increase and indicating that a public hearing would be held on October 30, 1975. The Rate Office appealed from the Commissioner's order and the court of appeals ruled that the Commissioner had no authority to disapprove the proposed rates before conducting public hearings.[4]

(5) In January 1975, the Automobile Rate Office filed for a 13.3 per cent reduction for bodily injury and a premium increase of 22.5 per cent for property damage, or an overall average increase of 0.9 per cent. After conducting public hearings, the Commissioner entered an order directing that private passenger automobile liability insurance rates be reduced by 23.8 per cent for bodily injury and increased by 2.5 per cent for property damage, or an overall average decrease of 13 per cent. The Rate Office and insurance companies appealed to the North Carolina Court of Appeals, which reversed the order of the Commissioner. The Commissioner appealed to the Supreme Court, which concluded that, pursuant to G.S. 58-248, the Commissioner was authorized to approve the Rate Office's filing in toto, approve the filing in part, or disapprove the filing. The Court then held that, when a Rate Office filing proposes an increase in rates, the Commissioner is without statutory authority to order a reduction in existing rates.[5]

It should be noted that the above cited cases were decided primarily on the basis of whether the Insurance Commissioner had the statutory authority to issue the orders in question. These cases developed in such a manner that the courts were rarely called upon to deal with the more interesting question of whether the liability insurance rates were justified by the data.

1975 legislation

The continuing friction between the Insurance Commissioner and the insurance industry, not surprisingly, led to new legislation. In 1975, a new G.S. 58-30.3 was enacted for the purpose of prohibiting any rating plan for automobiles or motorcycles based upon the age or sex of the person insured. In addition, a newly enacted G.S. 58-30.4 mandated a rating plan for private passenger automobiles consisting of four basic classifications: (a) pleasure use only; (b) pleasure use except for driving to and from work; (c) business use; and (d) farm use. At the same time, G.S. 58-248.9, which required a "260 rate classification plan," was repealed.

The new legislation immediately led to more litigation. The Supreme Court agreed with the Rate Office's contention that the Commissioner exceeded his authority under the new law by establishing five (instead of four) primary classes in his liability order and three (instead of four) classes in his collision order.[6] A few months later, the Court ruled that the Commissioner exceeded his authority under G.S. 58-30.4 by basing motorcycle rates on vehicle weight rather than the four use classifications provided for in G.S. 58-30.4.[7]

1977 legislation

The 1975 legislation and resulting litigation was followed in 1977 by a comprehensive rewrite of the North Carolina insurance laws, including those relating to automobile liability insurance. The new act, which was effective on September 1, 1977, added Articles 12B and 13C to Chapter 58 of the North Carolina General Statutes.

New G.S. 58-124.17 created the "North Carolina Rate Bureau" to assume functions formerly performed by the North Carolina Rating Bureau, the North Carolina Automobile Rate Administrative Office, and the Compensation Rating and Inspection Bureau of North Carolina. G.S. 58-124.19 required the new bureau to establish and implement a comprehensive classification rating plan for motor vehicle insurance within 90 days of the effective date of the new act (by December 1, 1977).

Briefly summarized, the new statutory method for fixing auto insurance rates is as follows:

(1) The North Carolina Rate Bureau files copies of its rates, classification plans, rating plans, and rating systems with the Commissioner of Insurance. [G.S. 58-124.20.]

(2) The Commissioner has 30 days from the date of the filing to give written notice to the Bureau specifying to what extent he contends the filing fails to comply with the requirements of Article 12B. This notice must also fix a date for a hearing. If no notice is

3. Comm'r of Insurance v. Automobile Rate Office, 287 N.C. 192 (1975).

4. Comm'r of Insurance v. Automobile Rate Office, 29 N.C. App. 182 (1976).

5. Comm'r of Insurance v. Automobile Rate Bureau, 292 N.C. 1 (1977).

6. Comm'r of Insurance v. Automobile Rate Bureau, 293 N.C. 365 (1977).

7. Comm'r of Insurance v. Automobile Rate Bureau, 294 N.C. 60 (1978).

given within this 30-day period, the filing is deemed approved. [G.S. 58-124.21.]

(3) If there is a hearing, those factors specified in G.S. 58-214.19 are considered. Among these factors is a mandate that rates must not be excessive, inadequate, or unfairly discriminatory. [G.S. 58-124.21.]

(4) Should the Commissioner find that the filing does not comply with the provisions of Article 12B, he may then issue an order indicating to what extent the filing is improper. The order must be entered within 90 days of the date the filing was received by the Commissioner. [G.S. 58-124.21.]

(5) An order or decision of the Commissioner is subject to judicial review. However, any rate that the Commissioner found to be unfairly discriminatory or excessive may, at the option of the insurance companies, remain in effect pending review by the courts. (When an unapproved rate is put into effect, the insurance companies must place funds in escrow in an amount equal to the contested portion of the premium. Then a refund is assured the policyholders if the court fails to uphold the industry-proposed rates.) [G.S. 58-124.22.] This provision, in effect, changes North Carolina from a "prior approval" state to something less, or at least different. Under the prior law, the old rates stayed in effect during the judicial review.

The new insurance rate system left intact the four basic classifications provided for in G.S. 58-30.4, to wit: pleasure use, pleasure use except for driving to work, business, and farm use. The revised G.S. 58-30.4 prohibits classification based upon age or sex but permits premium surcharges for: (1) those having less than two years of driving experience, and (2) drivers having a record consisting of chargeable accidents or convictions of motor vehicle moving violations.

Motor Vehicle Reinsurance Facility. The 1977 legislation also made extensive changes in Article 25A of G.S. Chapter 58 relating to the North Carolina Motor Vehicle Reinsurance Facility. The purpose of this Facility is to provide motor vehicle insurance for drivers or owners that companies do not wish to insure as part of their regular business. In brief, it is a method of transferring the risk of loss from the individual insurer to all insurers [G.S. 58-248.26(1)]. The statutes do not specify what individuals are to be assigned to the Facility, rather than being insured by a company in the regular manner. If an applicant for motor vehicle insurance is, for some reasons, considered an undesirable risk, he may be assigned to the Facility although he has a clean driving record. In other words, it is possible for a person who has never received a traffic citation, or had an automobile accident, to be transferred to the Facility. There is no published material indicating what is an undesirable risk, and this determination probably varies from company to company. Reportedly young drivers, single or divorced persons, as well as such occupational groups as doctors and ministers, often fall within this category.

Under the old law, persons insured through the Facility paid the same rates for their motor vehicle insurance as other drivers and owners. However, the 1977 act allows "an identifiable surcharge on motor vehicle insurance policies issued by the member or through the Facility." The amount of the surcharge is set by the Board of Governors of the Facility [G.S. 58-248.34(f)]. As is the case with other motor vehicle insurance, the classifications and rating plans on policies reinsured by the Facility must be filed with the Insurance Commissioner. If the Commissioner finds that a rate is excessive, inadequate, or unfairly discriminatory he can, in effect, disapprove the rate. However, his order is subject to judicial review and the proposed rates may remain in effect pending determination by a court. [G.S. 58-248.33(1).]

Rate increases and effective dates. The 1977 legislation had two unusual features. One of these, which is contained in G.S. 58-124.26, limits rate increases under the new act to 6 per cent during the fiscal year ending July 1, 1978, and an additional 6 per cent during the fiscal year ending July 1, 1979. This 12 per cent rate restriction does not concern just liability insurance; it also applies to the "total combined general rate level" for medical payments insurance, uninsured motorist coverage, and private passenger physical damage insurance.

The other unusual aspect of the new act is wording contained in the last section, which provides that the entire legislative package (Chapter 828 of the 1977 Session Laws) expires on September 1, 1980. Obviously, this is a matter that must again be dealt with by the General Assembly.

The new rating plan

Pursuant to the mandate of Article 12B of G.S. Chapter 58, a new rating plan was put into effect in North Carolina on December 1, 1977. One important factor affecting rates is the "use classification" set out in G.S. 58-30.4 (Is the vehicle used for pleasure only, business, etc.?). Another important element is the number of insurance points on a driving record. These points are assigned for certain traffic violations and accidents, but have no relation to points assessed against a driver's license by the Division of Motor Vehicles. Listed in Table 1 are examples of insurance points under the old plan and the new plan.[8]

8. Data furnished by the North Carolina Department of Insurance, Consumer Insurance Information Division.

Table 1. Insurance Points

Old Plan	New Plan
10 points—Manslaughter	12 points—Manslaughter
Prearranged racing	Prearranged racing
Hit and run (with bodily injury)	Hit and run (with bodily injury)
8 points—DUI or narcotics	10 points—DUI or narcotics
Blood alcohol .10% or more	Blood alcohol .10% or more
Highway racing	Highway racing
6 points—Operating vehicle during license revocation	8 points—Operating vehicle during license revocation
3 points—Hit and run (no bodily injury)	4 points—Hit and run (no bodily injury)
Reckless driving	Reckless driving
Passing stopped school bus	Passing stopped school bus
Speeding in excess of 75 MPH	Speeding in excess of 75 MPH
1 point —Illegal passing	2 points—Illegal passing
Speed in excess of 55 MPH	Speed in excess of 55 MPH
Following too closely	Following too closely
Driving on wrong side of road	Driving on wrong side of road
Any other violation in which operator's license is revoked	1 point—Any other conviction for a moving traffic violation
Inadequate muffler; improper lights; failure to display registration, license plate, or current inspection certificate	Inadequate muffler; improper lights; failure to display registration, license plate, or current inspection certificate
2 points—Each chargeable auto accident in excess of $200	2 points—Each chargeable auto accident in excess of $200
1 point —2 or more chargeable accidents, each of which results in $200 or less damage to property not owned by insured	1 point —Each chargeable accident with $200 or less damage to property not owned by insured, or $200 or less damage to insured's automobile

The new plan has obviously increased the number of points assessed for various violations. What were 10-point violations now carry 12 points, 8-point violations carry 10 points, etc. (Under both the old plan and the new, points stay on a driver's record for a period of three years.) The accumulation of insurance points can mean much higher liability insurance premiums. Table 2 shows, under the new plan, the percentage increase for points and how this translates into extra dollars in annual premiums. The dollar amounts shown in the right-hand column assume a basic annual premium of $100.[9]

From Tables 1 and 2, it can be seen that one conviction of an offense such as prearranged racing (12 points) can raise an annual premium from $100 to $550; conviction for DUI (10 points) from $100 to $450; and speeding in excess of 55 mph (2 points) from $100 to $140.

Two additional factors affecting rates are the place of residence of the insured and whether the policy is written as regular insurance company business or is transferred to the Motor Vehicle Reinsurance Facility. According to the State Department of Insurance, over 500,000 North Carolinians are presently insured through the Facility, and a majority of these persons have clean driving records (that is, no chargeable accidents or convictions). They were put into the Facility because they fell within a class that is considered an undesirable risk by the insurance industry.

While the new rate system was effective on December 1, 1977, increased premiums did not go into effect until April 1, 1978. Then an additional increase was mandated on December 1, 1978—all over the objections of the Insurance Commissioner. Table 3 shows the old cost and the new for liability insurance carried at the minimum statutory limits of $15,000/$30,000 for bodily injury and $5,000 for property damage. The rate assumes that the vehicle is in a pleasure-use category and

Table 2

Percentage Increase in Premiums Based on Points

Points	Percentage of Basic Rate	Annual Cost of Insurance
0	100%	$100
1	110	110
2	140	140
3	170	170
4	200	200
5	230	230
6	270	270
7	310	310
8	350	350
9	400	400
10	450	450
11	500	500
12 or more	550	550

9. Data furnished by the North Carolina Division of Motor Vehicles, Traffic Education Services Section.

that the insured has no insurance points against his record. Several different cities are listed in Table 3 and rates are given for both regular business and Facility business. Bodily injury (BI) rates are shown first, followed by the cost for property damage coverage (PD).[10]

In summary, the major factors determining the cost of automobile liability insurance are the use that is made of the vehicle (pleasure, business, farm, etc.), the driving record of the insured (as evidenced by convictions and accidents), the area of the state in which the insured resides, and whether the liability policy is written by the company as part of its regular business or ceded to the Reinsurance Facility. In addition, there are some other factors that may affect rates. There is, for example, a substantial surcharge if any person covered by the policy has less than two years of driving experience; and there is a "multi-car discount" for those who own more than one vehicle.

10. Data furnished by the North Carolina Department of Insurance, Consumer Insurance Information Division.

Rates in other states

The cost of automobile insurance is low in North Carolina compared with costs in other jurisdictions. Table 4 shows the cost of a typical package of insurance in 30 cities of different states. This package consists of $25,000/$50,000 coverage for bodily injury, $10,000 coverage for property damage, comprehensive coverage (fire and theft), and collision insurance with a $100 deductible. The figures are based on the rate for a 1977 Chevrolet Impala driven to and from work. One group of figures shows the cost of insurance for a

Table 3. Cost Comparisons for Liability Insurance

ASHEVILLE	Old Cost	4/1/78 Cost	12/1/78 Cost
Regular Business			
BI 15/30	$42	$33	$35
PD 5	28	40	42
	$70	$73	$77
Facility			
BI 15/30	$42	$36	$39
PD 5	28	44	46
	$70	$80	$85

CHARLOTTE, HIGH POINT, WILMINGTON, FAYETTEVILLE, AND MILITARY BASES	Old Cost	4/1/78 Cost	12/1/78 Cost
Regular Business			
BI 15/30	$42	$37	$39
PD 5	28	40	42
	$70	$77	$81
Facility			
BI 15/30	$42	$41	$43
PD 5	28	44	46
	$70	$85	$89

DURHAM	Old Cost	4/1/78 Cost	12/1/78 Cost
Regular Business			
BI 15/30	$42	$35	$37
PD 5	28	40	42
	$70	$75	$79
Facility			
BI 15/30	$42	$39	$41
PD 5	28	44	46
	$70	$83	$87

RALEIGH	Old Cost	4/1/78 Cost	12/1/78 Cost
Regular Business			
BI 15/30	$42	$33	$35
PD 5	28	38	40
	$70	$71	$75
Facility			
BI 15/30	$42	$36	$39
PD 5	28	42	44
	$70	$78	$83

Table 4. Comparison by States of Standard Auto Insurance Rates

	Two Adult Drivers			Two Adult Drivers and 17-Year-Old Son		
	Liability	Physical Damage	Total	Liability	Physical Damage	Total
NORTH CAROLINA-Charlotte	$102	$108	$210	$192	$185	$377
KENTUCKY-Lexington*	120	154	274	241	328	569
NEBRASKA-Lincoln	121	184	305	233	368	601
NORTH DAKOTA-Fargo	137	190	327	267	380	647
VERMONT-Burlington	133	200	333	258	400	658
MICHIGAN-Grand Rapids*	110	228	338	217	455	672
MISSISSIPPI-Jackson	135	208	343	247	406	653
SOUTH CAROLINA-Columbia	190	161	351	279	220	499
KANSAS-Wichita	146	214	360	209	288	497
OKLAHOMA-Tulsa	169	200	369	315	391	706
NEW YORK-Rochester*	190	182	372	344	332	676
NEW HAMPSHIRE-Manchester	160	217	377	331	463	794
GEORGIA-Columbus*	169	211	380	331	423	754
WEST VIRGINIA-Charleston	166	215	381	337	458	795
TENNESSEE-Knoxville	190	195	385	362	390	752
VIRGINIA-Richmond	185	213	398	364	425	789
IOWA-Des Moines	177	231	408	344	463	807
PENNSYLVANIA-Erie*	169	240	409	355	512	867
COLORADO-Colorado Springs*	133	284	417	262	568	830
INDIANA-Fort Wayne	166	256	422	325	513	838
ALABAMA-Birmingham	167	271	438	319	543	862
ARIZONA-Tucson	201	246	447	390	493	883
MAINE-Portland	180	270	450	357	540	897
ARKANSAS-Little Rock	222	247	469	335	345	680
LOUISIANA-Baton Rouge	233	263	496	438	525	963
DELAWARE-Wilmington	201	306	507	423	652	1075
OHIO-Akron	245	333	578	474	665	1139
RHODE ISLAND-Providence	209	423	632	389	810	1199
ALASKA-Anchorage	274	375	649	539	750	1289
NEW JERSEY-Jersey City*	266	385	651	560	764	1324

*No-Fault Insurance States

vehicle driven by adults only, and another group assumes the vehicle is used by two adults and a 17-year-old male.

It should be noted that the North Carolina rates are far lower than any of the other listed states. The most striking example is New Jersey, where the cost of insurance for a vehicle used by two adults and a teenager is over $1,300 while in North Carolina similar coverage can be obtained for $377.[11]

Rates in future years

What does the future hold for North Carolina's automobile liability insurance rates? Will they stabilize, increase moderately to compensate for inflation, or increase sharply in the years ahead? At least three important factors bear on this question:

(1) The 6 per cent per year limitation on rate increases is, under the terms of G.S. 58-124.26, not effective after July 1, 1979. Thus, the statutory price controls are removed as of that date.

(2) Under the new system, rates—as proposed by the North Carolina Rate Bureau—remained in effect despite disapproval by the Commissioner of Insurance. Rate increases are subject to judicial review; but, in recent years, almost all rate cases have been won by the insurance industry.

(3) North Carolina automobile liability insurance rates are quite low compared with rates in other states.

In view of the above cited factors (and assuming the present statutory system remains in effect), the probabilities are that North Carolinians are going to experience a sharp increase in the cost of their automobile liability insurance in the years immediately ahead—an increase that will be considerably in excess of the general rate of inflation. □

11. Data in this table were compiled by the Insurance Services Office for the Insurance News Service in fall 1978.

Justice and Efficiency: Computer-Aided Jury Selection in Buncombe County

Henry C. Campen, Jr., and Harry C. Martin

THERE ARE SIGNS TODAY that the public is disenchanted with the courts. This is reflected in press reports and statements by public officials about court delay. A recent survey by a national opinion research firm selected fifteen organizations—including the medical profession, schools, and the media—to determine public confidence in certain groups; the court system ranked eleventh, below Congress and just above organized labor in public confidence.[1] Forty-eight per cent of those polled saw a great or moderate need for court reform and 39 per cent viewed court expense as a serious public problem. Judges and court officials are concerned about this perception of the courts as inefficient, and steps are being taken to improve court performance in North Carolina.

During the 1960s and early 1970s, the major emphasis in the judicial branch was on reorganization to create a unified system of courts. This reorganization is complete, and a framework for improved court management is now in place in this state. The courts are beginning to explore ways to operate more efficiently and more effectively.

One example of this effort is the introduction of electronic data processing in jury selection. A recent amendment to the state's jury selection law authorizes the use of computers in the selection process.[2] This has opened the door for a major improvement in the method of selecting and summoning jurors.

Buncombe County was the first county to take advantage of this new statute. In Asheville, the county seat, the jury selection system was completely overhauled and streamlined with the use of computer technology. This "test case" clearly demonstrates that the principles of efficiency and justice are not mutually exclusive. The automated jury process resulted in substantial dollar savings in 1978, dramatically increased employee productivity, and reduced inconvenience to jurors at no sacrifice in effectiveness.

The law

The new legislation does not repeal the existing jury statute. It merely permits counties to automate the procedures outlined in the basic statute. The law still provides that a three-member jury commission shall be appointed every two years to prepare a list of citizens eligible for jury duty—the "master list," which is to be used for two years. The voter registration records and property tax list are to be the primary sources of names, but other reliable sources of names may be used to supplement these required sources.

The law provides the method by which names are to be selected from the source list, and it prescribes in considerable detail how they are to be recorded and processed for jury duty.

The manual process in Buncombe County

Before December 1977, the Buncombe County jury commission and court staff meticulously complied with the law's procedures for manual processing of the list. Every two years, the jury commission selected a sample of names from the county tax list and voter registration records. This sample, the raw list, was entered onto cards, one name with address per card. The cards were then alphabetized. There were 37,000 names on the raw list (cards) in 1975. The cards were purged of duplicate names and the names of deceased and disqualified persons (known felons and adjudged incompetents) and then numbered. These numbered cards became the master list, which the register of deeds retained. The clerk of superior court kept a "jury box" into which were placed as many numbered markers as there were names on the master list.[3] Each marker's number corresponded to the number of a person on the jury list. When the time came to draw a panel of jurors, as many markers were withdrawn from the box as the number of jurors needed for the particular session or sessions of court.

Mr. Campen is the trial court administrator in the Twenty-eighth Judicial District, and Judge Martin is former senior resident superior court judge in the Twenty-eighth Judicial District. Judge Martin was recently appointed to the North Carolina Court of Appeals. It was he who first proposed the amendment to the jury selection statute that permitted the computerization of jury selection that is reported on in this article, and it was Mr. Campen who was responsible for developing the system now used in selecting juries in Buncombe County.

1. *State Court Journal* 2, No. 3 (Williamsburg, Va.: National Center for State Courts, 1978): 6.

2. N.C. GEN. STAT. § 9-2.1

3. N.C. GEN. STAT. § 9-5.

The numbers on the markers were matched in the register of deeds' office with the names on the master list and the names were forwarded to the sheriff, who sent out the summonses.

This procedure was tedious, and the chances for error were high. It was also costly in time. In Buncombe County a staff of six clerical assistants worked a month or more in compiling the master jury list every second year.

Computer preparation of the master jury list

In 1977 the General Assembly amended the existing jury selection law to permit a computer-aided method for selecting and summoning jurors. G.S. 9-2.1 provides that in counties with computer facilities ". . . the functions of preparing and maintaining custody of the list of prospective jurors, the procedure for drawing and summoning panels of jurors, and the procedure for maintaining records of names of jurors . . ." may be performed by computer. When the Twenty-eighth Judicial District's trial court administrator (also co-author of this article) was hired in July 1977, his first task was to develop a jury selection technique for Buncombe County that would take advantage of this statute.

The tasks involved in preparing the master list represent a natural application of data processing. The master list is the product of a series of matching operations. The names from the source lists—the voter list, tax list, etc.—are *matched* against each other and duplicates are eliminated. Names of known felons and mental incompetents are compared with names on the raw list and purged. The computer can perform all of these functions using electronic records more accurately and efficiently than the former method can perform them.[4]

In Buncombe County both of the primary sources—the tax list and the voter registration rolls—are stored on computer disks. A supplemental list composed of eligible students (over age 18) in the area has been used in recent years to ensure greater representation of younger adults on juries. In developing the automated jury selection technique, these student names were keyed onto computer-punch cards.

Despite the fact that the tax list was already in the computer, its composition presented a major obstacle to the project. The tax records were incompatible with other records being used because the names of both husband and wife were frequently recorded on a single file to reflect joint property ownership. Also, corporations made up a large portion of the tax list. These factors made it impossible for the computer to compare the records from the tax list directly with the other two lists. The problem was resolved by using a small sample from the tax list to comply with statutory requirements. One hundred fifty records were selected from the tax list at random and printed by the computer, and punch cards were prepared for those individual noncorporate resident taxpayers whose names appeared in the sample of tax records. These names were then fed into the computer for the matching process. An electronic copy of the voter registration records was reproduced, and the computer then compared the last name, first name, and middle initial of the tax and student lists with the voter list. The duplicate names were removed, and the product was the "raw list."[5] (Most of the names on the master list were from the voter file, but both the tax and voter lists were used because both were required under the statute. In the future the tax list could be developed as a primary source of names with the aid of computer programming aimed at minimizing the compatibility problem.)

The final step in preparing the master list was removing the names of deceased persons and those ineligible for service (felons, mental incompetents, etc.) from the raw list. The names of these persons were keypunched, electronically compared with the raw list, and purged. When this operation was complete, printouts of the master list were produced for the clerk of the superior court and the register of deeds so that the list could be available for public inspection. However, the operational master list was the one retained in the computer's memory bank for use in selecting and summoning jury panels.

The computer did not replace the jury commission; it simply made the commission's job easier. The commission's role is to serve as an independent body to ensure that a fair cross-section of eligible citizens is represented on the master jury list. In this case the commission members fulfilled their obligation by reviewing the procedure proposed for performing the task by automated rather than manual means. The proposed computer methods were explained to the commission members in detail, and they approved the new methods before any action was taken.

Of all the automated elements of the jury selection system, the master list yielded the most dramatic savings. (See Table 1.) Compilation of the master list by computer cost less than one-third of the old manual method of compiling. The jury commission did not need to hire a staff; the members met only twice (at $25 each per day). The amount of computer time required was not great, although it was more than anticipated because it included time for considerable experimentation. Computer time was billed at $50 per hour and programming time at $10 per hour by the Data Processing Department. In the future a more streamlined program should reduce these costs considerably. Computer and programming costs would have been much higher if they had been contracted out to a private firm, but are realistic for a county-operated data-processing operation. Although some planning time was required, the computer completed in a few days an operation that required four to six weeks in the past.

Selection of jury panels

The jury selection process for specific court sessions is made easier by the fact that the master list is stored in the computer. The computer memory disk and the machine's quick access to the data on it replace the jury box. The cumber-

4. The jury system is programmed in Report Program Generator II language on an IBM System 3/Model 12 computer. The computer is equipped with two Model 3340 disk drives and a Model 1403/N high speed printer.

5. A recent publication outlines a more efficient method for combining source lists. G. T. Munsterman, C. H. Mount, and William R. Pabst, *Multiple Lists For Jury Selection: A Case Study For San Diego Superior Court* (Washington: National Institute of Law Enforcement and Criminal Justice, 1978).

Table 1

Cost of Preparing the Biennial Master Jury List[1]

Manual		Automated	
Jury Commission (salaries, supplies)	$5,000.00	Jury Commission Salaries	$ 150.00
		Computer Time	966.50
		Programming Time	143.00
		Supplies	50.60
Total Biennial Outlay	$5,000.00	Total Biennial Outlay	$1,310.10
Total Annual Outlay	$2,500.00	Total Annual Outlay	$ 655.05

Source: Buncombe County Accounting Department

1. The total biennial outlay represents the total cost of preparing the master list for the two-year period. This figure is halved in the final total to represent these costs on an annual basis. The figures under the manual column are based on the jury commission budget for the period in question.

some process of pulling markers out of the box, recording the numbers, and locating the corresponding names is performed by a computer program. The primary legal consideration is that the names on the raw list be selected in random fashion so that the juries selected reflect a cross-section of the community. The computer selects a random sample of names from the list in a small fraction of the time required to produce the hand-drawn jury.

"One day/one trial"

In Asheville a separate panel of jurors is summoned for each day during the session rather than for an entire session of one to two weeks. Jurors are required to serve for only one day unless they are empaneled on a case that lasts for more than one day. This system of jury service is known as the "firecracker" or "one day/one trial" system, which results in less idle time for the jurors and reduces the financial hardship of jury service. The hardship to the treasury is also reduced. The average annual expenditure for jurors in Buncombe County during the three fiscal years before the one day/one trial system went fully into effect was $63,000.[6] In contrast, since 1974, the average has been $59,000—a reduction of $4,000. The key to the financial success of this system is that when jurors are not needed on a particular day, they can be relieved of their duty in advance. Each time this occurs, several hundred dollars in juror fees have been saved. However, the firecracker system is not in itself an economy measure. If not properly managed, it could even increase costs. In a well-managed system, the fact that a separate panel of jurors must be brought in each day has the effect of making court officials more conscious of the cost of jurors to the taxpayers and the need to use the jurors' time more efficiently.

Each month the number of jurors required for the following month is selected from the master list. The names selected are then assigned at random to dates within the month to ensure that all the jurors called for a given month are equally likely to serve on any day during the month. Both steps are completed in one operation, and a list of jurors summoned for each day is printed by the computer. The names of the jurors selected are then deleted from the master list and transferred to a separate file, to which information is posted regarding excuses, postponements, and so on.

The cost of selecting jurors in this manner during 1978 was $1,133. During the first several months of this project the cost ran nearly double what it has since that beginning period because of problems with the computer program. These problems have been corrected, and the automated selection process now costs about $60 per month for just over one hour in computer time. Since no cash expenditure is associated with the manual procedure for selecting jurors, this phase of the automated process is actually more expensive than the manual process. However, the productivity increase resulting from the automated system was dramatic. The process of hand-drawing numbers from the jury box and matching those with names on the list consumed three full staff days each month. The same operation is now completed entirely by the computer in less than an hour. In addition to this, approximately one day per month is required to update the master list, a process described in detail below. The register of deeds no longer has to devote a single day of his staff's time to providing jurors for the court.

Summoning jurors to court

Summonses are prepared immediately after the selection of jurors for each month is complete. A three-part summons form was especially designed for use in the computerized system. A mailer (Figure 1) containing the summons is sent to each prospective juror. A presort first-class postal permit was obtained and the permit number printed on the mailer. The permit rate is $.13 per piece, representing a saving of $.02 per summons over regular first-class mail. Through the darkened portion of the envelope, the computer prints the date on which excuses will be heard for the month's panel, the specific date on which each juror is to serve, and the juror's identification number. The prospective juror's name is printed simultaneously on the summons itself and the mailer. Printed on the back of the summons form are certain basic instructions for the prospective jurors, including information on parking and emergencies, etc. The front of the summons is pictured in Figure 2.

The summons form instructs the jurors to call a special telephone number, which is printed on the form, the evening before their service date. This "juror hotline" is equipped with a tape-recording device onto which a message is recorded, either instructing jurors to report as scheduled or telling them that their services will not be needed. This device permits substantial savings in juror fees when, because many cases have been settled or a long trial is going on,

6. The source of these figures is the accounting department in the Office of the Clerk of Superior Court, Twenty-eighth Judicial District.

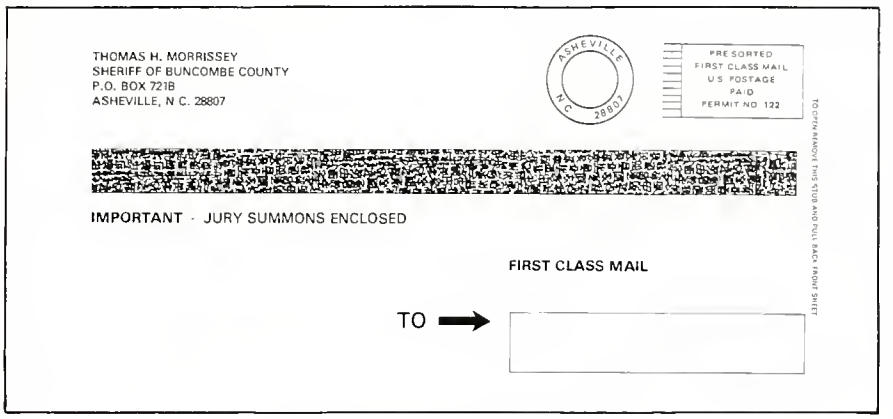


Figure 1. Summons Mailer

jurors are not required for a particular day. During the period from January through July 1977, the juror hotline was used twenty-four times to excuse panels of jurors. The associated savings amounted to more than $8,000.[7] Although the telephone call-in system is not part of the new jury selection statute, it is an efficient and economical means of avoiding an oversupply of jurors on a particular day—at an inconvenience to them and a high cost to the court system.

The computer sorts the selected names by zip code and completes and addresses the summonses. The summonses come off the computer printer ready for mailing. Next, the names are sorted by date of service and a file copy of the summonses returnable for each day is printed. (See Figure 3.) The file copies are used to help enroll jurors each day, and the copies serve as a temporary record of each juror's service. The jury clerk completes the file copy indicating whether the juror served, was excused, etc. This information is keyed into the computer throughout the month. This procedure is described below in the discussion of the updating process. Finally, a printout of jurors' names is prepared that groups them by service dates. This list is posted for public inspection and for Bar use. Table 2 below reflects the substantial dollar savings associated with the automated summoning process.

Under the manual system a two-part postcard summons with return card was used. The cost of using this type of summons form during 1978 would have been nearly triple the cost of the preprinted continuous-form summons now used. The elimination of the summons return and the reduced postal rate under the present permit accounts for the cost differential. A two-year supply of the new summons forms was purchased at an annual cost less than the cost of printing gum labels for the old summons forms. The savings in labor achieved through the computer system was as impressive as the cash savings. Hand-processing the summonses required 2½ days per month of an employee in the sheriff's department. Preparing the computer-printed summons for mailing requires less than thirty minutes per month.

Eliminating the summons return. The two-part postcard summons form used in the past contained a return card. The juror was instructed to mail this to the jury clerk, including his phone number on the card. The return cards were to serve two purposes. First, they provided an advance indication of how many jurors might be expected to report on a given date. Also, the telephone numbers provided by jurors were used to notify them not to come to court when they were not needed.

Analysis of the summoning process, however, revealed that the "yield" of jurors—the number who actually came to court—followed a fairly predictable pattern. The return cards merely served to confirm each day what was the trend over time. Even when the returned cards indicated abnormally low yields, corrective action was seldom taken. During planning for the computerized jury selection system, it became clear that improved data collection and analysis could replace the return card as a yield indicator. Shifts in the yield trend could be detected from indicators such as: the number of jurors excused, the number of notices returned by the post office, the number of jurors who reported for service. One justification for the expensive return cards was thus eliminated; the telephone alert system eliminated the other need for the return by providing a mechanism by which a day's panel could be excused when necessary. The costly return cards were eliminated with no sacrifice in efficiency.

Table 3 recaps the relative costs of selecting and summoning jurors manually and by computer. The automated system has been less costly, and the effectiveness of the judicial process in Bun-

Table 2
Cost of Summoning Panels of Jurors

	Manual	Automated
Postage[1]	$3,050.00	$1,187.50
Printing of Summonses	645.00	523.53
Cancellation of Jury Service	(No cash outlay)	600.00[2]
Total Annual Outlay	$3,695.00	$2,311.03

Source: Buncombe County Accounting Department, Sheriff's Department, and Data Processing Department.

7. These data were taken from records maintained by the trial court administrator.

1. The postage figures in this table were both computed on the basis of 15,000 summonses per year, and both figures reflect the first-class postage rate increase from $.13 to $.15.

2. This figure represents the lease cost of the "juror hotline" telephone recording device described in the text.

combe County has not been compromised. Sufficient numbers of jurors are on hand to hear cases, and they adequately represent a cross-section of the community. The quality of the jury list and the panels produced from it will be improved as a direct result of automating the jury system. The updating procedure described below ensures a higher yield of jurors in the future.

Updating the master list

The General Assembly did not contemplate updating the master list when the recent amendment to the statute was drafted. The concept, nonetheless, is clearly within the spirit of the law. The quality of the current list, as well as that of future lists, is maintained by two updating procedures. First, the names of individuals who have become ineligible for service are deleted from the master list. Each month the clerk of superior court provides the names of felons and persons declared mentally incompetent known to reside in the county, and these names are added to the computer file. If these names appear on the master list, they are deleted from it. If they do not appear on the master list, they are stored in a separate file for use in preparing the next master list. Also, the register of deeds provides photocopies of death certificates each month; the names of these deceased persons are then purged from the master list. This monthly procedure ensures fewer wasted mailings of summonses and contributes to a larger yield of prospective jurors who respond to a jury summons. The law does not provide for supplementing the master list with new names in the interim between the biennial preparations of lists, and this is not done in Buncombe County.

Table 3

Cost Recap of Computerized Jury Selection

	Manual		Automated	
	Cash Outlay	Staff Time	Cash Outlay	Staff Time
Preparing the master list	$2,500.00	—	$ 655.05	3 days
Selecting the jury panel	—	36 days	$1,133.50	12 days
Summoning jurors	$3,695.00	36 days	$2,311.03	1.5 days
Total Annual Cost	$6,195.00	72 days	$4,099.58	16.5 days
Net Annual Savings Over Manual System			Cash Outlay	$2,095.42
			Staff Time	55.5 days

Source: Previous tables, departmental estimates of staff time, and the Buncombe County Accounting Department.

The second updating procedure concerns the "service records" of jurors selected for jury duty. Each time a new panel of jurors is selected, the jurors' names are transferred from the master list to a separate file. The service date for each juror is automatically entered on his service record when his name is selected. The jury clerk maintains the juror's service record on the file copy of the summons shown in Figure 3. This record simply reflects whether the per-

Figure 2. Summons

SUMMONS TO APPEAR FOR JURY SERVICE
(SEE INSTRUCTIONS ON REVERSE SIDE)

BY ORDER OF THE SENIOR RESIDENT SUPERIOR COURT JUDGE OF BUNCOMBE COUNTY YOU ARE HEREBY SUMMONED TO APPEAR FOR JURY SERVICE AT 9:00 A.M., ROOM 401, BUNCOMBE COUNTY COURTHOUSE, TO BEGIN AT THE SERVICE DATE SHOWN BELOW.

SERVICE DATE	JUROR NUMBER	EXCUSE DATE

Sometimes the business of the Court does not require jurors, therefore you **must** telephone **255-5483** between 5:00 p.m. and midnight of the evening preceding your service date to be informed by recorded message whether your appearance will be required on the date indicated.

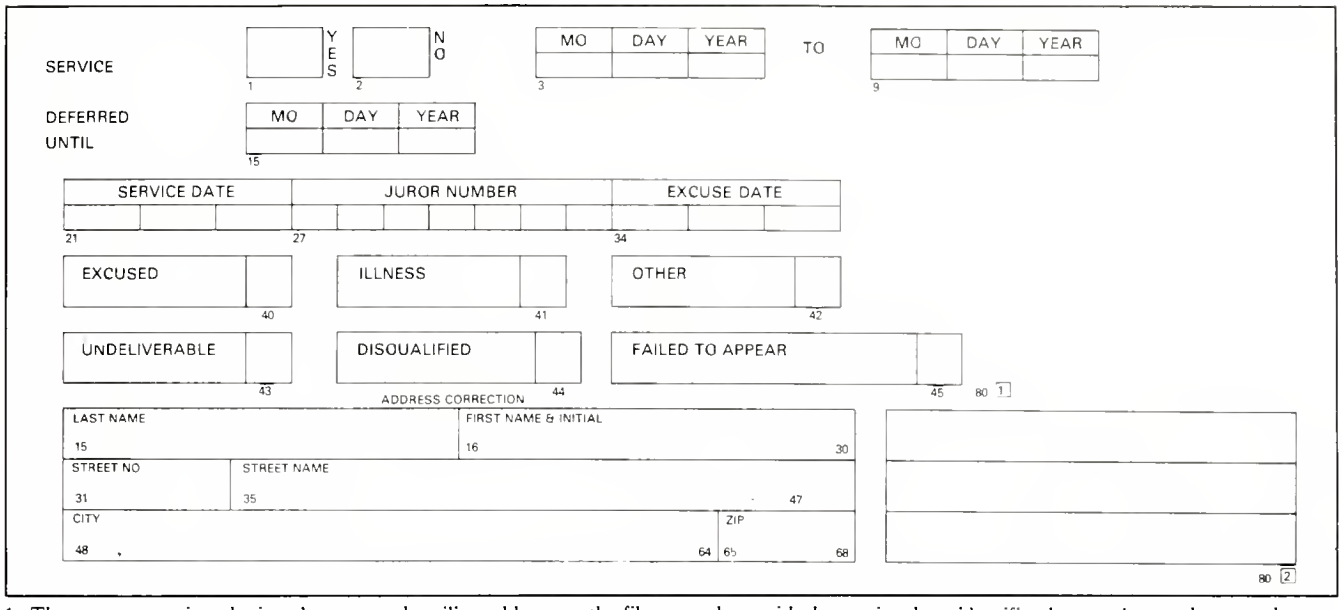
Excuses from jury service, if any, must be presented to the judge presiding at 8:30 A.M., Room 409, Buncombe County Courthouse, on the excuse date indicated above.

FAILURE TO OBEY THIS SUMMONS IS PUNISHABLE BY LAW

Please Bring This Summons When You Report

Thomas H. Morrissey
Sheriff of Buncombe County

Figure 3. Juror's Service Record.[1]



1. The computer prints the juror's name and mailing address on the file copy along with the service date, identification number, and excuse date.

son served on the day he was summoned to appear and, if not, his reasons for not appearing. Each week the clerk, using a computer terminal in the data processing department, enters the record of each juror selected to serve that week. The juror's identification number is keyed into the computer and a facsimile of the summons file copy containing that juror's name appears on a screen. The clerk transcribes directly into the computer file the fact that the juror served or was excused, postponed to a later week, or disqualified and other information. Name or address changes also are registered in this manner. This operation requires less than one workday per month.

This information will be valuable in preparing the new master list. Maintaining the service record will ensure that no juror is summoned before the two-year anniversary of his last service, as the statute provides. In the selection program the computer will read each prospective juror's last service date and skip prospects who are ineligible by this criterion. Disqualified jurors will be purged from the raw list. In the past many disqualified persons have been re-summoned year after year. The updating process will eliminate this inconvenience. Name and address changes captured through this feedback system will reduce the number of undeliverable summonses. All of these factors will mean fewer wasted summonses and a higher yield of jurors.

Conclusion

Buncombe County's automated system stands as solid evidence that greater efficiency need not compromise the effectiveness of the courts as dispensers of justice. The judges and court officials of the Twenty-eighth Judicial District are proud of this major step toward modern court management. The computerized system has been successful by every measure. The dollar cost of providing jurors in Buncombe County has been reduced by 30 per cent. The productivity of three county offices—sheriff, clerk of superior court, and register of deeds—has been significantly increased. The quality of the automated jury list is markedly better than that of previous lists. The yield of jurors—the proportion of those summoned to those who actually report—increased by 22 per cent with the conversion to data processing, and the updating system guarantees higher-quality jury lists in the future. The juror hotline has reduced jury expense by thousands of dollars. Finally, and perhaps most important, the public image of the courts has been improved.

But these reforms treat only part of the jury system, however. An equally important area for increased efficiency is the service phase.[8] The computer can help the court obtain jurors more efficiently, but how they are used once they get to court is up to judges and court officials. Too often more jurors are summoned than are really necessary to serve the courts. The result is idleness, lost wages, and excessive amounts spent on jurors' fees. The fee for jury duty is only $8 per day, but this figure adds up quickly. Waste can be measured in the thousands of dollars. Greater attention given to this aspect of the jury system could yield substantial dollar savings to the courts and reduce the burden of jury duty on the citizenry.

The judicial branch of government is now addressing these and other areas of its operation that have lagged behind modern management technology. Solutions to the complex problems of managing a court system are not easy. However, judges and court officials are trying diligently to make the third branch of government more efficient. □

8. Two publications that contain a wealth of information concerning techniques of jury management are *A Guide to Jury System Management* (Vienna, Va.: Bird-Engineering Research Associates, 1975); and *A Guide to Juror Usage* (Washington: National Institute of Law Enforcement, 1974).

BOOK REVIEW

An Analysis of North Carolina Courthouse Facilities

100 Courthouses: A Report on North Carolina Judicial Facilities; Vol. 1, **The Statewide Perspective: Description, Evaluation and Design Guidelines**, and Vol. 2, **The County Perspective: Facilities Inventory, Needs and Recommendations**. Robert P. Burns, Project Director, School of Design, North Carolina State University (Raleigh: Administrative Office of the Courts, 1978). Vol. 1, 227 pp. and Vol. 2, 645 pp.

This study of North Carolina courthouse facilities is a detailed presentation of current facilities and prospective needs in each of the state's 100 counties. The two volumes are attractive, well designed, and the exceptional photographs and other graphic displays give them great visual appeal. The project itself is summarized in an orderly, complete, and easily understood manner.

The general reader will enjoy the pictures—there must be over a thousand photographs and other illustrations in the two volumes. He will also learn much about each county's history—for example, how the county came by its name—and geography—for example, each county's size and population and rank among all the counties. The books are handsome. The photos of varied facades; decorative ironwork detail; columned porticos; modern, crisp lines—all are a joy to behold. But the project is essentially functional, and the main thrust of the two volumes is to appraise existing courtroom facilities in North Carolina and to recommend for the future.

Volume 1, the state perspective, summarizes the project's principal findings and recommendations; describes the state's judicial system; and discusses the functional, historical, architectural, and symbolic values of the North Carolina courthouse.

> . . . [T]he courthouse and its square present one of the most evocative and prevalent features of North Carolina's built environment, and they have often been the stage for important social and political events.

This quotation introduces Chapter Three of Volume I: the history, architecture, artifacts, and symbolism of courthouses. The county courthouse was often the center of activity in the early years of settlement. In rural counties this has been true over a long period. Even today the courthouse is often the most imposing building in the county seat. In more urban counties, the courthouse may be the one large open space in a downtown business district because the original plans usually called for the courthouse to be situated in a park.

We learn in this chapter about the various influences on courthouse architecture. During the Greek revival period courthouses were generally viewed as "temples of justice"; beginning in the 1820s the form of the ancient Greek and Roman temples was an especially suitable one to emulate. Courthouse architecture proceeded through other influences: the Victorian, the Neo-Classical revival, into early modernism. The 1930s saw a return to the "Colonial" style, followed by the modernist period. Today there are varous approaches to courthouse building, such as the need for high-rise construction in urban settings. The Greensboro-Guilford County Governmental Center is mentioned as representing one of the most progressive trends in modern courthouse design—incorporating, as it does, the old county courthouse (Neo-Classical 1918), a new (1974) courthouse, and a new municipal office building.

Chapter Four summarizes design guidelines for future facilities. It includes such practical matters as energy efficiency, life safety and security, and modern additions to older courthouses.

The first volume concludes with practical and technical aspects of the study: assessing present facilities; financing judicial facilities; methods for meeting facility needs; and the courthouse planning process (including

how to select an architect or consultant). The appendix thoroughly covers certain technical aspects of the study—methods used to gather and analyze information and to develop proposals, functional and spatial criteria, construction classifications, environmental criteria, financing tables, and a good bibliography.

The second volume consists of a six-page analysis of each county's judicial facilities. Each first page carries a state map showing location of county, and a photo of the courthouse in its setting. It also describes the county, and the physical surroundings of the courthouse. Next follow a description of both the interior and exterior of the courthouse, a site sketch, and a chart that presents a functional analysis of area: court ancillary spaces, spaces for magistrate, clerk of court, district attorney, register of deeds, tax office, jail, and a number of other associated spaces. This chart shows numbers of rooms, floor levels, square footage, number of personnel, and how accessible the building is to the general public and the handicapped. Another chart shows—for courtrooms—the types of trials held there, amount of public seating, court support rating, visibility index, and security rating.

Each courthouse has been systematically inspected and evaluated to determine its condition. Its physical condition is commented upon, evaluated, and ranked in comparison with the other courthouses in the state. For each courthouse there is a breakdown and rating in regard to site, structure, exterior construction, thermal moisture, courtrooms, offices-workspaces, circulation, heating-ventilating-cooling, plumbing, electrical, and life safety. A chart itemizes space needs as they are now and as they are projected for the years 1985 and 2000.

The final page of each courthouse analysis has a summary assessment and recommendations for immediate and future action.

County officials and others concerned with expanding and/or remodeling courthouse facilities should find the technical information invaluable, and the publication could stand on this alone. But the combination of the complete technical study and a fine aesthetic sense has resulted in a beautiful publication. The continuing symbolism and importance of these buildings—from earliest settlement through modern times and into the future—is evident from the photographs: such as the sculptured detail of Justice behind the bench (Haywood County); the elegant courthouse columns (Wilson County); the Jackson County courthouse, perhaps the ultimate of the "open space" concept of the North Carolina county courthouse, atop its knoll and looking out toward the mountains; and the modern elegance of Mecklenburg's design, the urban courthouse of the future.

Many of North Carolina's historic courthouses are on the National Register of Historic Places. Some of these are now used as libraries and offices, but a number of others still serve the original function by combining traditional interiors with today's needs. Chowan County courthouse, a National Historic Landmark, is the oldest in the state and one of the best-preserved examples of Georgian style in this country.

The courthouse study, a group endeavor under Professor Robert Burns at the North Carolina State University School of Design, deserves commendation for an enormous project that is presented in an attractive package. The Administrative Office of the Courts is to be commended for this help to the counties. Each county now has complete information about its judicial facilities and also a basis for comparing its facilities with those of other counties.

These books were printed for limited distribution by the Administrative Office of the Courts and are not for sale. They were funded by a grant from the North Carolina Governor's Crime Commission, pursuant to the Federal Omnibus Crime Control and Safe Streets Act of 1968, as amended. Copies are on file in the offices of all elected judicial officials and county commissioners and managers. Copies are also available in higher education libraries, including technical institutes and community colleges, and in many public libraries across the state.

—PMD

North Carolina County Courthouses: (left to right) New Hanover, Northampton, and Pitt.

North Carolina Cities and Balanced Urban Growth

Warren Jake Wicker

DOES THE STATE'S BALANCED-GROWTH policy have special significance for city governments in North Carolina? Will it alter how cities go about land-use planning, financing their operations, and undertaking annexations?[1]

Here it may be helpful to re-examine the emphasis that was made in the discussion draft of the state's Balanced Growth Policy:

> Our people want to preserve the unique quality of life made possible largely by dispersed population centers and a clean, unpolluted environment.[2]
>
> . . .[T]he core of Balanced Growth Policy is maintaining what we have. It is maintaining a dispersed population and maintaining the role of larger cities and small cities in bringing jobs and services to people. It is maintaining our environment while continuing to expand industrial and agricultural production.[3]

Thus the draft of the Policy emphasizes preserving and maintaining what the state already has rather than shifting people by creating new concentrations or disbanding old ones. In other words, we have a dispersed population—a balanced (or substantially balanced) distribution of people and jobs. It is this already-existing pattern that we want to preserve.

North Carolina has an urban population; yet unlike states with large urban populations (and with apologies to Charlotte), this state has no single large metropolitan center. Our jobs and people are dispersed into many small cities and towns. Why did North Carolina grow in this fashion?

I would suggest that two state policies have been major forces in attaining the balanced, or dispersed, settlement that we have. These are the state's policies with respect to highways and with respect to public education. And both are about 75 years old.

North Carolina's move to universal public education made its real start with Governor Aycock's administration, which began in 1901. The goal was public education for every child, in all parts of the state—rural and urban. State support for public education on a statewide basis has continued and expanded.

In 1931, under Governor Gardner, the state assumed primary responsibility for financing the constitutionally mandated six-month school term, and the local property tax was relieved from that responsibility. Other administrations have followed with strong support for public education, including Governor Hunt's current programs and emphasis on reading.

The key point is that educational opportunities were provided statewide by the state. In short, we have long supported balanced public education throughout North Carolina.

The push for public education under Governor Aycock was hampered by the absence of good roads,

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The author is an Institute faculty member whose specialties include municipal and county administration and finance. This article, in a slightly modified and expanded form, was presented at the 69th Annual Convention of the North Carolina League of Municipalities in Asheville on October 23, 1978.

1. North Carolina's Balanced Growth Policy was developed by Governor Hunt through the State Goals and Policy Board. The "North Carolina Tomorrow" survey conducted by the Governor's office in 1977 provided wide public involvement—more than 100,000 persons. In January 1978 the Governor's Conference on Balanced Growth and Economic Development explored and analyzed future growth possibilities for the state, and the Goals and Policy Board issued a formal discussion draft of the policy in June of last year.

The policy's goal, as set forth in that draft, is to "reach a higher standard of living throughout North Carolina by maintaining a balance of people, jobs, public services, and the environment, supported by the growing network of small and larger cities in the state."

The draft states that to achieve this goal, it is the state's policy (1) "to bring more and better jobs to where people live," (2) "to provide adequate public services equitably and at the least possible cost," and (3) "to maintain our natural environmental heritage while accommodating urban and agricultural growth."

Specific programs and strategies for implementing the policy were still being developed when this paper was written.

2. State Goals and Policy Board, *A Balanced Growth Policy for North Carolina* (Raleigh: Department of Administration, June 1978), p. 1.

3. *Ibid.*, p. 3.

A historical note seems in order to place the article that begins on the opposite page in perspective. I delivered these introductory remarks and the comments from which the article was drawn at the League of Municipalities convention in Asheville last fall. Just nineteen years ago, and also in Asheville, the League celebrated its fifieth anniversary. There were some very interesting parallels between the 1978 program and the one in 1959.

The keynote speaker in 1959 was Richard Graves, Executive Director of the Philadelphia Industrial Development Corporation. He predicted that North Carolina would experience rapid urban growth with more industrialization and that these developments would pose problems for cities unless cities planned well and adopted land-use policies that would insure orderly growth and protect the state's natural beauty.

I don't have the full text of that speech, but my memory is that all of what he said about the need for careful planning by city governments is still good advice. A few conditions have changed, but his basic point is still well taken.

A second major topic in that fiftieth convention was financing. The late W. E. Easterling, long-time Secretary of the North Carolina Local Government Commission, was the principal speaker. He said that North Carolina cities were generally in strong financial positions, with good credit ratings. People who worked with Mr. Easterling know that he thought that was the way things should be. He took pride in what people in local finance had done to make his statement true and urged them to see that municipal financing remained sound.

Ordinary mortals may hope for favor with the angels: Mr. Easterling appreciated that the equivalent standing for cities was a high rating with Moody's and Standard and Poor's. Harlan Boyles, J. D. Foust, and the staff of the Local Government Commission still think sound financing has great merit. Incidentally, it was at that same convention that Mr. Easterling announced that the 1959 Legislature had funded the Commission for work on local governmental accounting systems and the development of uniform accounting systems.

One of my Institute colleagues, George Esser, also spoke on finance and stressed the need for cities that are facing growth to undertake sound financial planning and capital improvements programs. I could also give his talk again today.

The third part of my remarks will be on annexation. The third major topic in that Fiftieth Anniversary Conference was annexation. Just three months before that meeting—on June 16, 1959—the North Carolina General Assembly enacted what has since become the state's central municipal annexation procedure and is now a model for the nation. The League of Municipalities had been the leader in developing the legislation and in seeking its enactment. Those who attended the 1959 convention heard a review of the legislation and some perceptive comments on the need for cities to plan for municipal growth by properly coordinating land-use planning and capital improvements budgeting with the expansion of municipal boundaries. The speaker was none other than the League's present Executive Director, Leigh Wilson. Actually, I could not do better than to simply give his address again today.

In short, land use and financial planning are basic to municipal operations, and meshing them with annexation is essential for growing cities. These are not new techniques, but they are fundamental. Most North Carolina cities are growing—some slowly, some modestly, and a few rapidly. Thus in most cities sound financial operations depend upon sound financial planning that covers the existing city and facilities that in the future will serve a larger population and more land.

—WJW

which often made the one-room school a necessity. In 1902 the Good Roads Association was formed, and in 1915 the General Assembly created the State Highway Commission. Federal aid for key state roads started the next year, in 1916.

But not until Governor Morrison's administration, in 1921, did the first major state effort begin. The Highway Act of 1921 called for the construction of almost 6,000 miles of highways to connect all the county seats, major state institutions, cities, and towns.

Again in 1931, under Governor Gardner's leadership, the state took over responsibility for county roads, and a statewide road system was well under way. North Carolina became known as the "Good Roads" state.

A $200,000,000 bond issue in Governor Kerr Scott's administration (1949-53) greatly expanded and improved the state's secondary roads. It was also in his administration that cities first received part of the state's gasoline tax proceeds, known as Powell Bill funds, for use in building and maintaining city streets.

A $300,000,000 highway bond issue in Governor Moore's administration (1965-69) added another boost to the state system, and Governor Hunt's administration secured voters' approval of another $300,000,000 in 1977 for continued emphasis on good roads statewide. Today we have some 75,000 miles of state-maintained highways—more than any other state in the Union.[4]

These two long-standing state policies were adopted in the belief that all children should have good educations and all citizens should have good roads. Their avowed purposes have been and are being achieved. But beyond that, the fact that people and goods can move easily made it possible for new industry to locate throughout the state. The fact that children throughout the state have access to substantially the same educational opportunities has made it unnecessary for people to move to one, or a few, urban centers for education. The balanced, dispersed growth that North Carolina has experienced has been made possible by the state's road and public school policies.

Thus it is fair to say that the state has had a balanced-growth policy for some 75 years and has had a heavily financed growth-balancing policy for some 45 years—since 1931, when the state assumed primary responsibility for schools and roads.

The Balanced Growth Policy referred to earlier promises to maintain the state's dispersed population and jobs and consciously to help future growth follow the same pattern. Given the enormous influence of the state's basic policies in roads and education and the fact that these programs are already in place, the state's conscious attempt today to maintain a pattern of balanced growth should be successful.

What does this mean for cities and towns? It should mean a continuation of the past experience. Most cities and towns have grown. A few towns, of course, have declined in population in past decades, and some towns will undoubtedly lose population in the future. But most municipal governments should plan for some growth and on an individual basis make the best possible estimates as to how much.

(One observes here a touch of irony. The state has no single large and dominating city. The governor who may have done the most to bring about this result—lack of one dominating urban area—by starting the state on the good-roads path was Cameron Morrison from Mecklenburg County. And in the 50 years since Morrison served, no other governor has come from Mecklenburg—the state's largest county.)

4. N.C. DOT Public Affairs Office, *The History of Transportation in North Carolina* (Raleigh: N.C. Department of Transportation, June 1978).

The role of cities

Actions by municipal governments in planning, capital improvement programming, and annexation need to be taken in light of the cities' role within the state's governmental system and in light of the particular circumstance of the times.

A basic feature of the American system of government is multiple citizenship. All of us here today are citizens of some city, of some county, of the State of North Carolina, and of the United States.

Within North Carolina, we have allocated functions, responsibilities, and powers among cities, counties, the state, and a few other governmental units. We have been flexible and pragmatic and have shifted allocations when it appeared necessary or desirable to do so. The shift of major financing responsibility for roads and schools from the local level to the state level is an example. At the local level, the shift of responsibility for libraries and hospitals from cities to counties is now almost complete. Other examples could be cited, but these illustrate the practice.

At one time the allocation between city and county governments was such that there was relatively little overlap. For example, not too long ago only cities were involved in fire protection, water and sewerage services, solid waste collection and disposal, parks and recreation, planning, zoning, subdivision regulations, and inspections. Today all of these functions are authorized for counties as well as for cities and are being performed by counties—sometimes independently and sometimes cooperatively with cities. These and other functions of cities and counties are also shared responsibilities in most cases with the state and federal governments. In fact, almost every significant city government function today is shared with other units and levels of government.

But in such areas as education, welfare, jobs, health, and court administration, city governments in North Carolina have little involvement. The residents of North Carolina cities look to the county, state, and federal governments for these services.

In short, while city governments have an important and vital role in providing governmental services to people in North Carolina cities, they are not responsible for *everything* governmental that goes on or should go on in cities by governments. *The fact of this partnership is often overlooked and not fully appreciated.*

Finally, the pattern of government in North Carolina calls for responsibilities at the local level to be largely shared by city and county governments. The state's policy, expressed in its annexation laws, is that property that is urbanly developed or is in the process of becoming urban should be located within municipal bound-

aries. The North Carolina annexation law anticipates that whatever is urban should become municipal and that the orderly expansion of municipal boundaries should take place as growth occurs in order that those services and functions that are needed especially in urban areas, or are needed at higher levels in urban areas, may be provided economically and democratically.[5] It is the state's policy that cities and towns should plan for future annexations and for providing the developed or developing areas to be annexed with the full range of municipal services.

Underlying this policy is a recognition that the state already has more than 450 cities and towns—over half of them with fewer than 1,000 people—spread about the state. Most urban growth takes place in and around the existing cities and towns. Only a few new towns are incorporated each year, and the increase in new unincorporated communities is also small. Thus the state's policy is based on the belief that the urban type of services and functions assigned to municipal governments may be provided more efficiently and democratically by enlarging existing cities and towns—by annexation—than by creating new cities and towns, special districts, or other types of local governmental units. It is thus essential that all cities plan for annexations that will incorporate into their boundaries surrounding territory that is urban or being developed as urban. In some cities this planning will be a major undertaking. In cities with modest growth, it will be a limited effort.

The current setting

Planning and regulating land use and urban development and financing the capital improvements necessary to serve an urban population are not simple. The setting in which they take place is beset with a great many factors and values, some of which conflict. With respect to almost any proposal, questions arise: What do people want? What do they need? How much will it cost? How will it affect the environment? What are its consequences for energy use? How will population growth be affected? Will it increase personal income? And there are also questions about process: Which levels of government should be involved? How much? Which officials or bodies in the units or levels? Should citizens be involved? Which citizens? How?

Poets and philosophers tell us that everything is related to everything else. So when the bell tolls, it tolls for all of us. While we know this to be true, in everyday life we have to focus—we have to select some things to worry about and other things to ignore. Some things we will work on and some we will let ride.

5. N.C. GEN. STAT. Ch. 160A, Art. 4A.

Municipal officials receive daily advice from citizens, the news media, and scholars. I am not going to talk about everything that they read or hear. But it may be helpful to sort out those things that deserve attention by North Carolina officials.

As we look at the setting, things can be divided into three classes: things to feel good about, things not to worry about, and things to be concerned about.

Things to feel good about. North Carolina cities are well governed. We can take pride and satisfaction in the dedication to the public interest among elected and appointed municipal officials in this state. The people in our city governments are honest. They are devoted to public service. They are competent. The general level of city government in North Carolina compares favorably with that found in other states. The late Edwin Gill saw this not only in our cities but also in the state generally. Not wishing to appear boastful, he said simply that in North Carolina good government has become a habit. But even if it is a habit and thus no longer something to give prizes for, it is nevertheless something to feel good about.

A second thing to feel good about is that North Carolina cities—of all sizes—are good places to live. Not perfect places, but good places. City government helps create this condition, but so do other governments. And even more important is the contribution of the private sector and the actions of individual citizens. Our natural heritage is great—we have a variety in size and geography as well as in character and culture—and our attempts to work in harmony with it have not been totally unsuccessful.

A third thing to feel good about is that our city governments are financially sound. Note that I did not say that they are wealthy. That is not to be expected in a state where the people, by national standards, are not wealthy. But even though it may be painful sometimes, we have lived within our means. Our city budgets are balanced. Our debt is not unreasonable. Most city governments could even face a rainy day or two if necessary. In any evaluation, the financial soundness of North Carolina cities is a plus.

Things not to worry about. There are lots of things that you need not worry about. I will mention only four because of their relationship to planning and financial matters.

1. The urban crisis would not seem to demand much agonizing by North Carolina city officials. This suggestion may shock you. Being concerned about the urban crisis has almost become a way of life in the United States. As a matter of fact, while there may be dispute about the exact nature of the urban crisis, or even whether it exists, it is clear that without it during the past fifteen years, half of the nation's social scientists

would have been unemployed. Very few writers on urban affairs can start an article or a book without a long listing of crisis features. Belief in the urban crisis is an article of faith in Washington. So intense and pervasive is the belief that a *Fortune* article on HUD recently commented that "[a]nybody caught talking about urban life in a cheerful tone of voice has no future in HUD."[6] HUD, you will recall, was created in 1965 because it was said that only by creating a single federal department concerned with urban affairs would the urban crisis be solved.

HUD insists that the urban crisis is being confronted but does not claim that it has been put to flight. Still some have seriously suggested that it is time to declare a victory over the urban crisis and concentrate efforts on such things as housing, education, welfare, jobs, and the like. In any event, the litany of near and total disasters that is often said to describe the nation's cities does not seem a fair appraisal of North Carolina cities. Thus it could be that worry about the urban crisis may not be very productive.

2. The national literature on cities is often filled with suggestions that city governments are near bankruptcy. There is almost no evidence that this is true. A few cities in the nation have been in danger of defaulting on their obligations, but all of those we have heard so much about can eventually meet their obligations with able management. In North Carolina we have only had a very few cases of near default in recent years and, to my knowledge, no danger of bankruptcy whatsoever.

3. National conferences of local governments have recently devoted much time to state mandates. State-mandated programs, it is said, are placing unfair and dangerous burdens on local governments. A resolution calling on the states to fund all state-mandated programs is often adopted.[7]

The concern with mandates is much like the concern with the urban crisis—it is a concern over the abstraction rather than the fact. In the American system it is the state government—representing all the people of the state, including those who are also residents of a city, county, or special district—that allocates functions and determines financing arrangements among the governmental units of the state. The basic concern should be over how and where public decisions are made and which taxpayers are required to finance public programs—not over which governmental unit is involved.

For example, North Carolina has long mandated public education and, to a large extent, has required county governments to supply from local sources the funds necessary to construct school buildings. In examining this mandate, the first question is whether the state is the proper level to make this decision. Or should counties (and/or cities) be the units to decide whether there are to be schools and the length of school terms? The second question relates to finance. State support for education is derived from taxpayers through the sales and income taxes. These cover the schools' basic operating costs. Local funds are, for the most part, used to meet capital costs and are derived principally from taxpayers through the property tax. Is the result a fair way to finance education?

These are the proper questions. If it is proper for all the citizens of the state, acting through their state government, to decide that some service or function should be available to all citizens, that the service should be delivered by one or more local governments, and that some portion of the cost should be borne by a local property tax, then state mandating is the only way to accomplish this result in our system. These basic policy decisions about whether the service is to be provided, how it is to be delivered, and how it is to be financed are matters on which people may disagree. But the disagreement should be on the policies and not on the principle of *mandating*. State mandating, in general, is something not to worry about.

4. A final thing not to worry about is sprawl. Planners and others who write about cities write about sprawl. They agree that it is bad, but rarely does anyone say just what sprawl is.

Let me ask a question. How many people in your city live in a single-family home? How many people who live in single-family homes live on a lot that is at least 100 x 150 feet—that is, approximately a third of an acre?

Four years ago a study sponsored by the Council on Environmental Quality, HUD, and EPA was published. Entitled *The Costs of Sprawl: Environmental and Economic Costs of Alternative Residential Development Patterns at the Urban Fringe*,[8] that study compared the cost of various patterns of development in the urban fringe, varying from what was labeled "low density sprawl" to what was labeled "high density planned."

Not once was "sprawl" defined in that work, except by way of illustration. The lowest-density development pattern considered was labeled "low density sprawl."

By this lowest-density standard—perhaps a national standard, if there is one—North Carolina is sprawling all over. The low-density sprawl development used in this study had single-family residential lots that were one-third of an acre in size—that is, 100 x 150 feet.

6. August 28, 1978, p. 33.

7. See, for example, Sec. 1.49 of *The American County Platform*, issued by the National Association of Counties.

8. Chicago: Real Estate Research Corporation, April 1974.

Every "Country Club Hills" in North Carolina is an example of sprawl gone wild!

Consider, by contrast, "urban" as defined in the state's Balanced Growth Policy. An "urban cluster" is defined as a "concentration of people centered on a core incorporated community and all adjacent areas having a population density of 200 persons per square mile." Commenting on this standard, the draft policy observes:[9]

> Although 200 persons per square mile is not a very high density by major metropolitan area standards, it is a meaningful figure for North Carolina where population always has been more dispersed.

A population of 200 people per square mile translates into one single-family house for 11 gross acres—or, allowing for roads and other associated urban uses, perhaps one house for every five acres or so.

One has only to look about to see that North Carolinians prefer sprawl. Sprawl, of course, sounds bad and has a very bad image. What people say they want is a natural environment. Spaciousness. Fresh air and sunshine. Clearly, one person's sprawl is another person's spaciousness.

While measures of density are probably the least arbitrary and the most appropriate devices to use in trying to give "sprawl" some professionally acceptable definition, clearly most planners and urban critics who use the term are not talking about density at all. Their concerns are ugly service stations, houses in poor repair, mixed land uses, mobile homes, fast-food establishments, warehouses, and almost any form of development that the speaker finds unattractive. All of these are ungraciously lumped into the sprawling class. The trouble with being concerned about sprawl is that "sprawl" is so indefinite a target that effective planning becomes difficult if not impossible. Everyone wants good planning, but it cannot be achieved by just planning *for* good or *against* bad. Purposes, likes, and dislikes must be expressed more precisely if planning is to be successful.

Sprawl, whatever it is, seems to be something not to worry about.

Things to be concerned about. But a number of things on the current scene do require the attention of municipal officials if city governments are to meet their responsibilities in handling growth, in planning for a better environment, in maintaining sound financing, and in extending municipal boundaries to include developing urban areas. I will comment briefly on five of these.

1. The first proper concern is with developing proper relationships with citizens and between city and county governments for the provision of services and land-use planning in municipal fringe areas.

Under North Carolina's approach to providing services, city governments have generally had lead responsibility in planning service expansion. Cities usually have a water and sewer system in place, and expanded service can be provided more economically by extending an existing system than by starting a new one. A city's existing street system is the core of what, with growth, becomes a larger urban system. Long-range planning for fire services in growing cities must look to expansion of the service area in locating facilities. And so it is, through the whole range of municipal services. Moreover, proper planning of capital facilities depends in turn on land-use planning. Both types of planning are keys to orderly annexation and meeting the city's assigned role in the whole governmental system.

But despite the legal and philosophical appropriateness of extraterritorial planning and land-use regulation and city provision of services in the fringe area before annexation, citizens in the fringe areas frequently oppose annexation. Attempts to restrict municipal planning and annexation authority by state legislation have been mounted in the past, and more attempts may be expected in the future. City officials must deal with these facts of life.

Activities in the fringe areas should often be joint activities with county governments and under a variety of arrangements. A city-county arrangement may be more difficult to develop than city action alone, but it does have the advantage of including action by a board whose members are elected from a constituency that includes fringe-area citizens.

In the extraterritorial service area, there are now strong pressures to operate water and sewer services on a straight utility basis, excluding state and federal grants. This means that the practice of double rates for customers outside the city probably will vanish within the next few years in favor of uniform rates throughout a city's service area. Planning for water and sewer financing should anticipate this change.

In all matters affecting fringe areas, city governments need to be concerned about being responsive to the citizens of these areas.

2. A second thing that should concern municipal officials is the decrease in the rate of increase of municipal revenues. Since 1970, municipal revenues from other than local property taxes have increased greatly. Federal revenue-sharing has arrived. And so has the local sales tax for all but a few cities. State aid for city streets has doubled. Combined, these three revenue increases equal from 20 to 30 per cent of what most cities collect from their local property tax. On top of this are the state Clean Water Bond funds and for some cities

9. Goals and Policy Board, *Balanced Growth Policy*, p. 18.

an increase in federal grant funds. Furthermore, real estate values have increased faster than the general price level, so that in most cities the per capita assessed valuation of taxable property has increased faster than the consumer price index.

Few observers think that increases in revenues from other than local sources will be relatively this great in the years ahead. Increased attention to productivity, cost reduction, and financial management will be needed if current taxing levels are to be maintained.

3. Proposition 13 and all that. You have heard much about Proposition 13. I will not discuss it here. The term has come to mean taxpayer concern for property tax levies thought to be too high and demands that governments at all levels provide real value for their tax dollars. These feelings among taxpayers are widespread in North Carolina even if property taxes here are low compared with property taxes in the nation as a whole. But property taxes are highly visible. They are not withheld and never seen, as income taxes are. Officials all over North Carolina tell me that taxpayer concern about taxes is as great as it has been in years.

This means that local tax increases in coming years will not be easy. Passage of bond issues may become more difficult. Local officials will probably need to do even better jobs in demonstrating needs for both tax increases and bond issues. They should be able to show taxpayers that the unit is doing careful planning, that the plan for major capital improvements has properly balanced present and future needs, and that the improvements budget is sound and beneficial.

Recently Mayor Jim Melvin reported on Greensboro's productivity efforts.[10] He noted that since the early 1970s Greensboro has not increased property taxes (a record that many other cities could match). But even more impressive was his report that since 1972 the city had increased its total city work force by only fifteen persons—and during this same period, according to state figures, Greensboro's population increased by some 12,000 persons. During this period the total number of policemen employed decreased while the hours of police time on the streets increased. Other cities, I am sure, could also cite examples of increased productivity. Greensboro's record indicates sensitivity to taxpayers' feelings and good management.

4. Attention to the basics—streets, water, sewers, fire, police, and land-use planning. In meeting the goals of balanced growth and in maintaining sound financial operations, city governments need to be concerned about the basic municipal services and functions. Those I have listed are the ones under the North Carolina system for which (a) government has prime responsibility and (b) city governments have either principal or major responsibilities. In some other areas—perhaps equally important to the whole society—a city government's failure to act may be compensated for by action in the private sector or by other governmental units. But in these basic areas a failure of a city government to act, or to act promptly and properly, is likely to mean in most places that the services will be inadequate for the citizens' needs. The basic municipal responsibilities are always matters of proper concern.

5. Cushions for calamities. Here I want to mention just a few things that illustrate the validity of the long-standing wisdom that one should plan for a rainy day. The only way to prepare for an emergency is in advance. One hopes that no calamity will befall a city, but if a city's house is in order—if a cushion is in place—the fall is softened and the prospects of damage to the body politic (including the heads of officials) is lessened. Could your city withstand a recession or the loss of federal revenue-sharing funds? How would you modify your capital improvements plan if interest rates go even higher, or if a bond referendum should fail? What will an increase in inflation do to your costs? To your revenues? Is your operating surplus at the proper level? Most observers would agree that these are questions that merit consideration by city officials, though they would likely disagree as to the proper response.

Conclusion

National economic and population trends, the state's traditional approach to the allocation of state and local governmental responsibilities, and the thrust of the Balanced Growth Policy all combine to support the prospect of continued dispersed growth in population and jobs.

City governments have a central role in meeting the governmental needs of the people of the state and in preparing cities for growth. But they do not act alone. County governments, state and federal governments, and the private sector are also important actors.

If city governments are to meet their responsibilities under the North Carolina system of government, special attention in the next few years needs to be given to land-use planning and regulation, to capital improvements associated with the chief municipal services, and to orderly expansion of municipal boundaries as surrounding territory is developed for urban purposes.

In light of the past and where we stand today, we can be optimistic. The prospects for wise actions and for maintaining balanced growth are bright. Good government does seem to have become a habit for North Carolina cities. □

10. Conference of the North Carolina Chapter, International Personnel Management Association, Greensboro, Sept. 26, 1978.

The New "Dual Formula" for Community Development Funds

Jerome R. Adams, Thad L. Beyle, and Patricia J. Dusenbury

WHEN PRESIDENT CARTER SIGNED INTO LAW the Housing and Community Development Act of 1977, a dramatic change occurred—the second such change in three years—in the way the federal government will divide among our cities the funds appropriated by Congress for renewing and rehabilitating deteriorating neighborhoods.

The Housing and Community Development Act and its amendments authorize federal housing, community and neighborhood development, and preservation and related programs. The overall federal goal—to provide a decent home in a safe environment for every American family—has not changed since the first comprehensive housing act (1948). Among the programs authorized by Title I of the Act is the Community Development Block Grant (CDBG), which provides financial aid to local governments for activities that are designed to provide a suitable living environment for persons of low to moderate income. A broad range of local government activities may be financed with CDBG money: (1) eliminating and preventing slums and blight; (2) eliminating conditions detrimental to public health, safety, and welfare; (3) conserving and expanding the housing stock; (4) expanding and improving community services; (5) a more rational use of land and other natural resources; (6) reduced economic segregation; and (7) historic preservation.

The amount of CD money allocated to each eligible government unit—that is, the entitlement—is calculated by using a legislatively mandated formula and a layered method of calculation. Eighty per cent of the total is distributed to metropolitan areas, and the remaining 20 per cent is divided among the states for discretionary grants in nonmetropolitan areas. Within metropolitan areas, the formula is used to calculate first the share of funds for each type of jurisdiction (metropolitan city [the central city or any suburb with over 50,000 population], urban county or town, and the rest of the metropolitan area) and then each jurisdiction's share.

Receipt of grant funds is not automatic. A jurisdiction must apply for funds and in its application meet some planning requirements for guiding how these funds will be spent. However, few applications have been rejected.

The act passed in 1977 gives cities an option between two formulas for calculating final allocation; a city may select whichever formula gives it more money in its particular circumstances. North Carolina's cities, like all cities, are affected in different degrees, because the allocation of CD funds reflects a variety of factors. In general the new procedure reflects a political reaction in Congress to the North's decline in economic and population growth and urbanization—which North Carolina has shared.

The new "dual formula" for distributing CDBG is designed to help those urban communities that have particularly suffered over the last several years in terms of faltering services, shrinking industrial foundations, emigrating populations, and declining tax bases. These are the communities that have been "left behind" in terms of growth, and many of them, especially the large ones, are in the North. But the new formula approach affects every community's ability to prepare for the future because communities will have either more or less funds provided from CD funds as a result of the new allocation plan.

Brief legislative history

The current act, Public Law 95-128, amended the Housing and Community Development Act of 1974 (PL 93-383). The original act had been aimed at replacing what many considered an unequal distribution of federal funds for urban redevelopment: the categorical-grant system.

Categorical grants, often allocated via administrative discretion, became the bulwarks of creative federalism. But many people believed that the categorical system fostered "grantsmanship." Clever local bureaucrats could design programs that were aimed at obtaining funding and not necessarily at answering needs. This practice distorted the intent of Congress and tended to favor areas that had the slickest bureaucracies. Some people foresaw a growing shift of funds to the more affluent suburbs as their populations and bureaucracies grew.

Many policy-makers began to feel that there should be objective criteria for all

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cities so that federal funds could be allocated to urban areas (including suburbs) as evenly and impartially as possible. Thus the 1974 Housing and Community Development Act changed the distribution of funds from categorical grants in seven program-areas[1] to "block grants" awarded according to a formula based on a community's population (a factor of 25 per cent), overcrowded housing[2] (another 25 per cent), and poverty (50 per cent)—the last to be measured by the number of people in the city who had incomes below the poverty line at the 1970 census. This method of distributing federal funds was, along with revenue-sharing, the heart of the "New Federalism" as it was conceived during the Nixon Administration. To protect communities that had benefited under the categorical-grant system from a sudden drop in funding level, the act included a "hold-harmless" provision that would keep funding at the old level for three years, 1975-77, then phase it down by thirds over the next three years until all recipients would be at full-formula funding in 1980.

The immediate result of the block-grant method was a spread effect. Virtually every community of 50,000 or more was entitled to receive something—including some communities that did not feel such federal largesse was necessary in their cases (a few communities have declined to apply for entitlement funds). Not all of the distributed money was used for meeting what a reasonable person would construe as social "needs." Recent changes in regulations governing expenditure of CDBG funds are designed to prevent the expenditure of these funds on such projects as, for example, tennis courts.

But, more important, the emphasis of the block-grant distribution formula was on population and incidence of poverty, and that emphasis increasingly favored the South and Southwest, low-income regions that have grown in population and urbanization in recent years. Within all regions the formula favored fast-growing suburbs over central cities, many of which were losing population. Furthermore, without the hold-harmless clause, the act would have pulled the rug out from under many cities' programs: Washington, D.C., for example, would have dropped from $40.9 million to $15.8 million in its funding. As written, the 1974 act only delayed the loss of funds, which was scheduled to begin in 1978.

The new formula

New plans for distributing community development funds began to surface early in 1977. The day after President Carter's inauguration, the economics department of the First National Bank of Boston published "a five-point Northeast policy position on the Community Development Block Grant Program." That document espoused the "immediate goal" of extending the hold-harmless clause, which was about to begin phasing down, and suggested that "Northeast policymakers should seize on the debate over Community Development Block Grant funds." To do this, the paper continued, they "should press for alterations in the current formula which favor cities in general and which recognize the needs of this region."[3]

The paper suggested that a new formula be devised that would include an "age-of-housing-stock" provision and a "growth-lag" provision. The 1974 formula would also be retained, and a city could choose either formula; the total appropriation then would be increased so that, regardless of formula chosen, all cities would receive no less money than they would have received under the original 1974 formula.

A concurrent report prepared by the Brookings Institution for the Department of Housing and Urban Development (HUD) evaluated the implementation and impact of the 1974 formula during 1974-77 and projected these factors through 1980.[4] The report saw that major trends that were developing shifted CDBG funds from "the New England and Middle Atlantic regions to the three southern regions—South Atlantic, East South Central, and West South Central" and that "the principal disadvantages of the formula system within metropolitan areas accrue to central cities."[5]

The Brookings report then explored alternative approaches that either reweighted the existing criteria and/or substituted new criteria in order to get more community development funds to the Northeast and to the central cities. This report also recommended that a dual-formula system be considered, one that would retain the 1974 poverty-based formula "to allocate funds to communities with primarily poverty-based development needs" and a new formula that would contain an age-of-housing factor "in order to allocate funds to recipients whose development needs are related to age of community, as well as poverty."[6] The fact that the cities of the North are older than those of the South and West suggests that both the central-city and regional-shift problems would be addressed by the new formula.

The Brookings report cited the proposed 1978 federal budget *Issues '78* volume to support the need for a second formula to address the problems of older cities' physical needs. Further, both Brookings and the Office of Management and Budget (OMB) suggested that the entitlement cities be allowed to choose whichever formula fitted their needs best—in other words, provided the most money.[7]

These ideas were soon cast as Carter Administration policy when the new HUD Secretary, Patricia Harris, appeared before Congress to support them. Secretary Harris sought $4 billion for fiscal year 1978 (up $750,000,000 from the previous year), $4.15 billion for FY 79, and $4.3 billion for FY 80. All of this money was to be distributed according to the

1. Urban renewal, model cities, water and sewer facilities, open spaces, neighborhood facilities, rehabilitation loans, and public facility loans.

2. More than 1.01 individuals per room in a dwelling unit.

3. "Renewal of the Community Development Block Grant Program—A Priority Issue for the Northeast," mimeograph, The First National Bank of Boston, January 21, 1977, revised February 7, 1977.

4. Richard P. Nathan et al., *Block Grants for Community Development* (Washington: Department of Housing and Urban Development, January, 1977).

5. *Ibid.*, pp. 179-80.

6. *Ibid.*, p. 236.

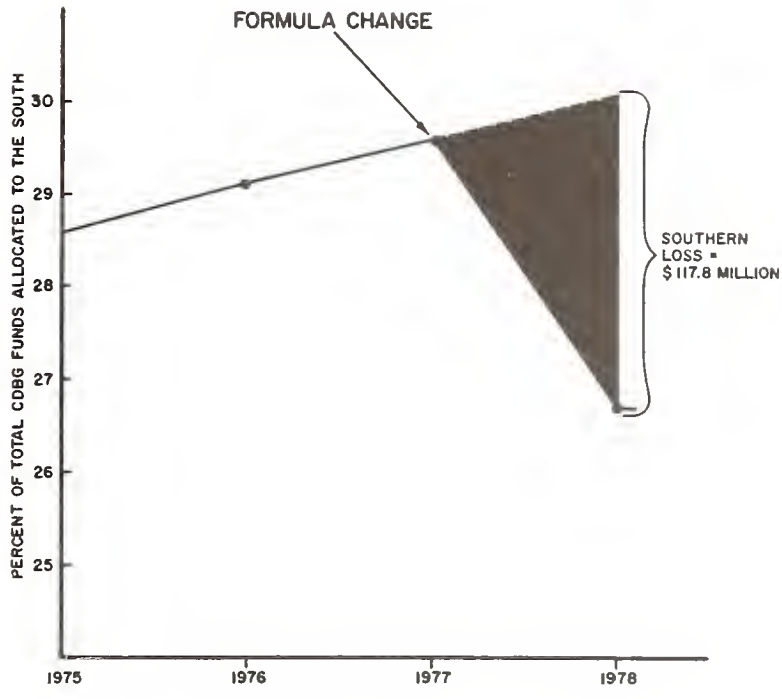
7. *Ibid.*, and U.S. Executive Office of the President, Office of Budget and Management, *Issues '78, Perspectives on Fiscal Year 1978 Budget* (Washington: Government Printing Office, 1977), p. 131.

"dual formula." She told Congress that in awarding these funds an emphasis would be placed on economic development as well as community rehabilitation—an effort considered appropriate in a recession economy in which hardships are felt most severely in urban areas. Increased funds were needed so that no entitlement jurisdiction would receive less money under the dual formula than it would have received under the original formula.

The dual formula would allow each locality to choose the formula that yields it the largest amount of funding: either (1) the 50-25-25 mix of poverty, population, and overcrowded housing; or (2) the new formula, which calculates a total based on a 30 per cent factor for rate of poverty, a 20 per cent factor for "growth lag" (the extent to which a city's population has fallen below the average population growth rate of all metropolitan cities),[8] and a 50 per cent factor for the percentage of housing built before 1940.[9] By providing an alternative formula, the new act protects those older cities that are losing population from the reductions in CDBG allotments that would result from application of the 1974 population/poverty formula and the phasing-out of hold-harmless provisions.

The House of Representatives authorized (HR 6655) the requested $12.45 billion and accepted the new dual formula by a vote of 369-20 on May 11, 1977. But during the three days of debate, Reps. Mark W. Hannaford and Jerry M. Patterson, both from southern California, tried to eliminate the new pre-1940 housing "half" of the dual formula. Their amendment lost, 149-261, in a vote that had representatives from the Northeast and Midwest overwhelmingly opposed and those from the South and Southwest overwhelmingly in favor.[10]

Figure 1
Southern Share of CDBG Entitlements
1975-78



In June of 1977 the Senate followed the same pattern (S 1523), except that it authorized a $400,000,000 special fund for "action grants" that the House had provided at Secretary Harris's request. The bill passed by 79-7 on June 23.

A memorandum dated August 4, 1977, prepared by the Southern Growth Policies Board[11] for Senator Lloyd Bentsen of Texas, warned that the age-of-housing factor "is not related to urban need as it has been traditionally viewed" and "does not correlate with those other indicators which are accepted as the best indications of urban stress." But the memo was to no avail; the final bill was drawn by a conference committee, reintroduced in both chambers,[12] and signed by the President on October 2.

The effect of the dual-formula change

When Representatives Hannaford and Patterson argued for their amendment to eliminate the factor for pre-1940 housing, they made the point that Los Angeles, which received an allotment of $17 per capita in FY 77, would get a maximum allotment under the dual formula of $19 per capita in FY 78. On the other hand, Detroit stood to go from a $20 per capita allotment in FY 77 to an allotment of $42.49 in FY 78. Opponents of the dual formula offered these contrasting results as a dramatic example of how some cities would gain substantially while others, no less troubled, would not.

8. *Congressional Quarterly*, October 1, 1977, p. 2079.

9. The new variable, pre-1940 housing, separates those older cities in the country that were substantially "built" before World War II from those cities that grew in the postwar housing boom of the late '40s, '50s, and '60s. This factor also separates a central-city development era from the suburban development era. The South's boom has occurred toward the end of this latter era.

10. *Congressional Quarterly*, May 14, 1977, p. 892.

11. The Southern Growth Policies Board is an interstate agency concerned with issues of growth and its implications that was created in the early 1970s. Headquartered in the Research Triangle Park of North Carolina, its interests cover the fourteen-state South from Virginia and West Virginia to Florida, Oklahoma, and Texas. As the "Snowbelt-Sunbelt" debate has escalated over the allocation of federal grant programs, the Board has increasingly been the focal point of the Southern response.

12. The vote was 384-26 in the House and 54-19 in the Senate. The $400 million for "action grants" was kept separate as discretionary funds.

Table 1

North Carolina Metropolitan Cities and the Second Round of the Community Development Block Grant Program

City	% Pop. Change 1960-75	Per Capita Income 1974	% Below Poverty Level 1970	% of Pre-1940 Housing	% of Overcrowded Housing 1970	1977 Grant Entitlement (000)	1978 Original Formula (000)	1978 Alternative Formula (000)	1978 Hold Harmless (000)	1978 Grant Entitlement (000)	1978 as % of 1977
Asheville (59,591)	-1.0%	$4,411	15%	51%	6%	$2,822	$1,213	$1,571	$2,406	$2,076	73.6%
Burlington (37,634)	13.3	4,901	7	30	7	1,338	559	410	1,338	1,052	78.6
Charlotte (281,417)	39.6	4,926	11	19	8	9,508	4,742	2,596	8,965	7,374	77.6
Durham (101,224)	29.3	4,421	15	34	8	2,384	2,134	1,484	2,384	2,245	94.2
Fayetteville (66,247)	40.6	4,166	20	19	10	1,444	1,467	780	1,444	1,431	99.1
Gastonia (49,343)	32.4	4,494	11	33	11	1,402	903	599	1,402	1,206	86.0
Greensboro (155,848)	30.3	5,016	9	21	7	2,210	2,311	1,336	2,191	2,255	102.0
High Point (61,330)	1.1	4,394	11	33	10	3,507	1,167	1,211	3,153	2,445	69.7
Raleigh (134,231)	42.9	4,904	10	24	7	1,933	2,038	1,284	498	1,989	102.9
Wilmington (53,818)	22.3	4,074	20	40	8	1,141	1,232	942	961	1,202	105.3
Winston-Salem (141,018)	26.9	4,847	14	29	8	4,753	2,743	1,821	4,200	3,624	76.2
N.C. State Total (5,441,366)	28.5%	$4,421	15%	30%	10%	$69,592	$51,657	$39,210	$44,790	$64,639	92.9%
U.S.	18.8%		11%		8%	$3,148,000				$3,500,000	114.4%

Note: The grant entitlement is based upon the larger of the two formula amounts plus an additional hold-harmless grant if the hold-harmless amount is larger.
Source: Data were developed from U.S. Department of Housing and Urban Development, *Community Development Block Grant Program Directory of Allocations for Fiscal Year 1977* and "Entitlement Master Label" (Washington: February 13, 1978); and U.S. Bureau of the Census, *County and City Data Book, 1972* (A Statistical Abstract Supplement), (Washington: 1973).

Clearly, however, Congress intended that extra funds be channeled to those cities that were feeling the twin burdens of aging housing[13] and limited (or no) population growth.

The 1974 formula had, by its emphasis on population, created embarrassing imbalances by allocating an increasing share of funds to relatively fast-growing suburbs. Its companion emphasis on poverty increased the proportion of money allocated to the South, the nation's low-income region, at the same time that it provided a proportionately smaller share to the higher-income Northeast and North Central states. If the new approach creates imbalances of its own, such are the side effects of formula politics. Under the dual formula, for example, in FY 78 New York City can realize $73,308,000 more than it would have received under the 1974 formula. That is an example of "targeting"—an explicit intent of dual-formula proponents. But New Rochelle, a relatively wealthy suburb of New York City with a considerable number of old yet elegant houses, thanks to the new formula picks up an additional $894,000. Such is the luck of the draw.

But there is more to formula politics than targeting, side effects, and luck. There are patterns that help or hurt. Projecting the allocations on the basis of the dual formulas indicates that the formula changes will be more efficient in shifting federal funds to the Northeast and North Central regions from the South and Southwest than they will be in shifting funds away from the affluent suburbs surrounding the older declining cities. As Figure 1 shows, the impact on the South and its cities is already apparent.

The effect on North Carolina cities

Preliminary HUD figures for 1978 indicate an increase in CDBG funds of 14 per cent for the cities.[14] However, in 1978, as Table 1 shows, entitlement cities

13. Senator Harrison A. Williams of New Jersey intiated a formula alternative geared to reflect the "impaction" inherent in cities, like Newark, where the pre-1940 housing stock exceeded the national average of 38 per cent, but the idea was rejected.

14. The total CDBG funding increased by 27.1 per cent, but $400 million was designated for the Urban Development Action Grant Program, which is aimed at older declining cities.

in North Carolina would receive 7 per cent less than they received in 1977.

The statewide drop in Community Development Block Grant allotments to North Carolina cities results from the phase-out of hold-harmless entitlements. Asheville, Burlington, Charlotte, Durham, Gastonia, High Point, and Winston-Salem all received more federal funds under the discretionary categorical grants of the 1960s than they would have received under the 1974 CDBG formula. Like other cities across the nation, they were protected from a precipitous drop in federal funding by the hold-harmless entitlement provision. Now these North Carolina cities will suffer a loss in funding as their hold-harmless entitlements are phased out because, unlike older cities, they do not qualify, according to the calculations under the new alternative formula, for offsetting increases in CDBG allotments. Only two North Carolina cities—Asheville and High Point—benefit under the dual formula, and the increased allotments are so small that they are overwhelmed by the loss of funds resulting from the phase-out of hold-harmless entitlements. This is particularly true for High Point, which ends up with a 30 per cent drop in funding—the largest in the state.

The impact of CDBG entitlement changes on various cities is most clearly compared on a per capita basis. The HUD projections of 1980 allotments,[15] which are free from any influence of previous participation in the categorical grant programs, describe a narrower range of federal dollars per capita than do the figures for 1977, when the hold-harmless entitlements prevailed. (See Table 2.) For North Carolina cities, the overall trend is toward a lower per capita allotment in 1980 than in 1977, but four cities are projected to receive a larger sum per capita in 1980. These four include the two wealthiest of the state's large cities (Raleigh and Greensboro)[16] and two smaller cities—Fayetteville and Wilmington, which among the North Carolina entitlement cities have the highest rates of poverty and the lowest per capita incomes. The largest 1980 per capita allotment will go to Asheville because that city has a large percentage of older homes.

Table 2
Per Capita Entitlements[1] of Community Development Block Grant Funds to North Carolina Metropolitan Cities

City	$ Allotment per Resident		
	1977	1978	1980
Asheville	$47.36	$34.84	$29.27
Burlington	35.55	27.95	17.06
Charlotte	33.79	26.20	19.10
Durham	23.55	22.18	24.14
Fayetteville	21.80	21.60	24.91
Gastonia	28.41	24.44	20.91
Greensboro	14.18	14.47	16.94
High Point	57.18	39.87	21.70
Raleigh	14.40	14.82	17.28
Wilmington	21.20	22.34	26.00
Winston-Salem	33.70	25.70	22.21

1. The largest allotment under the dual-formula mechanism. The U.S. Census Bureau's revised population estimate for 1975 is used as the denominator.
Source: Table 1; unpublished HUD data.

A cursory look at the data will not reveal just what "drives" the formula to provide the specific amount to be received for each city because these cities are involved in a complex interaction with formula variables and the other entitlement cities of the nation. In fact, anyone familiar with these North Carolina cities and their current situations is impressed by the lack of a pattern. The variables contained in the new formula may indicate urban decline on the basis of national averages, but they appear totally haphazard when applied to the North Carolina entitlement cities.

Certainly it is easier for local decision-makers when they know just what funds they can expect from the federal treasury to help meet local fiscal demands, and funding formulas are predictable. To the same degree, these local officials are frustrated at finding themselves "losers," uncertain why they fall into the category of declining-funds entitlement.

Conclusion

If "the authoritative allocation of values," the nature of politics, is to depend on formulas, clearly no formula can cover all the complexities of a diverse nation.

Tables 1 and 2 indicated the impact of the changes in allocation plans on North Carolina's metropolitan cities in the coming three years. The nation's cities provide an even greater range of winners and losers—and urban problems and needs.

Two questions remain. One is how many other categorical programs—like those for food stamps, aid to elementary and secondary education, and so on—will be affected by similar formula changes in their funding. Now that this pattern has been established, can such changes be far behind for general revenue-sharing? The dollars involved escalate rapidly.

The other question is whether, in its search for political resolutions to social and economic problems, Congress, after being reapportioned following the 1980 census—a kind of "formula" change in itself—will undertake yet another round of formula politics. And with population continuing to flow out of the northern regions into the South and West, will this year's losers become the winners in the 1980s? □

15. Actual entitlements will be lower because more of the eligible communities are participating in the program and because the eligibility requirements have been relaxed somewhat for townships that contain incorporated municipalities.

16. A ranking of 55 of the nation's 66 largest cities by degree of hardship appeared in "Understanding Central City Hardship," by Richard P. Nathan and Charles Adams, *Political Science Quarterly* (Spring 1976). It rated Greensboro as the American city with the least hardship on one scale and second only to Fort Lauderdale for the least hardship on another.

POPULAR GOVERNMENT
(ISSN 0032-4515)
Institute of Government
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P.O. Box 990
Chapel Hill, North Carolina 27514