

Z. SMITH REYNOLDS FOUNDATION



Z. Smith Reynolds

FOUNDATION

— 2007 —

ANNUAL REPORT



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Zachary Smith Reynolds

(1911-1932)



“The object for which this corporation is formed is the accomplishment of charitable works in the state of North Carolina.”

The Z. Smith Reynolds Foundation was established over 70 years ago for the benefit of the people of North Carolina. In its charter, the founders – Dick, Mary, and Nancy Reynolds – set forth the Foundation’s purpose in clear and simple language: “The object for which this corporation is formed is the accomplishment of charitable works in the state of North Carolina.”

Few other general purpose foundations in the country as large as the Z. Smith Reynolds Foundation – its two trusts have over \$470 million in assets – have a legal mandate to make grants within a single state.

While the geographic boundary is firm, the Foundation’s grantmaking strives to be far-reaching. It often

seeks to initiate rather than to react, to question rather than to accept, to challenge rather than to affirm.

In working to enhance the quality of life in North Carolina, the Foundation places a high value both on developing new programs and on sustaining those organizations advocating for systemic change. To accomplish its purpose, the Foundation currently gives special attention to certain focus areas – community economic development; democracy and civic engagement; environment; pre-collegiate education; and social justice and equity.

Headquartered in Winston-Salem, where it was founded in 1936, the Z. Smith Reynolds Foundation makes grants in May and November.

In 2007, the Board of Trustees of the Foundation selected Leslie Winner as our new Executive Director. In January, Leslie took the reins from Tom Ross, who resigned to become president of Davidson College.

The Board of Trustees cast its net widely, and we did a lot of self-examination as we looked for the person to lead the Foundation. There are a number of reasons why I am pleased that we ultimately selected Leslie, including the fact that she believes in the Foundation's open-door policy and will ensure, on behalf of the Trustees, that the Foundation is

A MESSAGE FROM JOCK TATE, PRESIDENT



accessible and applicant-friendly and that we do not consciously or inadvertently create barriers for those who most need the Foundation's assistance.

Leslie grew up in Asheville when it still was a relatively small town, and she learned the value of community and diligence. After a distinguished career as a legislator, a leader in the nonprofit community, and an attorney – most recently as chief counsel for The University of North Carolina – she still moves easily among and works well with people at the grass roots. She understands the

challenges the people of North Carolina face today and the myriad of challenges created by unprecedented growth that we address in this 2007 Annual Report.

As I think of the many aspects of growth, I think of stewardship. As greater demands are made on finite resources, we must use these resources wisely and conserve where conservation is the prudent course. Cooperation between disparate interests is required as never before. If we are to meet the challenges of change and growth, we must work together to ensure that both public and nonprofit dollars produce the greatest common good, that we address the plight of working people who are struggling for decent housing and economic security, that we meet the needs of our public school systems at a time when success in our global economy depends upon superior education, that we seek solutions to legitimate issues relating to immigration without allowing them to create racial tensions and become tools for political advantage, and that we protect the environment.

I am an optimist by nature, and I believe that the people of North Carolina can deal successfully with the challenges of growth, just as we have dealt with other challenges. We can't stop growth. We don't want to. But we can have foresight and stay ahead of the curve. We can work together in good faith to make growth a positive force for North Carolina and its people – all of its people.

The Z. Smith Reynolds Foundation does not have unlimited resources, so in matters related to growth we have to establish priorities and use our grantmaking process strategically. When we can leverage our impact through alliances and effecting institutional change, we must do so. Also, we should constantly look for opportunities to serve as the honest broker – as a timely convener – to bring people to the table who otherwise might not be inclined to sit down together to explore their mutual interests and also to thrash out their differences. Communication is always a key – whether it is working out differences related to land use in North Carolina or resolving an international conflict involving global superpowers.

In periods of great change when there is constant jockeying for advantage, openness and transparency are an absolute must, especially with governing bodies. When everyone has a stake in the outcome, then everyone should have a seat at the table. We are always more accepting when we perceive that we have been treated fairly. Throughout the years, the Foundation has made grants to watchdog organizations because of its strong belief in the importance of maintaining the integrity of public institutions and confidence in them. This goes to the very essence of a democratic society.

We want all North Carolinians to share in the benefits that growth will bring. In order for this to happen, we need to take a hard look at our educational

system and make sure that from early childhood forward, we are providing the education and training required. We are too prosperous collectively to justify doing less for each individual. I hope that we can emerge from this period of growth with a better-educated and skilled populace that is capable of making future transitions that are sure to occur in our society.

One last thought. North Carolinians have a deep sense of place and cherish the traditional character of their communities. Perhaps more than anything, they want growth to respect and sustain the state's natural assets and those communities. North Carolina is seeing a huge infusion of retirees and owners of second homes who will spend at least part of the year here in this state. Generally well-educated and financially secure, these newcomers can be a tremendous new resource if they are willing to devote their talents and personal resources to the greater community into which they are moving. We need to receive them graciously. Then we need to encourage these newly fashioned Tar Heels to look beyond their perches in the highlands and closely defined new settlements in the midlands and on the coast and become a part of the strong social fabric that historically has distinguished us as a state. They can be a leavening force and contribute substantially to our continuing efforts to build stronger communities and move forward together as a people.

While I have shared with you just a few random thoughts on growth in our state, several persons with strong credentials have taken an in-depth look at growth in North Carolina in the pages that follow. I thank them for their willingness to contribute to this report, and I commend their articles to you.

Lloyd P. (Jock) Tate, Jr.
President

As I have traveled across North Carolina since I assumed the duties of Executive Director of the Foundation, I have been struck by the vibrancy of the state's nonprofit community and the determination of so many of its leaders to improve the lives of people in their communities and in the whole state. From Roper and Pembroke to Jefferson and Burnsville, I have found

agricultural economies have undergone an almost complete transformation. Tobacco, textiles, and furniture now account for only about 7 percent of the state's economy. This transformation eliminated many adequate paying jobs that required only a high school education, replacing them, at one end of the spectrum, with jobs requiring post-secondary education, such as those in technology,

A MESSAGE

FROM LESLIE WINNER, EXECUTIVE DIRECTOR

people dedicated to positive progress. We are fortunate that North Carolina has many important natural and community assets. Three critical trends are, however, exacerbating the state's already significant challenges in creating sustainable, equitable, and healthy communities.

First, North Carolina is experiencing unprecedented growth, both in sheer numbers and in diversity. Between 1990 and 2005 North Carolina grew by 30 percent, adding more than two million residents. During this time, the white and black populations each increased by approximately 20 percent, while the Hispanic population increased by almost 600 percent. Between 2000 and 2004, Hispanic enrollment in North Carolina's public schools increased by more than 45,000 students, accounting for 57 percent of the enrollment growth during that period. In addition, we have gained people from many countries outside Latin America and from other parts of the United States. This diversity enriches us, but many newcomers come with different expectations, customs, and cultural values, so increased diversity also presents challenges to our communities.

Second, North Carolina's manufacturing and

pharmaceuticals, and banking, and at the other end of the spectrum, with jobs not paying a living wage, such as low-end service sector jobs.

Third, the gaps between those who have access to resources and power and those who do not are widening substantially by almost every measure. For example, the portion of North Carolina's population living in poverty declined in the 1990s, but between 2000 and 2004, it increased from 11.7 percent to 13.8 percent. Between 2000 and 2004, in North Carolina only college graduates saw a real wage increase, while high school dropouts saw a real wage decrease of 10 percent. Yet only 68 percent of North Carolina's high school students graduate from high school after four years. In many parts of the state, North Carolina is experiencing a paradox. Instead of growth bringing prosperity, in-migration of wealthy retirees and second home owners has produced only low-paying service sector jobs, thus causing increased economic disparity.

Our growth, in the context of the state's economic changes, has increased our already substantial challenges. We must create and sustain a sense of community,

particularly across racial and ethnic lines; increase the proportion of North Carolina's students who are educated to thrive in the state's new economy and are prepared to become engaged citizens; fulfill infrastructure needs, such as transportation and waste management, in a way that is consistent with protecting a healthy environment; engage newcomers who have resources in our communities so they will want to become invested in their communities' success; manage growth in a way that is consistent with preservation of our important natural and cultural resources; and provide pathways of upward mobility for those who start with limited resources. For these reasons we have chosen to devote this Annual Report to examining the impact of growth on North Carolina.

Growth impacts the existing challenges the state faces in each of the Foundation's five focus areas. In addressing each area of critical need, the Foundation must use its funds strategically. We should continue to water the grass roots to enable community-based organizations to engage in creative problem solving and to generate new solutions. The Foundation must also continue to support statewide groups that have successful strategies for change and that have the ability to implement those strategies, thereby enabling substantial statewide progress. The Foundation must continue to collaborate with the nonprofit sector, other foundations, and state and local governments to address the most critical needs in the most promising ways. We must also build intellectual and social capital by helping interested parties find common ground, build consensus, and develop solutions. Finally, the Foundation should continue to be a consistent, clear, and progressive voice for North Carolina: a vocal conscience.

On a personal note, I want to say how fortunate I feel and how excited I am to have the opportunity to lead this extraordinary Foundation as its Executive Director, to collaborate with the state's talented and determined nonprofit leaders, and to work with the Foundation's dedicated and forward-thinking Trustees. I am confident that together we can address the challenges presented by North Carolina's growth and fulfill the Foundation's mission – to improve the lives of all of the people of North Carolina.

Leslie Winner

Executive Director





STATEMENT OF INCLUSIVENESS

The mission of the Z. Smith Reynolds Foundation is to improve the quality of life of the people of North Carolina. Toward this end, the Foundation actively seeks to promote access, equity, and inclusiveness, and to discourage discrimination based on race, ethnicity, gender, age, socioeconomic status, and other factors that deny the essential humanity of all people.

The Foundation has the conviction that inclusiveness benefits everyone and is not only compatible with, but also promotes, excellence. The Z. Smith Reynolds Foundation's grantmaking policies reflect the belief that organizational performance is greatly enhanced when

people with different backgrounds and perspectives are engaged in an organization's activities and decision-making process.

We recognize that this policy must be practiced with flexibility and with sensitivity. In this spirit, applicants to the Z. Smith Reynolds Foundation are asked to provide general information about the race and gender of their board and staff. With the aid of this information, the Foundation is better equipped to do its modest part to foster inclusiveness and equal opportunity throughout the state of North Carolina.

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GROWTH IN NORTH CAROLINA

HOW DO WE DEAL WITH IT?

As we struggle with a host of challenges related to North Carolina's recent phenomenal growth, we know in our hearts and minds that growth can be healthy and is inevitable. The greatest challenge is how to ensure that growth is a positive force for North Carolina and its people – all its people.

Three essays follow that explore the many facets of the growth phenomenon in North Carolina. The focus of each is different. They look at the man-made environment and the impact on infrastructure; the natural environment and the effect upon such things as air, water, and forest resources; and the impact on less tangible things such as community, leadership, education, and institutions. A score of people whose jobs and missions require

that they consider and deal with the impact of growth graciously consented to provide their observations and concerns. And a number of organizations that have received grants in recent years from the Z. Smith Reynolds Foundation are highlighted, demonstrating the important role the nonprofit community is playing in meeting the challenges of growth in North Carolina.

The essays do not offer solutions as much as a panorama of how growth is changing North Carolina. We hope those who read this Annual Report will learn from it and be moved to work together to lessen the negative impact of growth and to make certain that all of our state's residents can share in the positive benefits that also come with this phenomenon.



NORTH CAROLINA

SHE AIN'T WHAT SHE USED TO BE

BY FERREL GUILLORY AND ANDREW HOLTON

You can look at North Carolina as a collection of dichotomies: rural-urban, white-black, conservative-progressive, Republican-Democrat, rich-poor, Old South-New South. And no doubt, the state has tensions, contrasts, and polarities that shape its culture, economy, and politics.

As Southerners are wont to do, many North Carolinians have preferred to see reality not so much as it is but as their mind's eye remembers it and still perceives it. Yet as the state has grown in population and as its economy has diversified, it has emerged a more complex civil society, one that defies time-worn dichotomies. Over the last quarter of a century, it has become a modern American mega-state, projected to continue growing robustly over the next two decades.

We could have seen it coming. After all, the North Carolina of the early 21st century is the product of far-sighted decisions by public officials, of aggressive entrepreneurship by business leaders, of catalytic investments by a strong philanthropy sector and, to be sure, of the sometimes painful pressures exerted by technology advances, demographic change, and globalization.

In the half century after World War II, the transformation of North Carolina came not in one or two dramatic strokes, but as an accumulation of sometimes unrelated policies and day-to-day decisions. The transfor-

mation resulted from the GI Bill that sent young adults to college who otherwise wouldn't have done so; from the development of a community college system that provided workforce training; from the collapse of the Jim Crow structure of racial segregation; from the development of Research Triangle Park; from the North Carolina Fund that fought poverty; from the liberalization of banking laws at a time when energetic banking executives were ready to expand; from a persistence in building strong public universities; from the economic forces that undermined the three-legged stool of tobacco, textiles and furniture; and from the development of water, road, and airport infrastructures. And you can add your own key moments to the list.

We should have seen it coming. Now we have to understand it to see more clearly how to deal with it. We must respond to the stresses of change, to understand how to bring more people into the winner's circle of success, to build community with so many recent arrivals in our midst, and to carve pathways for upward mobility for people on the wrong side of the widening income-and-wealth gap.

More People: Diverse and Older

North Carolina is headed toward a population of 9.5 million people in 2010, and the Census Bureau

NORTH CAROLINIANS TALK ABOUT GROWTH

North Carolina is fortunate to have a nationally recognized system of public schools. Recently, U.S. Education Secretary Margaret Spellings visited our state and noted that there was much to praise about the work underway in our schools. This education success has been a foundation for North Carolina's rapid growth and ability to attract new industry and new citizens. The State Board of Education has set one primary goal for its work, that all students will graduate from high school prepared for life and work in the 21st century. By continually raising our expectations for young people, North Carolina is positioning itself to be competitive and vibrant for years to come.

— June Atkinson, *Superintendent of Public Instruction, Raleigh*





Computer technology and broadband access have created opportunities for the creation of new businesses and well-paying jobs in areas of Eastern North Carolina that growth has bypassed.

projects that the Tar Heel state will become the nation's 7th largest with a population of more than 12 million by 2030. Three streams of people moving from one place to another have reshaped the population landscape of North Carolina.

One, well-educated, mostly affluent white Americans have come to North Carolina to work and to retire. Two, the historic out-migration of black Southerners has reversed. Now more black Americans move to the South than to any other region, with North Carolina's major metropolitan areas being especially attractive. Three, with Asians and Latinos drawn to job opportunities in the state, seven percent of the people now living here were foreign-born, and 10 percent of residents five years and older speak a language other than English at home.

These streams have contributed to a dramatic departure from the traditional Tar Heel identity. For most of its life as a colony and as a state, a divide between white

people and black people shaped North Carolina's economy and society. Not so long ago, almost all of the people who lived in North Carolina had been born here, both blacks and whites. Now, however, North Carolina pulls in people from around the United States, and around the globe.

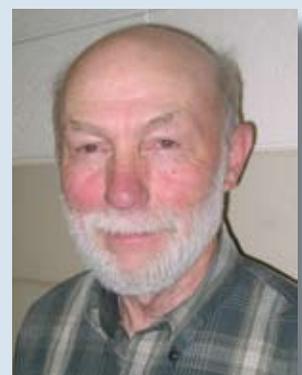
Statewide, two-thirds of our people are white. Blacks account for slightly more than one-fifth of the North Carolina population, with Latinos now up to seven percent. About two percent of North Carolina residents are Asian, about one percent American Indian. The state has transitioned from biracial to multi-cultural.

What's more, the aging of the baby boom generation is beginning to have a significant ripple effect on the state's economy. The number of people 65 years old and older is expected to increase from 982,000 in 2000 to 1.6 million in 2020 – with several counties on the eastern and western flanks of the state expected to have a median age

NORTH CAROLINIANS TALK ABOUT GROWTH

Last year, the Boone Town Council passed strong regulations for steep slope development. The council recognized that dense development such as the recently constructed apartment complex visible from US 321 above Wal-Mart was in no one's best interest. It was not only an eyesore to anyone living in or visiting this community, but was also a dangerous complex for the residents as well as for the people living down slope. The regulations place a lower limit of what is defined as a "steep slope" at 30 percent, a 30-foot rise in 100 feet. Building density for that and greater slopes is limited to a fraction of that allowed on more gentle slopes. At a slope of 45 percent or more, the builder must have a geologic study to ensure the safety of the building design and abide by strict density requirements. Besides safety, the measure also prevents dense development on slopes that are on hillsides clearly visible from major road corridors in the town.

— Harvard Ayers, Professor Emeritus, Department of Anthropology, Appalachian State University, Boone



of 50 or higher. The number of residents 45 to 64 years old is projected to leap from 1.8 million to 2.75 million – meaning that the state’s economy will depend more on older workers and will require blacks and Latinos to



Increased numbers of vehicles on North Carolina highways are creating a host of problems, including increased air pollution and wear and tear on infrastructure. Urban areas are looking to mass transit as part of the solution.

replace white baby-boomers as they age out of the workforce.

These projections are consistent with the actual growth patterns North Carolina has seen since the 2000 census. Over these eight years, the population has grown by 10 percent, from 8 million people to 8.8 million people. The number of people 45 to 64 years old has grown by 21 percent. By contrast, the number of residents between 25 and 44 years old has increased by only

two percent. In 40 counties, the number of people of this prime working age has declined.

A society – whether in the form of a nation, a state, or a locality – either moves forward, stands still, or slides backwards. Each creates a set of stresses and poses challenges to public policy making. Given the choice of growth, stagnation, or decline, most North Carolinians no doubt would choose growth – for growth signifies a robust economy that expands job opportunities that attract people.

Still, rapid growth creates congestion on highways, imposes costs on current residents to build new schools, makes it difficult to provide affordable housing for working families, and widens the gap between the affluent and the people of modest means. What’s more, many newly arrived citizens come, not surprisingly, without memory of how North Carolina got to be what it is. As a result, growth-related issues have emerged in the form of pressure to retreat on school desegregation efforts and to amend the state’s flexible annexation policy that has allowed cities to absorb development in a manner that minimizes city-suburban division.

Emergence of Metropolitan North Carolina

Noting that eight out of 10 Americans live in cities, suburbs and counties that form metropolitan areas, the Brookings Institution has proclaimed the United States a “MetroNation.” North Carolina has joined the trend, and it has done so quickly. How North Carolinians array themselves across the physical landscape today differs dramatically from their historic, spread-out pattern of small farms, small towns, small cities.

In 1950, four million people lived in North

NORTH CAROLINIANS TALK ABOUT GROWTH

University of North Carolina campuses are bracing to enroll more than 80,000 additional students over the next decade, and business and community leaders across the state have made it clear that they are counting on us to be more demand-driven and to equip our students with the kinds of skills they will need to move the state forward. The world has changed—and the University’s three-part mission of teaching, research, and service must evolve so that we can remain relevant and help North Carolina respond to new challenges and opportunities. That’s the only way we can make sure we are turning out graduates with the kind of critical-thinking skills, analytical-reasoning skills, problem-solving skills, and communication skills they need to succeed in this new knowledge-based global economy.

— Erskine Bowles, *President, University of North Carolina, Chapel Hill*





Many African-American farmers are finding it difficult to resist growth pressures and continue their operations. Growth, plus difficulty in accessing capital and some government programs, has caused their numbers to decline sharply.

Carolina. Thirty-two cities and towns had more than 10,000 residents, nine of which had more than 30,000 residents, and only one city, Charlotte, had more than 100,000 residents. Today, more than 4.1 million people live in the state's three largest metropolitan areas – the Charlotte-Mecklenburg region, the Research Triangle, and the Triad. The Census Bureau reports that 71 North Carolina counties are part of a metropolitan or “micropolitan” region. We have 17 metropolitan areas with concentrated populations greater than 100,000. In addition, there are 19 micropolitan areas with concentrated populations between 30,000 and 85,000 people.

Illustrations abound. Cary has grown from a town of 7,500 in 1970 to the state's seventh largest city at 112,000 people. Union County, east of Charlotte, has doubled in population since 1970, and it is projected to

be the state's fastest growing county between now and 2020. Hoke County, the prototype of a distressed rural community in the Leandro education financing lawsuit, ranks just behind Union in projected rate of growth and is becoming a suburb of Fayetteville.

Of North Carolina's 100 counties, 92 are projected to gain population between now and 2020, only eight to decline. Among rural counties and small towns, projected growth ranges from modest to relatively substantial, especially in counties near metro areas. What stands out is the anticipation of continued super-charged growth not only in Wake and Mecklenburg but also in the suburban and emerging exurban counties that have become part of North Carolina's metropolitanization.

Within these sprawling “city-state” metro areas, you can find an interwoven mix of city, suburb, exurb,

NORTH CAROLINIANS TALK ABOUT GROWTH

The ongoing drought has highlighted the importance of good water management, but the underlying issue – that North Carolina is entering into a new era of water scarcity – was true before the drought and will remain true even once the drought is over. For the long term, North Carolina needs a comprehensive water allocation law that keeps our rivers, lakes, estuaries, and groundwater supplies functioning sustainably, and gives certainty and security to businesses, communities, and agriculture. In the near term, North Carolina needs to place much greater emphasis on efficient use of water, meaningful conservation, and rainwater capture. Local governments must consider water availability in making growth and land use decisions. Fortunately, North Carolina still has time to put sound policies in place and to avoid controversy and economic damage down the road.

— Brian Buzby, *Executive Director, North Carolina Conservation Network, Raleigh*



and even oases of ruralness. North Carolina has mostly avoided the old industrial urban pattern of a dense central city ringed by suburbs. In Raleigh, Charlotte, Winston-Salem, Greensboro, and Asheville, there has arisen a renewed appreciation for living, working, and gathering in downtowns. But there remains a strong urge to sprawl as middle-income people seek affordable housing in exurban developments on what was once farm land.



North Carolina's urban centers, such as Charlotte, are giving serious attention to quality of life issues, including preserving green space and a sense of community.

Indeed, many North Carolinians have what might be called split identities – they work in one place, and they sleep, play, pray, and vote in another place. In more than one-third of our counties, more than 40 percent of the workers – almost all of them driving alone in an automobile – go from their home counties to other counties to work. Even with sustained efforts to promote rural economic development, many of these commuters are residents of rural counties who have turned to the metro areas to replace lost manufacturing and agricultural jobs.

Now that large parts of North Carolina have joined “MetroNation,” we confront a series of questions and challenges. What is a community, and how do we build community in a multi-ethnic, mobile society? While North Carolina continues to fight for its rural communities, should the state now also have a metro strategy to keep its principal economic engines vital and livable? With out dated political lines and with “city-states” composed of multiple municipalities and counties, how do we govern in a democratic, participatory fashion?

Passing the Torch of Leadership

People follow jobs, and political power follows people. Metropolitan growth necessarily will continue to exert an influence on Tar Heel politics and governance. By 2010, half of the seats in both houses of the General Assembly will be held by legislators representing the state's three largest metro areas. Add in the state's next four largest metro regions – Fayetteville, Asheville, Wilmington, and Greenville – and 29 counties will claim nearly two-thirds of the seats in the Legislature.

The number of legislators is fixed, so growth also means that each legislator will represent more people. Currently, each House member represents 67,000 citizens, and each senator represents about 161,000. By the next round of redistricting in 2011, each House member will represent about 79,000 citizens, each senator 189,000 people.

The one-party North Carolina of much of the 20th century is a distant memory. Public offices are now determined through two-party competition – and North Carolina reflects the partisan polarization of the United States. Still, neither Democrats nor Republicans hold

NORTH CAROLINIANS TALK ABOUT GROWTH

One of the unintended consequences of North Carolina's phenomenal growth is that schools are finding it more difficult to ensure that all young people are being taught by qualified teachers. With over 20,000 new students enrolling each year, the demand for teachers has never been higher – in a typical year 9,000 to 11,000 teachers are needed to keep up with growth and to replace teachers who have left teaching or retired. Unfortunately, our colleges are sending fewer than 3,000 education majors into the educational workforce each year and increasing numbers of students are being taught by inexperienced teachers or teachers who lack basic training in education. Teacher quality, or the lack of it, has become the primary educational challenge facing North Carolina's schools. It is a challenge that falls heaviest on the state's poorest counties, counties that have historically had a difficult time recruiting and keeping highly-qualified educators.

— John Dornan, *President and Executive Director, Public School Forum, Raleigh*



an assured majority. In today's North Carolina, over 1.2 million registered voters – out of 5.8 million – list themselves as “unaffiliated,” an unorganized third force in state politics.

Growth and mobility also influence how – and whether – leadership develops. Not so long ago, the undergraduate dormitories and law schools of our major universities served as incubators of life-long political alliances and leadership. Now, as the enrollment of universities has swelled, college students, as well as recent graduates, who want to involve themselves in the democratic life of their state, find it difficult to build connections. Our leadership development mechanisms do not assure a steady supply of forward-looking leaders, and we face a challenge in how to develop and nurture the next generation of leaders to whom the torch will soon be passed.

From Tobacco Fields to Server Farms

You can chart North Carolina's economic transition with a torrent of statistics. But how North Carolina

has reacted to recent economic punches perhaps tells as much.

Fifty years ago, a dry spell of the scale of the 2007-08 drought would have sent government officialdom and the news media into spasms of hand-wringing and calls for aid to suffering farmers. Now, the debate over the drought revolves around homeowners watering their lawns and modifying their indoor plumbing, and over whether the big metro areas will have enough water to sustain business expansion. North Carolina is more concerned these days about keeping GlaxoSmithKline's medicine production and Google's server farm watered than about tobacco, corn, and soybean crops in the state's agricultural areas.

When Pillowtex closed its massive textile operations in Kannapolis and Eden – the largest mass layoff in North Carolina history – near panic set in, and the state rushed in teams to find job re-training and support services for thousands of low-skill workers. Now, a billion-dollar North Carolina Research Campus is rising across the railroad tracks from the old mill village, and a McMansion-style subdivision has sprouted on the outskirts of town. By contrast, no panic arose when Philip Morris announced that it would pull its cigarette manufacturing, employing 2,500 people, out of Concord by 2010; the company provided time for an adjustment period, and the state has learned that it can adjust.

The old small-farm, small-factory economy has given way to a statewide economy that has converged substantially with the nation's economy. In the 1970s and 1980s, the cry went out across the state, “Diversify, Diversify.” North Carolina took its own advice. The



As North Carolina transitions from a more rural economy, “server farms” have created career opportunities for some whose jobs have been eliminated on tobacco farms.

NORTH CAROLINIANS TALK ABOUT GROWTH

North Carolina has experienced unprecedented growth in its immigrant community, particularly from Latin American countries. North Carolina has prospered economically and culturally from their presence, adding diversity and a globally competitive edge to our state. One of the most troubling trends is the proliferation of the 287g program, which enables Immigration and Customs Enforcement to sign memorandums of understanding with local law enforcement agencies to enforce federal civil immigration law. This is a drastic departure from previous law enforcement efforts to build trust with the immigrant community. This program has driven the immigrant community further underground by discouraging them from reporting crime, serving as witnesses, or accessing the criminal justice system for fear of deportation. In North Carolina, over 55 percent of Hispanic immigrants are either U.S. citizens or legal residents. Many Hispanic families have some members who are documented while others are not. Therefore, the chilling effect of this program is being felt by documented and undocumented immigrants alike.

— Ilana Dubester, Program Coordinator, South Funders' Collaborative for Strong Latino Communities, Pittsboro



major metropolitan areas now feature diverse economies, with employment relatively balanced among business and industry sectors.

As a result, North Carolina has reached a level of affluence that its leaders could hardly have imagined a half century ago. While overall per capita income remains below the national mark, nearly half of the households in our city-state metros have annual income above \$50,000 – and fully 17 percent of households have incomes above \$100,000. And in an economy that awards a premium to the well-educated, 57 percent of the North Carolinians with a bachelor's degree or higher live in the three city-state metros.

But the burgeoning of the affluent, knowledge workers, professionals, and entrepreneurs has created a dynamic that has led to wide disparities between the rich and the poor as well as the near poor. People with money to spend seek out good restaurants, hire landscape services to keep their lawns and gardens green, and crave all manner of other amenities. In turn, their demands for goods and services create lower-wage jobs in food and accommodations, in construction and health services and retail trade.

In a study comparing the states, the Economic Policy Institute/Center on Budget and Policy Priorities ranks North Carolina as having the 10th widest gap in average income between the top fifth and bottom fifth of families. According to the institute's analysis of Census data, expressed in 2002 dollars, the bottom fifth of North Carolina families had average income of \$14,884, and the second fifth averaged \$28,200. Action for Children, meanwhile, has computed what it costs for a family with two children, ages three and seven, to live in Charlotte, and finds that it stretches the budget of even a \$50,000-

a-year family to afford health insurance after paying for housing, food, transportation, child care, and taxes.

The More You Have, the More That Is Expected of You

Both to sustain an expanding economy and to forge a stronger civil society, there is no substitute for creating the conditions that enlarge a solid middle class. And in today's world, a middle-class standard of living requires education beyond high school. North Carolina has made substantial progress in its public schools, progress that should be recognized in the pay of teachers, in the depth of academic offerings, and in early childhood enrichment. One in four Tar Heel adults now has a bachelor's degree or above, and another fourth of the adult population has some education beyond high school.

Still, as Terry Sanford, governor from 1961 to 1965, wrote, "The more you do to improve education, the more you discover what is yet to be done. Each breakthrough opens a window on another unexplored frontier."

The next frontier in education presents itself in several dimensions. Half of the Latino adults living in North Carolina do not have a high school diploma. Nearly one in five adults, including people of all races and ethnic groups, dropped out before getting a diploma. Nearly half of all public school students in North Carolina qualify for free or reduced-price lunches, a key indicator of both family well-being and educational neediness. High percentages of students qualifying for subsidized meals show up not only in rural counties – 51 percent in Graham, 72 percent in Greene, and 48 percent in Granville – but also in metropolitan districts – 47 percent in Mecklenburg, 50 percent in Durham, and 49 percent in Guilford.

NORTH CAROLINIANS TALK ABOUT GROWTH

Growth in North Carolina has significant implications for our work in human relations as the face of North Carolina continues to become more complex. Along with this complexity come backgrounds and experiences that can enrich the culture and lives of North Carolinians. The potential for how positive an impact our growing diversity will have depends on our willingness to share and hear stories from our varied voices as a means of building community and trust. The Wildacres Leadership Initiative has a key role in growing that willingness in emerging leaders across our state. Through the William C. Friday Fellowship for Human Relations, the Fellows Action Network, and the Center for Excellence in Leadership, Wildacres has an educational infrastructure that creates an awareness and will in leaders who are embracing opportunities every day to lead with integrity, intention, and inclusion – all practices that include the necessary skills demanded by the growth we see in our state. — Sterling Freeman, *Executive Director, Wildacres Leadership Initiative, Durham*





As the number of minority students increases dramatically, we must ensure that all North Carolina students receive an excellent education regardless of race, color, or geography.

So long as it continues to grow, North Carolina will see expansion of low-wage, low-skill jobs in services and retail. The moral, as well as economic imperative, is to give people the opportunity to work their way up the career ladder, so that no job or a low-wage job are not their only options. Thus, there is no economic development strategy for the future that does not include an education agenda that stretches from pre-K through a community college credential or a university degree. There is no equity strategy that does not include competitiveness – that is, making both people and places more fit for the economic race that globalization has intensified.

North Carolina should look to its universities, as well as to its philanthropic and nonprofit sectors, to provide the policy guidance to address these and other social, cultural, and governance issues that arise out of the metropolitanization of North Carolina: How do we ameliorate de facto racial, ethnic, and class segregation in our civil society, especially in public schools? How do we forge regional arrangements to link people to jobs? How do we

preserve democratic governance in sprawling city-states that are the products of economic dynamics and individual life-style choices? How do we produce a new generation of leaders, public as well as private, to match the leaders who built the foundation for the North Carolina of today? How do we create a level playing field so that all North Carolinians benefit?

The Biblical injunction – to whom much is given, much is expected – applies to North Carolina. Now that it has grown in population and bulked up in economic prowess, this mega-state has greater wherewithal than ever to address the unfinished business of its past and confront the challenges of its future.

Ferrel Guillory is founding director of the UNC Program on Public Life, as well as a faculty member in the School of Journalism and Mass Communication and senior fellow at MDC, Inc. Andrew Holton is a former fellow at the Z. Smith Reynolds Foundation, and is now assistant director for research of the Program on Public Life at the University of North Carolina.

NORTH CAROLINIANS TALK ABOUT GROWTH

We work to help families build assets because we believe that people – and most importantly children – with no exceptions, do best when they have a concrete stake in their communities. That sense of having an investment in a common future knits us together as families, as workers, and as a state, even as we grow more diverse. Our work in collaboration with a broad array of partners is blessed by a long tradition of commitment to universal access to opportunity and by a talent pool in North Carolina that is second to none. The challenges are out there – some new, some old – but we have a lot of wind at our backs.

— Lucy Gorham, Program Director, MDC, Chapel Hill





A GROWTH “TSUNAMI”

PROFOUNDLY IMPACTS NORTH CAROLINA’S ENVIRONMENT

BY JANE PREYER

In the next two decades, a virtual human tidal wave will wash over North Carolina, transforming the state’s very character. By 2030, an additional 3.5 to 5.5 million people will call North Carolina home. Changes as expansive and sudden as this are not inherently good or bad: migration and demographic shifts have occurred as long as there have been people. Today’s challenge for the people of North Carolina is to maintain and enhance the quality of life that we love here and to adapt our institutions, programs, and policies for these big changes.

The impact on the state’s environment will be huge. The growing population will consume more of our state’s limited resources – dramatically drawing down everything from water to trees. Increased waste and pollution will be added into the air and waterways. Native forests, grasslands, and sensitive coastal and mountain habitats will be lost to manufactured landscapes. More people, more cars, more malls, and more boats will potentially overwhelm the most remote corners of the state, leaving little wilderness or promise of tranquility. To power all this growth, electricity use is expected to double by 2020.

Much of what we cherish about “the Land of the Longleaf Pine” is now at risk – the character and integrity of the state’s natural and cultural treasures; its clean air and water; and its spectacular mountains, forests, sounds, barrier islands, and beaches. The state must take con-

certed action – beginning now – to ensure that it follows a path that enables both its people and its natural ecosystems to thrive.

Even in the face of serious threats, a healthy environment, healthy economy, and healthy human communities are achievable. To ensure these benefits for the future, we should concentrate on maintaining and, where necessary, restoring these basic resources:

- clean, adequate water for human uses as well as for agriculture and industry, and for sustaining natural ecosystems
- clean air to protect human health, particularly children and seniors
- a clean energy supply that supports the state’s economy, protects human health, and reduces pollution
- adequate native forests and grasslands to support birds and other wildlife, to prevent erosion of the soil, to sequester greenhouse gases from the atmosphere, and to resist the spread of invasive species
- farms and forests with the capacity to produce adequate food and fiber for the expanding human population
- healthy recreational and commercial fisheries and habitats to sustain them

NORTH CAROLINIANS TALK ABOUT GROWTH

The clock is ticking in North Carolina. A half-century ago, visionary leaders redefined North Carolina as a forward-thinking, industrial power. Their vision produced jobs statewide, fueled the growth of our cities, and supported small town development. Today we are on our way to becoming the seventh largest state in the nation, but we’re growing without that kind of clear, guiding vision. My fear is that, as money and power migrate to the cities, our small towns and rural communities will lose out - and when that happens, we will all lose the values, sense of place, and spirit of caring that is embodied in rural North Carolina. There’s still time for action, but the clock is ticking.

— Billy Ray Hall, *President, North Carolina Rural Economic Development Center, Raleigh*





Principals at environmental organizations, such as (left to right) Dr. Joe Rudek, Michael Regan, and Jane Preyer at Environmental Defense Fund, continue to work with power companies to find solutions to air quality problems.

- vibrant human communities that retain and cherish their cultural heritage, invest in the future of their people and their resources, advocate for smart local and state policies that affect them, and participate in the global economy

What is the prognosis for North Carolina on these measures for a vibrant future? If this list includes the key outcomes we envision for a North Carolina we dearly love and want, how are we faring?

Under Pressure

A burgeoning population puts tremendous stress on resources of clean air and water, energy, housing, jobs,

transportation, and other fundamental necessities for life.

North Carolina cannot afford to meet a doubled demand for electricity by 2020 with business as usual – namely, building dirty coal plants that produce the bulk of air pollution and greenhouse gas emissions and refusing over and over to conserve energy. Currently, North Carolina is 30th in the nation in energy efficiency. California’s population has doubled in the past 30 years, and the size of its economy has nearly tripled, yet its citizens use 50 percent less energy per capita than we do. California accomplished this feat through the early adoption of strict efficiency programs. North Carolina has a unique opportunity now to adopt palatable policies and

NORTH CAROLINIANS TALK ABOUT GROWTH

Many of our local governments are having a hard time building infrastructure improvements fast enough to keep up with rapid population growth and development. There are great and growing public facility needs for water supplies, water and sewer systems, transportation, schools, affordable housing, parks, and green space. Local revenue sources are limited, and there is growing resistance to property tax increases. We might see more local governing bodies impose temporary land use moratoria and revise their ordinances to allow only sound and sustainable development that does not overwhelm public facilities. On the other hand, too many areas of our state still are seeing population and job losses. Those areas need more help.

— Ellis Hankins, *Executive Director, NC League of Municipalities, Raleigh*





Wetlands are a key part of our ecosystem and must be preserved.

deploy cutting-edge technology to achieve dramatic gains in efficiency. And we can do this without harming the economy or sacrificing our quality of life.

With growth coming so fast, North Carolina cities are not living up to their potential to be livable, sustainable communities. City-center infill and green building are proving marketable in a variety of places. The immediate popularity of the LYNX system in Charlotte demonstrates the demand for efficient public transportation options for city-dwelling North Carolinians, but development of those resources has remained too slow.

The sprawling expansion of urban areas continues to cause losses in farms and forests, reducing tree cover, increasing impermeable surfaces, and degrading water quality and quantity. North Carolina lost a million acres

of forests over the last decade, with some urbanizing counties losing fully 35 percent. From 2002 to 2006, the number of farms fell from 54,200 to 48,000, with an associated loss of 300,000 acres of farmland statewide.

The size of these losses is compounded by the critical places where they have taken place, including the most environmentally sensitive areas and the most economically distressed communities. Since 1937, the state has lost more than 2.5 million acres of age-structured heritage forests, along with most of the state's wetlands. Remaining forests have become increasingly fragmented, a trend seen throughout the Southeast. Rural land consolidation and farmland loss have been especially problematic in poorer communities and communities of color.

Coastal North Carolina is another area in urgent

NORTH CAROLINIANS TALK ABOUT GROWTH

The health sciences at East Carolina University are growing at a remarkable rate. We already produce more nurses and allied health practitioners than any other university in North Carolina, and our medical school graduates practice in-state at the highest rate. We have just broken ground on a new school of dentistry, we are close to opening the East Carolina Heart Institute, and we have joined with UNC-Chapel Hill to prepare a plan to significantly increase enrollment in our medical schools. We are excited by this expansion, which is demanded by the booming population in North Carolina and the well-documented aging of the “Baby Boomers.”

— Phyllis Horns, *Interim Vice Chancellor for Health Sciences and Interim Dean of the Brody School of Medicine, East Carolina University, Greenville*



need of protection in the face of population growth. It has been said that “We’re loving our coast to death.” The coastal population is growing at an explosive rate, creating intense demand for water and space, and increasing polluted runoff into key fishing and recreational waters. Climate change will bring rising seas and bigger storms which also will threaten coastal assets. These dynamics invite ill-conceived “adaptations,” such as seawalls and hardened structures, as well as the further loss of traditional agriculture and fishing communities in the coastal counties.

Losses of important coastal habitats and poor water quality have combined with overfishing to decimate coastal and oceanic fish stocks. And our coastal waters are important to the world: about 75 percent of the commercial fish species caught off the East Coast live a major part of their lives in North Carolina coastal rivers and estuaries. But many of those species are in real trouble and

need help to rebound. Two-thirds of our fish stocks are designated as “threatened.” Emblematic of this trend, in 2007 North Carolina recognized the collapse of river herring stocks, and imposed a total harvest moratorium that could last nearly 30 years. Furthermore, the loss of native aquatic species has opened up our waters to invasive species, such as predatory lionfishes.

Although the passage of the 2002 Clean Smokestacks Act was a triumph for cleaner air by curbing pollution from coal-fired power plants, North Carolina has yet to tackle its unhealthy reliance on automobile transportation as part of the air quality picture. The number of miles we drove our vehicles expanded from 88 billion in 1999 to 96 billion in 2004. Traffic congestion also increased in all urban areas: commuting time grew by 35 hours per person per year from 1994 to 2004. Motor vehicles emit up to half the pollution in major cities, and according to EPA data, account for up to 80 percent of the air cancer risk in many major cities.

And then there’s the weather. The growing number of North Carolina droughts (1998-2002, 2007-2008) and floods (1996, 1999, and every year from 2003 to 2006) has heightened appreciation for the state’s lifeblood, its waters. The future will hold an increasing likelihood of both floods and droughts as the planet warms and precipitation patterns change. Disputes over inter-basin transfers and between upstream and downstream users will become more frequent. In addition, many North Carolina streams are at or near the point of saturation with pollution and waste.

It is important to understand all these critical challenges as belonging not only to North Carolina but to a global matrix of population changes and environmental



Areas adjacent to rivers and streams are attractive locations for new residential developments, but avoiding pollution, maintaining the quality of water, and protecting species have to be a high priority.

NORTH CAROLINIANS TALK ABOUT GROWTH

By 2030, the Research Triangle will add over 800,000 residents. Most will come to our area because of economic or quality of life considerations. Our quandary is how to accommodate this influx without degrading our quality of life. Transit is part of the answer. At least one fourth of these new citizens would like to live close enough to transit to integrate it into their lifestyles—whether for travel to work, business, or for leisure activities. There are many components we must consider and a 56-mile rail system connecting key destinations is an important one. Through rail we can help shape growth, reduce congestion, protect quality of life, and enhance the environment. This rail system has the potential to shape our future growth in ways that are both market-friendly and sustainable. The development community is ready to step up to this challenge as soon as the public sector makes a credible and irreversible commitment to transit.

— David King, *General Manager, Triangle Transit Authority, Research Triangle Park*





Solar panels are an alternative to fossil fuels and a practical source of renewable energy.

consequences. Escalating consumption and increasing dependence upon long-distance supply chains for basic materials compound the problem. The pork at our North Carolina supermarkets may have been produced here, but it was likely fed by corn from the Midwest, which was in turn fertilized with nitrogen compounds from Russia or the Persian Gulf, all before entering the labyrinth of wholesale and retail pathways that distribute our food. The decisions we make here will have repercussions throughout the global economy, and they can and should serve as models for people in other places to respond to similar challenges.

A Turning Point

The explosive growth of North Carolina's population at a time of radical global transformations – most notably climate change – constitutes an emergency for

the state's environmental resources. But this time also provides an opportunity for North Carolinians to demonstrate their ingenuity and character. We must reform our institutions and our behaviors in order to save these resources and create a sustainable North Carolina for future generations.

Optimism and commitment to action are part of North Carolina's greatness – we need to deploy them now. To ensure a healthy future for its citizens and environment and to manage the growth tsunami coming at us, North Carolina must act.

Develop our own home-grown and clean energy supply: North Carolina has enough untapped renewable resources in the form of sunlight, wind, and plant and animal biomass to supply five percent of our energy today – the equivalent of two 1,000-megawatt power plants. With enough investment in new technology and

NORTH CAROLINIANS TALK ABOUT GROWTH

The extraordinary growth in this metropolitan area represents a major challenge for our organization. We have to figure out how to continue to provide services desperately needed by long-time residents while also serving new residents from different states and countries who often have quite different needs and expectations. It is projected that down the road, 10 percent of the people in our service area will need the services of Crisis Assistance Ministry. Where does the community find the resources to respond to these combined needs? We have to be thinking about that.

— Raquel Lynch, *Director of Informational Technology, Advocacy and Special Projects, Crisis Assistance Ministry, Charlotte*



reducing costs, we could aspire to use renewable sources to generate 25 percent of our total energy need by 2020 and 50 percent by 2050. As this market develops, North Carolina must carefully ensure that energy generation from biomass, such as wood or animal waste, is done sustainably and with technologies that meet strong health and environmental protections. It will also require a plan that incorporates the coming cap on carbon emissions, opportunities for new jobs, and attention to the size and placement of facilities and transfer routes.

Make energy efficiency as valuable as energy production: The fastest, most cost-effective way for North Carolina to cut greenhouse gas emissions and air pollution is to reduce the amount of energy we use. North Carolina can meet up to 14 percent of its electricity demand through cost-effective energy efficiency measures. First, we need a spirited campaign for energy conservation. Citizens want to save money and make a difference in the fight to stop global warming, and cutting energy use can accomplish both. Second, North Carolina must undertake a serious analysis of how utility companies make money – and what alternatives are possible. Currently, promoting ways to reduce electricity demand runs absolutely contrary to the way that utilities make profits. The bottom line is that the state must find a way to protect consumers and to offer utilities incentives to help us save energy, not just to buy it.

Create new jobs in sustainable industries: As New York Times columnist Thomas Friedman noted at NC State's 2008 Emerging Issues Forum, "We have an unprecedented opportunity to make clean energy the next great global industry." Add to that the construction of efficient buildings and neighborhoods, smarter

transportation infrastructure, and innovative businesses serving people and the environment through new technology. The result will be thousands of new jobs.

Develop an effective state water plan: While growth promises to increase demand for fresh water, climate change promises to bring more droughts and floods to the Southeastern United States, disrupting the reliability of water sources. North Carolina should enact comprehensive legislation to govern the allocation of water resources to assure adequate supply to meet both ecological needs and human interests. This policy should establish science-based targets for minimum and variable flows in each of the state's 17 river basins. New targets would meet complex environmental objectives and would require a regulatory framework for water allocation and improved conservation and efficiency.

Restore water quality and aquatic habitats: This will require us to reform the basinwide planning process in a way that takes changing watershed conditions into account. It will also require the adoption of aggressive restrictions on the maximum amount of a pollutant that a water body can receive from all accumulated sources of pollution, including wastewater discharges, landscape runoff, and atmospheric deposition. Watershed management could also benefit from innovative use of market mechanisms, such as programs that compensate private landowners for following enhanced land management practices.

Save the air from smokestack and tailpipe pollution: The majority of hazardous air pollutants and greenhouse gas emissions come from power plants and automobiles. In 2002, North Carolina passed the Clean Smokestacks Act, which launched a new regulatory push

NORTH CAROLINIANS TALK ABOUT GROWTH

North Carolina's workers now have twice as much international competition as they did 11 years ago when I joined the Community College System. In the next 20 years, as this state continues to grow, we will see tremendous needs for new workers, and the requirements for a broadly changed and educated workforce will be greater than we've ever witnessed. The role of community colleges in this equation will be more significant than ever.

— Scott Ralls, *President, North Carolina Community College System, Raleigh*





"Harvesting" the wind is one solution to reducing our dependence on traditional forms of energy production.

to reduce power plant pollution by more than 70 percent. Until this policy is fully implemented and enforced, we must not build new conventional coal plants, and we should start reducing the impact from cars and trucks. Automobile exhaust accounts for more than 30 percent of air pollution in North Carolina. Our state should adopt standards to require cleaner cars that meet stronger emission and fuel economy targets. To lessen our dependence on cars, we must begin adopting smart designs for communities and transit and offering incentives for those who choose transportation alternatives.

Protect more (and better) forests and grasslands:

Forests and grasslands are among our most powerful weapons in fighting global warming and the pollution of air, water, and soil. But not all trees – or fields – are created equal. We must expand public and private conservation purchases of critical lands to sustain age-structured heritage forests and resident and migrant animal populations. We must couple that with a system of incentives to reward landowners for managing their private lands to optimize public benefits. For example, anticipating the emerging markets for greenhouse gas allowances, North Carolina should promote programs to provide fair returns to landowners for managing their lands in ways that sequester carbon dioxide and other pollutants.

Rebuild fisheries and coastal habitats that depend on North Carolina waters: This will require strong fishery management plans that create incentives for conservation, called "catch shares," and the development and full

NORTH CAROLINIANS TALK ABOUT GROWTH

Some of the greatest population growth rates in North Carolina are presently occurring within the coastal zone with unprecedented urban explosion. New four-lane roads and bridges are being constructed at unparalleled rates, new water supplies are being developed, and pressures are increasing upon severely overloaded sewage disposal systems. This growth is intimately intertwined with a booming tourist industry causing major cumulative wetland losses and habitat modifications. Maritime forests are cleared, shorelines are hardened with bulkheads, shallow waters are dredged, wetlands are channelized, dune fields are bulldozed, and the surface is paved for parking lots. All of these activities modify the land surface, alter the drainage, and result in increased contaminants moving into the adjacent coastal waters.

The coastal system itself is not fragile! It is a high-energy, storm-dependent system that is characterized by environmental extremes and relies upon storm events to maintain the short-term health and long-term evolution of the natural system. It is the fixed human super-structure superimposed upon this dynamic system that is fragile. There is no guaranteed permanency to any ecosystem, landform, or human structure within the North Carolina coastal system. Early settlers on the coast understood this! However, modern society has forgotten these environmental constraints in the headlong rush to transpose this dynamic and changeable coastal system into an engineered system that magically defies the natural "limits to growth!"

— Stanley R. Riggs, *Professor of Geology, East Carolina University, Greenville*



implementation of conservation plans that establish clear targets and account for sea-level rise. In addition, North Carolina must protect forever the special places in the sea, including the deepwater coral wilderness off our shore.

Integrate communities into the conservation effort:

The best-laid plans will take hold only if a broad spectrum of communities and citizens become part of the vision and investment. North Carolina has the opportunity to enhance rural and urban regions of the state with “green jobs” in sustainable industry, green payments to farmers and landowners for conservation, and public-private partnerships investing in education and capacity building in communities.

Protecting the integrity of the natural environment is critical to creating a society that is sustainable, equitable, and prosperous over the long haul. It is the only path we can choose if we want North Carolina not only to weather the storm of growth that is here, but to make growth a force for good. We can assure that the future North Carolina environment is one that our descendants – and our new neighbors – will deserve and love as much as we do today.

Jane Preyer is the North Carolina Regional Director with the Environmental Defense Fund.



Stewardship of forest resources becomes increasingly important as woodlands disappear in the face of growth and development.

NORTH CAROLINIANS TALK ABOUT GROWTH

We work in some of the state’s poorest areas, and some counties have consistently lost population. If that trend reverses itself, growth and development in those counties, as well as in others, should be thoughtful and balanced and residents should share in the benefits. Many small farmers, including African-American farmers, have been on their land for generations. We believe in a “triple bottom line” approach – that is social justice, sustainable economic development, and environmental stewardship. We don’t want development to drive farmers off the land, so we have to figure out how to make the land support farmers so they can stay there. We have to capitalize on our natural resources without messing them up because so much of what we do is irreversible.

— Mikki Sager, *North Carolina Representative, National Conservation Fund, Chapel Hill*





BUILDING AND REBUILDING THE STATE'S INFRASTRUCTURE

BY JOY FRANKLIN

State Rep. Lucy Allen found an apt metaphor for North Carolina's explosive growth. "Have we gotten the growth we asked for only to find that we have married a stranger with a less pleasant side?" Allen, a Louisburg Democrat, asks in the 2001 report of a growth commission appointed by the General Assembly.

Long spurned for warmer and more sophisticated climates, the state eagerly embraced the "stranger" who discovered her charms. It's been a time of heady promise. And much of that promise has been fulfilled. But the "stranger's" exorbitant upkeep is threatening to bankrupt the budget.

For generations, North Carolina was a sleepy backwater, a mostly rural state dotted with small towns. Until about 35 years ago, almost every year since the Civil War more people had left than moved in.

Those 35 years have been a time of dramatic change. 2007 Census Bureau estimates showed North Carolina to be one of the fastest growing states in the country. It's an unanticipated rate of growth that threatens to overwhelm the state's regulatory and physical infrastructure.

Such rapid growth raises major concerns in a state that (1) already has billions of dollars in infrastructure needs without adequate funding mechanisms in place to pay for them and (2) lacks the regulatory infrastructure

to plan effectively or to protect either the environment or public health and safety.

It's difficult to get a clear overall picture of the state's infrastructure needs because different parts are funded at different levels of government or by a combination of state and local government, often with federal money added to the mix. But no matter where you look, the state's infrastructure has not kept up with the state's rapid population growth, and North Carolina needs billions of dollars for repairs and expansions.

When the American Society of Civil Engineers issued a report grading state infrastructures in 2005, North Carolina earned a C-minus overall. The North Carolina Progress Board issued a similarly unfavorable report in its 2006 North Carolina 20/20 Update.

"Despite many strides, North Carolina has yet to meet the strategic infrastructure targets for which we have current data," the report said. "The competitiveness of our transportation system is being threatened by increases in mileage driven, commute times, and congestion. Our electricity and natural gas costs are high compared to the rest of our region. Finally, our technology network, as measured by our access to Internet technology, does not compare favorably to other states."

Updates were under way in several areas, including water and sewer capacity, when the Progress Board's fund-

NORTH CAROLINIANS TALK ABOUT GROWTH

My area of the state has been losing population, not growing, and the challenges we face are unique. The lack of infrastructure, highways, water and sewer system, adequate and affordable housing, a skilled work force, and employment opportunities, and now the lack of broadband, are all deterrents to economic and community development in the Northeast. It will require a bold economic development initiative to impact this region. One possibility is tourism, which would capitalize on the natural assets of this region and our proximity to major population centers. It would stimulate development of social infrastructure, such as commercial and retail development, restaurants, hotels, and related entertainment. The Inner Banks could become a tourist destination like our wealthy big brother, the Outer Banks, with the added advantage that we could address growth issues up front with wise planning.

— Bunny Sanders, Mayor, Town of Roper, Roper



ing was eliminated from the state budget.

But the Water 2030 Initiative published by the North Carolina Rural Economic Development Center offers this perspective: “Historically a water-rich state, North Carolina is now confronting serious water challenges brought on by a growing population and an expanding economy...”

Water 2030 projected water, sewer, and stormwater improvements needed between 2005 and 2010 at \$6.85 billion, with an additional \$9.78 billion needed between 2011 and 2030.

The Water 2030 Initiative recommended that the General Assembly enact a \$1 billion bond bill in the 2006 session to fund water projects and that it create a permanent funding source for water, sewer, and stormwater improvements.

The General Assembly did neither, though it did allocate \$100 million to the Rural Center to be used for critical water and wastewater needs.

The amount needed for water infrastructure is dwarfed by transportation needs. The Statewide Transportation Plan projects that by 2030 North Carolina will need nearly \$124 billion for expansion, modernization, and maintenance. Available revenue from current sources will amount to about \$59 billion. The plan doesn't address the \$65 billion shortfall.



Drought and water shortages in North Carolina are becoming more common. In Eastern North Carolina, particularly, we are drawing down the water table at a rate we cannot sustain.

The \$124 billion includes \$81 billion for highways, almost \$16.7 billion for public transportation, \$4.8 billion for rail, \$1.3 billion for ferries, less than half a billion for bicycle and pedestrian sidewalks and paths, \$1.7 billion for airports, and \$16.4 billion for bridges. Nearly one-third of the 18,000 bridges in the state are “considered

structurally deficient or functionally obsolete.”

Nearly 32,000 of the 78,844 miles (41 percent) of state-maintained highways in North Carolina have significant pavement condition deficiencies, according to the DOT. Declining safety features and poor pavement conditions cost North Carolina motorists \$5.3 billion annually in the form of traffic accidents, additional vehicle operating costs, and delays, according to The Road Information Program (TRIP). TRIP also reports that North Carolina's traffic fatality rate is 13 percent higher than the national average, due in part to increasing congestion, but also due to deteriorating roads.

Over the past few years the number of vehicle miles traveled in North Carolina has grown at a rate seven times faster than DOT's budget and four times the rate of population growth.

The number of students in state schools is also growing. Thirteen percent of the state's students, nearly 180,000, are already being taught in mobile classrooms –

NORTH CAROLINIANS TALK ABOUT GROWTH

Rain washing off streets, driveways, parking lots, and other constructed surfaces carries with it a witch's brew of pollutants. This contaminated runoff is now the largest source of water pollution on the North Carolina coast, accounting for about 80 percent of the pollution in our estuaries and ocean. Contaminated runoff is also the number one cause of impaired water quality throughout North Carolina. State environmental agencies estimate that more than 2,000 miles of streams in North Carolina have been impaired and that surface runoff accounts for nearly two-thirds of that pollution. These figures become particularly alarming when put into the context of future growth. More people mean more roads, parking lots, and rooftops, which will generate even more polluted runoff. Accommodating that growth without trashing our coastal rivers and sounds is the greatest environmental challenge we face.

— Frank Tursi, Cape Lookout Coastkeeper, North Carolina Coastal Federation, Newport





Public schools are bursting at the seams, and local governmental agencies are straining to find the resources to provide facilities and employ well-trained teachers.

more than 7,000 of them statewide.

Student enrollment will grow by 15.72 percent between 2007 and 2017, an increase of 228,720 in the average number of students in class each day, according to Department of Public Instruction projections. Nearly \$10 billion will be needed for school construction and renovation over the next five years, according to the 2005-06 Public Schools Facilities Needs Assessment. The state's 2006 schools' Facility Needs Survey shows a need for 266 new schools, 657 renovations, and 903 additions.

School construction costs have traditionally fallen on counties, but many have failed to keep up with growth, due in part to reluctance by county commissioners to raise property taxes. The state has two funds from which counties can request school construction funds -

the Public School Building Capital Fund, funded with a small portion of the corporate income tax, and the lottery school construction fund. Their combined total for the 2006-2007 school year was just under \$240 million – a woefully inadequate amount.

But when it comes to schools, it isn't just the physical buildings that are inadequate. The state faces another worrisome problem – where to get the additional teachers it will need to provide instruction. North Carolina needs to add 10,000 new teachers each year, thanks to attrition and population growth. The state university system turns out about 3,000, only 1,800 of whom wind up in the classroom.

A portrait of what the future could hold is being sketched in eastern North Carolina, where year-round

NORTH CAROLINIANS TALK ABOUT GROWTH

We've seen phenomenal growth in North Carolina and in Charlotte. We believe the strong economy driving that growth bodes well for our futures. We view growth as an opportunity - to create a business climate that is kinder and restorative to the environment and to create an economic climate that shines on all of our citizens. Poorly planned growth can tear apart our environment, both physical and social. But working together we hope to see the rising tide of growth lift all boats and be shared across all people, all neighborhoods, and all communities. Growth can create opportunities to reinvigorate lives, restore our cities, and repair our environment.

— Tom Warshauer, *Economic Development Director, City of Charlotte, Charlotte*



substitute teachers, who are required to have only a high school diploma, are being used heavily to alleviate the teacher shortage. About 225,000 school children were taught by such “permanent” substitutes during the 2004-2005 school year. Will such children be prepared to compete in a 21st century global economy?

All those new citizens also mean more crime, and that means overloaded court systems, jails, and prisons. North Carolina’s 79 prisons held 39,070 inmates as of mid-March 2008. The prison system’s “standard” capacity is 33,148 inmates. Its “extended” capacity is 38,284, according to the Department of Correction. Unless lawmakers make changes to current sentencing guidelines, the state faces tens of millions of dollars in construction costs, the Raleigh News & Observer reported in February. Overcrowded prisons have a domino effect on county jails where prisoners must await transfer until space opens up at a state prison.

In addition to impacting “hard” infrastructure like roads, schools, and prisons, growth also impacts “soft”



Legal representation for the new immigrant population is severely lacking, and legal services organizations from east to west are expanding their staffs and struggling to find funds to support their activities.

social services infrastructure such as mental health. Failure to meet those needs also has a domino effect. North Carolina comes in almost last in the nation for per capita spending on mental health in every category except developmental disabilities, but ranks number one in admission rates to state hospitals.

That’s a major concern, given that last August, the federal government stopped reimbursing Broughton Hospital in Morganton, one of the state’s four psychiatric hospitals, for Medicaid and Medicare patients after investigating the death of one patient and a fall that seriously injured another. The cost to North Carolina taxpayers has been millions of dollars.

Patients who are unable to get appropriate care in their communities often sink into crisis and end up in hospital emergency rooms or jails ill equipped to cope with their needs. As a consequence, taxpayers foot the bill for inefficient crisis care that overburdens and disrupts the medical community, law enforcement, schools, and the courts. The state’s public health and social services agencies are also feeling the burden. Department of Social Services case loads, child care waiting lists, and the number of Medicaid and Food Stamp recipients are all growing. “North Carolina has been a state of belated beginnings and perhaps the infrastructure needs have snuck up on us in terms of public policy decisions and deferred maintenance,” says Doug Orr, a geographer and President Emeritus of Warren Wilson College. Orr is in a unique position to comprehend the scope of the state’s dramatic population growth and the effect it has had.

With fellow geographer Al Stuart, he co-edited two North Carolina Atlases, the first published in the early 1970s and the second at the turn of the century. “...We

NORTH CAROLINIANS TALK ABOUT GROWTH

In the areas I represent, which are the most urban areas of our state, our greatest challenge is making transportation decisions that reduce congestion, facilitate movement, and don’t adversely impact the environment. I’ve tried to encourage my communities to be on the cutting edge of transportation policy – willing to be ahead of the curve on mass transit, light rail, street cars, buses, etc. not just build more roads.

— Melvin L. Watt, 12th Congressional District, NC, Charlotte





While traditional neighborhoods are attractive to some new residents, a profusion of gated communities made up primarily of retirees and second-home owners is raising concerns about the concept of community.

see an amount of growth that is outstripping the infrastructure,” he says.

The growth, he says, is being concentrated in three major urban centers: Charlotte; the Triad of Winston-Salem, Greensboro, and High Point; and the Triangle of Raleigh, Durham, and Chapel Hill. “...That has significant implications for how we prioritize and plan our infrastructure,” Orr says.

For the North Carolina Atlas Orr and Stuart identified four types of land use areas that are important to how the state plans infrastructure, Orr says.

The four land use areas are:

- Major metropolitan centers like Charlotte, the Research Triangle area, and the Triad.
- Edge cities, the suburbs around urban centers that run over municipal, county, and state lines, a “fairly soulless” type of development

characterized by shopping malls, car parks, and strip development.

- Small towns – what Orr calls the treasures of North Carolina, many of which have been revitalized thanks to retirees, mobile entrepreneurs, and those who commute to work in more urban areas like Asheville.
- More remote rural counties, like Tyrell in Eastern North Carolina with only 5,000 people, which largely have been bypassed by the growth that’s occurred in more urban areas of the state.

Regionalism is a very potent force for planning and public policy, Orr says. “We were struck by the fact that ... nine urban regions comprise two-thirds of the counties but 90 percent of the state’s population, so what about the other third? They’re outside the commuting orbit of urban centers,” Orr says. “Companies from the

NORTH CAROLINIANS TALK ABOUT GROWTH

The increase in immigrants is vital to our state’s future social, economic, and educational success. What concerns me most about this growth is the lack of understanding and support for new immigrants. As an increasing number of Latino immigrants and their families make North Carolina their home, we have seen a rise in the number of hate groups targeting immigrants, restrictive policies limiting immigrants’ access to needed services, and a lack of support for immigrants by those that have historically stood up for civil rights. Many immigrants make considerable sacrifices, in order to migrate to North Carolina to work in low-wage, unsafe jobs in agriculture, construction, and the service industry. They contribute to the success of North Carolina: they bring multi-lingual and multi-cultural skills and experiences, enhance the diversity of our state, contribute taxes, and fill essential jobs.

— Melinda Wiggins, Executive Director, Student Action with Farmworkers, Durham



outside or even those expanding inside are not going into those rural counties that are more than an hour away from a Charlotte or a Raleigh or an Asheville. And (those counties) are simply going to have to find their own level of depopulation, which sounds harsh, but is realistic....”

Orr points to the term “the new city/states” coined by syndicated columnist Neal Pierce, meaning that regionalism now is the force of the future in terms of urban development and the edge-city growth that is part of that.

“If that’s the case, and I think it clearly is, that the old municipal boundaries are no longer very relevant in many cases because of sprawl... that has consequences for public policy and state versus local regulations. ...I think it’s critical that there be some statewide minimal standards and then counties can go beyond that if they want to.”

North Carolina is overdue for coherent county-by-county land use planning, he says. State lawmakers have recognized the problems associated with growth for years, though they’ve done little to address funding needs for the state’s physical infrastructure or to establish a regulatory infrastructure that protects the state’s quality of life and its natural environment.

In 2001 a study group appointed by the General Assembly called the Commission on Smart Growth Management and Development published a report of its findings and recommendations. It’s the report from which Rep. Allen’s comment used earlier was taken.

A message from the co-chairs, Sen. Howard Lee and Rep. Joe Hackney, said North Carolina is well-positioned to prosper in the emerging New Economy.

“Yet this change brings problems that we ignore at our own peril. More than a million people have moved to

North Carolina since 1990. Precious farmland and open spaces are vanishing,” they write. “Sprawling communities mean more driving to complete life’s basic chores and less time with families. Schools are overcrowded. And too often, our children are forced to play inside because the air is not safe to breathe.”

In the recommendations it was charged with making, the commission advocated core principles that included the following:

- Smart growth is preferable because it makes efficient use of public resources such as infrastructure, taxes, and the environment;
- Local governments are the best venues for addressing growth issues, but require increased flexibility and options to do so effectively;
- State efforts should be directed toward establishing a smart-growth framework, and toward providing tools and resources to local governments to plan for growth;
- Incentives should take precedence over directives as state policy promotes smart growth;
- Regional solutions are essential in areas like transportation and open-space planning.

The executive summary concludes that members repeatedly heard of nearby states that were “forced to attempt corrective action after enduring more change and development than their infrastructure, institutions, environment and residents could handle.

“Recognizing our state is on a similar course, the Smart Growth Commission offers a different, better vision for North Carolina.”

The commission may have offered a better vision, but lawmakers failed to embrace it. They largely ignored

NORTH CAROLINIANS TALK ABOUT GROWTH

Progress Energy Carolinas’ service area continues to grow by 25,000 to 30,000 new households and businesses every year. New homes are bigger than ever, and with more and more electronics in use in daily life, individual use of electricity has increased by about 50 percent in only three decades. Meanwhile, society’s understanding of global climate issues continues to evolve. Thus, our region and our country are at an energy crossroads. At Progress Energy, we are pursuing a balanced energy strategy for the future — a strategy that focuses on energy efficiency, investments in renewable energy technologies, and a state-of-the-art power system. We’re focused on all three of these critical components as part of our commitment to ensure that electricity remains reliable, affordable, and environmentally sound for the 1.4 million households and businesses who depend on us.

— Lloyd M. Yates, CEO and President, Progress Energy Carolinas, Raleigh



the commission's recommendations. For instance, the commission said, "The state can best ensure smart growth by requiring that all local government conduct a minimal level of planning."

It also said the state should "remove barriers to implementing smart growth goals and programs erected through existing statutes, policies, guidelines and practices. A patchwork quilt of legislative authorizations has evolved that provides some jurisdictions with tools unavailable to others. This arrangement circumscribes the ability of all local governments to respond flexibly to emerging situations."

Paul Meyer, Senior Associate General Counsel to the North Carolina Association of County Commissioners, says the state probably didn't adopt the Smart Growth Commission's recommendations for multiple reasons. Smart growth for one area may be terrible growth for another, he says. There was also a lot of disagreement about what carrots and sticks the state should apply to growth management policy. And, he says, his association and others opposed some of the proposals because they would trump local decision-making.

If the state imposes mandatory planning, it should

be a tiered system based on population density, he said. The association would like to see the state give counties more local options and flexibility for regulating growth and paying for infrastructure needs.

Such options would include the ability to transfer development rights from one piece of property to another, to require that new housing projects include an affordable housing component (inclusionary zoning), to enact adequate public facilities ordinances, to charge impact fees, to charge prepared meals taxes, and to establish land transfer taxes by resolution of the county commissioners as opposed to by referendum.

In 2007 the North Carolina General Assembly gave counties the ability to ask voters to allow land transfer taxes on a county-by-county basis. In every county that held a referendum, land transfer taxes were voted down due in part to well-funded campaigns mounted against them by the real estate and construction industries. Special local bills have been passed allowing some local governments the ability to charge some of the fees and taxes listed above. For example, Catawba, Chatham, and Orange counties have the ability to charge impact fees. An impact fee is a charge imposed on developers to cover



State and local governments are having to make hard decisions on matters of growth ranging from land use to ways to finance infrastructure.



Adequate housing for essential workers is a major problem in areas of extraordinary growth where house prices have skyrocketed. Many law enforcement officers, emergency medical personnel, teachers, and others no longer can live in the communities they serve.

the cost of infrastructure and related services that will have to be provided by the government. Under current state statutes, without specific local authorization, local governments run the risk of being sued if they charge such fees.

Adequate public facilities ordinances operate in a similar manner. If a developer comes forward with a proposal for a new development, an evaluation would be made as to whether the infrastructure was currently adequate to serve it. If so, the permit could be granted. If not, the developer's plans might be approved, but he would be told that the infrastructure would need to be upgraded before a permit could be issued. The ordinance allows local government to offer the developer the opportunity to pay to upgrade the infrastructure or wait indefinitely.

Union County amended its land use ordinance to include adequate public facilities standards in September 2006. Developers had sued to block them by the beginning of December.

Sen. Walter Dalton, D-Rutherford, calls these "pay-to-play" ordinances and introduced a bill during the 2007 session titled "No Monetary Exaction for Development" to outlaw them. Dalton says that in a Durham County case the courts held that state statutes do not give counties the authority to charge such fees, but there continues

to be litigation, so he wanted to clarify the law. He also said he feels such fees discriminate against affordable housing.

Meyer argues that over the past few years the state has further restricted the ability of counties to plan infrastructure and control growth in other ways, including restricting their ability to declare moratoriums and altering urban redevelopment statutes in such a way that vacant property can no longer be condemned.

David Owens, Professor of Public Law and Government at the University of North Carolina School of Government in Chapel Hill, contends that in the regulatory realm, local governments have plenty of authority. "They don't use the range of authority they already have," he says. "They can do all the planning and land use regulation they want."

What local governments don't have are options for paying for the infrastructure needs new development creates.

"They have a much more limited palette to deal with the fiscal implications of growth," he said.

State lawmakers' reluctance to give counties such options as the authority to charge impact fees and to create adequate public facilities ordinances is political, Owens says. Those who oppose such fees and ordinances have had the political clout to stop them.

“What a lot of states have found is that the state not only needs to give authority, it needs to impose some responsibilities,” he said. “Doing a plan doesn’t get you anywhere. You’ve got to tie it to a funding mechanism. And you need integration among government units at the state, regional, and local level.”

Florida was near crisis before state government imposed mandatory planning, he says.

“What is common is that government doesn’t have the will to address these issues until it becomes a crisis,” Owens says. “It takes folks running out of water before you can get them to talk about maybe we need a multi-county regional approach to talking about water.”

Historically, the state role in growth issues has been very limited, but since the 1970s states have begun to exert themselves and there’s been a lot of experimentation, Owens said. There are a lot of models for a more robust state role, but except for the 1974 Coastal Management Act, North Carolina hasn’t gone in that direction.

“We have argued to the legislature that unless you give local governments the revenue options needed to build and maintain infrastructure at a sufficient level to meet the growth, you will have a degradation of the quality of life,” the county commission association’s Meyer said.

The Association of County Commissioners’ top legislative goals for the 2007-2008 session include 1) support for a statewide referendum on a bond issue and/or authority for counties to raise additional revenue to meet school facility needs and 2) seeking legislation to allow all counties to enact any or all of the several revenue options from among those that have already been authorized for any other county including local option sales taxes, impact taxes, and real estate transfer taxes.

The North Carolina Chapter of the American Planning Association’s 2007-2008 legislative agenda also lists infrastructure funding as one of its primary issues. It seeks “dedicated new funding sources to help communities address the current infrastructure crisis and meet growing service demands for transportation, water and sewer service, affordable housing, schools, parks, and other community facilities.”

Local governments can’t just rely on sales taxes and

property taxes to fund infrastructure; they need more tools, says Rodger Lentz, president of the North Carolina Chapter of APA.

Relying on property taxes is especially hard on long-time residents who’ve watched their property values escalate to the point that they can no longer afford even lowered assessments.

As the price of oil, gas, diesel, right-of-way acquisition, and construction materials such as asphalt, steel, and concrete climbs, so does the cost of every project. Finding a way to deal equitably with growth and infrastructure issues that preserves quality of life is “such a big problem it’s hard to get our arms around all of it, but if we only deal with a piece of it, it’s hard to be effective,” the School of Government’s Owens said.

Unfortunately, the problem is only getting bigger. Lawmakers can’t continue to allow the state’s infrastructure to deteriorate and fall behind the demand for service. If a cautionary tale that appeared in the March 2008 Atlantic Monthly is to be believed, they would do well to consider the land use patterns Orr and Stuart identified in the North Carolina Atlas and to provide incentives that encourage denser urban development and small towns, while discouraging sprawling “edge cities.” Titled “The Next Slum,” the article by Christopher B. Leinberger makes the case that the suburban transformation that began in 1946 may be coming to an end. The high cost of gasoline and heating oil is contributing to a “structural change” in the housing market. Leinberger makes the case that today’s suburban McMansions will be tomorrow’s tenements. North Carolina needs to stay ahead of such trends. That will require better planning.

In 2004 the Department of City and Regional Planning at the University of North Carolina at Chapel Hill examined for the DOT how local land use plans anticipated and accounted for transportation projects.

The report that resulted said “...Transportation and land use planning are not as coordinated as they could or should be...” That limits the ability of local planners to “anticipate urban development from transportation investments.”

Consistent, statewide planning will only happen if the state mandates it. Better planning will also require

regional coordination and cooperation, something the state should encourage and facilitate, if not require.

But, as Owens said, planning alone won't solve the problem. That will require the state to identify dedicated sources of funding for its ongoing infrastructure needs and allow counties a menu of options for doing the same.

"The Northeast didn't do these things and ended up with a lower quality of life, congestion, and higher taxes. And businesses and citizens made a decision about where they wanted to live," said Meyer. "Those are the people and businesses moving here. If we don't take care of our infrastructure, if we don't get it in place, our economic

development is compromised."

North Carolina stands at a crossroads. Without adequate planning and reasonable regulations that restrict growth and development to the capacity of the natural environment and the social and physical infrastructure, all those qualities that make it such a desirable place to live will be diminished. It's not too late, but delay means North Carolinians and North Carolina communities will pay a steeper and steeper price in taxes and fees and in quality of life.

Joy Franklin is a veteran journalist and currently is the Editorial Page Editor of the Asheville Citizen-Times.



Tourism is a major driver of the North Carolina economy, and protecting mountain vistas is a continuing challenge in the face of unparalleled growth in the West.



ORGANIZATIONS HELPING NORTH CAROLINA MEET THE CHALLENGE

The profiles that follow are some of the organizations that in various ways are helping the state deal with issues of growth. Each of the organizations is or has been a recent grantee of the Z. Smith Reynolds Foundation. There are hundreds of other organizations that are making a difference, too.

Windows on the World CDC *Roper*

Year after year, and now decade after decade, officials and civic leaders in eastern North Carolina's low-resource counties have seen the big industrial prizes go elsewhere. With rare exceptions – Nucor, which located its sheet steel plant in Hertford County, is one – companies such as Dell and Ikea have given only fleeting looks as they settled on locations in more prosperous counties to the west.

The reason for these corporate decisions is no mystery to the people at Windows on the World CDC in Roper. They know the lack of basic infrastructure, a skilled workforce, and quality of life components that appeal to major corporations sends them to do battle with one hand tied behind them. That is why they have decided that e-technology offers them greatest hope.

As they advocate for the expansion of broadband access through the sparsely populated counties of the east, they are developing enterprises that will create well-paying jobs providing services that are not dependent upon four-lane highways, but rather e-highways. Converting the medical records of health care providers across the nation to electronic format is one such enterprise. With today's technology, location is not a factor, just the right software and skilled employees.

North Carolina Association of CDCs *Raleigh*

North Carolina has become a favorite of affluent retirees and owners of second homes. Consequently, real estate prices have skyrocketed in communities from the Outer Banks to the far western counties. In these areas, the chance that persons of modest income will achieve the dream of home ownership is becoming only a remote possibility.

The North Carolina Association of CDCs has recognized the consequences and has focused on the impact this kind of development has on essential workers, including teachers, law enforcement officers, emergency medical personnel and other health care workers, and even hospitality industry employees in a tourism-based economy. Increasingly, because of the lack of affordable housing, these essential workers are commuting from large distances – often from adjacent counties.

The demographics of communities are changing radically. Teachers may live far from the homes of their students. Modest salaries are stretched to the limit by gas prices and auto maintenance. Increased use of autos contributes to pollution and congestion. Family life is disrupted when parents leave early and arrive home late. Essential workers have less time to participate in community activities. In its continuing efforts, the North Carolina Association of CDCs has commissioned studies and has brought to the table a diverse group of organizations to devise strategies for addressing the problem.

Yadkin Pee-Dee Lakes Projects *Star*

One of the most visionary undertakings in recent North Carolina history has been the Yadkin Pee-Dee Lakes Project, now called Central Park NC. Beginning in 1991, leaders in this eight-county area, joined by the Pee-Dee River and its lakes, began to look seriously at the potential impact of growth in areas close to them, such as Raleigh, Greensboro, Winston-Salem, and Charlotte.

Their decision to think boldly and regionally put them in the forefront of organizations dealing with growth issues. Their goal was to preserve the basic character of this rural region and capitalize on and profit from its natural resources without unduly compromising or spoiling them. The group's motto, "Live, Work, Play," sums up its devotion to community values while recognizing that growth is necessary, inevitable, and manageable.

Because it is an inclusive grass roots effort that has worked to get buy-in from the many small towns and rural residents, it has maintained its credibility and provided effective leadership as it has developed long-term, sustainable solutions to growth challenges.

North Carolina Justice and Community Development Center *Raleigh*

When talking about the positive aspects of growth, it is easy to overlook the fact that all people will not benefit equally unless we all work hard at it. The North Carolina Justice and Community Development Center is dedicated to leveling the playing field – to removing impediments in the educational system, in access to health care, and to fair representation in the court system.

The center is unique in the scope and effectiveness of its efforts. While it does in-depth analysis of state tax and budget policies to ensure that working people get a fair shake, including helping pass the State Earned Income Tax Credit, it addresses other diverse issues. Its North Carolina Health Care Coalition has been in the forefront in the area of universal access to health care and advocacy for health care consumers. Its efforts to ensure that the public schools serve low-income and minority children and children with special needs is having an impact.

While it works to protect the civil rights of all residents of the state and to ensure that immigrants have adequate counsel in immigration cases, the North Carolina Justice Center also helps other organizations develop the capacity to do the same.



It is important to allocate resources so there is a level playing field and children from different backgrounds have equal opportunities to achieve.

North Carolina Association of Black Lawyers Land Loss Prevention Project *Durham*

There is a proud tradition of small-farm ownership by African-American farmers in North Carolina. Successive generations have tilled the land, often subsidizing their income with other jobs. With growth spreading into traditionally rural, agricultural areas, their holdings and their rights have been threatened. There are issues of environmental justice, such as the location of landfills near their property and poultry operations whose odors make life unbearable.

Because historically they had less access to legal services, African-Americans have been especially vulnerable to growth pressures, including acts of eminent domain when their holdings seemed to stand in the way of progress. Disparities in access to federal services often have made it difficult for them to take advantage of programs that could mean the difference between continuing to operate as a family farm and selling as an economic imperative in the face of growth.

The North Carolina Association of Black Lawyers Land Loss Prevention Project is dedicated to the preservation of family farms at a time when they are most threatened.

Environmental Defense Fund *Raleigh*

For decades the Environmental Defense Fund has been on the front line, solving environmental problems in the short term and trying to anticipate and avoid major problems in the long term. Today, with North Carolina's population increasing at an extraordinary rate, its task is compounded.

Growth impacts their every concern: air and water quality, forest conservation and forestry practices, protecting wildlife and endangered species whose habitats have been encroached upon or destroyed, and others.

EDF's offices in North Carolina and elsewhere are staffed by some of the most respected professionals in the environmental field. They think broadly and in terms of ecosystems when they consider the impact of growth and degradation of the environment. Using sound science and reason, they reach out and form unique partnerships to achieve their goals, which often include passing effective laws and regulations, such as air quality standards. But when necessary, they go to court and are formidable adversaries.

Community Foundation of Western North Carolina *Asheville*

Community foundations by their very nature have a broad range of interests. Certainly this has been true of the Community Foundation of Western North Carolina during its 30-year history. But when it made its largest grant in history it was to tackle the problem of how to find practical approaches to managing growth in its 18-county region.

Portions of Western North Carolina, renowned for its expansive, uninterrupted views and sparse population, are experiencing unprecedented growth. One local newspaper in this area where individualism has many champions spoke of the foundation's Mountain Landscapes Initiative as "...coming to grips with some of the most emotional, complicated and important issues of our time." The Initiative, supported in part by the Z. Smith Reynolds Foundation, is bringing together developers, government officials and political leaders, landowners, environmental advocates, interested citizens, and others to develop plans for sustainable growth and to preserve the essential nature of the region that, in effect, largely accounts for its phenomenal growth.

The community foundation is seeking broad grass roots participation through community gatherings, one-on-one interviews, and focus groups. The Initiative's pilot project recently included an intense, multi-day workshop that will produce a "tool box" of best planning and building practices.

Pisgah Legal Services *Asheville and Hendersonville*

Huge increases in the immigrant population across the state, including Western North Carolina, are straining the resources of service agencies. These new residents have many needs and few places to turn for help in meeting them. Pisgah Legal Services, whose motto is "Pursuing Justice, Improving Life," operates in seven North Carolina mountain counties and provides legal assistance and advocacy to help low-income people meet their basic needs and improve their lives.

One project, Justice for All, is especially for the immigrant population. Its attorneys provide free civil legal services to clients who cannot afford to hire an attorney, and take cases that impact clients' fundamental existence – housing, domestic violence, predatory lending, child abuse, access to health care, elder care, disabilities, and access to educational opportunities. Sustaining the organization financially requires assistance from a host of funding sources, including federal, state, and local government; private foundations; and individual donors.

El Pueblo *Raleigh*

The process of developing leadership in an immigrant population is always a difficult task. El Pueblo, a state-wide advocacy and public policy organization operating in North Carolina, is dedicated to strengthening the state's Latino community, which is responsible for much of North Carolina's population growth.

Leadership development is an important part of El Pueblo's mission. Immigrants historically have faced deep-seated misunderstanding and resentment. History is repeating itself now in North Carolina. Articulate spokespersons with strong leadership skills in the Latino community who understand the value of reaching out and working with diverse sectors of their communities can help dispel this resentment and misunderstanding.

El Pueblo fosters good community relations and cross-cultural understanding in many ways, including through special events that showcase Latino culture, educational outreach, and partnerships with other organizations and businesses.



Leadership training is a major priority in the new immigrant community.

The North Carolina Environmental Justice Network *Tillery*

When businesses and governmental units consider sensitive issues such as the location of landfills, chip mills, factory farms, sludge plants, and hazardous waste dumps, they usually take the course of least resistance. While upscale neighborhoods have the leadership and financial resources to effectively resist having the environment around them degraded, low-resource communities often have neither and, consequently, are perceived as powerless. In many cases, the threat of a landfill – or even a facility for the disposal of atomic waste – could be the first time members of a low-resource community or a community of color have had to stand together and challenge well-organized interests. The North Carolina Environmental Justice Network works to empower communities through organized forums, conferences, and the support of member advocates on issues relevant to the environment that could negatively impact their health, quality of life, and property values. At the same time, the Network is proactive in helping shape broad public policy and pursuing legislation that assures environmental justice.

In 1997, a few concerned citizens, activists, academics, and attorneys gathered to discuss forming a committee to address environmental justice issues in North Carolina. After that initial meeting, additional concerned individuals, organizations, and state agencies were invited to help plan and support a summit to discuss environmental injustices. The NCEJ Network grew out of that first NC Environmental Justice Summit held in 1998 at the Historical Franklinton Center at Bricks.

While North Carolina continues to seek and attract industry, The North Carolina Environmental Justice Network works to assure that the poor and people of color have laws on the books to ensure they are not victimized and the leadership in place to both recognize and cope with threats upon their quality of life.

The Z. Smith Reynolds Foundation is a general purpose foundation created to serve the people of North Carolina.

The Foundation is particularly interested in projects that accomplish systemic reform and have statewide impact. In addition, the Foundation gives special attention to low-resource regions in the state and innovative, community-based projects within the Foundation's focus areas.

The Foundation's grantmaking policies reflect the belief that organizational performance is greatly enhanced when people with different backgrounds and perspectives are engaged in an organization's activities and decision-making process. Thus, the Foundation actively seeks to promote access, equity, and inclusiveness, and to discourage discrimination based on race, creed, ethnicity, gender, age, sexual orientation, socioeconomic status, and other factors that deny the essential humanity of all people.

To accomplish its purpose, the Foundation gives special attention to certain focus areas:

- Community Economic Development
- Democracy and Civic Engagement
- Environment
- Pre-Collegiate Education
- Social Justice and Equity

While the listed areas are of highest priority, it is also the desire of the Foundation to serve as a catalyst for new practices and ideas and to respond to other challenges or opportunities that are unique to North Carolina. For these reasons, the Foundation reserves the right to remain flexible in its grantmaking policies. Further, the Foundation continues to be interested in organizational development and capacity building and open to providing general operating support grants.

The Foundation does not give priority to:

- The arts
- Capital campaigns
- Computer hardware or software purchases
- Conferences, seminars, or symposiums
- Crisis intervention programs
- Fundraising events
- Historic preservation
- Local food banks
- Substance abuse treatment programs

The Foundation does not fund the following:

- Brick-and-mortar building projects or renovations, including construction materials and labor costs
- Endowment funds
- Equipment or furniture purchases
- Fraternal groups or civic clubs
- Health care initiatives (physical and mental) or medical research
- Individuals
- National or regional organizations, unless their programs specifically benefit North Carolina and all funds are spent to benefit the state
- Organizations that are not tax-exempt
- Payment of debts
- Volunteer fire departments or emergency medical services

Goals:

The Foundation seeks to foster economic well-being for all families and to build economic vitality and sustainability for all communities.

Results Sought:

The Foundation invests in organizations and projects that achieve the following:

1 **Protect and increase the incomes and assets of low-income families and individuals**

- Measurably increase levels of home-ownership, particularly among minorities
- Increase the supply and utilization of high-quality affordable housing so that rates of monthly rents or mortgages for low-income residents do not exceed 30 percent of monthly income
- Increase income from self-employment or small businesses, especially in rural and minority communities
- Increase availability of and access to non-traditional capital to support home-ownership, asset-building, and economic development
- Ensure equitable distribution of capital
- Eliminate financial practices that negatively and disproportionately target and affect lower-income families and households

2 **Increase community control of economic assets and economic independence for the benefit of rural or low-income residents**

- Build economically viable, environmentally sound, and socially sustainable local agricultural and business enterprise systems
- Increase economic development activities by capitalizing on existing local community strengths and cultural or environmental assets

Ashe County Partnership for Children, Jefferson
 \$30,000 to provide funding for the kitchen incubator project, Creative Food Ventures.

Ashe County Partnership for Children, Jefferson
 \$35,000 to support its IDA program and capacity-building effort.

Bayboro Development Center, Bayboro
 \$30,000 for general operating support.

Blue Ridge Women in Agriculture, Boone
 \$25,000 for general operating support to continue current programs and develop grass roots organization.

Center for Responsible Lending, Durham
 \$250,000 for general operating support for work in North Carolina to protect against predatory lending and other financially abusive practices targeting low-income and minority residents.

Charlotte/Mecklenburg Housing Partnership, Charlotte
 \$100,000 for redevelopment of the Double Oaks Apartments into an affordable housing community and mixed use development.

Corporation for Enterprise Development, Durham
 \$70,000 for support for a comprehensive cluster of NC-based asset-building and place-based development initiatives.

Countywide CDC, Leland
 \$50,000 for general operating support to develop a comprehensive affordable housing development strategy and for community development efforts.

Duke University, Durham
 \$50,000 to support the Duke University School of Law Community Enterprise Clinic.

Durham Affordable Housing Coalition, Durham
 \$25,000 for general operating support and strategic planning to help guide the Coalition's work.

e-Polk, Tryon
 \$75,000 for general operating support for expansion into Rutherford County.

Foundation for a Sustainable Community, Chapel Hill
 \$15,000 for general operating support to build triple bottom line sustainability in the Orange County business community.

Just Economics, Asheville
 \$25,000 for general operating support.

Latino Community Development Center, Durham
 \$1,200,000 to open three new branches of the Latino Community Credit Union in North Carolina.

Legal Aid of NC-Raleigh, Raleigh
 \$400,000 for the Fair Lending and Home Defense Project.

MDC, Chapel Hill
 \$75,000 to support the EITC (Earned Income Tax Credit) Carolinas project.

MDC, Chapel Hill
 \$20,000 for the Latino Pathways project.

Micro-Enterprise Loan Program of Winston-Salem/Forsyth County, Winston-Salem
 \$20,000 for general operating support.

Mountain BizWorks, Asheville
 \$40,000 to utilize outside expertise for organizational fundraising development through increased individual donor giving.

Natural Capital Investment Fund, Chapel Hill
 \$50,000 for general operating support to build entrepreneurial capacity in western North Carolina.

NC Agricultural Foundation, Raleigh
 \$50,000 for the project, 'Rebuilding a Local Food Economy in North Carolina' to be carried out by the Center for Environmental Farming Systems.

NC Association of Community Development Corporations, Raleigh
\$65,000 for development of an outcomes-oriented model for focusing and monitoring the efforts of the Association.

NC Community Development Initiative, Raleigh
\$2,000,000 for general operating support.

NC Institute of Minority Economic Development, Durham
\$200,000 for general operating support.

NC Minority Support Center, Durham
\$125,000 for general operating support to enable transition planning and the development of a strategic plan.

NC REAL Enterprises, Raleigh
\$50,000 for general operating support to revise the REAL core curriculum and enhance entrepreneurial training in the state.

New Life Community Development Corp., Roper
\$30,000 for the Housing Counseling and Homeownership Promotion Program.

New River Community Partners, Jefferson
\$20,000 for strategic planning and its ongoing efforts in leadership development, economic development, and natural resource and cultural preservation.

One Dozen Who Care, Andrews
\$40,000 to support the operations of the Small Business Center.

Operation Spring Plant, Oxford
\$30,000 for general operating support for its ongoing grass roots efforts to promote self-help community economic development programs and initiatives for minority and limited resource farmers/producers.

Orange Community Housing and Land Trust, Carrboro
\$50,000 for general operating support for fundraising capacity building.

Outer Banks Community Development Corporation, Kill Devil Hills
\$40,000 to support a full-time housing counselor position.

Pisgah Legal Services, Asheville
\$25,000 for the Housing Policy Advocacy Project.

RFD CDC, Yadkinville
\$40,000 for salary support.

Rockingham County, Wentworth
\$50,000 for use in the operation of the Business and Technology Center and its support for technology-based rural economic development.

Rural Advancement Foundation International-USA, Pittsboro
\$50,000 for general operating support to strengthen NC family farmers by supporting stewardship, contract fairness, and diversification.

Smoky Mountain Native Plants Association, Robbinsville
\$40,000 for general operating support.

Windows on the World CDC, Roper
\$70,000 for a pilot project for a rural electronic health records social enterprise.

Winston-Salem Foundation, Winston-Salem
\$100,000 Winston-Salem Community Dev. Support Collaborative.

Women's Center of Fayetteville, Fayetteville
\$35,000 to create a revolving loan pool for inexperienced and less qualified borrowers for startup and expansion businesses.

Yadkin-Pee Dee Lakes Project, Star
\$75,000 for general operating support to continue rural economic development of the Central Park region.

TOTAL COMMUNITY ECONOMIC DEVELOPMENT\$5,770,000

Goals:

The Foundation seeks to foster a government that is accountable to the needs of the people; a media that provides fair and substantial information on issues facing the state and its people; a citizenry that is engaged, well-informed, and participates in the life of the state; and sound public policy that is built upon comprehensive and balanced research.

Results Sought:

The Foundation invests in organizations and projects that achieve the following:

1 **Responsive, accountable governance**

- Reduce the influence of money on politics
- Increase educational opportunities for local and state policymakers
- Increase the degree of fairness and equity with which government policies and practices affect each resident of the state
- Create credible, timely, policy-relevant research on pressing issues (particularly those within the areas of focus of the Foundation)

2 **A populace that is educated about and participates in civic affairs**

- Increase knowledge of, participation in, and discourse about state and local government policies and politics
- Increase the number of individuals from marginalized or underrepresented populations who gain and use leadership skills to address community issues
- Increase public understanding and analysis of media content and operations
- Protect and strengthen voters' rights
- Increase voter participation in elections and government affairs

3 **Fair, accurate, and substantial media coverage of state and local government policy issues and politics**

- Increase the level of reporting about state and local government institutions and issues
- Protect media and public access to government records and meetings
- Increase investigative reporting (particularly on issues within the areas of focus of the Foundation)

American Institute for Social Justice, Raleigh
\$140,000 for general operating support.

Americans for Democratic Action Education Fund, Washington, DC
\$45,000 for the Working Families Win project in North Carolina.

Center for Community Change, Washington, DC
\$90,000 for the North Carolina Generation Change project designed to recruit, train and support new community organizers in North Carolina.

Common Cause Education Fund, Washington, DC
\$125,000 for general operating support.

Common Sense Foundation, Raleigh
\$50,000 for general operating support.

County of Wayne, Goldsboro
\$10,000 to support the Voter Verification Contact Mailing project of the Wayne County Board of Elections.

Democracy NC, Durham
\$700,000 for general operating support.

Elon University, Elon
\$25,000 to support NC Campus Compact.

FairVote, Takoma Park, MD
\$35,000 to hire a project director to help implement Instant Runoff Voting in North Carolina.

Forsyth Futures, Winston-Salem
\$40,000 for its data research and project development work.

Foundation for the University of NC-Charlotte, Charlotte
\$50,000 for the Charlotte Regional Indicators project.

Hollister REACH, Hollister
\$20,000 to support its Alternative Sewer System Campaign.

Institute for Advanced Journalism Studies, Greensboro
\$30,000 to engage minority student journalists in intense professional development opportunities.

Institute for Southern Studies, Durham
\$70,000 for the NC Environmental Reporting and Education Project.

International Affairs Council, Raleigh
\$17,500 for the Marshall Memorial Fellowship Support Plan.

International Women's Democracy Center, Washington, DC
\$20,000 for expansion of the IWDC's Pipeline Project workshops for women in the Raleigh/Durham area.

Kids Voting NC, Greensboro
\$75,000 for general operating support that would allow the continued operation, expansion, and growth of the organization across the state of North Carolina.

Lynnwood Foundation, Charlotte
\$15,000 to support the Lee Institute's MeckConnect project.

Mountain Area Information Network, Asheville
\$80,000 for general operating support.

NC Center for Voter Education, Raleigh
\$550,000 for general operating support.

NC Central University Foundation, Durham
\$40,000 for the North Carolina Black Church Civic Engagement Project.

NC Central University Foundation, Durham
\$150,000 to establish the Benjamin S. Ruffin Professorship in Civic Education and Social Justice.

NC Fair Share Education Fund, Raleigh
\$35,000 to support the maintenance and expansion of the Fannie Lou Hamer Voting Rights Project.

NC Justice Center, Raleigh
\$375,000 for the Blueprint NC project.

NetCorps, Durham
\$30,000 for support of its Building Infrastructure for Progressive Power project.

School of Government Foundation, Chapel Hill
\$12,000 for the Civic Education Consortium small grants.

SURGE, Students United for a Responsible Global Environment, Chapel Hill
\$25,000 for general operating support to engage youth in environmental and social justice issues.

Third Reconstruction Institute, Durham
\$350,000 to build capacity of the IAF organizing network in North Carolina.

Tides Center, San Francisco, CA
\$25,000 to support Traction, for its North Carolina-based civic engagement project.

University of NC-Center for Public Television, Research Triangle Park
\$14,000 to launch its North Carolina Online Voting Guide.

Wellstone Action Fund, St. Paul, MN
\$75,000 to make its Voter Engagement and Leadership trainings available to the Blueprint North Carolina Coalition, the NC Coalition Against Domestic Violence, and the NC Coalition Against Sexual Assault.

WHEW/NC Center for Women in Public Service, Raleigh
\$30,000 for general operating support.

YMCA of the Triangle Area, Raleigh
\$40,000 for its YMCA NC Youth and Government project.

TOTAL DEMOCRACY AND CIVIC ENGAGEMENT \$3,388,500

Goals:

The Foundation seeks to conserve, protect, improve, and restore the state's natural areas; to ensure clean air and water for all North Carolinians; and to minimize the burden of the state's environmental hazards, particularly on marginalized communities.

Results Sought:

The Foundation invests in organizations and projects that achieve the following:

1

Prevent poor communities and communities of color from bearing a disproportionately high or adverse burden of environmental hazards

- Ensure a fair and effective system to monitor placement and enforce reduction of environmental hazards
- Increase involvement of communities in the development, implementation, and enforcement of policies and regulations

2

Guarantee clean water for all

- Improve and/or restore the water quality of rivers, wetlands, and lakes
- Prevent damage to water quality and quantity
- Ensure access for all to rivers and lakes

3

Guarantee clean air for all

- Reduce toxic, mobile source, and greenhouse gas emissions
- Prevent damage to climate and air quality
- Increase energy conservation and the amount of renewable energy used

4

Conserve green space

- Increase the amount of permanently protected land
- Protect and restore critical forest habitats
- Ensure access for all to open space and forests
- Improve community planning and development patterns to meet the growth demands of the state in environmentally sound ways

5

Guarantee a healthy coastal ecosystem

- Prevent damage to wetlands, coastline, and coastal waters
- Improve and/or restore wetlands and coastal waters
- Ensure access for all to coastal waters and ocean

Within this focus area, priority is given to regional (multi-county) and statewide efforts.

Agricultural Resources Center, Raleigh
\$50,000 for general operating support.

American Farmland Trust, Washington, DC
\$30,000 for general operating support to continue its leadership role partnering with agencies and nonprofits to protect NC's disappearing farmland.

American Rivers, Washington, DC
\$30,000 to continue its efforts to negotiate dam relicensing agreements on hydropower dams impacting the Catawba, Yadkin, and Pee-Dee Rivers in North Carolina.

Appalachian State University, Boone
\$55,000 to assist rural counties in North Carolina in implementing plans to utilize landfill gas for economic development and environmental improvement.

Appalachian State University, Boone
\$55,000 to fund its Promoting Community Autonomy Through Conservation in Northwestern North Carolina project.

Appalachian Voices, Boone
\$30,000 for general operating support to achieve improvement in air quality in North Carolina.

Bald Head Island Conservancy,
Bald Head Island
\$35,000 for general operating support aimed at building a network for dissemination of best management practices for NC barrier islands.

Blue Ridge Environmental Defense League,
Glendale Springs
\$60,000 for general operating support to continue its statewide environmental justice work.

Carolinas Clean Air Coalition, Charlotte
\$30,000 for general operating support to continue building administrative capacity and outreach support.

Catawba College, Salisbury
\$25,000 for the Sustainable Communities Leadership Institute of the Catawba College Center for the Environment.

Catawba Lands Conservancy, Charlotte
\$25,000 for the North Carolina Open Space Protection Collaborative (OSPC).

Catawba River Foundation, Charlotte
\$50,000 for general operating support to advocate for protection of the Catawba River.

Center for Agricultural Partnerships, Asheville
\$40,000 for the Farm Bill Work project designed to enable minority farmers to access critical assistance from federal conservation programs.

Clean Water for NC, Asheville
\$25,000 for general operating support.

Conservation Council of North Carolina Foundation, Raleigh
\$10,000 to support work on the Muddy Water Watch project.

Conservation Council of North Carolina Foundation, Raleigh
\$20,000 for general operating support to continue its advocacy and grass roots mobilization work.

Conservation Fund, Chapel Hill
\$550,000 for the Resourceful Communities Program and Creating New Economies Fund.

Conservation Trust for NC, Raleigh
\$100,000 for general operating support.

Dan River Basin Association, Eden
\$60,000 for general operating support.

Elon University, Elon
\$30,000 for the Haw River Corridor: Conservation and Impact Evaluation program.

Enterprising Environmental Solutions,
Harrisburg, PA
\$75,000 to fund the organization's continued support for the development and implementation of the North Carolina Climate Action Plan.

Environment North Carolina Research and Policy Center, Raleigh
\$15,000 for general operating support.

Environmental Federation of NC d/b/a Earth Share, Durham

\$35,000 for general operating support to continue its workplace giving campaign program.

High Country Conservancy, Boone

\$20,000 to support community-based conservation efforts.

Institute for Conservation Leadership,

Takoma Park, MD

\$100,000 to support the North Carolina Fundraising Capacity Initiative.

Land-of-Sky Regional Council, Asheville

\$45,000 for the Mountain Ridge and Slope Protection Initiative - Action Phase.

National Committee for the New River,

West Jefferson

\$55,000 for general operating support for its work on restoration and advocacy in NC.

Nature Conservancy, Durham

\$250,000 to study the environmental and economic impacts of the proposed I-74 corridor in SE North Carolina.

NC Coastal Land Trust, Wilmington

\$60,000 for work in North Carolina with regard to the Cape Fear Arch Collaboration.

NC Conservation Network, Raleigh

\$375,000 for general operating support to continue and expand its work to strengthen the environmental community in NC and better protect the state's air, water, and quality of life.

NC Council of Churches, Raleigh

\$30,000 for general operating support for the NC Interfaith Power and Light project.

NC Waste Awareness & Reduction Network,

Durham

\$45,000 to support the Grassroots Energy Alliance (the 'Alliance').

NC Waste Awareness & Reduction Network,

Durham

\$35,000 for general operating support.

NC Wildlife Federation, Raleigh

\$30,000 for general operating support.

Neuse River Foundation, New Bern

\$35,000 for general operating support.

New River Foundation, Jacksonville

\$20,000 for general operating support.

Open Space Institute, New York, NY

\$37,500 to provide bridge financing and technical assistance to North Carolina land trusts.

Pamlico-Tar River Foundation, Washington

\$80,000 for the Diversity Initiative for Inclusive Watershed Protection.

Piedmont Land Conservancy, Greensboro

\$30,000 for the Collaborative Stewardship Program.

Rails-to-Trails Conservancy, Washington, DC

\$20,000 to assess the use of the Seaboard Coastline Corridor as a community trail and conserved green space in Sampson County.

REACH of Duplin County, Warsaw

\$27,000 for general operating support.

RiverLink, Asheville

\$10,000 for the Muddy Water Watch program.

Rocky River Heritage Foundation, Sanford

\$10,000 for the Rocky River Integrated Community Database and Citizen Outreach Program.

Sierra Club Foundation, San Francisco, CA

\$40,000 for 2008 general operating support for the NC Sierra Club Chapter.

SmartPower Connecticut, Hartford, CT

\$75,000 for North Carolina Clean Energy Communities to boost the Green Power program and create a viable clean energy industry in North Carolina.

Southern Alliance for Clean Energy, Asheville

\$45,000 to fund its North Carolina work to reduce global warming.

Southern Appalachian Forest Coalition,
Asheville

\$30,000 for general operating support of the organization's work in North Carolina.

Southern Appalachian Highlands Conservancy,
Asheville

\$475,000 to continue the work of the Blue Ridge Forever project through 2010.

SouthWings, Asheville

\$20,000 for general operating funds to continue support of monitoring and education for conservation partner organizations.

Sustainable Sandhills, Fayetteville

\$25,000 for general operating support to increase organizational capacity.

Triangle Land Conservancy, Raleigh

\$25,000 to create a model to evaluate success in meeting land conservation goals.

Waterkeeper Alliance, Irvington, NY

\$25,000 to continue its partnerships with grass roots organizations in eastern NC in eliminating pollution from hog lagoons.

Watershed Association of the Tuckasegee River,
Bryson City

\$25,000 for general operating support for conservation stewardship in the Tuckasegee River Basin.

Western NC Alliance, Asheville

\$35,000 to support the Alliance's work on land use planning in western North Carolina.

Wild South, Asheville

\$30,000 for general operating support for forest protection and preservation work in NC.

WildLaw, Asheville

\$25,000 to support the Forest Certification Pilot Project.

WildLaw, Asheville

\$25,000 for general operating support to provide legal, capacity building, and technical assistance to groups protecting the environmental integrity of NC communities.

TOTAL ENVIRONMENT **\$3,649,500**

Goals:

The Foundation seeks to foster an educational system that provides each student in North Carolina the constitutionally guaranteed right of a “sound, basic education” regardless of race, socioeconomic status, gender, geography, or other discriminating factors.

Results Sought:

The Foundation invests in organizations and projects that achieve the following:

1

Train, place, and retain highly-qualified teachers for every child and skilled administrators for every school, with particular emphasis on increasing the number of people of color in those positions

- Increase the number of highly-qualified teachers and administrators
- Measurably increase the rates of retention of highly qualified teachers
- Improve the delivery and quality of professional development opportunities
- Increase the use of technology, training, and innovative models to increase access to high-quality teaching in hard-to-staff subject areas

2

Improve educational achievement through equity in education

- Close the academic achievement gap between white students and students of color
- Promote fair and effective accountability and testing models
- Increase access to and improve the system of early childhood education for disadvantaged students
- Increase the diversity of and enrollment in academically advanced course offerings for currently underrepresented students
- Ensure adequate distribution of resources within or among school districts

Within this focus area, priority is given to regional (multi-county) and statewide efforts.

Appalachian State University, Boone
\$35,000 to support the High School to College Teacher Development Project.

Center for Community Action, Lumberton
\$50,000 for its Rural Education Advancement program and the program's Commission on a Sound Basic Education project.

Center for Dialogue, Brevard
\$2,600 for the School of Government's NC Civic Education Consortium Small Grants Program - Youth Speak.

Center for Diversity Education, Asheville
\$30,000 for general operating support.

Center for Teaching Quality, Hillsborough
\$100,000 to support the use of national board-certified teachers for higher math and science achievement in NC.

Connectinc, Battleboro
\$100,000 for Teach Central, a teacher mentoring and professional development program.

Development Foundation of the NC Center for the Advancement of Teaching, Inc., Cullowhee
\$100,000 for the support of its Connect to Your Future: Celebrating Success in the Classroom project.

DonorsChoose, Rocky Mount
\$40,000 for general operating support.

Durham Public Schools, Durham
\$100,000 to establish a New Teacher Center demonstration site to train mentors, extend research, and expand outreach.

El Pueblo, Raleigh
\$7,500 for the School of Government's NC Civic Education Consortium Small Grants Program - Latino Youth Fellowship Program.

Guilford Education Alliance, Jamestown
\$30,000 for NC PENs Working Together for NC Schools.

Haliwa-Saponi Indian Tribe, Hollister
\$8,250 for the School of Government's NC Civic Education Consortium Small Grants Program - Haliwa-Saponi Youth Leadership Education Project.

Town of Knightdale, Knightdale
\$8,050 for the School of Government's NC Civic Education Consortium Small Grants Program - East Wake Television Internships.

Lincoln County 4-H, Lincolnton
\$8,000 for the School of Government's NC Civic Education Consortium Small Grants Program - Lincoln County 4-H Civics in Afterschool Program.

Mediation Center of Eastern Carolina, Greenville
\$9,000 for the School of Government's NC Civic Education Consortium Small Grants Program - Teen Court.

NC Partnership for Children, Raleigh
\$45,000 for its 'Linking Child Care and Economic Development' project.

NC Partnership for Children, Raleigh
\$70,000 to support the NC Ready Schools Initiative.

NC School of Science and Mathematics Foundation, Durham
\$80,000 for its Statewide Institute for Teaching Excellence for K-8 Science project.

Onslow County Schools, Jacksonville
\$10,000 for the School of Government's NC Civic Education Consortium Small Grants Program - After School "MicroSociety" Program at Jacksonville Commons Middle School.

Pisgah Astronomical Research Institute, Rosman
\$25,000 to expand its professional development program for science teachers to new locations in North Carolina.

Rape Crisis Center of Catawba County,
Hickory
\$4,000 for the School of Government's NC Civic Education Consortium Small Grants Program - Jeans for Justice: Teens Emerge Series.

Rensselaerville Institute - NY,
Rensselaerville, NY
\$1,000,000 to implement the 'Intervention Design: Northampton County.'

Robeson County Public Schools, Lumberton
\$30,000 to support its Pre-Collegiate and Workforce Education Initiative.

Rocky Mount Family YMCA, Rocky Mount
\$6,000 for the School of Government's NC Civic Education Consortium Small Grants Program - YMCA NC Youth & Government.

Rural School and Community Trust,
Arlington, VA
\$45,000 for the North Carolina Organizing Project.

SURGE, Students United for a Responsible Global Environment, Chapel Hill
\$6,600 for the School of Government's NC Civic Education Consortium Small Grants Program - NC Youth Climate Advocacy Day.

Teach for America - Eastern NC, Raleigh
\$50,000 to fund its Rural Teacher Initiative.

University of NC-Chapel Hill, Chapel Hill
\$30,000 for its Project for Historical Education.

University of NC-Chapel Hill, Chapel Hill
\$70,000 for its Carolina College Advising Corps program.

University of NC-Chapel Hill, Chapel Hill
\$40,000 for the Environmental Resource Program for its project entitled, 'Engaging Youth in Energy Conservation and Local Sustainability.'

TOTAL PRE-COLLEGIATE EDUCATION.....\$2,140,000

Goals:

The Foundation seeks to eliminate the unjust and unequal treatment of people of color, immigrants, and those who are economically disadvantaged; eradicate the physical and sexual violence that threatens the lives and well-being of women; protect the rights of women to make choices about their reproductive health; and provide adolescents with information and choices that encourage them to avoid pregnancy.

Results Sought:

The Foundation invests in organizations and projects that achieve the following:

1 Non-discriminatory, just communities

- Enforce civil rights laws and defend human rights
- Ensure equal access to government and community services
- Increase economic equity
- Measurably reduce structural and institutional racism and gender bias
- Measurably reduce unwarranted racial and economic disparities within the criminal justice system

2 Protect reproductive choice and reduce domestic violence and sexual assault

- Measurably reduce sexual assault
- Measurably reduce domestic violence and its impact on families
- Measurably reduce adolescent pregnancy
- Ensure that all reproductive options remain available to all women

American Civil Liberties Union Foundation of NC, Raleigh
\$100,000 for the Racial Justice Project.

American Civil Liberties Union Foundation of NC, Raleigh
\$30,000 to support the salary of a reproductive health education coordinator.

Black Family Land Trust, Greer, SC
\$150,000 for the Black Family Land Trust Landownership Protection project.

Carolina Justice Policy Center, Durham
\$40,000 for general operating support to address specific flaws in NC's death penalty and help sustain and improve community-based corrections programs.

Catholic Social Services of the Roman Catholic Diocese of Charlotte, Winston-Salem
\$45,000 for the Catholic Legal Services.

Center for Death Penalty Litigation, Durham
\$60,000 for the Public Information and Education project.

Child and Parent Support Services, Durham
\$23,000 for the 'Identifying and Responding to the Needs of Children in Domestic Violence Shelters' project.

Child and Parent Support Services, Durham
\$150,000 for the NC Domestic Violence & Children Training Academy.

Coastal Horizons Center, Wilmington
\$25,000 for general operating support of its rape crisis services and educational programming in New Hanover and Brunswick counties.

Community Building Initiative, Charlotte
\$25,000 for general operating support to support program development, delivery, and strategic planning.

Community Reinvestment Association of NC, Durham
\$10,000 to assist in the administrative closing of The NC Fair Housing Center and convening likely partners to continue the Center's core work.

Crisis Assistance Ministry, Charlotte
\$50,000 for the Advocacy Initiative.

Darryl Hunt Project for Freedom and Justice, Winston-Salem
\$40,000 for general operating support.

Development Training Institute, Ellicott City, MD
\$150,000 for the North Carolina Latino Nonprofit Leadership Academy.

Down East Council on Hispanic Latino Affairs, New Bern
\$30,000 for general operating support.

Duke University, Durham
\$30,000 to support an updated study on the fiscal costs of capital punishment in North Carolina.

El Centro Latino, Carrboro
\$30,000 for the salaries and expenses related to the Latino Leadership Initiative.

Equality NC Foundation, Raleigh, NC
\$35,000 for general operating support to strengthen leadership for the LGBT community in North Carolina.

Fair Trial Initiative, Durham
\$60,000 for the North Carolina Coalition for a Moratorium.

Fair Trial Initiative, Durham
\$50,000 for general operating support to recruit and train young professionals in capital defense at the trial level.

Family Guidance Center, Hickory
\$25,000 for general operating support of the Center.

Family Violence Prevention Center, Raleigh
\$30,000 for a planning grant to research Interact's child-and family-centered approach to serving domestic violence victims.

Gastonia District of the United Methodist Church, Gastonia
\$25,000 for the Multicultural Center of Hope.

Greensboro Housing Coalition, Greensboro
\$25,000 to reduce racial disparities in maintenance of rental housing and promote social justice through systemic reform.

Hispanic Task Force of Lee County, Sanford
\$15,000 for general operating support.

Hispanic/Latino Community Resource Center,
Charlotte
\$25,000 for general operating support.

Interfaith Partnership for Advocacy and Reconciliation, Winston-Salem
\$28,000 in support of its Institute for Dismantling Racism.

IPAS, Chapel Hill
\$40,000 to promote sexual and reproductive rights advocacy in North Carolina's Latino communities.

Latino Advocacy Coalition of Henderson County, Hendersonville
\$30,000 for general operating support.

Legal Services of North Carolina, Raleigh
\$150,000 to fund the start-up of legal services in Eastern North Carolina for immigrants.

Legal Services of Southern Piedmont,
Charlotte
\$35,000 for the Justice for All Project.

Murder Victims' Families for Reconciliation,
Washington, DC
\$15,000 to assist family members of the murdered and executed in North Carolina.

Murder Victims' Families for Reconciliation,
Washington, DC
\$60,000 to organize murder victim families and families of the executed to become effective voices opposing the death penalty in North Carolina.

NC Association of Black Lawyers' Land Loss Prevention Project, Durham
\$50,000 for the NC Rural Environmental Equity Project.

NC Center for International Understanding,
Raleigh
\$30,000 for program evaluation and planning for the Latino Initiative.

NC Center on Actual Innocence, Durham
\$50,000 for general operating support for criminal justice reform.

NC Coalition Against Domestic Violence,
Durham
\$30,000 for the NC Statewide Domestic Violence/ Sexual Assault Data Collection Initiative.

Northeastern Community Development Corporation, Camden
\$30,000 for the Hispanic Outreach Center, Nuestra Casa de la Comunidad Hispana.

Our VOICE, Asheville
\$30,000 for fundraising capacity enhancement.

People of Faith Against the Death Penalty,
Carrboro
\$100,000 to support field organizers to mobilize people to support death penalty moratorium efforts and other core operating expenses.

Pisgah Legal Services, Asheville
\$35,000 for the Justice for All Project.

Public Interest Projects, New York, NY
\$200,000 for the 'Fulfilling the Dream' Fund.

Rural Economic Development Center, Raleigh
\$150,000 for the Rural Economic Opportunity Initiative.

Southern Documentary Fund, Durham
\$20,000 for funds for the distribution of 'The Guestworker' film about H2A farmworkers to communities throughout North Carolina.

Southern Documentary Fund, Durham
\$20,000 for a community screening tour for the documentary 'Love Lived on Death Row.'

Stone Circles, Mebane
\$20,000 for the Sustainability and Solidarity Project.

U.S. Committee for Refugees and Immigrants, Washington, DC
\$30,000 for general operating support for its NC office.

UE Research and Education Fund, Pittsburgh, PA
\$40,000 to support the North Carolina International Worker Justice Project.

UNCG Human Environmental Sciences Foundation, Greensboro
\$75,000 for general operating support for the Center for New North Carolinians.

United Hmong Association, Hickory
\$35,000 for general operating support and strategic planning.

University of NC-Chapel Hill, Chapel Hill
\$50,000 for the Carolina Women's Center's Human Trafficking Education, Awareness, and Training Project.

Western NC Workers' Center, Morganton
\$30,000 for general operating support to educate low wage workers on their rights and build capacity towards leadership and self-advocacy.

TOTAL SOCIAL JUSTICE AND EQUITY \$2,661,000

The majority of the Foundation’s grantmaking is accomplished within its five stated focus areas. However, it is also the desire of the Foundation to serve as a catalyst for new practices and ideas and to respond to other challenges or opportunities that are unique to North Carolina. For these reasons, the Foundation reserves the right to remain flexible in its grantmaking and, therefore, makes occasional grants that are classified as “miscellaneous.”

Action for Children North Carolina, Raleigh
\$180,000 for general operating support to implement the health and economic security portions of AFC’s results-based plan.

Alleghany County Schools, Sparta
\$30,000 to develop a regional approach for entities in western North Carolina that offer Junior Appalachian Musicians’ (JAM) programs to youth.

Black Heritage Society, Kinston
\$40,000 for general operating support for the society’s education programs regarding the role of the U.S. Colored Troops during the Civil War.

Council for Children, Charlotte
\$50,000 for the Building Strategic Communities for Children project.

Employee Matching Gifts, NC
Staff charitable contributions. \$980

Grassroots Leadership, Charlotte
\$80,000 for the Development Directors of Color Fellowship Program.

Historic Jarvisburg Colored School, Jarvisburg
\$20,000 for early development of the new Historic Jarvisburg Colored School Museum of African American Education in Currituck County.

NC Coalition to End Homelessness, Raleigh
\$40,000 for general operating support of the Coalition’s ongoing efforts to secure resources, encourage public dialogue, and advocate for public policy changes to end homelessness.

NetCorps, Durham
\$25,000 to build nonprofit capacity through technology training, planning, and support.

Pride of Kinston, Kinston
\$12,000 to fund the design concept for the Kinston Pedestrian Bridge as the first phase of the Waterfront NOW Taskforce recommendations.

University of NC-Chapel Hill, Chapel Hill
\$45,000 to support work within the Department of Public Policy connecting students with NC nonprofits for public and client impact studies and additional consultations.

WAMY Community Action, Boone
\$40,000 for general operating support for the purpose of hiring a development director.

Wake Forest University, Winston-Salem
\$591,715 to the Campaign for Wake Forest. For scholarships: Joseph G. Gordon, NSR, NC middle income residents, annual awards to faculty members, Reynolds Professors supplements, and special undergraduate programs and needs.

Wake Forest University, Winston-Salem
\$1,200,000 annual grant, under 1990 contract, for general support, faculty development, and scholarships.

Winston-Salem Foundation, Winston-Salem
\$250,000 for the Zachary T. Smith Fellowship Program, given annually to a teacher from each of the four (4) schools in the system in a competitive process, determined by a defined set of criteria developed by the Z. Smith Reynolds Foundation, the Winston-Salem Foundation, and the Mt. Airy Public Schools.

TOTAL MISCELLANEOUS.....\$2,604,695

GRANT

APPLICATION GUIDELINES

The Z. Smith Reynolds Foundation is legally restricted to making grants for the accomplishment of charitable works in the state of North Carolina. Grants are made only to nonprofit, charitable organizations that are exempt under Section 501(c)(3) of the Internal Revenue Code or to governmental units. No grants are made to individuals for any purpose. Organizations that operate both within and outside the State of North Carolina may be eligible for consideration for programs operating within North Carolina. The Foundation does not pay indirect or overhead expenses for projects at colleges, universities, public schools, or governmental units.

To accomplish its purpose, the Foundation currently gives special attention to certain focus areas:

- Community Economic Development
- Democracy and Civic Engagement
- Environment
- Pre-Collegiate Education
- Social Justice and Equity

While the listed areas are of highest priority, it is also the desire of the Foundation to serve as a catalyst for new practices and ideas and to respond to other challenges or opportunities that are unique to North Carolina. In addition to funding projects that achieve the goals of each focus area, the Foundation has an interest in building the capacity of organizations and in promoting organizational development. Also, the Foundation reserves the right to remain flexible in its grantmaking policies.

SUBMITTING APPLICATIONS:

Effective with the August 1, 2005 deadline, the Foundation began accepting ONLY applications submitted via its online submission process. To access the application, please visit: www.zsr.org and click on “How to Apply” and then “Grant Application Form.” The Foundation will not accept proposals by mail, facsimile, or e-mail. If your organization does not have access to the Internet and needs to discuss an alternate submission process, please contact the Foundation at 800.443.8319.

DEADLINES:

The Foundation’s Board of Trustees meets in May (deadline February, 2009) and in November (deadline August 15) to consider grant applications. Proposals must be received via the Foundation’s online submission process by 11:59 p.m. EST on the deadline date specified on the Foundations website. The Foundation will not accept proposals by mail, facsimile, or e-mail. Late proposals will be considered in the next funding cycle.

REPORTING REQUIREMENTS:

If your organization received a grant(s) in the past, all reporting requirements must be met in order for your current application to be considered. The Foundation has written reporting requirements for each grant made. If you have questions about these requirements, please contact the Foundation at 800.443.8319.

Nancy Susan Reynolds

(1910 - 1985)



Nancy Susan Reynolds Awards

Honoring North Carolina's Unsung Heroes

The Nancy Susan Reynolds Awards recognize the uncommon leadership of North Carolinians whose vision, determination, resourcefulness, and strength of character have caused them to succeed when other individuals might have failed. What is remarkable is how each recipient – usually with limited resources and in spite of the odds – has accomplished extraordinary good in his or her community.

The Z. Smith Reynolds Foundation believes there are many leaders among us but that one often has to look in unlikely places to find those examples of leadership that are truly inspiring.

Since 1986, the Nancy Susan Reynolds Awards have sought out, honored, and in a small way, rewarded unrecognized individuals who have worked to make a positive difference in the state of North Carolina. In doing so,

the Z. Smith Reynolds Foundation focuses the public spotlight on their activities and urges North Carolinians to draw vision from their vision, strength from their demonstrated strength, and renewed moral purpose from their purposefulness.

When Nancy Susan Reynolds, daughter of R.J. Reynolds and Katharine Smith Reynolds, died in 1985, the Foundation's trustees established the Nancy Susan Reynolds Awards for exemplary and often unsung leadership in communities throughout North Carolina. A founding member, president, and lifetime trustee of the Z. Smith Reynolds Foundation, Nancy Susan Reynolds believed people should take risks and that all of us should have the patience to allow others to make mistakes, start over, and thus strengthen their skills and resolve.

Dave Genova, Race Relations



Twelve years ago, while leading an Outward Bound course in the Pisgah National Forest, Dave Genova heard a young white student say she was glad there weren't any African Americans in her group. Genova was stung by the comment. Soon, he challenged the Outward Bound organization to take a leadership role in dismantling racism and prejudice.

Now the Unity Project brings groups of students from 10 "Unity Schools" across North Carolina to Outward Bound each summer. They reflect the diversity of their schools and get to know each other so that racial barriers are broken down. They return to school and undertake projects to involve more students. Approximately 1,200 students from Asheville, Chapel Hill, and Charlotte area schools have participated.

Similar Unity Projects are being established in other Outward Bound programs across the country. In the summers of 2005 and 2006, groups of Israeli young people, Jews and Palestinians, had their own Unity Project in the North Carolina mountains. "We came as five Jews and five Palestinians, but we left as ten human beings," they said. The project has led to an Outward Bound program in Israel modeled after the one in North Carolina.

Susan Hill, Advocacy

For decades, Susan Hill has been in the midst of controversy about abortion.

Two years after the 1973 Roe v. Wade ruling, Susan Hill, then a social worker, founded the National Women's Health Organization – clinics and surgi-centers specializing in gynecological and abortion services. Since then she has been a leader in providing abortion services in underserved areas of the United States.

Hill remains determined that all women will have access to safe abortion and gynecological services. She remains a powerful ally of other pro-abortion activists.

She received national attention for the landmark RICO suit she brought against anti-abortionists that applied anti-racketeering laws against them. She also has testified before Congress and before the Food and Drug Administration concerning RU-486, the abortion drug.



Lillie Sanders, Personal Service



Lillie Sanders of Magnolia, in rural Duplin County where there are few resources for social services, has committed her life to helping people in need. Whatever their needs are – food, clothing, shelter, transportation, medicine, even spiritual support – people know that Sanders is the go-to person.

If someone needs a bed for a night or two, she shifts family around to make room. One elderly friend, lacking family to care for him, came and stayed for years until his death. She also has a special place in her heart for those who lose their homes to fire because as a young mother, all of her family's possessions were destroyed.

Sanders has perfected the art of giving and has become a model for others. She was invited to a conference on philanthropy in Seattle and received expense money from the sponsor. Rather than spending the money, Sanders gave it away – \$10 or \$20 at a time – to people with small projects around the world.

Nancy Susan Reynolds Award Categories

Advocacy - on behalf of people, issues, or concerns that otherwise may be without effective voices. This category is for persons whose persistence, patience, and intelligence have earned them the ear of those who make and shape policies in the state and its communities.

This category seeks to recognize people who have

- served as advocates for persons, positions, or groups at some personal risk
- earned the respect of those to whom they speak
- earned the trust of those for whom they speak

Personal Service - for people helping other people. This category recognizes inspired service, continuing devotion to service under difficult circumstances and often at substantial personal sacrifice, and willingness to assist persons or groups who have few alternatives and little ability to repay except through thanks and profound devotion.

This category seeks to recognize people who have

- helped alleviate the condition of some less-favored group in the community
- performed work that serves as a catalyst for self-respect and self-sufficiency
- provided special examples of service that cause others to take more seriously their responsibilities to people in their communities and state

Race Relations - for persons who have acted in ways to bring about improvements in multiculturalism in a community and served as role models of racial understanding and cooperation.

This category seeks to recognize people who have

- made significant efforts to encourage communication and motivate improved relationships between persons of different racial and ethnic backgrounds
- increased understanding or resolved conflicts between persons of different racial and ethnic backgrounds, or helped heal wounds created by racial and ethnic discord
- stimulated action to eliminate racism in his or her community

How to Nominate Someone

Nominations may be submitted by anyone except the nominee. Nominations may be submitted online at www.zsr.org or mailed to our Foundation on forms downloaded from our website. Anonymous nominations will not be accepted. Nominees for the award must be living residents of North Carolina. They should be persons not typically in the limelight who perform valuable public service, predominantly at the community level. They may be volunteers or paid, full-time employees of the organizations through which their service is rendered.

In seeking nominations, the Foundation is looking beyond traditional business or civic leaders or those persons who already have received significant recognition and public visibility. Although the awards are intended for individuals, in the case of joint or collaborative efforts, an award may be shared by two recipients. Committees and organizations are not eligible.

Nominations are due by June 1 of each year.



Left to right, standing:
Betty Bailey
Dot Ehlers
Earline Middleton

Left to right, seated:
Debra Tyler-Horton
Jeanne Tedrow

Z. Smith Reynolds Sabbatical Program

Giving Nonprofit Leaders a Break

Betty T. Bailey has been Executive Director of Rural Advancement Foundation International (RAFI) for 16 years. For more than three decades, Bailey has worked for nonprofits promoting sustainable agriculture and thriving rural communities.

“My sabbatical will be in the growing season so I can tend a small orchard, perfect a gardener’s yoga, paint the light on the mountain and follow cultural threads of my family and Appalachian homeland. I expect to have a new lens through which to view the work, new habits for managing stress, and a renewed commitment to the long arc of change for sustainable and just agriculture. I am very grateful for this opportunity,” said Bailey.

Dot Chamber Ehlers has been the Executive Director for 11th Judicial District ReEntry for eight years and has worked for the organization for 20 years. The organization focuses on the human services and economic needs

of the citizens in Lee, Harnett, and Johnston counties with the mission of “Promoting Healthy Choices, Building Strong and Safe Communities.”

Says Ehlers, “I spent my time on sabbatical lingering. I slowed down and absorbed the love of my family and the beauty of nature. I laughed, rested, and did whatever I wanted whenever I wanted. The cash award allowed me the freedom to splurge on little things and not worry. I reflected on my life, my many gifts and blessings. Little by little the inner peace grew, which was followed by a sense of contentment and fullness. It was the time of my life. I returned to work renewed and ready to move forward.”

Earline Middleton has spent 17 years at the Food Bank of Central and Eastern North Carolina. For the past year, she has served as Director of Agency Services and Programs and is responsible for the daily management

of Agency Services and Programs, as well as regulatory monitoring of nearly 900 nonprofit emergency food programs.

Of her sabbatical, Middleton stated, “My Z. Smith Reynolds Sabbatical experience was an opportunity of a lifetime. I traveled to Amsterdam, Netherlands; Nova Scotia, Canada; and Kents Store, Virginia. I had the freedom to enjoy canals, fishing villages, and the taste of a fresh tomato in a summer salad with my Mom. However, my most valued experience was that I connected with me. I relearned to be still. I sat, read, sang, laughed, listened, and reconnected with old friends. Thank you.”

Jeanne Tedrow has been working in the nonprofit sector for 26 years, and the last 18 have been with Passage Home. Sixteen years ago she became the Executive Director of Passage Home, a faith-based community development corporation working to strengthen low-wealth families and neighborhoods through housing and economic development programs.

“The ZSR Sabbatical is a gift that keeps on giving. It was a blessing to me, my family, and my work community. It offered me more than a time away from work to rest and to restore my soul,” said Tedrow. “It allowed me to reconnect with me and my family, to travel, gain perspective on my place in the world and to reconsider my purpose. I am deeply appreciative to the Foundation that it chose me.”

Debra Tyler-Horton was Interim Executive Director and is Deputy Director of the NC Justice Center since 2006. She has been with the Center for 10 years. The NC Justice Center’s mission is to reduce and eliminate poverty in North Carolina by helping to ensure that every

North Carolina household gains access to the resources, services, and fair treatment that it needs in order to enjoy economic security.

“Maintaining one’s sense of self when we are trying to save the world can be difficult. Having the time and space to reconnect to one’s inner self is a blessing. For how can we be a blessing to others if we have lost contact with our inner being? The ZSR Sabbatical gave me the opportunity to get reconnected to the gifts that I have been so graciously granted in life, and now I can share my special gifts with my family, friends, and colleagues again. And because of this, everyone benefits from this wonderful opportunity,” she said.

Who May Apply?

Individuals in paid, full-time leadership positions with North Carolina nonprofits may apply for a sabbatical grant. They must have worked at their nonprofit for three years, two of those as leaders. Career public school, college, university, or government employees are not eligible. Applications for sabbaticals in 2009 must be submitted by December 1, 2008. Persons interested in applying may contact the Foundation directly or visit its web page: www.zsr.org.

HUBERT B. HUMPHREY, JR. SCHOOL IMPROVEMENT AWARD

Presented to Eastern Guilford High School

The award was established in 2005 in honor and memory of the life and contributions of Hugh Humphrey, a longtime member of the Z. Smith Reynolds Foundation Board of Trustees and one of Guilford County's most outstanding citizens, who died in March 2003.

Eastern Guilford High School received the Hugh Humphrey Award for being the most improved high school in Guilford County during the 2006-2007 academic year.

The school received \$5,000 to be used to strengthen and develop the entire staff of the school.

The school also had its name inscribed on the Hugh Humphrey Cup, which will be rotated between campuses until this year's winner is announced, in December 2008.

The selection process was designed with input of high school principals, other school administrators, teachers, and staff and is based on ten objective performance criteria that measure the progress each school makes from the beginning of the year to the end. Joseph Crocker, Director of Operations of the Foundation, said in presenting the award, "It is the goal of the Hugh Humphrey Award to recognize the most-improved high school and, thus, to encourage the constant drive to excellence that Hugh Humphrey so long encouraged in all of us."

The award was presented at the Guilford County

Education Summit held at Grandover. The Community Foundation of Greater Greensboro manages the endowment, given in 2004 in honor of Hugh Humphrey,

and oversees the award selection and recognition process. Hugh Humphrey's

widow, Jackie, joined Joseph Crocker in presenting the award.

Hugh Humphrey was an exceptional lawyer, civic leader, and public servant. He served in both the North Carolina State

House and Senate and was a member and chair of the board of trustees of Wake Forest University and UNC-Greensboro. For more than 20 years, he was a trustee of the Z. Smith Reynolds Foundation and also served as the Foundation's legal counsel. Tom Ross, former Executive Director, says of Hugh Humphrey;

"Those of us who worked with him can attest to his unusual compassion for those less fortunate, his sincere commitment to making life better for others, and his vivid passion for and dedication to improving educational opportunities for everyone. In fact, it was his deep personal interest in and love for public education that was the hallmark of his service as a trustee of the Foundation. He constantly prodded the Foundation to do all it could to hold the state accountable for what he strongly believed was its primary responsibility – to make the highest quality education possible freely available to all children."



STATEMENT OF INCOME, GRANTS, EXPENSES, AND UNDISTRIBUTED INCOME

December 8, 1936 through December 31, 2007

	2007	2006	1936-2007
Undistributed Income Beginning of Period	\$19,559,108	\$18,844,795	
Income Received:			
Zachary Smith Reynolds Trust	9,367,430	8,783,445	194,703,859
W. N. Reynolds Trust	12,041,165	10,940,404	249,900,598
Interest on Investments*	673,193	591,207	15,380,128
Refunds of Grants	12,206	41,695	689,507
Other Income	3,925	1,070	23,786
TOTAL INCOME	\$22,097,919	\$20,357,821	\$460,697,878
Disbursements:			
Grants Paid	\$17,020,995	\$16,605,740	\$400,082,854
Direct Charitable Activities:			
Nancy Susan Reynolds Awards	164,823	155,195	2,745,289
Sabbatical Program	124,907	169,907	1,678,436
Special Projects/Meetings/Seminars	278,693	599,918	5,554,402
Total Grants and Direct Charitable Activities	\$17,589,418	\$17,530,760	\$410,060,981
Administrative Expenses:			
Personnel	1,017,269	859,261	12,263,822
Operating Expenses	1,382,433	1,242,767	16,209,297
Federal Excise Tax	13,173	11,782	291,580
Total Administrative Expenses and Taxes	\$2,412,875	\$2,113,810	\$28,764,699
TOTAL DISBURSEMENTS	\$20,002,293	\$19,644,570	\$438,825,680
Undistributed Income End of Period	\$21,654,734	\$19,558,046	\$21,654,734
Unpaid Grants End of Period	\$15,267,258	\$11,879,015	\$15,267,258
Excess of Undistributed Income Over Unpaid Grants	\$6,387,476	\$7,679,031	\$6,387,476

NOTES TO FINANCIAL STATEMENTS

The Foundation's income is derived from two trusts that are separately controlled and each of which meets the reporting requirements of the federal government and of those states in which they are located. No list of investments appears in this report because the Foundation itself has no assets.

**Interest earned on short-term investments of income received from the two trusts but not yet distributed.*

Z. Smith Reynolds

F O U N D A T I O N

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