

STATE BUDGET CHALLENGES AND THE SCOURGE OF POVERTY

GENE NICHOL*

I start with a disclaimer. I am not a state debt scholar, not a bankruptcy expert, not a state constitutional theorist, not a local government practitioner, not a state constitutional historian, not a student of South American federalism, not an economist. I could go on. In fact, I could say that the only thing I know about public debt is that I am against it. But, it turns out, even that may not be true. There is, in short, a very convincing argument to be made that I had no role to play in this symposium, nothing helpful to contribute. I made that very point, enthusiastically, to our persuasive conveners.

Apparently my role was to provide amateur counterpoise, or perhaps hysteria, from odd direction and perspective. That, simply put, is fine with me. We all have our assignments in this life. What might be said is that, almost as a practitioner, I have worked the legislatures of three states pretty hard—on dollars and cents issues—in education, human services, access to the justice system, and taxation. The statehouses operated in hugely distinctive political cultures: Colorado, Virginia, and North Carolina. On the fronts I want to explore, though, I saw a rigid symmetry in results. Beyond that, I have spent more than a little time concentrating on issues of poverty and economic justice. It is through these lenses that I will focus, having none other.

I will also concentrate more on North Carolina than is thought typical, or even perhaps appropriate, at a distinguished academic conference like this one. But, as excuse, in preparation for our discussions, I learned that Michael Greve¹ would be exploring, in significant measure, similar budget challenges in Germany, Brazil, and Argentina. So I thought it only fair to throw another foreign entity into the mix: the State of North Carolina.

* Boyd Tinsley Distinguished Professor and Director, Center on Poverty, Work & Opportunity, University of North Carolina.

1. Michael Greve, *Our Federalism is Not Europe's. It's Becoming Argentina's.*, 7 DUKE J. CONST. L. & PUB. POL'Y 17 (2012).

I begin this brief essay, in Part I, with the uncontested. State budget exigency has dominated our legislative halls now for several years running. Its challenges are pronounced and pervasive. Nor does the foreseeable horizon promise ascertainable relief. In Part II, I explore the specific phenomenon of state tax expenditures. Though they constitute a highly significant portion of the state budget calculus, tax expenditures frequently escape the scrutiny afforded direct expenditures in times of economic exigency. As a result, essential social services programs—designed principally to aid the economically distressed and marginalized—can be made to bear a disproportionate burden in the budget-balancing process. Finally, and most importantly, I argue in Part III that although the structural challenges addressed in state deficit and debt debates are crucial, and variegated, they frequently ignore the largest problem facing local, state, and national governments: the tragic transgression of intense and pervasive poverty in the wealthiest nation on earth. As we explore the daunting challenges our state deliberations reveal, it is important to remind ourselves of the larger defining problems we continue to ignore.

I. STATING THE OBVIOUS

It is of course no secret that state budgets, across the country, are extraordinarily stressed. There are a thousand ways to suggest that. There is the huge specter of Medicaid obligations. Frightening pension commitments loom.² Dramatically reduced spending levels exist across the nation.³ North Carolina is at least illustrative: last year, about \$2 billion in hard dollar cuts were meted out on a final budget of \$19.7 billion.⁴ Almost \$500 million was taken from K-12 education, \$350 million from the University of North Carolina system, \$432 million from social services, \$165 million from law enforcement and public safety—the list is long and brutal.⁵

2. See *infra* text accompanying notes 14–22.

3. Dennis Cauchon, *Spending by States and Cities Declines: Budget Restraint is Most in a Decade*, USA TODAY, Feb. 13, 2012, at A1.

4. Brenna Burch & Edwin McLenaghan, *The 2011-2013 Final Budget: Neglecting a Balanced Approach, Budget Costs Jobs and Delays Economic Recovery*, 17 BTC REPORTS 6 (N.C. Justice Ctr., Raleigh, N.C.), available at <http://www.ncjustice.org/sites/default/files/BTC%20Reports%20-%202011-2013%20Final%20Budget.pdf> (last visited Mar. 22, 2012).

5. *Id.*

To up the ante, we presently undergo what is referred to as a “public sector depression.”⁶ From 2009 through 2011, we experienced unprecedented levels of public-sector job losses for three years in a row. It is soon to be four.⁷ State job losses are registered at levels and durations that have not occurred in many decades.⁸ In 2011, North Carolina added 19,600 jobs to its economy in total; the “private sector created 29,400 positions, but the public sector cut 9,800.”⁹

As further indication, perhaps, a recent front-page headline in the Raleigh News & Observer noted that the “Exodus From State Legislature Grows.”¹⁰ The story reported that the former Speaker of the House, a widely respected thirty-two-year legislator, had announced that he would not seek reelection,¹¹ joining a bevy of his Democratic colleagues in the House.¹² As of the candidate-filing deadline, reports indicated a remarkable thirty-four open seats in the House and ten in the Senate.¹³ The totals included large numbers of bailing Republicans as well. This suggests, perhaps, that the job has become less pleasing than anticipated, even for those in a new majority, and that the modest joys that come from severely cutting your adversaries’ budgets are short-lived and less than completely

6. See David Dayen, *The Remarkable Public Sector Depression*, FIREDOGLAKE (Jan. 9, 2012, 6:15 AM), <http://news.firedoglake.com/2012/01/09/the-remarkable-public-sector-depression> (discussing mass private-sector layoffs as a public-sector depression).

7. *Id.*

8. *Id.*

9. Bruce Mildwurf & Rick Smith, *Report: North Carolina Has Fewer Jobs Now Than in 1999*, WRAL (Feb. 13, 2012), <http://www.wral.com/news/local/story/10724413/>; see also *No Rebound For NC Job Market In 2011*, SOUTH BY NORTH STRATEGIES, LTD. (Feb. 10, 2012), <http://www.sbnstrategies.com/archives/9798>.

10. John Frank, *Exodus From Legislature Grows*, NEWS & OBSERVER (Feb. 03, 2012, 4:04 AM), <http://www.newsobserver.com/2012/02/03/1826871/exodus-from-legislature-grows.html>.

11. *Id.*

12. Gary D. Robertson, *North Carolina Democrats Watching Exodus from Legislature*, PILOTONLINE.COM (Feb. 12, 2012), <http://hamptonroads.com/2012/02/nc-democrats-watching-exodus-legislature>.

13. John Frank, *An election primer for the 2012 races in North Carolina*, NEWS & OBSERVER, Mar. 1, 2012, at B1, available at <http://www.newsobserver.com/2012/03/01/1894926/an-election-primer-for-the-2012.html>. The day before this symposium was held, Jennifer Weiss, another of the strongest Democratic members of the House, announced that she, too, would not seek reelection. Linda Garrou, a previously powerful Democratic senator announced that she would retire as well. A Raleigh newspaper described the many departures as follows: “A Mass Exodus: A significant number of legislative seats are open this election because of retirements and redistricting. Voters will see contested races for 34 open seats in the House and 10 open seats in the Senate. This comes after major turnover in the 2010 election when Republicans took control of the legislature. Among the major departures: House Democratic leader Joe Hackney of Chapel Hill, Rep. Grier Martin of Raleigh, Rep. Jennifer Weiss of Cary and Sen. Richard Stevens of Cary.” *Id.*

satisfying. Nor can the pain be easily cabined and restricted to the unworthies. Tough duty for all.

II. MODEST POINTS OF PROCESS

Legislating triggers a relentless cascade of value judgments. Ever has it been so. If we are to examine the stresses state budgets pervasively encounter, it is impossible to ignore the prioritization, reflected foundationally within dollar determinations, which work to augment the already-imposing crisis. This year, for example, North Carolina accepted dramatically deeper cuts to public education, higher education, and social services in order to allow a three-quarter cent sales-tax provision to expire. This was required, apparently, to remain precisely within the sweet spot of a “no tax” pledge.¹⁴ It can be hard to conclude, in the face of such judgments, that legislators are paying close attention to what occurs around them. It also makes one doubt that the deficit inquiry—with the brutal dilemmas it can present—is being entrusted to the right crowd.

Another deliberative drawback is less predictable and more systemic. Our twenty billion dollar annual budget is depleted every biennium, according to North Carolina’s 2011 Tax Expenditure Report, by over nine billion in tax expenditures.¹⁵ These figures have more than doubled since 2005.¹⁶ The state’s Department of Revenue defines the undertakings as including “exemption, exclusion, deduction, allowance, credit, refund, preferential tax rate, or any other device that reduces the amount of tax revenue that would otherwise be collected.”¹⁷

I was delighted to learn recently, for example, that various tobacco distributors get an impressive tax break if they choose to file their mandated reports and cigarette tax collections on time.¹⁸ Alcohol distributors enjoy parallel treatment.¹⁹ I scoured the 2011 Tax

14. Burch & McLenaghan, *supra* note 4.

15. See N.C. DEP’T OF REVENUE, POL’Y ANALYSIS & STATISTICS DIV., *North Carolina Biennial Tax Expenditure Report 2011*, 3 (2011), available at http://www.dor.state.nc.us/publications/nc_tax_expenditure_report_11.pdf (listing \$9,242,741,000 for the biennium in tax expenditures for the North Carolina General Assembly).

16. See N.C. DEP’T OF REVENUE, TAX RESEARCH DIV., *North Carolina Biennial Tax Expenditure Report 2005*, 3 (2005), available at http://www.dor.state.nc.us/publications/nc_tax_expenditure_report_05.pdf (listing \$3,570,300,000 for the biennium in tax expenditures for the North Carolina General Assembly).

17. *Id.* at 1.

18. *Id.* at 13.

19. See *id.* (noting a discount for timely reports).

Expenditure report to see if citizens, like myself, who file their returns by April 15, might qualify for such heartening largesse. I was stunned to learn that on this crucial front, I am, apparently, denied equal protection of the laws of North Carolina.

There is a modestly larger and more serious point hidden here. States generally require a wide array of procedures, hearings, hoops, documents, findings, publications, and the like to accompany their direct spending determinations. Tax expenditures, of course, usually get far less scrutiny—no matter how dire the budget chaos. They are also saleable as infinitely more beloved tax cuts. Most are written into the tax code and continue indefinitely. States do not usually document their effectiveness in the same fashion as on-budget expenditures. Without clear indication of a particular expenditure's costs and benefits, legislators either simply do not explore such comparative benefits or they grope futilely in the dark. No more fully informed decision is pressed. Lawmakers' typical claims, particularly when on dire budget terrain, that "everything is on the table," are rendered less accurate than one would hope.²⁰

The introduction, in now over forty states (including North Carolina), according to the Center on Budget and Policy Priorities, of some formal reporting mechanism for tax expenditures, is a sanguine step toward deliberation and transparency.²¹ I fear, though, that in many of the forty-four states the requirement of a tax expenditure report has not led to anything like a careful review and justification for whatever may eventually appear on the list.²² Certainly that is the case here. North Carolina's last legislative session would have looked markedly different if it had, along with the massive direct spending cuts, taken a dramatic whack out of the tax expenditure side of the ledger. The relative obscurity of tax expenditures thus bloats the challenges of state deficit budgeting. And since tax expenditures often benefit the already economically privileged, pressures on social services ledgers are disproportionately augmented.

20. See Michael Leachman, Dylan Grundman & Nicholas Johnson, *Promoting State Budget Accountability through Tax Expenditure Reporting*, CTR. FOR BUDGET & POL'Y PRIORITIES 3 (2011), available at <http://www.cbpp.org/files/5-11-11sfp.pdf> (noting a lack of transparency); see also Andy Nicholas, *Every Dollar Counts: Why It's Time for Tax Expenditure Reform*, WASH. STATE BUDGET & POL'Y CTR. (2011), available at http://budgetandpolicy.org/reports/every-dollar-counts-why-its-time-for-tax-expenditure-reform/pdf_version (listing potential means of ensuring cost-effectiveness and accountability).

21. Leachman, Grundman & Johnson, *supra* note 20; see also Nicholas, *supra* note 20, at 7–8 (recommending enhancing tax expenditure audits).

22. See Nicholas, *supra* note 20, at 3–6 (arguing that tax expenditures lack transparency).

III. THE SCOURGE OF AMERICAN POVERTY

Still, I would like to press beyond these matters of process and deliberation to a more central front. We face daunting structural problems, for varied reasons, in our state fiscal determinations. There can be little doubt of that. Bad as these truths are, though, they do not touch upon the most imposing and defining challenge we face. That challenge—the scourge of intense poverty in the wealthiest nation on earth—will not be the focus of many statehouse discussions.

I know it is fair, at the least, to say that the challenges facing the poorest members of our communities have not made their way to the agenda of the legislatures with which I have worked—in whatever state, Democratic or Republican, pre-recession or post. The most pointed challenges of economic distress remain largely beyond our legislative field of vision. It is rare, I will concede, for a politician to put it as crudely as Governor Mitt Romney recently did.²³ But the *Washington Post*, after the Romney hiccup, was surely right to conclude: “It is a bipartisan truth that talking about the poor has fallen out of political fashion.”²⁴

Fifteen percent of Americans—forty-six million people—currently live below the stingy federal poverty standard.²⁵ In raw numbers, this is the highest figure in our history. On a percentage basis, it is the most

23. I refer here to Governor Romney’s claim that he is not concerned about the “very poor.” See Wash. Post Writers Group, *Romney on the Very Poor*, reprinted in NEWS & OBSERVER, Feb. 4, 2012, at A12, available at <http://www.newsobserver.com/2012/02/04/1828467/romney-on-the-very-poor.html> (“It is a bipartisan truth that talking about the poor has fallen out of political fashion. Both parties prefer to focus their rhetoric on the beleaguered middle class, which, perhaps not coincidentally, is where the votes are.”). I must concede, though, that it is possible to surpass even Governor Romney’s tin ear. In North Carolina, a few weeks after the conference that provides the basis for this symposium occurred, a state legislator indicated in a formal committee hearing that no one in the state lives in extreme poverty. Rep. George Cleveland, a Republican from Onslow, claimed: “We have no one in the state of North Carolina living in extreme poverty. We might governmentally say they are, but they’re not Extreme poverty is that you’re out there living on a dollar and a half a day. I don’t think we have anybody in North Carolina doing that.” Martha Waggoner, *N.C. Legislator’s Comments About Poverty Draw Ire*, ASSOCIATED PRESS, Mar. 2, 2012, available at <http://www.blueridge.com/article/20120302/ARTICLES/120309929>. It is difficult to conclude whether Rep. Cleveland’s comments are more callous or stupid. According to the federal government, in the Census Bureau’s American Community Survey, Rep. Cleveland’s home county (Onslow) has a child poverty rate of 19.7% and an extreme poverty rate of 10.1%. AMERICAN COMMUNITY SURVEY, U.S. CENSUS BUREAU (2010). Rep. Cleveland apparently believes that if anyone in India has a lower income than you do, you are not living in poverty.

24. Wash. Post Writers Group, *supra* note 23.

25. See U.S. CENSUS BUREAU, *Income, Poverty and Health Insurance Coverage in the United States: 2010*, 14 (2011), available at <http://www.census.gov/prod/2011pubs/p60-239.pdf>. The federal poverty standard is about \$22,000 of income a year for a family of four. *Id.* at 61.

in decades.²⁶ Our poverty is highly distorted on the basis of race,²⁷ age, and sex. To our undisguised and unexplained shame, about twenty-two percent of American children live in stark and unrelenting poverty.²⁸

According to a new international study by the Organization for Economic Cooperation and Development (OECD), immensely imposing gaps—or chasms—of economic inequality separate the richest and poorest segments of American society.²⁹ Among the twenty-five OECD countries, “much lower” disparities exist in “the Nordic and many continental European countries” and the highest polarization appears in “Israel, Turkey and the United States.”³⁰ Some of the most notable increases in inequality over the past twenty-five years have occurred in the United States and Mexico.³¹ This has been accompanied in our case, according to OECD, by one of the most modest safety nets among the advanced western democracies.³²

This parallels, in a sense, the conclusions of the Gates Foundation/World Justice Project’s massive “Rule of Law” study. That study, completed during 2010, compared actual—rather than professed or formal—access to the civil justice systems of much of the world. The “Rule of Law” study placed the United States last among the wealthy democracies.³³ We talk the most about equal justice but, comparatively—as those who labor in the access-to-justice vineyard can well attest³⁴—do the least.

26. *Id.* (“The poverty rate in 2010 (15.1 percent) was the highest poverty rate since 1993 but was 7.3 percentage points lower than the poverty rate in 1959, the first year for which poverty estimates are available.”); *id.* at 14 (“Since 2007, the poverty rate has increased by 2.6 percentage points . . .”).

27. In 2010, over twenty-five percent of blacks and Hispanics lived in poverty in the United States. *Id.* at 15.

28. *See id.* (including statistics for 2010).

29. ORG. FOR ECON. CO-OPERATION AND DEV., *Divided We Stand: Why Inequality Keeps Rising* 28 (Dec. 2011), available at http://www.oecd.org/document/51/0,3746,en_2649_33933_49147827_1_1_1_1,00.html.

30. *Id.* at 22.

31. *Id.*

32. *See* Wash. Post Writers Group, *supra* note 23 (describing the United States as having one of the “least generous safety nets in the wealthy developed world”).

33. Mark Agast, Juan Carlos Botero & Alejandro Ponce, *WJP Rule of Law Index 2010*, THE WORLD JUSTICE PROGRAM 95, 106 (2010), available at <http://worldjusticeproject.org/rule-of-law-index/> (ranking the United States eleventh out of eleven high-income nations in the survey and seventh out of seven regionally for access to civil justice).

34. *See, e.g.*, AM. BAR ASS’N TASK FORCE ON ACCESS TO CIVIL JUSTICE, REPORT TO THE HOUSE OF DELEGATES 112A (Aug. 7, 2006); DEBORAH RHODE, ACCESS TO JUSTICE 13 (2004) (“[M]illions of Americans are locked out of law entirely.”); Barbara Bezdek, *Silence in the Court: Participation and Subordination of Poor Tenants Voices in the Legal Process*, 20

In North Carolina, poverty is worse than in the United States as a whole. Almost eighteen percent of us live in poverty.³⁵ Almost twenty-five percent of our kids are officially poor.³⁶ Almost forty percent of our black, Latino, and Native American children fall below the federal standard.³⁷ These are numbers so embarrassing they are hard to admit to ourselves, much less get our arms around. There are communities within sixty miles of Durham, in what used to be called the black belt, where more than fifty percent of the residents live in poverty—removed and separated from the drivers of North Carolina commerce.³⁸

Ten counties between here and the coast—Bertie, Bladen, Columbus, Halifax, Martin, Northampton, Pitt, Robeson, Tyrrell and Washington—meet the federal definition of persistent poverty: twenty percent or more of their citizens have lived in poverty for each of the last thirty years.³⁹ But you could as easily have said a hundred. A new study by the North Carolina Justice Center finds, unsurprisingly, markedly diminished standards of education, housing, employment, infrastructure, and healthcare in these distressed communities.⁴⁰ In many, close up, it appears as if neither the civil rights movement nor the internet age has made an appreciable impact.⁴¹

HOFSTRA L. REV. 533 (1992); Earl Johnson, Jr., *Equal Access to Justice: Comparing Access to Justice in the United States and Other Industrial Democracies*, 24 FORDHAM INT'L L.J. 83 (2000); Carroll Seron et al., *The Impact of Legal Counsel on the Outcomes For Poor Tenants in New York City's Housing Court: A Randomized Experiment*, 35 L. & SOC'Y REV. 419 (2001).

35. Sabine Schoenbach & Tazra Mitchell, *Poverty Grows, Opportunity Declines: North Carolina Poverty Rate Climbs as Lawmakers Fail to Focus on Job Creation*, BTC BRIEF (N.C. Justice Ctr., Raleigh, N.C.), Sep. 2011, at 1, available at <http://www.ncjustice.org/sites/default/files/BTC%20Brief%20-%20Poverty%20Grows%20Opportunity%20Declines.pdf>.

36. *Id.*

37. *Id.*

38. Gene Nichol, *Poverty, Right Before Our Eyes*, NEWS & OBSERVER, Jan. 30, 2012, at A13, available at <http://www.newsobserver.com/2012/01/30/1811731/poverty-right-before-our-eyes.html>. For more discussion on the referenced poverty tour with various municipal leaders emphasizing city-based poverty statistics, see *infra* note 43.

39. Alexandra Sirota, *The Legacy of Hardship: Persistent Poverty in North Carolina*, BTC BRIEF (N.C. Justice Ctr., Raleigh, N.C.) Jan. 2012, at 1, available at http://www.ncjustice.org/sites/default/files/BTC%20Brief%20-%20Persistent%20Poverty_0.pdf.

40. See generally *id.* (describing those diminished standards); Brenna Erford Burch & Tarza Mitchell, *Tough Times in Small Places—North Carolina's Rural Communities Are More Susceptible to the Impact of State and Federal Budget Decisions than their Urban Counterparts*, 18 BTC REPORTS 2 (N.C. Justice Ctr., Raleigh, N.C.), Feb. 2012, at 1, available at [http://www.ncjustice.org/sites/default/files/BTC%20Report%20---%20Tough%20Times%20for%20Small%20Places_FINAL%20\(2\).pdf](http://www.ncjustice.org/sites/default/files/BTC%20Report%20---%20Tough%20Times%20for%20Small%20Places_FINAL%20(2).pdf) (same).

41. See generally Sirota, *supra* note 39 (highlighting the extent of poverty in these distressed communities).

One does not actually need to travel east, of course, to find extreme, persistent, concentrated poverty in North Carolina. We have very high concentrations of census tracts revealing extreme poverty—people living at less than half the federal poverty standard—in the middle of Raleigh, Charlotte, Greensboro, Winston-Salem, and Durham.⁴² North Carolina’s rural poverty is broad; its urban poverty is deep.

As some of our recent Poverty Center work has demonstrated as well, the deprivation looks worse, not better, firsthand, when one moves past the bloodless statistics.⁴³ Demand explodes at the food banks in Ahoski, rife with employed, shamed, first-time users.⁴⁴ Parents there are so desperate to secure food for their kids that they camp out all night in mid-winter for scarce canned goods.⁴⁵ Homeless shelters in Elizabeth City report a capacity of twenty-six beds in total, in a community with more than a thousand homeless women and men.⁴⁶

On a recent tour of eastern North Carolina, we spoke to families without toilets in Gates and Hertford counties.⁴⁷ Healthcare providers discussed “bending the rules,” in Rocky Mount, “to place oxygen in patients’ homes to make it tougher, under law, for utilities to shut off service to impoverished, incapacitated customers.”⁴⁸ In Roper, school

42. See CTR. ON POVERTY, WORK & OPPORTUNITY, DOCUMENTING POVERTY, ECONOMIC DISTRESS AND CHALLENGE IN NORTH CAROLINA, at 1, 15 (2010), available at http://www.law.unc.edu/documents/poverty/publications/documentingpoverty_finalreport.pdf (noting the traditional focus on county-wide poverty averages hides the very deep pockets of poverty affecting large numbers of North Carolinians within relatively close confines of major urban centers).

43. See, e.g., Cal Bryant, *Breaking the Bonds of Silence*, ROANOKE – CHOWANNE NEWS HERALD, Jan. 24, 2012, <http://www.roanoke-chowannewsherald.com/2012/01/24/breaking-bonds-of-silence/>; Jim Holt, *NAACP to Wrap Up ‘Poverty Tour’ in Rocky Mount*, ROCKY MOUNT TELEGRAPH, Jan. 20, 2012, <http://www.rockymount-telegram.com/news/naacp-wrap-poverty-tour-rocky-mount-877199>; Olivia Neely, *‘We’ve Got to Come Together’: Poverty in Eastern North Carolina Draws the Spotlight*, WILSON TIMES, Jan. 21, 2012, <http://www.wilson-times.com/News/Feature/Story/7759872----We-ve-got-to-come-together-;> Nichol, *supra* note 38; Kirk Ross, *The Cost of Electricity is Devastating Eastern North Carolina*, INDEPENDENT WEEKLY (Durham, N.C.), Feb. 15, 2012, <http://www.indyweek.com/indyweek/the-cost-of-electricity-is-devastating-eastern-north-carolina/Content?oid=2816388>; David Zuchino, *N.C. Tour Turns Poverty’s ‘Bloodless Statistics’ Into Reality*, L.A. TIMES, Jan. 20, 2012, <http://latimesblogs.latimes.com/nationnow/2012/01/north-carolina-poverty-tour-naacp.html>. More broadly, see the UNC CTR. ON POVERTY, WORK & OPPORTUNITY, available at <http://www.law.unc.edu/centers/poverty/events/default.aspx>.

44. Nichol, *supra* note 38.

45. *Id.*

46. Zuchino, *supra* note 43.

47. Bryant, *supra* note 43.

48. Nichol, *supra* note 38.

children preparing to compete in a global economy, like my own, have to make the journey, somehow, without access to broadband.⁴⁹ Tiny, ramshackle houses amazingly produce electric bills dramatically higher than much larger houses in Raleigh and Chapel Hill.⁵⁰ Apparently some small, cash-strapped local governments transfer revenues “from their electricity operations to shore up their budgets, preferring higher utility rates over higher property taxes.”⁵¹

In Scotland Neck, the former mayor reported that over forty percent of the housing is substandard—out of code—but if the city enforced the rules, homelessness, already bad, would mushroom.⁵² At one hearing, a returning veteran, living outside Washington, North Carolina, described his twenty-year—ultimately successful—fight to get sewer and clean water to his community.⁵³ An international economic development expert opined that the process would not have taken so long in the Dominican Republic.⁵⁴

As you might guess, I could go on. But, to everyone’s relief, I will not.

IV. CONCLUSION

I offer only two points, or slivers of points, to conclude. First, all proposals about how we should best structure and respond to the massive challenges of debt, over-commitment, federal intrusion, crowding out, accountability, and obligation in our state budgets depend on an existing baseline of federal and state resource streams, expenditure patterns, and traditions of public priority. That baseline, or status quo, in my judgment, is a massively unappealing—or unacceptable—one in the wealthiest nation on earth. We have come to abide, easily and habitually, things we should never have countenanced. Not if we are the type of society we daily proclaim. Second, and related, correcting the pressures and chasms of state budgeting is crucial. There can be no doubt of that. It is vital, but it is not all. It is not everything. It is not even top of the list.

49. *Id.*

50. *Id.*

51. Ross, *supra* note 43.

52. Nichol, *supra* note 38.

53. *Id.*

54. *Id.*