

# Survey questions business incentives

Fuels debate among N.C. lawmakers

BY CLEVE R. WOOTSON JR.  
STATE & NATIONAL EDITOR

State legislators say they take issue with a recent survey that found that economic incentives do little to encourage businesses to stimulate the state's economy.

In a survey conducted by the N.C. Department of Commerce, only 30 percent of businesses across the state said economic incentives encourage them to add jobs.

The survey focused on the William S. Lee Act, passed in 1996 and expanded in subsequent years. The act gives tax breaks to businesses that create new jobs or invest in new machinery.

But the idea of providing incentives to corporations to bring them into the state has taken fire in the N.C. General Assembly.

"There's a significant debate about the effectiveness of the incentives, and we'll look at that (study) and continue to look at (the incentives) to see if we are getting our money's worth," said Senate Majority Leader Tony Rand, D-Cumberland.

Rand said he still is a proponent of the incentives if only for the fact that they help North Carolina compete with other states that offer them.

In today's economic conditions, competition is cutthroat among states trying to lure companies that create jobs.

Offering incentives gives the state an added chance of attracting those businesses, Rand said.

"You'd think all things being equal you would go where you would get the best incentive," he said.

Amy Fulk, spokeswoman for Senate President Pro Tem Marc Basnight, D-Dare, echoed Rand's sentiment about the fierce competition and said any measures taken to attract businesses to North Carolina are positive.

Fulk added that it's hard for any study — including this most recent one — to quantify exactly how effective incentives are.

There simply are too many factors businesses consider when

deciding where to set up shop, she said.

"Incentives for a business are probably (one) ingredient," Fulk said. "By and large, North Carolina is a great place to do business."

"There are a lot of things about North Carolina that make it attractive not just for new businesses but for new residents."

But Rand said studies such as the latest one do raise questions.

The General Assembly always is trying to tweak its use of incentives to get the most out of them, especially given the state of North Carolina's economy.

Slow economic times force legislators to find ways to boost businesses already located in North Carolina, not just those considering a move to the state, Rand said.

Rand added that he is a proponent of legislation that benefits all businesses, not just new ones. He spoke specifically of keeping corporate taxes low and promoting "a favorable business climate."

"Lowering the corporate tax rate and preserving the kind of environment that business feels comfortable in probably does more to attract businesses," he said.

"And it also helps you keep what you've got."

*The Associated Press contributed to this report. Contact the State & National Editor at stntdesk@unc.edu.*

# Grad schools to sway cap talks

BY CLEVE R. WOOTSON JR.  
STATE & NATIONAL EDITOR

The geographical makeup of student bodies at the state's graduate and professional schools will come into play next month when officials begin reviewing the limit on out-of-state student enrollment.

In the first speech of the final year of his term, Brad Wilson, chairman of the UNC-system Board of Governors, said the board will consider revising the system's 18 percent out-of-state cap this fall.

Among the issues BOG members will need to consider is the fact that out-of-state students are represented in high numbers in the state's graduate schools, said UNC-system President Emeritus Bill Friday.

Those numbers mean the geographical diversity of UNC-system campuses is greater than many have taken into consideration, he said.

Friday said that point might run counter to assertions that the state's universities do not have enough students from a wide variety of places.

The percentage of out-of-state students in UNC-Chapel Hill's freshman class almost always mirrors the cap, but the percentage of out-of-state graduate and professional students is more than twice

that of incoming freshmen.

In UNC-CH's 2002 freshman class, the latest class for which data is available, 17.69 percent of students were from other states.

The percentage of out-of-state students in UNC-CH's graduate and professional schools at that time, however, was 36.55.

Percentages of out-of-state freshmen systemwide are several points less than UNC-CH's numbers, said Alan Mabe, UNC-system vice president for academic planning.

Systemwide, 14.61 percent of the 2002 freshman class comprised out-of-state students.

In the system's entire 2002 undergraduate population, 12.41 percent of students were nonresidents.

At UNC-CH, larger numbers of out-of-state students in graduate and professional schools largely coincides with the prestige of a given program.

"(The percentage of out-of-state students) plays heavily into the academic assessment of the program — whether it can draw people from all over the country or just from the region," Mabe said.

UNC-CH officials, including Chancellor James Moeser, have made a similar case for out-of-state students' effect on the prestige of undergraduate programs.

"The cap has mostly to do with making sure that there are places ... for North Carolina high school graduates."

ALAN MABE, UNC-SYSTEM VICE PRESIDENT FOR ACADEMIC PLANNING

Though the BOG will take graduate and professional schools' experiences into account, Mabe said, the board will focus on undergraduates, at least in part because of the system's commitment to ensuring students access on that level.

Limiting the number of spots for out-of-state students ensures a spot for every qualified North Carolina resident, he added.

"The cap has mostly to do with making sure that there are places at North Carolina institutions for

North Carolina high school graduates," he said.

The BOG Education Planning, Programs and Policies Committee will begin hearing arguments about the enrollment cap Sept. 11. The full BOG will begin considering revisions to the cap the next day.

Wilson said he expects the BOG to make a definitive decision about the cap by November at the latest.

Contact the State & National Editor at stntdesk@unc.edu.

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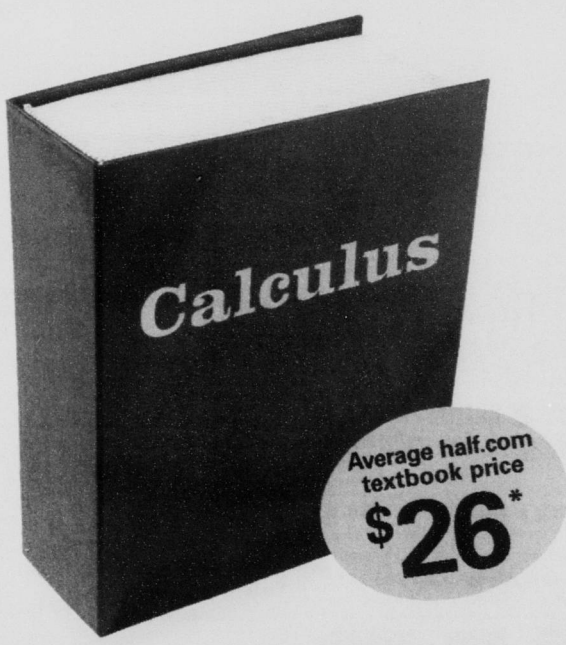
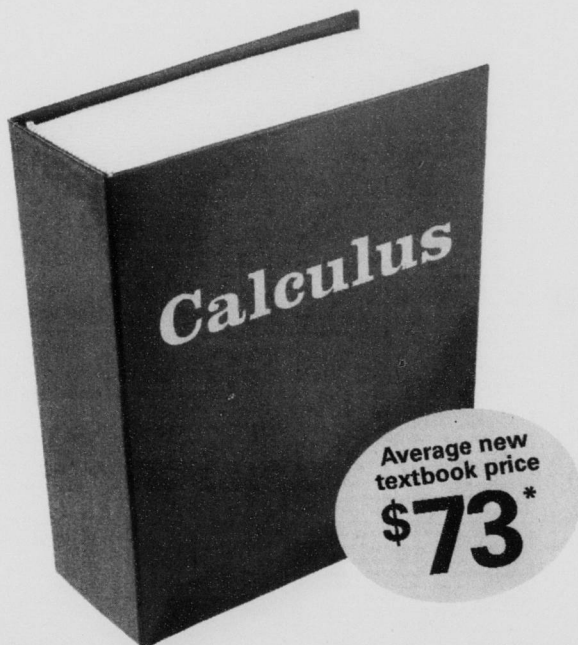
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