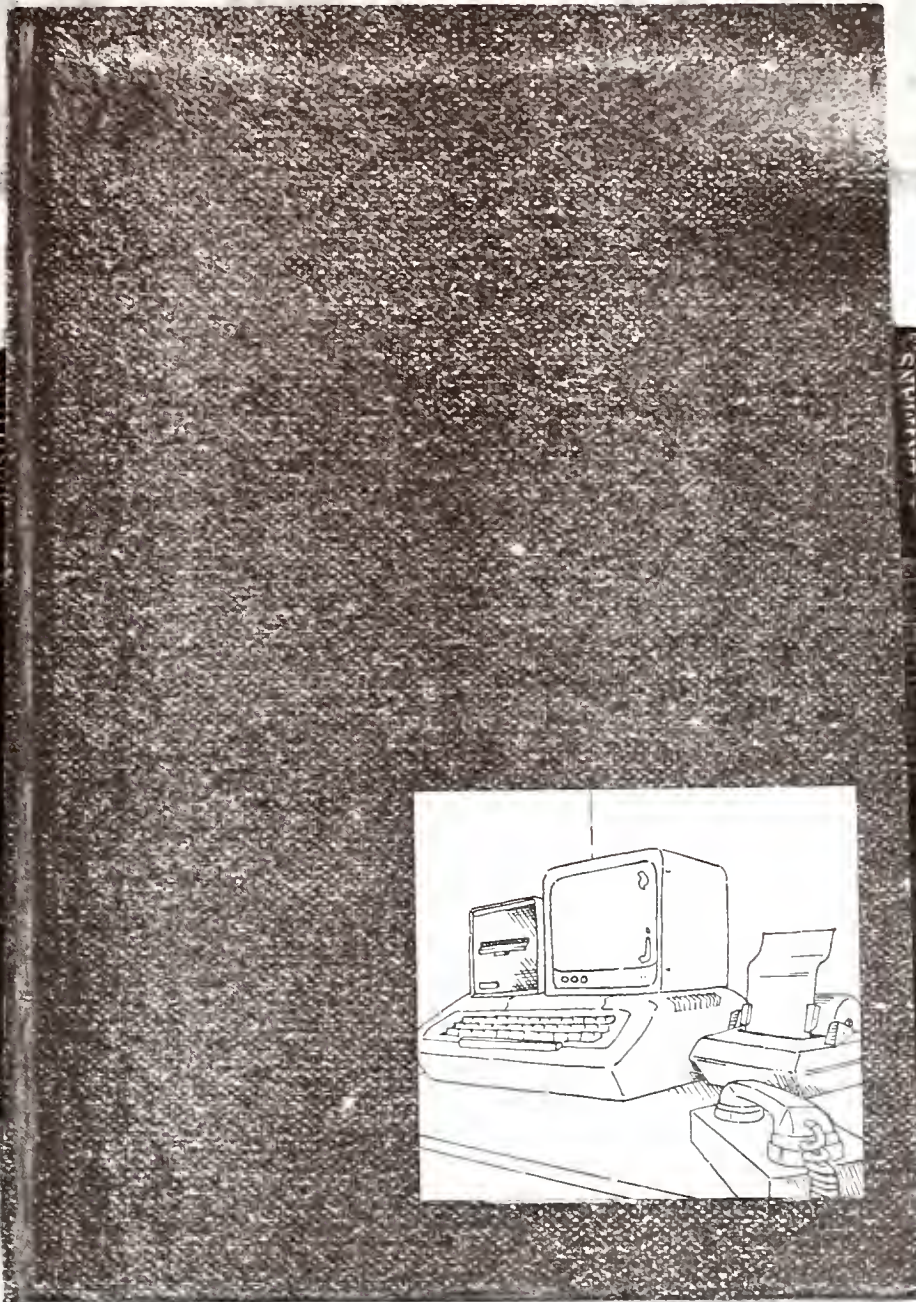


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Public Library Information Services • The School of Science and Math

1980 Census Results • Employment Discrimination Law

Local Government Investment Pools • North Carolina's Economy

Help for Emotionally Disturbed Children • Community Mental Health Programs



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Expanding Local Information Services in North Carolina's Public Libraries

Jane Williams and Rebecca Ballentine

In these days of rapid social and technological change, librarians have been concerned about whether public libraries can adequately serve the informational needs of their communities. The libraries have responded by cooperating with other local agencies to find out what those needs may be and to design programs that address them.

The American Library Association, which has been responsible for developing national standards for public libraries, has changed its emphasis from buildings, staff, and collection sizes as a measure of service to a more adaptable measurement—the *use* of library resources. The restatement of standards is set out in a recent American Library Association publication¹ that is a guide to developing standards appropriate for each library's local conditions and needs.

This interest in finding out the community's need for information services led the North Carolina State Library in 1977 to teach librarians how to analyze the counties and towns they serve. Each library system, after studying its community, issued a community profile that would be the basis for long-range plans for services. Some of the programs that have been developed in sponsorship with local government are discussed in the articles that follow.

Information and referral centers

Many public libraries offer community information along with their traditional library reference and information services. "Information and referral" is the term most often used for this program that actively helps the public locate the government agencies and community services that handle their special problems and inquiries. Information and referral (I&R) *links* an individual with a service, and therefore is a different activity from counseling, crisis intervention, action lines, and social casework.²

Social services organizations and government agencies became the suppliers of information about community resources as the demand for this type of service accelerated following World War II, but not until the late 1960s did information and referral services begin to appear in public libraries. Projects in Atlanta, Cleveland, Detroit, Houston, and New York City were prototypes for other public libraries.

Public libraries are natural places to establish information and referral centers because:

- Information is their traditional province.
- They reach into all geographic areas of the community through branch libraries.

Jane Williams is the Assistant State Librarian, and Rebecca Ballentine is the librarian at the Institute of Government.

1. Vernon Palmour, Marcia Bellasai, and Nancy D. DeWath, *A Planning Process for Public Libraries* (Chicago: American Library Association, 1980).

2. Thomas Childers, "Trends in Public Library I&R Services," *Library Journal* 104, no. 17 (October 1979), 2036. Some of the programs that have been developed as a result of these studies and reports and in conjunction with local governments are discussed in the articles that follow.

— Libraries are nonpartisan and trusted, and they present few psychological barriers to potential users. Librarians are trained to gather and organize data for easy use.

Local library resources can be enhanced and enlarged by borrowing materials from other libraries through interlibrary networks.

Local information and referral services in North Carolina are in various kinds of locations—public libraries, volunteer agencies, Agricultural Extension Service offices, councils on aging, community schools, and departments of social services. The North Carolina Alliance of Information and Referral Service began in March 1980 to help coordinate and promote I&R programs locally. The Governor's Office of Citizen Affairs established local involvement councils (to be appointed by county officials) that coordinate and publicize community resources. CARE-LINE, the state's I&R service directed by the Department of Human Resources, promotes and backs up community-based programs.

There are some essential ingredients to a successful public library information and referral service regardless of how it is organized or the types of information it provides. They include: (1) libraries, local officials, and other community leaders who recognize that such a service is needed and that the public library is a logical agency to administer it; (2) a service that is easily accessible to the entire community through toll-free telephone lines, mobile services, and other means; and (3) cooperation among all public service community agencies.

At first most North Carolina libraries that provide information and referral services did so with special funding that was available for an experimental period through Title I of the Library Services and Construction Act (LSCA). (There may be cuts in LSCA funding in the near future, but appropriated moneys will implement all LSCA-funded programs that have been planned for the state's 1981-82 fiscal year.)

The Wake Information Center, which the Wake County Department of Libraries started in 1974, was the state's first library-run information and referral service. The center provides telephone and walk-in service and has published several editions of *Help for the Citizens of Wake County*—a guide to local service agencies, educational opportunities, and cultural and recreational activities. The second public library I&R program was in the Sheppard Memorial Library (Greenville and Pitt County).

In 1978 the Central North Carolina Regional Library set up two community information service centers, one to serve Chatham County and the other for Alamance County. These two centers have published resource directories and brochures for both counties in addition to

providing telephone and in-person information service. The Appalachian Regional Library (which serves Ashe, Watauga, and Wilkes counties) chose to centralize its information service in North Wilkesboro and extend toll-free telephone lines into each participating county. (This arrangement was adopted because some agencies in that area do not have offices in every county.)

To provide community information services to citizens in small communities, Pender County's local library chose mobile service. The Neighborhood Information Van carries books, pamphlets, films, and information to remote areas and presents programs in outlying community centers.

The Davidson Information Assistance Line (DIAL), housed in the Lexington headquarters of the Davidson County Library system, can transfer callers directly to county agencies. In addition to answering questions from public or private sources, DIAL helps coordinate different county projects and also answers the county switchboard on weekday evenings and Saturdays. DIAL's newest service is providing local citizens with TEL-MED tapes that give concise, accurate information about medical concerns.

The Onslow Information Line (OIL) is a new service of the Onslow County Library in Jacksonville that maintains files on agencies, clubs, talents and skills, volunteers, education, and recreation. It is also a clearinghouse for scheduling community events, and it publishes a monthly community calendar in a local newspaper. Working cooperatively with Camp Lejeune, a large military installation, is a special focus in Onslow County. The Cumberland County Library does similar work with Fort Bragg.

The information and referral services that have been mentioned collect and make available to the public information about a wide variety of public and private organizations. More specialized I&Rs are provided in certain other libraries. Most notable of these are the education, career, and employment I&Rs operated by the Durham, Greensboro, and Winston-Salem libraries (see the article on the LIFT Project elsewhere in this issue).

Local documents collections

Among the special services that public libraries can provide is the important one of collecting, servicing, and preserving government documents produced by departments and agencies of local government. The tremendous amount of material being generated by local agencies has tended to discourage state- and national-level attempts to collect it (though both California and Nevada now require counties and municipalities to

(continued on page 8)

The ACCESS Information Line in Cumberland County

The Cumberland County Public Library's ACCESS Information Line began in January 1980 to provide the comprehensive information and referral service that community analyses had indicated were needed. By dialing a single number a caller can find out about local government services, legal assistance, health and social services, general information, consumer problems, and even volunteer opportunities that are available in the area.

The ACCESS staff tries to provide information in a straightforward, nontechnical way. The caller simply explains his problem and a staff member consults the appropriate files or directories. If these files do not contain the requested information, the client is referred to the agency that can answer his question.

In the ideal interview the caller receives a quick answer to a simple question. But the calls are often more complex. A caller may describe the problem incorrectly or the staff may misunderstand. For example, a caller may ask for the legal aid office when his concern is actually within the clerk of court's purview. Or the question may be unusual or novel. Roughly 10 per cent of the questions received by ACCESS cannot be answered from the files and require outside contacts by the staff. Sometimes a requested service may not be available locally. For example, low-cost dental care, private tutorial services, and glass recycling were identified in the 1980 ACCESS annual report as services that are frequently requested but not available in the Fayetteville area.

In January 1980 an average of 15 people called ACCESS on a business day; twelve months later this figure had doubled. ACCESS handled a total of 6,230 questions in 1980, its first year of operation. Calls are received from businesses, agencies, and public officials as well as from private citizens. Calls from agencies have increased proportionately faster than the total number of calls has increased; often

clients say that they first heard of ACCESS from another agency. Information and referral is a time-saver and problem-solver for the staffs of all government and many other organizations.

There is no typical ACCESS user. Sample surveys show that questions from males have gradually increased and the 20-39 age group seems to ask the most questions. But ACCESS clients represent a cross-section of the community. The questions cover a wide range of subjects. They do show two trends: (1) no single subject area ever rises much above 10 per cent of the total calls; and (2) questions pertaining to government, recreation opportunities, legal problems, health, business, social services, and education consistently rank near the top of the list.

Because of its record-keeping, the ACCESS staff can provide information to planning agencies that indicates the concerns and needs of citizens and points out services that are not available in Cumberland County. Recently, for example, ACCESS used a random sample to determine the kinds of questions that people over sixty years of

age asked. Some of their questions included:

How do I apply for Medicare?

I want to quit driving. Should I turn in my license?

How can I contact a nephew who is in jail?

Where do I get a senior citizen discount card?

How do I find an out-of-town phone number?

Is there a senior citizen center in Fayetteville?

Can senior citizens get free fertilizer for their vegetable gardens?

Is there rent control in Fayetteville?

Where can I get money for a hearing aid and batteries?

How can I get a birth certificate from another state?

ACCESS has a staff of three. An information specialist answers questions; constructs, maintains, and updates files; and makes follow-up calls to selected clients. An information services librarian supervises the telephone and follow-up contacts, organizes the indexed files, and meets with agency staff, organizations, and the media. The library's coordinator of



The ACCESS staff handled 6,230 questions in 1980, its first year of operation.

information services supervises the overall operations. The librarians meet quarterly with the ACCESS Community Advisory Board, a seven-member panel of representatives from community groups and agencies, to determine policies and future directions.

ACCESS amasses its files through personal interviews with contact people in the agencies, and it updates them periodically. The files are used not only to answer questions but also to produce *The Answer Book*, a resource directory recently published by ACCESS and distributed throughout the community. *The Answer Book* lists over 400 agencies, clubs, community organizations, and hotlines available to Cumberland County residents. A series of brochures listing information and phone numbers of legal, health, and consumer agencies has also been published and distributed.

ACCESS has used all of the media to spread the word about its services. The ACCESS logo includes the name of the service, the phone number, and the tag "An Information Service for Cumberland County." The slogan "We've Got a Million Answers" was used on flyers, brochures, posters, letterheads, advertisements, business cards, reports, and publications. Over 300 posters were placed in schools, offices, businesses, and other public locations. Over 10,000 flyers were distributed or mailed with church newsletters, agency bulletins, and Welcome Wagon packets. The ACCESS phone number is listed under "Information" in both the white and yellow pages of the telephone directory. Local newspapers and radio stations have carried interviews, editorials, and feature articles to acquaint citizens with ACCESS.

Last fall the ACCESS staff was featured on an hour-long call-in talk show on a local radio station. Callers phoned the station and their questions were answered on the air in the same manner used by the information and referral (I&R) desk in the library. Several public service advertisements have also been placed in community newspapers and on the radio.

For civic events like the Arts Council's Sunday-on-the-Square, the ACCESS staff mounts a display that features brochures from many area

agencies. A permanent pamphlet rack has been placed at the library I&R desk, and satellite displays may later be placed in the lobbies of heavily used agencies.

In July 1980, with a Library Services and Construction Act grant, the public library began a year-long project to let the community know about the ACCESS Information Line. A library staff specialist planned and conducted workshops, compiled brochures, and focused public attention on ACCESS to special populations. She spoke to clubs and senior citizen groups, agency staffs, tenants' associations, and other groups in Cumberland County and organized workshops for rural consumers, military dependents, job seekers, and residents of housing projects and mobile home communities.

The major target for this campaign to make the public aware of ACCESS was the low-income population in all areas of the county. Incoming calls to ACCESS gave clues to this group's typical problems, and the resource files helped to identify agencies that deal with these problems. As a result of the publicity, calls that concerned the problems of low-income individuals increased from 2.8 per cent of total calls in July to 10.1 per cent in December 1980.

The success of ACCESS is partly due to the library's image in the community as a neutral, reliable source of information. Also, as part of the library's information services department, the ACCESS staff has at its fingertips a collection of phone directories from across the nation, college catalogues, business and industrial directories, newspaper indexes, and newspaper clipping files. Most important, personnel from the General Information and State and Local History sections and the Law Library are available for consultation and referral. (A direct phone line links the reference department to ACCESS.)

ACCESS compiles data about local resources and needs that can be used for community analysis, program planning, and more effective use of government documents and agency reports. The Cumberland County Public Library's role in the community's social and political life has been enhanced with the addition of this information and referral center. Any additional growth in the

ACCESS service probably will have to come from foundation or grant moneys, but the fundamental information and referral services has been primarily provided locally. A grant from the Governor's Office of Citizen Affairs provided start-up funds, but when that grant expired the Cumberland County Board of Commissioners authorized use of county funds. This local support demonstrates Cumberland County's commitment to provide efficient and helpful services to its citizens. ■

**—Donald Beagle and
Douglas Lacy**

Donald Beagle is ACCESS Information Services Librarian, and Douglas Lacy is Coordinator of Information Services, Cumberland County Library.

The Cumberland County Law Library

The Cumberland County Law Library is the first county law library in North Carolina to be administered by a public library system. The law library's goal is to help the legal profession, the courts, local government, and the general public by providing resources for legal research and information.

The law library was established in Fayetteville in 1953¹ primarily to serve court officials and lawyers. To support the library, a \$1 tax was levied on civil cases heard in superior court and local courts above the justice of the peace level. The clerk of superior court, the county treasurer, and the president of the Cumberland County Bar Association served with the chairman of a bar library committee as custodians of the collection. The library was located in the courthouse and was unlocked each weekday by the clerk of courts' staff for use by the judges, attorneys, and their staffs.

The library began as a collection of legal materials donated from the libraries of local attorneys and court officials. Additional funding was approved in 1957 when the General Assembly passed a local act that added another 50-cent levy on cases heard in recorder's court and superior court² and when the county appropriated funds to supplement the library's budget. Today county law libraries are supported from general court costs.³

As library use increased, so did the need for supervising the collection more closely. The clerk of court's staff had little time for such oversight, and book loss and lack of inventory control became a problem. Recognizing this need for better management and supervision, the county administrators invited the public library to direct the operation of the law library.

When the county public library became responsible for the law library in 1974, the law library's resources became available to the general public, and in 1977 a full-time professional librarian was hired to manage the library under the supervision of the public library's information services department. The county bar association appointed a law library committee of three local attorneys to advise in selecting materials for the collection and in addressing any problems that arose in serving the library's users. Rules and regulations governing the library have been adopted jointly by that committee and the public library's board of trustees.

In 1978 the library moved to bigger quarters in the new county courthouse and received a budget increase to enlarge its collection and services. The library now has some 6,000 volumes and subscribes to a number of legal journals and looseleaf services. It is the county's officially designated repository for the recently acquired *North Carolina Administrative Code*, and it maintains a copy of the city codes of Fayetteville, Hope Mills, and Spring Lake as well as the Cumberland County code.

This year the library published a 25-page annotated bibliography entitled *Due Process: A Guide to Information in the Cumberland County Law Library* as a guide especially designed to assist the lay public. The booklet was drawn up on the basis of the most frequently requested information. It explains the type of materials in the collection and notes special features like indexes and tables of cases in particular reference works. The library purchases recommended manuals that advise the lay reader in dealing with some common legal problems, including how to write a will, start a small business, draw up a contract, handle a divorce, and transact other matters that require some basic understanding of the law. *How To Go to Small Claims Court* is an example of a recently acquired self-help manual.

A slide-tape presentation orients students and newcomers to the collection by giving an overview of the library's resources and demonstrating their use in legal research.

The law library is open on weekdays from 8:00 a.m. until 5:00 p.m. It is used not only by local officials and attorneys but also by students in the paralegal program at Fayetteville Technical Institute, law students from Campbell University Law School, and law students home on vacation or on summer internships. Staffs of the judge advocate general's office and Womack Army Hospital at Fort Bragg use the library, and the Cumberland County Health Department and the Fayetteville Area Health Education Center ask for legal information and materials. The librarian refers questions to other law libraries (The University of North Carolina at Chapel Hill and Campbell University) when resource materials are not locally available.

People seem to be increasingly interested in handling their own legal affairs. As a result, there is growing need for resources and guidance that will help them understand the legal system and how it operates. The law library considers this an important function in conjunction with its basic purpose of serving the legal profession. ■

—Ida Griffin and
Douglas Lacy

Ida Griffin is librarian for the Cumberland County Law Library, and Douglas Lacy is Coordinator of Information Services, Cumberland County Public Library.

1. N.C. Sess. Laws 1953, Ch. 1158.

2. N.C. Sess. Laws 1957, Ch. 1208.

3. N.C. GEN. STAT. §§ 7A-304, -305.



The LIFT Project in Durham

At any one time in any community there are many people who need a special kind of service. These are people who have set a goal for themselves and need to find out how to pursue it. The goals will be as diverse as those who have them: A working man may want to get a high school diploma so that he can get a promotion. An elderly woman may want to learn to read to her grandchildren. A recent graduate may seek vocational guidance and training. A retired person may want to learn to paint. A young mother may need job training so that she can get off the welfare list. And every community has at least some facilities to help these people achieve their goals. The problem is to get the people and the facilities together. That is the job that Project LIFT has taken on.

LIFT (Learning Information For Today), a project of the Durham County Library, is an "educational brokering service." That is, it gathers information about the offerings of all agencies in the environs of Durham that work in the broad field of adult education, and it answers questions about where various types of instruction are available. The establishments represented in LIFT's catalogue of instructional opportunities include the four universities of the Research Triangle area, Durham Technical Institute, the public schools, and some ninety other agencies. The education provided ranges from basic literacy classes to special-interest courses to specific job training to advanced degree programs.

Beyond this information-gathering function, LIFT investigates the job market to discover what career opportunities seem to be opening up, and it keeps a microfiche file of available jobs listed with the Employment Security Commission. It also determines what kind of training is necessary for those jobs and where the training is available. LIFT can help people who for whatever reason are at a transition point in their lives to analyze their situation—to examine what they

can do now, what they want to do, and how they should prepare themselves in order to achieve that goal. LIFT can also give these clients information on how to deal with such matters as child care, preparing a resumé, and juggling a job and home responsibilities.

LIFT is located in the Durham Public Library building, and it has a staff of two. Last year it held interviews with 1,065 clients and assisted some 8,000 others who asked about training and jobs. Founded in 1979, it is now open on weekdays, Saturdays, and two evenings for a total of 58 hours each week to talk with clients either in person or by telephone. It was established with Title I funds from the Department of Health, Education, and Welfare, but for more than a year it has been financed under the Federal Library Services and Construction Act (LSCA).

Educational brokering is an outgrowth of the enormous interest in adult education throughout the nation since the 1960s. Two other North Carolina public libraries offer services similar to those provided by the Durham County Library's program. Forsyth County's Adult Continuing Education program (ACE) began in 1975 with LSCA funding but is now

fully funded by the county. It has a four-person staff that operates as a large learning center, providing educational and vocational services.

The Greensboro Public Library's Lifetime Educational Opportunities (LEO) program began in 1975 and is now fully funded locally. Its wide-ranging services include those of a vocational counselor.

Durham County's statistics in support of the need for educational brokering are similar to those of many communities. Almost a third of the population over 25 years of age have no more than an eighth-grade education. High school dropout rates are high. There is a growing demand for job skills training and for information on all educational opportunities. Besides the basic skills courses, there is also a need for sophisticated and specialized classes. ACE and LEO, and now Project LIFT, are having real success in helping adults define their options and reach new personal goals. ■

—Cindy Paris

The author is the director of the Durham County Library's LIFT project.



A Project Lift staff member helps a client scan a microfiche reader for job opportunities.

High Point's Municipal Documents Collection

In the mid-seventies the High Point Public Library set out to improve its service to the community by centralizing a collection of business-related materials for the convenience of business people and others. While working on this project, the library staff began to consider how it could establish a system for collecting and processing the municipal documents of the City of High Point.

At any level of government the various departments, sections, and divisions sometimes behave as if they were each in small separate worlds. But they have a common goal: serving the public. Frequently this service takes the form of government reports based on research and analysis. Gathering, organizing, cataloging, and making the documents accessible in one central location—a task that no single government agency would ordinarily do by itself—can provide a valuable source of information for both governmental offices and the public.

The High Point Library recently began a documents program to: (1) acquire copies of all publications, surveys, reports, and other documents issued by the City of High Point; (2) classify each document and provide a catalog by corporate author (issuing agency), title, and subject; (3) provide easy access by all city agencies to their own documents as well as to those issued by other departments of local government; and (4) make the publications readily accessible to the general public.

The city manager quickly saw the potential of the proposed program, and with his support and encouragement the library began to contact city agencies. The manager sent a memorandum to the departments describing the intended scope of the service, and the assistant city manager for administration and budget became the coordinator between the library and other city offices. The library's information specialist discussed the project in detail with the chief of each city agency and enlisted his cooperation and support.

The library collects publications from all city government departments, including reports and bulletins that are issued periodically, consultants' reports, surveys, community analyses, and local ordinances. It also seeks other materials that are not published by the city but clearly have value to some phase of municipal operations—for example, reports of the U.S. Bureau of the Census. It seems likely that the library will eventually begin acquiring materials published by other cities and counties when they contain data that could be useful to High Point officials and other library users.

Established procedure provides that a document that has been revised or superseded by a later one is preserved in the library's extensive collection of North Carolina historical material. The library returns duplicate copies of city documents or material that it deems inappropriate for the collection to the issuing agency. ("Inappropriate" material might include drafts of reports that are to be published later or interoffice memorandums concerned with in-house matters or business routines.)

A separate catalog was created for the city documents collection with a full set of cards for each item. Because of the technical nature of the collection, subject entries are more specific and numerous than an average public library catalog usually carries for broad subject areas. Author and title cards, but not subject entries, also appear in the library's main card catalog.

While the library has acquired current documents, it has had some difficulty in locating earlier material. This problem tends to underscore the need for a central collection agency to prevent misplacement and loss of material that is valuable both as current information and for historical research.

Closely associated with the city documents collection is the library's index of the local newspaper, *The High Point Enterprise*. The index is a useful secondary source for users of municipal

documents. All city department heads and many division heads receive the index, which is concerned primarily with news of municipal activity. National, state, regional, and other local news items are indexed only when they directly relate to city government matters.

The municipal collection is used by city employees in their day-to-day work. In using the documents collection they discover other helpful resources, and the general public is finding documents in the business collection useful in keeping informed about local public affairs.

An indirect but significant result of the documents project has been the city employees' increased interest in other services of the library. When the library recently conducted an all-day business film festival, many city employees participated. One object of the festival was to solicit advice from business people in selecting business-oriented films. Some city department heads have found the library's films on safety, time management, and personnel supervision useful in their departmental training programs. The public library can help people borrow and rent audiovisual materials in addition to the library's own collection to enhance instructional sessions, public meetings, and community programs.

Although the library's service to municipal government is only in its second year, it has already proved to be an effective low-cost project. Improved service to officials is expected as the collection grows in size and scope and as municipal employees begin to use it regularly as a dependable source of local information. ■

—Neal Austin

The author is director of the High Point Public Library.

(continued from page 1)

deposit copies of their documents in the state library for bibliographic control).³

Nationwide, the systematic collecting of local documents is a morass.⁴ Anyone who tries to find a

3. Michael O. Shannon, "Collection Development and Local Documents: History and Present Use in the United States," *Government Publications Review*, 8A (Nos. 1-2, 1981), 73.

4. The term "local documents" usually applies to local ordinances and charters, zoning regulations and maps, annual reports, budgets, and major reports and newsletters of local government departments and regional governing councils. It does not include such local public records as deeds, tax files, personnel records, and court records, which are handled according to statutory and administrative requirements.

government report that has been mentioned in a news story may be led on a fruitless chase from one agency to another and still not find the document. Local officials themselves often cannot find local agency publications that have not been placed in a central file for future reference.

The library is a natural place for a documents collection because of its basic functions and its dedication to serving a public that deserves to be well informed. But the success of this collection will depend on the dedicated efforts of public officials to support the program. The library director and the administrative head of the county or municipality should agree on a well-defined plan for administering the local documents service. An official arrangement may be made by a local ordinance that

Figure 1

A Sample Documents Ordinance

AN ORDINANCE

Common Council (Request of Library Board)

The Common Council of the City of Madison ordains as follows:

Subsection (6) of Section 8.12 of the Madison General

Ordinances is created to read as follows:

- "(6) (a) The Madison Public Library, through the Municipal Reference Service, is hereby designated as a depository and reference library for City documents hereinafter identified. The head of each City Department and Division, Board, Commission and Committee shall promptly send or deliver to the Municipal Reference Service, as soon as printed or otherwise reproduced at the expense of the City, seven (7) copies of each annual report, special study, consultant report, newsletter, brochure or other document intended for public distribution. Such reports shall be preserved for the use of the City Council, City officials and employees and the general public.
- (b) Any Department, Division, Board, Commission or Committee which concludes that compliance with the requirements of this ordinance shall produce a hardship may request an exemption from the Director of the Department of Administration.
- (c) Nothing in this ordinance shall be construed to conflict with the duties of the City Clerk as set forth in the Wisconsin Statutes or elsewhere in these City Ordinances."

Source: Yuri Nakata, Susan J. Smith, and William J. Ernst, compilers, *Organizing a Local Government Documents Collection* (Chicago: American Library Association, 1979), pp. 46-47.

designates the public library as a reference library and a depository of county or municipal documents. To strengthen the program, the chief administrator should send a directive to agency heads urging them systematically to supply the library with copies of their agency's publications. Madison, Wisconsin, adopted a local ordinance in 1975 that could be used as a model for localities that are establishing documents programs (see Figure 1)⁵—though the seven copies of each document required by the ordinance does seem excessive for most library systems in this state.

In 1980 the Documents Section and the Public Libraries Section of the North Carolina Library Association (NCLA) appointed a joint ad hoc committee of librarians to make recommendations for administering documents programs at the local level. The committee relied heavily on a 1977 report on local documents programs in libraries of the Chicago metropolitan area.⁶ Following the committee's recommendation, the NCLA sections adopted a resolution and guidelines similar to those set out in the Chicago study. The resolution encourages public libraries to enter into agreements with their local governing bodies to collect and provide public access to official publications of local agencies. The guidelines suggest the need for a policy statement, for

5. Yuri Nakata, Susan J. Smith, and William J. Ernst, compilers, *Organizing a Local Government Documents Collection* (Chicago: American Library Association, 1979), p. 9.

6. *Ibid.*, pp. 6-8, 40-43.

procedures for keeping records and organizing the collection, and for adequate publicity. Several North Carolina public libraries have expressed an interest in beginning or expanding local documents programs in their localities since the NCLA adopted the resolution and guidelines.

A number of North Carolina public libraries collect local documents and treat them much as they do other local publications of current and historical significance. The High Point Public Library, a department of city government, has an active local documents program that is described below.

Many opportunities exist for the public library and government agencies to work together in devising programs that will meet the community's diverse needs for information, recreation, and continuing education. A briefly stated public library history might read, "Public libraries have evolved as separate and distinct institutions, not within parent institutions as have school, academic, and most special libraries. Serving the public directly as part of local government, public libraries have inescapably been affected by economic and social fortunes."⁷

The foregoing articles describe four public libraries' local information programs. ■

7. Clara Stanton Jones, *Public Library Information and Referral Service* (Syracuse: Gaylord Professional Publications, 1978), p. 10.

Community Mental Health Programs in North Carolina

Francis T. Miller and J. Wilbert Edgerton

In the second half of the twentieth century, people are becoming more comfortable and open about the problem of mental health. What they read in the newspapers and their own experiences lead them to recognize a public responsibility in this area. One response to this emerging acceptance of the responsibility for mental health care is the development, over the past twenty years, of community mental health centers as a way to offer mental health services where people live rather than behind the walls of distant state institutions.

North Carolina has 41 community mental health centers. They provide a spectrum of services that range from mental health education to diagnosis, treatment, and rehabilitation of mental illness. They serve children and adults with mental and emotional problems, including alcoholism and drug abuse, as well as individuals and families who are dealing with developmental disabilities (mental retardation, and impairments of neurological and physical development). They also offer programs that focus on such normal problems of living as the stresses of marriage, a new baby, school, coping with adolescence, choosing a career, being a single parent, retiring, and dealing with death. They consult with private industry and work with other social service agencies.

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Community mental health programs are operated by single- or multi-county mental health centers that are governed by boards appointed by the county commissioners of the counties served. Local, state, and federal appropriations; contracts for services to private industry; individual patients; and private gifts furnish the financial support. Some centers themselves administer all of their services; others contract for some or all of them.

This article examines some of the problems and issues facing North Carolina's community mental health programs.

Formal state-support for mental health care began in North Carolina in 1856 when the institution now called Dorothea Dix Hospital opened in Raleigh. Broughton Hospital opened in Morganton in 1877, and Cherry Hospital (originally designated for blacks) opened in Goldsboro in 1880. These three institutions constituted the state's "mental illness program." Each had its own board and had to secure its own appropriations. Not until 1943 was a Hospitals Board of Control created to coordinate the state hospitals. John Umstead Hospital, a remodeled military hospital at Camp Butner, opened soon after World War II ended.

North Carolina's earliest community outpatient mental health service seems to have been Charlotte's Child Guidance Clinic established by the Commonwealth Fund in the 1920s. Apparently the first community clinical service began in Raleigh in the 1940s.

Most of the effort for new mental health programs — as well as most state funding — went to state institutions until the 1950s. Federal funds for community services became available in 1948. They could be used locally for training, mental health education, and clinical services. North Carolina's State Health Department secured the federal funds to subsidize mental health clinical services in local health departments (including those of Raleigh, Charlotte, Greenville, Greensboro, High Point, Fayetteville, Asheville, Wilson, Wilmington, Winston-Salem, and Roanoke Rapids). However, even in the late 1950s the state was not using all of the federal funds available for community mental health services.

In 1963 The General Assembly brought together the institutional and community portions of the mental health program. The four state mental hospitals, the institutions for the retarded, the alcoholism rehabilitation centers, and the community mental health clinic program that had been under the State Health Department were now in the same agency, under the leadership of the Commissioner of Mental Health and the newly created State Board of Mental Health.

At this time strong national support was developing to establish comprehensive community mental health centers throughout the country. President Kennedy was implementing the Report of the Joint Commission of Mental Illness and Health, which appeared in 1961. This report identified the lack of treatment for the mentally ill in hospitals as "the core problem and unfinished business of Mental Health," and it recommended that treatment be brought physically and financially near to all who needed it through a network of community facilities. Congress responded by enacting the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 (P.L. 88-164). Title II of the act provided construction money for community mental health centers. The act required that the centers provide five essential services: inpatient, outpatient, partial hospitalization, emergency, and consultation, and education. Later, seven other essential services were required: services for the elderly, services for children, screening services for courts and other referring agencies, follow-up care for patients discharged from mental hospitals, transitional services to help formerly hospitalized patients adjust to community life, alcoholism and alcohol abuse services, and drug

addiction and drug abuse services. (These latter seven are no longer required because of action by the present Congress.) Later amendments provided funds to staff mental health centers, eventually up to eight years, with decreasing federal participation during the funding period.

The main new feature of the mental health center was that it tied all kinds of mental health service together to serve a specified area (known as a "catchment area"). In concept, the mental health centers would supplant the large state hospitals or alter them drastically.

North Carolina prepared for mental health centers with comprehensive mental health planning, which was funded by a grant from the National Institute of Mental Health in late 1962. Planning areas—each comprising one or more counties—were established on the basis of existing trade areas, other services areas, population, and distances. With some modifications these areas, which met the federal requirement of 75,000 to 200,000 population, became the present 41 catchment areas for mental health centers. Four mental health *regions* were established, each comprising a number of catchment areas; each region was, and is, served by a specific state mental hospital and an institution for the retarded. The Eastern, Western, and North Central regions are also served by an alcoholism rehabilitation center, while the South Central region has a regional alcoholism program.

At one time, each region had a Deputy Commissioner who was responsible for *both* institutional and community programs in his region. Now, however, the two programs are each administered by a different deputy director within the Division of Mental Health, Mental Retardation, and Substance Abuse Services of the Department of Human Resources. Administration of institutions and community programs is no longer integrated. Programs and services delivery have grown tremendously under this dual administrative system, but certain funding, administrative, and political issues and problems remain.

The community mental health programs draw on local, state, and federal funds to carry out their statutory responsibility for assessing the

needs of the people in their area, as well as for planning, budgeting, implementing, and monitoring the mental health, mental retardation, and substance-abuse services.

Each area's program must appeal for support to the respective county governing bodies in that area. While counties cooperate well, sometimes there are rivalries and concerns about each county's share of services in relation to the distribution of funds. The state allocates a per capita sum to each local program, plus a sum of money that is based on each county's capacity to fund mental health services. There may also be direct state or federal grants for particular programs. Federal grants are also given for general staffing, but only if the mandated essential services are operational.

The result of this complex funding arrangement is that each community mental health program has to work hard to account for all of its funds and assure that it abides by the restrictions placed on each source of funds. Management must spend a great deal of time and energy procuring and accounting for funds from so many sources—time and energy that could be better spent providing services.

Like other government activities, community mental health programs worry about curtailing services when inflation cuts into existing revenues or federal grants decline or disappear. Many eight-year federal staffing grants have expired recently, and some are in their last phases. Some of these funds have been made up locally. Some have not.

At this writing it seems certain that further spending cuts and changes in funding mechanisms as proposed by the Reagan Administration in Washington will affect community mental health programs in North Carolina. (Two health-related block grant programs are proposed in place of 26 existing categorical grant programs). The proposed cut is estimated at \$11.5 million, or more than 10 per cent of existing budgets. It is also proposed that all mental health, alcohol, and drug-abuse services be funded by block grants to the states. If this occurs, there is no guarantee that the funds will eventually reach their intended destination. The Mental Health Systems Act (P.L. 96-398), enacted in October 1980, has been repealed. Therefore special funding for chronically mentally ill persons, elderly persons, and severely mentally disturbed children and adolescents is no longer mandated. And corollary to the federal cutbacks is the fact that state-level

programs that are tied in with federally supported programs are jeopardized.

Certain elements in Congress and various constituencies around the country have opposed the Administration's block grant proposals, and their fate was still uncertain when this article was written. The General Assembly has been reluctant to act until Congress has acted, and local governments have been waiting to see what Congress and the General Assembly will do. These funding uncertainties inevitably affect the morale of community mental health staff.

Another problem for mental health centers lies in the complexity of their internal organization—a problem exacerbated by limited funding. Besides the units that provide mental health services for adults and children, other units serve the developmentally disabled, the alcoholic, and the drug abuser. Each unit may offer inpatient services, outpatient services, partial hospitalization, detoxification, transitional care, group homes, and other modes of service.

Assuring that all of these services will be available is a challenge to management. A wide array of support services is needed, including personnel, management, budgeting, collections, accounting, patient records, statistical management, program evaluation, and quality assurance.

The funding and administrative issues surrounding the mental health field inevitably carry some political implications, and some concerns are thought of specifically in political terms.

The two elements of our dual hospital-community system of mental health care are not competitive in history and tradition or in available funding. The institutions have existed for some 125 years; the community programs have existed for only 20 to 30 years. Of the total public funding for the two programs, about 90 per cent has gone for institutions and around 10 per cent for community programs. These proportions have changed little recently.

Attempts have been made in the past to integrate community programs with institutional programs by making the community health center the only means of admission into the institutions and by requiring patients discharged from the institutions to return to the center for aftercare. Now the current bifurcation of the administration of institutional and community programs

makes it more difficult to maintain one system of service and to assure continuity of patient care.

In 1972 Ralph Nader and his consumer-advocacy organization began examining the mental health system and were critical of what they saw.¹ Their report indicated that many clients were being mis-served because the range of services offered was too limited and that large segments of the population were being underserved. The report suggested that an inordinate portion of clinical resources was being used for very expensive long-term (two to three years) insight-oriented individual psychotherapy rather than on briefer therapies for more people. The report also suggested that the elderly, the young, the chronically mentally ill, the poor and various ethnic groups were underserved.

The Nader report stimulated a great many changes. Long-term individual psychotherapy has declined, the underserved have received more attention, and the range of services offered has broadened. Though progress has been made, the criticisms of 1972 are still valid.

The chronic-care client. Both the Nader report and several court decisions spurred a movement to dehospitalize the chronically mentally ill and to provide treatment in "the least restrictive environment." It is recognized that most of the chronically mentally ill can be best treated in environments less confining than a hospital — for instance, in their own homes, in a boarding home, in a group apartment with other former inpatients, or in a supervised group home. Some chronically mentally ill people can function in the community with only a periodic check on the effectiveness of their medication. Others require continual treatment and help with the problems of day-to-day living. Still others require not only some degree of supervised living conditions but also structured and supervised activities during the day. Not all dehospitalized patients are able to deal with a job and the problems of daily living.

As the chronically mentally ill have moved from the hospital to the commu-

nity, the budgets of local mental health centers have not risen proportionately nor have the budgets of hospitals declined proportionately. The state hospitals have been persuasive in fighting cuts in their own budgets, arguing that they can now provide better care for the fewer remaining patients. But the community programs are left with the added responsibility for the dehospitalized chronically ill without funding to do the job well while continuing their ongoing programs. As a result, many dehospitalized chronically ill patients do not get the degree of care they need.

The elderly. The elderly continue to be seriously underserved by most mental health centers even though they have a higher incidence of emotional disorders. Most mental health programs offer traditional psychotherapy to the older citizen who seeks services and offer consultation to local nursing and retirement homes, but not much more. A more comprehensive approach might include collaboration with local employers to develop pre-retirement counseling programs to help the older worker. Also, if mental health programs work closely with local physicians who have older patients going through sudden physical changes, more mental health specialists might be asked to help those who suffer mental distress. Working closely with local ministers might mean that older people who ask for help will be taken seriously rather than dismissed as merely getting older. Developing such community undertakings and attitudes requires a philosophical commitment to the entire community's mental health rather than only to the mentally ill. Many of our programs and their governing boards have not made such a commitment.

The young. Services for children and youth face some of the same problems as services to the elderly. Children's emotional difficulties are often discounted as natural for "just kids" — until the youngsters become violent or destructive. Partly in response to the criticisms raised by the Nader organization, most mental health centers now have separate divisions and staff that directly serve young people and their families and consult with the schools where they spend so much of their time.

North Carolina's rural nature presents problems for service delivery — rural mental health programs must cover large geographic areas.

For example, the seven westernmost counties in the North Carolina mountains are served by a single mental health center. Getting people to services or vice versa presents major transportation problems. Usually there is no public transportation system, so the patient must find his own ride or be transported by the mental health center to his appointment. This situation would be greatly improved if the various county social and health services could share their vans or buses and use them more effectively, but at present, funding restrictions often prevent one program's van or bus from transporting a client of another. Governor Hunt's special task force to study this problem has made recommendations, but no major changes in solving transportation needs have occurred.

Crisis services. Federal guidelines require that mental health services be available 24 hours per day for people in crisis. This requirement is usually met during the day by a staff person who is available at the center. Night emergency services usually are handled by a crisis telephone service. In urban areas this service is relatively easy to offer but it presents problems in a multi-county catchment area that stretches a hundred miles across. Telephone contact may require long-distance charges, professional staff may live elsewhere, electronic beeper systems cannot cover the distances involved, and the back-up person who makes face-to-face contact may be 50 to 80 miles from someone who needs help. To meet these problems one area has used rescue squads to aid as crisis interveners and as transporters, and another has joined a multi-county police communications network.

Aftercare. Post-hospital care in rural areas also faces all the problems listed above. In addition, both patient and family often do not understand the importance of follow-up care. In many cases patients discontinue their medications, suffer relapses, and return to the hospital. To counteract the loss of patient contact with the centers, the UNC Department of Psychiatry has conducted pilot programs in two rural counties. A local resident was hired in each county as "service guide," to keep track of all patient medications. If a patient did not refill a prescription, the service guide contacted that person immediately. In one county this practice decreased the return rate to the state hospital by more than 50 per cent in the first year.

1. Franklin D. Chu and S. Trotter. *The Mental Health Complex Part I: Community Mental Health Centers*, Part 1 of the Task Force Report on the National Institute of Mental Health (Washington, D.C.: 1972).

Aftercare programs need to be established at several locations across a catchment area in order to make follow-up services accessible. But in a fair-sized area, maintaining even one such program per county requires multiple staffing — which means higher costs. Unfortunately rural programs usually have less money than their urban counterparts. But creative solutions are possible — a center may use volunteers and borrow space from a local church or a fire station to provide aftercare at least several half-days each week.

Support groups. When the population is scattered and mental health staffs are small, people learn to help each other — by using volunteers, setting up patient-governed programs with staff back-up, and developing self-help groups. These self-help groups should become self-maintaining and should be based on a common adjustment problem. For instance, a recent widow may need some help in adjusting to her new situation. In a self-help group, another widow would call her to see whether she would like to talk with someone who has gone through this experience. The recent widow will also be invited to a program that will help to answer her questions about taxes, banks, laws, child discipline, etc. Self-help groups provide good alternatives to clinical treatment. They can be organized around retirement, terminal illness, divorce, separation, single-parent status, etc.

Clinical staff. Recruiting, developing, and keeping clinical staff in rural North Carolina is a problem that has its roots in the mental health training programs. The usual mental health professional is trained to offer individually oriented long-term counseling or psychotherapy and is not so well trained in brief therapy, crisis intervention, family therapy, and group therapy. They are trained in urban places by urban faculty. Rural programs primarily need

generalists with a broad variety of skills (since staff must be sent to multiple sites) and also staff who understand and appreciate rural life and values. The wise director recognizes that the new professional needs not only added training but also an introduction to how the rural community does its business. This problem is being addressed in both master's and doctoral programs in rural clinical-community psychology, and several professional journals focus on rural community mental health.

Despite the problems of North Carolina's mental health programs and services, in our opinion, they are more advanced and better organized than those of most other southeastern states. But we have problems and issues that require attention, some of which have been described above. Our programs should make more effort to assess community needs through formal methods that involve patients, potential clients, and the general public. The technology is available for such assessment. Also, the programs themselves should do more evaluation of their services — through peer review and small studies. But recent federal guidelines only require that 2 per cent of the budget of federally funded programs be allocated for program evaluation. Thus, if a program had a \$1 million budget, only \$20,000 would be set aside for evaluation. Perhaps neighboring centers could collaborate on program evaluation. This is not a general practice, but has been done in one type of children's mental health service. [Editor's note: See the article by Buckley, Clarke, and Kronberg in this issue.] The state plays a role in evaluation by developing standards, approving annual work plans, and reviewing community programs to determine whether plans have been carried

out and standards have been met. The state also helps to educate the public about mental health programs.

A mental health program will not mean much to the community unless the public is informed and lends its support to the local center. And this means more effort than just sending out an annual report. The public should be educated about mental health services — particularly in the areas of prevention. Prevention receives little attention because mental health professionals are undertrained in this area and our communities do not place a high priority on prevention. Disturbed or mentally ill individuals are much more visible than average folks who are approaching a crisis that they may not be able to handle. And it is very difficult to measure the impact of prevention programs. For instance, volunteers in a suicide-prevention program are usually convinced of the value of their efforts, but such programs do not yield precise data on the number of suicides prevented.

Financial resources for mental health are a continuing problem, and the programs' survival becomes questionable in this day of inflation and funding cuts. How much time should be spent in paper work and how much in direct services is always an issue. As with many social programs, a simple but effective and inexpensive procedure for maintaining accountability is needed.

Finally, the important issue of a dual system of care — institutional and community — has had considerable attention and much discussion but no permanent solutions have come forth. If the mental health organizational structure separates the institutional and the community services and our traditions favor more support for institutions, community programs will continue to be limited. ■

Early Intervention Help for Emotionally Disturbed Young Children

Hendey Buckley, Paula S. Clarke,
and Charles Kronberg

Can we help troubled children who may grow up to be violent?

The first six years of life are crucial to human emotional development. Many serious emotional problems begin in the experiences of early childhood, but only recently have mental health services been readily available to children younger than six. Although emotional disturbance can be detected in very young children, it is too often neglected by parents, professionals, and community leaders.

This inattention can be attributed to a number of circumstances: lack of

information about how to identify these problems and how to solve them, the assumption that the problems of early childhood will take care of themselves (he'll grow out of it), and the communities' failure to fund preventive services. Services usually have been available only in later childhood or adolescence, and then only when the problems become serious — when they incapacitate the child or cause significant disruption to his community, school, or family. The more ingrained these problems become, the more difficult and costly they are to treat. And the toll that ignoring problems takes in the lives of the children and their families cannot be measured. Nevertheless, mental health services to young children still are not available in most parts of the country.

But some progress has been made in developing effective approaches for identifying and treating young children who are seriously disturbed. North Carolina has pioneered in developing community-based mental health programs for these children. Two model North Carolina mental health "early intervention and prevention" programs (established with federal funds in 1969) received national recognition. Because of the success of these two pilot programs, the General Assembly appropriated \$1.2

million in 1975 for the first year of operation of early-intervention programs across the state.

Research shows that early intervention helps to decrease or to prevent the impact of early emotional problems on later development. This article describes the early-intervention programs and their effectiveness in preventing or alleviating chronic emotional disability, and then it discusses their potential for meeting the challenge presented by the "Willie M." litigation. (This lawsuit,¹ brought as a class action on behalf of disturbed and violent youngsters like Willie M., will compel the State of North Carolina to provide treatment for them.)

What is early intervention?

Twenty-one North Carolina counties — including at least three counties in each of the four mental health administrative regions of the state — now have early-intervention programs. These programs vary considerably in size of staff and in the range, variety, and amount of services provided. Most programs are small; staff size averages 3.9 full-time positions per program, though it ranges from less than one to more than 17. All of the programs receive some support from the State Department of Human Resources; most of them are also funded by a variety of other federal, state, and local sources. Children who receive treatment are from three to eight years of age and display a significant degree of emotional disturbance. "Johnny" and "Cathy" (fictitious names, although the facts are real) are typical.

Johnny is four years old. His mother left him screaming at the door when she took him to a day-care center for the first time. During the day he kicked two child-care workers, bit several children, and destroyed property. He never smiled, and the only activity he participated in willingly was hammering nails into a board. His behavior showed little improvement, and after two weeks the day-care center asked his mother to remove him. Johnny's mother said that he had been irritable, excitable, and hard to manage since infancy and had become "impossible" after she and his father separated six months before.

Cathy is five years old. Her parents are concerned about her because she seems unhappy — in a world of her own.

Editor's Note: This article is part of a series in *Popular Government* on mental health. The Summer 1981 issue carried an article on dangerous juvenile delinquents in North Carolina. Another article in this issue explains the history and structure of community mental health services in North Carolina. A future article will deal with the "Willie M." litigation, which resulted in the General Assembly's appropriation of \$3.8 million for the 1981-83 biennium to treat violent emotionally disturbed youngsters through the community mental health system.

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1. Willie M. v. State of North Carolina, Dist. Ct., Charlotte, N.C. 1979.

Left to her own devices, she often sits in a corner twisting her hair and sucking her fingers. When people talk to her she usually has a "far-away look" in her eyes and answers inappropriately or not at all. She would rather sit alone than play with toys, answer her parents' questions, or watch television. She eats poorly, wets the bed every night, and has bowel or bladder accidents several times a week. Doctors have found no medical causes for her problems.

Young children are extremely dependent on those adults with whom they spend most of their time — like parents, caretakers, and teachers — or on others who significantly touch their lives — like social service workers and medical personnel. These key adults can play a crucial role in creating, exacerbating, or alleviating emotional, behavioral, or adjustment problems of young children. Consequently, if the child's environment needs adjustment, early-intervention programs may provide direct mental health services to his family members and indirect consultation and education services to other adults who are part of his life. The adults may be helped to understand the child's emotional needs, to change their own attitudes and behavior in relation to young children, or to improve the environment in which the youngster spends his time.

Although the combination of services in each program varies, early-intervention programs generally provide four major services for young children and their families: (1) day treatment, (2) outpatient mental health services, (3) consultation to child-care agencies, and (4) community education.

Day treatment. Fourteen of North Carolina's 21 early-intervention programs provide day treatment for children between the ages of three and eight — their total capacity is 180 children. This service is the most intensive form of treatment available for emotionally disturbed children outside of residential and institutional programs. One of its primary components is highly concentrated group work with the children. Adults who have special training in child development, emotional disturbance, and childhood behavior problems work with groups of six to ten children each for an average of three hours per day, four days per week. An individual treatment plan is developed for each child to help reduce his problem behavior and to increase his ability to cope with stress and relate to others in a more constructive manner.

Another important component of all day-treatment programs is services for

the child's family, which include parent education, parent support groups, mobilization of other community resources, and individual, marital, and family psychotherapy. For example, staff therapists concentrated on helping Johnny relate to other children and adults in the group without physically assaulting them. They taught him better ways to express his anger and frustration. At the same time, a staff therapist worked intensively with his parents in dealing with their anger and frustration so that they did not resort to physical abuse of each other or the child. When he entered the public school, the staff worked closely with his teacher to help her understand Johnny's needs and to develop an appropriate program for him within the public school classroom.

A preliminary study of twelve day-treatment programs shows encouraging results.² The study, which investigated all of the children that these programs discharged during the 1979 fiscal year, indicated that their general behavior had improved. This conclusion was derived from (1) questionnaires (administered by trained interviewers) completed by parents and teachers at least one year after the child's discharge from day treatment, and (2) ratings by day-treatment staff on the basis of medical records at the beginning and end of treatment. Since many of the children in this study came from low-income and multi-problem families, family factors could certainly influence how well the child did after he left the day-treatment program. Sixty-one per cent of parents said that at least one major event in the child's life had occurred since treatment — perhaps a move, a divorce, a birth, or a death in the family. Nevertheless, the group as a whole appeared to be doing satisfactorily on most of the progress indicators that were used — school achievement, behavior, and relationships at home and outside the home. Still, the teachers of about three-quarters of the children felt that they continued to need some type of special services. A more carefully controlled study of the early-intervention programs' effectiveness over time would be worthwhile. But even with the present information, early-intervention programs appear to be a valuable first link in the chain of mental

2. The official report of the study (by Celia Fuller) is available from the Evaluation Branch, Quality Assurance Section, Division of Mental Health, Retardation, and Substance Abuse Services, North Carolina Department of Human Resources, in Raleigh.

health services in North Carolina. Their emphasis on prevention, early identification and treatment, education of community and caretakers, and coordination of services to families offers promise of a cost-effective means of helping troubled youngsters.

Other direct mental health services. In addition to day treatment, early-intervention programs provide other direct services to disturbed children. These include testing the children for developmental disorders — speech, neurological, physical, and behavioral problems; referring children and their families to other medical, social, and rehabilitation agencies; consulting with teachers, day-care workers, and other service providers. In North Carolina, 582 children received at least one of these services during the first three months of 1980, and early-intervention programs provided services to 416 families during this same time.

Consultation to child-care agencies. Sixteen of the 21 early-intervention programs provide consultation to day-care centers, public schools, Head Start programs, departments of social services, and other child-caring agencies. This service helps local professionals identify and work with emotionally disturbed and high-risk children who live at home. Since each agency serves many children, consultation can be a cost-effective way to reach a large population. During November 1980, these 16 consulting programs served a median of 20 professionals each and reached an estimated 5,000 children.

Community education. Early-intervention programs also provide information to the community about ways to prevent or alleviate emotional or behavioral problems in children. Community education includes a wide variety of topics: psychological development of preschool children, discipline techniques, techniques for coping with hyperactivity, recognition of emotional difficulties, and ways to cope with stress. Some programs offer workshops and also communicate with parents through newsletters, telephone hot-lines, radio spots, and libraries for parent education. The programs that offer these services had a median of 95 participants per program in November 1980.

The "Willie M." children

Recently North Carolina has become concerned about certain violent, seriously disturbed youngsters who have

come to be known as "Willie M. children" because of the lawsuit that will compel the state to provide treatment for them. (These children were described in Robert Wilson's article in the Summer 1981 issue of *Popular Government*; the litigation will be described in the Winter 1982 issue of *Popular Government*.)

Many children misbehave, or have some emotional problems, or have been deprived in some way during early childhood. But the *Willie M.* youngsters misbehave to a degree that may seem incredible to some readers — they may burst out in extreme uncontrollable temper tantrums, or commit assault with weapons (in some cases resulting in death), or rape, or torture animals, or set fires. As yet, North Carolina has not provided adequate treatment for these youngsters.

"Ralph" is an example of a violent, seriously disturbed youngster in the *Willie M.* category. He is the second oldest of four children. Although he was not mentally retarded, his speech development was severely delayed, which made communication with him extremely difficult in early childhood. When Ralph was about eight years old, the large welts on his face and neck made his school suspect that his father abused him. During this same period, Ralph's parents burned their house with their four children inside, but the children survived. Ralph's father was charged with arson and child abuse and went to prison. His mother was charged with neglect. Ralph lived with his grandparents but was returned to his mother when the neglect charges against her were dropped. Meanwhile his father, released from prison, disappeared and had no further contact with the boy. A year later Ralph was sent to live with his grandparents again because his mother was too disinterested in him to provide adequate supervision.

Ralph's behavior began to deteriorate when he was eight years old — about the time the child abuse was reported. (He may have suffered brain damage because of his father's beatings.) He became so violent that it was impossible to secure appropriate treatment for him. He fought with his brothers and sisters and several times assaulted his mother with a knife and a shovel. He also attacked a staff member at a juvenile detention home where he stayed for a time. He fought continually in school and with other residents of a group home where he also lived briefly. Ralph, now 17 years old, has lived in seven different settings — his parents' home, his grandparents' home, the juvenile detention home, the

group home, a training school, a hospital, and a rehabilitation center for speech and hearing. He has also received a variety of medications that were used to quiet him. But despite the medication and other treatments, he remains a very sick teenager.

Treatment for *Willie M.* youngsters like Ralph will be provided through the community mental health system with funds appropriated by the 1981 General Assembly. New programs that include day treatment, specialized foster care, and secure group homes are being developed for *Willie M.* children who are eight years old or older. Case managers will be hired to coordinate the treatment of these youngsters.

While these new *Willie M.* services are well considered and badly needed, it should be pointed out that early-intervention programs are already serving *Willie M.* children — as well as others who have a high potential for becoming *Willie M.* children — at an early age, before their behavior becomes unmanageable in their communities. Early-intervention programs are helping to (1) identify children with acute problems like Ralph's, (2) stabilize their condition and make them more amenable to treatment that can eventually make them better, and (3) educate the community about their problems.

We do not suggest that every emotionally disturbed young child who comes into an early-intervention program will become violent (like the *Willie M.* youngsters) when he reaches adolescence. Such violent behavior is difficult to predict from factors in childhood. But we do know that young children like Johnny and Cathy have a high risk of misbehaving violently when they grow older. Many of the three-to-eight-year-olds served by early-intervention programs and most of the *Willie M.* youngsters have had this in common: parents who are poor and have little education, have abused their children, and have a history of crime and alcohol and drug abuse; poor nutrition and prenatal care; slower than normal physical development; parental rejection or abandonment; and violence among members of their families.

Let's consider the case of "Billy." Billy was first noticed by the local health department when he was two years old because of his unmanageable behavior. There was evidence (although not enough to support a criminal charge) that Billy had been abused by his parents. Because he was slightly retarded, he was placed in a program for

retarded children. But his behavior was so destructive that he could not even ride the bus with other children in that program. At age four, Billy was referred to the local early-intervention day-treatment program. While he was there, the staff learned that his father, who was a habitual criminal, took him along during nighttime break-ins of stores and other criminal escapades. His father is now in prison. Billy's mother, preoccupied with the family's precarious financial situation and her husband's continual criminal activity, gave him little care. The early-intervention program has made some progress with Billy, who is now six. He receives care in a group setting that gives him some of the nurturing he has missed and has helped to moderate his violent behavior. The early-intervention program can offer support and suggestions to other agencies that deal with Billy and his family — the department of social services, the schools, and the health department. All of this has improved Billy's prospects for eventually living on his own rather than becoming permanently institutionalized. At the very least, society did not wait until Billy grew older and committed a life-threatening act before it faced his problems.

Although Billy's story does not lead us to believe that early-intervention programs can "cure" children who are as sick as Billy and Ralph, it does show that these programs can help them manage in their home communities at a lower cost to society than residential care when they are older. ■

Ed Hinsdale

This Is Retirement?

One day in June 1961 C. E. Hinsdale joined the faculty of the Institute of Government. The day before he had been a lieutenant colonel in the Marine Corps. The next day he was teaching the law of arrest to a class of Highway Patrol recruits. Moving from one career to another with grace and speed is just part of Ed's style This fall he retired after 20 years at the Institute, and soon he'll give politics a whirl.

Brought up in Hendersonville, Ed graduated from UNC in 1940 (Phi Beta Kappa), having earned a reserve commission in the Marine Corps during summer service. He was in his second year of law school (*Law Review* editorial board and president-elect of the law student body) when the Corps decided it needed him. First he taught infantry battalion tactics to recruits at Quantico and then saw sea duty on both oceans. By 1945 Ed had a regular commission. The Corps realized that it needed more legal staff, and here was a bright young man already half-way to a law degree. It sent him to George Washington University Law School, where he earned



his LL.B. in 1946 (highest honors). He started, he says, at the top, sitting on the Navy Department's Judge Advocate General's Board of Review—the Navy's supreme court. (He also married Anne during those years—they have four children.) Thereafter he served as infantry commanding officer in two tours of duty and as legal officer at several posts, including a stretch as the Marine Corps legal officer for legislative liaison with Congress. After twenty years of service, Ed wanted to return to North Carolina, and he accepted an appointment to the Institute.

His career here has been distinguished. He has worked primarily in court administration, and his contribution to the judicial system is profound. For twenty years he planned, coordinated, and taught in the state's continuing education programs for trial judges, clerks of court, public defenders, and others. For those whom he could not reach in the classroom, he wrote an impressive list of books, monographs, and memos to help them do their work. The most recent example is his editorial role in preparing the *Trial Judges' Bench Book*. That volume was the first attempt to bring together most of the available materials to help a new judge make the transition from practicing lawyer to trial judge. But the hallmark of Ed's writing is its practicality. When he wrote a publication for a group of officials, you could be sure it was on a subject that was important to them, that it was useful and addressed their problems, and that it came promptly to the point (and usually could easily be read in one sitting).

Just as important as his teaching activities is his service to those who were made responsible for improving the structure of the court system. When he began in the early 1960s to work with the groups interested in court reform, the political groundwork had been laid but the reforms still had to be implemented. The Courts Commission was created in 1963 to do that; in his capacity as staff counsel to the Commission over the next 10 years, he participated in its deliberations and drafted most of the legislation that still provides the basic framework for the administration of the North Carolina courts. That framework is still widely admired for its simplicity and practicality and is generally regarded as a model for a unified court system. Over the years the membership of the Commission changed, but Hinsdale's knowledge and experience was always available to those new members to help them take their place in the Commission's work. He was always there to ask the difficult questions, to suggest alternatives for problems, to provide careful research—and when the decision were made, to record the decision in statutory form succinctly and precisely. That work is a legacy that will benefit the court system and the citizens of North Carolina for decades to come.

Now it's time for Ed to move on to another career—and he has one all picked out. He plans to run for public office. Ed's friends here at the Institute and throughout North Carolina congratulate him on his first forty years of distinguished service to his state and nation.—MET

Local Government Investment Pools

New Opportunities for North Carolina's Local Units

A. John Vogt

When North Carolina's plan begins operating, this state will join twelve others that have had state-sponsored local government investment pools, commonly known as LGIPs.¹ LGIPs allow a local government to invest its idle cash in combination with other local units within the state, usually at a higher return than it could obtain by separate investment. Responsibility for the investment pool lies with the state treasurer; either his office or a private investment firm that operates under contract manages the deposited funds and investments. A private mutual fund certified by the state treasurer and operating under state regulation could also receive and manage the investments. A local government's deposits in such a pool or fund are not subject to creditors of the state or creditors of any other participant. Pool or fund investments are made under statutory and administrative restrictions for the purpose of obtaining as high a yield as possible while preserving capital and liquidity. Pool funds are invested in high-grade money-market instruments, and earnings and expenses of the pool are shared in proportion to the amount invested by the respective participants.

This article will discuss the origins of LGIPs and describe how they are organized and how they function. It is based primarily on the experiences of Oregon, Wisconsin, and Massachusetts with the LGIP concept.

The author is an Institute of Government faculty member who specializes in local government finance.

1. States with functioning LGIPs as of this writing are California, Connecticut, Florida, Illinois, Massachusetts, Montana, New Jersey, Oregon, Tennessee, Utah, West Virginia, and Wisconsin. See Charles R. Knerr and Jill Clark, "Imple-

menting State Sponsored Investment Pools for Local Government," *Public Service* (Lubbock, Texas: Center for Public Service, Texas Tech University, June 1980). Georgia, Pennsylvania, and Virginia are starting LGIPs this year. See David E. Maynard, "Local Government Investment Pools" in *Government Financial Management: Resources in Review* (September-October 1981).

Why use an LGIP?

By combining the funds of many local governments, a state-sponsored investment pool or fund provides the following benefits to its depositors:

Liquidity. Each local government may make deposits or withdrawals at any time and earn daily income while its money is invested.

Convenience. Local governments may deposit or withdraw funds via bank wire triggered by a toll-free telephone call.

Higher earnings. Local governments can increase their investment income, because pooling funds usually allows local units to invest in a wider range of possibilities and in instruments of larger size than they otherwise could.

Diversification. Each local government participates in a diversified portfolio of high-quality investment instruments.

Professional management. By combining funds, the participating units can afford a full-time professionally trained and experienced investment staff to manage the pool.

The experiences of other states offer examples of how a state-sponsored investment pool would be organized.² Our first example is the Oregon State Treasury's Local Government Investment Pool, which began in 1973. On June 30, 1980, it had \$187 million in assets and 345 participants — about 25 per cent of the eligible local units. The second is the Wisconsin Local Government Pooled Investment Fund, founded in 1975. On June 30, 1980, it had \$29 million in assets and 125 participants — only about 1 per cent of the eligible units. Third is the Massachusetts Municipal Depository Trust; although it began only in 1977, three years later (June 30, 1980) it had \$334 million in assets and 385 participants — 50 per cent of the eligible units.

Organization and management

Where an LGIP is operating, the state treasurer is responsible for the pool. In addition, in six states — including Oregon, Wisconsin, and Massachusetts — a state

2. See the bibliographic note at the end of the article.

investment board sets policies and restrictions for the investment of LGIP moneys as well as state moneys.

Three LGIP states (including Oregon, but not Wisconsin and Massachusetts) also have local government investment advisory boards. This board in Oregon has seven members: the state treasurer, three public members trained and experienced in finance who are appointed by the state treasurer, and three local government finance officers appointed by the governor from nominees designated by Oregon's league of cities, its association of counties, and its school boards association.

In nine states (including Oregon and Wisconsin) the state treasurer's office directly manages the LGIP investments. In all but one of these states (Florida), state and local funds may be commingled. In most of these states, state funds are deposited in the pool and credited to the state. This deposit increases the pool's size, permits larger investments, and lowers administrative costs per dollar invested or as a percentage of investment yield. The state treasurer's office invests the pool's assets (including both state and local moneys) and credits earnings to the state and to each participating local government according to its share in the pool. Oregon's pool operated this way until 1979. A different procedure is now followed there and also in Wisconsin. In those two states, no state moneys are deposited to the credit of the local government investment pool, but assets from the local government pool and from the various state funds are combined and invested together by the state treasurer. Earnings are distributed between the local government investment pool and the state funds in proportion to the equity of each in the combined investments.

In Massachusetts, the state treasurer contracts management of the Massachusetts Municipal Depository Trust to private firms. An investment firm handles investment management and accounting; a second firm has custody of the assets; and a third audits and certifies the adequacy of the management, accounting, and custodial services for the pool. In Massachusetts, \$10 million in state moneys were deposited to the Trust as seed money to get the Trust started, and this money has been kept in the Trust. Although state moneys are deposited in the Trust and invested along with local moneys, investments and the operation of the Trust are kept separate from other state financial transactions.

Local participation

In all LGIP states, participation by local governments in the state pool is voluntary. Eligible units may invest none, part, or all of their idle cash in the pool. In most states, before a unit may join the pool, its governing board must approve the action

by an ordinance, resolution, or other formal means.

In Oregon over 1,600 local governing units — including counties, municipalities, and school districts — are eligible to participate in that state's pool. Because some of these units are legally required to segregate some of their moneys, they may have more

1981 Legislation Permits New Ways to Invest

The regular session of the 1981 North Carolina General Assembly enacted legislation (N.C. Sess. Laws 1981, Ch. 455) that permits the state's cities, counties, public authorities, school administrative units, community colleges, and local ABC boards to use several new investment alternatives. First, any of these units or boards may invest in "participating shares in a mutual fund for local government investment." The Local Government Commission must certify any such fund. Second, any two or more local governments may form a commingled investment pool by agreement under the Interlocal Cooperation Act (G.S. 160A-460 through -464). Third, local governments, public authorities, school administrative units, community colleges, and local ABC boards may now invest in a commingled investment pool administered by the State Treasurer (G.S. 147-69.3). The mutual fund option and the state-administered investment pool are alternative ways of providing for statewide local government pooled investments.

The investments available to such a mutual fund or to a statewide or interlocal commingled investment pool are limited to those in which the state or its local political subdivisions may invest under G.S. 147-69.1. Of these, the most frequently used investment instruments are obligations of the United States (Treasuries); obligations of certain agencies established and operated under federal law and regulations — e.g., the Federal Home Loan Banks and the Federal Farm Credit Banks (agencies); certificates of deposit in banks or trust companies in this state; and savings certificates or investment certificates of savings and loan associations organized under the laws of this state or of federal savings and loan associations that have their principal offices in North Carolina. As a result of another law enacted by the 1981 General Assembly (N.C. Sess. Laws 1981, Ch. 801), the State Treasurer — and consequently local governments and public authorities and any mutual fund or commingled investment pool established by Chapter 445 — may invest in prime-quality commercial paper and bankers' acceptances. The commercial paper must carry the highest rating of at least one national rating service and no lower rating from any national service. The accepting bank (or its holding company) for the bankers' acceptances must either be incorporated in North Carolina or have outstanding publicly held obligations that carry the highest rating of at least one national rating service and no lower rating from any national service.

The Local Government Commission and the Treasurer are now developing regulations and procedures to implement Chapter 445. A later issue of *Popular Government* will summarize their work.

than one account in the pool. About 2,500 local governments in Wisconsin are eligible for that state's Local Government Pooled Investment Fund. These include towns, villages, counties, cities, school districts, and other special districts. In Massachusetts, 316 of 766 potential participants were investing in the Massachusetts Municipal Depository Trust on October 31, 1980. These entities include cities, towns, agencies, authorities, commissions, boards, other political subdivisions of the state, and state and local retirement boards.

Investment policies and practices

Investment instruments and restrictions. LGIPs invest their funds in a variety of low-risk investment instruments. The most common are U.S. Treasury obligations, federal agencies, time certificates of deposit, negotiable certificates of deposit, commercial paper, bankers' acceptances, and repurchase agreements. At the end of 1979, investments by the eleven LGIPs that were functioning at that time were distributed as follows:³

Repurchase agreements and other	26.4%
Federal agencies	22.6
Certificates of deposit	19.8
Commercial paper	16.4
U.S. Treasury obligations	10.3
Bankers' acceptances	4.5

Most LGIP states restrict by statutory specification the types of investments that their LGIP may make. For example, the Wisconsin statutes restrict the investments of both the state and its Local Government Pooled Investment Fund to U.S. Treasury and agency obligations, commercial paper that has no more than a five-year maturity and also the highest rating from either Moody's or Standard and Poor's investors' service, certificates of deposit in major domestic banks, repurchase agreements with government bond dealers or banks, and notes issued by the International Bank for Reconstruction and Development or the Inter-American Development Bank.

The Massachusetts Municipal Depository Trust operates under a combination of statutory restrictions and administrative rules that limit its investments to the following: (1) obligations issued (or with principal and interest guaranteed) by the United States or by federal agencies; (2) obligations of banks located in the United States (including certificates of deposit and bankers' acceptances) subject to statutory restrictions that (a) limit investments in any bank's certificates of deposit to a certain percentage of the bank's capital and undivided profits, and (b) impose certain other limitations; (3) commercial paper of corporations that are rated A-1 by Standard and Poor's or P-1 by Moody's; (4) short-term corporate obligations that are rated A or above by either Standard and Poor's or Moody's; (5) repurchase agreements (under this type of agreement, the investor buys a security from the seller, who agrees to buy it back at the same price plus interest on a specified future date) secured by the above obligations; and (6) deposits in Massachusetts savings banks, cooperative banks, and federal savings and loan institutions located within the state. The Massachusetts Trust's policy is that it will make no investment with a maturity longer than one year or invest more than 10 per cent of its assets, at the time of purchase, in the securities of a single issuer.

Oregon is the only state where the permissible investments of local government pooled funds are not *listed and restricted specifically* by statute. Oregon law simply directs the state treasurer to invest only in securities in which a person of "prudence, discretion, and intelligence" would invest, and it prohibits the treasurer from investing in stock and in securities that originate outside the United States. Like other states, Oregon has a state investment board that has established specific rules — portfolio size, maturity, diversification, etc. — for investing state and local government pooled assets.

All LGIPs are prohibited by state law from investing in stock. The Montana and New Jersey pools may invest in first mortgages, and the New Jersey, Oregon, and Wisconsin pools may make reverse repurchase agreements.

The mix of investments in individual LGIPs may vary greatly from pool to pool or within a single pool over a period of time. Table 1 shows this variation of assets by type of investment instrument for the

Oregon Short-Term Fund (which includes local pooled moneys) and the Massachusetts Municipal Depository Trust.

Investment denominations. Virtually all investments made by the LGIPs are made in blocks of \$1 million or more. The average investment size in the Massachusetts Municipal Depository Trust's portfolio on January 31, 1981, was about \$5 million. Most investments in the Trust ranged between \$3 million and \$10 million. The Trust contained nine separate certificates of deposit, each with a value of \$10 million. Most LGIPs have individual investments of these magnitudes.

Investment maturities. LGIPs in different states followed widely differing maturity strategies for their investments. The New Jersey and Massachusetts pools maintained average investment maturities of less than 90 days throughout 1980. In Wisconsin the average maturity for investments was one year or more, while the California pool's investments had an average maturity of about two years. Even when a pool has a long average maturity on investments, a large percentage of its investments mature within 90 days. For example, on June 30, 1980, 66 per cent of the value of the Oregon Short-Term Fund's investments matured within 90 days; another 3 per cent matured in from 90 to 360 days; 9 per cent in from one to three years; and the rest matured in over three years. Under its new investment guidelines, the Oregon Fund no longer may make investments with a maturity of longer than three years. LGIP managers adjust maturities, within statutory and administrative restrictions to meet changing market conditions.

Investment risk. While the LGIPs invest in high-quality obligations and operate within legal and administrative restrictions that further ensure the safety of investments, local government depositors in the pools face some risks. Investments are subject to the issuer's ability to make payment at maturity. If a default occurs or is impending, a pool may have to lower the value of an investment, dispose of it below cost, and incur a capital loss — and thereby lower the value of all deposits in the pool. While the LGIPs value investments at cost, situations may arise in which a pool must sell some of its holdings before maturity — presumably for less than the original cost. Although the pool probably would amortize such a loss over a long period — for example, a year — the loss would lower the value of all deposits in the pool.

3. Timothy Q. Cook and Jeremy G. Duffield, "Short-Term Investment Pools" *Economic Review* (September-October, 1980).

But an individual local government faces the same risks when each makes its own investments.

No LGIP has yet incurred a capital loss from any cause, and no local government has ever lost a dollar invested in an LGIP. Wisconsin insures local government deposits in its Local Government Pooled Investment Fund through a state public deposit guarantee fund.

Pool operations

Deposit and withdrawal. The liquidity of LGIP investments is an attractive feature — funds may be deposited or withdrawn quickly and easily. Because a local government may withdraw at any time, the pool is a good place to keep funds for short-term needs. And ease of deposit is also an important advantage.

Oregon's LGIP permits deposits for any amount and any length of time, although it requires that the amount and length of a deposit be economical: A deposit of \$5,000 for three days at 8.25 per cent interest would earn only \$3.40 but cost \$6 to process, so deposits of less than \$5,000 are discouraged. Deposits to the Oregon pool may be made from any bank in the state by wire transfer through a correspondent bank in Portland, and the funds are invested on the same day if they are received before 11:00 a.m. Withdrawal requests must also be made by 11:00 a.m. if funds are to be received that day. Funds are wired to the withdrawing unit's bank, and the unit must send the pool a written notice confirming the withdrawal. The Oregon pool requires one-day notice for all deposits or withdrawals of \$1 million or more. Warrants for state-shared taxes and aid may be deposited directly to a local government's pool account on the day that the warrants are issued. Pool depositors may also make payments to other depositors by transfers between their pool accounts.

Wisconsin's Local Government Pooled Investment Fund permits deposits by participating units for any amount and any period and requires no advance notice for large deposits or withdrawals. A local government initially chooses whether to make deposits and withdrawals by wire transfer or check and then uses that method exclusively. Deposits received by wire or check by 10:00 a.m. are credited for deposit and investment that day. Funds to be withdrawn by check are mailed on the day

requested, if the request is received by 10:00 a.m., and dated the next day. Funds to be withdrawn by wire transfer are transferred the next business day if the request is received by 10:00 a.m. State aid may be deposited directly to depositors' accounts.

Participants in the Massachusetts Municipal Depository Trust may make deposits by check or wire. If a local unit calls the Trust before noon on the day it makes a wire deposit in federal funds (federal funds are bank deposits in the federal reserve system), it is credited with the deposit on that day. All unannounced wires in federal funds are credited for deposit on the business day after they are received. Bank clearinghouse funds transferred by wire are credited for deposit on the day after they are received. Deposits by check or bank draft must be converted to federal funds before being credited for deposit; conversion normally takes two business days.

There are several procedures for withdrawing funds from the Massachusetts Municipal Depository Trust. First, withdrawals may be made by telephone. Funds can be wired the same day in federal funds with interest earned through the preceding day if the call is received before noon; otherwise the transfer is made the next business day. Or a unit may withdraw any amount in its account by written notice and receive a check by mail. Or it may

withdraw any amount in its account by writing a check on the account made payable to any person or organization. Interest is earned on the amount of the check until it is presented for payment. A unit may withdraw any amount from its account at any time, except that 24 hours' notice is required for withdrawals of \$1 million or more.

Calculating and recording investment earnings. Deposits earn interest from the day of deposit to the day of withdrawal. Ten LGIPs calculate earnings daily. A participant earns interest on its actual daily balance and its share of the pool's accrued earnings that have not yet been distributed to depositors' accounts. The Wisconsin pool computes interest earnings quarterly by multiplying the pool's average quarterly yield by the daily balances of its individual depositors. In every pool except the Massachusetts Trust (which records monthly), earnings are recorded in the depositors' accounts quarterly or remitted to each depositor quarterly. Depositors receive quarterly or monthly reports that show deposits, withdrawals, and balances for each day of the quarter or month.

One shortcoming of LGIPs is that the interest rate is unknown or not guaranteed in advance. Depositors therefore find it difficult to compare the pool with alternative investments that have known interest rates. The Connecticut LGIP addresses

Table 1
Assets: Oregon Short-Term Fund
and Massachusetts Municipal Depository Trust

	Oregon Short-Term Fund ^a (June 30, 1980)	Massachusetts Municipal Depository Trust (June 30, 1980)	Massachusetts Municipal Depository Trust (Oct. 30, 1980)
U.S. Treasury obligations	7%	—	—
Federal agencies	19	—	—
Certificates of deposit	17	27%	47.0%
Bankers acceptance	8	67	35.0
Commercial paper	44	—	—
Repurchase agreements	4	6	17.0
Others, net of reverse repurchase agreements	1	—	1.0
	100%	100%	100.0%

Source: Reports and information supplied by the Oregon and Massachusetts pools.

a. Investment board rules for this fund, some of which are referred to on the prior page, were first adopted on April 24, 1980. The Short-Term Fund's assets on June 30, 1980, do not reflect full compliance with all of the rules. The fund is moving into full compliance gradually as existing investments mature and are liquidated.

this problem by setting a guaranteed minimum rate — at less than the projected rate — on the first of each month for that month's deposits. Earnings above the guaranteed rate are paid to the year's depositors of record at the end of the year.

Administrative costs. States with LGIPs pay the pools' administrative costs from earnings. Several pools base administrative costs on actual costs up to a maximum that ranges from 1/4 per cent to 1 per cent of earnings. In Wisconsin, for example, the limit is 1/4 per cent of earnings, but administrative costs and charges are usually much less than this. The Oregon pool deducts 1 per cent from earnings to cover its administrative costs regardless of actual administrative costs. The investment firm that operates the Massachusetts pool charges the pool a management fee at a percentage of the Trust's average daily net assets. This percentage is 3/10 per cent for assets up to \$100 million and 1/4 per cent for assets over \$100 million.

Pool administrative costs, which are usually paid on a quarterly or monthly basis, have been modest. Pools that pay administrative costs on the basis of either actual costs up to a limit or on earnings have reduced earnings by only a small number of basis points (a basis point is 1/100 of 1 per cent). In Massachusetts, where administrative costs are paid from a set charge that is a percentage of assets, the charges have reduced earnings by only 15 basis points.

Pool earnings

The yields earned by the LGIPs have depended on a number of factors: market yields and conditions, the movement of funds in and out of the pools, pool management, and so on. During periods of stable interest rates, the pools generally have been able to earn yields above those available on 30- or 90-day certificates of deposit or Treasury bills. They have outperformed these alternative investment forms under stable market conditions because they have purchased securities in large blocks, invested in instruments like high-grade commercial paper and bankers' acceptances in which many local units are unable or reluctant to invest, and — most important — traded securities to take advantage of rate differences among markets.

When markets have been unstable and interest rates have been rising fast, LGIP yields have lagged behind short-term mar-

ket yields on certificates of deposit and Treasury bills. The higher the rates have moved, the greater the lag has been. And the longer the maturities in the pools' investment portfolios have extended, the longer the lag has lasted. When short-term market rates have moved down quickly, the opposite usually has happened. The yields from LGIP investments have been higher than those on certificates of deposit and Treasury bills. The further the rates have fallen, the greater the favorable margin has been, and the longer the maturities of pool investments have extended in the investment portfolios, the longer this favorable margin has lasted.

The early performance of the pools is impressive. One study indicates that the pools provided a higher yield during 1976, 1977, and the first two quarters of 1978 than other short-term investment forms like 90-day certificates of deposit and 90-day U.S. Treasury bills. And the pools earned yields that were from 15 to 25 per cent higher than most local governments in the states with the pools were earning on individual investments.

In the last year or two, the LGIPs have continued to perform at least as well as most individual local governments, particularly medium-sized and small local units. But because of rapidly rising interest rates in some periods, LGIP yields occasionally have fallen below the rates on short-term certificates of deposit and Treasury bills. For example, the highest yields for the LGIPs in Wisconsin and Oregon in 1979, a year of rising interest rates, were 11.33 per cent and 10.85 per cent, respectively, while the yields reached 13.3 per cent on 30-day certificates of deposit and 12.0 per cent on U.S. Treasury bills that year.

Of course, results for an LGIP depend in part on investment management. The Massachusetts Municipal Depository Trust has done particularly well in recent years. In 1979, its highest yield reached 13.27 per cent, which equaled the highest rate on 30-day certificates of deposit and exceeded the highest rate on Treasury bills that year. Moreover, the Trust had an average yield of 17.75 per cent for January 1981 and a 17.89 per cent yield for January 31, 1981; on January 28 the yield for 30-day certificates of deposit was 17.38 per cent, and for 90-day certificates of deposit 16.88 per cent. The Massachusetts pool's performance has been good compared with the market's performance in recent months — in the face of rising interest rates —

because it has kept its maturities short: The average weighted maturity of its portfolio was only 22 days this past January 31.

The experiences of other states that have used the state-sponsored local government investment pools or funds have been encouraging. The benefits described in detail above — liquidity, convenience, higher earnings, diversification, and professional management — will soon be available to North Carolina local governments. Regulations for certifying funds and pools will be printed in *Popular Government* as soon as they are released by the Local Government Commission and the State Treasurer. ■

Bibliographic Note

This article has been based on several recent reports about state-sponsored local government investment pools as well as information supplied directly by the Oregon, Wisconsin, and Massachusetts state-sponsored local government investment pools. Recent reports on LGIPs are listed below in order of publication:

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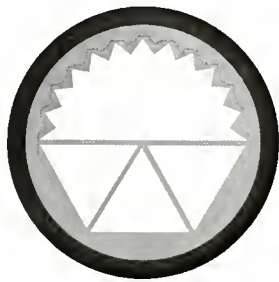
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Report Card:

The First Year at the School of Science and Math

Charles R. Eilber



Last fall North Carolina opened the nation's first public residential high school — the North Carolina School of Science and Mathematics (NCSSM). The school grew out of a growing nationwide recognition that education is not adequately preparing our young people to serve and succeed in this age of monumental technological change. Competent yet humane managers, researchers, leaders, and policy-makers in all areas of public and private activity are in short supply. Furthermore, specialists have come to understand that when bright students — our best hope for the future — are not challenged, they often become bored, disruptive, and unproductive; their gifts wither. In short, we are beginning to realize that the country can no longer afford to neglect these children on the mistaken theory that the brightest "will do all right on their own."

North Carolina has a reputation for its willingness to try new approaches to educational problems. This time it

Editor's Note: The Summer 1980 issue of *Popular Government* carried an article on the Science and Math School by Anne M. Dellinger. It describes the origins of the NCSSM, how it is financed, how its students are recruited, and the arguments for and against such a school.

The author is the Director of the North Carolina School of Science and Mathematics. The article will also appear in the Fall 1981 issue of the *School Law Bulletin*.

responded with the Science and Math School, authorized by the General Assembly in 1978 with the encouragement of Governor James B. Hunt. The school was to have two primary purposes: to provide an exceptional education for a sample of the state's brightest and most promising eleventh and twelfth graders who have a special interest in math or science; and second, to work with the state's public school system by developing better ways to teach math and science and by conducting summer courses for public school teachers in a variety of subjects.

The school carried out an extensive statewide search for talented, mature students who have a strong aptitude and interest in science and mathematics. The first two classes (300 students) were selected from over 1,500 applicants, and they represent all ethnic, geographic, and economic backgrounds. No tuition or room and board fees are charged, but eventually a limited number of out-of-state students (up to 15 per cent) will be admitted who will be charged fees.

On May 30, the school held closing exercises for its first year. Now seems to be a good time to look back to see how well NCSSM has moved toward meeting its own goals and the state's long-term expectations of it.

The first class

Selected from over 900 applicants, the first class was 50 per cent male, 50 per cent female, 24 per cent minority (blacks and native Americans). The students were from all economic and educational backgrounds and from 63 of North Carolina's 100 counties. They viewed themselves as pioneers from the beginning, and this attitude seemed to help them rise above homesickness and the inconveniences caused by renovations in progress.

Ninety-five per cent of the original student group remained at the school for the entire year. Those few who left believed that their personal goals could be better met in other settings. Most students did more than one year's work in advanced classes — they elected art and/or music, took part in athletics, formed and participated in clubs, organized and wrote the constitution for a student government, worked on a newspaper and a yearbook, and held a prom.

Their most difficult task, almost universally, was managing time. Most were accustomed to earning high marks with little effort, or perhaps with one spurt of energy for an advanced class. At NCSSM they juggled six or seven demanding courses each day, five hours of work-service and three hours of community service each week, and the new-found pleasures of living with 150 friends who had as many ideas as they did. They told us they were pleased to be at NCSSM.

Even before the homesickness faded, students were expressing their feelings that their bonds had been burst, that the horizon had lifted, and that life had a new

perspective. They delighted in many things, notably each other's accomplishments, and were supportive rather than competitive.

Academic program

Right from the start, the School of Science and Mathematics established a challenging curriculum. It was designed to be flexible enough to meet the needs of gifted students who come from a variety of backgrounds but share interest and ability in science and mathematics. It was also designed to be comprehensive — to enable these young people to experience variety. Last year the academic program included:

- six levels of mathematics, including two levels of Advanced Placement Calculus (college level)
- computer training
- three sciences: Physics, Chemistry, Biology, each with two levels, including Advanced Placement
- foreign languages: French, Spanish, German, Latin, Russian
- American History and Literature
- English, with emphasis on writing and speaking
- Art and Music, both electives



Students juggle six or seven demanding courses each day while donating time each week to community and campus projects.

For 1981-82 a number of other electives are offered in all disciplines.

Course offerings have been designed to provide both depth and breadth in the instructional program. Advanced studies are available in all major academic disciplines represented in the curriculum, with particularly varied and advanced choices available in mathematics and the sciences.

The first consideration in building each student's course of study is to ensure a thorough grounding in mathematical skills and concepts and in verbal skills including writing. Students are then urged to select an advanced sequence in at least one subject and also to sample several areas of study through electives. The

objective is to encourage students to learn enough about a variety of academic disciplines, both within and outside the sciences, so that they are able to make informed choices among courses of study at college.

Each student has ample opportunity to discuss his or her course choices with the faculty who teach the courses and with the guidance counselor and the academic dean, who work together to ensure the appropriateness of each student's program. Consideration is given to the student's academic background, interest, and ability, to his or her personal growth, and to issues of college admissions. College guidance, through the guidance counselor's office, is thus integrated closely with academic guidance. Each student's program must have final approval from the academic dean.

Independent study projects are developed directly with and approved by the faculty in the area to be studied. Mentor relationships with faculty or other professional personnel in neighboring universities, colleges, museums, institutes, laboratories, or industries are developed by and with the supervision of a school faculty member.

The faculty

Thirteen full-time and two part-time teachers were chosen from among hundreds of applicants to teach at NCSSM. If, as Tom Bradshaw suggests in his column in the *Charlotte News* on May 23, 1980, "excellence is contagious," it is from their association with these remarkable teachers that the students receive their most challenging stimulation.

All of the faculty were formerly employed in North Carolina, some on the university level. All have master's degrees, and seven hold doctorates in their subject field. In addition to teaching, they also participate in such assignments as weekly evening tutorials, social and recreational activities, workshop instruction during the summer and the school year for teachers throughout North Carolina, and advising and assisting students. Instructors are paid the state teacher's salary scale, but their salaries are supplemented from private funds in recognition of their commitment and qualifications.

A practical perspective

Students at the school last year thought of themselves as special only in their good fortune at being selected for admission. While they were taught to soar mentally, they were also encouraged to keep their feet firmly rooted in reality. Two programs in particular reminded them that with their gifts came responsibility and allowed them to associate with adults who had accepted responsibility. Virtually all students spent three hours each week in community service, working with citizens of all ages and learning to share their talents. Examples of the more than

forty tasks they undertook are: tutoring in elementary schools, aiding at local museums and libraries, assisting in the Veterans Hospital, supervising after-school recreation programs, reading to the blind, and working in the Salvation Army Thrift Store. An award ceremony in May for students and their community sponsors brought enthusiastic expressions of mutual admiration.

Students also took part in a work/service program that required five hours of work each week on campus — not only to reduce costs but also to increase their opportunities to work with adults. The jobs were assigned on a rotating basis. They included housekeeping chores like cleaning in the residence halls, washing dishes, serving in the cafeteria, and maintaining and repairing the plant and equipment. Students also worked on the grounds and in school offices, typing, filing, and delivering interoffice mail.

These programs also helped the administration in its task of strengthening the values that students had been taught at home. Sharing, cooperation, and responsibility were reinforced daily. Convenient access to religious activities and services off-campus and both formal and informal discussions of ethics on-campus were a part of life at NCSSM.

Resident advisers

Much of the responsibility for students' daily well-being and for strengthening their positive behavior rested with the school's resident advisers. These young adults, all college graduates, monitored activities and ensured that rules were observed. Each resident adviser also had responsibility for coordinating a student program, such as the work and community service programs, publications, clubs, and athletic activities.

These diplomatic young adults were in a position to guide students in decisions, to influence their direction, and to point out infringements of rules or the rights of others.

Outreach

Collaboration with teachers statewide through a series of summer workshops, exchange visits, and meetings is one of the most mutually rewarding facets of the NCSSM program. This sharing and the sustaining enthusiasm it generates began at a workshop headed by distinguished lecturers that was held on October 10-11, 1980. During the summer of 1981, two microcomputer workshops were scheduled. Members of the faculty, in cooperation with the North Carolina Department of Public Instruction, explored the uses of microcomputers in teaching mathematics, science, and computer programming. All North Carolina science and mathematics teachers in grades 7-12 received notice of the program, and 150 participants were selected from the nearly 300 applicants.

Future programs may include such topics as laboratory techniques for advanced Chemistry, Physics, and Biology; in-depth experiences in special topics in science; techniques in teaching mathematics to gifted high school students; and further work on using computers in the classroom.

The location

The former Watts Hospital site in Durham, an \$8 million gift of 27 acres and 15 buildings from the people of Durham County, proved to be a wise choice for the school's location. Existing facilities were adaptable to the school's needs. For the first year the improvements included only modest remodeling and touch-up painting. By September of 1981, four dormitories had been renovated, two for girls, two for boys. Most of the former patient rooms comfortably accommodate two students. The kitchen area, while in need of remodeling, is generous and will serve for a student population of over 600; however, dining space is at a minimum and walls will have to be removed this year to provide seating for 300-400. Food service during the first year was contracted and the school is now exploring the possibility of participating in the Federal Lunch Program.

With athletic facilities not yet developed on-campus, the school's athletic program was made feasible by community cooperation. Use of local parks, a city recreation department gym, a track at a nearby independent school, and a basketball court at a neighboring public school made available for a small rental fee meant that students could participate in intramural and interscholastic athletics.

The future calls for further renovation as the school prepares for an increased enrollment. The facilities, when remodeled, will accommodate 400 students without new construction.

Other important benefits have accrued from the school's location in the Research Triangle area. It affords many opportunities not available to nonresidential schools. Evening and weekend events can be scheduled that feature visiting artists, scientists, and other scholars, and the students have ready access to the school's laboratories, computers, libraries, and teachers for many hours beyond the usual school day. Local specialists and neighbors volunteered as host families, as speakers, and as mentors. The support and interest that the Triangle area has shown are outstanding, and the entire state will benefit as students return to their home communities understanding the difference a volunteer can make.

Admission

In September 1981 the student body totaled 300 juniors and seniors from 78 of North Carolina's 100 counties.

These students are only a sample of the state's gifted young people. They have been selected from among hundreds of nominees through a rigorous admissions process that included tests, recommendations, reports from home schools, essays, interviews, and a visit to campus. Beyond their aptitude for math and science, these young people have also shown an interest in a broad range of other subjects and activities and the maturity to thrive away from home. The accuracy of this admissions procedure in identifying potential was particularly gratifying during the first year. The same criteria were used in the second admissions process with minor modifications and refinements.

Costly but cost effective

Start-up costs for all new institutions tend to be high. The cost per student for the first year of operation (1980-81) of NCSSM with a student body of only 150, averaged \$12,387. This included board and room, which is provided free of charge to North Carolina students. For the second year (1981-82) with an enrollment of 300, the estimated cost per student is \$8,912. In the third year, which begins September 1982 with an anticipated enrollment of 400, the cost per student is expected to be \$7,752. The annual average cost per student, barring major inflation, should continue to decrease until a cost-efficient enrollment of 550 to 650 students has been reached.

The \$3.3 million allocated by the General Assembly for one year of planning (1979-80) and one year of operation (1980-81) have been supplemented by private gifts and pledges from individuals, corporations, and foundations. To date \$4 million has been pledged to be paid over a five-year period. The Threshold Campaign now under way seeks \$7 million in private gifts and pledges over a five-year period.

Recently the U.S. Economic Development Administration granted \$600,000 to be matched by private funds and to be used to convert two floors of the science wing into biology and chemistry laboratories.

Daily activities varied

Classes began during the first year at 7:45 a.m. and continued as late as 4:40 p.m., with independent study projects used to augment classroom work. Alternate Saturdays were set aside for skill-building courses like time management, study skills, problem-solving, and communication; for a college advising program; and for lectures and seminars on interdisciplinary topics.

The mentor program, established this year, permitted students to work with area university scientists. This very rewarding program will be expanded next year to include other university and corporate research laboratories in

the Triangle area. Evening lectures and special seminars are a frequent addition to the academic program. Computers are available from 8:00 a.m. to 10:00 p.m. seven days each week.

The future

The planning that is essential for orderly growth is under way. The 300 students this fall 1981 will be joined by another 100 students in September 1982. Existing buildings will be remodeled to accommodate 400, but in order to attain the critical mass of 500-650 required for the most cost-effective operation, new construction will be needed.

If North Carolina is to expand its high-technology industry and increase the number of jobs in the state, the improvement of science and mathematics education at the pre-college level is essential. The North Carolina School of Science and Mathematics is intended to be a catalyst in attaining that improvement and in helping students everywhere to achieve and to assume responsibility.

The school as a catalyst has already had an effect. Many people interested in educational excellence have made themselves known to NCSSM. Last year educators and officials from eight foreign countries and numerous states and teachers from schools all over North Carolina came to visit. Elementary and secondary classes ranging in size from five to 45 came to talk with students and watch their activities, and graduate students from area universities explored teaching and learning techniques with faculty members and administrators.

At the end of the first year, all associated with the North Carolina School of Science and Mathematics believe that their original estimates of the school's potential for leadership were too guarded. Clearly, with the continued interest and collaboration of citizens, educators, scientists, corporations, and foundations everywhere, NCSSM will make an important contribution to teaching and learning. ■

Employment Discrimination Law in North Carolina

Robert P. Joyce

What happens when a public or private employer is charged with discrimination in employment? The 1980 elections may affect how federal law deals with such charges. And a statewide law against employment discrimination could also modify how claims based on job discrimination are handled.

Over the years discrimination in employment against women and minority groups has been a persistent problem. The first major effort to deal with that problem came seventeen years ago with the passage of Title VII of the Civil Rights Act of 1964. Many unfair employment practices have been eliminated as a result of that and later legislation, but implementing the law has itself created some difficulties. Employers find themselves uncertain in regard to the requirements of Title VII — and nearly any employer can find himself facing a charge of discrimination. This article will analyze the requirements of Title VII and other laws and regulations against job discrimination, and it will suggest some

procedures for the employer who encounters a discrimination claim. Finally, it will examine the status of job discrimination laws in North Carolina and the future of enforcement programs during the current national administration.

Title VII

One federal court recently said, "With the Civil Rights Act of 1964, Congress released a strong and forceful weapon against employment discrimination."¹ Title VII of that act makes it an unlawful employment practice for an employer "to discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment,

because of such individual's race, color, religion, sex, or national origin."² Title VII is the most important employment discrimination law in the nation because it (1) created the Equal Employment Opportunity Commission (EEOC) and armed it with broad investigatory powers; (2) is the basis of encompassing theories of employer liability developed by the courts; and (3) provides for the employer to pay the successful plaintiff's attorney fees. Since 1972, Title VII has applied to all public and private employers with 15 or more employees.

In Title VII Congress devised a simple and informal procedure for anyone who believes that his statutory rights have been violated: He merely makes a written charge to the EEOC within 180 days of any action that he believes hurt him — and the EEOC will help him write it. The courts have repeatedly held that the written charge need not be very accurate or detailed because they know that whoever brings the charge may be uneducated and not represented by a lawyer. Once the charge is filed, the EEOC investigates and attempts to work a settlement acceptable to the employee. Title VII forbids the employer to retaliate against the worker for filing the charge. Considering that the employee need only file a charge, cooperate with the EEOC's investigation, and then hope to get money or other relief at no risk to his job, no employer should be surprised to get a charge — or even many charges.

When an employer is notified of a charge, if he has no previous experience with Title VII litigation he may not realize that further action may be months or years away. After some time passes he may assume that the charge has been dropped, only to find an investigation on his doorstep one day.

If all goes well, the investigation will start about 90 days after the charge is filed, but it may begin much later than that. When it begins, the employer usually receives a form that asks him to answer many questions and submit extensive documentation. As a rule he has only 15 days to respond.

The employer likely will be astounded by the scope of material he is asked to provide — questions concerning the general makeup of his work force broken

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1. *IUE v. Westinghouse Electric Corp.*, 631 F.2d 1094, 1107 (3rd Cir. 1980).

2. 42 U.S.C. § 2000e-2(a)(1964).

down into categories like race, sex, and age that appear to have nothing to do with the charge. He may find that answering the request would require hundreds of manhours, and he may strongly believe that this effort would shed little light on the question of discrimination. At this point, the employer should consider several points. First, Title VII grants the EEOC very broad investigatory powers, and it may seek “any evidence . . . that relates to unlawful employment practices . . . and is relevant to the charge under investigation.”³ The courts have been liberal in interpreting this grant of authority, and the agency may be within its legal authority in issuing a demand that strikes the employer as outrageous. Second, the best way to avoid supplying all the requested information is to talk with the EEOC official who sent the questionnaire. In taking this tack, the employer should: (1) be cooperative (and, equally important, avoid *appearing* uncooperative or contentious) and make clear his intention to comply with the law; (2) give his reasons for believing that particular questions or requests for documents are unrelated to the charge and present reasonable estimates of the time and expense involved in complying; and (3) be willing to compromise and provide some information that he believes is unnecessary provided that the most burdensome requests are removed or modified. Third, the employer is not obliged to make any response at this time. He may refuse to respond and thus force the EEOC to proceed without the requested information or to issue a subpoena for the information. In so doing, he runs risks that outweigh the possible savings in effort and expense. The EEOC may proceed to a determination unfavorable to the employer without listening to his position. The legal expense in fighting a subpoena can be great. And the court, which has the power to hold an obstructive employer in contempt, may enforce a subpoena as broad as the original request.

Usually the employer will find it advantageous to respond to the questionnaire, which he tries to modify as much as possible through negotiation

3. *Id.*

with the EEOC investigator. In most cases the EEOC next schedules a very informal fact-finding conference. The conference will bring the employee, the respondent (that is, the employer), and the EEOC investigator together to reach, if possible, a consensus on the facts behind the charge and to work out a settlement that is agreeable to all parties. If the investigation goes smoothly, that conference will occur about 90 days after the employer has responded to the questionnaire, and the total time from charge to conference will be about six months. But there is no way to predict the timetable — the questionnaire may follow the charge by a year or more, and the interval between response and conference may be two years.

The employer may be surprised and frustrated at the way the EEOC attempts to reach a settlement. In theory the EEOC is a neutral arbitrator between employer and employee, interested only in achieving justice. But because of its backlog,⁴ the EEOC has tried to shorten investigations by seeking settlements without determining the merits of the charge. From the EEOC conciliator’s point of view, the most expeditious way to dispatch a charge is to settle it. From the point of view of an employer who believes he has not discriminated, the pressure to settle can appear to be blackmail. The employer may be asked to pay money, hire, promote, or do whatever else is in the arrangement between conciliator and the charging party — with no indication that he violated the law.

If no settlement is reached, the EEOC will take one of the three following actions.

(1) The agency may determine that there is “no reasonable cause to believe the charge is true,” and the employer then is assured that the government will not sue him over the alleged violation of the law. But the complaining employee will be issued a right-to-sue letter and may bring an action in federal court within 90 days after the letter is issued.

4. At one time the EEOC backlog exceeded 100,000 cases. In the last two years the agency has committed significant resources to it, reducing the total to about 30,000. It expects to eliminate the backlog by 1983.

The likelihood of such a private suit is reduced because the employee will have a difficult time finding a lawyer to take the case after the agency’s “no reasonable cause” decision.

(2) The agency may determine that there is reasonable cause but decide not to sue because of its limited resources and its need to bring court actions only when large numbers of people, great amounts of money, or important legal questions are involved. In this case, the employee receives the right-to-sue letter, and a suit is more likely. If the employer is a public body and the EEOC finds cause, the agency turns the matter over to the Department of Justice, which issues the right-to-sue letter to the employee if the department decides not to sue.

(3) The EEOC (or the Justice Department) may, if it finds reasonable cause, sue the employer.

Once the matter is before the court, the employer’s conduct may be judged under a number of broad legal theories. The courts have held that in passing Title VII Congress intended to reach not only intentional discrimination but also conduct that may be neutral in intent but has an adverse effect on a person or group because of race, sex, etc. For instance, an employer who will hire only applicants who have a high school diploma may be interested simply in having the most educated work force possible. But such a rule may have an adverse effect on certain groups, and in 1971 the U.S. Supreme Court held a North Carolina employer liable under Title VII for having just such a policy.⁵ The Court reasoned that because fewer blacks in the area had high school diplomas than whites, the rule automatically eliminated a higher proportion of blacks. Because the employer could not demonstrate the need for a high school diploma in particular jobs, the Court held that the *effect* of excluding more blacks than whites violated the law. The employer, even though it may have had no discriminatory intent, was held liable.

The EEOC and the federal courts are continuously devising theories of employer liability. For instance, one

5. *Griggs v. Duke Power Co.*, 401 U.S. 424 (1971).

recently adopted EEOC theory makes an employer liable for a low-level supervisor's sexual harassment of an employee — whether or not the employer knew of it. Under another theory developed in the lower courts and recently given a boost by the U.S. Supreme Court⁶, an employer could be liable on a charge of sex-based discrimination in pay against employees in jobs that are largely held by women (such as secretary) if the court determines that that job's worth to the employer is comparable with the worth of another higher-paid job held largely by men. Paying lower wages to the women would, under this "comparable worth" theory, be sex-based discrimination. Liability could result regardless of salaries paid for those jobs on the open labor market.

Of course, very few charges filed with the EEOC end in lawsuits. An employer may cooperate as much or as little as he wishes with the EEOC in its investigation and in the decision whether to settle. The odds are with him. But if he is uncooperative, the chance of being sued increases, and an adverse result can be devastating. He may be ordered to pay thousands — or hundreds of thousands — of dollars in back pay to a class of affected employees. He may be ordered to restructure his system of hiring, promotions, and pay raises. He may be ordered to reserve a particular proportion of new slots or promotions for minorities or women. And he may be ordered to pay the employee's attorney fees.

Other federal laws

Apart from Title VII, a wide array of federal constitutional provisions, laws, and executive orders outlaws employment discrimination.

The Fourteenth Amendment to the U.S. Constitution and the Civil Rights Act of 1871⁷ both forbid intentional discrimination against public employees.

The Civil Rights Act of 1866,⁸ the Equal Pay Act of 1963,⁹ and the Age Discrimination in Employment Act of 1967¹⁰ respectively forbid discrimination on the basis of race, discrimination in pay between persons of different sexes who do equal work, and discrimination against persons between 40 and 70 because of age; and all three apply to all employers, both public and private. A number of other federal statutes against employment discrimination apply only as strings that are attached to federal contracts or funding — Executive Order 11246 (applies to federal contractors), the Rehabilitation Act of 1973 (discrimination against the handicapped; applies to recipients of federal funds and contractors in their employment practices), Title VI of the Civil Rights Act of 1964 (applies to recipients of federal funds), the State and Local Fiscal Assistance Act of 1972 (General Revenue Sharing), and the Omnibus Crime Control and Safe Streets Act of 1968 (Law Enforcement Assistance Administration). The statutes listed at the beginning of this paragraph generally supplement the coverage of Title VII (as by covering age discrimination) or overlap with it (as by covering race). Those that apply to contractors or recipients of funds generally lead to termination of the contracts or funding rather than to the relief of particular aggrieved individuals.

Current prospects for enforcement

Since Title VII was passed in 1964, the federal battle against discrimination that affects minorities and women has been fought chiefly on three fronts — the Congress, the courts, and the enforcement agencies — with the emphasis usually on expanding protection against discrimination. Congress has passed a number of laws to expand Title VII's coverage. The courts have devised theories of liability under those laws (chiefly under Title VII as described above) to implement what they have viewed as a congressional intent to

achieve a broad social purpose, and the agencies have taken activist roles in pursuing what they have seen as a fight for social justice.

Since the 1980 elections, this emphasis on expanded protection appears to have abated. Congress has shown interest in legislation to make Title VII apply only to employment actions that are motivated by an *intent* to discriminate and not to those that merely have the *effect* of disproportionately disadvantaging a specific minority group or women. An amendment to either Title VII or the United States Constitution that would outlaw racial or other specific preferences under affirmative action programs has received serious attention. Furthermore, the Supreme Court has now spoken on enough issues to make federal trial court judges less likely to order large-scale revisions in employers' employment practices. For instance, the rules regarding the maintenance of a class action under Title VII have been tightened up to make the "big case" more difficult to pursue. But as significant as these trends are, they are not likely to make a tremendous difference in the law of the land. No one seriously proposes repealing Title VII, and the substantive precedents in the courts will continue to give plaintiffs considerable leeway in making employers liable.

Rather, the chief effect of the current political climate is likely to occur in the agencies that enforce the laws, and this effect may be felt in several ways. First, money can be cut. Already the EEOC has lost almost 10 per cent of its personnel. With fewer enforcing officials, it is a safe bet that there will be less enforcement.

Second, the agencies' leadership can be less enthusiastic about enforcement. Under President Reagan's directive the Office of Federal Contract Compliance Programs, which oversees compliance with the nondiscrimination strings attached to federal contracts, has issued new regulations that ease the affirmative action burden on federal contractors. That office may abandon its claim that it has the right to demand back pay for victims discriminated against in violation of federal contracts. Eleanor Holmes Norton, EEOC chairman in the Carter administration, characterizes the coming period as one of "benign neglect."

6. In June 1981, the U.S. Supreme Court, in *County of Washington v. Gunther*, 49 L.W. 4623, avoided an opportunity to destroy the legal viability of the "comparable worth" theory, so that this expansive theory of liability under Title VII may yet prevail.

7. 42 U.S.C. § 983.

8. 42 U.S.C. § 1981.

9. 29 U.S.C. § 206.

10. 29 U.S.C. §§ 621 *et seq.*

It may be commonly assumed that enforcement of job discrimination laws will soon be less rigorous. Nevertheless, the laws are still in force; the courts are still open and are still required to apply the law and the strong precedents of previous cases; and the agencies are still staffed by officials whose purpose is to enforce the laws. The federal government may be less willing to commit resources to the effort. Perhaps the tone will be milder among those in positions of authority — including the President. But employers still must avoid discrimination in the workplace or face the consequences.

Federal relationships with state and local agencies

The federal laws against employment discrimination provide the context in which state and local laws operate: No person may be denied his federal rights by the action of a state or local law or agency.

On the other hand, Title VII, which is the most comprehensive and effective federal law in the employment area, gives state and local governments considerable leeway to act. These governments and the state courts can take over a significant role from the federal government in enforcing laws against discrimination in employment.

When the EEOC receives any charge of job discrimination, it is required (by Section 706 of Title VII) to defer for a period of 60 days to any state or local agency authorized “to grant or seek relief from such practice or to institute criminal proceedings with respect thereto” (These agencies are called “706 agencies.”) Whether or not the state or local body acts within the deferral period the EEOC may then proceed with its investigation, attempt to conciliate, and determine whether there is reasonable cause to believe the charge is true. (The eventual result, of course, may be a lawsuit by the complaining individual, by the EEOC itself, or — if the respondent employer is a public agency — by the U.S. Department of Justice.)

This description appears to leave little authority to agencies other than the EEOC. When the deferral period is over, the EEOC’s jurisdiction is restored, and an employer may face the “double jeopardy” of winning before the local

agency but defending again before the EEOC.

But the apparent lack of state and local authority is somewhat misleading for two reasons. First, Section 706 requires that the EEOC, in determining whether “reasonable cause” exists, “accord substantial weight to final findings and orders” made by 706 agencies. The EEOC determination now affirms the local agency’s finding approximately 97 per cent (in some jurisdictions, 100 per cent) of the time. Further, the EEOC is developing a program by which agencies whose findings have nearly always been affirmed will be simply spot-checked. The second factor that lends substantial authority to determinations of local agencies is the widely used work-sharing agreement between the EEOC and the 706 agency. Such an agreement typically divides the workload between the EEOC and the 706 agency along lines of geography, type of claim, identity of the respondent, or some other basis, and it provides that the EEOC will pay the local agency a fee (usually about \$375) for each charge it handles that would otherwise have been the EEOC’s responsibility.

North Carolina state and local law

In other parts of the country, states and local governments have taken advantage of this opportunity to take over much of the Title VII enforcement responsibility. North Carolina stands among only 10 states that have no general employment discrimination law.¹¹ It has no agency with statewide authority that could enter a work-sharing agreement.

North Carolina now has only one functioning 706 agency, the New Hanover Human Relations Commission (HRC) in Wilmington. Under authority granted by the 1979 General Assembly,¹²

New Hanover County adopted an ordinance forbidding employment discrimination in terms identical to those in Title VII and then established the HRC. The ordinance is broader in scope than Title VII in that it also forbids discrimination on the basis of age and handicap.

Unlike the EEOC, the HRC can issue binding orders that require hiring, reinstatement, back pay, or other relief to remedy an unlawful practice (under Title VII, only a court may issue such an order). The HRC’s orders can be appealed to the New Hanover County superior court pursuant to the Administrative Procedures Act. These orders can be overturned only if they are unconstitutional, are beyond the HRC’s statutory authority or jurisdiction, are made through unlawful procedure, are based on an error of law or insubstantial evidence, or are arbitrary or capricious. The orders also are enforced in the county’s superior court.

The HRC is a party to a work-sharing agreement with the EEOC like that described above; as a consequence, local employers charged with employment discrimination are typically investigated and judged by this local agency rather than by the EEOC. In the past year, the HRC received 117 complaints of unlawful employment discrimination; of these, 83 otherwise would have been within the EEOC’s Title VII jurisdiction (of the others, 17 charged discrimination because of handicap and nine charged age discrimination; Title VII does not cover discrimination on the basis of either handicap or age). The HRC reached settlements in 31 cases; settlement payments¹³ totaled \$67,923. Twenty cases were dismissed — 16 on findings of no reasonable cause.

One other agency in the state qualifies for 706 agency status but is not now accepting deferral of charges from the

Hanover County to forbid employment discrimination by ordinance and to establish an agency to enforce the ordinance. This law repeals the 1979 law on which the agency was established and clarifies the powers of the agency.

13. When settlement is reached in hiring, reinstatement, or promotion, one year’s salary is included in calculating total settlement payments.

EEOC — the State Personnel Commission, which administers the State Personnel Act. That act protects 69,000 state employees and some local governmental employees from discrimination on the basis of race, age, sex, color, national origin, religion, creed, physical disability, and political affiliation. Like the New Hanover Human Relations Commission, the State Personnel Commission can order relief, and the courts will enforce the order against recalcitrant employing agencies.

The State Personnel Commission is now seeking an understanding with the EEOC under which charges made to the EEOC will be deferred to the Commission as a 706 agency. Under such an arrangement any charges for most employees who are subject to the State Personnel Act would be deferred to the Commission.

Proposals for a statewide law

The great bulk of employment discrimination claims are made under Title VII largely because of its scope and the informality with which a charge can be made. The EEOC receives and processes claims under Title VII and under the Age Discrimination Act and the Equal Pay Act.

In 1979, the EEOC's North Carolina offices (Charlotte, Greensboro, and Raleigh) received 3,046 cases — 2,598 under Title VII, 330 under the Age Discrimination Act, and 118 under the Equal Pay Act. Like EEOC offices across the country, North Carolina's offices have a tremendous backlog — about 2,400 cases. In 1979 the EEOC closed 3,139 cases and received 3,046 in North Carolina. But 60 per cent of those closures were backlog cases, some of which were easy to wrap up because their age had made the issues moot. The EEOC is not staying current in processing charges, and charges can languish unattended. The 128 EEOC investigators, negotiators, attorneys, and administrators employed in North Carolina cannot keep up with the workload, and neither the person who makes a charge of employment discrimination nor the respondent can expect it to be resolved quickly.

Across the country, some state and local governments have established 706 agencies largely because people have

been so annoyed by the EEOC's style — by the long delays, by requests for information so vast and detailed as to seem punitive, and by determinations that have sometimes seemed arbitrary. But there have been other reasons for establishing 706 agencies. One is recognition that discrimination in employment is inherently unfair. Another is the belief that local officials will be more reasonable than federal officials in pursuing investigations and settlements. A third possible motive is the view that local agencies will more favorably incline toward employers — though spokesmen for the EEOC, the New Hanover 706 agency, and the South Carolina Human Affairs Commission deny that this is so. The speed with which the 706 agencies reach determinations appears to be the factor that employers like best.

Because North Carolina has no general employment discrimination statute and no state 706 agency with general jurisdiction, all enforcement of North Carolina claims related to Title VII¹⁴ rests with federal employees of the EEOC and the federal courts. In recent years there has been an effort to pass a statewide enforcement statute. Civil rights activists and a minority of business leaders advocate such legislation because they believe that (a) removing some responsibility and power from the federal government will result in fairer and quicker action, and (b) an arm of government that is closer to the people will be more responsive. And they believe that state enforcement can easily be funded by the fees that EEOC would pay (now \$375 per charge) to a state 706 agency that handled claims that the EEOC would otherwise have to process.

These proponents point to South Carolina's experience. For several years before 1978 the South Carolina Human Affairs Commission had acted under contract as an agent for the EEOC.¹⁵ When that contractual relationship ended in December 1977, the state agency had to terminate its handling of cases in the private sector and return full responsibility to the EEOC. To their

14. Except for claims that arise in New Hanover County.

15. The EEOC no longer enters contracts with agencies that are not full 706 agencies.

own surprise, many business leaders who had staunchly opposed employment discrimination legislation began to press for a law that would allow the state again to take over some of the enforcement responsibility — this time with a fully operating 706 agency. Local business groups — the Spartanburg Development Association, leaders of individual industries, lawyers from law firms that represent employers, and eventually the South Carolina Chamber of Commerce itself — came out in support. Their experience during the contractual period convinced them that the state agency was quicker, its staff more professional, its investigations more limited, and its results fairer than the EEOC provided. The South Carolina Human Affairs Commission, created in 1979, now handles 500 cases a year for the EEOC, and several hundred more that might well have been filed with the EEOC had there been no state agency.

New Hanover County's experience has been similar. After its 706 agency had been operating for about a year, the county commissioners and the Wilmington Chamber of Commerce voted to support new legislation in the General Assembly that would clarify the agency's investigative and subpoena powers. Despite opposition from some of the county's legislators, the measure passed.

Perhaps because North Carolina has had no similar statewide period of experience, the state's business community has not rallied behind statewide legislation. A bill passed the House in 1979 but became stalled in the Senate in the 1980 short session. The legislature created a study commission that met in the winter of 1980-81 and heard testimony from officials of the EEOC, the South Carolina and the Kentucky agencies, and opponents of the legislation. The commission drafted and unanimously endorsed a bill to establish a law on the model of Title VII and an agency on the model of the EEOC. The Governor mentioned it as a priority in his State of the State address in January 1981. But no bill was introduced in the 1981 session. What the future holds for state enforcement of employment discrimination law is unclear. It is clear that the EEOC will continue as the chief enforcer in North Carolina in the immediate future. ■

A Look at 1980 Census Results for North Carolina

Angell G. Beza and Grady B. Meehan

Early 1980 Census data show some important growth changes and population shifts in North Carolina. We now have almost 800,000 more people than we did ten years ago, and our rural areas are growing faster than our cities.

When U.S. marshals took the first Census in 1790, they counted 393,751 inhabitants of North Carolina. This past Census, the twentieth, was done largely by citizen response to questionnaires delivered by the U.S. Postal Service, and the official 1980 count was 5,874,429 North Carolinians. The initial purposes of taking a national census every ten years were to apportion seats in the House of Representatives and to levy taxes.¹ The order was for a simple "head count." But even before the first Census was taken in 1790 James Madison suggested that it would be helpful if Congress knew something about the population — he felt that the Census should "embrace some

Editor's Note: An article by Donald Jud in this issue deals with the relation between population and economic growth trends in North Carolina. *Popular Government* will present further Census information as it becomes available.

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1. The U.S. Constitution states: "The actual Enumeration shall be made within three Years after the first Meeting of the Congress of the United States [1787], and within every subsequent Term of ten years, in such Manner as they shall by Law direct." At the time of the first Census (1790) North Carolina was allotted 10 of the 106 seats in the House; in 1980 North Carolina received 11 of the 435 seats.

other objects besides bare enumeration of the inhabitants." So the first Census added questions about age and sex to its count.²

A second and more general purpose of the Census was established in 1820. In that year it was first used as a means of collecting data for public policy-making; for the first time information was collected on the number of people who were engaged in agriculture, commerce, and manufacturing. In 1840 the Census asked questions on education and disability, and in 1850 it included questions on marital status, place of birth, occupation, and value of real estate owned.

A Census office was formally established in 1850. But the office was disbanded and re-established for succeeding censuses until Congress established a permanent Census Bureau in 1902. In 1890 a punchcard machine, which had been perfected by a Census employee, was used to increase the rate of data tabulation. Although the data-collecting purpose has continued, the questions have varied with each Census. In 1930 and 1940 the Census asked questions on unemployment. In 1940 it included the first census of housing, and in 1980 it collected data on the use of energy.

Today information collected by the decennial Census of Population and Housing is used not only for planning and policy-making but also for distributing federal and state funds to municipalities, counties, and regions. Census results are also used for redistricting within the states for local elections.³

To meet the increased need for census information at all levels of government, in 1970 the Bureau of the Census began to release detailed summary data in the form of computer tapes; the information from these tapes can be extracted to answer specific questions about a local area. It has become impractical to publish all of the information contained in the Census — especially for the smaller geographical areas — but the collected information can be useful to local communities, which can get data for their areas from the tapes.

The ability to gather the information on the computer tapes for various types of geographical areas — from neighborhoods and voting precincts to towns and townships and cities, counties, and regions within a state — gives a tremendous flexibility. The information on the computer tapes is organized in units of approximately 750 to 1,000 persons, known as block groups and enumeration districts, which can be added together to form neighborhoods or school, law enforcement, fire, and other types of local districts, as well as towns, cities, and counties.

The 1980 Census will be available in summary form on computer tapes. Much of the same information will be issued on microfiche, which will be a convenient form for

2. U.S. Bureau of the Census, *1970 Census Users' Guide, Part 1* (Washington, D.C.: Government Printing Office, 1970).

3. See Grainger R. Barrett, "Reapportionment in Elections for County Commissioner," *Popular Government* 46 (Spring 1981), p. 10.

many users of Census data. The policy-making function of the Census has become increasingly important, especially as the information contained in the Census has been made available to local areas. A third use is also important: Population data can be used to help understand social changes. (For example, demographers and other social scientists will be analyzing 1980 Census information in coming months for changes in North Carolina's population regarding its age, average income, race, location, etc.)

The small towns and rural areas of North Carolina have grown faster than the state's cities. Between 1970 and 1980 two-thirds of the cities with a population of 10,000 or more either lost population or grew more slowly than the counties

in which they were located. (The exceptions to this pattern are Charlotte and cities between 25,000 and 40,000 in size. The populations of counties and larger cities are listed in Table 1 with a comparison of 1980 and 1970 figures.)

Several major changes in the state's population are evident even from the early 1980 Census data. North Carolina experienced its highest growth rate in 50 years. With some exceptions, that growth was often deconcentrated, and counties grew faster than the cities within them. More detailed examination of these and other patterns of change will appear in this magazine when additional 1980 Census information is released.

Figure 1
Population Change in
North Carolina
between 1970 and 1980
(by County)



Source: U.S. Bureau of the Census

In 1980, North Carolina's population continued to be concentrated in the urban counties of the Piedmont. Mecklenburg has the largest population, followed by Guilford and Wake. Cumberland and Buncombe interrupt the domination of the Piedmont; Forsyth, Gaston, and Durham complete the list of high population Piedmont counties.

Around the largest counties are concentrations of moderate population. The smallest concentrations continue in the north-

eastern counties, where a few in fact lost population in the last ten years.

Between 1970 and 1980 the number of people who live in North Carolina increased by almost 800,000—from 5,084,411 to 5,874,429. The total growth rate of 15.5 per cent was the highest in 50 years.

Population did not grow evenly throughout the state: The highest rate of growth was scattered throughout the state and occurred mostly in the counties with the smallest populations. (Note the high per-

centage of growth in vacation areas—the mountain and coastal counties.) Among the larger counties, only Wake and New Hanover showed relatively high growth rates.

Somewhat lower rates that are still above the state average occurred in the Sandhills and in the northwestern and southwestern mountain areas. The least growth occurred in the northeastern counties.

Table 1
A Comparison of Population in North Carolina
(1970 and 1980)

Counties and Major Cities	1980 Population	1970 Population	% Change 1970 to 1980	Counties and Major Cities	1980 Population	1970 Population	% Change 1970 to 1980
Alamance	99,136	96,502	+2.7	Greene	16,117	14,967	+7.7
Burlington	37,266	35,930	+3.7	Guilford	317,154	288,645	+9.9
Alexander	24,999	19,466	+28.4	Greensboro	155,642	144,076	+8.0
Alleghany	9,587	8,134	+17.9	High Point	64,107	63,229	+1.4
Anson	25,562	23,488	+8.8	(includes portion in Davidson and Randolph counties)			
Ashe	22,325	19,571	+14.1	Halifax	55,286	53,884	+2.6
Avery	14,409	12,655	+13.9	Roanoke Rapids	14,702	13,508	+8.8
Beaufort	40,266	35,980	+11.9	Harnett	59,570	49,667	+19.9
Bertie	21,024	20,528	+2.4	Haywood	46,495	41,710	+11.5
Bladen	30,448	26,477	+15.0	Henderson	58,580	42,804	+36.9
Brunswick	35,767	24,223	+47.7	Hertford	23,368	24,439	-4.4
Buncombe	160,934	145,056	+10.9	Hoke	20,383	16,436	+24.0
Asheville	53,281	57,820	-7.9	Hyde	5,873	5,571	+5.4
Burke	72,504	60,364	+20.1	Iredell	82,538	72,197	+14.3
Morganton	13,763	13,625	+1.0	Statesville	18,622	20,007	-6.9
Cabarrus	85,895	74,629	+15.1	Jackson	25,811	21,593	+19.5
Concord	16,942	18,464	-8.2	Johnston	70,599	61,737	+14.4
Caldwell	67,746	56,699	+19.5	Jones	9,705	9,779	-0.8
Lenoir	13,748	14,705	-6.5	Lee	36,718	30,467	+20.5
Camden	5,829	5,453	+6.9	Sanford	14,773	11,716	+26.1
Carteret	41,092	31,603	+30.0	Lenoir	59,819	55,204	+8.4
Caswell	20,705	19,055	+8.7	Kinston	25,234	23,020	+9.6
Catawba	105,208	90,873	+15.8	Lincoln	42,372	32,682	+29.6
Hickory (includes portion in Burke County)	20,757	20,569	+0.9	McDowell	35,135	30,648	+14.6
Chatham	33,415	29,554	+13.1	Macon	20,178	15,788	+27.8
Cherokee	18,933	16,330	+15.9	Madison	16,827	16,003	+5.1
Chowan	12,558	10,764	+16.7	Martin	25,948	24,730	+4.9
Clay	6,619	5,180	+27.8	Mecklenburg	404,270	354,656	+14.0
Cleveland	83,435	72,556	+15.0	Charlotte	314,447	241,420	+30.2
Shelby	15,310	16,328	-6.2	Mitchell	14,428	13,447	+7.3
Columbus	51,037	46,937	+8.7	Montgomery	22,469	19,267	+16.6
Craven	71,043	62,554	+13.6	Moore	50,505	39,048	+29.3
New Bern	14,557	14,660	-0.7	Nash	67,153	59,122	+13.6
Havelock	17,718	3,012	+488.2	Rocky Mount	41,283	34,284	+20.4
Cumberland	247,160	212,042	+16.6	(includes portion in Edgecomb County)			
Fayetteville	59,507	53,510	+11.2	New Hanover	103,471	82,996	+24.7
Currituck	11,089	6,976	+59.0	Wilmington	44,000	46,169	-4.7
Dare	13,377	6,995	+91.2	Northampton	22,584	23,099	-2.2
Davidson	113,162	95,627	+18.3	Onslow	112,784	103,126	+9.4
Lexington	15,711	17,205	-8.7	Jacksonville	17,056	16,289	+4.7
Thomasville	14,144	15,230	-7.1	Orange	77,055	57,567	+33.9
Davie	24,599	18,855	+30.5	Chapel Hill	32,421	26,199	+23.7
Duplin	40,952	38,015	+7.7	(includes portion in Durham County)			
Durham County	152,785	132,681	+15.2	Pamlico	10,398	9,467	+9.8
Durham	100,831	95,438	+5.7	Pasquotank	28,462	26,824	+6.1
Edgecombe	55,988	52,341	+7.0	Elizabeth City	13,784	14,381	-4.2
Forsyth	243,683	215,118	+13.3	Pender	22,215	18,149	+22.4
Winston-Salem	131,885	133,683	-1.3	Perquimans	9,486	8,351	+13.6
Franklin	30,055	26,820	+12.1	Person	29,164	25,914	+12.5
Gaston	162,568	148,415	+9.5	Pitt	83,651	73,900	+13.2
Gastonia	47,333	47,322	—	Greenville	35,740	29,063	+23.0
Gates	8,875	8,524	+4.1				
Graham	7,217	6,562	+10.0				
Granville	33,995	32,762	+3.8				

Counties and Major Cities	1980 Population	1970 Population	% Change 1970 to 1980	Counties and Major Cities	1980 Population	1970 Population	% Change 1970 to 1980
Polk	12,984	11,735	+10.6	Union	70,380	54,714	+28.6
Randolph	91,861	76,358	+20.3	Monroe	12,639	11,282	+12.0
Asheboro	15,252	10,797	+41.3	Vance	36,748	32,691	+12.4
Richmond	45,481	39,889	+14.0	Henderson	13,522	13,896	-2.7
Robeson	101,577	84,842	+19.7	Wake	300,833	229,006	+31.4
Lumberton	18,340	16,961	+8.1	Raleigh	149,771	122,830	+21.9
Rockingham	83,426	72,402	+15.2	Cary	21,612	7,640	+182.9
Eden	15,672	15,871	-1.3	Warren	16,232	15,810	+2.7
Reidsville	12,492	13,636	-8.4	Washington	14,801	14,038	+5.4
Rowan	99,186	90,035	+10.2	Watauga	31,678	23,404	+35.4
Salisbury	22,677	22,515	+0.7	Boone	10,191	8,754	+16.4
Rutherford	53,787	47,337	+13.6	Wayne	97,054	85,408	+13.6
Sampson	49,687	44,954	+10.5	Goldsboro	31,871	26,960	+18.2
Scotland	32,273	26,929	+19.8	Wilkes	58,657	49,524	+18.4
Laurinburg	11,480	8,859	+29.6	Wilson County	63,132	57,486	+9.8
Stanly	48,517	42,822	+13.3	Wilson	34,424	29,347	+17.3
Albemarle	15,110	11,126	+35.8	Yadkin	28,439	24,599	+15.6
Stokes	33,086	23,782	+39.1	Yancey	14,934	12,629	+18.3
Surry	59,449	51,415	+15.6				
Swain	10,283	8,835	+16.4	The State	5,874,429	5,084,411	+15.5
Transylvania	23,417	19,713	+18.8				
Tyrrell	3,975	3,806	+4.4				

Source: U.S. Bureau of the Census, *Advance Report, 1980 Census of Population, North Carolina* (March 1981).

The State Data Center

The North Carolina State Data Center is a cooperative effort between the state and the Bureau of Census to provide a central state office for easier access to statistical data about the state. The center's services are available to state and local governments, industry, universities, community organizations, and other data users, and it has a network of regional data centers that extend access of its printed resources to cities and counties throughout North Carolina.

The Census Bureau provides services at the data center in all of its major statistical programs in printed form and/or on com-

puter tapes. These reports include population, housing, agriculture, construction, manufacturing, economic surveys, retail and wholesale trade, transportation, services, governments, geography, and SMSA reports. The center also houses statistical reports by state agencies that include population, economy, health, corrections, public assistance, manufacturing, social and rehabilitation services, education, recreation, government finance, transportation, agriculture, and revenue.

The North Carolina Division of State Budget and Management has responsibility for the program and works with the

State Library and the Institute for Research in Social Science at The University of North Carolina at Chapel Hill to provide this service.

For more information about the center and/or its quarterly newsletter contact State Data Center, Division of State Budget, 116 West Jones Street, Raleigh, N.C. 27611.

Recent Trends in North Carolina's Economy

G. Donald Jud

North Carolina has changed both economically and demographically during the past several decades as employment has shifted from agriculture into manufacturing and services. In 1950, agriculture employed almost 25 per cent of the state's labor force, but today it accounts for only 3.6 per cent. Manufacturing, which in 1950 employed 29 per cent of all Tar Heel workers, now accounts for 33 per cent of all jobs in the state. Using this measure, a recent study reported that North Carolina is now the most industrialized state in the nation.¹ North Carolina's manufacturing sector accounts for 3.9 per cent of all manufacturing jobs in the nation, putting the state in eighth place in terms of the total number of workers employed in manufacturing.²

While North Carolina's economy is dominated by manufacturing, the state remains predominantly rural. Tabulations from the 1980 Census indicate that 55 per cent of North Carolinians continue to live in nonmetropolitan areas; in contrast, only 28 per cent of the national population live there. North Carolina is an example of a

state that has industrialized without completely sacrificing its rural character.

This article examines the recent course of North Carolina's economic development, along with its pattern and reasons for change, and explores the likely direction of future economic and demographic trends.

Population change

During the 1950s and 1960s, North Carolina's population — like that of most other southeastern states — grew less rapidly than the nation as a whole, as large numbers of people left the state in search of better opportunities elsewhere. An important reason for this outmigration was the reduction in agricultural employment. Non-agricultural employment increased even faster in the 1960s than it did the 1970s but not enough to offset the decline in agricultural employment. Since the late 1960s, this trend has reversed, and the population of the southeastern states has grown faster than the national population because of the general movement of population out of the North and East into the southern and western Sunbelt states.

Table 1 shows the pattern of change in North Carolina's population, as well as employment and income, during the 1970s. From 1970 to 1980 total state population grew by 790,018 persons, an increase of 15.5 per cent over the decade. This rate of increase was higher than the national rate of 11.4 per cent, but below the 22 per cent increase recorded in the Southeast. The highest rate of population increase in the Southeast was recorded in Florida (43.5%),

followed by South Carolina (20.4%), Georgia (19%), and Tennessee (17%). North Carolina ranked fifth in terms of population growth among the eight southeastern states (see Table 1).

Within North Carolina, population growth was relatively balanced between metropolitan and nonmetropolitan counties. The state's metropolitan areas gained 380,581 persons (a 16.4% rise) while nonmetropolitan counties added 409,437 persons (14.9%) to their population.

The state's two fastest-growing metropolitan areas were Wilmington (29.9%) and Raleigh (26.6%). The Raleigh Standard Metropolitan Statistical Area (SMSA) also recorded the largest total increase — 111,419 persons over the decade. The two largest metropolitan areas, Greensboro and Charlotte, grew slower than Raleigh in both absolute and percentage terms. In fact, the rates of population growth in Greensboro (14.3%) and Charlotte (14.2%) were below the state's average and even below the nonmetropolitan average.

Of the state's seven metropolitan areas, only three (Wilmington, Raleigh, and Fayetteville) grew faster than the nonmetropolitan average. Rapid population growth in nonmetropolitan areas is a firmly established national demographic trend. A recent Department of Agriculture report based on the 1970 and 1980 censuses shows that the nation's nonmetropolitan counties grew by 15.4 per cent during the 1970s while metropolitan areas grew by only 9.1 per cent.³

Within North Carolina, a general pattern of rapid population growth in rural counties is quite evident. A report from the North Carolina State Data Center that ranked counties in terms of the rate of population growth during 1970-80 listed the ten fastest-growing counties: Dare, Currituck, Brunswick, Stokes, Henderson, Watauga, Orange, Wake, Lincoln, and Davie.⁴ Of these rapid-growth counties, only three (Watauga, Orange, and Wake) contain cities with more than 10,000 persons; and only Wake County, which encompasses the City of Raleigh (pop. 148,299), has a city of significant size.

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1. North Carolina National Bank, "North Carolina Economic Review," mimeographed (Charlotte, N.C.: NCNB, April 1980), p. 18.

2. Advisory Commission on Intergovernmental Relations, *Regional Growth: Historic Perspective* (Washington, D.C.: ACIR, June 1980), pp. 118-19.

3. Calvin L. Beale, *Rural and Small Town Population Change, 1970-1980* (Washington, D.C.: USDA, Economics and Statistics Service, February 1981), p. 3.

4. North Carolina State Data Center, Office of State Budget and Management, *Newsletter 3* (January 1981), 2.

One reason for the population growth in both metropolitan and nonmetropolitan areas in North Carolina and the Southeast has been improved economic opportunity. Many people have stayed here who in the past would have moved elsewhere and people from other areas have been attracted to the region. A 1979 study reported that 59 per cent of all interstate migrants move because of job-related factors.⁵ Thus, the study supported the widely held view that employment considerations dominate household decisions to move. However, it recognized that noneconomic reasons often play an important part in these decisions. It speculated that the changing age and family structure of the population now make it possible for people to place a heavier weight on such factors as climate, quality of life, and family reasons in deciding where to live.

5. Larry H. Long and Kristen A. Hansen, "Reasons for Interstate Migration," *Current Population Reports, Special Studies*, Series P-23, No. 81 (Washington, D.C.: Bureau of the Census, March 1979), 5-6.

Employment growth

For several decades (see Table 2 for the years 1970-79) nonagricultural employment in North Carolina and the Southeast has grown faster than in the nation at large as the region's labor force has moved steadily out of agriculture and into manufacturing and services.

Manufacturing growth. From 1970 to 1979, manufacturing employment grew 8.6 per cent nationally and 14.7 per cent in North Carolina. Total manufacturing employment in the state increased by 105,800 jobs. Manufacturing employment grew faster in North Carolina than in the nation at large in every industrial sector except textiles and tobacco. The textile and tobacco sectors have long been two of the state's most important manufacturing industries. Together they accounted for 34 per cent of manufacturing employment in 1979. From 1970 to 1979, total employment in these sectors declined by 28,400 jobs. The decline in textile employment occurred during and after the 1974-75 recession, while tobacco employment declined continuously over the entire decade. The Employment Security Commission estimates that textile

employment peaked at 289,900 in 1973. During the 1974-75 recession, employment declined to 247,300 in 1975, and by 1979 had increased to only 255,900. In 1979, industry employment was still 11.7 per cent below what it had been in 1973. Beyond the effects of the 1974-75 recession, the lack of significant employment growth in the textile industry since 1975 also reflects a concerted industry effort to modernize its plants with new, labor-saving equipment. The decline in employment is not a symptom of continued cyclical weakness — indeed, one study indicates that textile profits were up 15 per cent in 1979 and that productivity in the U.S. textile industry is now the highest in the world.⁶

During the 1970s, North Carolina recorded some impressive gains in a wide variety of new manufacturing industries. The state gained 102,700 industrial jobs in fields other than textiles, tobacco, furniture, and apparel — an increase of 38.4 per cent over 1970 (see Table 2).

6. North Carolina National Bank, *op. cit.*, pp. 14-15.

Table 1
Population, Employment, and Per Capita Income Change
in North Carolina During the 1970s

	Population			Employment ^a			Per Capita Personal Income		
	1970	1980	Percentage Change	1970	1979	Percentage Change	1970	1979	Percentage Change
Standard Metropolitan Statistical Areas:									
Asheville SMSA	161,059	177,761	10.4%	55,450	71,300	28.5%	\$3,163	\$7,179	127.0%
Burlington SMSA	96,502	99,136	2.7	42,720	42,010	-1.6	3,539	7,465	110.0
Charlotte SMSA	557,785	637,218	14.2	243,100	325,000	33.6	3,829	8,890	132.2
Fayetteville SMSA	212,042	247,160	16.6	48,700	65,700	34.9	2,999	6,448	115.0
Greensboro SMSA	724,129	827,385	14.3	302,100	387,900	28.4	3,848	8,714	126.5
Raleigh-Durham SMSA	419,254	530,673	26.6	167,000	264,800	58.5	3,716	8,803	136.9
Wilmington SMSA	107,219	139,238	29.9	37,480	54,550	45.5	3,136	7,225	130.4
North Carolina	5,084,411	5,874,429	15.5	1,782,700	2,382,100	33.6	3,200	7,382	130.7
Metropolitan counties	2,284,966	2,658,571	16.4	886,550	1,211,260	35.1	3,642	8,324	128.6
Nonmetropolitan counties	2,799,445	3,215,858	14.9	886,150	1,170,840	32.1	2,839	6,602	132.5
Southeastern states ^b	31,853,000	38,860,000	22.0	10,166,400	14,279,700	40.5	N A	N A	N A
United States	203,302,000	226,505,000	11.4%	70,880,000	89,880,000	26.8%	\$3,893	\$8,757	124.9%

a. Nonagricultural employment by place of work.

b. Includes Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee.

Sources: Population, 1970 and 1980 Censuses of Population; employment, N.C. Employment Security Commission and U.S. Department of Labor; income, U.S. Department of Commerce, Bureau of Economic Analysis.

Table 2North Carolina Employment Growth by Industry,^d 1970-79

	North Carolina		United States
	Change	% Change	% Change
Manufacturing	105,800	14.7%	8.6%
Food	2,000	4.8	-3.7
Tobacco	-3,600	-12.5	-11.5
Textiles	-24,800	-8.8	-7.9
Apparel	13,700	18.2	-5.2
Lumber and wood	8,800	32.4	32.0
Furniture	17,800	26.8	8.5
Paper	3,300	18.3	-0.5
Printing	4,700	31.9	12.0
Chemicals	10,500	37.9	5.1
Rubber	15,500	133.6	35.8
Fab. metals	10,500	65.6	24.3
Nonelec. machinery	14,700	50.1	26.3
Elec. machinery	11,400	27.8	11.0
Other mfg. ^b	21,400	42.3	8.9
Nonmanufacturing	493,600	46.3	32.4
Construction	34,700	35.9	33.9
Trans., comm., pub. utilities	23,200	25.1	14.2
Trade	158,400	48.8	35.6
Fin., ins., real estate	24,100	34.6	35.2
Service and misc.	121,900	56.0	39.9
Government	131,300	49.6	26.3
Total	599,400	33.6%	25.8%

a. Nonagricultural employment by place of work

b. Includes petroleum, leather, stone, clay and glass, primary metals, transportation equipment, instruments, and miscellaneous manufacturing

Source: N.C. Employment Security Commission and U.S. Department of Labor.

Nonmanufacturing growth. The state's economy also enjoyed a 46.3 per cent increase in nonmanufacturing employment — a gain of 493,600 jobs in this period. Nonmanufacturing employment in North Carolina grew faster than the corresponding national average in every sector except finance, insurance, and real estate. Especially large increases were recorded in trade (both wholesale and retail), services, and government. The trade sector alone added almost 50 per cent more jobs than all of the state's manufacturing industries. Public attention is often focused on manufacturing jobs created when new industries locate in the state. But the nonmanufacturing sector is also important — in the 1970s it created far more new jobs than manufacturing enterprises (see Table 2). The rapid growth of such nonmanufacturing sectors as trade, services, construction, transporta-

tion, communication, public utilities, finance, and real estate resulted largely from the state's increased population and income.

New and expanding industry. The success of North Carolina and the other southeastern states in attracting new and expanding industry has evoked considerable research. Regional economists have long taught that the most important determinants of business location decisions are the availability and productivity of labor, wage levels, access to raw materials, proximity to markets, and transportation costs.⁷ Although many states and local areas offer special tax incentives, previous research

7. See, for example, Robert W. Schmenner, "How Corporations Select Communities for New Manufacturing Plants," in John J. Sieg-

strongly suggests that special tax concessions are usually of secondary importance in determining where firms locate.⁸ Recent studies of the location decisions of white-collar and high-technology firms have found that they tend to be more concerned with the quality of life in an area than with traditional economic location factors. For example, a recent study of the determinants of corporate office locations that was based on interviews with 2,216 chief executives reported the following three community factors as being most important in selecting office locations: (1) the cost of living, (2) the quality of public schools, and (3) availability of high-quality medical services.⁹

Economic development efforts may have overemphasized the importance of the location decisions of large firms in creating jobs. A Massachusetts Institute of Technology study developed a data file on the employment histories of 5.6 million business establishments that account for about 82 per cent of all private employment.¹⁰ This file suggests that 42.7 per cent of all new jobs in the South between 1960 and 1976 were created through the birth or expansion of independent enterprises with less than 20 employees. Nationally, such small businesses accounted for 51.8 per cent of all new jobs. That study also found that almost 80 per cent of all new jobs created during 1974-76 were in establishments less than four years old. This percentage was somewhat lower in manufacturing and higher in trade and services, but it tended to be very stable across major regions of the country.

The MIT report implies that much of the employment growth in North Carolina and the South has resulted from the birth and expansion of small, young, independent firms. Data and research indicate that small businesses are active in all sectors of the North Carolina economy and are a

fried, ed., *The Economics of Firm Size, Market Structure and Social Performance* (Washington, D.C.: Government Printing Office, July 1980), pp. 182-201.

8. *Ibid.*, p. 193-98.

9. R. L. Biscomb, "Community Considerations in Corporate Headquarters Locations," *Industrial Development* (July-August 1979), 8-14.

10. David L. Birch, "The Job Generation Process," mimeographed (Cambridge, Mass.: MIT Program on Neighborhood and Regional Change, 1979).

significant factor in creating new jobs. Besides attracting large firms, North Carolina must provide a favorable economic environment for the growth and expansion of small businesses in order to maintain the state's economic health.

Employment growth areas. Table 1 shows that from 1970 to 1979 total employment in the state rose by 33.6 per cent, a rate of growth above the average for the nation (26.8%) but below the southeastern average (40.5%). The state's metropolitan and nonmetropolitan areas had a relatively balanced growth — metropolitan counties gained 314,710 jobs, a 35.1 per cent increase; nonmetropolitan areas added 284,690 jobs, a 32.1 per cent gain.

Among the state's metropolitan areas, the two fastest-growing areas in terms of employment were Raleigh (58.5%) and Wilmington (45.5%). It is interesting that although Wilmington grew faster than Raleigh in terms of population, Raleigh outdistanced the Wilmington area by a noticeable percentage in terms of employment growth. These figures suggest substantial commuting into the Raleigh area.

The Raleigh SMSA also was the fastest-growing area in terms of the absolute number of jobs added over the decade: Total employment in the Raleigh area rose by 97,800, largely because governmental employment grew rapidly — by 62 per cent (27,200 employees). But Raleigh also recorded significant employment gains in services (77%), trade (58%), and even manufacturing (46%).

Greensboro and Charlotte, the state's two largest labor-market areas, grew slower in terms of employment than the Raleigh area in both absolute and percentage terms, and they recorded gains in employment that were at or below the average for the state. The sluggish growth in employment in the Greensboro SMSA can be explained by the low growth rate in Guilford County — the region's largest employment area — which was below the state and national average. Charlotte's slow growth is attributable to the retarded pace of employment growth in Gaston County. Employment growth in both Guilford and Gaston counties was seriously affected by the decline in textile employment during and after the 1974-75 recession. Between 1973 and 1979, employment in textiles fell by 4,370 in Guilford and 5,210 in Gaston.

The Burlington SMSA was also affected severely by a decline in textile employment. The textile job loss suffered in Burlington

was largely responsible for the area's absolute decline in employment over the decade.

Table 3 shows employment growth in the state's metropolitan and nonmetropolitan areas by industry and indicates the success that nonmetropolitan areas have had in attracting new manufacturing jobs. These areas added 69,580 manufacturing jobs — an increase of 17.2 per cent — over the decade while the metropolitan areas gained 36,220 manufacturing employees — an 11.6 per cent increase. By 1979, 58 per cent of the manufacturing jobs in the state were in nonmetropolitan counties.

The attractiveness of nonmetropolitan counties to new and expanding manufacturing enterprises is easy to understand: Land costs and taxes are often lower in rural areas, labor usually is more abundant, and environmental controls are less restrictive. The upsurge in rural manufacturing has been a national trend since the 1960s.¹¹

Table 3 indicates that nonmanufacturing employment also grew rapidly in rural areas. Although employment in services,

trade, finance, insurance, real estate, transportation, communications, and public utilities all grew faster in metropolitan areas, growth rates in most nonmetropolitan areas were not far behind. As North Carolinians decide to live and work farther from the state's core urban areas, many economic activities (such as retail trade and various types of services) that once were available only in cities are beginning to be available in more rural settings.

Income gains

How has North Carolina's growth affected the state's general economic well-being? The most comprehensive measure of economic health that is available at the state and county level is personal income per capita. Personal income is calculated as the sum of all income received by individuals before personal taxes are paid. Dividing this figure by population gives per capita personal income, which is a measure of average individual (including men, women, and children) income before taxes. The changes in per capita personal income in North Carolina and the nation from 1970 to 1979 appear in Table 1.

11. Richard L. Morrill, "Population Redistribution, 1965-75," *Growth and Change* 9 (April 1978), 35-43.

Table 3
North Carolina Employment by Industry and Area,^a 1970-1979

	1970	1979	Change	% Change 1970-79
Metropolitan Areas				
Manufacturing	313,020	349,240	36,220	11.6%
Construction	50,930	62,260	11,930	23.4
Trans., comm., pub. utilities	59,170	78,170	19,000	32.1
Trade	178,800	267,230	88,430	49.5
Fin., ins., real estate	44,560	61,140	16,580	37.2
Services	117,180	193,800	76,620	65.4
Government	132,890	198,820	65,930	49.6
Total	896,550	1,210,660	314,710	35.1
Nonmetropolitan Areas				
Manufacturing	405,380	474,960	69,580	17.2
Construction	45,570	68,340	22,770	49.9
Trans., comm., pub. utilities	32,930	37,130	4,200	12.8
Trade	145,700	215,670	69,970	48.0
Fin., ins., real estate	24,940	32,460	7,520	30.1
Services	100,320	145,600	45,280	45.1
Government	131,310	196,680	65,370	49.7
Total	886,150	1,170,840	284,690	32.1

a. Nonagricultural employment by place of work
Source: N.C. Employment Security Commission.

At the national level, per capita personal income rose 124.9 per cent from 1970 to 1979 — from \$3,893 to \$8,757. During the same period, the consumer price index (CPI) grew by 87.2 per cent. This fact, when compared with the rise in personal income, suggests that the average citizen's economic situation indeed got better over the decade. Across the nation, income grew somewhat faster in nonmetropolitan areas than in the metropolitan counties — further evidence of the economic renaissance in rural areas nationwide.

Per capita personal income has clearly improved in this state over the past 30 years. It rose 130.7 per cent from 1970 to 1979. By the end of the decade, it was 84 per cent of the national average, up from 81 per cent in 1970. (In 1950, the state per capita income was 69 per cent of the national average; in 1960, it was 71 per cent.)

The difference in income between North Carolina and the rest of the nation is reduced if the state's lower cost of living is considered. Further theoretical development and more data on regional cost differentials are necessary before a correct cost-of-living adjustment can be determined. One study that developed a cost-of-living adjustment model to evaluate the gap in real income between the South and the rest of the nation found that over 62 per cent of the difference between southern and northern money incomes in 1970 was offset by differences in living costs.¹² To correct for regional cost-of-living differences, this study suggested that southern money income figures in 1970 should be increased by almost 14 per cent. A study by the Advisory Commission on Intergovernmental Relations indicated that 1975 per capita income figures in the Southeast should be increased by 8.1 per cent to adjust for the region's lower cost of living.¹³

Wage differences also explain some portion of the national-state income gap. Wages in North Carolina are low: In 1978 the state's average hourly manufacturing wage was \$4.47 — the lowest in the nation. It was only 74 per cent of the national average and had increased only 3.9 percentage points in relation to the national average between 1965 and 1978.

12. Don Ballante, "The North-South Differential and the Migration of Heterogenous Labor," *American Economic Review* 69 (March 1979), 166-75.

13. Advisory Commission on Intergovernmental Relations, *op. cit.* p. II.

The employment-population ratio — that is, the percentage of the population who hold jobs — is higher in North Carolina than in the nation at large. A recent Labor Department study revealed that 63.3 per cent of the state's population aged 16 years or over was employed in 1979.¹⁴ Ranked by this measure, North Carolina was fourteenth among the 50 states. For women aged 20 years and older, the state ratio was 53 per cent — the seventh highest in the nation. These figures suggest that the national-state gap in per capita personal income would be larger were it not for the relatively large percentage of persons who hold jobs in North Carolina.

Table 1 indicates that in all of the state's metropolitan areas except Burlington and Fayetteville, per capita income grew faster than in the rest of the nation. Income growth in the state's nonmetropolitan counties was above the national average and also above the average of the metropolitan counties. Ranked among the metropolitan areas in terms of per capita income gains, Raleigh and Charlotte were the two fastest growing, but the income growth rate in Charlotte was slightly below the average for the nonmetropolitan counties. In terms of the absolute level of income, Charlotte and Raleigh were the state's two richest metropolitan areas and Mecklenburg and Guilford the two wealthiest counties.

The rapid income gains recorded in the state's nonmetropolitan areas indicate that some of the gap in income between metropolitan and nonmetropolitan areas has been closed, but the difference is still large. In 1979, the per capita income in the nonmetropolitan areas was only 79 per cent of the metropolitan counties' average. Differences in living costs can explain some of this spread, but not all. Much of the difference reflects continued lower economic opportunity in the state's more rural counties. But the new growth of population and employment in nonmetropolitan counties suggests that economic opportunities in the cities and outside the state are no longer so attractive that they preclude substantial population growth in the rural and small town areas of North Carolina.

14. Carol Boyd Leon, "The Employment-Population Ratio: Its Value in Labor Force Analysis," *Monthly Labor Review* 104 (February 1981), 36-45.

Prospects for the future

It is clear from the foregoing that North Carolina has experienced significant growth in population, employment, and income since 1970. That growth should continue in the future, but the past record suggests some grounds for concern.

One concern is that the state's economy is sensitive to fluctuations in the national economy because of its heavy dependence on manufacturing — especially textiles, apparel, and furniture manufacturing. The effect of these fluctuations has been measured by the U.S. Department of Commerce in the calculation of cyclical swing.¹⁵ Cyclical swing is the difference between the annual growth rate of state personal income during a period of economic expansion and the growth rate in a period of recession. Over the 1973-79 period the cyclical swing of the North Carolina economy was 9.4 per cent, the highest in the Southeast and the fourth highest in the nation. The average cyclical swing for all 50 states was only 4.2 per cent.

The cyclical sensitivity of the North Carolina economy means that the state is prone to high unemployment during periods of national economic recession. A recent Labor Department study included North Carolina among the 17 states that are most prone to high unemployment because of the heavy dependence of the state's economy on the manufacturing and construction sectors.¹⁶ The same study listed the Asheville, Charlotte, and Greensboro SMSAs as also being prone to high unemployment for the same reasons.

Another concern is the recent slowdown in growth of personal income relative to the rest of the nation. Before 1975, personal income in the state was on a strong upward trend relative to the rest of the country. Since 1975, however, income growth in the state has been about the same as that of the country as a whole. ■

15. Robert B. Bretzfelder and Howard L. Friedenburg, "Sensitivity of Regional and State Nonfarm Wages and Salaries to National Business Cycles, 1948-79," *Survey of Current Business* 60 (May 1980), 15-27.

16. Richard Rosen, "Identifying States and Areas Prone to High and Low Unemployment," *Monthly Labor Review* 103 (March 1980), 20-24.

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