

---

# Local Governments Face Increasing Service Demands, Tighter Budgets

by Wade Rawlins

---

*Local governments across North Carolina are trying to do more with less. They're facing increasing demands for services, while attempting to cut or hold the line on taxes. Such service demands range from desires for more police protection to needs for new schools, roads, landfills, and water-treatment plants. Much of the demand can be attributed to the state's rapid population growth, particularly in metropolitan areas. But even rural counties that are losing population can face new needs for services, such as expanded planning responsibility for balancing agricultural operations (like the state's growing hog-farming industry) with quality-of-life concerns. With the growing public resistance to taxes, cities and counties are trying to meet increasing service demands by shifting their priorities, thus cutting back spending on some programs while increasing it for others. Other actions being taken by local governments include: initiating user fees to help pay for services; laying off workers or reducing their benefits; relying more on seasonal or part-time employees; borrowing money through bond referendums; and privatizing or contracting out services such as transportation and garbage disposal.*

**I**n 1994, two conflicting trends were sweeping across Wake County. Republican candidates for local offices, with pledges to reduce government spending, were on their way to gaining control of the board of county commissioners for the first time this century.<sup>1</sup> Meanwhile, new residents were moving to the county in near record numbers, drawn by the hope of jobs and bringing

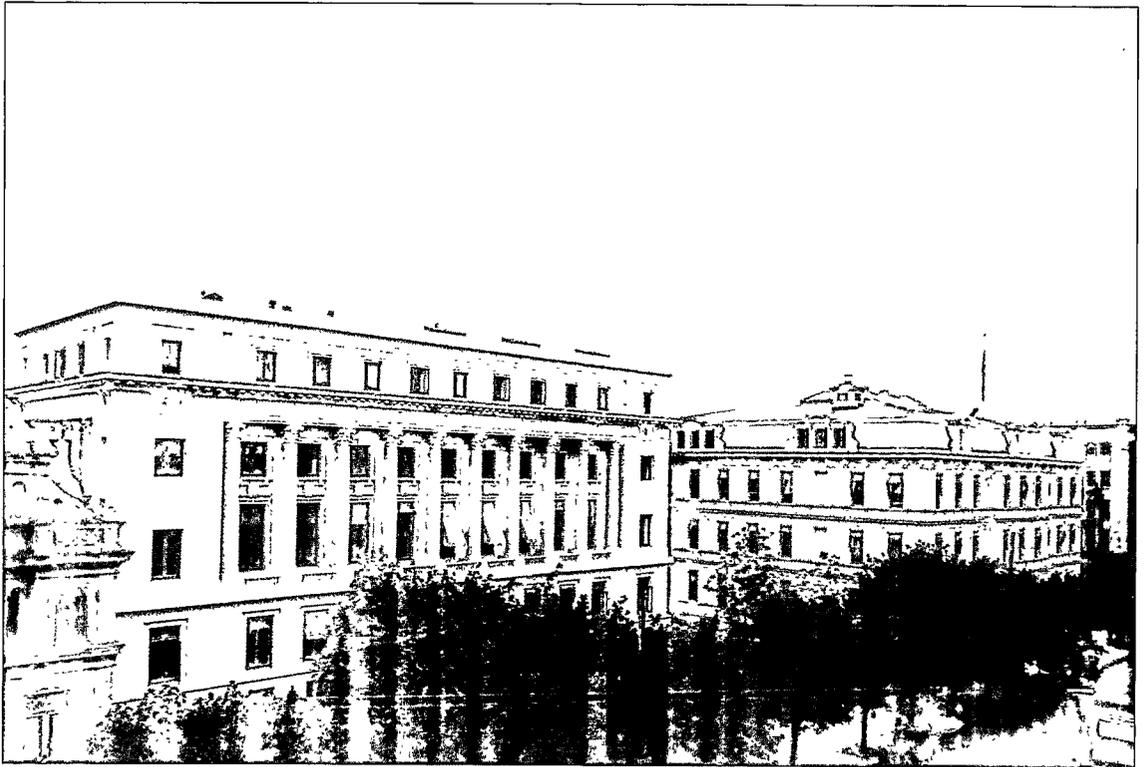
with them demands for everything from housing to library books to classroom desks.

From the candidates, the refrain was one of scaling back: Property taxes were too high and taxpayers were fed up. They said the county government had grown too fat and needed to go on a diet.

Yet Wake County was experiencing its most rapid growth in years. In the early 1990s, Wake County was adding 5,000 more people a year than it did in during the high-growth 1980s. Permits to build single-family homes increased steadily from

---

*Wade Rawlins is a reporter covering county government for The News & Observer of Raleigh.*



**Old Wake County Courthouse, which was torn down in 1968**

3,558 in 1990 to 7,129 in 1994—the level of the mid-1980s boom years.<sup>2</sup> And demographers have forecasted that the growth will continue. Wake County is expected to attract one-fifth of the state's population growth over the next 25 years.<sup>3</sup> (See Table 1 on p. 4 for a list of North Carolina's fastest growing counties.)

The forces of growth and contraction, the conflicting demands for new services and lower taxes, are converging like two trains on the same track. But Wake County is far from the only local government caught in this squeeze.

The political pressures to hold the line on taxes, increase efficiency, and meet new demands are forc-

ing many of North Carolina's city and county governments to re-examine what services they provide and how they operate. Local property taxes have been a big issue in recent elections, and many Republican candidates have gained seats on county boards of commissioners with pledges to cut back on spending. (See Table 2 on p. 5.) According to a 1995 survey by the N.C. League of Municipalities, 191 of the State's cities and towns (41 percent of the survey respondents) cut back on spending for new programs and only 37 (8 percent of respondents) raised property tax rates in the latest round of budget-making.<sup>4</sup> (See Table 3 on p. 7 and Table 4 on p. 11.) Likewise, from 1993 to 1995, the number of counties raising property taxes dropped from 49 to 27, while the number lowering rates grew from three to nine.<sup>5</sup>

"The attitude of the citizenry is they don't want to pay any more taxes and they want excellent services," says Charlotte City Manager Wendell White. "It's 'Either do it or get out of the way.'"

Interestingly, the anti-tax fever may fly in the face of public opinion, some polls suggest. A December 1994 poll of 2,018 Wake County residents indicated that while about 40 percent said taxes were too high, only one in four people supported cutting taxes if it meant scaling back services.<sup>6</sup>

***"The attitude of the citizenry is they don't want to pay any more taxes and they want excellent services. It's 'Either do it or get out of the way.'"***

—WENDELL WHITE  
CHARLOTTE CITY MANAGER

Similar results were found in a July 1995 poll of 643 Triangle residents commissioned by *The News & Observer* of Raleigh. On a range of services from parks to police to public libraries, three out of four residents said they'd rather keep the services they have than receive a \$100 tax cut, the *N&O* poll found.<sup>7</sup> (See the related article, "What Polls Have Shown About Public Attitudes on the Division of Government Responsibilities," on p. 36 for the results of several nationwide surveys on taxes.)

Those findings were reinforced by a group calling itself Revenue Restoration Revolt that protested the Wake County tax cuts by returning \$3,874 in tax savings to the county board of commissioners at a meeting on Oct. 2, 1995. Members of the group said they would prefer that the county keep their money rather than cutting back on libraries, schools, and other services. "I believe that many of the cuts in public health and social services would not be supported by a majority of our citizens if their im-

pact were known," one protestor, Paul Humphrey of Raleigh, wrote in a letter accompanying his check to the county.<sup>8</sup>

Such sentiments notwithstanding, most elected officials are reluctant to raise taxes and are putting pressure on local government staffs. Employees have had to find ways to reduce spending without gutting services while finding money for new services and increasing demands for many programs, such as Medicaid and food stamps. (See Table 5 on p. 13.) These trends have caused many local governments to examine more closely the costs of their services and to install accounting practices that encourage better use of tax dollars.

"The challenge for most of us in local government is how to do more with less—the same challenge that businesses are facing," Wake County Manager Richard Stevens says. "It's causing us to rethink how we deliver and organize services and in the long term what services are provided." Asheville City Manager Jim Westbrook adds:

**Table 1. North Carolina Counties with the Highest Population Growth in the 1980s and Their Projected Growth in the 1990s**

Rank / County	Population Change		Rank / County	Population Change	
	1980's (actual)	1990s (projected)		1980's (actual)	1990s (projected)
1. Dare	+70.0	+42.5	11. Pitt	+19.7	+18.6
2. Brunswick	+42.5	+28.1	12. Union	+19.6	+18.4
3. Wake	+40.5	+29.7	13. Durham	+19.4	+19.2
4. Onslow	+32.9	+15.9	14. Lincoln	+18.8	+16.3
5. Pender	+29.6	+23.9	15. Henderson	+18.3	+13.5
6. Carteret	+27.9	+19.1	16. Moore	+16.8	+11.9
7. Mecklenburg	+26.5	+23.1	17. Randolph	+16.7	+14.4
8. Currituck	+23.9	+19.3	18. Watauga	+16.7	+7.4
9. Orange	+21.8	+18.8	19. Macon	+16.5	+11.2
10. Franklin	+21.2	+19.7	20. New Hanover	+16.2	+12.0

Source: Sheron K. Morgan and P. William Tillman Jr., *Population Projections: 1991–2020, North Carolina and Its Counties*, N.C. Office of State Planning, July 1992, pp. 14–17.

**Table 2. Makeup of North Carolina Boards of County Commissioners by Party, 1992-94**

	1992		1994	
	Number	Percent	Number	Percent
Democratic Commissioners	390	71%	343	61%
Republican Commissioners	161	29%	217	39%
Boards Controlled by Democrats	73	73%	58	58%
Boards Controlled by Republicans	27	27%	42	42%

*Source:* N.C. Association of County Commissioners, P.O. Box 1488, Raleigh, N.C., 27602; phone (919) 715-2893. There are 100 boards of county commissioners in North Carolina.

"We've got to continually reinvent the organization based on today's demands and the financial realities."

### Local Governments Trying to Balance Traditional Services and New Demands

**H**istorically, county governments were created by the N.C. General Assembly to administer certain state services locally, such as state courts, education, and health services. With increasing urbanization in recent decades, counties have taken on more city-type functions such as planning, water and sewer services, parks, and library systems.<sup>9</sup> (See the related article, "Who's in Charge? How the Federal, State, and Local Governments Allocate Responsibilities," on p. 18.)

Now cities and counties alike are having to reassess their roles. How they respond depends on myriad factors: geography, tax base, population growth, and the leadership of policymakers. Areas with higher population growth are trying to meet demands for new schools, roads, and water treatment plants. Many are turning to user fees to pay for programs, while others are privatizing or contracting out services such as garbage collection and disposal. Some are considering economic development incentives to attract industries. Meanwhile, communities with declining populations are struggling to find ways to deliver basic services with stagnant tax bases.

To glimpse how the elected leaders are responding, consider Nags Head's three garbage col-

lection crews—which start work at midnight during the summer so they can move quickly from house to house when tourist traffic isn't clogging the roads. Or the 70 computer terminals in Charlotte's library system that offer users on-line access to parts of the Internet—a service not available five years ago.<sup>10</sup> Or the Durham City Council's decision this year to drop a long-standing policy not to lay off employees. Or Gastonia's privatization of services such as commercial garbage pickup, landfill disposal, sewer line repairs, and some electrical line maintenance.<sup>11</sup> Or the Raleigh City Council's decision to postpone spending on improvements for streets and parks.

Taken together, these examples show that local governments are offering some new services, cutting or privatizing some others, and delaying spending on other needs. That's the big picture. Now let's consider some examples in more detail.

### Wake County Tries to Cut Spending, Maintain Services

**T**he months since the November 1994 elections have been a time of anxiety and adjustment within Wake County government. A new majority of five Republicans on the seven-member board of county commissioners adopted a 1995-96 budget that abolished 210 jobs and contained a 17 percent cut in the property tax—the largest percentage cut in Wake County since the Depression.<sup>12</sup> Commission Chairman Gary Pendleton said the 1994 election showed there was strong public support for lowering property taxes, and members of the Wake

Taxpayers Association and other conservative groups applauded the tax cuts at public hearings on the county's budget proposal.

"Government is designed to do for people what they can't do for themselves," said Jack Ragan, a Raleigh real-estate appraiser, at one hearing. "Personally I feel we have too much government at all levels."<sup>13</sup>

The tax cut would save \$130 a year for the owner of a house assessed at \$100,000, and even more for most Wake County businesses, which typically have higher assessed values than homes. For example, Carolina Power & Light, a public utility and the county's largest taxpayer, reaped an annual reduction worth \$2.5 million.<sup>14</sup> To achieve those cuts, the Wake board of commissioners gave the county manager a nearly impossible task: cut spending county-wide without reducing any services.

"When you are in a situation of having to do

---

***"When you are in a situation of having to do more with less, you get creative. There's a saying, 'Necessity is the mother of invention.' Maybe tight budgets are the mother of innovation."***

—RICHARD STEVENS  
WAKE COUNTY MANAGER

---

more with less, you get creative," says Stevens, the county manager. "There's a saying, 'Necessity is the mother of invention.' Maybe tight budgets are the mother of innovation."

One way in which Wake County is trying to innovate is by privatizing or contracting out services that previously had been handled by govern-

ment. For instance, the Wake Sheriff's Department in 1995 hired a private company to prepare meals for jail inmates, reducing food-service costs by more than \$400,000 a year. Wake County expects to save another \$30,000 a year by using a private company to manage the county's landfills, which previously had been operated by the city of Raleigh. Wake commissioners have set up a volunteer panel of citizens, nominated by local chambers of commerce, that will look for other ways to privatize government services.<sup>15</sup>

But the county's tax cuts were not painless.

***Tom Moore, Wake County's library director, says members of his staff feel they are being asked to do more with less.***

## **Library Administration Building**



Jim Bounds, The News & Observer

**Table 3. Actions by North Carolina Municipalities to Balance Their Budgets, FY1994–1996**

Budget Actions	Percent of N.C. Cities Taking Actions		
	FY 1993–94	FY 1994–95	FY 1995–96
Cut new spending	45%	39%	41%
Reduced spending growth	45%	32%	34%
Less capital outlay	42%	34%	33%
Raised fees, charges	41%	43%	35%
Cut spending from previous year	26%	25%	24%
New fees, charges	17%	16%	11%
Froze hiring	15%	10%	10%
Contracted services	14%	11%	11%
Raised tax rates	12%	14%	8%
Reduced number of employees	12%	7%	7%
Reduced services	10%	5%	5%
Reduced employee benefits	8%	4%	5%
Shifted services	7%	6%	6%
More impact fees	4%	4%	4%

*Source:* N.C. League of Municipalities, based on surveys of some 520 cities and towns in North Carolina for FY 1993–94 to FY 1995–96. The number of municipalities that responded to that section of the survey was: 488 of 519 in 1993; 461 of 520 in 1994; and 468 of 522 in 1995.

While businesses and homeowners saw lower tax bills, the poor who rely on many of the county's services may feel the brunt of the tax cut. For instance, the board of commissioners reduced the county's annual appropriation for indigent care at Wake Medical Center from \$6.7 million to \$5.2 million—a 22 percent cut. It remains to be seen whether the hospital will be able to provide the same level of indigent care, although administrators could offset the cutback by reducing its profit margins or shifting costs to paying patients.

The budget cutting also raised the caseloads of social workers who handle abused and foster children, lowered the number of poor children who received dental checkups from public health dentists, and reduced the hours available each week for mental patients to receive psychiatric counseling. Faced with shrinking budgets, Wake County agencies have had to change the way they deliver services.

As of July 1, 1995, the county Department of Mental Health dropped its sliding payment scale and began charging full cost to all clients—regardless of their ability to pay. For patients unable to pay in full immediately, the county spreads out the costs. Social workers say that charging clients full cost, even if they don't have to pay right away, tends to cause patients to stop seeking treatment for fear of running up large medical bills.

Frank Welles, a Wake County resident who has a mentally ill daughter, urged commissioners at a June 5, 1995, public hearing to maintain funding for mental health programs and to increase the number of caseworkers. Cutting the funding for mental health programs, he said, will leave many users of these services with nowhere to turn. "It's uncivilized to let these mentally ill people—who are ill through no fault of their own—rot in the alleys, and in the streets, and under the bridges," Welles said.<sup>16</sup>

---

***"The bottom line is if you don't make the cuts, you'll never know. If you really hurt an area, you can always go back and give them more money."***

—GARY PENDLETON

CHAIR, WAKE COUNTY BOARD OF COMMISSIONERS

---

No county agency has had to adapt more than Wake County's library system—the busiest in the state, with a total circulation of 4.6 million books and materials in 1994.<sup>17</sup> As part of an expansion approved by voters in a 1993 bond referendum, the county is currently building two new libraries—a regional library in Apex and a small branch in Wake County Office Park—and is launching a bookmobile service.

While making these additions, the library reduced its staff size and absorbed an 11.7-percent budget cut. To accomplish those cuts, the library system eliminated six positions in its central administration and shifted more supervisory duties to regional branch managers.<sup>18</sup> In other actions, the county has started thinning the staffs at existing libraries, has begun charging a \$25 fee for library card holders who live outside the county, and has reduced by 27 percent the library system's \$1.8-million budget for buying books and magazines.<sup>19</sup> Furthermore, library administrators are considering putting an automated system in branches that would allow patrons to check out books themselves, reducing the demand for staff. The system would cost about \$200,000—about a third of the cost of the personnel who now provide the service.

"The staff really do feel like they are being asked to do more with much less," Library Director Tom Moore said during the process. "The staff is stressed. To say it any other way is not to acknowledge a true feeling."<sup>20</sup>

The system also closed three small part-time branches that served public housing complexes, drawing criticism from people who lived there. Peter Rogers, a patron of the library branch in Glenwood Towers, urged the commissioners not to substitute bookmobile service for the library in the housing complex for the elderly. "Are we to hobble on our walkers or wheel out to the bookmobile?" Rogers asked at a public hearing on the county budget.<sup>21</sup>

Moore says the county did not eliminate, but merely changed the way, it provided services to the

housing complexes. The library system already had planned to serve the communities using bookmobiles, he says, before it was forced to cut back on spending. Plus, the library system is using volunteers to open the Glenwood Towers branch three days a week, while providing library materials through community centers at the other two complexes.

The new budgets show that "downsizing"—reducing the size of the work force and demanding more of employees—is the new buzzword for the public sector. For public workers, it can bring uncertainty about job security, lower morale, and sometimes reductions in benefits. Wake County commissioners didn't provide cost-of-living raises in 1995, and said workers hired henceforth would not be eligible for longevity bonuses that previously had been handed out to reward employees who remained with the county government 10 or more years.

"I don't think there is any question that morale has suffered," says Wally Hill, Wake County's management services director. "At the same time, I don't want to make it seem as if employees are all affected the same way. Some have responded with enthusiasm and eagerness. Others have taken it as a blow to their self-esteem."

Even the most ardent believers in the need for a change say that the downsizing process has been difficult. "It's stressful to know if you're doing the right thing, to make sure you're not hurting people," Pendleton says. "The bottom line is if you don't make the cuts, you'll never know. If you really hurt an area, you can always go back and give them more money."

### **Raleigh Adds Police, Cuts Back on Garbage Collection**

**W**hile Wake County staffers wrestled with how to absorb a substantial tax rate cut without gutting services, their counterparts two blocks away at Raleigh City Hall have been doing much the

same. Republican Mayor Tom Fetzter campaigned on cutting taxes. And for the second consecutive year, the Raleigh City Council has passed property tax cuts. Although it increased spending slightly, the 1995-96 budget contained a 4.9-percent reduction in the tax rate and projected a more modest tax reduction for 1996-97.<sup>22</sup> That's on top of a 4.5-percent cut for 1994-95.

To achieve those cuts, city leaders delayed some capital spending on road construction, streetside landscaping improvements, and appropriations for park construction. "We've had to be more prudent in capital project funding," City Manager Dempsey Benton says. "Our five-year CIP [Capital Improvement Plan] is less than it was. Our spending on capital improvements has moderated." Like Wake County, Raleigh is looking for ways to privatize or contract out services, and Benton has pledged to find 10 areas where the city can bid out programs to private companies during the next two years.<sup>23</sup>

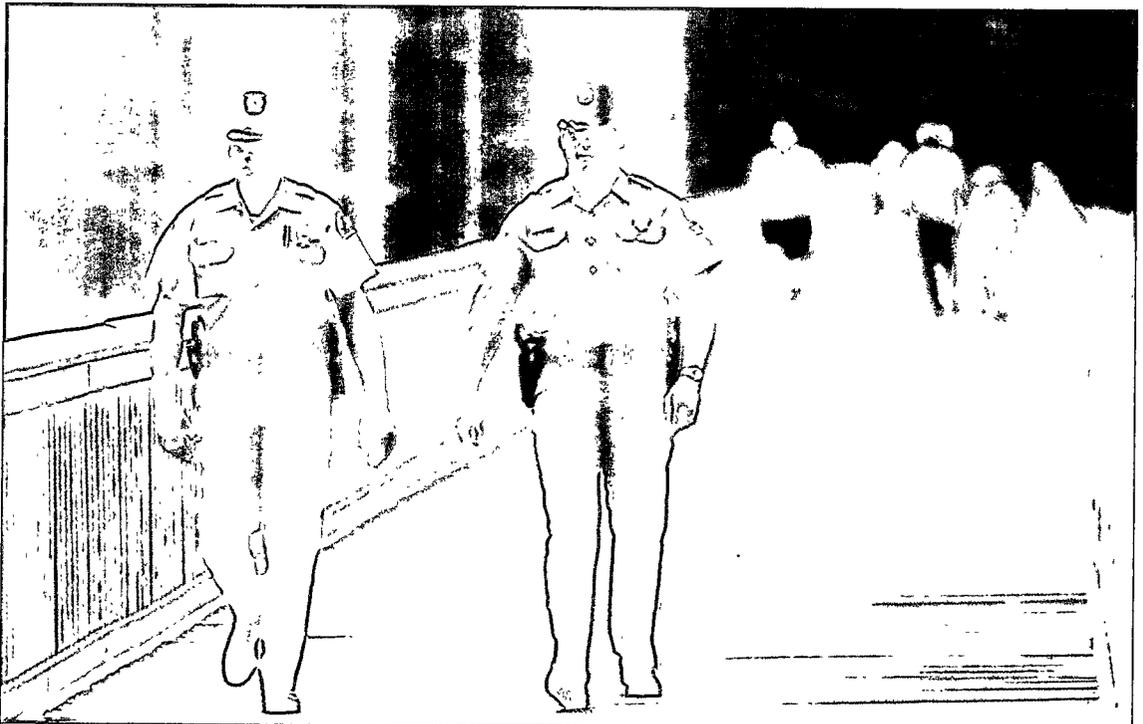
Meanwhile, the city has been increasing some basic services. The city has seen a dramatic increase in criminal drug activity in the 1990s, with the number of drug arrests increasing by 93 percent from 1990 to 1994.<sup>24</sup> Like many cities, Raleigh has been reallocating personnel to add police.

The city council has put 100 new officers on the streets during the last three years. Many were assigned to community policing teams to beef up police presence in higher crime neighborhoods and establish substations in public housing complexes. City Manager Benton said city leaders did not want to add police in trouble areas at the expense of reducing patrols in others. Instead, the city reduced non-public-safety personnel by 120 positions.

One area of city government that is feeling the pinch of personnel reductions is the public works department. The city stopped commercial garbage pickup service as of Jan. 1, 1995, eliminating 40 driver jobs. The city is in the second year of requiring higher output from the residential collection crews. Starting in 1994, garbage collectors who volunteered to work on smaller four-member crews rather than the usual five-member crews received an extra \$125 per week. All 40 of the city's residential garbage collection teams were being reduced to four members in 1995.

The changes didn't come without some drawbacks. It's harder for the crews to stay on schedule. "We may not finish the Monday route until sometime Tuesday," Benton says. "There is some slippage in the week, but we're still meeting our targets on a week-by-week basis."

***The city of Raleigh has added 100 officers to its police force while cutting back spending in other areas, such as roads and parks.***



Harry Lynch, The News & Observer

## Seasonal Growth Strains Services in Coastal Towns

**T**he town of Nags Head, like many of North Carolina's beach communities, has a split personality. Half the year, it is a quiet community along a 12-mile strip of Dare County coast line with a permanent population of 1,818 people. But from late April through September, vacationers flock to its beaches, swelling the population to around 40,000.

Although the seasonal tide of tourists may boost the town's revenues—through the sales taxes on money spent in restaurants, gift shops, and on rental cottages—accommodating all the visitors has its costs. In summer months, the town needs to hire seasonal staff to clean streets and pick up garbage.

More people also means heavier water demand, for everything from brushing teeth to scrubbing down boats. So the town must have higher production capacity in its water-treatment plants to meet peak demand in the tourist season, even though it's not needed during much of the year.

Permanent Nags Head residents use 200,000

gallons a day in January. But demand soars to more than 10 times that amount in the summer—2.6 million gallons on a typical day in August. To keep pace with the thirst for water, government leaders in Nags Head, Kill Devil Hills, and Dare County have jointly built a 3-million-gallon-per-day (mgd) desalination plant that can be expanded to 10 mgd.

Town leaders, rather than raising property taxes to pay for increased water production, have turned to a new revenue source—a water impact fee of \$3,000 per new single-family house that is used for upgrading water utility service. Nags Head has a water-billing system that increases rates in summer months and charges heavy water-users more per gallon to encourage conservation.

Webb Fuller, the Nags Head town manager, says the government feels constant pressure to reduce taxes. Financing the water improvements with increases in property taxes didn't seem entirely fair. "The policy leaders made a determination that we felt it was more equitable to place the burden on the people who are causing the expansion than on the people who were already here," Fuller says.

*Cabarrus County Courthouse in Concord, 1944.*



**Table 4. Property Tax Trends for Local Governments in North Carolina, FY 1994-1996**

Property Tax Actions by Local Governments <sup>1</sup>	FY 1993-94 (Number/Percent)	FY 1994-95 (Number/Percent)	FY 1995-96 (Number/Percent)
<b>Raised Rates</b>			
Cities	59 (12%)	70 (14%)	37 (8%)
Counties	49 (49%)	21 (21%)	27 (27%)
<b>Lowered Rates</b>			
Cities	17 (3%)	21 (4%)	24 (5%)
Counties	3 (3%)	6 (6%)	9 (9%)
<b>Rate Stayed the Same</b>			
Cities	348 (68%)	318 (65%)	324 (66%)
Counties	32 (32%)	59 (59%)	43 (43%)
<b>Revalued Property<sup>2</sup></b>			
Cities	87 (17%)	79 (16%)	103 (21%)
Counties	16 (16%)	14 (14%)	21 (21%)

<sup>1</sup> Sources: City results are from the N.C. League of Municipalities, based on surveys of some 520 municipalities in North Carolina, including 21 that do not levy property taxes. The number of municipalities that responded to surveys were: 511 of 519 in 1993; 488 of 520 in 1994; and 488 of 522 in 1995. County results are from the N.C. Association of County Commissioners, based on surveys of all 100 counties in North Carolina.

<sup>2</sup> Revaluations of property tend to increase the amount of taxes on owners because properties generally increase in value over time, and property taxes are not always lowered proportionately when property is revalued.

### Suburban Sprawl Creates New Demands Near Urban Centers

While the demand for services in Nags Head is driven by the seasonal influx of tourists, the pressure in Cabarrus County is coming from an influx of suburbanites fleeing Mecklenburg County. Cabarrus County lies northeast of Charlotte, a quick drive up I-85. Thousands of people who drive to work in the Queen City each day call Cabarrus home. Real estate advertisements boast of the county's low taxes and good schools. The western

part of the county nearest Charlotte is sprouting new subdivisions.

Like other rural counties near urban centers, Cabarrus is feeling the effect of its proximity through sprawling growth and the conflicting expectations of newcomers and longtime residents. Gerald Newton is the Cabarrus County planning director, and he has watched the county's population grow more in the past five years than it did in the previous 10. The population of Cabarrus grew from 98,934 in 1990 to an estimated 116,700 in July 1995, according to the U.S. Census Bureau.

---

***"...[T]wo years ago, 500 kids showed up on the first day of school who weren't expected. That is a pretty big wake-up call."***

—GERALD NEWTON

PLANNING DIRECTOR, CABARRUS COUNTY

---

Newton says the No. 1 strain caused by the suburban growth is the demand for more classroom space in schools. Eighteen of Cabarrus County's 20 public schools are beyond capacity, and a fifth of the students are housed in portable classrooms. "For example, two years ago, 500 kids showed up on the first day of school who weren't expected," Newton says. "That is a pretty big wake-up call."

The county planning department has become intimately involved in school planning, providing local population estimates of school children. County planners even chose the location of the newest elementary school. "That is a completely different thrust than was here four years ago," Newton says. "It's a new function county government is playing because of growth."

School officials say they need \$100 million to build nine new schools, including seven in the western half of the county. But so far they've only been able to address the needs on a limited basis. In May 1994, voters rejected a bond referendum for \$81 million to finance a school construction program. Statewide, 10 of 29 local school bond referendums failed from January 1993 to December 1995. (See Table 2 on p. 29, in the article "Who's in Charge? How the Federal, State, and Local Governments Allocate Responsibilities.")

To relieve some of the crowded classrooms, the county is financing construction of an \$11-million middle school with a lease/purchase arrangement (through a private lender), and has raised the property tax rate by 2 cents to cover the cost. John Witherspoon, who served as Cabarrus County manager from 1992 to 1995, says politicians who take the long view are scarce in the current political environment.

"Most of them come in with the belief that you could cut back or at least they made a pledge that you would," Witherspoon says. "It's hard for them to come to grips with the reality that they are going to have to go back on their word or cut some service that is going to make people equally unhappy.

Meanwhile, the demand for services like those 500 or 600 new kids who show up on the school doorsteps each year is [generating a] demand for more money."

### **Demand for Services Not Limited to Areas With Growing Populations**

Counties with rapidly growing populations are not the only areas with increasing demands for services. Consider Graham County, a scenic but poor county just south of the Great Smoky Mountain National Park. Graham is among a score of impoverished counties in the mountains and the Coastal Plain of North Carolina that lost population in the 1980s and are forecast to continue losing people in the 1990s. (See Table 6 on p. 15.) In the 1990 census, Graham ranked in the top 10 North Carolina counties in the percentage of residents in poverty and in the bottom 10 in per capita income.

More than two-thirds (113,000 acres) of the land in Graham County is owned by the U.S. Forest Service and therefore tax exempt. Much of the remaining terrain is too steep to provide sites needed by industries.

"We don't have much to tax, while the state mandates us to provide a certain amount of government," says Dale Wiggins, the county manager and a member of the Graham County board of commissioners. "It's not easy to do. We don't have the jobs here to keep people."

Wiggins, a Republican, says he pledged during the 1994 campaign to try to keep down spending, but didn't promise not to raise taxes. "We tried to be realistic," he says, noting that some of the county's public schools need replacing and the costs to dispose of solid waste are increasing since the county closed its landfill.

Young people tend to leave Graham County to find jobs, Wiggins says, but some (like him) eventually return because of the area's natural beauty. The spectacular scenery is expected to attract lots of tourists after the opening of a 46-mile highway from Graham County to Tellico Plains, Tenn., in August 1996. The "Over the Hill Skyway" is projected to attract 1 million people to the county in its first year.

"We're going to see a major influx of people like we've never seen before," Wiggins says. But lack of a growing tax base, he says, hinders the county's ability to build parks with hookups for recreational vehicles and other amenities that would prompt travelers to stay overnight. "We don't have the facilities to trap these people," he says. "We're lacking in restaurants and recreational areas."

**Table 5. Examples of Increased Service Demands  
on Local Governments in North Carolina**

SERVICE PROVIDED	FY 1990-91	FY 1994-95	CHANGE
<b>Aid to Families with Dependent Children<sup>1</sup></b>			
Average Number of Monthly Recipients Per County	2,522	3,077	+22.0%
Average Monthly Payment Per County	\$242	\$228	-5.8%
Average Monthly Administrative Cost Per County	\$35,957	\$46,449	+29.2%
<b>Medicaid<sup>2</sup></b>			
Average Number of Monthly Cases Per County	2,923	5,199	+77.9%
Average Monthly Payments to Vendors Per County	\$1,432,709	\$2,583,097	+80.3%
Average Monthly Administrative Cost Per County	\$43,406	\$57,516	+32.5%
<b>Food Stamps<sup>3</sup></b>			
Average Number of Monthly Recipients Per County	4,882	6,180	+26.6%
Average Monthly Administrative Cost Per County	\$39,063	\$47,459	+21.5%
<b>Law Enforcement<sup>4</sup></b>			
Number of Arrests, Violent Crimes	24,991	25,967	+3.9%
Number of Arrests, Property Crimes	56,093	58,394	+4.1%
<b>Public School Enrollment<sup>5</sup></b>			
Final Statewide Average Daily Membership, K-12	1,070,297	1,131,090	+5.7%

<sup>1</sup> Division of Social Services, *Statistical Journal*, Table 1, pp. 1-2, State Fiscal Years 1991 and 1995, Planning and Information Section, N.C. Department of Human Resources, 325 N. Salisbury St., Raleigh, N.C., 27603. Counties are responsible for 50 percent of the AFDC administrative costs and about 16 percent of the AFDC payments. Preliminary data show that AFDC caseloads could decline substantially for the 1995-96 fiscal year. From July 1995 to February 1996, the average number of monthly recipients per county was 2,815—a 9.5-percent drop from the previous year.

<sup>2</sup> *Ibid.*, Table 2, pp. 3-4. Counties are responsible for 50 percent of the administrative costs for Medicaid and 5.2 percent of the payments to vendors.

<sup>3</sup> *Ibid.*, Table 3, pp. 5-6. Counties are responsible for 50 percent of the administrative costs for Food Stamps.

<sup>4</sup> State Bureau of Investigation, *Crime in North Carolina*, N.C. Department of Justice, Division of Criminal Information, Raleigh, p. 189 in 1992 edition, p. 223 in 1995 edition. Arrest data are for calendar years 1990 and 1994, not fiscal years. Violent crime index includes arrests for murder, rape, robbery, and aggravated assault. Property crime index includes arrests for burglary, larceny, and motor vehicle theft.

<sup>5</sup> Data from the N.C. Department of Public Instruction. Although public school attendance grew modestly statewide, many urban counties experienced substantial increases while some rural counties saw declines. For instance, membership increased 19.5-percent in Wake County, 19.0 percent in Davie County, 17.1 percent in Cabarrus County, and 11.6 percent in Mecklenburg County from 1990-91 to 1994-95. DPI projects that final average statewide daily membership will grow to 1,155,180 for the 1995-96 school year, a 2.1-percent increase from 1994-95.

---

***"We don't have much to tax, while the state mandates us to provide a certain amount of government. It's not easy to do. We don't have the jobs here to keep people."***

—DALE WIGGINS, COUNTY MANAGER  
AND A GRAHAM COUNTY COMMISSIONER

---

Pigs, not people, are moving into Jones County. One of eastern North Carolina's small, rural counties, Jones County has been losing population for more than a decade and now has less than 10,000 people, according to the 1990 U.S. Census. But the county's swine population has exploded, growing by nearly tenfold from 1983 to 1993. Located in the heart of the state's rapidly growing hog industry, the county had 169,000 hogs in 1994.<sup>25</sup> Four of the county's 20 largest taxpayers now are commercial hog operations, led by Brown's of Carolina—which ranked second only to the Weyerhaeuser Company, which owns thousands of acres of pine forests there

and has long been the county's largest taxpayer. The county's other large hog operations include Neuhoff Farms, and farms owned by John Currin Howard and Bobby McLawhorn, according to tax records.

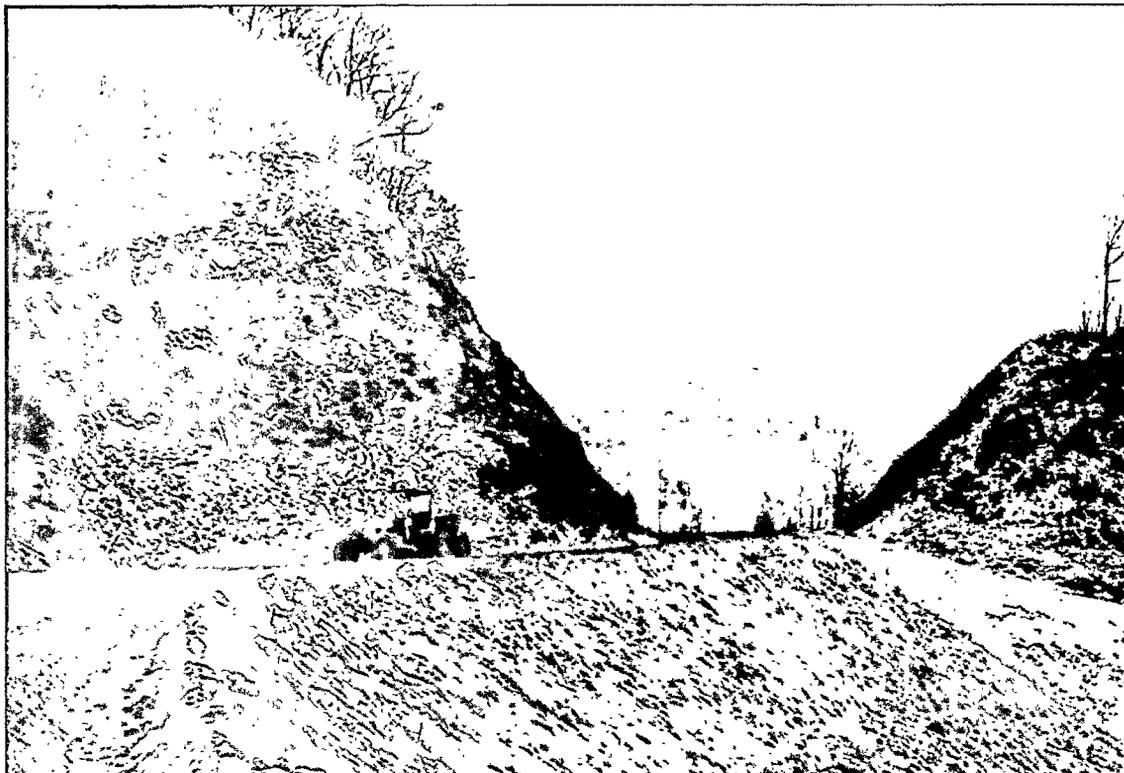
"Three years ago, we [had] never heard of them," says Wayne Vanderford, Jones County's tax supervisor. "That shows you how hogs are growing in eastern North Carolina."

Jones County was one of 19 counties that lost population in the 1980s. (See Table 6 on p. 15.) And it's among those projected to lose population this decade—9.8 percent, in fact.<sup>26</sup> Predominantly agricultural, the county ranks in the top fourth among North Carolina's counties in the percentage of people in poverty.<sup>27</sup> It is struggling to provide basic services such as garbage collection, ambulance service, and law enforcement.

"There is really pressure on both sides," Jones County Manager Larry Meadows says. "Demands for services, demands for schools, demands from different agencies. There is pressure on the other side from taxpayers not to increase taxes. I know we're being stretched like a rubber band."

Still, the county is providing some new services. In July 1995, it hired two emergency medical

***The new "Over the Hill Skyway" being built between Tennessee and North Carolina is expected to bring a major influx of tourists to Graham County.***



Kate Henry, The Graham Star

**Table 6. North Carolina Counties That Lost Population in the 1980s or Are Projected to Lose Population in the 1990s**

County	Population Change		County	Population Change	
	Actual 1980s	Projected 1990s		Actual 1980s	Projected 1990s
1. Anson	-8.48%	-7.28%	11. Bertie	-3.03%	-2.43%
2. Hyde	-7.87%	-5.69%	12. Jones	-3.00%	-9.77%
3. Northampton	-6.29%	-5.72%	13. Tyrrell	-2.99%	-3.60%
4. Bladen	-6.00%	-5.06%	14. Columbus	-2.84%	-3.41%
5. Washington	-5.43%	-4.94%	15. Duplin	-2.34%	-1.50%
6. Sampson	-4.81%	-6.14%	16. Richmond	-1.42%	-0.18%
7. Greene	-4.55%	-5.41%	17. Ashe	-0.52%	-2.12%
8. Lenoir	-4.25%	-4.29%	18. Graham	-0.29%	-0.93%
9. Hertford	-3.62%	-1.73%	19. Caswell	-0.06%	+0.05%
10. Martin	-3.35%	-3.48%	20. Alleghany	+0.03%	-1.36%
			21. Mitchell	+0.03%	-1.37%

Sources: 1990 U.S. Census and N.C. Rural Economic Development Center for population losses in the 1980s, N.C. State Data Center for projected population losses in the 1990s.

technicians to handle ambulance calls Monday through Friday. The ambulance will be housed in a station built by a local high-school carpentry class—a choice county leaders made to save money.

The influx of the hog farms, while increasing the tax base, also has generated a lot of citizen complaints. That has made county leaders consider something unusual for a rural county—a land use plan to guide growth and head off future conflicts between farms and residents.

“We’re getting a lot of complaints,” says Meadows, who doubles as county manager and county planner. “We’re putting together a land-use plan. It could be a nightmare to get passed in a rural county like Jones. People feel like we regulate their land enough already.”

### Conclusion

Population planners project that North Carolina will continue its uneven population growth pattern during the next decade, with urban centers gaining and some rural eastern and mountain coun-

ties actually losing people. That means poor counties such as Jones and Graham will continue having to stretch to meet their basic needs, while also facing new demands such as an increased need for waste disposal and treatment. Meanwhile, residents of metropolitan areas such as Charlotte and Raleigh will have to pay for their population growth. They’ll have to build new schools, recreational facilities, and infrastructure, and hire more police, garbage collectors, and other staff.

One thing is certain: all local governments will have to find new ways to meet the increasing demand for services. How they meet those demands will vary from county to county, and city to city. But unless the public changes its current anti-tax sentiments, local officials will be forced to make some tough decisions on shifting their spending priorities, compensating their employees, expanding their reliance on user fees, and cutting back on certain services. Local officials will have to take a more business-like approach to running government, searching for ways to pare expenses and operate more efficiently. They also will have to take

**"There is really pressure on both sides. Demands for services, demands for schools, demands from different agencies. There is pressure on the other side from taxpayers not to increase taxes. I know we're being stretched like a rubber band."**

—LARRY MEADOWS, JONES COUNTY MANAGER

a hard look at the services they offer, perhaps deciding that it's better to contract out or privatize certain government programs.

But many questions remain about the recent trend toward lower taxes. Will local governments be able to cut taxes without substantial reductions in services? Will the public continue to support tax cuts if popular services are reduced? What effects will the cutbacks have on long-range planning by local governments? Will the reductions lead to the deterioration of road, bridges, and other infrastructure? We won't know the answers to some of these questions, such as the effects on infrastructure, for many years. But the answers to other questions, such as the depth of public support for downsizing, may come as soon as this fall—when voters return to the polls. □

## FOOTNOTES

<sup>1</sup> Although elections are nonpartisan for school boards and most city councils in North Carolina, political parties have become much more active in supporting candidates in local campaigns in recent years—particularly in larger cities such as Charlotte and Raleigh. Elections are partisan for boards of county commissioners.

<sup>2</sup> Monthly reports of building permit activity, 1985–1995, Wake County Tax Assessor's Office, Raleigh, N.C. For a discussion of building activity in Wake County, see Steve Riley and Carrick Mollencamp, "Great expectations," *The News & Observer*, Raleigh, N.C., Oct. 23, 1994, p. 1A.

<sup>3</sup> Office of Policy and Planning, *North Carolina Population Projections*, N.C. Department of Administration, Raleigh, N.C., 1994. For more discussion, see Sally Hicks, "Triangle forecast: big and bigger," *The News & Observer*, Raleigh, N.C., June 29, 1995, p. 1A.

<sup>4</sup> Lee M. Mandell, "Results of the 1995 North Carolina Municipal Tax Rates and Budget Adjustments Survey," report published by the N.C. League of Municipalities, Raleigh, N.C., August, 1995. The league surveyed cities and towns during July and August of 1995, with responses received from 488 of the state's 522 municipalities (93.5 percent). The league received 468 responses to its question about budget actions.

<sup>5</sup> N.C. Association of County Commissioners, *Comparison of Actual County General Property Tax Rates: FY 1988–FY 1995*, Vol. 15 (Aug. 21, 1995), p. 6.

<sup>6</sup> Howard, Merrell & Partners and Ken Eudy Communications, *Wake County Customer Satisfaction Survey*, conducted for Wake County government, Raleigh, N.C., December 1994. The survey was based on interviews with 725 county residents between Feb. 23 and March 4, 1993, with a margin of error of +/- 3.6 percent.

<sup>7</sup> FG\*I Research, Chapel Hill, N.C., "Triangle Poll," conducted for *The News & Observer*, Raleigh, N.C., July 1995.

<sup>8</sup> Debbi Sykes, "Tax cut protestors give money back to the county," *The News & Observer*, Raleigh, N.C., Oct. 3, 1995, p. 3B.

<sup>9</sup> Donald A. Hayman, "The County Manager," essay in *County Government in North Carolina*, 3rd Edition, edited by A. Fleming Bell II, Institute of Government, University of North Carolina at Chapel Hill, 1989, p. 18.

<sup>10</sup> Tim Vercellotti and Todd Silberman, "Continuing popularity, budget austerity impose new demands," *The News & Observer*, Raleigh, N.C., July 26, 1995, p. 1A.

<sup>11</sup> Margot Christensen, "Downsizing, rightsizing, cutback management, privatizing, re-engineering: Call it what you like, Tar Heel cities and towns are old hands at trimming the cost of government," *Southern City*, N.C. League of Municipalities, Vol. XLV, No. 2 (February 1995), pp. 6–7.

<sup>12</sup> Wake County, North Carolina, Annual Budget, 1995–96, p. IX. Also see Wade Rawlins, "Wake taxes could fall 17%," *The News & Observer*, Raleigh, N.C., May 23, 1995, p. 1A.

<sup>13</sup> Wade Rawlins, "Residents put Wake tax cuts into human terms," *The News & Observer*, Raleigh, N.C., June 6, 1995, p. 1A.

<sup>14</sup> Wake County Property Tax Records, 1995, Wake County Revenue Collector's Office, Raleigh, N.C. See Wade Rawlins, "Wake cuts are kindest to corporate taxpayers," *The News & Observer*, Raleigh, N.C., May 25, 1995, p. 1A.

<sup>15</sup> Wade Rawlins, "Panel to study hiring businesses for county work," *The News & Observer*, Raleigh, N.C., Oct. 19, 1995, p. 3B.

<sup>16</sup> Rawlins, note 13 above.

<sup>17</sup> Vercellotti and Silberman, note 10 above.

<sup>18</sup> *Ibid.*

<sup>19</sup> Rawlins, note 13 above.

<sup>20</sup> Wade Rawlins, "3 libraries at risk in Wake County," *The News & Observer*, Raleigh, N.C., May 10, 1995, p. 1A.

<sup>21</sup> Rawlins, note 13 above.

<sup>22</sup> 1995–96 City of Raleigh budget.

<sup>23</sup> Rawlins, note 15 above.

<sup>24</sup> Raleigh Police Department, Crime Analysis Section, *1994 Annual Summary*, pp. 4–9. According to the report, the number of drug arrests grew from 1051 in 1990 to 2025 in 1994, an increase of 92.6 percent, and the number of drug violation cases grew from 1182 in 1990 to 2273 in 1994, an increase of 92.3 percent. Those increases can be attributed to increased criminal activity as well as greater police surveillance and different reporting methods.

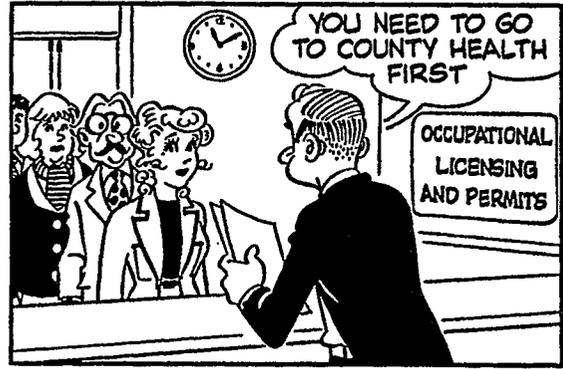
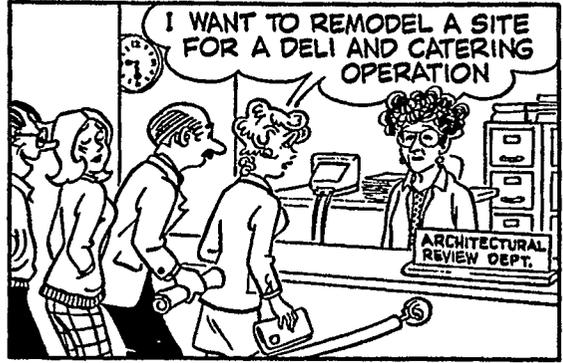
<sup>25</sup> Bob Murphy and Craig Hayes, *North Carolina Agricultural Statistics 1995*, published jointly by the North Carolina and United States Departments of Agriculture, 1995, p. 61. For a discussion of North Carolina's growing hog population, see Joby Warrick and Pat Stith, "The Power of Pork," a five-part series in *The News & Observer*, Raleigh, N.C., Feb. 19–26, 1995.

<sup>26</sup> Ken Otterbourg and Mike McLaughlin, "North Carolina's Demographic Destiny: The Policy Implications of the 1990 Census," *North Carolina Insight*, Vol. 14, No. 4 (August 1993), p. 6.

<sup>27</sup> *Ibid.*, p. 18.

# BLONDIE

BY DEAN YOUNG & STAN DRAKE



Reprinted with special permission of King Features Syndicate