

Doctors see direct care, monthly fees as insurance alternative /3



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North Carolina	2
Local Government	10
Education	14
From Page 1	12
Books & the Arts	18
Interview	19
Opinion	20
Parting Shot	24

STATEWIDE EDITION

Analysts Call Apple Renewable Energy Claims 'Lies'

Maiden data center gets all of its power from Duke Energy

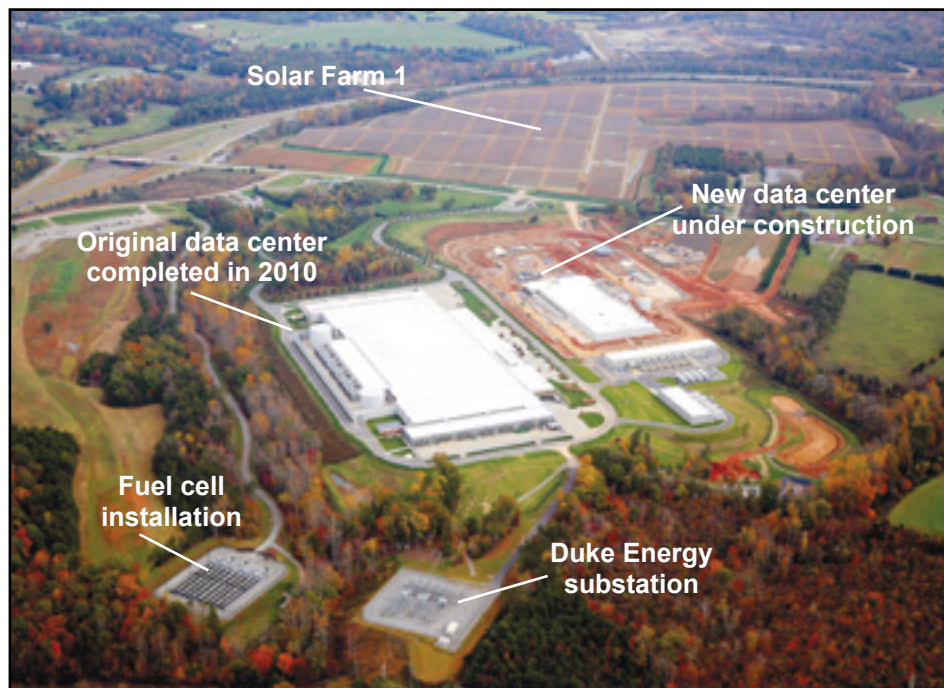
By DON CARRINGTON
Executive Editor

RALEIGH

California-based Apple promotes its 500,000-square-foot data center in Maiden, N.C., by saying it runs "100 percent" on renewable energy even though the facility continues to get all of its electricity from Duke Energy, a public utility that primarily generates electricity using coal, nuclear power, and natural gas.

But an Austria-based researcher who is familiar with the project called Apple's claim "a boldfaced lie" — a sentiment echoed by state House Majority Leader Mike Hager, R-Rutherford, who chairs the Joint Legislative Commission on Energy Policy. And a former economist with the Federal Energy Regulatory Commission called the claim "misleading."

Apple bases its claim on the concept that it "offsets" power purchased from Duke by generating power from renewable sources, even though Apple



Apple's data center in Maiden, North Carolina, opened in 2010 and continues to be served by Duke Energy. The fuel cell installation and solar farm were announced two years later. They are not physically connected to the data center. (CJ photo by Don Carrington)

does not make it clear that the energy powering the Maiden facility comes from Duke Energy's traditional mix of fuels. There are no public records supporting the details of Apple's offset concept as a way of measuring its participation in renewable energy.

Apple is not alone in making such claims. Amazon Web Services has stated that the energy produced by a 22,000-acre wind farm near Elizabeth City will power a data center near Dulles International Airport in Virginia. In fact, the data center is purchasing

and will continue to purchase electricity from Dominion Power, the local utility. The wind farm is not and cannot be connected directly to Amazon's Virginia data center.

Apple representatives have refused to answer a series of queries from *Carolina Journal* seeking details about the company's electricity consumption at the data center or details about the sources it uses to offset energy purchased from Duke.

Apple power arrangements

Apple owns a 20-megawatt solar farm and a 10-megawatt fuel cell system adjacent to the data center, but the electricity generated by the solar farm and fuel cell system is sold to Duke and does not provide power for the building.

The fuel cell system runs on natural gas purchased from Piedmont Natural Gas even though Apple has used promotional materials to suggest it actually runs on biogas from nearby landfills. Apple has a second solar farm located about 11 miles away in Conover. A third solar farm is located six miles away, and a fourth solar farm is located nine miles away. They

Continued as "Analysts," Page 12

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McCrory, Cooper Agree on Syrian Refugees

Resettlement groups call request for halt 'small-minded panic'

By DAN WAY
Associate Editor

RALEIGH

The day after Gov. Pat McCrory joined more than 30 other U.S. governors in seeking a halt in the flow of Syrian refugees into their states, N.C. Attorney General Roy Cooper agreed with McCrory's call for a moratorium, citing security concerns while angering refugee resettlement groups.



Gov. Pat McCrory A.G. Roy Cooper

"As chief law enforcement officer of North Carolina, I support asking the federal government to pause refugee entries to make sure we have the most effective screening process possible so our humanitarian efforts are not hijacked," said Cooper, a Democrat who's running against Republican McCrory in next year's election.

Cooper issued his Nov. 18 statement several hours after North Carolina Republican Party Executive Director Dallas Woodhouse called on Cooper and Durham attorney Ken Spaulding, both Democratic candidates for governor, to make their positions known.

Woodhouse asked if the Democrats "support[ed] what the governor, 10 members of the congressional delegation, and the leadership of the General Assembly, as well as other governors do," freezing the refugee resettlement program while ensuring screening procedures to keep potential terrorists out.

"As a person who was born and raised in segregation, I know person-

Continued as "McCrory," Page 13

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Rouzer: EPA Water, Energy Rules Stifling Economy

By DAN WAY
Associate Editor

WILMINGTON

U.S. Rep. David Rouzer, a Johnston County Republican, says federal rules and regulations “are just stifling this economy,” and the final Waters of the United States rule proposed by the U.S. Environmental Protection Agency could be devastating for North Carolina.

Nearly his entire 7th Congressional District “will in essence become classified as a wetland” under jurisdiction of the EPA if the courts don’t reverse the law, said Rouzer.

“I m a g i n e what that means in terms of permitting, what that means in terms of extra costs,” the freshman congressman said Nov. 12 at Americans for Prosperity North Carolina’s Free the Grid Tour event in Wilmington.

The EPA rule “will have very dire consequences” for the homebuilding industry, construction at large, and especially agriculture, Rouzer said. “That’s a significant proportion of the economy not only here in the 7th District, but also in the state of North Carolina.”

While most Americans are aware of Obamacare, and its costly rules and regulations, Rouzer said, attention needs to be paid to the EPA because of the impact its “idiotic rules” and regulatory overreach are having on the economy.

“The EPA alone, since this president took office, has issued more than 3,100 new final regulations,” Rouzer said of the Obama administration’s pattern of issuing regulations when Congress has not passed legislation the president prefers.

“I’ve co-sponsored legislation to repeal the Waters of the USA rule,” he said. “If we could just repeal every rule and regulation that this administration has put into place in the last seven years that would do more for the economy than anything I know of.”

He noted that employment levels today are similar to those of the stagnant period of the late 1970s. According to the Bureau of Labor Statistics’ October jobs report, only 62.4 percent of the U.S. labor force was employed.

“That is an indictment all unto itself,” Rouzer said.

The number of U.S. businesses closing their doors has exceeded the number of startup businesses, he said. A Gallup report earlier this year said that trend has existed for the past eight years.

“And the reason why is we’ve created a climate in this country that is not conducive to the investment of capital,” passed piles of rules and regulations, and have the highest corporate tax rate in the industrialized world, Rouzer said.

That is why large businesses, weary of fighting the government, give in to ever more federal regulation, then work to manipulate it to their benefit, he said.

“The consequence of that is they basically use the government to help secure their market share, and shield them-

selves from competitors,” Rouzer said. “And that’s in large part why the big guys get bigger and the small guys are going out of business.”

A vibrant economy requires getting rid of “these stupid rules and regulations that are making it so difficult on our small business owners and entrepreneurs, level the playing field for everybody, have a sound energy policy, have a sound agriculture policy, and have good infrastructure,” Rouzer said.

Noting that the price of energy is transferred to every product and most services through the economy, Rouzer

said a sound energy policy would lower electricity costs. That would be key to jolting the economy into higher productivity and reducing the \$18 trillion national debt.

Yet the EPA’s Clean Power Plan is designed to force a reduction in use of the least expensive fuel sources, especially coal, at an enormous cost to the states and the economy, he said.

Even residential wood stoves are in the EPA’s crosshairs, Rouzer said. A constituent in Wayne County who manufactures wood heaters alert-

ed him to a new EPA rule affecting those appliances.

“In essence, they’re trying to make it so much more costly to manufacture a wood heater that it prices it out of the marketplace,” Rouzer said.

“Energy sector expenditures are going to go up” under the Clean Power Plan, said Donald Bryson, state director of AFPNC.

On average, a North Carolina residential energy bill would be \$434 higher by 2020, representing a 22 percent rate hike, Bryson said, affecting low-income people most severely.

A study by the U.S. Chamber of Commerce’s Institute for 21st Century Energy of the Clean Power Plan concluded that one-fifth of job losses nationally — 59,700 — will be in the South-Atlantic region, which includes North Carolina.

By a bipartisan vote Nov. 17, the U.S. Senate passed a resolution opposing the Clean Power Plan.

“This vote sends a clear signal to the international community that the American people will not stand in support for an agreement that would result in double-digit electricity [price increases] in 40 states, put hundreds of thousands of people out of work, and have no meaningful impact on global warming,” said Sen. James Inhofe, R-Okla., chairman of the Committee on the Environment and Public Works.

The EPA rule would cost \$292 billion and reduce American household disposable income by roughly \$79 billion, Inhofe said in news release.

“In this country, it is Congress who writes the laws, not EPA,” Inhofe said, noting 27 states, 24 national trade associations, and 37 rural electric cooperatives are among those challenging the final rule in court. CJ



Seventh District Republican U.S. Rep. David Rouzer, at a Nov. 12 event in Wilmington, said the federal Waters of the United States rule proposed by the Environmental Protection Agency will enable nearly every part of his district to be declared off-limits as a wetland. (CJ photo by Dan Way)

Doctors See Direct Care, Monthly Fees as Alternative to Insurance

Under the new plan, routine visits covered by a set monthly fee

BY DAN WAY
Associate Editor

Dr. Amy Walsh remembers vividly the day she quit her job as primary care doctor at a Wake County medical practice to seek a better way to provide health care, and soon she will join nearly a dozen family practices in North Carolina that deliver primary services for a monthly fee while eschewing insurance.

"I didn't necessarily want to give up my career, but didn't want to practice that way," she said of the "hamster wheel" of high-volume care she was providing as part of a large medical network that may not have offered high-value treatment.

"Over the last several years I grew increasingly frustrated with what my job had become versus what I had envisioned when I left medical school," Walsh said. The traditional fee-for-service model asks "really good doctors to practice bad medicine."

"I felt like I wasn't able to do a good job helping [patients] get healthy, to be healthy," she said. "Some of it was just the landscape of health care. Some of it was the big networks that we were part of. Some of it was the direction family care was going as far as outpatient setting."

In addition to seeing patients, doctors often face three hours or more daily of charting notes, data points, prior authorizations, "and all that craziness" that insurance requires, most

of which did little to help patients, Walsh said.

"It's not good for the doctors. It's not good for the nurses. It's not good for anybody," she said.

The most important partner a doctor has is a patient, "not a hospital, not a network, not an insurance company, none of that," Walsh said.

So she researched alternative means of fulfilling her quest for a stronger doctor-patient relationship. When she stumbled across the concept of direct primary care, "a light bulb went off in my head, and my heart skipped two beats," she said.

Jay Keese, executive director of the national Direct Primary Care Coalition, has described direct care as a no-insurance "defined set of high-functioning primary care and prevention services delivered by a physician" through an all-inclusive monthly fee that could be viewed much like a retainer.

Direct care offers an alternative to "insurance that was ungodly expensive," brief visits after long waits in doctors' offices, and unreturned phone calls to patients, Walsh said. "Direct care solved all of these problems that everybody's been screaming about."

She compared direct primary care to auto insurance.

"You don't pull out your auto insurance card when you go get gas and an oil change or rotate your tires. You take care of the maintenance yourself," and use insurance in case of an acci-

dent, Walsh said.

"Primary care should be separated from [health] insurance because that's the most affordable part," and insurance should be used for specialty care, major medical issues, unexpected surgeries, and the like, she said.

She contacted doctors practicing direct primary care in North Carolina and in other states. "I talked with folks in Seattle, and Denver, in [Philadelphia], and Georgia, and Kansas," Walsh said. She made visits, taking notes, studying fee schedules and vendor lists for contracted lab services, data that she tailored into the design of her own practice.

She will open her Doctor Direct practice in leased space on the second floor of the Raleigh Neurosurgical Clinic on Six Forks Road.

Her monthly membership contract will be \$15 for a child under 20; \$50 for patients 20-49; \$75 for those 50-69; \$85 for ages 70-plus; and \$1 for anyone over 100. That single fee entitles a patient to unlimited monthly visits for all primary care.

The trade-off for patients? In exchange for the lower rates, patients cannot file their monthly visit fees under insurance plans.

"You take out all the layers of expense, and bureaucracy, and confusion" by eliminating insurance, Walsh said.

Lab work, though, will be billed separately, as will prescriptions from the on-site pharmacy, which may of-

fer lower prices than insurance would charge. Patients could file for insurance reimbursement for prescriptions.

"I didn't find it exceedingly difficult in North Carolina to pass any of the rules and regulations ... to get my practice up and going," Walsh said. "I actually found compared to some other states that North Carolina was pretty friendly."

Although Medicare prohibits payment for direct care services, Walsh said Medicare patients likely would pay less out of pocket for direct care than they would by using their Medicare at another doctor.

Direct care also could be part of the solution to curb state Medicaid costs and reduce the shortage of doctors who accept the government insurance program for the poor, elderly, and disabled.

Patients would have direct access to a doctor "for a predictable amount on a monthly basis. Why wouldn't the state consider that?" Walsh said.

Keese also views direct care as a way to reduce Medicaid costs.

"By taking all of that insurance expense out of it and paying the entire health care piece in this monthly fee environment, we're saving 40 cents on the dollar in the provision of primary care," Keese said. Some of the savings goes to the doctor and some to the system.

"So if it's government-paid, you save the government that 40 cents on the dollar," he said.

Direct care practices all over the country are talking to state Medicaid directors about contracting for Medicaid patients, he said, and Medicaid managed care companies are contracting with direct primary care practices in Washington state. *CJ*



Dr. Amy Walsh says the most important partner a doctor has is a patient, "not a hospital, not a network, not an insurance company." (CJ photo by Dan Way)

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By John Hood
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Hager, Millis Say They'll Continue Fighting Renewable Mandates

Renewable energy mandates, they say, raise consumer prices

BY DAN WAY
Associate Editor

WILMINGTON

Two prominent state lawmakers pushing to make North Carolina's energy policy more friendly to consumers say they will press vigorously for freezing or reducing state mandates to use more renewable energy when the General Assembly returns for the 2016 short session.

"We are not a least-cost state anymore" in the mix of fuel sources, largely due to the legislature's passage of Senate Bill 3 in 2007, said House Majority Leader Mike Hager, R-Rutherford.

That law forces utility companies to purchase increasingly higher levels of renewable energy — which is more expensive than fossil fuels or nuclear power — or increase energy efficiency. Those measures must replace 12.5 percent of the total fuel mix that power plants use by 2020.

Hager and state Rep. Chris Millis, R-Pender, were among a series of speakers objecting to North Carolina's current energy policy direction during a Nov. 12 Free the Grid Tour event in Wilmington hosted by Americans for Prosperity North Carolina.

In the recently concluded legislative session, the House passed House Bill 760 by a 77-32 margin. Hager called it "probably the most comprehensive energy bill out of the House." It is designed to scale back the escalating use of renewables and other mandates in S.B. 3, Hager said.

The Senate referred the bill to its Agriculture/Environment/Natural Resources Committee, where it sat at the end of the year's legislative session.

Senate leaders told Hager and other House allies that the Senate would consider only one renewable-energy bill in 2015 — H.B. 760 or a narrower measure placing a December 2015 sunset on new claims for the 35 percent state renewable investment tax credit, Hager said.

The tax credit has resulted in payments to renewable-energy investors of at least \$224,508,181 since 2010, according to state Department of Revenue records. The General Assembly passed the sunset measure, and Gov. Pat McCrory signed it into law.

Hager said persuading the Sen-



From left, Reps. Chris Millis, R-Pender, and Mike Hager, R-Rutherford, and Americans for Prosperity state director Donald Bryson discuss the need to repeal renewable energy mandates at a Nov. 12 Free the Grid Tour event in Wilmington. (CJ photo by Dan Way)

ate to act on H.B. 760 would be a top priority in the short legislative session, which opens April 25.

"That bill is not devastating to anybody. That bill just freezes everything in place ... until we can figure out what's going on" with renewables' financial impact, Hager said. "We've got a window of opportunity right now between 2016 and 2018," when the percentage of state-required renewable energy purchase rises from 6 to 10 percent.

"Why is anyone scared of that?" Donald Bryson, AFP state director, asked of opposition to H.B. 760, which would set up a study to determine if S.B. 3 has harmed ratepayers and taxpayers by driving up power bills.

The General Assembly needs to shift to a philosophy of providing least-cost energy for consumers, manufacturers, and the agriculture industry, rather than artificially inflating electricity costs by granting special status to renewables at the expense of other industries, Bryson said.

Ending the forced purchase of expensive renewable energy would leave more money in consumers' pockets, reduce costs to businesses so they can hire more workers, and create a more prosperous North Carolina, Bryson said.

"We are mandating by way of your power bills that you pay for a more expensive and more unreliable form of energy," and that is unfair, Millis said.

"We're talking about hundreds of millions of dollars a year that the state is taking from you and giving by way of a mandate [to] renewable energy,"

Millis said.

"If we do not reform, if we do not halt the renewable energy mandate, you will all have increasing power costs" that will become an economic detriment to the state, Millis said.

Becki Gray, vice president for outreach at the John Locke Foundation, noted that the solar industry started receiving the 35 percent investment tax credit in 1977. At the time, industry officials said, "We need this special treatment, we just need a boost to get started," but the tax-fueled carve-outs have increased, she said.

Over that time renewable companies received not just the 35 percent state tax credit, but also a 30 percent federal tax credit, an 80 percent abatement on property taxes, and accelerated depreciation.

"There are 111 different policies

and specific financial incentives that renewable energy gets in North Carolina," Gray said. The handouts are so generous that a solar company can recoup 100 percent of its investment in six years, she said.

"I don't blame the solar companies" or investors, Gray said. "I'll tell you who's at fault: It's the government."

Hager said the renewable energy industry's major players have taken note of his opposition to renewable subsidies.

"I've been such a strong opponent of solar renewables [that solar supporters are] spending money in my district trying to find a primary opponent," Hager said. Solar companies are taking ratepayers' tax dollars, and "they're transforming into dollars to run against good conservatives. That is what we're up against."

Bryson said renewable companies are also redirecting taxpayer dollars into preserving their advantage in the marketplace.

"These people are making money, and then they're taking that money and putting it back into lobbyists at the General Assembly," Bryson said. The solar industry had 27 lobbyists at work in the last session. By contrast, Duke Energy, the nation's largest power utility, had only eight.

"They burned through about \$125,000 minimum a month on lobbyists" in the 2015 session, Hager said, adding that companies spent nearly a half-million dollars to stop the bill in the Senate. "That's the kind of dollars we're talking about, folks. That's what we're fighting against." CJ

Efforts being made to get legislature to work for least-cost energy

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Rucho: Redistricting Reform Faces Long Odds in Short Session

Rucho says Senate sees no need for independent process

By DAN WAY
Associate Editor

RALEIGH

Two House bills intended to reduce political manipulation of legislative redistricting could be acted on in the short session starting in April, though retiring Sen. Bob Rucho, R-Mecklenburg, predicted the Senate would not approve either.

"In essence, there really isn't a reason to do independent redistricting because the law is clearly defined. It tells you exactly what steps you take to draw the districts," said Rucho, chairman of the Senate Redistricting Committee. "Therefore it should remain with the legislature to make those decisions."

He said lawmakers use, among other tools, the "legislative guide to redistricting," what Rucho called "a cook book, and it's all based on what the legal precedents have been." They make sure they comply with the federal Voting Rights Act and conform to the *Stephenson v. Bartlett* state Supreme Court decision ordering mapmakers drawing legislative districts not to split counties when possible.

Rucho denies that political payback is assured when partisan control of the General Assembly switches from one political party to the other. "Absolutely not, because of the fact that you now have competitive districts in there," Rucho said. "That's what you want to have, where people get to vote for those who best represent their beliefs."

He defined a competitive district as one comprising Republicans, Democrats, and unaffiliated voters in which, for example, a Republican could not win election without crossover voting from some Democrats and the support of independent voters.

He said congressional districts are a case in point.

"There is not one of the 13 districts that have a majority Republican [voter percentage]. They're somewhere around 35 to 42 or 43 [percent], matched equally by Democrats," Rucho said. The 10 Republicans had to attract voters outside their party "willing to say that person's issues and beliefs are more in line with my interests."

Those clamoring to remove redistricting power from the General Assembly "aren't happy with the results," Rucho said, and it has nothing to do with confusion over procedural mechanisms.

But fellow Republicans have been in the forefront of redistricting reform, and House Speaker Pro Tem Paul "Skip" Stam, R-Wake, is a primary sponsor of House Bill 92, along with Reps. Jon Hardister, R-Guilford, Chuck McGrady, R-Henderson, and Grier Martin, D-Wake. The bipartisan bill has 59 other co-sponsors.

The other measure is House Bill 49. Primary sponsors are state Reps. Charles Jeter, R-Mecklenburg, Julia Howard, R-Davie, Paul Tine, U-Dare, and Mickey Michaux, D-Durham.

"This particular proposal we've been working on for 26 years," Stam said of H.B. 92 on Nov. 11 at the Abe Holtzman Public Policy Forum at N.C.

State University, where he and Martin appeared on a panel discussing gerrymandering.

The bill would empower the nonpartisan Legislative Services Office to draft a plan for the General Assembly to approve.

This is "not the thing that will create the promised land of politics," Stam said, but he supports it because he doesn't believe it is fair for a majority party to control the levers of power that enhance its own reelection prospects.

"Goofy-looking maps will not be solved by a better process," he cautioned, because some bizarre boundaries are drawn to satisfy the requirements of the Voting Rights Act.

He gave an example of pulling six households into his district, one of which was his in-laws, who were getting old and feeble. It appeared Stam and his wife would have to move closer to take care of them. Because they lived outside his district, he could not move there and retain his House seat, so he brought them into his district.

While H.B. 92 is a nonpartisan proposal, "you will put a premium on certain people trying to figure out how to get as many partisans on the nonpartisan staff as possible. Have you thought about that?" Stam said.

A nonpartisan approach would not end electoral litigation, he said. "If you think you can program a computer to produce maps based on [every] Supreme Court [precedent] and you won't have litigation, you're wrong, because the U.S. Supreme Court constantly changes its mind on redistricting issues."

Making compact, contiguous districts, and single-member districts where possible, is "not always the same as continuity of interested groups because people don't live compactly and contiguously," Stam said. So while Pender County filed a landmark lawsuit to be kept entirely in one legislative district, Apex prefers its three legislators, which gives it greater clout in legislative committees and votes on legislation.

While the nonpartisan process is likely to create a few more competitive seats, "Campaigns will cost a whole lot more, and you'll have to deal with that," Stam said.

"A lot of different states have tried a lot of different methods with varying levels of success. The model that we've got is one way to do it," Martin said.

"I think we need to get a read from the Senate as to what they want to do" before voting the bill out of the Committee on Elections, where it has been shelved since Feb. 18.

"I'd like to think we can still get [passage] from the House, but ... we've got important legislation to deal with," Martin said. "My guess is Speaker [Tim] Moore [R-Cleveland] is not going to want to deal with something difficult like redistricting reform legislation unless there are prospects for its passage in the Senate."

He blamed GOP senators of playing political tit for tat with redistricting.

"They have said that Democrats have done it for 100 years ... now it's our turn," Martin said.

"My concern is, though, if the Democrats take over again that we're going to have the same mentality," Martin said. "If I get back in the majority, I'm going to do my best to restrain those base impulses." CJ



Rep. Paul
"Skip" Stam



Rep. Grier
Martin

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McCrory: Unemployment Fund Reserve = \$560 Million Tax Cut

BY BARRY SMITH
Associate Editor

RALEIGH

Gov. Pat McCrory announced Nov. 12 that the state's unemployment reserve fund has ballooned to \$1 billion, meaning that businesses across North Carolina will see the surcharges on their state unemployment taxes drop in January, resulting in more than a half-billion dollars in tax relief.

McCrory made the announcement to a group of Division of Employment Security employees on the lawn behind the division's office, noting this is the first time since 2001 the surplus has topped \$1 billion.

The state tries to build the unemployment insurance reserve fund during better economic times to act as a buffer when recessions hit.

"I hope another downturn doesn't come, but we should always be prepared for it," McCrory said.

In January 2013, when McCrory became governor, North Carolina was \$2.5 billion in debt to the federal government for unemployment insurance payments to workers who lost their jobs during the Great Recession.

Dale Folwell, director of the Division of Employment Security, said that the \$1 billion reserve triggers the end of a surcharge that North Carolina employers would have paid beginning in January 2016 to the unemployment trust fund. And since the state has retired the debt owed to the federal government, a federal surcharge will also come off, retroactive to January of this year.

"The [federal surcharge] is about \$310 million; the [state surcharge] is about \$250 million," Folwell said. He added that every for-profit business in North Carolina — roughly 200,000



Gov. Pat McCrory, at lectern, touts a \$1 billion unemployment insurance reserve at a Nov. 12 event in Raleigh. At far left is Commerce Secretary John Skvarla; at near left is Employment Security Director Dale Folwell. (CJ photo by Barry Smith)

statewide — would benefit from the savings. Folwell said the data reporting the amount of relief that would go to specific companies was not available.

In 2013, the General Assembly approved and McCrory signed a bill codifying the surcharges and making sweeping changes in the state's unemployment insurance benefit program.

The new law reduced the maximum weekly amount a person could receive from \$535 to \$350. It also reduced the maximum number of weeks a jobless worker could collect unemployment benefits from 26 weeks to 20 weeks. Other triggers in the law reduced the number of weeks for benefits to 13 if the economy improved

and the unemployment rate dropped significantly.

McCrory also credited employees in his division for increasing efficiency in the system. He said the division has improved customer service, reducing the time it takes for appeals to be resolved.

He also lauded state employees for combating fraud in the system and tracking down employers who weren't paying their "fair share" of unemployment taxes.

"Our unemployment insurance system safety net for our workers was not in good shape, and it wasn't sustainable for future generations of workers in North Carolina," McCrory said. "The penalties being levied by the federal government were burdening

employers, particularly small business people."

"And there was absolutely no plan whatsoever to pay back this debt when I came into office, and no plan to reform the dysfunctional unemployment insurance system," McCrory continued.

McCrory said that he and the General Assembly made the "hard decisions" to reform the unemployment system. He said the changes in benefits aligned North Carolina with neighboring states.

"We caught a lot of heat on this," McCrory said. "People were very, very critical of this move without understanding that we needed a long-term solution to protect the workers of North Carolina." CJ

Economist: Tax Collections On Track To Meet Projections

BY BARRY SMITH
Associate Editor

DURHAM

The General Assembly's top economist said Nov. 5 that, unlike last year when state tax collections appeared to suggest a shortfall in General Fund revenues, state government is on track to meet its projections for the current budget year.

Although he warned not to read too much into just one quarter of financial figures, Barry Boardman, the legislature's chief economist, said that collections are \$40.3 million ahead of schedule for the first quarter. Boardman said that the collections were "essentially on target."

The budget bill passed by the General Assembly this past session projected that the state would collect

\$21.9 billion in General Fund revenue during the fiscal year that began July 1 and ends June 30, 2016.

Boardman addressed the North Carolina Chamber's tax conference in Durham.

"I'd rather be on the plus side than the negative side," Boardman said. He said that a year ago, state collections were running below projections, primarily because of a change in the way withholdings were being collected. The state still ended up with a \$450 million surplus last year.

Wages and salary collections are coming in higher than expected, along with corporate income tax collections, Boardman said.

"There's nothing out there, at least on the current horizon, that makes us say that we could find ourselves in

trouble come next April or next May," Boardman said during a break.

Boardman said if collections "continue on our current trajectory," the General Assembly would have more options available to them on tax and budget policy.

Lew Ebert, president and CEO of the NC Chamber, said Boardman's projections represent good news.

"It's a real exclamation point on pro-growth policies that improve the business climate, will grow the economy, and create more jobs," Ebert said. "You just heard a forecast here today of 115,000 new jobs next year. We haven't seen that since the '90s."

Ebert credited recent policy changes for the improved business climate.

"The real point is, when you make the state more attractive to busi-

ness, more jobs will come to our state," Ebert said.

Ebert said that some other states have made bad moves with their budget and tax policy, and that has helped North Carolina.

"I think North Carolina is probably in the best position it's been in in probably several decades to be the best state for business," Ebert said. He said the state has had a "responsible tax reduction strategy tied to growth."

Some states did too much too fast, Ebert said. "We've probably done some of the smartest tax reforms in America," he said. "And we're seeing the benefit of it."

Boardman noted that most of the revenue for the General Fund — 51.7 percent — comes from personal income taxes. CJ

N.C. Not Yet Joining N.Y. 'Investigations' of Oil, Coal Companies

BY DAN WAY
Associate Editor

RALEIGH

While environmental activists believe New York Attorney General Eric Schneiderman's investigations of oil giant Exxon Mobil and coal producer Peabody Energy could develop into a multistate class-action matter similar to the lawsuit against cigarette makers, North Carolina has not joined Schneiderman's campaign.

Environmental groups have pushed Schneiderman to determine if Exxon Mobil and Peabody Energy misled the public about the public health risks from climate change.

"It doesn't seem that the New York Attorney General's Office has reached out to the North Carolina Attorney General's Office on this matter," Samantha Cole, a spokeswoman for North Carolina Attorney General Roy Cooper, said in an email response.

Cooper's office did not respond to questions asking if he endorses Schneiderman's legal tactic, whether he would consider a similar filing in North Carolina, or if he sees a legal parallel between climate change research and the multibillion-dollar Tobacco Master Settlement Agreement in 1998 that North Carolina joined.

"We're not involved in the investigations of wrongdoing by Exxon Mobil or Peabody so have no comment about those investigations," said Kathleen Sullivan, spokeswoman for the Southern Environmental Law Center in Chapel Hill.

Dustin Chicurel-Bayard, spokesman for the North Carolina chapter of the Sierra Club, referred questions to the national office, which was one of 40 environmental groups calling for a federal investigation of Exxon Mobil's climate research efforts. The national office did not respond to messages.

Lord Christopher Monckton, chief policy adviser to the Science and Public Policy Institute and a former policy adviser to British Prime Minis-

ter Margaret Thatcher, has noted that legal probes like those in New York abuse government power to silence scientists whose research conflicts with studies favored by government regulators and environmentalists blaming changes in the planetary climate on human activity.

"This is the first time that a bad scientific proposition has been relentlessly pursued by a political faction globally," Monckton told *Carolina Journal*.

"There has been no global warming at all," Monckton said, noting that it's been more than 18 years since any rise in global temperatures has been found.

Monckton blamed the continued warming narrative on activists, academics, and bureaucrats with financial incentives to maintain tax-funded research that conforms to a political agenda.

The absence of evidence has not stopped those who say man is responsible for a heating planet from going so far as to call for the use of laws created to punish organized crime to prosecute those conducting scientific inquiry that is skeptical of the apocalyptic global-warming rhetoric.

David Legates, a professor of climatology at the University of Delaware, was forced to quit as state climatologist over his skeptical views of hu-

man-caused climate change. Legates' offenses, in the view of the proponents of human-caused climate change, included his contention that there was no clear evidence of sea level rise in Delaware.

Similarly, environmentalists harshly criticized North Carolina Republican lawmakers and Gov. Pat McCrory after a law passed in 2012 barred the state's Coastal Resources Commission and other policymakers from using sea-level-rise projections based on unreliable statistical models.

In a 2012 Spotlight report for the John Locke Foundation, Patrick Michaels, director of the Center for the Study of Science at the Cato Institute, found that sea level increases of the magnitude the state commission projected were "not very likely at all."

Legates told *CJ* that climate research supporting man-caused warming is devolving into junk science among a government-funded, scientific, technological elite.

At the Tenth International Conference on Climate Change in Washington, D.C., in June, Kathy Hartnett White warned about "the extent of the witch hunts to ostracize or professionally harm those valiant scientists that have stood up for the integrity of [the] scientific method" in the climate

change debate.

White is the director of the Armstrong Center for Energy and the Environment at the Texas Public Policy Foundation, and former chairwoman of the Texas Commission on Environmental Quality.

"The empirical scientific method is one of the few crown jewels of Western civilization, and it is now under assault by the academies that have evolved it," White said.

"It is a very startling turn" that attacks on the scientific method are "either tolerated, or encouraged by, the highest levels of our government," she said.

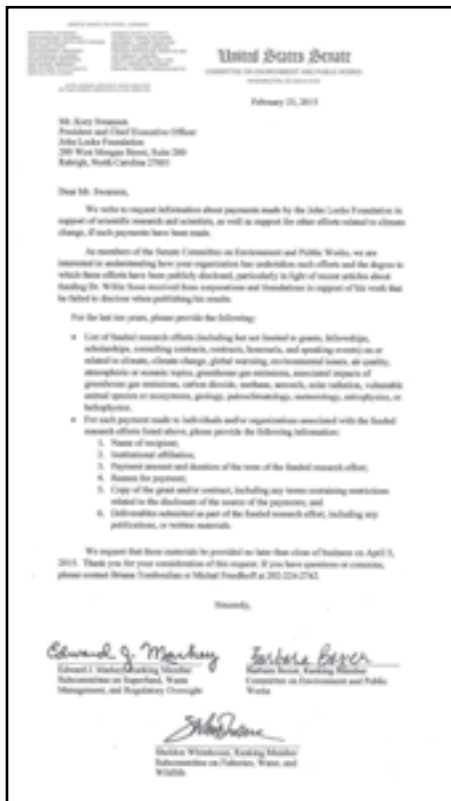
Willie Soon, an astrophysicist at the Harvard-Smithsonian Center for Astrophysics, is another skeptic of human-caused climate change. He believes effects from solar activity play a much larger role in the Earth's heating and cooling cycles.

Critics accused Soon of failing to disclose all funding sources for his research, which resulted in a February letter from several U.S. Senate Democrats demanding 10 years of detailed funding data from the John Locke Foundation, which co-sponsored a conference at which Soon made a presentation.

Soon told *CJ* that the intrusion of politicians into scientific inquiry is nothing new, but the climate change movement "seems to be a very extreme case. I would say it's unprecedented," and becoming more of a threat to sound science.

Rather than silencing global warming critics, Soon said, "You ought to really have an open discussion of everything," especially given the complexity of the Earth and the "very uncertain area of science" regarding its climate.

Climate change activists want to create an atmosphere "where certain facts cannot be challenged," Soon said, "and many of the facts they cite should be challenged." *CJ*



In February, U.S. Senate Democrats demanded 10 years of funding data from the John Locke Foundation for involvement in events at which man-made climate change was questioned. The JLF refused the demand.

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Lawmakers Grill Cabinet Officials About Prison Contract

Contractor reportedly suggested quid pro quo for contributions

BY BARRY SMITH
Associate Editor

Lawmakers spent two hours on Nov. 18 questioning the state budget director and the secretary of public safety over the extension of a prison maintenance contract with a contractor who kept mentioning that, as a campaign contributor, he thought he should get something from the state in return.

State Budget Director Lee Roberts and Public Safety Secretary Frank Perry told the Joint Legislative Commission on Governmental Operations — the General Assembly's top oversight commission — that they disagreed on whether maintenance at three prisons should be done in-house with state employees or whether the state saves money by farming maintenance out to a private company.

During the contract extension process, Perry said that the contractor, Graeme Keith Sr., mentioned his campaign contributions four times. Keith also had asked for the contract to be expanded to cover private maintenance at all 57 state prisons.

"I considered it perhaps a personality style," Perry said of Keith's comments. "In fact, the first time I heard it I thought it was perhaps meant in jest or lighthearted."

But Perry said that he heard Keith

refer to getting something in return for his contributions too many times. He characterized the comments as "inappropriate."

Perry said there was "no quid pro quo" connecting the contributions to the contract extension.

Perry said one of the Keith comments occurred during an Oct. 28, 2014, meeting in Charlotte called by Gov. Pat McCrory to mediate the disagreement between Keith and Perry over extending Keith's maintenance contract. Perry said several conversations were going on at the meeting, and never said that McCrory heard Keith comment about campaign contributions.

Keith and McCrory have known one another for years. And Keith contributed to McCrory's 2008 and 2012 campaigns for governor.

Several of Keith's business associates were at the meeting, along with other staff from the Department of Public Safety, including deputy commissioner Joe Prater, whom Perry identified as the author of a brief internal memo on the meeting. Roberts did not attend the meeting.

Perry said that he suggested that Roberts conduct a cost-benefit analysis to determine whether the state would save money using in-house maintenance instead of a private contract.

Roberts analyzed the numbers and recommended the private con-

tract. Perry said he disagreed but extended the contract with Keith's company anyway. The contracts expire at the end of the year.

Democratic Reps. Larry Hall of Durham County and Susi Hamilton of New Hanover County questioned Perry and Roberts about ethical concerns arising out of statements made by Keith.

Hall asked Perry if he ever considered not ex-

tending the contract based on Keith's conduct.

"No, sir," Perry responded. "That really wasn't a motivator."

Roberts said he learned of Keith's conversations during a phone conversation with Perry

"Did it make you pause or halt what you were doing when you had a former FBI agent telling you that someone was making reference to their campaign contributions in an effort to get

a contract?" Hall asked Roberts. "Did you think about not continuing with the contract?"

"I think I said to Secretary Perry that that was certainly distasteful," Roberts responded. "I agree with Secretary Perry that didn't seem to be a reason to abrogate what's a fairly structured process, the state purchasing contract process."

Hamilton questioned the appropriateness of the Charlotte meeting.

Perry said he thought it was appropriate for the governor to get involved. Perry noted that when McCrory was mayor of Charlotte, he often mediated such meetings.

"I would respectfully disagree that it was appropriate for the governor to be there to mediate as if he were participating in a recruitment process for a company outside the state," Hamilton said.

When Sen. Harry Brown, R-Onslow, questioned Perry about Prater's memo, Perry said that apparently Prater intended the memo as a note to himself. He said that he had seen only a paper copy of the memo, and that the original digital copy apparently had been deleted from a state computer. *CJ*

Perry said he thought it was appropriate for the governor to get involved

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Expert: Salisbury's Investment in 10-Gig Internet 'Silly'

BY BARRY SMITH
Associate Editor

The city of Salisbury's website boasts that it is "America's first 10 gig city," noting that anyone who connects to the municipal Fibrant broadband network has access to Internet connection speeds of up to 10 gigabits per second. But a technology analyst questions the wisdom of city leaders gambling with taxpayer funding over such a risky endeavor.

Salisbury officials heralded the milestone in September at Catawba College when local and state leaders, including Catawba alumnus Gov. Pat McCrory, trumpeted the launch of the latest Fibrant upgrades. While city leaders hope the move will pay off in future economic development and jobs, Berin Szoka, president of Tech Freedom, a Washington, D.C.-based nonpartisan technology think tank, said the city is wasting money paying for a network with far more capacity than the vast majority of users would require.

"It's just silly to say people need 10 gigabits of speed," Szoka said. He compared it to a city building an eight-lane-wide highway reaching every home.



Gov. Pat McCrory (left) and Salisbury Mayor Paul Woodson following the Sept. 3 announcement of Fibrant's upgrade to 10-gigabit broadband service. (Photo courtesy McCrory's Flickr account)

Szoka said a handful of business clusters might be able to take advantage of those high Internet speeds, but there's no justification to pay for such costly service citywide.

Moreover, the city has gone into debt to build the network and does not have enough subscribers to cover operating costs. This has led the city to borrow money from its water and sewer fund, which led Moody's to downgrade Salisbury's credit rating.

Szoka said the speeds Fibrant offers are impressive but excessive for the typical consumer's demands. "Even on Google fiber, the average Netflix stream speed for high definition is still under 4 megabits per second," Szoka said. "That's 1-250th of a gigabit, or 1-2,500th of 10 gigabits."

Szoka said a more reasonable use of public funding might be to provide Internet connections to low-income households. "But instead, [the city is] pouring money into the most exciting, newsworthy thing. It's the fad of the month," he said.

Salisbury Mayor Paul Woodson said the city is using the upgraded Fibrant network to target small engineering firms and telemarketers that might locate in Salisbury. The city is trying to find replacements for the textile mills and other manufacturers that once operated there, employing thousands.

"It's very difficult for a town of 33,000 or 35,000 people to possibly go out and get an IBM or to get some major operation," Woodson said. "They're just going to go to other places."

Rather than attempting to lure companies that employ several hundred people, the city is looking for high-tech businesses with 25 to 50 employees.

The Fibrant broadband project is financed through a \$33 million bond the city approved five years ago. It also has borrowed \$7 million from its water and sewer reserves for operating expenses.

"We pay back approximately \$3 million a year," Woodson said. He said the annual budget for Fibrant is \$6.8 million. "Right now, our goal is to break even."

While the city is repaying principal and interest to BB&T on the \$33 million borrowed, so far it has paid only interest to the water and sewer

fund. Failure to have a plan to repay principal to the water and sewer fund led Moody's last year to downgrade the city's credit rating. Woodson said that downgrade was a surprise to city officials.

"This budget year, we're hoping to maybe pay back \$100,000 of the principal," Woodson said. "We've got to take it year by year."

Woodson said Fibrant has about 3,300 subscribers. "We need 4,500 subscribers," he said. "If we make 4,500, we make money, then we can really start paying it back."

"These days, a lot of cities our size have [unemployment rates of] 12 percent, 10 percent," Woodson said. "We've got to do something, because the big companies are going to Cary, Raleigh, Charlotte, Winston-Salem, Greensboro. So we're trying to do something here to make ourselves a little more prominent."

Woodson said the city offers potential employers solid amenities, including restaurants, shopping, and cheap housing.

"I think it's going to pay off," Woodson said.

At the September celebration, McCrory brought his cultural resources secretary, former Salisbury Mayor Susan Kluttz.

McCrory noted that in the 1970s, when his parents dropped him off at Catawba College as a freshman, they gave him a present.

"The present was an electric typewriter," McCrory said to chuckles from the audience. He used the story to illustrate advances in technology since then.

"If we are not connected to the rest of the world, to the region, to other states, we won't be competitive," McCrory said. CJ

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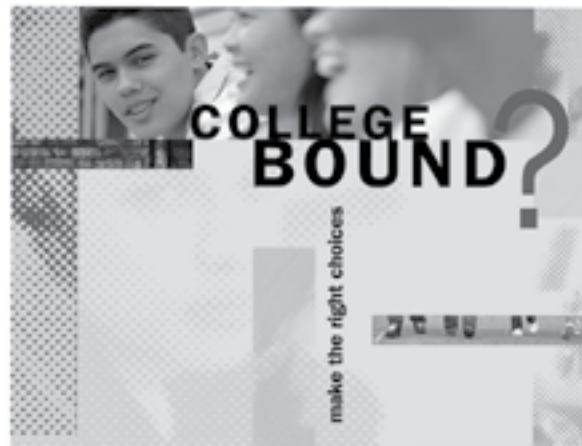
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Both Sides Unsatisfied as Raleigh Relaxes Sidewalk Dining Rules

By KARI TRAVIS
Associate Editor

RALEIGH

Raleigh's city council on Nov. 3 loosened sidewalk-dining restrictions it had imposed in August. Downtown restaurant and bar owners said the regulations remain too complicated, while some council members argued that the city should have kept the tougher rules in place.

The council voted to move outdoor dining curfews back from 1 a.m. to 2 a.m. on weekends. Council members also asked city staffers to consider alternatives to maximum capacity rules of 15 square feet per person, and put the city's Appearance Commission in charge of re-evaluating the stanchion requirements that currently block patios from public walkways.

Pedestrian safety and traffic issues were brought to the city's attention in mid-May, spurring a June 1 proposal to revise the Private Use of Public Spaces handbook. The proposed change initially would have banned outdoor dining for establishments that make less than 30 percent of their revenue from food. Protests ensued from owners of several downtown pubs — many of whom felt the changes were sprung on them with little notice.

Heated discussions about pedestrian safety and traffic issues led to campaigns on social media and paid advertisements on traditional media outlets arguing about the need for and strictness of new outdoor dining regulations.

In August, the council approved a three-month pilot program — which was modified Nov. 3 — establishing patio curfews, maximum capacity limits, and stanchion requirements for all



Zack Medford, owner of Paddy O'Beers on Fayetteville Street, says revenue at his restaurant dropped 18 percent after the city put in place new restrictions on sidewalk dining. (CJ file photo)

sidewalk dining areas.

Bar owners predicted in August that the rules would hurt their businesses. Zack Medford, owner of Fayetteville Street's Paddy O'Beers, said that has proved to be true.

"Up until the ordinance went into effect, we were having a year of record sales at Paddy O'Beers," Medford said. "Then with the ordinance going into effect, having tighter restrictions, losing about half of our seats, having inspectors inside our businesses every day, our revenue dropped by 18 percent."

Raleigh Mayor Nancy McFarlane said she appreciated the restaurant

and bar owners' "willingness and understanding that this is about working on this together, and their willingness to take on that responsibility, and knowing that it really does fall to them." Also, she said she was glad to hear restaurant and bar owners "use the word 'privilege' when they were talking about using the sidewalk."

Medford said he is encouraged by the mayor's support and believes that the council's decision is headed in the right direction. But he said the sidewalk-dining permit process is still too confusing.

During his application this year to renew Paddy O'Beers' sidewalk

seating permit, Medford said he sent multiple drawings to the city, applying four times before gaining approval. The process spanned several weeks and required Medford to pay an architect for each revision of his patio plan.

"I've heard nightmare story after nightmare story about business owners getting their plan approved," Medford said. "I've been doing this a long time. I'm kind of the paperwork/city regulation guy for our business. I have a very hard time with this. I can't imagine how somebody else who has never had to jump through these hoops before would manage this."

Medford said he hopes that the council will continue to exercise common sense in future decisions and that the city will consider revising its approach to zoning measurements for patio plans.

"Now everyone is starting to settle down and look at things from a realistic standpoint and come up with solutions that are actually going to fix the problem and help everybody understand how the process works and still be successful in their businesses," he said.

For council members Wayne Maiorano and Kay Crowder, the solution is not to ease up on the rules, but to continue enforcing the restrictions as originally proposed.

"I think we recognized that this was an issue of rules, enforcement, and ownership ... for city, business owners, and community," Maiorano said. "This 90-day exercise has shown that, together, we can do better. And we are doing better. I fail to appreciate why we would [change the rules] now... and go in a direction that's inconsistent with the lessons we've learned." CJ

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JLF Brief Supports Landowners in Map Act Lawsuit

By BARRY SMITH
Associate Editor

RALEIGH

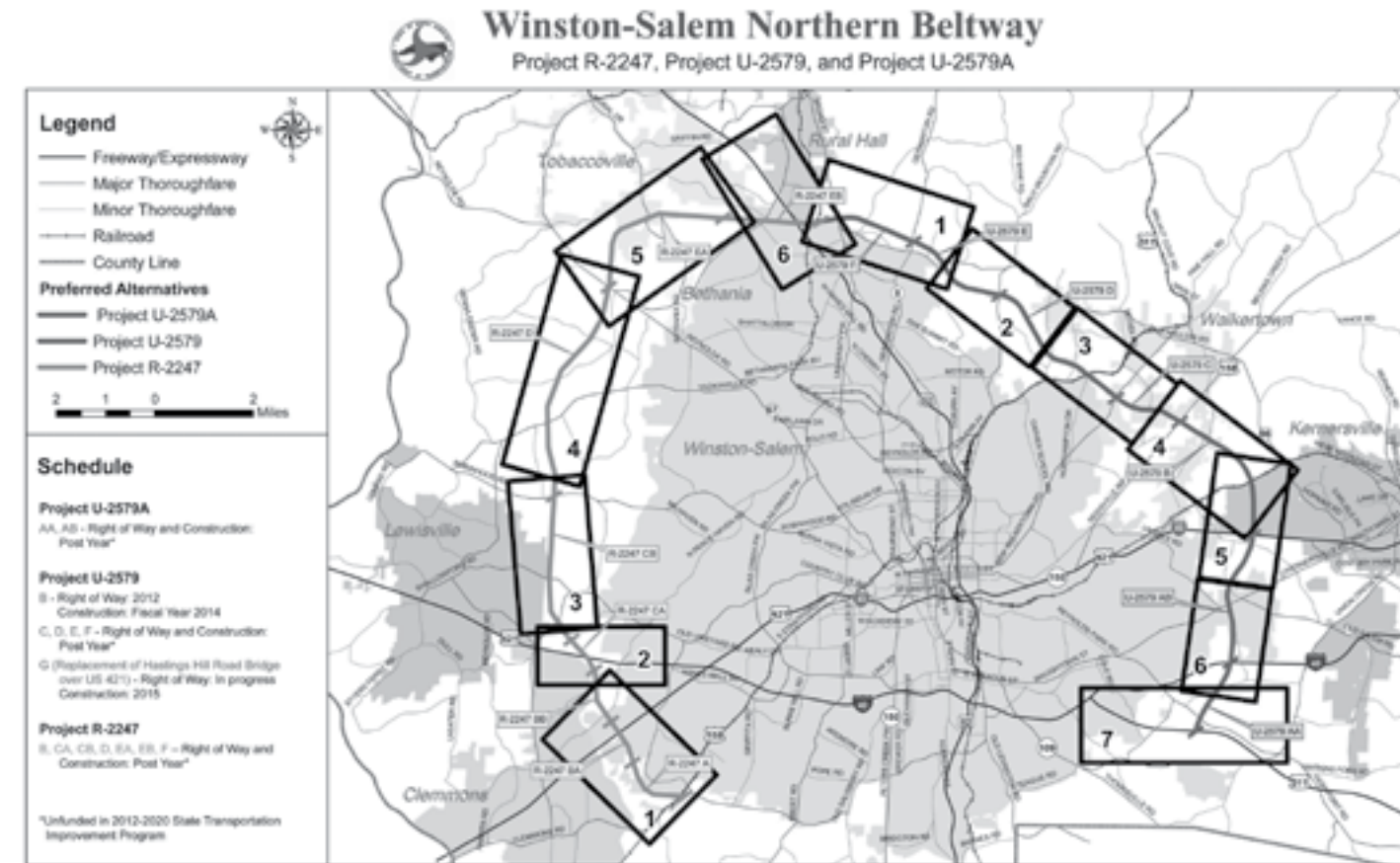
The John Locke Foundation filed a friend-of-the-court brief Nov. 6 with the N.C. Supreme Court, urging the justices to uphold an Appeals Court ruling in the Map Act case, arguing that the N.C. Department of Transportation's use of highway corridors under the Map Act is an unconstitutional taking of private property.

"We've always felt that [the Map Act] was unfair, unnecessary, and unconstitutional," said Jon Guze, director of legal studies at the John Locke Foundation. "We've been urging the General Assembly to repeal it or at least reform it for a long time. We'd hoped that might happen this past term, but it didn't."

Earlier this year, the N.C. Court of Appeals ruled that NCDOT owes property owners just compensation for their property when it includes that property in a highway corridor. The Map Act allows NCDOT to prevent building permits from being issued on property listed in those corridors.

The case specifically affects property owners in Forsyth County. However, similar lawsuits and Map Act filings have been made in Guilford, Wake, Cleveland, Cumberland, and Pender counties.

Matthew Bryant, the attorney representing plaintiffs in the Forsyth County case, said that the state could owe as many as 1,500 property owners



Residents of Forsyth County, who have been affected by the Map Act more than other residents of North Carolina, filed the suit to prevent their property values from being adversely affected by the N.C. Department of Transportation. (NCDOT map)

a total of several hundred million dollars depending on the outcome of the case.

The friend-of-the-court brief (available at <http://bit.ly/1Oc0J9I>) supports the plaintiffs' claims.

"The plaintiffs are a group of property owners from Forsyth County

who've been afflicted by the Map Act for many years," Guze said. "This is another way to get rid of this unfortunate piece of legislation and have it declared unconstitutional."

"We're arguing in our brief that it's ... a taking and all these people are owed compensation for the years they've been afflicted by back restrictions on using their property," Guze said.

The JLF brief counters points made by NCDOT, which argued that the appeals court ruled incorrectly that using the Map Act amounted to an eminent domain taking. Instead, NCDOT asserts that it is using the government's police power, making it similar to zoning and land use regulations.

"Compared to the NCDOT, local governments are much more accountable to the people directly affected by any resulting land-use regulations," the brief says. "They are also in a much better position to gather the pertinent information about local conditions and local concerns, and to take that information into consideration in the development and application of those restrictions."

The brief continues: "Furthermore, whereas the NCDOT has a vested interest in suppressing land values within transportation corridors, local governments will generally want to strike an appropriate balance between reducing right-of-way acquisition costs and other goals such as maintaining property values and promoting

economic growth."

The brief adds that, among Southeastern states, only North Carolina gives state government such far-reaching power over highway corridors. Only two adjacent states, Tennessee and South Carolina, allow moratoriums on development within highway corridors, but the development bans are set locally. Five other Southeastern states — Alabama, Florida, Georgia, Mississippi, and Virginia — use traditional zoning to regulate road construction and development.

The Court of Appeals found that the Map Act's main purpose is not to provide for orderly growth and development, but to reduce the cost of right-of-way acquisition.

"For years the NCDOT has attempted to evade its duty to pay just compensation for land it plans to use for highway rights-of-way by imposing uncompensated, long-term development moratoria on that land," the brief says.

If the plaintiffs win, Guze thinks NCDOT won't use the Map Act again.

"There's no point if they have to pay compensation," Guze said. "The whole point of the Map Act is to reduce the cost to acquire land for highway right-of-ways. If they have to pay for the privilege, they may as well just take the land in the first place, which is what they should have done all along."

The case may be heard in the N.C. Supreme Court early next year. CJ

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Analysts Call Apple's Renewable Energy Claims 'Lies'

Continued from Page 1

should be completed by the end of the year. A second data center building is under construction.

Apple spokeswoman Alisha Johnson did not answer questions by phone or email from *CJ* regarding this report. Instead, Johnson referred *CJ* to Apple's Environmental Responsibility Report, which includes the renewable energy claims about the solar farm and fuel cell array at Maiden.

She also refused to answer follow-up questions, instead giving this response: "As I mentioned to you before, our 2015 Environmental Responsibility Report and our renewable resources page on our website have the latest data on our Maiden facility."

'Why Is Apple Lying?'

In August, Truthout, a left-leaning California-based organization, published a scathing criticism of Apple's claims titled "Why Is Apple Lying About Powering Its Data Centers With Renewable Energy?" The author, Nicki Lisa Cole, is a research fellow at the Institute for Advanced Studies on Science and Technology and Society in Graz, Austria. A longtime Apple critic, Cole is writing a book about the popularity and hidden costs of Apple products.

Cole noted that Apple's interest in investing in renewable energy surfaced after the Maiden facility opened in 2010 and appears to be the result of a critical report by Greenpeace dealing with energy consumption at large data centers.

After Greenpeace commended Apple for pledging in a May 2015 report to power its data centers with renewable energy, "countless headlines praising Apple followed," Cole wrote.

"But dig below the slick PR surface of Apple's claims and celebratory headlines, and one finds that the jewel of Apple's data centers, its facility in Maiden, N.C., is not powered by renewable energy at all, though the company states in its 2014 Environmental Responsibility Report that it has been '100 percent renewable since opening in June 2010,'" wrote Cole.

"Purchasing offsets is not the same as actually powering something with renewable energy," she wrote. She noted that Apple buys all of the energy it needs from Duke Energy. "What all of this amounts to is a boldfaced lie on Apple's part," she wrote.

Apple spokeswoman Johnson did not respond to a request from *CJ* to comment on Cole's story.

The nonprofit Institute for Energy Research in Washington, D.C., in March released a critique of corporate renewable energy claims that included Apple.

IER's Travis Fisher published the analysis titled "Busting the '100 Percent



Apple is constructing a second building at its data center in Maiden, N.C. (CJ photo by Don Carrington)

Renewable' Myth." Fisher, a former intern with the John Locke Foundation, spent seven years as an economist with the Federal Energy Regulatory Commission before joining IER.

"Many companies such as Apple and Google claim that they get their electricity from 100 percent renewable sources. At best, this claim is misleading and deceptive. We cannot find a single instance of a large company actually going '100 percent renewable.' The reality is that as long as these companies are connected to the electric grid, they still get the vast majority of their electricity from conventional sources such as coal, natural gas, and nuclear power, and are therefore not 100 percent renewable," wrote Fisher.

Duke Energy

Duke Energy economic development officials played a key role in recruiting the data center for North Carolina. Starting in 2006 they spent three years working on the project that was announced to the public in 2009.

"Power costs and reliability are a data center's primary concerns. We were able to convince Apple that we were capable of providing the low cost and reliability they needed for their operation," Duke vice president Clark Gillespy stated in a project summary published by Duke.

"The great thing about a data center is that they run full-out, 24/7, with no shifts and no seasonality. It's the type of customer where the meter spins and spins at an exponential pace. It may be the most ideal customer we could have. We fully expect Apple to be one of our top 10 customers in the Carolinas," Duke's director of business development, Stu Heishman, wrote in the same project summary.

House Majority Leader Mike Hager, R-Rutherford, was a Duke Energy engineering manager from 1995-2003. He had the responsibility for the operation and maintenance of five coal-burning units. Hager and other

legislators have tried to eliminate or freeze North Carolina's renewable energy standards, which they say are costly to consumers.

He told *CJ* he was not shocked by Apple's misrepresentations regarding its 100 percent renewable claim. "If you tell a lie often enough, you start believing it," Hager said.

"Misunderstandings and misinformation from renewable advocates have made the discussion over renewables confusing. I think it is purposeful, because they want folks to think that this [solar] is a lower-cost energy, that it is dispatchable" — meaning it can be turned on or off in a short period of time — "and that it is easily obtained. But it is not dispatchable. You don't get it when you need it, and it is costly," Hager added.

Apple's claims

Under the heading "Environmental Responsibility," Apple's website says:

Since 2012, all our data centers have been powered by 100 percent renewable energy sources. That means no matter how much data they handle, there is a zero greenhouse gas impact on the environment from their energy use. These data centers use renewable energy sources like solar, wind, biogas fuel cells, micro-hydro power, and geothermal power from onsite and locally obtained resources. On any given day, our data centers will use renewable energy to serve tens of billions of messages, more than a billion photos, and tens of millions of FaceTime video calls. They also run services like Siri, the iTunes Store, the App Store, and Maps. So every time a song is downloaded from iTunes, an app is installed from the Mac App Store, or a book is downloaded from iBooks, the energy Apple uses is provided by nature.

Our Maiden, N.C., data center has earned the LEED Platinum cer-

tification from the U.S. Green Building Council — the first data center of its size to be so honored. On any given day, between 60 and 100 percent of the energy it uses is generated on-site through our biogas fuel cells and two 20-megawatt solar arrays — the nation's largest privately owned renewable energy installation. And we'll finish another 17-megawatt solar array later this year. We purchase any remaining power we need from entirely clean sources located within North Carolina.

Additional details about the Maiden data center from the 2015 Environmental Responsibility Report:

"It generates 167 million kilowatt-hours of renewable energy per year, enough to power the equivalent of 12,700 North Carolina homes. And we'll finish another 17-megawatt solar array, capable of producing 39 million kilowatt-hours per year, later in 2015."

A table stated that the Maiden facility was 100 percent renewable since opening in June 2010, with "actual renewable energy use" as follows: solar 39 percent (from two separate solar arrays); fuel cells, 37 percent; and NC GreenPower, 24 percent. (NC GreenPower is a nonprofit that allows consumers to support the production of renewable energy.)

Details not disclosed

Fully dissecting Apple's claims requires more information than Apple will share. *CJ* asked Apple for the peak megawatt load at the existing building in Maiden and what it would be after the new building is put in service. Apple did not respond. *CJ* also asked for the annual megawatt-hours used by the existing building and the anticipated megawatt-hours required with the addition of the new building, but again Apple did not respond.

A closer look at the company's claimed renewable energy sources for the data center reveals several gaps:

- Apple claims that two solar installations were responsible for 39 percent of its power. Apple fails to mention that they operate only at about 24 percent of capacity because they produce power only when the sun is out. Apple will not share the actual megawatt-hours produced by each solar installation and the time periods they were producing. The electricity produced by the solar installations is sold to Duke Energy.

- Apple claims fuel cells provided 37 percent of its power. The fuel cell installation is relatively new technology that produces electricity through a chemical reaction. Apple's system is manufactured and operated by Bloom Energy. It runs on natural gas supplied by Piedmont Natural Gas even though Apple has led people to believe that it runs on biogas extracted from nearby

Continued as "Analysts," Page 13

McCrory, Cooper Agree on Syrian Refugee Moratorium

Continued from Page 1

ally the hurt and pain that discrimination can cause. I am therefore opposed to all discrimination, [whether it is] against white, black, brown, or Syrian," Spaulding said in an email. "I do not agree with [calls] for a 'pause' in refugee admissions.

In response to an open-records request from *Carolina Journal*, the governor's office reported Nov. 13 — several hours before a wave of Islamist terror attacks hit Paris, killing 130 and wounding at least 350 — that 44 Syrian refugees had been resettled in North Carolina between Jan. 1, 2014, and Oct. 1 of this year. Another 270 Syrian refugees may be headed to the state if the United States continues accepting them.

At the Nov. 17 press conference in Charlotte when McCrory called for a halt of resettlement, the governor updated the number of refugees accepted to 59. His office said the higher figure included refugees accepted in October.

Charities backing refugee relocation to the United States have been unmoved by the requests for a temporary halt. If the Islamic State's intention in launching the Paris attacks was to provoke "small-minded panic, some governors are helping them to get their wish," Linda Hartke, president of the Lutheran Immigration and Refugee Service, said during a Nov. 17 conference call arranged by Refugee Council USA.

"It would be pretty amazing for a governor to decide to discriminate in the provision of services based on ethnicity or racial makeup," said Lavinia Limon, president and CEO of the U.S. Committee for Refugees and Immigrants.

"I understand that the governors want to protect their citizens," Limon said during the conference call. But

they also must protect individual freedoms and laws to prevent racial and ethnic discrimination.

"I find that the statements are not only offensive but illegal and impractical" that some governors would prevent local education or social service agencies from cooperating with assistance programs for Syrian refugees, Limon said.

"The governors creating this kind of poisonous atmosphere ... is really disturbing," she said.

Also on the call, Kevin Appleby, director of Migration Policy for the U.S. Conference of Catholic Bishops, said the federal government has plenary power to regulate who comes into the U.S. and has the authority to place refugees in localities of its choosing. States do not have a right of refusal, he said.

"I would think [in] any court case, that the states would have a difficult time making the case that they have the right to deny a legal resident" travel or residence in their state, Appleby said.

A governor could eliminate any state funding for refugee programs, though nearly all refugee assistance is federally funded. States could refuse to accept federal flow-through dollars to disallow state health department and social services agencies from participating in the refugee program.

Governors in about a half dozen states have shut down their refugee assistance in the past, Limon said.

"There was never any rancor or political reasons for this happening," Limon said. Programs had become so small they no longer required state cooperation.

In those cases the federal government is required to contract with another refugee agency to coordinate and administer federal funds.

The refugee assistance representatives said those calling for a moratorium are misleading the public by questioning the strength of the vetting process for Syrian refugees.

Syrians "receive special scrutiny," Appleby said. "I don't know what else they could do" to make it more rigorous.

But Hartke admitted refugee agencies don't know all the specifics about refugee screening.

"The minute details of every step of the process are not disclosed by our government," she said.

Although Limon said refugee agencies closely monitor and work with refugees, when pressed for statistics showing criminal activity by refugees, she admitted, "We don't keep those."

Jim Hanson, executive vice president of the Washington, D.C.-based

Center for Security Policy, acknowledged governors "don't have the power in most cases to stop this" influx of Syrians.

But governors took an oath of office to defend and protect their citizens and are correct to make a powerful political statement, he said.

Hanson also lacks confidence in the vetting process.

"I think there's a difference between a lot of screening and effective screening," Hanson said. "It's the difference between security theater, which is the appearance of a rigorous screening process, and actual security, which is based on information that we don't have, and we can't get at this point in time" because Syria is more of a lawless region than a sovereign state, Hanson said.

"All of the records of that state, to the extent there were any, have been compromised because the government offices have been raided everywhere except Damascus," Hanson said. While the feds and refugee contractors insist refugees are cross-checked on Syrian databases, he said such systems don't exist in the war-ravaged nation.

"Tens of thousands of Syrian passports were looted from government agencies" and easily could be falsified by jihadists from anywhere, Hanson said.

It would be less expensive and more humane to resettle refugees in their home regions than allow them to flood Europe or come to the United States, he said.

Hanson rejects claims that governors are creating a hostile environment that could result in a backlash against Muslims.

"I wish that the acts of Islamic terror were as fictitious as these claims of Islamophobia," he said. "We have dead bodies all around the globe." *CJ*



Attorney General Roy Cooper announced his support of a moratorium on importing Syrian refugees shortly after North Carolina Republican Party Executive Director Dallas Woodhouse called on Cooper and Durham attorney Ken Spaulding, both Democratic candidates for governor, to make their positions known on the issue. (CJ photo by Dan Way)

Analysts Call Apple's Renewable Energy Claims 'Lies'

Continued from Page 12

landfills. The electricity produced by the fuel cells is sold to Duke Energy.

Initially, Apple contracted with Element Markets, a Texas company that processes landfill gas to obtain a quality that can be added to natural gas lines where it is metered and sold to Apple or other entities. Apple does not share exactly how much natural gas the fuel cell installation consumes or how much biogas is purchased to offset the natural gas usage. Piedmont Natural Gas gives Apple credit for its biogas purchases on its gas bill.

• Apple claims that NC Green Power was the source for 24 percent of its power. Customers participat-

ing in the NC Green Power program, including Apple, "continue to receive electric service from their local utility and pay for energy used under the utilities' applicable rate schedules," according to NCGP's current program plan. "The electric energy purchased from the renewable resources through the NCGP program will not physically be delivered to the participating NCGP customer but will displace electric energy that would otherwise have been produced from traditional generating facilities for delivery to customer."

Apple and other NCGP customers purchase "blocks" of energy from small solar or hydro producers. *CJ* was unable to determine how much Apple has spent on the program, and NCGP

will not answer questions about an individual customer.

Not included in Apple's environmental reports is the company's reliance on diesel generators. According to a state air quality permit, as a backup power source the data center has 24 2.25 MW diesel generators for a total capacity of 54 MW.

Apple's EPA ties

Two former senior officials with the U.S. Environmental Protection Agency guide Apple's messaging about renewable energy.

Spokeswoman Johnson joined Apple in September after working as a senior adviser on climate change for U.S. Secretary of State John Kerry.

Before that, she spent four years with the EPA, first as the press secretary and then as deputy associate administrator for external affairs and environmental education.

Lisa Jackson was EPA administrator from 2009 to May 2013, when she joined Apple as vice president for environmental initiatives. She reports directly to Apple president Tim Cook.

In an April 2014 message about Apple's environmental progress, Jackson stated, "Every one of our data centers is powered entirely by clean sources such as solar, wind, and geothermal energy. So whenever you download a song, update an app, or ask Siri a question, the energy Apple uses is provided by nature." *CJ*

UNC Board Concedes Lack of Transparency Law Knowledge

BY KARI TRAVIS
Associate Editor

CHAPEL HILL

The UNC Board of Governors rightly recognizes gaps in its knowledge of the law and admits its need for coaching on the subject, said Jonathan Jones, director of the North Carolina Open Government Coalition and Sunshine Center at Elon University.

Mistakes in recent proceedings — including the closed-session votes to interview former U.S. Education Secretary Margaret Spellings for the open UNC system president position and to give 12 campus chancellors pay hikes — have pushed the board to schedule discussions about transparency and the state’s open meetings law on its Dec. 10 meeting agenda, board Vice Chairman Lou Bissette told a Nov. 18 hearing of the Joint Legislative Commission on Governmental Operations.

The board also will hold an educational seminar on transparency issues — potentially led by the UNC School of Government — sometime in the near future, according to Bissette.

“I believe that the current Board of Governors and our new president recognize the importance of focusing on policy and strategic issues facing the university and public higher education in general,” said Bissette, who recently stepped up as interim board chairman following the controversial resignation of John Fennebresque. “In that light, we are interested in looking carefully at our effectiveness as a working board, which includes encouraging more open discussion and voting wherever possible.”

Lack of experience in how to deal with public information played a large part in recent problems the board has encountered, but secrecy within the UNC system isn’t a new issue, said Jones.

“There’s a long history of the university being one of the least transparent public bodies in our state,” Jones said. “But this is [different] for the Board of Governors to be debating [transparency] in the way that we’ve seen over the last year.”

Months of questions about too much mystery within board operations came to a head recently following an Oct. 30 closed-session vote on the pay



Members of the UNC Board of Governors at the “emergency” Oct. 16 meeting at which former U.S. Education Secretary Margaret Spellings was interviewed in closed session. The meeting drew criticism from lawmakers and open-government advocates. (CJ photo by Kari Travis)

raise for chancellors.

Members of the board called the discussion a sensitive personnel issue, but that claim was challenged by Senate leader Phil Berger, R-Rockingham, and House Speaker Tim Moore, R-Cleveland, who issued a legal request to review minutes, agendas, and audio recordings from the Oct. 30 meeting. Berger and Moore also called Bissette before the Governmental Operations committee to provide further explanation of the board’s actions.

During his testimony, Bissette concluded that the vote to raise chancellor salaries should have occurred in open session. But he defended the board’s delayed release of detailed information about raises, saying the reason for doing so was to notify affected chancellors of their new salaries before those figures were made public.

Jones said the law does not protect such information from immediate release.

“My position is that the minute they voted to raise public salaries, [those salaries] became public record,” Jones said. “And the argument that ‘the new salaries aren’t public record until we’ve notified [the recipients], or until they have been implemented

into the system or into our [human resources] department,’ I think is a pretty tenuous argument, and pretty disingenuous. ... It’s the public’s business. It ought to be done in public.”

The board has committed a few other offenses showing its interpretation of transparency laws is suspect, Jones said.

One example involves a February meeting during which loud protests from onlookers led the board to move its meeting to a smaller room, keeping out the public and broadcasting the proceedings via video instead.

While Jones said he understands the board’s reasoning in the case, he notes that the action itself may not have complied with the law.

Another example involves an “emergency” meeting on Oct. 16, where the board met in closed session to interview Spellings.

That meeting, reportedly held to keep Spellings’ name from the public, did not fall under the definition of “emergency” as outlined by the law, which requires “generally unexpected circumstances that need attention,” according to Jones.

Because of the meeting’s technical emergency status, 48 hours notice was not given to the public, as would have been required if the session accurately had been called a “special” meeting. He also noted that the meeting was held at a location that closed its doors to the public before the board had adjourned — another compliance failure.

Ultimately, the problem comes back to the board’s lack of clarity regarding what is — or is not — legal under open meetings and public records laws, said Jones, who applauds Bissette’s proposal to seek legal education for all board members.

“Getting some outside expertise to come in and give them assistance I think is precisely the right answer,” Jones said. “I hope that this experience of having some public discomfort with the level of transparency on the Board of Governors will help reinforce the idea that transparency is an important part of establishing trust with your constituents. And in this case, the constituents are the people of North Carolina who see that this university system remains our crown jewel.” CJ

Carolina Journal Connects the Dots

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Waterfront lot located in gated community on Bogue Sound

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Majority of aircraft trips included leg to where Easleys own two homes

Questions Persist on Mary Easley's Initial Hiring
Hiring coincides with real estate deal and trustee reappointment

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Professors: Success of Local Bonds May Not Translate Statewide

BY DAN WAY
Associate Editor

RALEIGH

Voters in five municipalities passed all 16 bond referendums on the Nov. 3 ballot, mostly by wide margins, but some political observers caution against assuming that support for local measures will have any bearing on the public's sentiment toward next year's statewide bond package.

"I think I'd be a little hesitant to say that this means that the \$2 billion bond issue is going to pass" on the March 15 ballot, said David McLennan, a visiting professor of political science at Meredith College. "It's a difficult connection to make between local bonds and state bonds."

The state infrastructure bond championed by Gov. Pat McCrory and Republican leaders in the General Assembly would ask voters to approve about \$2 billion in borrowing for new and refurbished buildings on UNC system campuses and at community colleges, improvements to state parks and the North Carolina Zoo, water and sewer infrastructure, and agricultural research.

Unlike local bond issues, with closer connections between residents and the projects under consideration, McLennan said, "the difficulty with the large bond issue at the state level that's going to be on the ballot is some communities aren't going to see the direct benefit from it," McLennan said.

"Trying to predict what the mood of the electorate will be in five months from very localized elections is pretty much a guessing game," said Michael Bitzer, provost and professor of politics and history at Catawba College.

While voters may see local mea-

asures as ways to improve communities, statewide issues may not inspire the same kind of understanding and support, he said.

"It will be incumbent on those supporting the bond package to make a convincing public campaign and argument across the state," Bitzer said.

Voters in Chapel Hill approved 10 bonds worth \$80.6 million for street and sidewalk improvements, stormwater and solid waste infrastructure, trails and greenways, and recreational facilities. None of those bonds got lower than 72.48 percent approval, and two received more than 80 percent yes votes.

Fuquay-Varina passed three improvement bonds worth \$26 million for transportation, water, and sewer, all with either 82 or 83 percent approval.

Greenville passed a \$15.85 million street and pedestrian transportation bond with 70.49 percent approval, Apex passed a \$15 million street and sidewalk bond with an 84.6 percent affirmative vote, and Bald Head Island passed a \$10 million broadband bond, 51.3 percent to 48.7 percent.

The only referendum that failed, with a 68.49 percent no vote, was a property tax increase for recreation in Drexel.

McLennan also noted that many of the projects on the March bond mea-

sure are located in more densely populated regions of the state.

"For those of us who live in the Triangle, we know the projects that were included in the bond. We may work near or at those places like universities. We see them," McLennan said.

But people in more rural parts of the state who aren't as included in the bond projects may develop a not-in-my-backyard philosophy.

"Because it's not in my backyard, I don't necessarily have the same feeling as I do for the street in my neighborhood that needs a new sewer put into it," McLennan said.

He's not prepared to say voters' enthusiasm

for the local bond projects suggests they think the state is in a strong economic position.

Generally speaking, voters are favorable to street, water, and sewer projects regardless of the economic climate, he said.

And with many local bonds the case is made that passage is connected directly to a better economy, he said.

"So I think it's not necessarily a sign that they are 100 percent feeling good about the economy, but they may see the connection between the money that is spent from the bond and the potential improvement to the local or state economies," McLennan said.

"The biggest takeaway I would have from [Nov. 3] is people are willing to spend money if they see that: a) it's a need, and b) it's going to provide some benefits," McLennan said.

Dallas Woodhouse, executive director of the North Carolina Republican Party, said the party has taken no position on the state bond package, and he is not certain that it will.

He agrees with McLennan and Bitzer that voters tend to view local bond issues differently than statewide bonds.

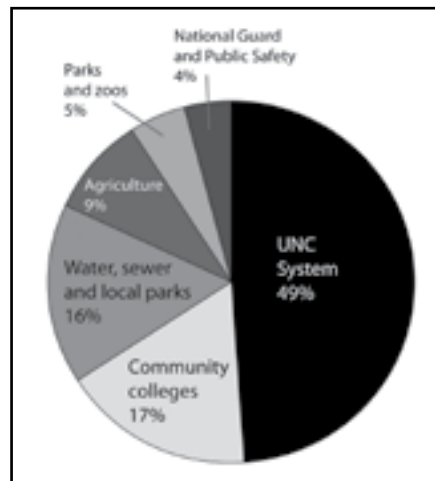
However, he said, "reading the tea leaves, I think it does bode well" for the state bonds that all the local ones passed Nov. 3, and economic circumstances will play a role in voting on the state package.

"People can see the improved fiscal health of the state, the better caretaking of taxpayer resources, the improved employment situation, and the ability to borrow at a very low rate" without raising taxes, Woodhouse said. That "will likely give the bond a pretty good footing."

He said voters will appreciate the self-governance aspect of being able to vote on the bond, noting that there has not been a statewide bond referendum since 2000.

"Under the Democrats, there was a lot of borrowing without taxpayer approval. I think no matter how people feel about the bond, the fact that it will not raise taxes, you're borrowing money at a low rate, and people will get a legitimate opportunity to weigh in on it, will all be things that voters take into account," Woodhouse said.

Democratic Party officials did not respond to requests for comment on this story. CJ



This chart shows how the state proposes to spend the money should the statewide bond package be approved. (Source: connect.nc.gov)

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Opinion

Why Should Taxpayers and Students Subsidize University Presses?

Many universities, public and private, have an affiliated press. Examples include Harvard University Press, University of Michigan Press, and my focus here, the University of North Carolina Press.

University presses exist to publish scholarly books that might not be published by a for-profit publishing house due to the small market for most academic books.

They require subsidies from willing donors and/or presumably less-willing taxpayers and students.

For the 2014-15 fiscal year, UNC Press had expenses of \$4.78 million, revenues of \$3.47 million, and an operating deficit of \$1.3 million. That deficit was in part offset by \$725,000 from its \$17.3 million endowment (which is separate from the university's endowment). Sales revenues from books and journals plus the funds from the endowment covered nearly 90 percent of the costs of running UNC Press.

But it also needed \$518,500 in support from the UNC General Administration and UNC-Chapel Hill.

Why shouldn't the state drop that \$518,500 annual subsidy and let UNC Press management figure out how to balance costs with revenues without it?

Before deciding, it would make sense to look at the kind of work we're buying. UNC Press' website lists its

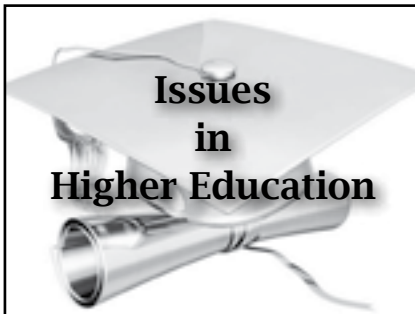
books. Among them we find many so narrow and politicized that they would have minimal appeal or value even to other academics, much less the public.

Consider *Nursing and Empire* by American studies professor Sujani Reddy. The book "demonstrates the urgency of understanding Indian nurse migration to the United States in relation to the many reconfigurations of 'Anglo-American capitalist imperialism' over two centuries."

Then there is *Tales from the Haunted South* by Tiya Miles. Professor Miles writes about "the popular yet troubling phenomenon" of ghost tours at old plantations and cemeteries in the South. The problem she sees is that these tours "appropriate and skew African-American history to produce representations of slavery for commercial gain."

Another recent book is *Liberated Threads* by Tanisha Ford, a professor of women's and gender studies. It "explores how and why black women in places as far-flung as New York City, Atlanta, London, and Johannesburg incorporated style and beauty into their activism."

The issue is not whether those and other UNC Press books have any



value, although their importance is debatable. The issue is whether taxpayers and students should be compelled to help subsidize them.

Not every book deserves to be published any more than every song or symphony deserves to be performed or every painting exhibited.

We live in a world of scarcity, and choices have to be made. People make better choices when they have to operate solely with money they have obtained from willing buyers or donors. As Milton Friedman often pointed out, "No one spends other people's money as carefully as he spends his own." That applies just as much to book publishers as to everyone else.

Without the annual subsidy, UNC Press would have to alter the mix of books it offers. Besides the academic titles it publishes, UNC Press also sells many books for general readers, including works on regional food and cooking, geography, plant and animal life, and so on. Those books tend to be profitable, whereas many of the scholarly titles lose money.

The availability of subsidized university presses encourages faculty members to write books that help to

pad their CVs, thereby making them more appealing to hiring and tenure committees. Those books are often on some personal interest or pet peeve of the author. The presses sell a tiny number of copies to university libraries, where most of them gather dust.

All of this is a poor use of time and resources.

Scholars who have truly useful research to publish will find ways of doing that even if university presses have to operate without government subsidies.

Nor are university presses the only game in town.

Academic works can be published by charitable organizations. The Russell Sage Foundation, for example, publishes books dealing with social and economic conditions. Other independent publishers of academic books include Rowman & Littlefield, Bloomsbury Press, and Intellect Books.

The world of academic publishing is changing. One reason is that most college and university budgets are tighter than they were back when higher education was a growth industry. Libraries don't buy nearly as many books as they once did. Another reason is the emergence of digital, online publishing.

Rapid change is upon us. University presses will discover the best ways of adapting more rapidly if they do not have the crutch of government subsidies. CJ

George Leef is director of research at the John W. Pope Center for Higher Education Policy.



GEORGE LEEF

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COMMENTARY

A Program That Makes No Sense

Politicians are usually eager to be generous with the money taken from taxpayers, especially when it helps them gain favor with some interest group. A good illustration is the Public Service Loan Forgiveness program passed in 2007.

Under PSLF, students who find jobs that are officially regarded as “public service” in nature can get their college debts erased after 10 years of such work.

Does this make any sense? After all, public employment often pays better than jobs calling for the same skill levels in the private sector.

The notion that it’s necessary to induce people to go into “public service” with the promise of student debt relief is badly mistaken — but it certainly will be popular with those who get to escape some of their debt.

Further, who’s to judge that some jobs involve “public service” while others don’t? That was the question bothering New America policy analyst Alexander Holt in a recent CNN article.

Holt rightly observes that the current policy is flawed because it rewards many high-income individuals (such as lawyers working for the government) while it excludes other people who work at least as hard and clearly serve the public. He points to Emily Best, who works on a farm and earns only \$1,600 monthly, which makes it a strain to cover her student debt repayments.

“The question,” Holt says, “is whether farmers deserve PSLF because they are uniquely serving the public.”

Naturally, an organization called the National Young Farmers Coalition is already pushing for inclusion of farmers in PSLF. They don’t hesitate to play the usual sympathy and fear cards that help manipulate lawmakers. In a survey NYFC conducted, 30 percent of the respondents said that they hadn’t been able to expand their farms due to their student loan payments, and “nearly 6 percent said their loans drove them to quit the field.”

That’s sad, but life is full of trade-offs.

It’s more than sad, says NYFC. It could endanger our food supply. Unless we help young farmers out of student debt, we might not be able to feed ourselves. That’s the line that the sponsors of a bill to include farming under the “public service” umbrella are using.

You may be wondering why farmers need costly college degrees. Bob Young, chief economist for the American Farm Bureau Fed-

eration, says that farming today is so technical that a college degree is necessary to manage the software, chemicals, and other tasks on modern farms. Emily Best racked up tens of thousands of dollars in loans while pursuing a grad school degree in environmental policy with a farming focus.

The question is whether farmers couldn’t

learn all they need to know without buying the whole, costly bundle of courses and experiences that constitutes a bachelor’s or even graduate degree. Most of our older farmers have, after all, managed to master the software, chemicals, and other things from learning outside of college classrooms.

Returning to the policy debate, Holt declares, “We either all deserve a special 10-year loan forgiveness program, or none of us do.”

Between those alternatives, I pick “none of us.” All participants in a market economy “serve” in one way or another.

Rather than debating which jobs will be regarded as “public service,” we should dispense with the idea of forgiving federal student loans at all. It’s wasteful to lure students into high-cost degree programs with easy-to-get government loans and then saddle the taxpayers with the unpaid balance when the student later defaults or manages to qualify for loan forgiveness. CJ

George Leef is director of research at the John W. Pope Center for Higher Education Policy.



**GEORGE
LEEF**

COMMENTARY

Classroom Technology: Hope or Hype?

Digital devices dominate hopes and headlines in education today. They’re heralded as a way to boost learning outcomes, sharpen 21st-century skills, and narrow achievement gaps. But with great promise comes great cost. Global spending on K-12 classroom technology hardware totaled \$15 billion in 2014, according to U.K.-based research company Futuresource Consulting — much of it to purchase personal computing devices, such as tablets and notebooks.

What has been the return to date on this multibillion-dollar investment? Are students browsing, swiping, and clicking their way to mastering content and 21st-century competencies?

Hard data sometimes reveal hard realities. New research shows classroom technology isn’t associated with significantly higher student achievement and, in some cases, is linked with diminished performance.

A study said to be the largest ever of learning in the digital world, released this fall by the Organization for Economic Cooperation and Development, found that “over the past 10 years, there has been no appreciable improvement in student achievement in reading, mathematics, or science, on average, in countries that have invested heavily in information and communications technologies for education.” OECD evaluated technology integration and international PISA test scores for 60,000 15-year-olds in 32 countries, including the United States. (The U.S. participated in PISA and was included in the report, but did not provide comprehensive data on students’ technology exposure.)

No appreciable improvement? This phrase boggles the mind of the average parent and strikes fear into the heart of technology vendors. For educators, it challenges popular trends in educational practice. Some thus will seek to ignore or dismiss it. That would be unwise. The study’s findings, though correlational in nature and unable to determine cause and effect, are nonetheless “remarkably similar to the emerging consensus in the research literature,” noted OECD.

Should schools trade tablets for pencils, returning to an ana-

log era? No, but the way forward should look different from the road just traveled. Now we know better.

First, a new credo: Less is sometimes more, at least with classroom computer time. On a digital diet, disciplined, targeted technology use trumps immersion. Optimal learning in OECD’s study was linked with “moderate” computer use at school; the OECD average for time online, for example, was just 25 minutes daily. Compared to rare use, students’ moderate computer use was associated with slightly higher achievement.

Too much time backfired, and badly. Frequent computer use was linked with the worst performance of all.

There’s another reason to be judicious about in-school computer time. Adolescents spend most of their nonschool hours staring at screens. A new survey from Common Sense Media reveals American teens spend nearly seven hours daily

with screen-based entertainment media. Certainly, we shouldn’t nix opportunities for digital learning at school just because kids are bingeing on screen media elsewhere. But learning doesn’t occur in an in-school vacuum. Efforts to maximize the efficacy of classroom technology should consider overall consumption, as well as the growing body of research assessing screen media’s impact on cognition, mental health, attention, and sleep.

Finally, content should serve as a key differentiator in determining whether and when to use computers. Particularly in mathematics, research often shows mixed or negative effects of computers on learning. In the OECD study, students who didn’t use computers in math class did better on both paper-based and computer-based math assessments than students who did use computers.

Now that is something to ponder. Nationwide, the shift toward online assessments is accelerating, and spending on K-12 technology continues to soar. Hopes are high, but outcomes aren’t. In our conceptions of classroom technology use, it’s time for a reboot. CJ

Kristen Blair is a Chapel Hill-based education writer.



**KRISTEN
BLAIR**

Debates in N.C. Over Ratification Guaranteed the Bill of Rights

As last month's column noted, many political pundits now consider North Carolina a battleground state. Some things, however, are not new.

During the 1787-89 debates over ratifying the Constitution, for example, North Carolina's population was divided over the necessity of a U.S. Constitution and what became known as the Bill of Rights.

After the framers drafted a new constitution at the 1787 Philadelphia Convention, the document was submitted to respective state ratification conventions for approval. According to Article 7 in the Constitution: "The ratification of the conventions of nine states shall be sufficient for the establishment of this Constitution between the states so ratifying the same."

Nine states approved the Constitution, and the new Union was formed. In some, the vote was unanimous (Georgia, 26-0, and New Jersey, 38-0). In others, the vote was divided

(Pennsylvania, 46-23, and South Carolina, 149-73).

Widespread criticism and skepticism, however, remained in key states: New York, Virginia, Rhode Island, and North Carolina. In New York, the recurring skepticism prompted Alexander Hamilton, James Madison, and John Jay to pick up quills, dip them into inkwells, and pen 85 essays that became known as *The Federalist* — one of the best commentaries regarding the Constitution's meaning.

In North Carolina, Edentonian James Iredell, using the pseudonym Marcus, explained the Constitution's meaning and pointed out the necessity of its adoption. Tar Heel Federalists, such as Iredell and William Davie, believed the "general government" needed more "energy," such as more authority to tax and be able to have an army to defend the fledgling nation.

A strong Anti-Federalist sentiment, however, remained in North Carolina. Many North Carolinians remembered the Parliamentary abuses before the Revolutionary War and questioned giving more authority to what would become the federal government. Tar Heel Anti-Federalists, including the influential yet somewhat reticent Willie Jones and the vocal and somewhat bumbling Judge Samuel

Spencer, questioned handing any more power from the individuals and the states to the general government.

Unlike other states, there were two ratification conventions in North Carolina. One was in Hillsborough (1788) and the other in Fayetteville (1789). James Madison, the "Father of the Constitution," remarked more than once that the state ratifying conventions provide the key to unlocking an understanding of the Constitution's meaning. That said, many historians consider North Carolina's ratification convention minutes to be the most revealing and balanced regarding the debate between Federalists and Anti-Federalists.

(In most states, Federalists paid for transcribers, and many times convention minutes give the impression of erudite Federalists engaging Anti-Federalist ignorance; the Hillsborough minutes instead reveal a sophisticated exchange among delegates with opposing beliefs.)

At Hillsborough, Anti-Federalists preferred a quick vote and dismissal while the Federalists desired opportunities to provide commentary for the record. Ultimately, the delegates debated and discussed such issues as defining local and state responsibilities and the necessity of

paper money and religious oaths of office. Much debate centered on questions regarding taxation. In many ways, the Regulator spirit remained in many parts of North Carolina, and many delegates were concerned with local authority or wanted a declaration of rights added to the submitted constitution.

In Hillsborough, the delegates voted neither to reject nor ratify the U.S. Constitution (184-84). Some historians have called this "the great refusal."

In subsequent months, debate continued not only in North Carolina but also in other states regarding the necessity of the Bill of Rights. After being assured that a declaration of rights would be added to the Constitution, in November 1789 North Carolina ratified the Constitution by a vote of 195 to 77 at the Fayetteville Convention. The Old North State finally had joined the new Union.

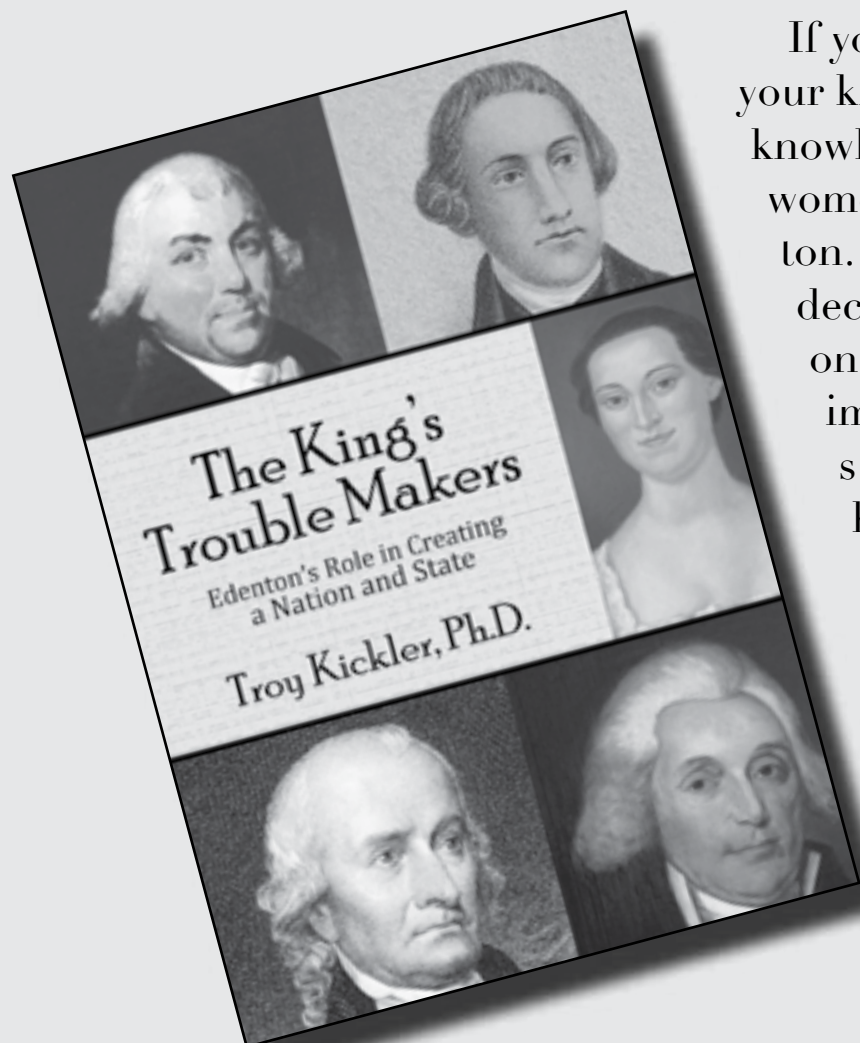
In the end, North Carolina's heated political debate and strong dissent contributed significantly to ensuring that Americans have a Bill of Rights. CJ

Dr. Troy Kickler is director of the North Carolina History Project (northcarolinahistory.org).



**TROY
KICKLER**

BOOKS BY JOHN LOCKE FOUNDATION AUTHORS



If you don't know about Edenton, North Carolina, your knowledge of U.S. history is incomplete and your knowledge of North Carolina insufficient. Organized women's political activity in America was born in Edenton. The concept of judicial review — that courts can declare legislative acts unconstitutional — was championed here. Ideas for a national navy and defense were implemented here. Many passages of the N.C. Constitution (1776) and the U.S. Constitution originated here. Leading proponents of the U.S. Constitution (a.k.a. Federalists) lived in this small place, and so did nationally known jurists and politicians.

Dr. Troy Kickler, founding director of the North Carolina History Project, brings Edenton, its people, and its actions into proper and full focus in his book, *The King's Trouble Makers*.

Go to northcarolinahistory.org for more information.

Brooks: Conservatives Need to Fight For People, Not Against Things

BY CJ STAFF

RALEIGH
Conservatives have great ideas for improving Americans' lives, but too many people believe conservatives care little about helping people other than "the rich." That misperception prompted American Enterprise Institute President Arthur Brooks to write *The Conservative Heart*. During a recent visit to North Carolina for a luncheon co-sponsored by the John Locke Foundation, Brooks discussed the book with Mitch Kokai for Carolina Journal Radio. (Head to <http://www.carolinajournal.com/cjradio/> to find a station near you or to learn about the weekly CJ Radio podcast.)

Kokai: Too many people just don't seem to believe that conservative ideas will help them, do they?

Brooks: Conservative principles, we know, as a matter of fact, are the best for lifting of the poor and creating a good, strong, healthy society, but people don't believe that. And any time you see that, where you believe that you have the best product, but people don't believe it's the best product, you have a big communications problem.

Kokai: You contend that conservatives should stop arguing against something, and instead argue for someone.

Brooks: The key thing to remember is that when you hear a debate, the side that's losing is virtually always fighting against something, and the side that's winning is fighting for someone. Now that's one of the key things that the progressives in America have learned all too well.

I mean, if you look, public opinion polling shows that about 20 percent of Americans consider themselves politically liberal. Yet the liberals, they define themselves as the 99 percent. You know, they're really onto something here. They say they're fighting for everybody, except for the 1 percent who they really don't like.

We need to remember that we truly are fighting for all Americans, and for a greater opportunity for everybody, rich and poor alike. And if we remember that, and we fight for them as opposed to [against] somebody else's ideas, we look like the majority and we start to win.

Kokai: Some people might hear those words and say, "OK, give me an example." So what about poverty? What's the right way for conservatives to discuss poverty?

Brooks: We'll start with the wrong way because let's start with what we would naturally do. We fight against big government programs. We fight against sprawling food stamp

"The first thing to keep in mind is that if you're always simply defending your point of view, you're losing. You need to be going on the offense on behalf of people who need you. This is the most important thing to keep in mind."

Arthur Brooks
 President
 American Enterprise Institute



programs. We fight against the housing policies. We fight against the poverty programs that look like they're out of control.

That's the wrong approach. We actually have enough money, if we wanted to. Idiotically, we could waste money doing those things. The real problem is not the money; it's that we're hurting the people that we're supposed to help. So fight for those people.

I understand that a lot of people who are in poverty either aren't voting or aren't voting for Republicans. That doesn't matter. Great leadership is not about fighting for people who support you. It's about fighting for people who need you. And people who are on welfare, people who are poor — in fact, the whole bottom half of the income distribution in America needs our conservative ideas to help lift them up and give them greater opportunity and earned success.

Kokai: That could be a tough message, calling on conservatives to focus on people who might never support their ideas.

Brooks: Indeed, but that's what leadership is all about. I mean, that's what joyful leadership is all about, is fighting for people whether they support you or not. You fight for what's right. That's what it means to be a warrior in the marketplace of ideas — and, indeed, to be a real patriot. That's what the greatest leaders throughout history have always done.

And in America, look, we have a competition of ideas. And I hear these crazy arguments out there, as if, you know, the other side of the political debate is worse than ISIS. And that's nuts. I mean, these people that we're talking about who disagree with our policy, they're Americans, too, and we all have to be fighting for each other. I mean, for Pete's sake, let's get our pri-

orities straight.

Kokai: You also focus in this book on emphasizing optimism and happiness. Why is that so important?

Brooks: Because people want to follow happy people. People find happy people appealing. They find unhappy, grumpy people not fun to be with. This is the truth. If you think of all the people that we're attracted to — I realize that negative advertising works in the very short term. If you have to get from now until election day, and election day is 10 days away, you might want to attack and tear somebody down.

But if you want to have a strategy that's going to work for a year, for five years, for a generation, you need to be the side that's about happiness because that magnetizes your movement. And that will get people to want to follow you because it's just more fun.

Kokai: Let's talk about Ronald Reagan. Many people remember the 40th president as fighting big government, fighting the Soviet Union.

Brooks: We are remembering him wrong. He was not fundamentally a warrior against things. He was a warrior for people. His nomination speech, before he was elected the first time, in Detroit, used the word "people" 89 times. It's extraordinary how much he was fighting for people, and how happy he truly was. ...

Kokai: You made a striking point about people who bash liberals and progressives. You say that name-calling is the wrong way to go.

Brooks: It really is. I mean, if you think about it, almost all of us have friends or family members or people that we know and people that we respect who don't agree with us.

And that doesn't mean that to have more community, to have people get along, you need to sacrifice your principles. On the contrary. But you have to remember that just because people disagree with you doesn't mean that they're evil and stupid.

You know, I personalize it because my family are mostly political progressives, and they disagree with me and I disagree with them on politics. But look, our faith is the same, and our family values are the same, and I love them. And when people say that liberals are stupid and evil, I understand why they say it, but they're talking about my family. I don't like it. I take it personally.

And we, on the conservative side, if we can actually stick up for our liberal friends, that's going to change the whole debate. And, by the way, all the people in the middle, what do you think they're hearing? They're hearing a message of tolerance. They're hearing a message of acceptance and love.

Kokai: Some of what you're saying applies to activists and people who work in the conservative movement. But what about the person out there who's not overly political but is conservative? How does that person change his approach to chatting with liberal or moderate friends about these issues?

Brooks: The first thing to keep in mind is that if you're always simply defending your point of view, you're losing. You need to be going on the offense on behalf of people who need you. This is the most important thing to keep in mind.

So, going on offense to say I have new ideas that are really going to lift up poor people, are going to lift up people who are left behind, lift up people who are unhappy, people who are forgotten in our society.

COMMENTARY

Medical Care Can Be Inexpensive

O bamacare's third annual enrollment period for health insurance is officially under way. Americans who do not have access to employer-sponsored health insurance, are self-employed, or have been dumped into the individual marketplace by their employers have the opportunity to sign up for or renew their government-knows-best health insurance plan.

While low-income North Carolinians benefit from plans paid for by other taxpayers, middle-income residents are getting pummeled by double-digit premium increases, some of the highest in the United States.

A recent article from *The News & Observer* tells the story of Janet Joyner, a Raleigh resident who is struggling to make ends meet when it comes to paying for health insurance:

Joyner said she's healthy and used only about \$500 in health care services last year, but paid Blue Cross nearly \$6,700 in monthly premiums. Her current plan would cost nearly \$9,500 in premiums for the full year, plus a \$3,500 deductible that Joyner would have to pay before coverage kicked in.

"It's like 2 1/2 car payments for me," she said. "I'd be paying \$9,500 a year for my annual physical and lower prescriptions."

As health insurance is becoming more expensive, curiously, some basic health care is becoming more affordable because an increasing number of primary-care physicians are breaking away from the status quo. By cutting the cord with insurance companies, doctors can spend more time with their patients in exchange for upfront cash payments.

This simple and effective strategy is known as direct primary care. It brings back the incredible value of personalized medicine, and it's a win for both doctors and patients.

For doctors:

Imagine not having to spend more than 40 percent of your practice's revenue on personnel

responsible for submitting claims to insurance companies. Opting out of insurance contracts allows solo direct care practices to break even on just four patients per day — rather than 32 in today's typical practice setting.

Direct primary care heightens providers' professional satisfaction because they can escape the corporate environment of the ever-consolidating health care industry and instead hold fast to their autonomy. Calling their own shots under this

business model allows them to practice the actual art of medicine by scheduling longer appointment times with patients if necessary, and even committing to house calls.

For patients:

Because primary care is relatively inexpensive to administer, direct primary care is an affordable option for the masses. Just ask Dr. Brian Forrest, whose practice is located in Apex.

He continues to emphasize this concept after seeing a Medicaid patient and a CEO sitting next to each other in his waiting room. For a monthly payment equivalent to a

gym membership (rather than the typical amount equal to multiple car payments), patients are entitled to around-the-clock care.

Despite limited data on direct care, existing literature concludes that patients enjoy an improvement in health outcomes while saving on overall health spending when compared to those navigating the traditional health insurance system. A study conducted by the University of North Carolina medical school and North Carolina State University MBA students found that patients seeking treatment at Dr. Forrest's practice, Access Health Care, spent 85 percent less and enjoyed an average of 35 minutes per visit compared to eight minutes in a traditional practice setting. Other studies have shown similar results. CJ

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Katherine Restrepo is health and human services policy analyst for the John Locke Foundation.



**KATHERINE
RESTREPO**

**It's possible for
your health care
costs to be
similar to a
gym membership**



EDITORIAL

Reforms Are Producing Results

Although you may not have read it in mainstream media outlets, the series of reforms in taxation, regulation, and government operations that began in 2013, when conservatives took control of the executive and legislative branches of state government for the first time in decades, are delivering tangible benefits to North Carolina's families and entrepreneurs.

Those benefits include lower, simpler taxes; regulations that are easier to understand and focused on limiting excessive bureaucracy; expanded educational choice, allowing families more alternatives to choose among charter schools, private schools, or home-based education; reduced public debt, led by the retirement of more than \$2.5 billion in unemployment insurance debt to the federal government; and an overall economic environment making it easier for individuals to invest their financial and human capital into new or growing businesses.

We've seen steady job and income growth — in fact, North Carolina is the only Southern state to rank in the top 10 nationally in both factors, based on recent federal statistics. Prudent fiscal policy has kept increases in state spending below the combined rates of inflation and population growth. And retiring the federal unemployment debt will end a business surcharge, resulting in nearly a half-billion dollars in tax relief this year and next — some of it retroactive to January.

The Tax Foundation's just-released 2016 State Business Tax Climate Index underscores the improvements in North Carolina's environment for entrepreneurship. The index considers a host of factors relating to tax rates

and structure, compares the states, and ranks them accordingly.

As the 2013 legislative session opened, the state ranked 44th nationally, much lower than any of our neighbors — our direct economic competitors — and the lowest of any Southern state. But the significant changes that have taken effect since then have vaulted North Carolina nearly 30 slots, to 16th in the 2015 index and 15th in the newest rankings.

The changes that boosted North Carolina's national standing resulted from several tax reforms.

Personal income-tax changes included replacing graduated rates with one flat rate; lowering the tax rate; broadening the tax base by closing or limiting many credits and deductions; expanding the child tax credit and standard deduction; and repealing the estate tax.

Business tax reforms were led by lowering the corporate income tax rate over three years with a further cut subject to a revenue trigger; broadening the tax base by allowing many credits to expire; and eliminating local business privilege taxes.

The sales tax changes included broadening the base to include some service contracts; eliminating state sales tax holidays; and ending special sales tax rates for electricity, piped natural gas, amusements, and entertainment.

Tax Foundation scholars project that, if scheduled tax cuts go forward, North Carolina should reach No. 13 nationally, and additional reforms could push us into the top 10. North Carolinians hoping to see greater opportunities should be mindful of the reforms that have elevated our economic prospects and push their elected representatives to stay on track. CJ

EDITORIALS

Population Shifts

GOP, Dems control different jurisdictions

It may be hard to believe given the results of this fall's municipal elections, but not so long ago Republicans competed effectively with Democrats for political offices in North Carolina's largest cities. Indeed, there was a moment in the mid-1990s when four of our five most-populous cities had Republican mayors.

That's not what our urban politics looks like today. In the aftermath of the 2015 election cycle, the only large city in North Carolina with a Republican mayor is Fayetteville (Nat Robertson). In Raleigh, not a single registered Republican remains on the (officially nonpartisan) city council. And in Charlotte, Democrat Jennifer Roberts clinched that city's mayoral election despite having to win a tough party primary and facing a Republican opponent, Ed Peacock, who drew the endorsement of the liberal *Charlotte Observer*.

So, does the Democratic upswing in urban politics mean that the GOP is in trouble in North Carolina? Not really. To understand why, it's important to keep in mind that most North Carolinians don't live within the city limits of places such as Charlotte, Raleigh, Durham, and Greensboro. The state's metro areas are

certainly growing rapidly — and, as a result, the share of North Carolinians living in rural areas has declined.

But many of the fastest-growing neighborhoods in those metro areas are found in places such as Wake County's Apex and Wake Forest, Mecklenburg County's Huntersville and Mint Hill, and suburban counties that ring the major cities.

If you look across the state as a whole, the two parties are much more evenly matched than it might appear. Of the 100 counties, 52 have Republican-majority commissions. This is not a case in which Democrats hold all the populous counties and Republicans have majorities only in small, rural ones. Many GOP strongholds are vote-rich counties such as Union, Gaston, and Johnston where GOP politicians hold many other local offices.

In our opinion, while this sorting process may have been inevitable, it has had lamentable costs. Like most other fields of human endeavor, politics works best when it is competitive. Races among politicians who share similar views and partisan loyalties are less interesting, less likely to attract high voter participation, and less successful at screening out candidates who lack what it takes to be effective leaders. *CJ*

Insurance Hikes

Healthy people shunning exchanges

In 2010, when the Affordable Care Act passed Congress, government analysts estimated how many Americans would enroll in ACA-exchange plans in ensuing years. For 2016, the projected enrollment was about 20 million.

A few weeks ago, the Obama administration released its revised projection for 2016. The figure is 10 million, roughly half the original estimate. Why have expectations failed to meet reality? The experience of Blue Cross Blue Shield of North Carolina is a good place to start.

Large insurers like the Blues supported Obamacare, albeit cautiously. They knew the initial burst of enrollees would be the most highly motivated consumers — people with pre-existing, expensive-to-treat conditions who were outside the employer-based market.

But the legislation contained several provisions that insurers believed would offset the financial hit from this first wave of enrollees, including gov-

ernment subsidies and reinsurance. That hasn't been the case.

BCBSNC has asked the N.C. Department of Insurance to approve a 35 percent average increase in premiums for its exchange plans for 2016. The underlying numbers are stark. In 2014, Blue Cross spent \$1.65 billion reimbursing expenses for its exchange customers. But it took in just \$1.18 billion in premiums, plus \$343 million in federal subsidies. That's a \$123 million loss. All indications are that the company is running another substantial deficit in 2015.

Essentially, the exchanges haven't attracted enough low-cost customers to make the math work. Millions of Americans would rather remain uninsured than enter the exchanges and pay inflated prices for plans that don't shield them from high out-of-pocket expenses.

Obamacare remains an unnecessary wrong turn for health reform, but it will take a new president and new Congress to get back on track. *CJ*

COMMENTARY

States Should Lighten Burden

Over the past five years, North Carolina has become a more attractive place to work, live, invest, and do business.

The state tax burden is lower — by hundreds of millions of dollars a year — and restructured in a way that reduces the double-taxation of investment in new jobs, facilities, and enterprises. By allocating existing revenues more efficiently, the state has increased spending on high-value roads and bridges. And through a series of regulatory reform measures, policymakers have made it easier to start or expand private companies and comply with important health and safety rules at the lowest possible cost.

There is evidence that these policy initiatives are beginning to bear fruit. Jobs and incomes are growing faster in North Carolina than in most other states. Indeed, over the most recent 12-month period, our state ranked ninth in the nation in the rate of employment growth and 10th in per-capita income growth.

Still, we all know that North Carolina's economy has not recovered fully from the Great Recession. There's a lot more work to do.

Regarding the three main services under the purview of state government — law and order, education, and infrastructure — Gov. Pat McCrory and the General Assembly should continue to reform, restructure, and renew. Spending on public safety is the most likely to result in higher levels of economic growth in the future, according to empirical research, but education and infrastructure expenditures can be growth-enhancing, too, if done wisely.

On the revenue side, additional tax cuts are coming in North Carolina. Because the state has paid off its unemployment-insurance debt to the federal government, and built its trust fund back up above \$1 billion, state payroll taxes automatically will drop by hundreds of millions of dollars a year. The state's corporate tax is also scheduled to drop to a highly competitive 3 percent rate by 2017.

I favor additional progress on tax reform, to be sure, including provisions such as capital-gains tax

relief to further reduce the double-taxation of savings and investment. But I would urge policymakers to make additional progress on regulatory reform, as well. Unneeded or counterproductive regulations are indistinguishable from taxes in their effects on households, businesses, and economic activity. They may not show up in the annual accounting of state taxes and spending, but they are just as present — and just as significant, if not more so.

Overregulation particularly hurts small businesses, which lack the scale that large firms possess to shoulder compliance costs. A recent report from the Pacific Research Institute ranked all 50 states according to the regulatory burdens they place on small business. North Carolina fared somewhat worse than the national average, ranking 31st overall. Our worst category was occupational licensing, where North Carolina ranked 43rd. We require far too many profes-

sionals to get permission from state regulators to do business, and the licensure requirements cost far too much. South Carolina, by comparison, got the highest rank in the country on occupational licensing.

Another problem area is energy regulation, where North Carolina ranked 42nd. It's the only state in the Southeast that forces customers to purchase high-cost alternative energy such as wind and solar. North Carolina also ranked 39th on the filing costs for opening a new business. Tennessee, Virginia, Georgia, and Florida all fared better in this category.

Embracing the need for more regulatory reform is not rejecting the value of state regulation. Government has a clear role to play in protecting the "commons" — the air and water resources we all use. Government also should combat fraud, which requires a combination of regulatory and judicial institutions.

North Carolina is headed in the right direction. To keep the momentum going, let's do more to reduce the indirect but costly taxes that are embedded in overregulation. *CJ*

John Hood is chairman of the John Locke Foundation.



JOHN HOOD

MEDIA MANGLE

When Journalism Becomes Propaganda

In 1972, at the University of Georgia, our newspaper staff opposed the proposal to change the name of the Henry W. Grady School of Journalism to the Henry W. Grady School of Mass Communications.

Our reasoning was that journalism implies “truth” while “mass communications” does not. After all, the worst propaganda is still “communications.”

I think of that often these days, given what I see in the mainstream press every day, where the whole truth often is missing in action.

Take, for example, the huge national story that ensued when Republican presidential candidate Dr. Ben Carson suggested that people confronted by an armed mass killer should do something more than “just stand there” waiting to be shot.

The media reacted with feigned horror, accusing him of showing a lack of respect for the people killed in the campus shooting in Roseburg, Ore., and saying that what he was suggesting was totally outrageous and unreasonable.

But then, on its Nov. 22 show, “60 Minutes” interviewed Washington, D.C., police chief Cathy Lanier, who said killing or subduing a killer in such situations would be the “best option for saving lives before police can get there.” The same nabobs who excoriated Carson for suggesting the same thing strangely had no comment. Even the “60 Minutes” correspondent never batted an eye when Lanier suggested the identical advice offered by Carson six weeks earlier.

Here’s another example of truth being a casualty in reporting. Republicans, joined by 47 Democrats, voted in the U.S. House last month to put a hold on the Syrian refugee program until it can be determined that the vetting process would catch Islamist terrorists using the refugee crisis as a means to enter the United States.

President Obama and former Secretary of State Hillary Clinton, along with most media commentators, criticized those urging caution of abandoning American values and being callous toward “widows and orphans,” to use Obama’s terms.

However, in 2011, it was Obama and the State Department, under Hillary Clinton’s leadership, who halted the processing of Iraqi refugees for six months after it was discovered that terrorists had used the program to enter the country to commit terrorist attacks.

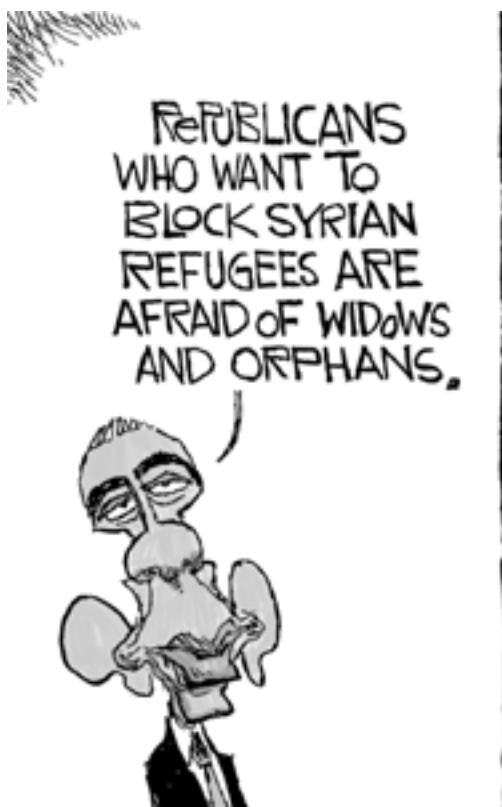
The media had a bout of amnesia again, never mentioning that Obama and Clinton had done exactly what they, and the media, were criticizing Republicans and others for wanting to do with regard to the Syrians. They also failed to point out an ABC News report from 2013 that found that “dozens of terrorists” had entered the country under the Obama program for Iraqi refugees.

The media failed to put truth in the forefront in these reports. As a result, their selective reporting seemed more like propaganda than journalism. CJ

Jon Ham is a vice president of the John Locke Foundation and publisher of Carolina Journal.



**JON
HAM**



Efficiency and Natural Resources

North Carolina could add 3.5 million people over the next 40 years. That’s a 40 percent jump from today’s total. While there are questions about where the new people will live and what jobs they will have, a big issue is their impact on our natural resources — specifically water and energy.

Of course, we need water to live, clean our clothes, raise our crops and livestock, run our factories, and for recreation like fishing and swimming. The droughts that struck North Carolina a couple of years ago showed us how limited water affects so much of our lives.

While energy — specifically electricity — isn’t a natural resource, it is created from natural resources like coal, oil, natural gas, water (hydro power), uranium (nuclear power), or solar and wind sources. Questions arise when any of these sources is expanded to generate more electricity for a growing population. The carbon sources (coal, oil, natural gas) create issues about pollution. Nuclear power raises questions about safety. More hydro power requires more artificial lakes that can disturb the natural ecology. Solar and wind power have limited storage capabilities.

So if North Carolina’s population grows by 3.5 million people by midcentury, then how are we going to provide them water and fuel for their lives?

One option is to do what we’ve always done — build more capacity. For water, one big problem with this alternative is cost. Using current rates of water usage and ranges of construction expenditures, I estimate a total bill of between \$25 billion and \$60 billion (in today’s purchasing-power dollars) for the construction of new reservoirs necessary to serve 3.5 million more people.

The total cost would be equally high — if not higher — to build more electric power capacity using traditional fuel sources. While nontraditional energy sources like solar, wind, and biomass will be relied on more in the future, they likely won’t be able to accommodate all the needs of our growing population.



**MICHAEL
WALDEN**

However, there is another way of meeting our future water and fuel needs that many futurists think will be a major part of the answer to serving our larger population. This is to increase the efficiency of the water and fuel we use; that is, to stretch what we have to accommodate more people.

Actually, we already have been doing this. Water usage (per dollar of income) in North Carolina has been cut by 50 percent in the last 30 years. Also, energy consumption per person in the state is down 30 percent since 2000.

There are good reasons to think these resource efficiency improvements can continue. Advances in sensors monitoring problems in electric transmission lines and leaks in water pipes will reduce waste in moving resources to users. The appliances we use, the vehicles we drive, and the electronics we rely on for work and entertainment all will run on less power per hour of usage. Methods are also being developed and applied to recycle and reuse water — perhaps even within our own homes. Early applications show these techniques can reduce water usage by up to one-third.

Improved pricing techniques also can help improve efficiency. Peak-load pricing of electricity would increase the amount we pay for each unit during times when more people use electricity, and we would pay less when fewer people use electricity. Implementing peak-load pricing motivates consumers to shift use from peak times to off-peak times, reducing the capacity levels utilities must build.

There are similar pricing innovations for water use. Tiered water rates charge consumers more per gallon the more gallons they use. Communities implementing tiered water rates — including some in North Carolina — have seen water use per person decline from between 10 percent and 20 percent.

North Carolina will continue to be one of the fastest-growing states in the country, so making sure we have the fuel and water for our expanding population is more crucial here than in many other areas. Efficiency may be the solution. CJ

Michael Walden is a Reynolds Distinguished Professor at N.C. State University. He does not speak for the university.

'Elephant's Edge' Remains, Even If It's Not Obvious

It's fair to say that America has not had a true majority party since about 1968. There have been times of unified government, of course, but these have been fleeting, and when one party has held both the White House and the reins in Congress its grip has felt somewhat tenuous. Many talked

about impending realignment immediately following the 1980, 1992, and 2008 elections, but any such idea was extinguished by the following midterm. A decade ago I wrote of the "Elephant's Edge" — important procedural, electoral, and economic

advantages enjoyed by Republicans as George W. Bush began his second term. The GOP's upper hand, I noted, however, did little to alter a basic parity that existed in party politics.

Between Nixon's and Clinton's first elections, divided government only took the form of a Republican presidency and Democratic congressional majorities. Republicans were viewed by the public as exhibiting superior characteristics, like strong leadership, a robust foreign policy, and responsible management of the macroeconomy, on matters Americans thought were necessary in a successful



**ANDY
TAYLOR**

chief executive. Democratic presidential candidates had a terrible time keeping together a national coalition of southern conservatives, African-Americans, and northern urban ethnics, but the party's legislators were masters of pork-barrel spending and constituency service citizens desired of their congressional representation.

Today, however, things look different. The Democrats have won four of the past six presidential elections. The Republican majority in the House is the largest since the Depression, and the party's current Senate majority is only one seat off its healthiest of that period. What happened?

The news for Republicans is quite good. They currently occupy 32 governorships and control both bodies of the legislature in 30 states and one body in eight others. The dominance at this level has permitted the GOP to redistrict most congressional and state legislative seats for two cycles now and, through patronage, to attract committed, experienced, and workish leaders. The party has mobilized a grass-roots movement using the Internet and traditional media, including talk radio. Innovative right-of-center ideas are generated by a wide array of national and state-level think tanks. The promise of advancement up the political career ladder produces a deep pool of talented candidates who can count on significant support from a well-organized party apparatus, local conservative activists, and enthu-

siastic donors.

Democrats, on the other hand, have seen their machine disintegrate. Today their fractured supporters are more enamored of identity politics than their predecessors who held middle-class aspirations and pushed for economic policies with appeal across demographic divisions. This helps explain the strong support for Republicans among working-class whites. The Obama boomlet aside, the young, traditionally a Democratic cohort, are tuned out; a result of polarization and the "dirtiness" of politics, according to some, because of their focus on self, according to others.

At the top of the ticket, the party's disadvantages are not as apparent. Democrats tend to vote in presidential years, and recent demographic shifts have some commentators talking about an emerging Democratic "lock" on the Electoral College as traditional swing states like Florida, Ohio, and Pennsylvania appear increasingly blue.

But things are changing there, too. The Republican energy down ballot has generated perhaps the most talented presidential field in recent history: nine former or sitting governors, five such senators, and three individuals with tremendously successful careers outside of politics. The party's breadth and diversity have created real competition. The GOP nominations in 1980, 1988, 1996, 2008, and 2012 were all claimed by the

runner-up in the immediately previous open contest. This time around, the only candidates who have experienced some success in past cycles — Mike Huckabee, Rick Perry, Rick Santorum — struggle. Jeb Bush, the scion of GOP royalty, is languishing. Ron Paul's support isn't available to his son Rand. Contrast this with the Democrats' supposedly "open" contest. It is dominated by two white senior citizens, one of whom won silver medal the last time the party had a genuine race. If the GOP had a field like that, the media would lambast it for being stagnant and grossly out of touch.

The obstreperous House Republican conference and the rise of Donald Trump have some Republicans worried that theirs is the party facing the more difficult challenges. Its approval ratings are in the 30s. Continued "failures" by the establishment — like a Bush defeat next year to add to those of John McCain and Mitt Romney — might open a debilitating rift. But, as some even in left-of-center media outlets like Molly Ball of *The Atlantic Monthly* and Matt Yglesias of *Vox.com* have written, it's the Democrats who currently face the stiffest headwinds. CJ

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Role of Military and Veterans in N.C.

Although we celebrated Veteran's Day last month, we should not forget North Carolina's rich military history and brave men and women who fought to win and preserve our freedom.

From Bath, North Carolina's first town and site of colonial and Native American conflicts, to Alamance Battleground, where back-country farmers called Regulators fought for freedom against the British, to Bentonville, site of the largest battle ever fought in North Carolina and the last skirmish where the Confederates were able to hold back the Union Army, North Carolina has a rich military history.

From the U.S. Army's Wildcats in World War I, to those who defended the U.S. in the Pacific on the battleship U.S.S. North Carolina in World War II, North Carolinians have a long and proud history of military service.



**BECKI
GRAY**

On Union Square at the State Capitol, the Veteran's Monument honors those who served in both World Wars and the Korean War. The Vietnam Veteran's Memorial honors the more than 206,000 North Carolinians who served in that conflict.

Today, North Carolina has the fourth-largest military population in the United States. The Marine Corps and Army are the two largest branches with a North Carolina presence; the Air Force, Navy, and Coast Guard are represented as well.

Fort Bragg has more general officers than any other Army installation in the country outside the Pentagon. North Carolina is home to five military bases, a military ocean terminal, and a U.S. Coast Guard base. In addition, our National Guard has over 100 facilities across the state with 13,200 personnel.

According to a state Commerce Department study, the military supports 578,000 jobs (386,000 in the private sector), generating \$34 billion in state personal income and \$66 billion in gross state product.

As of June 2015, there were 102,000 active-duty military personnel

assigned to units in North Carolina, and more than 78,000 are expected to leave the military in the next four years. About 790,000 veterans now call this state home, including 225,000 under the age of 50. You can find them in every county.

With their military training, veterans bring discipline, skills, leadership, and a work ethic like no other. They have dedicated their lives and careers to service and understand the price of freedom.

In this year's budget, Gov. Pat McCrory and the General Assembly created a new Cabinet-level Department of Military and Veteran Affairs to ensure that active-duty military personnel and veterans have an important voice in state government, an equal seat in the governor's Cabinet, and a strong voice representing North Carolina in Washington, D.C.

The new law Session Law 2015-116 waives the 12-month residency requirement and allows veterans to attend North Carolina's universities and community colleges at the in-state tuition rate.

SL2014-67 directs the University of North Carolina Board of Governors

to look at granting course credit based on military training and experience.

SL2014-67 and SL2015-143 require occupational licensing boards to accept military specialty training, experience, and proficiency in issuing occupational licenses.

SL2013-201 waives the commercial skills test for a commercial driver's license for veterans with experience driving trucks, tanks, and military equipment. Veterans with military police experience get credit for training requirements to obtain a state law enforcement certificate.

By going to NC4Vets.com, veterans can access and search all federal, state, local, and nonprofit programs, benefits, and services in a one-stop website. Resources are available online, in a hard-copy publication, and at telephone number 844-NC4-VETS.

To all our veterans: Thank you for your service. Thank you for keeping us safe and defending our freedom. We're honored that you call North Carolina home. CJ

Becki Gray is vice president for outreach at the John Locke Foundation.

Amazon Introduces New Reader, the Ultra-Green Windle (a *CJ* parody)

BY BILL NYE
The Not-Really Science Guy

RALEIGH

Online retailer Amazon has announced the Windle, a new tablet computer powered entirely by renewable energy, *Carolina Journal* has learned.

The Windle, which should be available just in time for the Christmas shopping season, offers the same functions as Amazon's popular Kindle e-reader, but its operation will not use carbon-based energy, and its production will pose lower environmental risks than traditional portable devices, the company says.

Windle owners can power their tablets from a variety of sources: the "Windle Ray," a solar receptor on the outside of the device; the "Windle Prop," a mini-turbine that can be connected to the unit through a USB port; and the "Windle Break," a rechargeable fuel cell that uses methane from biogas produced from such natural sources as bovine flatulence or landfill emissions, also connected to the device via USB cable.

The main difference Windle owners may notice is that their devices will operate only when a renewable power source is available. The tablets will have no battery storage, making them even more "green" than other portable electronic devices.

"All batteries are made out of toxic materials, and every battery can be



Windle owners will face problems similar to those of Amazon and Apple, both of which have found that renewable energy is not reliable and must be augmented by traditional energy sources such as fossil-fuel-generated power. (CJ spoof photo)

recharged only so many times before it's no longer useful," Amazon founder Jeff Bezos told *CJ*. "So we decided to eliminate batteries entirely, ending the need for disposal of their dangerous materials. This makes the Windle the greenest consumer electronic device in history."

With no power storage, Windle owners will have to be outdoors on sunny days to use their devices unless they purchase the optional external power sources, which will sell at

prices ranging from \$299 for the smallest Windle Prop and Windle Break to \$899 for the Windle Car Prop, a turbine that can be attached to motor vehicles, generating energy while motorists are driving.

"The Windle Car Prop will allow vacationing families to stream the world's best programming from Amazon Instant Video on their Windles and be confident that their children are not harming the planet," Bezos said.

Apple, which produces the popu-

lar iPhone and iPad portable devices, has shown interest in producing consumer products that operate solely on renewable energy, based on internal company documents published on the MacRumors website.

"Everyone knows this green energy business is total hogwash," wrote Apple vice president of technology Kevin Lynch in a memo to president Tim Cook. "But Green perception is reality for a global leader like Apple, so we need to design something that will hoodwink enough of our loyal customers so that they think they're actually making a planetary difference."

Observers noted that this view coincides with the way Amazon and Apple are engaging in renewable energy sleight of hand right here in North Carolina. Both have renewable energy installations that are not connected at all to what the company says the energy is powering. Instead, the two installations use power from traditional sources, which include the kinds of fossil fuels they claim to abhor.

CJ asked if Amazon was concerned that consumers might stop buying traditional Kindle devices now that the Windle is an option.

"Of course not," Bezos said. "Solar power is available only about 25 percent of the time, and wind energy is even less efficient. So you'd have to be an idiot to think you could power anything with renewable energy full-time." *CJ*



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